

IDEA CELLULAR
INFRASTRUCTURE SERVICES LIMITED
ANNUAL REPORT 2015-16



IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT

To the Members of Idea Cellular Infrastructure Services Limited Report on the Financial Statements

We have audited the accompanying financial statements of **Idea Cellular Infrastructure Services Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

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 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 financial statements based on 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 and the Order under section 143 (11) of the Act.

We conducted our audit of the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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, 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 financial statements – Note 23 to the 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.
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)

Khurshed Pastakia

Partner
(Membership No. 31544)

Place : Mumbai
Date : 26th April, 2016

“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”)

1. We have audited the internal financial controls over financial reporting of **IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED** (“the Company”) as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

2. 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

3. 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

4. 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

5. 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

6. 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 31st March, 2016, 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)

Khurshed Pastakia

Partner
(Membership No. 31544)

Place : Mumbai
Date : 26th April, 2016

IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

“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:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to information and explanations given to us, no material discrepancies were noticed on such verification.
 - The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to information and explanations given to us, in respect of statutory dues:
- The Company has been regular in depositing undisputed statutory dues, including Income Tax, Service Tax, Sales Tax / Value Added Tax and other material statutory dues applicable to it to the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident Fund, Employee State Insurance, Custom Duty, Excise duty and Cess.
 - There were no undisputed amount payable in respect of Income Tax, Service Tax, Sales Tax / Value Added Tax and other material statutory dues in arrears, as at 31st March, 2016 for a period of more than six months from the date they became payable.
 - There are no dues of Sales Tax / Value Added Tax which have not been deposited on account of any dispute. Details of dues of Entry tax, Income tax and Service Tax which have not been deposited as on 31st March, 2016 by the Company on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (in thousand)	Amount Unpaid (in thousand)
Bihar value Added Tax Act, 2005	Entry Tax	Commercial Tax Tribunal, Patna	2008-09	15,163	8,963
Bihar value Added Tax Act, 2005	Entry Tax	Commercial Tax Tribunal, Patna	2009-10	1,091	791
Finance Act, 1994 (Service Tax provisions)	Service Tax	CESTAT - Kolkata	2008-09 and 2009-10	161,601	161,601
Bihar value Added Tax Act, 2005	Entry Tax	Joint Commissioner (A)	2010-11	1,296	1,296
The Finance Act, 1994	Service Tax	Commissioner of Central Excise, Customs & Service tax (A), Bhubaneswar-I	2008-09 to 2012-2013	5,643	5,432
The Odisha Entry Tax Act, 1999	Entry Tax	Supreme Court	2008-09 to 2015-16	1,146	764
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2012-13	6,711	6,711

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has neither paid nor provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or

IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

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 or persons connected with him 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-I of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Khurshed Pastakia
Partner
(Membership No. 31544)

Place : Mumbai
Date : 26th April, 2016

IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

Balance Sheet as at March 31, 2016

₹ in '000

Particulars	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	500	500
Reserves and Surplus	4	1,170,524	743,757
		1,171,024	744,257
Non-Current Liabilities			
Deferred Tax Liabilities (Net)	5	218,860	161,427
Other Long Term Liabilities	6	308,089	10,138
		526,949	171,565
Current Liabilities			
Short Term Borrowings	7	750,000	1,966,500
Trade Payables (Refer Note 29)		270,186	278,623
Other Current Liabilities	8	44,523	166,527
		1,064,709	2,411,650
TOTAL		2,762,682	3,327,472
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	9	2,095,202	2,339,966
Capital Work-in-Progress	9	9,065	9,336
Long-Term Loans and Advances	10	85,827	89,325
Other Non-Current Assets	11	218,488	85,307
		2,408,582	2,523,934
Current Assets			
Current Investments	12	201,200	534,406
Trade Receivables	13	80,448	232,073
Cash and Bank Balances	14	4,076	3,650
Short-Term Loans and Advances	15	68,375	33,409
Interest Receivable		1	-
		354,100	803,538
TOTAL		2,762,682	3,327,472
Significant Accounting Policies	2		
The accompanying notes are an integral part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Khurshed Pastakia
Partner
Membership No.: 31544

