

IDEA MOBILE COMMERCE SERVICES LIMITED
ANNUAL REPORT 2015-16



IDEA MOBILE COMMERCE SERVICES LIMITED

Independent Auditors' Report

To the Members of
Idea Mobile Commerce Services Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **IDEA MOBILE COMMERCE 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 loss 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 does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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 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 MOBILE COMMERCE 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.

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 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 MOBILE COMMERCE 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) The Company does not have any fixed assets and hence reporting under clause (i) 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 the information and explanations given to us, in respect of statutory dues:
 - a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax and other material statutory dues applicable to it to the appropriate authorities. As explained to us, the Company did not have any dues on account of Excise Duty, Sales Tax / Value Added Tax, Customs Duty, Employees' State Insurance and Cess.
 - b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service 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.
 - c) There are no dues of Income-tax and Service Tax as on 31st March, 2016 which have not been deposited on account of any dispute.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has neither paid nor provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors 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 MOBILE COMMERCE 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	299,000	99,000
Reserves and Surplus	4	(284,334)	(59,036)
		14,666	39,964
Non-Current Liabilities			
Long-Term Provisions	5	1,378	429
		1,378	429
Current Liabilities			
Trade Payables (includes amount referred in Note 23 & 25)		113,243	10,106
Other Current Liabilities	6	113,602	18,695
Short-Term Provision for Leave Encashment		211	88
		227,056	28,889
TOTAL		243,100	69,282
ASSETS			
Non-Current Assets			
Long Term Loans and Advances	7	8,999	955
		8,999	955
Current Assets			
Current Investments	8	110,000	29,999
Trade Receivables	9	7,526	10,500
Cash and Cash Equivalents	10	107,212	16,720
Short Term Loans and Advances	11	9,363	11,108
		234,101	68,327
TOTAL		243,100	69,282
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 : April 26, 2016

For and on behalf of the Board

Akshaya Moondra
Director

Himanshu Kapania
Director

Vineet Choraria
Company Secretary

IDEA MOBILE COMMERCE 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		66,800	21,038
Miscellaneous Receipts		13	40
Revenue from Operations		66,813	21,078
Other Income	12	5,283	3,057
TOTAL		72,096	24,135
OPERATING EXPENDITURE			
Personnel Expenditure	13	46,275	15,279
IT Outsourcing Cost		83,676	8,409
Customer Acquisition & Servicing Expenses	14	142,728	22,064
Advertisement and Business Promotion Expenditure		11,894	934
Administration & Other Expenses	15	12,794	6,860
		297,367	53,546
PROFIT / (LOSS) BEFORE FINANCE CHARGES AND TAXES		(225,271)	(29,411)
Interest and Finance Charges	16	27	806
PROFIT / (LOSS) BEFORE TAX		(225,298)	(30,217)
Provision for Taxation		-	-
PROFIT / (LOSS) AFTER TAX		(225,298)	(30,217)
Earnings Per Share of ₹ 10 each fully paid up (in ₹)	21		
Basic		(13.91)	(3.65)
Diluted		(13.91)	(3.65)
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 : April 26, 2016

For and on behalf of the Board

Akshaya Moondra
Director

Himanshu Kapania
Director

Vineet Choraria
Company Secretary

Notes forming part of the Financial Statements

1. CORPORATE INFORMATION

The Company was incorporated on 19th October, 2007 and provides Mobile Commerce services as a business correspondent of reputed bank and issues Prepaid Payment Instruments (PPI) under authorization of Reserve Bank of India under Section 18 of the Payment and Settlement Systems Act, 2007. Services offered by the Company include basic banking services, domestic money transfers and utility payments.

The Company is a wholly owned subsidiary of Idea Cellular Limited (Holding Company).

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 the relevant provisions of the Companies Act 1956 / 2013 as applicable.

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) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 / materialised.

c) Revenue Recognition and Receivables

Revenue on account of providing of services is recognized net of rebates, discount, and service tax etc. on rendering of service.

Unbilled receivables represent revenues recognized from the last billed date to the end of each month. These are billed in the subsequent periods as per the agreed terms.

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.

d) 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.

Provision in accounts for leave benefits to employees is based on actuarial valuation done by projected accrued benefit method at the period end.

Liability for gratuity as at the period end is provided on the basis of actuarial valuation.

ii) Stock Options:

In respect of stock option granted 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.

e) Interest Income

Interest Income is recognized on accrual basis on the outstanding amount and applicable interest rate.

f) Taxation

i) Current Tax: Provision for current income tax is made on the taxable income using the applicable tax rates and tax laws.

