Notes forming part of the Financial Statements

1. CORPORATE INFORMATION

Idea Cellular Limited ('the Company'), a public limited company, was incorporated under the provisions of the Companies Act applicable in India on March 14, 1995. It is a part of the Aditya Birla Group and its shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India (Scrip Code BSE:532822; NSE:IDEA). The Company is amongst the top three telecom service providers in India with pan India operations. It is engaged in the business of Mobility and Long Distance services.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on April 28, 2018.

2. STATEMENT OF COMPLIANCE

The financial statements of the Company comprising of Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows together with the notes have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

3. BASIS OF PREPARATION

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services on the transaction date.

All financial information presented in INR has been rounded off to the nearest two decimals of Million unless otherwise stated.

The financial statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of schedule III of the Companies Act, 2013.

4. SIGNIFICANT ACCOUNTING POLICIES

a) **Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and can be reliably measured, regardless of the timing of receipt of payment. Revenue is measured at fair value of the consideration received or receivable and is reduced for rebates and other similar allowances. Taxes and duties collected by the seller / service provider are to be deposited with the government and not received by the Company on its own account. Accordingly, it is excluded from revenue. The Company evaluates its exposure to significant risks and reward associated with the revenue arrangements in order to determine its position of a principal or an agent in this regard.

i. **Service Revenue**

Revenue on account of telephony services (postpaid and prepaid categories, roaming, interconnect and long distance services) is recognised on rendering of services. Rental revenues in the postpaid category are recognised over the period of rendering of services. Recharge fees on recharge vouchers in case of prepaid category is recognised over the validity of such vouchers.

Revenue from other services (internet services, Mobile advertisement, revenue from toll free services, etc.) is recognised on rendering of services.

Multiple element contracts

For revenue arrangements having more than one deliverable, at the inception of the arrangement, the Company evaluates all deliverables in the arrangement to determine whether they represent separately identifiable components. Deliverables are considered for separate components if the following two conditions are met: (i) the deliverable has value to the customer on a stand-alone basis and (ii) there is evidence of the fair value of the item. The total arrangement consideration is allocated to each separate component based on its relative fair value.

ii. **Indefeasible Right to Use (IRU)**

The Company enters into agreements which entitle its customers the right to use of specified capacity of dark fibre / bandwidth capacity for a specific period of time. Under such arrangements, the rights to use the specified assets are given for a substantial part of the estimated useful life of such assets.

The contracted price received upfront in advance is treated as deferred revenue and is recognised on a straight line basis over the agreement period.

iii. **Unbilled Income**

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

iv. **Advance from Customers and Deferred Revenue**

Advance from customers / deferred revenue represents amount received / billed in advance for which services have not been rendered up to the period end date.

v. **Interest Income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recorded using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount on initial recognition.

vi. **Dividends**

Dividend Income is recognised when the Company's right to receive the payment is established.

b) **Leases**

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

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards

Notes forming part of the Financial Statements

of ownership to the lessee. All other leases are classified as operating leases.

i. **Company as a lessee**

Finance lease

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

Operating lease

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

ii. **Company as a lessor**

Finance lease

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

Operating lease

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

c) **Employee benefits**

i. **Defined Contribution Plan**

Contributions to Provident and Pension funds are funded with the appropriate authorities and charged to the Statement of Profit and Loss when the employees have rendered service entitling them to the contributions.

Contributions to Superannuation are funded with the Life Insurance Corporation of India and charged to the Statement of Profit and Loss when the employees have rendered service entitling them to the contributions.

The Company has no obligation other than contribution payable to these funds.

ii. **Defined Benefit Plan**

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund with the Life Insurance Corporation of India. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, with actuarial valuations being carried out at periodic intervals.

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding charge or credit to Other Comprehensive Income (OCI) in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs; and
- Net interest expense or income

iii. **Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of salaries, wages and other short term employee benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Provision for leave benefits to employees is based on actuarial valuation done by projected accrued benefit method at the reporting date. The related re-measurements are recognised in the Statements of Profit and Loss in the period in which they arise.

iv. **Share- based payments**

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest,

Notes forming part of the Financial Statements

with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

In respect of any cancellation of stock options, the amount already charged as shared based payment expense is reversed under the same head in the Statement of Profit and Loss.

In respect of modification such as re-pricing of existing stock option, the difference in fair value of the option on the date of re-pricing is accounted for as share based payment expense over the remaining vesting period.

d) **Annual Revenue Share License Fees – and Spectrum Usage Charges**

The variable license fees and annual spectrum usage charges, computed at prescribed rates of revenue share, are charged to the Statement of Profit and Loss in the period in which the related revenue arises. Revenue for this purpose comprise of adjusted gross revenue as per the license agreement of the licensed service area.

e) **Foreign currency transactions**

The Company's financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded at the INR spot rate on the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange on the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised on net basis within finance cost in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recognised using the exchange rates at the dates of the initial transactions.

f) **Exceptional items**

Items of income or expense from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company are disclosed as exceptional items in the Statement of Profit and Loss.

g) **Taxes**

Income tax expense represents the sum of current tax and deferred tax.

i. **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax is based on the taxable income and calculated using the applicable tax rates and tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in OCI or directly in equity.

ii. **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at the end of each reporting date and are recognised to the extent it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

h) **Current / Non – Current Classification**

An asset is classified as current when

a) It is expected to be realized or consumed in the Company's normal operating cycle;
b) It is held primarily for the purpose of trading;
c) It is expected to be realized within twelve months after the reporting period; or
d) If it is cash or cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Any asset not conforming to the above is classified as non-current.

A liability is classified as current when

a) It is expected to be settled in the normal operating cycle of the Company;
b) It is held primarily for the purposes of trading;
c) It is expected to be settled within twelve months after the reporting period; or
d) The Company has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Any liability not conforming to the above is classified as non-current.

Notes forming part of the Financial Statements

i) **Property, Plant and Equipment**

Property, Plant and Equipment (PPE) and Capital work in progress (CWIP) held for use in the rendering of services and supply of goods, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes all direct costs relating to acquisition and installation of property, plant and equipment, non-refundable duties and borrowing cost relating to qualifying assets. In line with the transitional provisions, exchange differences on all foreign currency borrowings taken on or before March 31, 2016 are continued to be capitalized under PPE. CWIP represents cost of property, plant and equipment not ready for intended use as on the reporting date. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for provision are met.

Freehold Land is not depreciated. Depreciation on all other assets under PPE commences once such assets are available for use in the intended condition and location. Depreciation 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.

Asset Retirement Obligation (ARO) is capitalized when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. ARO is measured based on present value of expected cost to settle the obligation.

Particulars	Estimated useful life (in years)
Buildings	25 to 30
Leasehold Improvements	Period of lease or 10 years whichever is lower
Network Equipments	7 to 13
Optical Fibre	15
Other Plant and Equipment	2 to 5
Office Equipments	3 to 5
Computers	3
Furniture and Fixtures	5 to 10
Motor Vehicles	2 to 5

An item of property, plant and equipment and any significant part which meets the criteria for asset held for sale will be reclassified from property, plant and equipment to asset held for sale. When any significant part of property, plant and equipment is discarded or replaced, the carrying value of discarded / replaced part is derecognized. Any gains or losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss on the date of retirement or disposal.

j) **Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Cost includes all direct costs relating to acquisition of intangible assets and borrowing cost relating to qualifying assets. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles are not capitalised and the related expenditure is reflected in the Statement of Profit and Loss in the period in which the expenditure is incurred.

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

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

Intangible assets are amortised on straight line method as under:

- Cost of spectrum and licenses is amortised on straight line method from the date when the related network is ready for use over the unexpired period of the license/ spectrum.
- Software, which is not an integral part of hardware, is treated as an intangible asset and is amortised over its useful economic life as estimated by the management between 3 to 5 years.
- Payment for Bandwidth capacities acquired under Indefeasible Right to Use (IRU) basis is accounted for as intangible assets and the cost is amortised over the period of the agreement ranging from 10 to 20 years.

Cost of Intangible Assets under development represents cost of intangible assets not ready for intended use as on the reporting date. It includes the amount of spectrum allotted to the Company and related borrowing costs (that are directly attributable to the acquisition or construction of qualifying assets), if any, for which network is not yet ready.

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

k) **Non – Current Assets Held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through

Notes forming part of the Financial Statements

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

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

l) **Impairment of Non – Financial Assets**

Tangible and Intangible assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, an appropriate valuation model is used. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, an impairment loss is recognised in Statement of Profit and Loss by reducing the carrying amount of the asset (or cash-generating unit) to its recoverable amount.

For assets excluding goodwill, impairment losses recognized in the earlier periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. If such indication exists, the Company estimates the asset's (or a cash-generating unit's) recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had such impairment loss not been recognised for the asset (or cash-generating unit) in prior years. Any reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

m) **Borrowing Costs**

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

n) **Inventories**

Inventories are valued at cost or net realisable value, whichever is lower. Cost is determined on weighted average basis and includes cost of purchase and other costs incurred in bringing inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

o) **Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprise of cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

p) **Non-current Investments in subsidiaries and associates**

The Company recognises its investment in subsidiaries, joint ventures and associates at cost less any impairment losses, if any.

q) **Financial Instruments**

Initial recognition and measurement

Financial Instruments (assets and liabilities) are recognised when the Company becomes a party to a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those designated as fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of Profit and Loss.

i. **Financial assets**

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

Notes forming part of the Financial Statements

assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets:

a) Financial assets measured at amortised cost

b) Financial assets measured at fair value through profit or loss (FVTPL)

c) Financial assets measured at fair value through other comprehensive income (FVTOCI) – The Company does not have any assets classified as FVTOCI.

I. Financial assets measured at amortised cost

A financial asset is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables, loans, etc.

II. Financial assets measured at FVTPL

FVTPL is a residual category for financial assets in the nature of debt instruments. Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - the Company has transferred substantially all the risks and rewards of the asset; or
  - the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Debt instruments measured at amortised cost e.g., loans and bank deposits
- Trade receivables
- Other Financial assets not designated as FVTPL

For recognition of impairment loss on debt instruments and other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables (including lease receivables). The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

ii. Financial liabilities

Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the EIR method or at FVTPL.

Financial liabilities at amortised cost

After initial recognition, interest-bearing borrowings and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are

Notes forming part of the Financial Statements

derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL when the financial liabilities are held for trading or are designated as FVTPL on initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

In case, an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

iii. Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to manage its foreign currency risks and interest rate risks, respectively. These derivative instruments are not designated as cash flow, fair value or net investment hedges and are entered into for period consistent with currency and interest exposures. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Profit and Loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative instrument. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments.

iv. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

r) Fair value measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) (a) on the date of the event or change in circumstances that caused the transfer or (b) at the end of each reporting period or (c) at the beginning of each reporting period.

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s) **Dividend distribution to equity holders**

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

t) **Earnings per share**

The earnings considered in ascertaining the Company's Earnings per share (EPS) is the net profit / loss after tax.