Place : Mumbai
Date : 26th April, 2016

For and on behalf of the Board

Akshaya Moondra
Director

Himanshu Kapania
Director

IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

Statement of Profit & Loss for the year ended March 31, 2016

₹ in '000

Particulars	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
INCOME			
Service Revenue		2,541,256	2,356,987
Other Operating Income	16	1,563	2,463
Revenue from Operations		2,542,819	2,359,450
Other Income	17	52,753	29,643
TOTAL		2,595,572	2,389,093
OPERATING EXPENDITURE			
Personnel Expenditure	18	48,617	57,690
Network Operating Expense	19	1,393,297	1,420,124
Administration & Other Expenses	20	28,643	27,797
		1,470,557	1,505,611
PROFIT BEFORE FINANCE & TREASURY CHARGES, DEPRECIATION & TAXES		1,125,015	883,482
Interest Expense (includes amount referred in Note 24)		149,546	154,085
Depreciation	9	325,982	438,239
PROFIT BEFORE TAX		649,487	291,158
Provision for Taxation - Current		192,175	133,624
- Deferred		57,432	(31,739)
- MAT Credit		(26,887)	(21,824)
PROFIT AFTER TAX		426,767	211,097
Earnings Per Share of ₹ 10/- each fully paid up (in ₹)	25		
Basic		8,535	4,222
Diluted		8,535	4,222
Significant Accounting Policies	2		
The accompanying notes are an integral part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Khurshed Pastakia
Partner
Membership No.: 31544

Place : Mumbai
Date : 26th April, 2016

For and on behalf of the Board

Akshaya Moondra
Director

Himanshu Kapania
Director

IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

Notes forming part of the Financial Statements

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

The Financial Statements have been prepared on accrual basis under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 and relevant provisions of the Companies Act 2013.

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

b) REVENUE RECOGNITION AND RECEIVABLES :

- i. Revenue from passive infrastructure is recognized on accrual basis as per the contractual terms with the telecom operators, net of service tax.
- ii. Interest income is recognized on accrual basis at applicable interest rates and time period.
- iii. Unbilled receivables, represent revenues recognized from the bill cycle date to the end of each month. These are billed in subsequent periods as per the agreed terms.
- iv. Provision for doubtful debts is made for dues outstanding for more than 180 days from the date of billing other than specific cases where management is of the view that amount is recoverable.

c) EMPLOYEE BENEFITS –STOCK OPTIONS

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

d) FIXED ASSETS

Fixed assets are stated at cost of acquisition and installation less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use.

e) EXPENDITURE DURING PRE-OPERATIVE PERIOD

Expenses incurred on project and other charges during construction period are included under pre-operative expenditure (grouped under capital work in progress) and are allocated to the cost of Fixed

Assets on the commencement of commercial operations.

f) DEPRECIATION

Depreciation on tangible fixed 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.

<u>Tangible Assets</u>	<u>Useful Life (In years)</u>
Plant and Machinery:	
Towers / Civil work	18
Shelters / Others	10
Power Equipment / Air Conditioner / Electrical Work	10
Diesel Generators	5
Batteries	3
Furniture	10

g) TAXATION

- i. **Current Tax:** Provision for current income tax is made on the taxable income using the applicable tax rates and tax laws. Advance Income Tax and Provision for Current Tax is disclosed in the balance sheet at net as these are settled on net basis.
- ii. **Deferred Tax:** Deferred tax arising on account of timing differences and which are capable of reversal in one or more subsequent periods is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognised unless there is virtual certainty with respect to the reversal of the same in future years.
- iii. **Minimum Alternate Tax (MAT) credit:** MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income tax during the specified period.

Notes forming part of the Financial Statements

h) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized when the Company has a present obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. 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.

i) EARNINGS PER SHARE (EPS)

The earnings considered in ascertaining the Company's Earnings per Share (EPS) comprises the net profit after tax, as per Accounting Standard 20 on "Earnings Per Share". 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.

j) IMPAIRMENT OF ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in accordance with AS-28 "Impairment of Assets", for the amount by which the asset's carrying amount exceeds its recoverable amount as

on the carrying date. The recoverable amount is higher of the asset's fair value less costs to sell vis-à-vis value in use. For the purpose of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

k) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between actual results and estimates are recognised in the periods in which the results are known / materialise.

l) OPERATING LEASES

Lease of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as income / expense in the Statement of Profit and Loss, on a straight-line or other systematic basis over the lease term.

m) INVESTMENTS

Current Investments are stated at lower of cost or fair value in respect of each separate investment.

