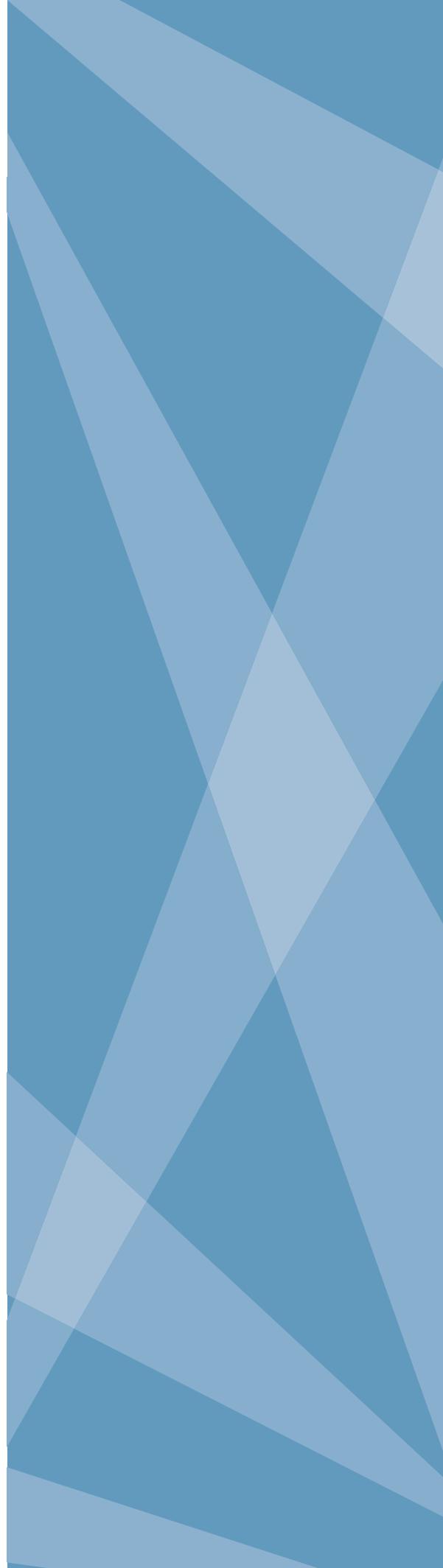


IDEA TELESYSTEMS LIMITED  
ANNUAL REPORT 2015-16



## Independent Auditors' Report

To the Members of  
Idea Telesystems Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **IDEA TELESYSTEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> 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 20 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 : 26<sup>th</sup> April, 2016

## “Annexure A” to the Independent Auditors’ Report

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

### 1. 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 TELESYSTEMS LIMITED** (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### 2. 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.

### 3. 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.

### 4. 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.

### 5. 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.

### 6. 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 31<sup>st</sup> 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 : 26<sup>th</sup> April, 2016

## “Annexure B” to the Independent Auditors’ Report

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

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c) With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories 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) 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 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 not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Income-tax, Sales Tax / Value Added Tax, Customs Duty 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, Provident Fund, Employees’ State Insurance, Service Tax and Cess.
  - There were no undisputed amounts payable in respect of Income-tax, Sales Tax / Value Added Tax, Customs Duty and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.

- c) There are no dues of Customs Duty which have not been deposited on account of any dispute. Details of dues of Income Tax and Sales Tax / Value Added Tax which have not been deposited as on 31<sup>st</sup> March, 2016 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)
The Kerala Value Added Tax Act, 2003	VAT	Intelligence Inspector, Squad II, Ernakulam	2011-12	606	303
Uttar Pradesh Value Added Tax Act, 2008	CST	Deputy Commissioner Appeal DC-12-UPE	2009-10	300	300
Uttar Pradesh Value Added Tax Act, 2008	VAT	Assessing Officer, UPE	2013-14	1,578	1,578
Uttar Pradesh Value Added Tax Act, 2008	VAT	Additional Commissioner Grade-2 (Appeal)	2010-11	31	31
Uttar Pradesh Value Added Tax Act, 2008	CST	Assessing Officer, UPE	2012-13	189	189
Odisha Entry Tax Act, 1999	Entry Tax	Joint Commissioner of Sales tax	2012-13 & 2013-14	279	260
The Maharashtra Value Added Tax Act, 2002	VAT	Deputy Commissioner of Sales Tax, Pune	2011-12	98	98
Income Tax Act, 1961	Income-tax	Commissioner of Income Tax (Appeals)	FY 2012-13	237	237