EPS is disclosed on basic and diluted basis. Basic EPS is computed by dividing the profit / loss for the period attributable to the shareholders of the Company by 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.

u) **Provisions and Contingent Liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

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

ii. **Contingent Liabilities**

A Contingent Liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent Assets are not recognised.

v) **Business Combinations**

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

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

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

5. USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimate and Assumptions:

i. **Share-based payments**

The Company initially measures the cost of equity-settled transactions with employees using Black and Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. Vesting conditions, other than market conditions i.e performance based condition are not taken into account when estimating the fair value. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the

Notes forming part of the Financial Statements

share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 51.

ii. **Taxes**

The Company provides for tax considering the applicable tax regulations and based on reasonable estimates. Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

The recognition of deferred tax assets is based on availability of sufficient taxable profits in the Company against which such assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

MAT is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax and will be able to utilize such credit during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Statement of Profit and loss and is included in Deferred Tax Assets. The Company reviews the same at each balance sheet date and if required, writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will be able to absorb such credit during the specified period. Further details about taxes refer note 55 and 56.

iii. **Defined benefit plans (gratuity benefits)**

The Company's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter subject to frequent changes is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables in India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 52(A).

iv. **Allowance for Trade receivable**

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

v. **Useful life of Property, Plant and Equipment**

The useful life to depreciate property, plant and equipment is 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. The charge for the depreciation is derived after considering the expected residual value at end of the useful life.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed by the management at each financial year end and adjusted prospectively, if appropriate. Further details about property, plant and equipment are given in Note 7.

vi. **Impairment of Non-financial assets**

Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is calculated in order to determine the extent of the impairment loss (if any). The recoverable amount is the fair value less costs of disposal calculated based on available information and sensitive to the discount rate, valuation techniques, expected future cash-inflows and the growth rate.

vii. **Provision for decommissioning**

In measuring the provision for ARO, the Group uses technical estimates to determine the discount rates, expected cost to dismantle and remove the infrastructure equipment from the site, and the expected timing of these costs. Discount rates are determined based on the risk adjusted pre-tax rate of a similar period liability which is currently estimated at 10%. The Group calculates the provision using the DCF method based on the weighted average estimated future cost. Refer Note 50 for further details on ARO.

viii. **Operating lease commitments – Company as lessee**

The Company has entered into lease agreements for properties and cell sites. The classification of the leasing arrangement as a finance lease or operating lease is based on the evaluation of several factors including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated

Notes forming part of the Financial Statements

certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset. Lease arrangements where the significant risks and rewards related to properties and cell sites are retained with the lessor, are accounted for as operating leases. Refer note 44(a) for further details about operating lease.

ix. **Provisions and Contingent Liabilities**

Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Evaluation of uncertain provisions and contingent liabilities and assets requires judgment and assumptions regarding the probability of realization and the timing and amount, or range of amounts, that may ultimately be incurred. Such estimates may vary from the ultimate outcome as a result of differing interpretations of laws and facts. Refer Note 42 for further details about Contingent Liabilities.

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

The standards and the amendments to standards that are issued, but not yet effective up to the date of issuance of Company's financial statements are discussed below. The Company intends to adopt these standards, if applicable, when they became effective. All these standards / amendments have been notified on March 28, 2018 and are effective from April 1, 2018.

a) **Ind AS 115 Revenue from contracts with Customers**

Ind AS 115 'Revenue from Contracts with Customers' supersedes all existing revenue recognition requirements under Ind AS 18. This standard is based on the principle that revenue is recognised when control of a good or service is transferred to the customer. The notion of control replaces the existing notion of risk and rewards. It requires the Company to identify deliverables in contracts with customers that qualify as "performance obligations". The transaction price receivable from customers must be allocated between the Company's performance obligations under the contracts on a relative stand-alone selling price basis.

Certain incremental costs incurred for obtaining customer contracts will have to be deferred on the Balance Sheet under Ind AS 115 and recognised over the customer relationship period. This may lead to the deferred recognition of charges for incremental costs, if any, over the customer relationship period.

The standard permits full retrospective application (with or without optional practical expedient) or through a cumulative effect adjustment as on the start of the first period for which the standard is applied (i.e. April 1, 2018). The Company is currently assessing the impact of the application of Ind AS 115 on the financial statements of the Company.

b) **Amendment to Ind AS 40 'Investment Property'**

The amendment clarifies the principles regarding when a Company should transfer asset to / from Investment property. The transfer can be done when and only when:

i. There is an actual change of use, i.e., an asset meets or ceases to meet the definition of investment property.

ii. There is evidence of the change in use.

This amendment has no impact on the Company's Statement of Profit and Loss and Balance Sheet.

c) **Amendment to Ind AS 21 'Effects of Changes in Foreign Exchange Rates'**

Under current Ind AS, foreign currency transactions are recorded in the Company's functional currency by applying the spot exchange rate on the date of transaction. The amendment clarifies the date of transaction in case of foreign currency consideration paid / received in advance as the earlier of:

i. Date of initial recognition of such advance; or

ii. Date that the related item is recognised in the financial statements.

This amendment has no impact on the Company's Statement of Profit and Loss and Balance Sheet.

d) **Amendment to Ind AS 112 'Disclosure of Interests in Other Entities'**

The amendment clarifies that disclosure requirements for interests in other entities also applies to the interests that are classified as held for sale or as discontinued operations.

e) **Amendment to Ind AS 12 'Income Taxes'**

The amendment to Ind AS 12 explains that determining temporary difference and estimating probable future taxable profit against which deductible temporary difference are assessed for utilization are two separate steps and the carrying amount of an asset is relevant only to determination of temporary differences.

The amendment considers that:

i. Tax law determines which deductions are offset against taxable income in determining taxable profits.

ii. No deferred tax is recognized if the reversal of the deductible temporary difference will not lead to tax deductions.

This amendment has no significant impact on the Company's Statement of Profit and Loss and Balance Sheet.

f) **Amendment to Ind AS 28 'Investments in Associates and Joint Ventures'**

The amendment clarifies that a venture capital organization, or mutual fund, or unit trust and similar entities may elect, at initial recognition, to measure investments in associate or joint venture at FVTPL separately for each associate or joint venture.

Also, Ind AS 28 permits an entity that is not an investment entity to retain the fair value measurement applied by its associates and joint venture (that are investment entities) when applying the equity method.

This amendment is not applicable to the Company.

Notes forming part of the Financial Statements

₹ Mn

	Particulars	Freehold land	Buildings	Leasehold Improvement	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	Total
7	**PROPERTY, PLANT AND EQUIPMENT**								
	Cost								
	As at April 1, 2016	**116.05**	**699.31**	**183.53**	**254,282.24**	**456.13**	**508.68**	**853.04**	**257,098.98**
	Additions	-	-	41.92	64,475.06	502.76	307.79	594.46	**65,921.99**
	Disposals/Adjustments (including assets held for sale)	-	157.79	-	(318.73)	(8.42)	(2.10)	(131.15)	**(302.61)**
	Transfer to wholly owned Subsidiary	-	(1.20)	-	(7,054.50)	(0.12)	(4.94)	(10.82)	**(7,071.58)**
	As at March 31, 2017	**116.05**	**855.90**	**225.45**	**311,384.07**	**950.35**	**809.43**	**1,305.53**	**315,646.78**
	Additions	-	-	0.04	71,650.93	29.55	188.22	678.92	**72,547.65**
	Disposals	-	-	(1.70)	(697.12)	(17.62)	(1.56)	(182.22)	**(900.22)**
	As at March 31, 2018	**116.05**	**855.90**	**223.79**	**382,337.88**	**962.28**	**996.09**	**1,802.23**	**387,294.22**
	Accumulatd Depreciation								
	As at April 1, 2016	**-**	**66.84**	**34.18**	**46,833.26**	**89.35**	**153.22**	**288.50**	**47,465.35**
	Depreciation charge for the year	-	52.49	26.99	47,940.97	110.04	186.28	326.06	**48,642.83**
	Disposals/Adjustments (including assets held for sale)	-	20.59	-	(196.86)	(7.15)	(1.37)	(92.71)	**(277.50)**
	Transfer to wholly owned Subsidiary	-	(0.09)	-	(2,063.03)	(0.11)	(1.71)	(4.19)	**(2,069.13)**
	As at March 31, 2017	**-**	**139.83**	**61.17**	**92,514.34**	**192.13**	**336.42**	**517.66**	**93,761.55**
	Depreciation charge for the year	-	31.49	34.33	48,907.13	150.13	197.34	367.68	**49,688.09**
	Disposals	-	-	(1.51)	(556.80)	(3.18)	(1.37)	(135.34)	**(698.20)**
	As at March 31, 2018	**-**	**171.32**	**93.99**	**140,864.67**	**339.08**	**532.39**	**750.00**	**142,751.44**
	Net Book Value								
	As at March 31, 2018	**116.05**	**684.59**	**129.80**	**241,473.21**	**623.20**	**463.70**	**1,052.23**	**244,542.78**
	As at March 31, 2017	**116.05**	**716.07**	**164.28**	**218,869.73**	**758.22**	**473.01**	**787.87**	**221,885.23**
	As at April 1, 2016	**116.05**	**632.47**	**149.35**	**207,448.98**	**366.78**	**355.46**	**564.54**	**209,633.63**

Footnotes:

1. Plant and machinery includes gross block of assets capitalised under finance lease ₹ 11,859.18 Mn (March 31, 2017: ₹ 9,880.58 Mn) and corresponding accumulated depreciation being ₹ 8,430.64 Mn (March 31, 2017: ₹ 5,918.69 Mn). Additions in plant and machinery during the year includes gross block of assets capitalised under finance lease ₹ 2,060.53 Mn and corresponding accumulated depreciation being ₹ 228.09 Mn.
2. For assets pledged as securities refer note 22(a).
3. Foreign exchange gain (net) amounting to ₹ 191.57 Mn (March 31, 2017: ₹ 661.69 Mn) decapitalised during the year.

Notes forming part of the Financial Statements

₹ Mn

	Particulars	Entry / license fees and spectrum	Computer-Software	Bandwidth	Total
8	INTANGIBLE ASSETS				
	Cost				
	As at April 1, 2016	442,873.45	2,559.63	8,544.96	453,978.04
	Additions	123,185.23	1,583.53	2,872.97	127,641.73
	Retirement of expired licenses	(417.43)	-	-	(417.43)
	As at March 31, 2017	565,641.25	4,143.16	11,417.93	581,202.34
	Additions	42,592.95	1,014.75	3,037.26	46,644.96
	As at March 31, 2018	608,234.20	5,157.91	14,455.19	627,847.30
	Accumulatd Amortisation				
	As at April 1, 2016	12,526.15	728.11	644.43	13,898.69
	Amortisation charge for the year	26,446.21	1,110.58	800.56	28,357.35
	Retirement of expired licenses	(418.30)	-	-	(418.30)
	As at March 31, 2017	38,554.06	1,838.69	1,444.99	41,837.74
	Amortisation charge for the year	31,074.85	1,404.30	993.93	33,473.08
	As at March 31, 2018	69,628.91	3,242.99	2,438.92	75,310.82
	Net Book Value				
	As at March 31, 2018	538,605.29	1,914.92	12,016.27	552,536.48
	As at March 31, 2017	527,087.19	2,304.47	9,972.94	539,364.60
	As at April 1, 2016	430,347.30	1,831.52	7,900.53	440,079.35

Footnotes:

1. Computer - software includes gross block of assets capitalised under finance lease ₹ 3,795.11 Mn (March 31, 2017: ₹ 2,932.09 Mn) and corresponding accumulated amortisation being ₹ 2,363.23 Mn (March 31, 2017 : ₹ 1,289.50 Mn). Additions in computer - software during the year includes gross block of assets capitalised under finance lease ₹ 863.02 Mn and corresponding accumulated amortization being ₹ 166.68 Mn.
2. Interest amounting to ₹ 3,243.49 Mn (March 31, 2017 : ₹ 4,130.41 Mn) (including amounts added to intangible assets under development) has been capitalised during the period.
3. The remaining amortisation period of Entry / license fees and spectrum fees as at March 31, 2018 ranges between 3.5 to 19.5 years based on the respective telecom service license / spectrum validity period.
4. Intangible Assets under development – Amount added during the year ₹ 6,968.25 Mn (including interest of ₹ 2,930.72) and capitalized during the year of ₹ 39,676.36 Mn (including interest of ₹ 2,186.45 Mn). As of March 31, 2018 intangible assets under development include interest amounting to ₹ 3,074.68 Mn (March 31, 2017 : ₹ 2,330.41 Mn).
5. For assets pledged as securities refer note 22(a).