3. SHARE CAPITAL

a) Authorized, Issued, Subscribed and Paid-up Share Capital

Particulars	As at March 31, 2016		As at March 31, 2015	
	Numbers	₹ in '000	Numbers	₹ in '000
Authorised				
Equity Shares of ₹ 10 each	50,000	500	50,000	500
	50,000	500	50,000	500
Issued, Subscribed and Paid-Up				
Equity Share Capital				
Equity Shares of ₹ 10 each fully paid up	50,000	500	50,000	500
	50,000	500	50,000	500

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

b) Rights attached to Equity Shareholders

The Company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

Notes forming part of the Financial Statements

4. RESERVES AND SURPLUS

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	743,757	532,660
Add : Profit during the year	426,767	211,097
Balance at the end of the year	1,170,524	743,757

5. DEFERRED TAX LIABILITIES

Major components of Deferred Tax are:

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
a) Deferred Tax Liability:		
Depreciation of Fixed Assets	156,542	166,308
Revenue Equalisation Reserve	75,614	-
Total Deferred Tax Liability (A)	232,156	166,308
b) Deferred Tax Asset:		
Provision for Doubtful Debts	7,252	4,881
Others	6,044	-
Total Deferred Tax Asset (B)	13,296	4,881
Net Deferred Tax Liability (A - B)	218,860	161,427

6. OTHER LONG TERM LIABILITIES

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
a) Trade Payables	19,340	7,861
b) Deposits from Customers	288,749	2,277
Total	308,089	10,138

7. SHORT TERM BORROWINGS

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
UNSECURED LOANS		
- From Fellow Subsidiaries	750,000	1,966,500
Total	750,000	1,966,500

8. OTHER CURRENT LIABILITIES

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
a) Interest accrued but not due on Borrowings (Refer Note 24)	2,766	135,769
b) Payables for Capital Expenditure	23,215	10,024
c) Taxes and Other Liabilities	18,542	20,734
Total	44,523	166,527

Notes forming part of the Financial Statements

9. FIXED ASSETS

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at April 1, 2015	Additions during the year	Sale/ Adjustment during the year	As at March 31, 2016	As at April 1, 2015	Additions during the year	Sale/ Adjustment during the year	As at March 31, 2016	As at March 31, 2015
Plant & Machinery	4,590,871	81,118	72,009	4,599,980	2,250,905	325,981	71,968	2,095,062	2,339,966
Furniture & Fixture	-	141	-	141	-	1	-	140	-
Total	4,590,871	81,259	72,009	4,600,121	2,250,905	325,982	71,968	2,095,202	2,339,966
Capital Work in Progress								9,065	9,336

Notes:

- 1) Depreciation charge for the year includes ₹ Nil (Previous Year ₹ 84,560 thousands) due to change in estimated useful life of certain Fixed Assets.
- 2) Plant & Machinery includes assets held for disposal - Gross Block ₹ 120,353 thousands (Previous Year ₹ Nil) and Net Block ₹ 14 thousands (Previous Year ₹ Nil).

B. Previous Year

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at April 1, 2014	Additions during the year	Sale/ Adjustment during the year	As at March 31, 2015	As at April 1, 2014	Additions during the year	Sale/ Adjustment during the year	As at March 31, 2015	As at March 31, 2015
Plant & Machinery	4,595,181	47,408	51,718	4,590,871	1,863,066	438,239	50,400	2,250,905	2,339,966
Total	4,595,181	47,408	51,718	4,590,871	1,863,066	438,239	50,400	2,250,905	2,339,966

IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

Notes forming part of the Financial Statements

10. LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
a) Deposits and balances with Government Authorities	16,406	15,270
b) Deposits with Body Corporates and Others	1,382	1,336
c) Advance Income Tax (Net of Provision ₹ 192,175 thousands (Previous Year ₹ 133,624 thousands))	60,627	72,646
d) Other Loans and Advances	7,412	73
Total	85,827	89,325