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has neither paid nor provided 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, where applicable, for all transactions with the related

# IDEA TELESYSTEMS LIMITED

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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 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 : 26<sup>th</sup> April, 2016

# IDEA TELESYSTEMS LIMITED

## Balance Sheet as at March 31, 2016

₹ in '000

Particulars	Note	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	500	500
Reserves and Surplus	4	238,281	229,089
		<b>238,781</b>	<b>229,589</b>
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities	5	139	127
Deposits from Customers and Others (includes amounts referred in Note 21)		2,728	2,753
		<b>2,867</b>	<b>2,880</b>
<b>Current Liabilities</b>			
Trade Payables		78,350	82,817
Other Current Liabilities	6	23,028	32,994
Short-Term Provisions	7	1,533	291
		<b>102,911</b>	<b>116,102</b>
<b>TOTAL</b>		<b>344,559</b>	<b>348,571</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	8	7,076	7,332
Long-Term Loans and Advances	9	1,329	584
		<b>8,405</b>	<b>7,916</b>
<b>Current Assets</b>			
Current Investments	10	113,100	195,000
Inventories	11	213,406	126,991
Trade Receivables	12	2,404	2,811
Cash and Bank Balances	13	392	5,144
Short Term Loans And Advances	14	6,852	10,709
		<b>336,154</b>	<b>340,655</b>
<b>TOTAL</b>		<b>344,559</b>	<b>348,571</b>
Significant Accounting Policies	2		
The accompanying notes are an integral part of the Financials Statements			

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the Board**

**Khurshed Pastakia**  
Partner  
Membership No.: 31544

**Akshaya Moondra**  
Director

**Himanshu Kapania**  
Director

Place : Mumbai  
Date : April 26, 2016

# IDEA TELESYSTEMS LIMITED

## Statement of Profit and 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
<b>INCOME</b>			
Sales of Trading Goods		422,838	1,810,675
Liabilities/Provisions no longer required written back		238	-
<b>Revenue from Operations</b>		<b>423,076</b>	<b>1,810,675</b>
Other Income	15	28,083	33,631
<b>TOTAL</b>		<b>451,159</b>	<b>1,844,306</b>
<b>OPERATING EXPENDITURE</b>			
Cost of Trading Goods Sold	16	382,505	1,545,649
Personnel Expenditure	17	4,878	4,646
Selling & Distribution Expenses		19,610	27,123
Advertisement & Business Promotion Expenditure		19,365	101,047
Administration & Other Expenses	18	10,825	36,193
		<b>437,183</b>	<b>1,714,658</b>
<b>PROFIT BEFORE FINANCE CHARGES, DEPRECIATION &amp; TAXES</b>		<b>13,976</b>	<b>129,648</b>
Interest & Finance Charges	19	698	2,474
Depreciation	8	256	256
<b>PROFIT BEFORE TAX</b>		<b>13,022</b>	<b>126,918</b>
Provision for Taxation - Current		3,818	38,164
- Deferred		12	36
<b>PROFIT AFTER TAX</b>		<b>9,192</b>	<b>88,718</b>
<b>Earnings Per Share of ₹ 10 each fully paid (in ₹)</b>	<b>23</b>		
Basic		183.84	1,774.36
Diluted		183.84	1,774.36
Significant Accounting Policies	2		
The accompanying notes are an integral part of the Financials Statements			

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the Board**

**Khurshed Pastakia**  
Partner  
Membership No.: 31544

**Akshaya Moondra**  
Director

**Himanshu Kapania**  
Director

Place : Mumbai  
Date : April 26, 2016

## Notes forming part of the Financial Statements

### 1. Corporate Information :

Idea Telesystems Limited, a 100% subsidiary of Idea Cellular Limited was incorporated on 12<sup>th</sup> September, 1983 and is in the trading business of Data Cards, Mobile Handsets, Wireless Modems, Tablets, Electronic Devices, Terminals (Fixed or Mobile) and other end user telecommunications equipments.