Notes forming part of the Financial Statements

₹ Mn

	Particulars		As at March 31, 2018	As at March 31, 2017
9	NON-CURRENT INVESTMENTS (UNQUOTED)			
	Investment at cost			
	a)	**Investments in Equity Instruments of Subsidiaries**		
		Aditya Birla Telecom Limited	16,327.76	16,327.76
		10,000,000 fully paid equity shares of ₹ 10 each		
		Idea Cellular Infrastructure Services Limited (refer note 40(i))	-	4,865.08
		March 31, 2017 : 60,000 fully paid equity shares of ₹ 10 each		
		Idea Mobile Commerce Services Limited (refer note 40 (iii))	-	900.00
		March 31, 2017 : 90,000,000 fully paid equity shares of ₹ 10 each		
		Idea Cellular Services Limited	0.50	0.50
		50,000 fully paid equity shares of ₹ 10 each		
		Idea Telesystems Limited	38.31	38.31
		50,000 fully paid equity shares of ₹ 10 each		
		Total investment in subsidiaries (A)	16,366.57	22,131.65
	b)	**Investments in Equity Instruments of Associates**		
		Aditya Birla Idea Payments Bank Limited (ABIPBL)	2,216.34	134.33
		221,634,545 (March 31, 2017 : 13,433,360) fully paid equity shares of ₹ 10 each (refer note 40 (iii))		
		Total investment in Associates (B)	2,216.34	134.33
		Total (A+B)	18,582.91	22,265.98
10	OTHER NON-CURRENT FINANCIAL ASSETS			
	a)	Deposits with body corporate and others (including amount referred to in Note 58)	3,755.38	4,557.11
	b)	Deposits and balances with government authorities	426.43	466.45
	c)	Derivative assets at fair value through profit or loss	-	13.69
	d)	Advance for purchase of equity shares of ABIPBL	-	41.82
		Total	4,181.81	5,079.07
11	OTHER NON-CURRENT ASSETS			
	a)	Capital advances	460.14	4,121.50
	b)	Input tax credit	-	3,184.08
	c)	Prepaid expenses	1,037.51	988.57
	d)	Advance income tax (net)	9,004.41	9,995.62
	e)	Others (consisting mainly of deposit against demands which are appealed against / subjudice)		
		- Considered Good	7,242.11	9,207.64
		- Considered Doubtful	409.25	452.41
			7,651.36	9,660.05
		Allowance for doubtful advances (refer note 49)	(409.25)	(452.41)
			7,242.11	9,207.64
		Total	17,744.17	27,497.41

Notes forming part of the Financial Statements

₹ Mn

	Particulars	As at March 31, 2018	As at March 31, 2017
12	INVENTORIES		
	Sim and recharge vouchers	338.59	542.10
	Total	338.59	542.10
13	CURRENT INVESTMENTS		
	Investment in units of liquid mutual funds (quoted) (refer note 46)	45,278.53	40,247.09
	Total	45,278.53	40,247.09
14	TRADE RECEIVABLES (UNSECURED, UNLESS OTHERWISE STATED)		
	a) **Billed Receivables***		
	Unsecured - Considered Good	5,512.31	7,638.06
	Unsecured - Considered Doubtful	7,355.77	5,833.53
		12,868.08	13,471.59
	Allowance for doubtful advances (refer note 49)	(7,355.77)	(5,833.53)
		5,512.31	7,638.06
	Trade receivable are secured for amounts receivable from certain parties who have provided security deposits of ₹ 200.88 Mn (March 31, 2017 : ₹ 219.68 Mn)		
	b) **Unbilled Receivables***	3,361.53	4,942.89
	Total	8,873.84	12,580.95
	*including amount referred to in note 58		
15	CASH AND CASH EQUIVALENTS		
	a) Cash on hand	9.80	8.93
	b) Cheques on hand	28.18	63.59
	c) Balances with banks in current accounts	151.88	196.08
	Total	189.86	268.60
16	BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS		
	a) Margin money with banks	28.49	39.95
	b) Earmarked bank balance towards dividend	4.08	4.10
	Total	32.57	44.05

Notes forming part of the Financial Statements

₹ Mn

	Particulars	As at March 31, 2018	As at March 31, 2017
17	OTHER CURRENT FINANCIAL ASSETS		
	a) Interest Receivable	0.29	0.19
	b) Deposits with body corporate and others (including amount referred to in note 58)	216.54	332.82
	c) Derivative assets at fair value through profit or loss	27.90	-
	d) Other receivables (including amount referred to in note 58)		
	- Considered Good	68.17	69.87
	- Considered Doubtful	1.89	2.46
		70.06	72.33
	Allowance for doubtful advances (refer note 49)	(1.89)	(2.46)
		68.17	69.87
	Total	312.90	402.88
18	OTHER CURRENT ASSETS		
	a) Input tax credit	16,197.80	10,310.28
	b) Prepaid expenses	1,038.01	804.95
	c) Others		
	- Considered Good	648.06	976.48
	- Considered Doubtful	24.97	10.12
		673.03	986.60
	Allowance for doubtful advances (refer note 49)	(24.97)	(10.12)
		648.06	976.48
	Total	17,883.87	12,091.71
19	NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
	a) Plant and machinery	-	16.11
	b) Investment in ICISL classified as held for sale (refer note 40(i))	4,865.08	-
	Total	4,865.08	16.11

20 EQUITY SHARE CAPITAL

Particulars	As at March 31, 2018		As at March 31, 2017	
	Numbers	₹ Mn	Numbers	₹ Mn
Authorised share capital				
Equity Shares of ₹ 10 each	6,775,000,000	67,750.00	6,775,000,000	67,750.00
Redeemable cumulative non-convertible Preference shares of ₹ 10 million each	1,500	15,000.00	1,500	15,000.00
	6,775,001,500	82,750.00	6,775,001,500	82,750.00
Issued, subscribed and paid-up share capital				
Equity Shares of ₹ 10 each fully paid up	4,359,320,930	43,593.21	3,605,328,231	36,053.28
	4,359,320,930	43,593.21	3,605,328,231	36,053.28

Notes forming part of the Financial Statements

a) **Reconciliation of number of shares outstanding**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Numbers	₹ Mn	Numbers	₹ Mn
Equity shares outstanding at the beginning of the year	**3,605,328,231**	**36,053.28**	3,600,509,378	36,005.09
Issue of share under ESOS	**3,117,110**	**31.18**	4,818,853	48.19
Preferential allotment of equity shares (refer note 40 (iv))	**326,633,165**	**3,266.33**	-	-
Allotment of equity shares under Qualified institutional placement (QIP)(refer note 40 (v))	**424,242,424**	**4,242.42**	-	-
Equity shares outstanding at the end of the year	**4,359,320,930**	**43,593.21**	3,605,328,231	36,053.28

b) **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) **Details of shareholders holding more than 5% shares in the company**

Name of the shareholders	As at March 31, 2018		As at March 31, 2017	
	Numbers	% holding in the class	Numbers	% holding in the class
Equity shares of ₹ 10 each fully paid				
Grasim Industries Limited	**1,008,540,115**	**23.14%**	171,013,894	4.74%
Aditya Birla Nuvo Limited (merged with Grasim Industries Limited effective from July 1, 2017)	**-**	**-**	837,526,221	23.23%
Birla TMT Holdings Private Limited	**283,798,538**	**6.51%**	283,565,373	7.87%
Hindalco Industries Limited	**228,340,226**	**5.24%**	228,340,226	6.33%
Axiata Investments 2 (India) Limited	**247,265,873**	**5.67%**	247,265,873	6.86%
Axiata Investments 1 (India) Limited	**464,734,670**	**10.66%**	464,734,670	12.89%

d) **Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option scheme, please refer note 51.

Notes forming part of the Financial Statements

₹ Mn

	Particulars	As at March 31, 2018	As at March 31, 2017
21	OTHER EQUITY		
	(i) Debenture redemption reserve		
	Opening balance	1,316.93	483.21
	Transferred from retained earnings	3,090.96	833.72
	Closing balance (A)	4,407.89	1,316.93
	(ii) Securities premium account		
	Opening balance	104,329.67	103,837.69
	Premium on issue of shares under ESOS	27.10	48.66
	Transfer from Outstanding employee stock options reserve on exercise of options	310.36	443.32
	Premium on Preferential allotment of equity shares (Net of share issue expenses of ₹ 34.84 Mn) (refer note 40 (iv))	29,198.83	-
	Premium on allotment of equity shares under QIP (Net of share issue expenses of ₹ 309.44 Mn) (refer note 40 (v))	30,448.13	-
	Closing balance (B)	164,314.09	104,329.67
	(iii) Outstanding Employee stock options		
	Opening balance	1,341.32	1,352.29
	Share-based payments expenses	(228.99)	432.35
	Transfer to Securities premium account on exercise of options	(310.36)	(443.32)
	Closing balance (C)	801.97	1,341.32
	(iv) General Reserve (D)	20,863.21	20,863.21
	(v) Retained Earnings		
	Opening balance	73,333.18	85,110.48
	Net Loss for the year	(47,807.83)	(8,310.75)
	Other Comprehensive Income recognised directly in retained earnings	280.32	(32.36)
	Transfer to Debenture redemption reserve	(3,090.96)	(833.72)
	Dividends	-	(2,160.62)
	Dividends distribution tax	-	(439.85)
	Closing balance (E)	22,714.71	73,333.18
	Total (A+B+C+D+E)	213,101.87	201,184.31

Notes forming part of the Financial Statements

₹ Mn

	Particulars	As at March 31, 2018	As at March 31, 2017
22	LONG TERM BORROWINGS		
	a) Secured Loans		
	Redeemable Non-Convertible Debentures (NCDs)	4,008.81	13,952.36
	Term Loans		
	Foreign currency loan		
	- From others	-	19,504.57
	Rupee loan		
	- From banks	89,885.08	44,942.92
	Vehicle loan from banks	53.40	169.38
	Total Secured loans	93,947.29	78,569.23
	b) Unsecured Loans		
	Redeemable Non-Convertible Debentures (NCDs)	59,854.73	59,879.12
	Term Loans		
	Foreign currency loan		
	- From banks	4,266.73	10,580.66
	- From Others	22,425.18	-
	Total Unsecured Loans	86,546.64	70,459.78
	Subtotal (A)	180,493.93	149,029.01
	Deferred Payment Liabilities towards Spectrum (unsecured) (B)	388,914.07	367,349.27
	Total (A + B)	569,408.00	516,378.28

(a) Security clause

₹ Mn

	Type of Borrowing	Outstanding Secured Loan Amount *		Security Offered
		As at March 31, 2018	As at March 31, 2017	
a	9.45% Redeemable Non Convertible Debentures	3,960.00	3,960.00	Pari passu charge only on the tangible fixed assets excluding passive telecom infrastructure
b	8.12% Redeemable Non Convertible Debentures	50.00	10,000.00	Pari passu charge on movable fixed assets of the Company excluding: a) Spectrum and Telecom Licenses b) Vehicles up to ₹ 250 crores and c) Passive Telecom Infrastructure.
c	Rupee Loan#	9,950.00	-	
d	Rupee Loan#	80,000.00	48,000.00	First charge on all the movable and immovable properties (including intangible assets) of the Company excluding a) Spectrum and Telecom Licenses b) Vehicles up to ₹ 250 crores and c) Passive Telecom Infrastructure.
e	Foreign currency Loan#	-	26,653.04	
f	Vehicle Loans	158.97	353.28	Hypothecation of Vehicles against which the loans have been taken.
	Total	94,118.97	88,966.32	

* Amounts represent Long term borrowings including current maturities of ₹ 105.57 Mn (Previous year ₹ 9,736.00 Mn) and gross off upfront fees amounting to ₹ 66.11 Mn (Previous year ₹ 664.42 Mn).

Term loans are also secured by way of first charge / assignment ranking pari-passu interse the lenders as above.