11. OTHER NON CURRENT ASSETS

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
Revenue Equalisation Reserve	218,488	85,307
Total	218,488	85,307

12. CURRENT INVESTMENTS

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
Investment in Units of Liquid Mutual Funds (Unquoted) (Refer Note 28)	201,200	534,406
Total	201,200	534,406

13. TRADE RECEIVABLES

(Unsecured, considered good unless otherwise stated)

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
a) Billed Receivables		
Unsecured - Considered Good		
Outstanding for a period exceeding six months from due date	3,121	5,466
Other Receivables	50,594	30,734
	53,715	36,200
Unsecured - Considered Doubtful		
Outstanding for a period exceeding six months from due date	19,764	12,920
Other Receivables	1,192	1,183
	20,956	14,103
Less: Provision for Doubtful Debts	20,956	14,103
	53,715	36,200
Trade receivable are secured for amounts receivable from certain parties who have provided security deposits of ₹ 18,501 thousands (Previous year ₹ 2,277 thousands)		
b) Unbilled Receivables	26,733	195,873
Total	80,448	232,073

IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

Notes forming part of the Financial Statements

14. CASH AND BANK BALANCES

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
a) Cash and Cash Equivalents		
Balances with Banks - In Current Accounts	3,476	3,650
b) Other Bank Balances		
Margin Money with Banks	600	-
Total	4,076	3,650

15. SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
a) MAT Credit Entitlement	-	6,899
b) Advance Income Tax	49,016	1,013
c) Cenvat Credit	7,895	5,916
d) Expenses Paid in Advance & Other Loans and Advances	11,464	19,581
Total	68,375	33,409

16. OTHER OPERATING INCOME

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Liabilities/Provisions no longer required written back	1,321	2,074
Miscellaneous Receipts	242	389
Total	1,563	2,463

17. OTHER INCOME

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Gain on Sale of Fixed Assets/Asset disposed off	12,255	12,168
Interest Income	1	359
Profit on Sale of Current Investments	40,497	14,881
Dividend Income	-	2,235
Total	52,753	29,643

18. PERSONNEL EXPENDITURE

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries and Allowances etc.	43,866	52,085
Contribution to Provident and Other Funds	1,945	2,342
Staff Welfare	2,259	2,789
Recruitment and Training	547	474
Total	48,617	57,690

IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

Notes forming part of the Financial Statements

19. NETWORK OPERATING EXPENDITURE

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Security Service Charges	37,687	63,785
Power and Fuel	1,202,513	1,236,749
Repairs and Maintenance - Plant and Machinery	35,501	9,120
Switching & Cellsites Rent	113,568	101,984
Network Insurance	1,634	1,672
Other Network Operating expenses	2,394	6,814
Total	1,393,297	1,420,124

20. ADMINISTRATION & OTHER EXPENSES

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Repairs and Maintenance - Building	181	609
- Others	1,674	2,224
Other Insurance	62	164
Non Network Rent	1,951	1,838
Rates and Taxes	41	19
Electricity	1,223	1,094
Printing and Stationery	293	664
Communication Expenses	204	402
Travelling and Conveyance	3,297	4,990
Bad Debts written off	545	-
Provision for Bad and Doubtful Debts	6,852	4,727
Bank Charges	10	10
Directors Sitting Fees	135	20
Legal and Professional Charges (Refer Note 27)	1,478	2,573
Audit Fees (Refer Note 27)	275	225
Service Charges	6,553	6,096
Expenses on Corporate Social Responsibility (Refer note 33)	2,500	-
Miscellaneous Expenses	1,369	2,142
Total	28,643	27,797

21. Estimated amount of contract remaining to be executed on Capital Account and not provided for (net of advances) ₹ 45,234 thousand (Previous year ₹ 27,354 thousand).

22. DETAILS OF GUARANTEES GIVEN

Bank Guarantees given ₹ 600 thousand (Previous year ₹ Nil).

23. CONTINGENT LIABILITIES

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
Service Tax Matters not acknowledged as debts*	167,244	161,600
Entry Tax demands, challenged by the Company with various authorities	18,696	16,254
Income Tax demand, challenged by the company with CIT Appeals	6,711	-
Other Cases#	24,332	24,292

* includes demands raised due to denial of cenvat credit related to towers and shelters

Mainly include miscellaneous disputed matters with Local Municipal Corporation and others.

IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

Notes forming part of the Financial Statements

24. DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18:

A. List of Related Parties as at March 31, 2016

I. Promoters of Holding Company

Hindalco Industries Limited (Hindalco)
 Grasim Industries Limited (Grasim)
 Aditya Birla Nuvo Limited (ABNL)
 Birla TMT Holdings Pvt. Limited (Birla TMT)

II. Holding Company

Idea Cellular Limited (ICL)

III. Fellow Subsidiaries

Idea Telesystems Limited (ITL)
 Aditya Birla Telecom Limited (ABTL)
 Idea Cellular Services Limited (ICSL)
 Idea Mobile Commerce Services Limited (IMCSL)

IV. Joint Venture of Fellow Subsidiary

Indus Towers Limited (INDUS)

B. Transaction with Related Parties:

₹ in '000

Particulars	Holding Company	Fellow Subsidiary	Promoter of Holding Company
	ICL	ABTL	Hindalco
Purchase of Services			552 (582)
Sale of Services	1,332,943 (12,86,857)		
Expenses Incurred on Company's behalf by	61,366 (75,985)		
Sale of Fixed Assets (Including CWIP)	- (287)		
ICD taken		- (1,966,500)	
ICD repaid		1,216,500 (33,500)	
Interest on ICD taken		149,546 (154,085)	
Security Deposit taken (Cell site)	158,849 (-)		
Unsecured Loans repaid (Net off towards services provided)	- (1,967,075)		

Figures in brackets represent corresponding amount for the year ended on 31st March, 2015.

IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

Notes forming part of the Financial Statements

C. Balance Outstanding as on March 31, 2016:

₹ in '000

Particulars	Holding Company	Fellow Subsidiary	Promoter of Holding Company
	ICL	ABTL	Hindalco
Unsecured Long-term & Short-term Loans	- (-)	750,000 (1,966,500)	
Interest accrued but not due		2,766 (135,769)	
Trade Payable	10,891 (5,382)		82 (159)
Trade Receivable	19,904 (119,593)		
Security Deposit (Cell site)	158,849 (-)		

Figures in brackets represent corresponding amount as at 31st March, 2015.

25. EARNINGS PER SHARE (EPS) IS CALCULATED AS UNDER:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Nominal Value of Equity Share (₹)	10/-	10/-
Profit / (Loss) after Tax (₹ in '000)	426,767	211,097
Profit / (Loss) Attributable to Equity Shareholders (₹ in '000)	426,767	211,097
Weighted average Number of Equity Share outstanding during the year	50,000	50,000
Basic & Diluted Earnings Per Share (₹)	8,535	4,222

26. SEGMENT REPORTING

As Company operates in one business segment, hence there is no separate reportable segment as per Accounting Standard -17 on "Segment Reporting".

27. AUDITOR'S REMUNERATION (EXCLUSIVE OF SERVICE TAX):

₹ in '000

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Statutory Audit Fees	275	225
Certifications (included in Legal and Professional Expenses)	40	-

28. DETAILS OF CURRENT INVESTMENTS:

Particulars	As at March 31, 2016		As at March 31, 2015	
	Qty in '000 Units	₹ in '000 Value	Qty in '000 Units	₹ in '000 Value
Birla Sun Life Cash Plus - Growth – Direct	827.71	201,200	2,380.97	534,406
Total	827.71	201,200	2,380.97	534,406

IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

Notes forming part of the Financial Statements

29. No amounts are payable to Micro, Small and Medium Enterprises (SMEs) within the meaning of the Micro, Small and Medium Enterprises Development Act, 2006.

30. OPERATING LEASE: AS A LESSOR:

The Company has leased certain cell sites under operating lease arrangements. The gross block, accumulated depreciation and depreciation expense of the assets given on lease are ₹ 4,599,980 thousands (Previous Year ₹ 4,590,871 thousands), ₹ 2,504,918 thousands (Previous Year ₹ 2,250,905 thousands) and ₹ 325,981 thousands (Previous Year ₹ 438,239 thousands) respectively.