### 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

Revenue on account of sale of Data Cards, Mobile Handsets, Wireless Modems, Tablets, Electronic Devices, Terminals (Fixed or Mobile) and other end user telecommunications equipments is recognized net of rebates, discount, Sales Tax/VAT etc. on supply of goods.

Debts (net of security deposits outstanding there against) which remain unpaid for more than 180 days from the date of bill and / or other debts which are otherwise considered doubtful, are provided for.

#### c) 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.

#### d) Foreign currency transactions

i) Transactions in foreign currency are recorded at the exchange rates prevailing at the dates of the transactions. Gains/losses arising out of fluctuation in exchange rates on settlement are recognized in the Statement of Profit and Loss.

Foreign currency monetary assets and liabilities are restated at the exchange rate prevailing at the period end and the net gain/loss is recognized to the Statement of Profit and Loss.

ii) Forward contracts & other Derivatives

Premium / discount amount on forward contract is amortised on period basis related to the contract it pertains to. Profit or loss arising on cancellation of forward exchange contract is recognized in the statement of Profit & Loss in the period in which the contract is cancelled.

Derivative contracts not covered under Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", entered for hedging foreign currency fluctuations and interest rate risk are marked to market at each reporting date. Loss, if any, on such valuation is recognised in the Statement of Profit & Loss in that period and gain if any is not recognised as per the principle of prudence enunciated in Accounting Standard 1, "Disclosure of Accounting Policies".

#### e) Inventories

Inventories are valued at cost or net realizable value, whichever is lower. Cost is determined on weighted average basis.

#### f) Depreciation

Depreciation on fixed assets is provided on straight line method on the basis of estimated useful economic lives as given below:-

#### Tangible Assets:

Asset Category	Life
Building	30 years

#### g) Taxation

**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 at net.

**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.

#### h) Interest and Dividend Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

#### i) 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 carrying amount of the asset exceeds its recoverable amount. The recoverable amount is higher of the asset's fair value less costs to sell or value in use. For the purpose of reviewing of impairment, assets are grouped at the lowest levels for which there are separate identifiable cash flows.

#### j) Earnings Per Share

The earnings considered in ascertaining the Company's Earnings per Share (EPS) comprise the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. 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.

#### k) 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.

#### l) Investments

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

#### m) 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.

#### n) OPERATING LEASES

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

## Notes forming part of the Financial Statements

### 3. SHARE CAPITAL

#### a) Authorised, Issued, Subscribed and Paid-up Share Capital:

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

(i) All the shares are held by the holding company - Idea Cellular Limited along with nominee shareholders

#### 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 share 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.

### 4. RESERVES AND SURPLUS

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
<b>Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	229,089	140,371
Add : Profit during the year	9,192	88,718
Balance at the end of the year	238,281	229,089

### 5. DEFERRED TAX LIABILITIES

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
Major components of Deferred Tax are:		
Depreciation on Fixed Assets	139	127
<b>Total</b>	<b>139</b>	<b>127</b>

### 6. OTHER CURRENT LIABILITIES

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
a) Advance from Customers	18,097	24,077
b) Book Bank Overdraft	229	-
c) Taxes and Other Liabilities	4,702	8,917
<b>Total</b>	<b>23,028</b>	<b>32,994</b>

### 7. SHORT TERM PROVISIONS

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
Current Tax (Net of Advance Tax ₹ 2,285 Thousands (Previous year ₹ 37,873))	1,533	291
<b>Total</b>	<b>1,533</b>	<b>291</b>

Notes forming part of the Financial Statements

8. FIXED ASSETS

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at April 1, 2015	Additions during the year	Sale/ Adjustments during the year	As at March 31, 2016	As at April 1, 2015	Additions during the year	Sale/ Adjustments during the year	As at March 31, 2016	As at March 31, 2015
Free hold Land	2,981	-	-	2,981	-	-	-	2,981	2,981
Building	6,808	-	-	6,808	2,457	256	-	4,095	4,351
<b>Total</b>	<b>9,789</b>	<b>-</b>	<b>-</b>	<b>9,789</b>	<b>2,457</b>	<b>256</b>	<b>-</b>	<b>7,076</b>	<b>7,332</b>