Notes forming part of the Financial Statements

(b) Repayment terms of Long term borrowings as at March 31, 2018 ₹ Mn

Type of Borrowing	Current maturities of Long term borrowings	Long term borrowings excluding current maturities	Total*	Repayment Terms for the Balance Amount
(i) Secured Loans				
a) Rupee Loan	-	50,000.00	50,000.00	a) 8 equal quarterly installments of 1.25% each of the total drawn amount starting June, 2019 b) 12 equal quarterly installments of 3.75% each of the total drawn amount starting June, 2021 c) 8 equal quarterly installments of 5% each of the total drawn amount starting June, 2024 d) 2 equal quarterly installments of 2.5% each of the total drawn amount starting June, 2026
b) Rupee Loan	-	9,950.00	9,950.00	Repayable in February, 2024
c) Rupee Loan	-	30,000.00	30,000.00	Repayable in 20 equal quarterly installments starting September, 2021
d) 9.45% Redeemable Non Convertible Debentures	-	3,960.00	3,960.00	Repayable in October, 2019 (Out of the 1,000 NCDs issued in FY 2013, the Company has re-purchased 604 NCDs of ₹ 10 Mn each, aggregating to ₹ 6,040.00 Mn with an option to re-issue the same in future)
e) 8.12% Redeemable Non Convertible Debentures	-	50.00	50.00	Repayable in February, 2024 (Out of the 10,000 NCDs issued in FY 2017, the Company has re-purchased 9,950 NCDs of ₹ 1 Mn each, aggregating to ₹ 9,950.00 Mn with an option to re-issue the same in future)
f) Vehicle Loans	105.57	53.40	158.97	Equal monthly installments over the term of the loan ranging from 2 to 5 years
Sub-Total (A)	**105.57**	**94,013.40**	**94,118.97**	
(ii) Unsecured Loans				
a) Foreign currency Loan	1,073.23	1,504.14	2,577.37	a) 5 equal quarterly installments of USD 4.125 Mn (₹ 268.31 Mn) starting from April, 2018. b) 4 equal quarterly installments of USD 4.75 Mn (₹ 308.96 Mn) starting from July, 2019.
b) Foreign currency Loan	616.28	2,773.27	3,389.55	11 equal half yearly installments starting April, 2018
c) Foreign currency Loan	1,027.01	2,567.53	3,594.54	7 equal half yearly installments starting May, 2018
d) Foreign currency Loan	-	19,900.84	19,900.84	3 equal annual installments starting June, 2020

Notes forming part of the Financial Statements

Type of Borrowing	Current maturities of Long term borrowings	Long term borrowings excluding current maturities	Total*	Repayment Terms for the Balance Amount
e) Foreign currency Loan	4,683.18	-	4,683.18	Repayable in June, 2018
f) 7.57% Redeemable Non Convertible Debentures	-	15,000.00	15,000.00	Repayable in December, 2021
g) 7.77% Redeemable Non Convertible Debentures	-	15,000.00	15,000.00	Repayable in January, 2022
h) 8.04% Redeemable Non Convertible Debentures	-	20,000.00	20,000.00	Repayable in January, 2022
i) 8.03% Redeemable Non Convertible Debentures	-	5,000.00	5,000.00	Repayable in January, 2022
j) 8.03% Redeemable Non Convertible Debentures	-	5,000.00	5,000.00	Repayable in February, 2022
Sub-Total (B)	**7,399.70**	**86,745.78**	**94,145.48**	
(iii) Deferred Payment Liability (DPL) towards spectrum acquired in				
a) November - 2012 auctions	-	10,321.57	10,321.57	12 equal annual installments starting December, 2019
b) February - 2014 auctions	2,734.23	76,289.35	79,023.58	a) ₹ 76,487.23 Mn and interest thereon will be repaid in 14 equal annual installments starting March, 2019. b) ₹ 2,536.35 Mn and interest thereon will be repaid in 16 equal annual installments starting September, 2019.
c) March - 2015 auctions	-	232,362.19	232,362.19	a) ₹ 230,974.14 Mn and interest thereon will be repaid in 15 equal annual installments starting April, 2019. b) ₹ 1,388.05 Mn and interest thereon will be repaid in 16 equal annual installments starting September, 2019.
d) October - 2016 auctions	-	69,940.96	69,940.96	16 equal annual installments starting October, 2019
Sub-Total (C)	**2,734.23**	**388,914.07**	**391,648.30**	
Grand Total (A+B+C)	**10,239.50**	**569,673.25**	**579,912.75**	

* Amounts represent Long term borrowings gross off upfront fees amounting to ₹ 278.38 Mn

(c) Interest rate for Rupee Term Loan ranges from 7.8% to 8.7%, Foreign currency Loan ranges from 2.58% to 3.14% and Deferred Payment Liability towards spectrum ranges from 9.30% to 10%.

(d) During the year, the company has re-financed Loans worth ₹ 23,733.78 Mn (Previous year ₹ 4,317.34 Mn)

Notes forming part of the Financial Statements

₹ Mn

	Particulars	As at March 31, 2018	As at March 31, 2017
23	OTHER NON-CURRENT FINANCIAL LIABILITIES		
	a) Security deposits	22.64	36.51
	b) Payables for capital expenditure	-	43.35
	c) Interest accrued but not due on deferred payment liability	26,039.04	9,954.49
	Total	26,061.68	10,034.35
24	LONG TERM PROVISIONS		
	a) Gratuity (refer note 52)	1,522.03	1,542.84
	b) Compensated absences	1,480.30	1,716.69
	c) Asset retirement obligation (refer note 50)	77.89	51.47
	Total	3,080.22	3,311.00
25	OTHER NON-CURRENT LIABILITIES		
	a) Deferred Revenue	4,919.57	4,307.68
	b) Others (consists mainly of Lease Rent Equalisation)	681.62	599.76
	Total	5,601.19	4,907.44
26	SHORT TERM BORROWINGS		
	a) **Secured loans**		
	Bank overdraft	1.07	20.09
	(Secured by way of pari passu second charge on movable and immovable assets of the company)		
	b) **Unsecured loans**		
	Bank overdraft	215.87	316.41
	Total	216.94	336.50
27	OTHER CURRENT FINANCIAL LIABILITIES		
	a) Current maturities of long term debt* (refer note 22(a) and 22(b))	10,226.37	33,820.18
	b) Payable for capital expenditure	29,523.15	45,683.94
	c) Interest accrued but not due on borrowings#	1,768.99	18,596.53
	d) Unpaid dividend	4.08	4.10
	e) Derivative liabilities at fair value through profit or loss	112.12	1,898.34
	f) Security deposits from customers and others	2,185.16	2,291.43
	Total	43,819.87	102,294.52
	*Amount as at March 31, 2017 includes ₹ 22,403 Mn prepaid in April 2017 #Amount as at March 31, 2017 includes ₹ 17,702 Mn prepaid in April 2017		
28	OTHER CURRENT LIABILITIES		
	a) Advance from customers and deferred revenue	14,065.75	13,709.12
	b) Taxes and other liabilities	12,395.66	12,451.55
	c) Others (consists mainly of Lease Rent Equalisation)	63.81	89.69
	Total	26,525.22	26,250.36
29	SHORT TERM PROVISIONS		
	a) Compensated absences	201.55	136.48
	b) Asset retirement obligation (refer note 50)	16.06	25.24
	Total	217.61	161.72

Notes forming part of the Financial Statements

₹ Mn

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
30	OTHER OPERATING INCOME		
	Liabilities / provisions no longer required written back	197.66	145.90
	Miscellaneous receipts	88.46	75.44
	Total	286.12	221.34
31	OTHER INCOME		
	Interest income	2,066.71	124.24
	Gain on Mutual Funds (including fair value gain/(loss))	914.85	1,846.01
	Total	2,981.56	1,970.25
32	EMPLOYEE BENEFIT EXPENSES		
	Salaries, wages and bonus	12,489.47	14,005.61
	Contribution to provident and other funds (refer note 52)	1,055.88	1,043.83
	Share based payment expense (ESOS) (refer note 51)	(223.96)	425.05
	Staff welfare	547.82	611.30
	Recruitment and training	98.89	170.59
	Total	13,968.10	16,256.38
33	NETWORK EXPENSES AND IT OUTSOURCING COST		
	Security service charges	393.07	593.34
	Power and fuel	29,225.96	29,522.21
	Repairs and maintenance - plant and machinery	9,999.60	11,732.35
	Switching and cellsites rent	499.61	802.79
	Lease line and connectivity charges	1,218.62	1,913.93
	Network insurance	154.99	169.58
	Passive infrastructure charges	49,607.74	50,285.78
	Other network operating expenses	1,180.36	1,044.71
	IT outsourcing cost	5,169.44	5,748.24
	Total	97,449.39	101,812.93
34	LICENSE FEES AND SPECTRUM USAGE CHARGES		
	License fees	19,769.32	24,897.38
	Spectrum usage charges	8,897.85	15,617.45
	Total	28,667.17	40,514.83

Notes forming part of the Financial Statements

₹ Mn

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
35	ROAMING AND ACCESS CHARGES		
	Roaming charges	3,794.21	9,107.52
	Access charges	31,563.64	33,646.92
	Total	**35,357.85**	42,754.44
36	SUBSCRIBER ACQUISITION AND SERVICING EXPENDITURE		
	Cost of sim and recharge vouchers	1,357.29	2,017.66
	Commission to dealers	19,639.70	19,652.71
	Customer verification expenses	1,335.87	2,410.15
	Collection, telecalling and servicing expenses	5,154.96	5,947.88
	Customer retention and customer loyalty expenses	1,663.31	1,413.26
	Total	**29,151.13**	31,441.66
37	ADVERTISEMENT, BUSINESS PROMOTION EXPENDITURE AND CONTENT COST		
	Advertisement & Business promotion expenditure	4,023.58	4,554.02
	Content cost	4,123.49	4,835.61
	Total	**8,147.07**	9,389.63
38	OTHER EXPENSES		
	Repairs and maintenance		
	Building	152.84	112.24
	Others	915.03	815.61
	Other insurance	36.98	37.42
	Non network rent	1,627.28	1,488.76
	Rates and taxes	61.39	543.65
	Electricity	540.43	568.80
	Printing and stationery	75.86	84.00
	Communication expenses	124.78	117.77
	Travelling and conveyance	796.47	955.41
	Bad debts / advances written off	53.31	99.77
	Allowances for doubtful debts and advances (refer note 49)	1,493.36	1,868.10
	Gain on disposal of property, plant and equipment	(148.90)	(150.65)
	Bank charges	334.56	293.07
	Directors Sitting Fees (including amount referred to in note 58)	3.74	4.01
	Legal and professional charges	1,104.64	965.61
	Audit fees (refer note 53)	36.60	46.00
	CSR expenditure (refer note 54)	199.43	369.66
	Miscellaneous expenses	1,679.85	1,777.40
	Total	**9,087.65**	9,996.63

Notes forming part of the Financial Statements

₹ Mn

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
39	FINANCE COSTS		
	Interest		
	- On fixed period loan (Net of ₹ 1,407.75 Mn capitalised, Previous year ₹ 1,973.30 Mn)	11,770.37	3,546.50
	- On deferred payment liability towards spectrum (Net of ₹ 1,835.74 Mn capitalised, Previous year ₹ 2,157.11 Mn)	35,822.53	35,095.64
	- Others	882.30	297.83
	Other finance charges	82.82	68.03
	Total interest expense	**48,558.02**	39,008.00
	Exchange difference (net) (Net of ₹ (191.57) Mn (decapitalised), Previous year ₹ (661.69) Mn (decapitalised))	877.28	(446.82)
	Loss / (gain) on derivatives (including fair value changes on derivatives)	(41.30)	1,218.89
	Change in investment value on merger of IMCSL with ABIPBL	(148.70)	-
	Total	**49,245.30**	39,780.07

40. SIGNIFICANT TRANSACTIONS / NEW DEVELOPMENTS

i. The Board of Directors of the Company at its meeting held on November 13, 2017 has approved the sale of its entire shareholding in Idea Cellular Infrastructure Services Limited (ICISL), a wholly owned subsidiary to ATC Telecom Infrastructure Private Limited (ATC). ATC and the Company has entered into a Share Purchase Agreement for a consideration of ₹ 40,000 Mn. The closing of the transaction is subject to certain regulatory approvals and other closing conditions. The effects of the arrangement will be recognised once the transaction is consummated.

   However effective November 13, 2017, in line with the requirements of Ind AS 105 – "Non-current Assets Held for Sale and Discontinued Operations", investment in ICISL of ₹ 4,865.08 Mn has been classified as Assets held for Sale. The realizable value of this investment is higher than the carrying value resulting in no further adjustments in these financial statements.

ii. On March 20, 2017, the board of directors of the Company had approved the scheme of amalgamation of Vodafone India Ltd (VIL) and its wholly owned subsidiary Vodafone Mobile Services Ltd (VMSL) with the Company subject to necessary approvals of shareholders, creditors, SEBI, Stock Exchanges, the Competition Commission of India, the Department of Telecommunications (DoT), the Foreign Investment Promotion Board, the Reserve Bank of India (RBI), other governmental authorities and third parties as may be required.

   On the scheme of amalgamation becoming effective, the Company shall issue an aggregate number of equity shares of the Company (credited as fully paid up) to VIL equal to 47% of the post issue paid up capital of the Company on a fully diluted basis. Immediately thereafter, on the amalgamation of VIL with the Company, the shares issued to VIL pursuant to amalgamation of VMSL shall stand cancelled and, post such cancellation, the Company shall issue an aggregate number of equity shares of the Company (credited as fully paid up) equal to 50% of the post issue paid up capital of the Company to the shareholders of VIL.