The future minimum lease receivables in respect of the above are as follows:

Particulars	₹ in '000		
	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum Lease Receivables	1,305,064 (1,194,384)	5,553,314 (5,083,690)	5,183,126 (6,195,622)

(Figures in bracket are as at 31st March 2015)

31. OPERATING LEASE : AS A LESSEE:

The Company has entered into Long term lease arrangement to take tower sites under Operating leases. The lease rental expense charged to the statement of Profit and Loss during the year is ₹ 113,568 thousand (Previous Year ₹ 89,851 thousands).

The future minimum lease payable in respect of the above are as follows:

Particulars	₹ in '000		
	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum Lease payments	96,583 (80,528)	405,141 (347,659)	356,429 (407,780)

(Figures in bracket are as at 31st March, 2015)

32. The Company uses the administrative office and manpower set up of Idea Cellular Limited (ICL) in the states of Bihar, Jharkhand and Orissa to run its operation. The Company reimburses actual cost incurred by ICL (without any markup) for providing such services based on percentage utilization of these resources.

33. Corporate Social Responsibility Expenditure

- Gross amount required to be spent by the company during the year is ₹ 4,627 Thousands
- Amount spent during the year on

Particulars	₹ in '000		
	Paid	Payable	Total
Health Care support to Deaf & Mute Children	-	2,500	2,500

34. Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year grouping.

For and on behalf of the Board

Akshaya Moondra
Director

Himanshu Kapania
Director

Place : Mumbai
Date : 26th April, 2016

IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

Cash Flow Statement for the year ended March 31, 2016

₹ in '000

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A) Cash Flow from Operating Activities		
Net Profit after tax	426,767	211,097
Depreciation	325,982	438,239
Interest Expense	149,546	154,085
Provision for Bad & Doubtful Debts (including written off)	7,397	4,727
Provision for Deferred Tax	57,432	(31,739)
Provision for Current Tax (Net of MAT Credit entitlement)	165,288	111,800
Dividend Income	-	(2,235)
Liability / Provision no longer required written back	(1,321)	(2,074)
Interest Income	(1)	(359)
(Profit) / Loss on sale of Fixed Assets/ Assets discarded	(12,255)	(12,168)
(Profit) / Loss on sale of Current Investment	(40,497)	(14,881)
Operating profit before Working Capital changes	1,078,338	856,492
Adjustments for changes in Working Capital		
(Increase)/Decrease in Trade Receivables	144,228	(12,468)
(Increase)/Decrease in Other Current and Non Current Assets	(133,781)	(85,307)
(Increase)/Decrease in Long Term & Short Term Loans and Advances	(2,383)	14,808
Increase /(Decrease) in Trade Payables and Other Current & Non-Current Liabilities	288,644	(38,111)
Cash generated from Operations	1,375,046	735,414
Tax (paid) / refund received including TDS (net)	(194,373)	(75,178)
Net cash from Operating Activities	1,180,673	660,236
B) Cash Flow from Investing Activities		
Purchase of Fixed Assets & Intangible Assets (including CWIP)	(67,797)	(84,952)
Proceeds from sale of Fixed Assets	12,296	13,486
Profit from sale of Current Investment	40,497	14,881
Dividend Income	-	2,235
Interest Received	-	359
Net cash from / (used in) Investing Activities	(15,004)	(53,991)
C) Cash Flow from Financing Activities		
Repayment of Unsecured Loan from Holding Company (Net)	-	(1,550,000)
Proceeds from Short Term Borrowings	-	1,966,500
Repayment of Short Term Borrowings	(1,216,500)	(450,575)
Interest Paid	(282,549)	(34,817)
Net cash from / (used in) Financing Activities	(1,499,049)	(68,892)
Net increase / (decrease) in Cash and Cash Equivalent	(333,380)	537,353
Cash and Cash Equivalent at the beginning	538,056	703
Cash and Cash Equivalent at the end	204,676	538,056

Notes to Cash Flow Statement for the year ended March 31, 2016

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

Balances with banks - In Current Accounts	3,476	3,650
Current Investment	201,200	534,406
	<u>204,676</u>	<u>538,056</u>

2. The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statement.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Khurshed Pastakia
Partner
Membership No.: 31544

Place: Mumbai
Date: 26th April, 2016

For and on behalf of the Board

Akshaya Moondra
Director

Himanshu Kapania
Director