B. Previous Year

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at April 1, 2014	Additions during the year	Sale/ Adjustments during the year	As at March 31, 2015	As at April 1, 2014	Additions during the year	Sale/ Adjustments during the year	As at March 31, 2015	As at March 31, 2014
Free hold Land	2,981	-	-	2,981	-	-	-	2,981	-
Building	6,808	-	-	6,808	2,201	256	-	4,351	2,457
<b>Total</b>	<b>9,789</b>	<b>-</b>	<b>-</b>	<b>9,789</b>	<b>2,201</b>	<b>256</b>	<b>-</b>	<b>2,457</b>	<b>7,332</b>

# IDEA TELESYSTEMS LIMITED

## Notes forming part of the Financial Statements

### 9. 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	469	469
b) Advance Income Tax	398	-
c) Other Loans and Advances	462	115
<b>Total</b>	<b>1,329</b>	<b>584</b>

### 10. 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 25)	113,100	195,000
<b>Total</b>	<b>113,100</b>	<b>195,000</b>

### 11. INVENTORIES

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
a) Handsets	3,867	44,453
b) Data Cards	208,200	81,695
c) Others	1,339	843
<b>Total</b>	<b>213,406</b>	<b>126,991</b>

### 12. TRADE RECEIVABLES

(Unsecured, considered good unless otherwise stated)

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
a) Outstanding for period exceeding six months	102	-
b) Outstanding for a period not exceeding six months from due date (includes amounts referred in Note 21)	2,302	2,811
<b>Total</b>	<b>2,404</b>	<b>2,811</b>

### 13. CASH AND BANK BALANCES

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
a) Cash and Cash Equivalents		
Cash on hand	-	18
Cheques on hand	-	81
Balances with Scheduled Banks - In Current Accounts	342	4,995
	<b>342</b>	<b>5,094</b>
b) Other Bank Balances		
Margin Money with Banks	50	50
<b>Total</b>	<b>392</b>	<b>5,144</b>

# IDEA TELESYSTEMS LIMITED

## Notes forming part of the Financial Statements

### 14. 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) Advance Income Tax	233	233
b) Expenses Paid in Advance	513	669
c) Advance to Supplier	-	129
d) Balances with Government Authorities	4,692	8,264
e) Other Loans and Advances	1,414	1,414
<b>Total</b>	<b>6,852</b>	<b>10,709</b>

### 15. OTHER INCOME

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Rental Income	9,570	9,570
Interest Income	29	158
Profit on Sale of Mutual Funds	18,484	11,987
Dividend Income	-	11,916
<b>Total</b>	<b>28,083</b>	<b>33,631</b>

### 16. COST OF TRADING GOODS SOLD

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Purchase of Trading Goods		
- Handsets	-	1,047,113
- Data Cards	464,067	425,680
- Others	4,853	4,149
Decrease/(Increase) in inventories of Trading Goods	(86,415)	68,707
<b>Total</b>	<b>382,505</b>	<b>1,545,649</b>

### 17. PERSONNEL EXPENDITURE

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries and Allowances etc.	4,597	4,384
Contribution to Provident and Other Funds	281	262
<b>Total</b>	<b>4,878</b>	<b>4,646</b>

## Notes forming part of the Financial Statements

### 18. ADMINISTRATION & OTHER EXPENSES

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Insurance	950	1,936
Rates and Taxes	533	4,562
Printing and Stationery	24	93
Communication Expenses	-	2
Loss on foreign exchange fluctuation (Net)	5,677	26,245
Bank Charges	340	785
Directors Sitting Fees	142	22
Legal and Professional Charges (Refer Note 24)	1,031	1,169
Audit Fees (Refer Note 24)	300	337
Loading, Freight & Forwarding charges	628	1,042
Expenditure on Corporate Social Responsibility (Refer Note 28)	1,200	-
<b>Total</b>	<b>10,825</b>	<b>36,193</b>