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 year

g) Earnings Per Share

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise of 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.

h) Provisions & 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) Investments

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

IDEA MOBILE COMMERCE SERVICES LIMITED

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
Authorised				
Equity Shares of ₹ 10 each	50,000,000	500,000	25,000,000	250,000
	50,000,000	500,000	25,000,000	250,000
Issued, Subscribed and Paid-Up				
Equity Share Capital				
Equity Shares of ₹ 10 each fully Paid-up	29,900,000	299,000	9,900,000	99,000
	29,900,000	299,000	9,900,000	99,000

- (i) All the shares are held by the holding company - Idea Cellular Limited along with nominee share holders.
(ii) At the Annual General Meeting held on September 23, 2015, the members of the company have approved to increase the Authorised Equity Share Capital from ₹ 250,000 Thousands to ₹ 500,000 Thousands.

b) Reconciliation of the number of Shares outstanding:

Particulars	As at March 31, 2016		As at March 31, 2015	
	Numbers	₹ in '000	Numbers	₹ in '000
Equity shares outstanding at the beginning of the year	9,900,000	99,000	4,500,000	45,000
Equity shares issued to Idea Cellular Limited	20,000,000	200,000	5,400,000	54,000
Equity shares outstanding at the end of the year	29,900,000	299,000	9,900,000	99,000

c) 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.

4. RESERVES AND SURPLUS

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
Surplus/(Deficit) in Statement of Profit and Loss		
Balance at the beginning of the year	(59,036)	(28,819)
Add: Profit/(Loss) during the year	(225,298)	(30,217)
Balance at the end of the year	(284,334)	(59,036)
Total	(284,334)	(59,036)

5. LONG-TERM PROVISIONS

Particulars	₹ in '000	
	As at March 31, 2016	As at March 31, 2015
a) Provision for Gratuity (Refer Note 22)	290	-
b) Provision for Leave Encashment	1,088	429
Total	1,378	429

IDEA MOBILE COMMERCE SERVICES LIMITED

Notes forming part of the Financial Statements

6. OTHER CURRENT LIABILITIES

₹ in '000

Particulars	As at March 31, 2016	As at March 31, 2015
Advance from Customers and Trade Partners	98,072	16,956
Deposits from Trade Partners	2,055	1,020
Other Liabilities	13,475	719
Total	113,602	18,695

7. LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

₹ in '000

Particulars	As at March 31, 2016	As at March 31, 2015
a) Capital Advances	1,783	-
b) Advance Income Tax	7,118	867
c) Other Loans and Advances	98	88
Total	8,999	955

8. CURRENT INVESTMENTS

₹ in '000

Particulars	As at March 31, 2016	As at March 31, 2015
Investment in units of Liquid Mutual Funds (Unquoted) (Refer Note 19)	110,000	29,999
Total	110,000	29,999

9. TRADE RECEIVABLES (Unsecured, considered good)

₹ in '000

Particulars	As at March 31, 2016	As at March 31, 2015
a) Billed Receivables		
Outstanding for a period exceeding six months from due date	351	2,508
Other Receivables (includes amount referred in Note 23)	3,196	4,945
	3,547	7,453
b) Unbilled Receivables	3,979	3,047
Total	7,526	10,500

10. CASH AND CASH EQUIVALENTS

₹ in '000

Particulars	As at March 31, 2016	As at March 31, 2015
Cash in hand	3	-
Balances with Bank in Current Accounts	107,209	16,720
Total	107,212	16,720

Balance with Banks in Current Accounts includes ₹ 52,080 thousand (Previous year ₹ 3,207 thousand) in escrow account of which ₹ 47,668 thousand (Previous year ₹ 3,206 thousand) is towards the liability for unutilised balances in customer accounts and ₹ 4,412 thousand (Previous year ₹ 1 thousand) is towards the liability for amount payable to merchants on account of transactions by customers as required under the Reserve Bank of India ('RBI') guidelines.

IDEA MOBILE COMMERCE SERVICES LIMITED

Notes forming part of the Financial Statements

11. 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) Security Deposits	100	100
b) Cenvat Credit	4,449	584
c) Other Loans and Advances (includes amount referred in Note 22)	4,814	10,424
Total	9,363	11,108

12. OTHER INCOME

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest Income	31	661
Profit on Sale of Mutual Funds	5,252	2,396
Total	5,283	3,057

13. PERSONNEL EXPENDITURE

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries and Allowances etc.(Refer Note 22)	41,380	13,889
Contribution to Provident and Other Funds	1,731	602
Staff Welfare	991	788
Recruitment and Training	2,173	-
Total	46,275	15,279