   Existing shareholders of VIL (VIL promoters) will own 45.1% of the combined Company after transferring a 4.9% stake to the Aditya Birla Group for an agreed consideration concurrent with completion of the merger. The Aditya Birla Group will then own 26.0% of the combined Company and Idea's other shareholders will own the remaining 28.9%.

   The Aditya Birla Group has the right to acquire up to 9.5% additional stake from VIL promoters under an agreed mechanism with a view to equalising the shareholdings over time. Until equalisation is achieved, the additional shares held by VIL promoters will be restricted and votes will be exercised jointly under the terms of the shareholders' agreement. The combination will be jointly controlled by VIL promoters and the Aditya Birla Group.

   The Company has received the approvals from the Competition Commission of India (CCI) on July 24, 2017 and from the Stock Exchange on August 4, 2017. The Equity shareholders, secured and unsecured creditors of the Company have approved the amalgamation in their respective meetings held on October 12, 2017. The Company has also received the approval from National Company Law Tribunal on January 11, 2018. The transferor Companies' i.e. VIL and VMSL have also received approval from the National Company Law Tribunal on January 19, 2018.

   For the scheme to become effective certain conditions precedent will need to be met which are in process including requisite approvals from Foreign Investment Promotion Board, Department of Industrial Policy and Promotion and RBI, for which the Company has filed applications and is awaiting approvals to take the process forward further with the DoT.

Notes forming part of the Financial Statements

iii. The Scheme of Amalgamation of Idea Mobile Commerce Services Limited (IMCSL), a wholly owned subsidiary with Aditya Birla Idea Payments Bank limited (ABIPBL), an associate was approved by the Hon'ble Mumbai High Court. The merger was subject to certain regulatory approvals and other conditions which got fulfilled on February 22, 2018. Accordingly, effective this date IMCSL merged with ABIPBL.

Pursuant to the merger, the Company was allotted 104,869,800 equity shares of ABIPBL in lieu of the shares held in IMCSL. The excess of the value of such shares issued over the book value of investment in IMCSL amounting to ₹ 148.70 Mn has been grouped under finance cost in the Statement of Profit and Loss. The Company now holds 49% stake in ABIPBL.

iv. After the requisite shareholders' approval, the Company, during the year, has issued and allotted 326,633,165 Equity Shares of face value of ₹ 10 to entities forming part of promoter / promoter group on preferential basis at a price of ₹ 99.50 per Equity Share, including a premium of ₹ 89.50 per Equity Share (in line with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009), aggregating ₹ 32,500 Mn.

v. The Company has also issued and allotted 424,242,424 Equity Shares of face value of ₹ 10 each to eligible Qualified Institutional Buyers at a price of ₹ 82.50 per Equity Share, including a premium of ₹ 72.50 per Equity Share (in line with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009), aggregating ₹ 35,000 Mn.

41. CAPITAL AND OTHER COMMITMENTS:

Estimated amount of commitments are as follows:

- Spectrum won in auctions ₹ Nil (Previous year: ₹ 3,312.07 Mn)
- Contracts remaining to be executed for capital expenditure (net of advances) and not provided for are ₹ 12,979.88 Mn (Previous year: ₹ 20,097.43 Mn)
- Long term contracts remaining to be executed including early termination commitments (if any) are ₹ 18,712.64 Mn (Previous year: ₹ 17,600.26 Mn)

42. CONTINGENT LIABILITIES:

A) Licensing Disputes:

i. One Time Spectrum Charges:

In Financial year 2012-13, DoT had issued demand notices towards one time spectrum charges

- For spectrum beyond 6.2 MHz in respective service areas for retrospective period from July 1, 2008 to December 31, 2012, amounting to ₹ 3,691.30 Mn (Previous year: ₹ 3,691.30 Mn) and
- For spectrum beyond 4.4 MHz in respective service areas effective January 1, 2013 till expiry of the period as per respective licenses amounting to ₹ 17,443.70 Mn (Previous year: ₹ 17,443.70 Mn)

  In the opinion of Company, inter-alia, the above demands amount to alteration of financial terms of the licenses issued in the past. The Company had therefore, petitioned the Hon'ble High Court of Bombay, where the matter was admitted and is currently sub-judice. The Hon'ble High Court of Bombay has directed the DoT, not to take any coercive action until the matter is further heard. No effects have been given in the financial statements for the above.

ii. Other Licensing Disputes - ₹ 107,710.35 Mn (Previous year: ₹ 58,318.18 Mn):

- Demands due to difference in interpretation of definition of adjusted gross revenue (AGR) and other license fee assessment related matters. Most of these demands are currently before the Hon'ble TDSAT, Hon'ble High court and Hon'ble Supreme Court.
- Disputes relating to alleged non-compliance of licensing conditions & other disputes with DoT, either filed by or against the Company and pending before Hon'ble Supreme Court / TDSAT.
- Demands on account of alleged violations in license conditions relating to amalgamation of erstwhile Spice Communications Limited currently sub-judice before the Hon'ble TDSAT.
- Demand with respect to upfront spectrum amounts for continuation of services from February 02, 2012 till various dates in the service areas where the licenses were quashed following the Hon'ble Supreme Court Order.
- Demands raised by Term Cell towards subscriber verification norms.

Notes forming part of the Financial Statements

B) P5 Asia Holdings Investments (Mauritius) Limited (P5) has a right to require the ABTL to buy equity shares of Indus Towers Limited (Indus) held by P5 at fair value if:

i. ABTL's stake in Indus is reduced below the agreed threshold; or

ii. Aditya Birla Group companies collectively (ABG) cease to be the single largest shareholder of the Company before P5 is able to sell its stake in Indus. However, provided that the Company and / or ABG are able to demonstrate that ABG has a joint control over the Company then this right will not be available to P5 even if ABG cease to be the single largest shareholder of the Company.

Pursuant to proposed merger of Indus with Bharti Infratel Limited (BIL), P5 has agreed to suspend this right during the period from April 25, 2018 till such date the merger is effective and such right will be terminated upon the merger being effective.

C) Other Matters

₹ Mn

Particulars	As at March 31, 2018	As at March 31, 2017
Income tax matters not acknowledged as debts (see note i below)	**22,818.99**	73,969.18
Sales tax and entertainment tax matters not acknowledged as debts (see note ii below)	**1,175.38**	1,684.32
Service tax / Goods and Service Tax (GST) matters not acknowledged as debts (see note iii below)	**3,248.23**	3,041.46
Entry tax and customs matters not acknowledged as debts (see note iv below)	**385.41**	332.70
Other claims not acknowledged as debts (see note v below)	**4,513.35**	2,473.84

i. **Income Tax Matters**

- Appeals filed by the Company against the demands raised by the Income Tax Authorities (which includes matters on which the Appellate Authorities have decided in favour of the Company) relating to incorrect disallowance of revenue share licence fees, disputes on non-applicability of tax deductions at source on prepaid margin allowed to prepaid distributors & roaming settlement, etc.
- During the year, the appellate authorities decided on several matters in favour of the Company which were under appeal for assessments done relating to periods prior to AY 2015-16. These matters pertain to incorrect disallowance of revenue share licence fees, demerger of Passive Infra business to the step down subsidiary from the Company and demerger of Bihar Telecom undertaking from its subsidiary into the Company, depreciation on spectrum and other matters including disallowance on prepaid margin allowed to prepaid distributors & roaming settlements. The Tax Department may however appeal further in higher forums.

ii. **Sales Tax and Entertainment Tax**

- Sales Tax demands mainly relates to the demands raised by the VAT/Sales Tax authorities of few states on Broadband Connectivity, SIM cards etc. on which the Company has already paid Service Tax.
- Demand of tax for non-submission of Declaration forms viz. C forms & F forms in stipulated time limit.
- In one State entertainment tax is being demanded on revenue from value added services. However, the Company has challenged the constitutional validity of the levy.

iii. **Service Tax / GST**

Service Tax / GST demands mainly relates to the following matters:

- Interpretation issues arising out of Rule 6 (3) of the Cenvat Credit Rules, 2004.
- Denial of Cenvat credit related to Towers and Shelters.
- Demand raised on services provided by foreign telecom operators stating that it is liable to Service tax under reverse charge.
- Disallowance of Cenvat Credit on input services viewed as not related to output service.
- Demand of tax on telecommunication services provided to employees.
- Demand of interest on the credit availed but not utilized.

Notes forming part of the Financial Statements

iv. **Entry Tax**

- Entry Tax disputes pertains to classification / valuation of goods.

v. **Other claims not acknowledged as debts**

- Mainly include consumer forum cases, disputed port charges, miscellaneous disputed matters with local Municipal Corporation, Electricity Board and others including EB rate dispute in a couple of circles.

43. DETAILS OF GUARANTEES GIVEN AND LETTER OF CREDITS ISSUED

₹ Mn

Particulars	As at March 31, 2018	As at March 31, 2017
Bank guarantees given*	**111,441.13**	114,300.57
Letter of Credits (LC's) issued#	**3,058.82**	-

**includes guarantees towards first installment of deferred payment liability of ₹ 73,808.22 Mn (Previous Year: to ₹ 73,808.22 Mn).*

#LC's primarily issued to vendors of capital equipment supplies. Out of the above supplies shipped / received amount to ₹ 2,096.34 included in payable for capital expenditure.

44. OPERATING LEASE

a) **Company as lessee**

The Company has entered into non-cancellable operating leases for offices, switches and cell sites for periods ranging from 36 months to 240 months.

Lease payments amounting to ₹ 51,560.10 Mn (Previous year: ₹ 52,522.45 Mn) are included in passive infrastructure charges, non- network rent and switching and cellsite rent in the Statement of Profit and Loss. Terms of the lease include operating term for renewal, increase in rent in future periods and terms for cancellation, where applicable.

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

₹ Mn

Particulars	As at March 31, 2018	As at March 31, 2017
Within one year	**45,615.34**	48,254.95
After one year but not more than five years	**145,998.34**	140,612.85
More than five years	**37,889.28**	75,755.79

b) **Company as lessor**

The Company has leased certain Optical Fibre Cables pairs (OFC) on Indefeasible Rights of Use ("IRU") basis and certain cell sites under operating lease arrangements. The gross block, accumulated depreciation and depreciation expense of the assets given on lease are not separately identifiable and hence not disclosed.

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

₹ Mn

Particulars	As at March 31, 2018	As at March 31, 2017
Within one year	334.65	402.76

45. The Company has composite IT outsourcing agreements where in property, plant and equipment, computer software and services related to IT has been supplied by the vendor. Such property, plant and equipment received have been accounted for as finance lease. Correspondingly, such assets are recorded at fair value at the time of receipt and depreciated on the stated useful life applicable to similar IT assets of the Company.