### 19. INTEREST & FINANCE CHARGES

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest	70	348
Financing Charges	628	2,126
<b>Total</b>	<b>698</b>	<b>2,474</b>

### 20. CONTINGENT LIABILITY

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
Demand raised by VAT/Sales Tax authorities for non submission of Form "F", discrepancies in transit documents and differences in closing and opening balances of closing stocks in VAT returns.	3,081	2,514
Income Tax Matters not acknowledge as debts Demand raised by Income Tax for the Financial Year 2012-13 (AY 2013-14). Appeal filed by the company against the demand and is pending before the Commissioner of Income Tax (Appeals).	237	-
Other claims not acknowledged as debts	188	66
Bank guarantees given to VAT / Sales Tax authorities	2,019	1,919

### 21. RELATED PARTY TRANSACTIONS

As per Accounting Standard-18 on "Related Party Disclosures", related parties of the Company are disclosed below:

#### A. List of related Parties:

##### Promoters of Holding Company

Hindalco Industries Limited (Hindalco)

Grasim Industries Limited (Grasim)

Aditya Birla Nuvo Limited (ABNL)

Birla TMT Holdings Pvt. Limited (Birla TMT)

##### Holding Company

Idea Cellular Limited (ICL)

# IDEA TELESYSTEMS LIMITED

## Notes forming part of the Financial Statements

### Fellow Subsidiaries

Aditya Birla Telecom Limited (ABTL)  
Idea Cellular Infrastructure Services Limited (ICISL)  
Idea Cellular Services Limited (ICSL)  
Idea Mobile Commerce Services Limited (IMCSL)

### Joint venture of Fellow Subsidiary

Indus Towers Limited (Indus)

### B. Transactions with related parties

₹ in '000

Particulars	Holding Company	Fellow Subsidiaries	
	ICL	ABTL	ICSL
Sale of Trading goods	90,100 (90,599)	3,047 (2,963)	- (-)
Rent Received	9,570 (9,570)	- (-)	- (-)
Purchase of Services	- (-)	- (-)	7,269 (6,544)
Expenditure incurred on Company's behalf by	4,878 (4,646)	- (-)	- (-)

(Figures in bracket are for the year ended March 31, 2015)

### C. Outstanding Balances as at March 31, 2016

₹ in '000

Nature of Transaction	Holding Company
	ICL
Trade Receivable	- (1,819)
Security Deposit Received	2,393 (2,393)

(Figures in bracket are as of March 31, 2015)

### 22. Operating Lease: As a Lessor

The Company has leased a portion of its Land and building under operating lease arrangement. Rental income of ₹ 9,570 Thousands (Previous year ₹ 9,570 Thousands) in respect of such lease has been recognized in the Statement of Profit and Loss during the current year.

### 23. 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 After Tax (₹ in ₹000)	9,192	88,718
Profit Attributable to Equity Shareholders (₹ in ₹000)	9,192	88,718
Number of Equity Shares outstanding during the year (in ₹000)	50	50
Basic & Diluted Earnings Per Share (₹)	183.84	1,774.36

### 24. Auditors' Remuneration (excluding service tax):

(₹ in '000)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Statutory Audit fees	300	300
Certification and other Services (Included in Legal and Professional Charges)	40	-

## Notes forming part of the Financial Statements

### 25. Details of Current Investments:

Particulars	As at March 31, 2016		As at March 31, 2015	
	Qty in '000	₹ in '000	Qty in '000	₹ in '000
	Units	Value	Units	Value
Birla Sun Life Cash Plus – Growth-Direct Plan	465	113,100	869	195,000
<b>TOTAL</b>	<b>465</b>	<b>113,100</b>	<b>869</b>	<b>195,000</b>

### 26. Detail of Foreign Currency Exposures:

#### A. Hedged by a Derivative Instrument:

Particulars	As at March 31, 2016		As at March 31, 2015	
	USD in '000	₹ in '000	USD in '000	₹ in '000
Trade Payable	676	45,860	127	7,928