14. CUSTOMER ACQUISITION & SERVICING EXPENSES

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Commission to Dealers	136,997	21,825
Customer Verification Expenses	-	221
Collection, Telecalling & Servicing Expenses	5,705	18
Customer Retention & Customer Loyalty Expenses	26	-
Total	142,728	22,064

15. ADMINISTRATION & OTHER EXPENSES

Particulars	₹ in '000	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Repairs and Maintenance - Others	29	-
Rates and Taxes	7	4
Printing and Stationery	14	54
Communication Expenses	311	263
Traveling and Conveyance	1,306	1,273
Bank Charges	31	30
Directors Sitting Fees	125	20
Legal and Professional Charges (Refer Note 18)	10,518	5,043
Audit Fees (Refer Note 18)	50	50
Miscellaneous expenses	403	123
Total	12,794	6,860

IDEA MOBILE COMMERCE SERVICES LIMITED

Notes forming part of the Financial Statements

16. INTEREST AND FINANCE CHARGES

Particulars	₹ in '000	
	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
Interest Expenses on ICD (Refer Note 23)	-	721
Interest Expenses on Others	27	85
Total	27	806

17. Estimated amounts of contract remaining to be executed on Capital Account and not provided for (Net of advance) ₹ 7,064 thousand (Previous year ₹ NIL).

18. AUDITORS' REMUNERATION (excluding Service tax)

Particulars	₹ in '000	
	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
Statutory Audit Fee	50	50
Certifications (included in Legal and Professional Expenses)	60	-
Total	110	50

19. 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 Savings Fund – Growth – Direct	-	-	111
Birla Sun Life Cash Plus – Growth – Direct	452	110,000	-	-
Total	452	110,000	111	29,999

20. SEGMENT REPORTING

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

21. BASIC AND DILUTED EARNINGS PER SHARE

Particulars	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
Nominal value of Equity Share (₹)	10/-	10/-
Profit / (Loss) attributable to equity shareholders (₹ in ₹ 000)	(225,298)	(30,217)
Weighted average number of equity shares outstanding during the period (Nos.)	16,197,814	8,287,397
Basic and Diluted Earnings Per Share (₹)	(13.91)	(3.65)

IDEA MOBILE COMMERCE SERVICES LIMITED

Notes forming part of the Financial Statements

22. EMPLOYEE BENEFITS

- a) **Defined Benefit Plan:** The Company provides for its liability towards gratuity as per the actuarial valuation. The present value of the accrued gratuity minus fund value is provided in the books of accounts.

₹ in '000

Particulars	As at March 31, 2016	As at March 31, 2015
1 Assumptions		
Discount Rate	8.10%	8.00%
Salary Escalation	8.00%	7.00%
2 Table showing changes in present value of Obligations		
Present value of obligations as at beginning of the Year	312	177
Interest cost	25	16
Current Service cost	148	137
Benefits paid	-	-
Actuarial (Gain) / Loss	276	(17)
Present value of obligations at end of the year	761	312
3 Table showing changes in the fair value of Plan Assets		
Fair value of plan assets at beginning of the year	316	-
Expected return on plan assets	35	-
Contributions	152	316
Actuarial Loss on Plan assets	(32)	-
Fair value of plan assets at end of the year	471	316
4 Actuarial Gain / Loss recognized		
Actuarial (Gain)/Loss for the year-Obligation	276	(17)
Actuarial (Gain)/Loss for the year-Plan assets	32	-
Total (Gain)/Loss for the year	308	(17)
Actuarial (Gain)/Loss recognized in the year	308	(17)
5 The amounts to be recognized in Balance Sheet		
Present value of obligations as at end of the year	761	312
Fair value on plan assets as at the end of the year	471	316
Surplus/(Deficit)	(290)	4
Net Asset / (liability) recognized in Balance Sheet	(290)	4
6 Expenses Recognized in Statement of Profit & Loss		
Current Service cost	148	137
Interest cost	25	16
Expected Return on Plan Assets	(35)	-
Net Actuarial (Gain)/Loss Recognized in the year	308	(17)
Expenses recognized in the Statement of Profit & Loss Account	446	136
7 Investment Details of Plan Assets (% Allocation)		
Insurer Managed Funds*	100%	100%

₹ in '000

Particulars	Year Ended			
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
7. Experience Adjustments				
Present Value of obligation	761	312	177	61
Plan assets	471	316	-	-
Surplus/(Deficit)	(290)	4	(177)	(61)
Experience (Gain) or Loss on plan liabilities	236	(38)	6	-
Experience (Gain) or Loss on plan assets	32	-	-	-

* The funds are managed by LIC and LIC does not provide break-up of plan assets by investment type.

- b) **Defined Contribution Plan:** During the year, the Company has recognized ₹ 1,174 thousands (Previous year ₹ 423 thousand) in the Statement of Profit & Loss towards Employers' Contribution to Provident & Pension Fund.