Notes forming part of the Financial Statements

46. DETAILS OF CURRENT INVESTMENTS

Particulars	As at March 31, 2018		As at March 31, 2017	
	Qty in '000 Units	₹ in Mn Value	Qty in '000 Units	₹ in Mn Value
Birla Sun Life Cash Plus - Direct – Growth	97,375.35	27,198.36	138,096.76	36,085.95
HDFC Cash Management Fund - Savings Plan - Direct – Growth	1,344.47	4,872.91	-	-
L&T Liquid Fund - Direct – Growth	365.84	871.24	-	-
SBI Premier Liquid Fund - Direct – Growth	2,301.05	6,268.96	-	-
Tata Money Market Fund - Regular – Growth	202.01	550.88	-	-
Invesco India Liquid Fund - Direct – Growth	195.95	468.72	-	-
ICICI Prudential Liquid -Direct- Growth	19,629.48	5,047.46	-	-
DSP BlackRock Liquidity Fund - Direct – Growth	-	-	537.59	1,250.32
Reliance Liquidity Fund - Direct – Growth	-	-	510.11	1,250.38
IDFC Cash Fund - Direct – Growth	-	-	167.07	330.08
UTI-Liquid Cash Plan -Direct- Growth	-	-	375.58	1,000.27
Kotak Liquid Scheme - Plan A - Direct – Growth	-	-	100.10	330.09
Total	**121,414.15**	**45,278.53**	139,787.21	40,247.09

47. DETAILS OF FOREIGN CURRENCY EXPOSURES

A. Hedged by a Derivative Instrument

Amount in Mn

Particulars	As at March 31, 2018	As at March 31, 2017
Foreign Currency Loan		
Foreign Currency Loan in USD	52.76	127.03
Equivalent INR of Foreign Currency Loan*	3,565.56	10,000.89
Trade Payables and Other Current Financial Liabilities		
Trade Payables in USD	67.43	161.59
Interest accrued but not due on Foreign Currency Loans in USD	0.08	0.05
Equivalent INR of Trade Payables and Other Current Financial Liabilities*	4,442.76	10,886.76

*Amount in INR represents conversion at hedged rate

B. Not hedged by a Derivative Instrument or otherwise

Amount in Mn

Particulars	As at March 31, 2018	As at March 31, 2017
Foreign Currency Loan		
Foreign Currency Loan in USD	472.20	473.75
Equivalent INR of Foreign Currency Loan#	30,713.94	30,717.39
Trade Payables and Other Current Financial Liabilities		
Trade Payables in USD	180.60	138.67
Trade Payables in EURO	0.21	0.16
Trade Payables in GBP	0.02	0.03
Interest accrued but not due on Foreign Currency Loans in USD	0.36	2.93
Equivalent INR of Trade Payables and Other Current Financial Liabilities#	11,788.72	9,195.09
Trade Receivables		
Trade Receivables in USD	20.43	13.55
Trade Receivables in EURO	0.21	0.23
Trade Receivables in GBP	0.01	-
Equivalent INR of Trade Receivables in Foreign Currency#	1,346.54	894.93

 # Amount in INR represents conversion at closing rate

Notes forming part of the Financial Statements

48. INFORMATION AS PER THE REQUIREMENT OF SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

₹ Mn

Particulars	2017-18	2016-17
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in trade payables	3.80	19.45
(ii) The interest due on above	-	-
The total of (i) & (ii)	3.80	19.45
b) The amount of interest paid by the buyer in terms of section 16 of the Act	-	-
c) The amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
d) The amounts of interest accrued and remaining unpaid at the end of financial year	-	-
e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under this Act.	-	-

49. MOVEMENT OF ALLOWANCES FOR DOUBTFUL DEBTS/ADVANCES

₹ Mn

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Balance	6,298.52	4,442.40
Charged to Statement of Profit and Loss (Net) (Refer Note 38)	1,493.36	1,868.10
Transfer to wholly owned subsidiary	-	(11.98)
Closing Balance	7,791.88	6,298.52

50. ASSET RETIREMENT OBLIGATION

The Company installs equipment's on leased premises to provide seamless connectivity to its customers. In certain cases, the Company may have to incur some cost to remove such equipment's on leased premises. Estimated costs to be incurred for restoration is capitalised along with the assets. The movement of provision as required in Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Assets" is given below:

₹ Mn

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Balance	76.71	394.10
Additional Provision	8.95	7.93
Unwinding of discount	9.19	15.44
Transfer to wholly owned subsidiary	-	(340.76)
Utilisation	(0.90)	-
Closing Balance	93.95	76.71

51. SHARE-BASED PAYMENTS

Employee stock option plan

The Company has granted stock options under the employee stock option scheme (ESOS) 2006 and stock options as well as restricted stock units (RSU's) under ESOS 2013 to the eligible employees of the Company and its subsidiaries from time to time. These options, subject to fulfillment of vesting conditions, would vest in 4 equal annual installments after one year of the grant and the RSU's will vest after 3 years from the date of grant. The maximum period for exercise of options and RSU's is 5 years from the date of vesting. Each option and RSU when exercised would be converted into one fully paid-up equity share of ₹ 10 each of the Company. The options granted under ESOS 2006 and options as well as RSUs granted under the ESOS 2013 scheme carry no rights to dividends and no voting rights till the date of exercise.

Notes forming part of the Financial Statements

The fair value of the share options is estimated at the grant date using Black and Scholes Model, taking into account the terms and conditions upon which the share options were granted.

There were no modifications to the options / RSU's during the year ended March 31, 2018 and March 31, 2017. During the year, certain unvested options were cancelled on non-fulfillment of certain vesting conditions under ESOS 2013. As at the end of the financial year, details and movements of the outstanding options are as follows:

Particulars		As at March 31, 2018		As at March 31, 2017	
		No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
i)	**Options granted under ESOS 2006**				
	Options outstanding at the beginning of the year	**1,217,151**	**58.80**	2,681,041	52.56
	Options exercised during the year	**609,912**	**54.43**	1,337,663	46.37
	Options cancelled during the year	**14,625**	**65.09**	9,750	68.86
	Options expired during the year	**65,937**	**57.15**	116,477	56.97
	Options outstanding at the end of the year	**526,677**	**63.90**	1,217,151	58.80
	Options exercisable at the end of the year	**526,677**	**63.90**	1,217,151	58.80
	Range of exercise price of outstanding options (₹)	**57.55 - 68.86**		45.55 - 68.86	
	Remaining contractual life of outstanding options (years)	**0.72 - 1.81**		0.31 - 2.81	
ii)	**Options granted under ESOS 2013**				
	Options outstanding at the beginning of the year	**18,972,641**	**126.28**	19,018,618	126.66
	Options granted during the year	**-**	**-**	416,033	110.45
	Options cancelled during the year	**5,876,027**	**126.13**	462,010	127.29
	Options outstanding at the end of the year	**13,096,614**	**126.35**	18,972,641	126.28
	Options exercisable at the end of the year	**12,635,255**	**126.79**	13,166,437	126.76
	Range of exercise price of outstanding options (₹)	**110.45 - 150.10**		110.45 - 150.10	
	Remaining contractual life of outstanding options (years)	**1.87 - 7.87**		2.87 - 8.87	
iii)	**RSU's granted under ESOS 2013**				
	Options outstanding at the beginning of the year	**5,009,212**	**10.00**	8,550,446	10.00
	Options granted during the year	**-**	**-**	161,869	10.00
	Options cancelled during the year	**107,358**	**10.00**	221,913	10.00
	Options exercised during the year	**2,507,198**	**10.00**	3,481,190	10.00
	Options outstanding at the end of the year	**2,394,656**	**10.00**	5,009,212	10.00
	Options exercisable at the end of the year	**1,853,893**	**10.00**	4,123,456	10.00
	Range of exercise price of outstanding options (₹)	**10.00**		10.00	
	Remaining contractual life of outstanding options (years)	**3.87 - 6.87**		4.87 - 7.87	

The weighted average share price at the date of exercise of options exercised during the year was ₹ 85.15 (March 31, 2017 ₹ 84.88)

The fair value of each option and RSU is estimated on the date of grant / re-pricing based on the following assumptions:

Notes forming part of the Financial Statements

Particulars	ESOS 2006					
	On the date of Grant				On the date of re-pricing	
	Tranche I (31/12/07)	Tranche II (24/07/08)	Tranche III (22/12/09)	Tranche IV (24/01/11)	Tranche I (21/12/09)	Tranche II (21/12/09)
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil
Expected life	6 yrs 6 months	6 yrs 6 months	6 yrs 6 months	6 yrs 6 months	4 yrs 6 months	5 yrs 9 months
Risk free interest rate (%)	7.78	7.50	7.36	8.04 - 8.14	7.36	7.36
Volatility (%)	40.00	45.80	54.54	50.45	54.54	54.54
Market price on date of grant/re-pricing (₹)	131.3	91.95	57.55	68.86	57.05	57.05
Fair Value*	68.99	48.25	31.34	37.47	18.42	10.57

*As on the date of transition from IGAAP to Ind AS on April 1, 2015, all ESOP's were vested and therefore, in line with the exemptions under Ind AS 101, the expense of such share based payment has been recognised based on intrinsic value.

Particulars	ESOS 2013			
	Tranche I (11/02/14)	Tranche II (29/12/14)	Tranche III (21/01/16)	Tranche IV (11/02/17)
	Stock Options	Stock Options	Stock Options	Stock Options
Dividend yield (%)	0.24	0.40	0.51	0.54
Expected life	6 yrs 6 months	6 yrs 6 months	6 yrs 6 months	6 yrs 6 months
Risk free interest rate (%)	8.81 - 8.95	8.04 - 8.06	7.42 - 7.66	6.68 - 7.03
Volatility (%)	34.13 - 44.81	34.28 - 42.65	34.24 - 35.33	36.37 - 38.87
Market price on date of grant (₹)	126.45	150.1	117.55	110.45
Fair Value	60.51#	66.27	48.97	46.39

#As on the date of transition from IGAAP to Ind AS on April 1, 2015, first instalment of the grant were vested and therefore, in line with the exemptions under Ind AS 101, the expense of such share based payment has been recognised based on intrinsic value.

Particulars	ESOS 2013			
	Tranche I (11/02/14)	Tranche II (29/12/14)	Tranche III (21/01/16)	Tranche IV (11/02/17)
	Restricted Stock Units	Restricted Stock Units	Restricted Stock Units	Restricted Stock Units
Dividend yield (%)	0.24	0.40	0.51	0.54
Expected life	5 yrs 6 months	5 yrs 6 months	5 yrs 6 months	5 yrs 6 months
Risk free interest rate (%)	8.91	8.05	7.60	6.94
Volatility (%)	43.95	35.66	34.24	37.21
Market price on date of grant (₹)	126.45	150.1	117.55	110.45
Fair Value	118.70	140.41	107.71	100.40

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The volatility is based on the historical share price over a period similar to the expected life of the options.

Notes forming part of the Financial Statements

52. EMPLOYEE BENEFITS

A. Defined Benefit Plan (Gratuity)

General description and benefits of the plan

The Company operates a defined benefit final salary gratuity plan through a trust. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. In case of employees retiring from the Company, the Company's scheme is more favorable as compared to the obligation under Payment of Gratuity Act, 1972 depending on the period of continuous service. The benefit is payable on termination of service or retirement, whichever is earlier. The employees do not contribute towards this plan and the full cost of providing these benefits are borne by the Company.

Regulatory framework, funding arrangement and governance of the Plan

The gratuity plan is governed by the Payment of Gratuity Act, 1972 (Gratuity Act). The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax act and rules. The Company is bound to pay the statutory minimum gratuity as prescribed under Gratuity Act. There are no minimum funding requirements for a gratuity plan in India. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of underfunding of the plan vis-à-vis settlements. The trustees of the trust are responsible for the overall governance of the plan. The trustees of the plan have outsourced the investment management of the fund to insurance Companies which in turn manage these funds as per the mandate provided to them by the trustees and applicable insurance and other regulations.

The Company operates its gratuity and superannuation plans through separate trusts which is administered and managed by the Trustees. As on March 31, 2018 and March 31, 2017, the contributions towards the plans have been invested in Insurer Managed Funds.

Inherent risks

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any significant change in salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future.

The following tables summarizes the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet for gratuity:

₹ Mn

Particulars	As at March 31, 2018	As at March 31, 2017
Amount recognised in Balance Sheet		
Present value of obligations as at the end of the year	**2,264.20**	2,322.25
Fair value of plan assets as at the end of the year	**742.17**	779.41
Net Funded Obligation	**1,522.03**	1,542.84
Net Asset/(Liability) recognised in Balance Sheet	**(1,522.03)**	(1,542.84)
Net Asset/(Liability) recognised in Balance Sheet is bifurcated as		
– Long term provision	**(1,522.03)**	(1,542.84)

₹ Mn

Sr. No.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
1	**Reconciliation of Net Defined Benefit Obligation**		
	Opening Net Defined Benefit liability / (asset)	1,542.84	1,542.62
	Expense charged to Statement of Profit and Loss	427.23	411.54
	Expense / (Income) charged to OCI	(428.68)	49.49
	Employer contributions	(6.54)	(404.95)
	Liabilities assumed/ (settled)*	(12.82)	(55.86)
	Closing Net Defined Benefit liability / (asset)	1,522.03	1,542.84

Notes forming part of the Financial Statements

₹ Mn

Sr. No.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
2	**Reconciliation of Defined Benefit Obligation**		
	Opening Defined Benefit Obligation	2,322.25	1,939.06
	Current Service cost	323.01	292.67
	Interest on Defined Benefit Obligation	161.74	154.05
	Re-measurement (Gain) / Loss arising from change in financial assumptions	(197.16)	293.04
	Re-measurement (Gain) / Loss arising from change in demographic assumptions	(253.47)	-
	Re-measurement (Gain) / Loss arising on account of experience changes	(4.35)	(242.02)
	Benefits paid	(75.00)	(58.69)
	Liabilities assumed / (settled)*	(12.82)	(55.86)
	Closing Defined Benefit Obligation	2,264.20	2,322.25
3	**Reconciliation of plan assets**		
	Opening fair value of plan assets	779.41	396.44
	Employer contributions	6.54	404.95
	Interest on plan assets	57.52	35.18
	Re-measurements due to		
	- Actual return on plan assets less interest on plan assets	(26.30)	1.53
	Benefits paid	(75.00)	(58.69)
	Closing fair value of plan assets	742.17	779.41

*On account of inter group transfer.