#### B. Not Hedged by a Derivative Instrument or otherwise:

Particulars	As at March 31, 2016		As at March 31, 2015	
	USD in '000	₹ in '000	USD in '000	₹ in '000
Trade Payable	15	989	232	14,516

### 27. CIF Value of Imports:

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Trading Goods	464,188	1,473,175

### 28. Expenditure on Corporate Social Responsibility:

- (a) Gross amount required to be spent by the company during the year ₹ 2,002 thousand.  
 (b) Amount spent during the year on:

Particulars	₹ in '000		
	Paid	Payable	Total
Health Care Support Services	-	1,200	1,200
<b>Total</b>	<b>-</b>	<b>1,200</b>	<b>1,200</b>

29. During the financial year under review there were no employees on the rolls of the company. The selling and distribution activities have been performed using manpower services mainly taken from Idea Cellular Services Limited (ICSL), a company providing manpower services. The cost has accordingly been booked as Selling and Distribution Expenses. Further, some personnel from Idea Cellular Limited (ICL) have also been deployed for the administrative and compliance work of the company for which expenses are being reimbursed to ICL and are being booked under the head Personnel Expenditure.

### 30. Segment Reporting:

As the Company operates in only one business segment, hence there is no separate reportable segment as per Accounting Standard – 17 on “Segment Reporting”.

31. As of March 31, 2016 no amounts are payable to Micro, Small, and Medium Enterprises (SMEs) within the meaning of the Micro, Small and Medium Enterprises Development Act, 2006.

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

### For and on behalf of the Board

Akshaya Moondra  
Director

Himanshu Kapania  
Director

Place : Mumbai  
Date : April 26, 2016

# IDEA TELESYSTEMS 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
<b>A) Cash Flow from Operating Activities</b>		
<b>Net Profit / (Loss) after Tax</b>	<b>9,192</b>	88,718
Depreciation	256	256
Interest and Finance charges	698	2,474
Provision for Deferred Tax	12	36
Provision for Current Tax	3,818	38,164
Liabilities/Provisions no longer required written back	(238)	-
Interest Income	(29)	(158)
Profit on sale of current investment	(18,484)	(11,987)
Dividend Income	-	(11,916)
<b>Operating Profit before Working Capital Changes</b>	<b>(4,775)</b>	105,587
<b>Adjustments for changes in Working Capital</b>		
(Increase)/Decrease in Trade Receivables	407	11,501
(Increase)/Decrease in Inventories	(86,415)	68,707
(Increase)/Decrease in Long Term and Short Term Loans and Advances	3,510	2,993
Increase /(Decrease) in Trade Payables, Other Current Liabilities and Provisions	(14,220)	(323,658)
<b>Cash Generated from Operations</b>	<b>(101,493)</b>	(134,870)
Tax (paid) / refund received including TDS and interest on refund (net)	(2,974)	(31,803)
<b>Net Cash from / (used in) Operating Activities</b>	<b>(104,467)</b>	(166,673)
<b>B) Cash Flow from Investing Activities</b>		
Profit on sale of current investment Mutual Funds	18,484	11,987
Interest & Dividend Received	29	11,922
<b>Net cash from / (used in) investing activities</b>	<b>18,513</b>	23,909
<b>C) Cash Flow from Financing Activities</b>		
Interest and Finance charges	(698)	(2,173)
<b>Net Cash from / (used in) Financing Activities</b>	<b>(698)</b>	(2,173)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(86,652)</b>	(144,937)
Cash and Cash Equivalents at the beginning	200,094	345,031
<b>Cash and Cash Equivalents at the end</b>	<b>113,442</b>	200,094
1. Cash and Cash Equivalents include the following Balance Sheet amounts		
Cash on hand	-	18
Cheques on hand	-	81
Balances with Banks		
- In Current Accounts	342	4,995
Investment in units of Liquid Mutual Funds	113,100	195,000
	<b>113,442</b>	200,094
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

**For and on behalf of the Board**

**Khurshed Pastakia**  
Partner  
Membership No.: 31544

**Akshaya Moondra**  
Director

**Himanshu Kapania**  
Director

Place : Mumbai  
Date : April 26, 2016