IDEA MOBILE COMMERCE SERVICES LIMITED

Notes forming part of the Financial Statements

23. 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
Grasim Industries Limited
Aditya Birla Nuvo Limited
Birla TMT Holdings Pvt. Limited

Holding Company

Idea Cellular Limited (ICL)

Fellow Subsidiaries

Idea Telesystems Limited (ITL)
Aditya Birla Telecom Limited (ABTL)
Idea Cellular Services Limited (ICSL)
Idea Cellular Infrastructure Services Limited (ICISL)

Joint Venture of Fellow Subsidiary

Indus Towers Limited (INDUS)

B. Transactions with Related Party

	₹ in '000
Nature of Transaction	ICL
Expenditure incurred on Company's behalf by	240 (-)
Purchase of Services	345 (303)
Sale of Service	2,681 (202)
ICD repaid	- (10,200)
Interest on ICD	- (721)
Issue of Shares	200,000 (54,000)

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

C. Outstanding as on March 31, 2016

	₹ in '000
Particulars	ICL
Trade receivable	927 (-)
Trade Payable*	3,526 (-)

*including amounts collected on behalf of

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

IDEA MOBILE COMMERCE SERVICES LIMITED

Notes forming part of the Financial Statements

24. In line with guidelines issued by the Reserve Bank of India (RBI), Aditya Birla Nuvo Limited (ABNL) (Promoter of holding company) had applied for setting up of Payments Bank. The In-Principle approval requires the payments bank entity to be set up by ABNL along with Idea Cellular Limited. The regulations include non-coexistence of PPI issuer and payments bank in the same group. As the Company has a PPI authorization, the Board of the Company has given its approval to amalgamate the Company with Aditya Birla Idea Payments Bank Ltd (ABIPBL) (Proposed entity to hold payment bank license), subject to requisite approvals on a going concern basis.
25. 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.
26. 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

Vineet Choraria
Company Secretary

Place : Mumbai
Date : April 26, 2016

IDEA MOBILE COMMERCE 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 / (Loss) after tax	(225,298)	(30,217)
Adjustments For		
Profit on sale of current investment Mutual Funds	(5,252)	(2,396)
Interest and Financing charges	27	806
Provision for Gratuity and Leave Encashment	1,068	(29)
Interest Income	(31)	(661)
Operating Profit / (Loss) before Working Capital Changes	(229,486)	(32,497)
Adjustments for Changes in Working Capital		
(Increase)/Decrease in Trade Receivables	2,974	(6,166)
(Increase)/Decrease in Long Term & Short Term Loans and Advances	1,739	(2,203)
Increase /(Decrease) in Trade Payables & Other Current Liabilities	198,044	19,922
Cash generated from Operations	(26,729)	(20,944)
Tax (paid) / refund received including TDS and interest on refund (net)	(6,251)	3,064
Net Cash from / (used in) Operating Activities	(32,980)	(17,880)
B) Cash Flow from Investing Activities		
Purchase of Fixed assets	(1,783)	-
Interest Received	31	1,029
Profit on sale of Current Investment	5,252	2,396
Net cash from / (used in) investing activities	3,500	3,425
C) Cash Flow from Financing Activities		
Proceeds from issue of Equity Share Capital	200,000	54,000
Repayment of Inter Corporate Deposit	-	(10,200)
Interest Paid	(27)	(1,530)
Net Cash from / (used in) Financing Activities	199,973	42,270
Net Increase / (Decrease) in Cash and Cash Equivalents	170,493	27,815
Cash and Cash Equivalents at the beginning	46,719	18,904
Cash and Cash Equivalents at the end	217,212	46,719

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

- Cash and Cash Equivalents Include following Balance Sheet amounts

Cash in hand	3	-
Balances with Banks		
- in Current Accounts	107,209	16,720
Current Investments	110,000	29,999
	217,212	46,719
- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cashflow Statement
- Cash and cash equivalents above includes ₹ 52,080 thousand (Previous year ₹ 3,207 thousand) in escrow account of which ₹ 47,668 thousand (Previous year ₹ 3,206 thousand) is towards the liability for unutilised balances in customer accounts and ₹ 4,412 thousand (Previous year ₹ 1 thousand) is towards the liability for amount payable to merchants on account of transactions by customers as required under the Reserve Bank of India ('RBI') guidelines.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Khurshed Pastakia
Partner
Membership No.: 31544

Place : Mumbai
Date : April 26, 2016

For and on behalf of the Board

Akshaya Moondra
Director

Himanshu Kapania
Director

Vineet Choraria
Company Secretary