Amounts recognized in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

₹ Mn

Sr. No.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
1	**Expenses Recognised in Statement of Profit and Loss**		
	Current Service cost	323.01	292.67
	Interest on Net Defined Benefit liability / (asset)	104.22	118.87
	Expenses recognised in Statement of Profit and Loss	427.23	411.54
2	**Amount recorded as Other Comprehensive Income (OCI)**		
	Re-measurement during the year due to		
	- Changes in financial assumptions	(197.16)	293.04
	- Changes in demographic assumptions	(253.47)	-
	- Experience adjustments	(4.35)	(242.02)
	- Return on plan assets (excluding amounts included in net interest expense)	26.30	(1.53)
	Amount recognised in OCI (gains) / loss	(428.68)	49.49

Notes forming part of the Financial Statements

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Discount rate	7.85%	7.10%
Future salary increases*	8.00%	8.00%
Attrition rate	3.00% - 25.00%	2.00% – 5.00%
Mortality rate during employment	As per Indian Assured Lives Mortality (2006-08) Ult Table	
Disability	Leaving service due to disability is included in the provision made for all causes of leaving service.	

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

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

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Discount Rate	Salary escalation Rate	Discount Rate	Salary escalation Rate
Impact of increase in 50 bps on DBO	(5.25)%	5.65%	(6.59) %	7.13 %
Impact of decrease in 50 bps on DBO	5.69%	(5.27)%	7.23 %	(6.57)%

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

₹ Mn

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Within the next 12 months	150.00	150.00

Disaggregation details of plan assets (% allocation): ₹ Mn

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Insurer Managed Funds *	742.17	779.41

*The funds are managed by Insurers and they do not provide breakup of plan assets by investment type.

Projected plan cash flow:

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

₹ Mn

Maturity Profile	For the year ended March 31, 2018	For the year ended March 31, 2017
Expected benefits for year 1	178.16	88.42
Expected benefits for year 2	123.93	69.66
Expected benefits for year 3	120.81	72.80
Expected benefits for year 4	136.03	75.83
Expected benefits for year 5 and above	5,858.45	7,011.17

The average duration of the defined benefit plan obligation at the end of the reporting period is 10.92 years (March 31, 2017: 13.80 years).

Notes forming part of the Financial Statements

B. Defined contribution plans

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

₹ Mn

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Employers' contribution to provident and pension fund	**522.97**	527.30
Employers' contribution to superannuation fund	**105.31**	104.55

53. AUDITOR'S REMUNERATION

₹ Mn

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Statutory Audit Fees	**36.60**	46.00
Certification and Other services (included in Legal and Professional Charges)	**6.00***	22.68#
Out of pocket expenses (included in Misc. Expenses)	**3.50**	0.99
Total Remuneration	**46.10**	69.67

*excludes ₹ 6 Mn paid to Statutory Auditors for attestation related to QIP as it is netted off from securities premium

#includes ₹ 5 Mn Payment to an affiliate firm of statutory auditors

54. EXPENDITURE FOR CORPORATE SOCIAL RESPONSIBILITY

a) Gross amount required to be spent by the Company during the year is ₹ 470.50 Mn (Previous year ₹ 731.94 Mn).

b) Amount spent for the year ended March 31, 2018:

₹ Mn

Sr. No.	Particulars	Amount Paid	Amount Payable	Total
1	Healthcare	25.60	15.61	41.21
2	Education	69.59	45.93	115.52
3	Sanitation	22.14	3.96	26.10
4	Others	0.52	16.07	16.60
	Total	**117.85**	**81.58**	**199.43**

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

₹ Mn

Sr. No.	Particulars	Amount Paid	Amount Payable	Total
1	Healthcare	168.21	112.12	280.33
2	Education	20.59	2.52	23.11
3	Sanitation	12.00	2.40	14.40
4	Others	36.42	15.40	51.82
	Total	**237.22**	**132.44**	**369.66**

Notes forming part of the Financial Statements

55. INCOME TAX EXPENSE

(a) Major components of tax expense

₹ Mn

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Tax Expense (A)	-	-
Relating to addition & reversal of temporary differences	(25,209.59)	(4,825.95)
Relating to effect of previously unrecognised tax credits, now recorded	50.59	(1,053.33)
Total Deferred Tax Expense (B)	(25,159.00)	(5,879.28)
Total Tax Expense (A+B)	(25,159.00)	(5,879.28)
Income tax effect of re-measurement (gains) / losses on defined benefit plans taken to other comprehensive income	(148.36)	17.13

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Loss before Income tax expense (₹ Mn)	(72,966.83)	(14,190.03)
Applicable Tax Rate	34.61%	34.61%
Increase / reduction in taxes on account of :		
Effects of changes in tax rate	(0.07)%	-
Effects of expenses that are not deductible in determining the taxable profits	(0.09)%	(0.64)%
Effect of previously unrecognised tax credits, now recorded	-	7.42%
Other Items	0.03%	0.04%
Effective Tax Rate	34.48%	41.43%

56. MOVEMENT IN DEFERRED TAX

₹ Mn

Particulars	As at April 1, 2016	Recognised in Profit and Loss	Recognised in OCI	Transfer to ICISL	As at March 31, 2017	Recognised in Profit and Loss	Recognised in OCI	As at March 31, 2018
Liabilities								
Depreciation & Amortisation	30,954.72	21,035.59	-	167.42	52,157.73	13,888.99	-	66,046.72
Effects of re-measuring financial instruments & other liabilities	856.56	(782.97)	-	-	73.59	468.13	-	541.72
Effects of Inflation linked escalation on rental income/expense not requiring equalisation over lease term	2,084.75	(2,084.75)	-	-	-	-	-	-
Investment in Subsidiaries and Associates	3,719.09	(1.96)	-	-	3,717.13	69.94	-	3,787.07
Others	147.41	(147.41)	-	-	-	-	-	-
Total (A)	37,762.53	18,018.50	-	167.42	55,948.45	14,427.06	-	70,375.51
Assets								
Tax Losses	-	22,179.46	-	-	22,179.46	38,854.54	-	61,034.00
Expenses allowable on Payment Basis	1,627.88	204.77	17.13	(40.68)	1,809.10	173.71	(148.36)	1,834.45
Provisions for doubtful debts / advances	1,373.07	649.95	-	(4.15)	2,018.87	551.53	-	2,570.40
MAT credit	12,267.58	855.82	-	-	13,123.40	-	-	13,123.40
Others	136.70	7.78	-	(117.93)	26.55	6.28	-	32.83
Total (B)	15,405.23	23,897.78	17.13	(162.76)	39,157.38	39,586.06	(148.36)	78,595.08
Net Deferred Tax Liabilities/ (assets) (A-B)	22,357.30	(5,879.28)	(17.13)	330.18	16,791.07	(25,159.00)	148.36	(8,219.57)

Notes forming part of the Financial Statements

57. BASIC & DILUTED EARNINGS PER SHARE

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Nominal value of equity shares (₹)	10/-	10/-
Loss after Tax (₹ Mn)	(47,807.83)	(8,310.75)
Loss attributable to equity shareholders (₹ Mn)	(47,807.83)	(8,310.75)
Weighted average number of equity shares outstanding during the year	3,692,852,565	3,601,290,214
Basic Earnings Per Share (₹)	(12.95)	(2.31)
Dilutive effect on weighted average number of equityshares outstanding during the year	*	*
Weighted average number of diluted equity shares	3,692,852,565	3,601,290,214
Diluted Earnings Per Share (₹)	(12.95)	(2.31)

*As the Company has incurred loss during the year, dilutive effect on weighted average number of shares would have an anti-dilutive impact and hence, not considered.

58. RELATED PARTY TRANSACTIONS

The related parties where control, joint control and significant influence exists are subsidiaries, joint venture and associates respectively. Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director whether executive or otherwise.

List of subsidiaries

Relationship	Related Party
Subsidiaries (Subs)	Aditya Birla Telecom Limited
	Idea Cellular Infrastructure Services Limited
	Idea Cellular Services Limited
	Idea Mobile Commerce Services limited (ceased to exist from February 22, 2018)
	Idea Telesystems Limited

Apart from the above, the Company has transactions with the below related parties

Relationship	Related Party
Associate	Aditya Birla Idea Payments Bank Limited
Joint Venture (JV)	Indus Towers Limited
Entities having significant influence	Aditya Birla Capital Advisors Private Limited
	Aditya Birla Finance Limited
	Aditya Birla Capital Limited (Erstwhile Aditya Birla Financial Services Limited)
	Aditya Birla Financial Shared Services Limited
	Aditya Birla Health Insurance Company Limited
	Aditya Birla Housing Finance Limited
	Aditya Birla Insurance Brokers Limited
	Aditya Birla Money Limited
	Aditya Birla Money Mart Limited (ABMML)
	Aditya Birla Nuvo Limited (merged with Grasim effective from July 1, 2017)
	Axiata Group Berhad
	Axiata Investments 1 India Limited
	Axiata Investments 2 India Limited
	Birla Institute of Technology and Science Company
	Birla Sun Life Asset Management Company Limited
	Birla Sun Life Insurance Company Limited

Notes forming part of the Financial Statements

Relationship	Related Party
	Birla TMT Holdings Private Limited
	Celcom Axiata Berhad
	Dialog Axiata PLC- Sri Lanka
	Grasim Industries Limited
	Hindalco Industries Limited
	PT. XL Axiata, Tbk
	Robi Axiata Limited
	Smart Axiata Co. Ltd
	UltraTech Cement Limited
Key Management Personnel (KMP)	Smt. Rajashree Birla
	Mr. Kumar Mangalam Birla
	Ms. Alka Bharucha (Effective from December 26, 2016 and ceased from March 31, 2018)
	Mr. Akshaya Moondra
	Mr. Arun Thiagarajan
	Mr. Himanshu Kapania
	Mr. Mohan Gyani
	Mr. P. Murari
	Mr. Baldev Raj Gupta (Effective from May 13, 2017)
	Dr. Shridhir Sariputta Hansa Wijayasriya (Representative of Axiata and ceased from March 30, 2018)
	Mr. R.C. Bhargava (Ceased from October 1, 2016)
	Mr. Sanjeev Aga
	Ms. Madhabi Puri Buch (Ceased from April 3, 2017)
	Ms. Tarjani Vakil
Others	Agora Advisory Private Limited
	Bharucha and Partners
	Breach Candy Hospital and Research Centre
	Citec Engineering India Private Limited
	G.D. Birla Medical Research & Education Foundation
	Ncell Private Limited
	Bhubaneshwari Coal Mining Limited
	Svatantra Microfin Private Limited
Trust*	ICL Employee's Group Gratuity Scheme
	ICL Employee Superannuation Scheme
	Spice Communications Limited Employee Superannuation Scheme
	Idea Cellular Infrastructure Services Limited Employee's Group Gratuity Scheme
	Idea Cellular Services Limited Employee's Superannuation Scheme
	Idea Mobile Commerce Services Limited Employee's Group Gratuity Scheme

*Transaction with trust includes contribution to provident fund, pension, gratuity and superannuation funds and refer note 52 for information on transactions with post-employment benefit plans mentioned above.

Notes forming part of the Financial Statements

A. **Transactions with Related Parties for the year ended March 31, 2018 and March 31, 2017**

₹ Mn

Particulars	Associate	Entities having significant influence	JV	KMP	Others	Subs
Sale of service	0.98 (0.16)	199.58 (167.26)	8.49 (10.00)	0.04 (0.05)	39.50 (1.38)	43.92 (54.53)
Rent Income	- -	- -	- -	- -	- -	8.39 (7.66)
Purchase of service	- -	34.74 (80.21)	37,652.81 (40,615.45)	- -	252.05 (23.79)	8,210.46 (6,454.76)
Purchase of goods	- -	- -	- -	- -	- -	74.29 (113.42)
ESOP Cost	- -	- -	- -	- -	- -	(5.03) (7.29)
Remuneration*	- -	- -	- -	73.83 (117.43)	- -	- -
Rent expense	- -	- -	- -	- -	- -	9.58 (9.62)
Commission	0.50 -	- -	- -	- -	- -	8.63 (18.59)
Non-Compete Fee expense	- -	- -	- -	15.00 (15.00)	- -	- -
Directors' Commission and sitting fees paid	- -	0.30 (1.66)	- -	3.44 (152.35)	- -	- -
Interest expense on Inter Corporate Deposit (ICD)	- -	- -	- -	- -	- -	291.54 (255.70)
Interest expense on NCD	- -	5.54 (9.45)	- -	- -	- -	- -
Expense incurred on behalf of	0.35 -	0.45 (0.52)	- -	- -	- (0.01)	56.95 (48.69)
Expense incurred on Company's behalf by	- -	0.24 -	- -	- -	- -	0.26 (1.89)
Dividend paid on equity shares	- -	- (1,339.47)	- -	- (0.59)	- -	- -
ICD Taken	- -	- -	- -	- -	- -	19,110.00 (11,100.00)
ICD Repaid	- -	- -	- -	- -	- -	19,110.00 (11,100.00)
Investments	991.49# (173.71)~	- -	- -	- -	- -	- (601.00)^
Sale of Fixed Assets	1.78 (8.99)	- -	- -	- -	- -	- (1.01)
Security Deposit given	- -	- -	- -	- -	- -	6.71 (374.45)
Security Deposit refunded	- -	- -	- -	- -	- -	540.09 -
Insurance premium (including advance given)	- -	309.24 (377.53)	- -	- -	- -	- -
Contribution towards Gratuity	- -	- (200.00)	- -	- -	- -	- -
Contribution towards CSR	- -	- -	- -	- -	- (160.00)	- -

(Figures in bracket are for the year ended March 31, 2017)

*excludes charge taken towards share based payments.

#excludes shares received in lieu of shares held in IMCSL pursuant to merger of IMCSL with ABIPBL (Refer Note 40(iii)).

~includes advance given for purchase of shares

^The above does not include the transfer of tower infrastructure undertaking as per the business transfer arrangement.

Notes forming part of the Financial Statements

B. Balances with Related Parties

₹ Mn

Particulars	Associate	Entities having significant influence	Joint Venture	KMP	Others	Subs
Trade and other receivables	25.80	14.32	2.82	-	0.14	62.56
	(0.14)	(8.29)	(0.16)	-	(0.33)	(41.46)
Trade and other payables	0.41	12.67	5,229.18	-	8.78	154.76
	(20.17)	(0.72)	(5,909.88)	-	(109.94)	(671.54)
Security Deposit (included in other non-financial assets)	-	-	1,000.00	-	-	-
	-	-	(1,000.00)	-	-	(535.79)
Other current asset (included in Other Current Financial Assets)	-	39.67	-	-	-	0.33
	-	(39.38)	-	-	-	-
9.45% Redeemable Non-Convertible Debentures (included in Borrowings)	-	-	-	-	-	-
	-	(100.00)	-	-	-	-
Interest Accrued but not due	-	-	-	-	-	-
	-	(3.92)	-	-	-	-
Remuneration payable	-	-	-	7.95	-	-
	-	-	-	(45.08)	-	-
Deposit Given	-	-	-	-	-	2.39
	-	-	-	-	-	-

(Figures in bracket are for the year ended March 31, 2017)

C. Commitments with related parties

₹ Mn

Particulars	As at March 31, 2018		As at March 31, 2017	
	JV	Subs	JV	Subs
Lease commitment	**134,185.30**	**36,249.72**	125,969.39	40,067.32
Opex Commitment (Net of provision)	-	**0.99**	-	0.66
Total	**134,185.30**	**36,250.71**	125,969.39	40,067.98

D. Compensation of Key Management Personnel of the Company

₹ Mn

Particulars	March 31, 2018	March 31, 2017
Short-term employee benefits	**70.99**	114.68
Post-employment benefits*	**2.84**	2.75
Share-based payment transactions	**(22.73)#**	41.96

*represents contribution to provident and superannuation funds. As Gratuity expense is based on actuarial valuations, the same cannot be computed for individual employees and hence not included.

the charge for the year is net of reversal on account of cancellation of unvested options.

59. DISCLOSURE AS PER THE REQUIREMENT OF REGULATION 34 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 :

The amounts at the year end and the maximum amount of loans & advances outstanding during the year ending March 31, 2018 is ₹ Nil (Previous year ₹ Nil)

60. The Company is one of the members of Aditya Birla Management Corporation Private Limited, a Company limited by guarantee, which has been formed to provide common pool of facilities and resources to its members with a view to optimise the benefits of specialisation and minimize cost to each member. The Company's share of expenses incurred under the common pool has been accounted for at actuals in the respective heads in the Statement of Profit and Loss.

Notes forming part of the Financial Statements

61. FINANCIAL INSTRUMENTS

a) **Financial Instruments by Category:** The following table provides categorization of all financial instruments at carrying value except non-current investments in subsidiaries and associates (including advance given for purchase of shares) which are carried at cost.

₹ Mn

Particulars	As at March 31, 2018		As at March 31, 2017	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets				
Current Investments	45,278.53	-	40,247.09	-
Trade Receivables	-	8,873.84	-	12,580.95
Loans to Employees	-	44.16	-	46.42
Cash and cash equivalents	-	189.86	-	268.60
Bank balance other than cash and cash equivalents	-	-	-	44.05
Deposits with Body Corporates, Government Authorities and Others*	-	4,398.35	-	5,356.38
Interest receivable	-	0.29	-	0.19
Derivative Financial Assets*	27.90	-	13.69	-
Others*	68.17	-	69.87	-
Total Financial Assets	45,374.60	13,539.07	40,330.65	18,296.59
Financial Liabilities				
Fixed Rate Borrowings including interest accrued but not due	-	493,396.59	-	511,240.90
Floating Rate Borrowings including interest accrued but not due	-	114,262.75	-	67,845.08
Trade Payables	-	35,604.58	-	39,921.33
Payables for Capital Expenditure#	-	29,523.15	-	45,727.29
Derivative Financial Liabilities#	112.12	-	1,898.34	-
Security Deposits from Customers and Others#	-	2,207.80	-	2,327.94
Others#	4.08	-	4.10	-
Total Financial Liabilities	116.20	674,994.87	1,902.44	667,062.54

* included in other current / non-current financial assets

included in other current / non-current financial liabilities

b) **Fair value hierarchy**

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

i. Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2018

₹ Mn

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Current Investments	45,278.53	-	-	45,278.53
Derivative Financial Assets	-	27.90	-	27.90
Others	-	68.17	-	68.17
Total Financial Assets	**45,278.53**	**96.07**	-	**45,374.60**
Financial Liabilities				
Derivative Financial Liabilities	-	112.12	-	112.12
Others	-	4.08	-	4.08
Total Financial Liabilities	-	**116.20**	-	**116.20**

Notes forming part of the Financial Statements

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

₹ Mn

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Current Investments	40,247.09	-	-	40,247.09
Derivative Financial Assets	-	13.69	-	13.69
Others	-	69.87	-	69.87
Total Financial Assets	**40,247.09**	**83.56**	-	**40,330.65**
Financial Liabilities				
Derivative Financial Liabilities	-	1,898.34	-	1,898.34
Others	-	4.10	-	4.10
Total Financial Liabilities	-	**1,902.44**	-	**1,902.44**

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

a) **Financial Assets**

- Trade receivables
- Deposits with Body Corporates, Government Authorities and Others
- Loans to Employees
- Cash and cash equivalents
- Bank balances other than cash and cash equivalents
- Interest receivable

b) **Financial Liabilities**

- Trade payables
- Payable for capital expenditure
- Security Deposits from Customers and Others

iv. Fair value hierarchy of financial liabilities measured at amortised cost is below:

₹ Mn

Particulars	Carrying Amount	Level 1	Level 2	Level 3	Total
Fixed rate borrowings including interest accrued but not due* :					
As at March 31, 2018	493,396.59	-	531,474.15	-	531,474.15
As at March 31, 2017	511,240.89	-	529,377.06	-	529,377.06

*includes Deferred Payment Liability, NCD and others.

c) **Valuation Technique used to determine fair value**

Fair value of quoted current investments in Mutual Funds is based on price quotations at the reporting date.

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

Notes forming part of the Financial Statements

62. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets comprise investments, cash and bank balance, trade and other receivables. The Company also enters into derivative transactions such as foreign forward exchange contracts, Interest rate swaps as a part of Company's financial risk management policies. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Company is exposed to various financial risks such as market risk, credit risk and liquidity risk. A team of qualified finance professionals with appropriate skills and experience provides assurance to the management that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The risks and measures to mitigate such risks is reviewed by the committee of Board of Directors periodically.

Market risk

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

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At March 31, 2018, after taking into account the effect of interest rate swaps, approximately 80.70% of the Company's borrowings are at a fixed rate of interest (Previous year: 88.06%).

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

₹ Mn

Particulars	Increase/decrease in basis points	Effect on profit before tax
March 31, 2018		
INR – Borrowings	+100	(800.00)
	- 100	800.00
USD- Borrowings	+100	(318.05)
	- 100	318.05
March 31, 2017		
INR – Borrowings	+100	(480.00)
	- 100	480.00
USD- Borrowings	+100	(174.40)
	- 100	174.40

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company's foreign currency risks are identified, measured and managed at periodic intervals in accordance with the Company's policies.

When a derivative is entered into for the purpose of hedging any foreign currency exposure, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

Notes forming part of the Financial Statements

At March 31, 2018, the Company hedged 27.19% (Previous year: 53.82%), of its foreign currency trade payables and 10.05% (Previous year: 21.14%) of its foreign currency loan. This foreign currency risk is hedged by using foreign currency forward contracts.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

₹ Mn

Currency exposure	Change in currency exchange rate	Effect on profit before tax
March 31, 2018		
USD	+5%	(2,057.76)
	- 5%	2,057.76
March 31, 2017		
USD	+5%	(1,951.00)
	- 5%	1,951.00

The derivatives have not been designated in a hedge relationship, they act as a hedge and will offset the underlying transactions when they occur.

c) **Price risk**

The Company invests its surplus funds in various debt instruments and debt mutual funds. These comprise of mainly liquid schemes of mutual funds (liquid investments) and fixed deposits.

Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However due to the very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk.

d) **Credit risk**

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

- **Trade receivables**

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

The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables (including lease receivables). A large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. The Company, based on past trends, recognizes allowance for trade receivables: a) for retail subscribers (net of security deposit) remaining unpaid beyond 90 days from date of billing and b) for receivables on account of roaming, IUC and passive infrastructure sharing remaining unpaid beyond 180 days. Further, allowance is also recognised for cases indicating any specific trail of credit loss within the ageing brackets mentioned above. Individual trade receivables are written off when management deems them not to be collectible. Any subsequent recovery is recognized as Income in the Statement of Profit and Loss. Refer Note 14 for the carrying amount of credit exposure as on the Balance Sheet date.

- **Other financial instruments and cash deposits**

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

Notes forming part of the Financial Statements

The Company's maximum exposure to credit risk for the components of the Balance Sheet at March 31, 2018 and March 31, 2017 on its carrying amounts as disclosed in notes 10, 15, 16 and 17 except for derivative financial instruments. The Company's exposure relating to financial derivative instruments is noted in note 62(e) and the liquidity table below

e) **Liquidity risk**

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. Approximately 1.80% of the Company's debt will mature in less than one year at March 31, 2018 (Previous year: 6.20%) based on the carrying value of borrowings reflected in the financial statements. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

₹ Mn

Particulars	Carrying Value	Less than 1 year	1 to 5 years	> 5 years	Total payments
As at March 31, 2018					
Borrowings and Interest thereon*	607,659.34	31,702.26	469,625.74	577,507.68	1,078,835.68
Trade and other payables#	65,127.73	65,127.73	-	-	65,127.73
Other financial liabilities*#	2,211.88	2,189.24	22.64	-	2,211.88
Subtotal (A)	**674,998.95**	**99,019.23**	**469,648.38**	**577,507.68**	**1,146,175.29**
Derivatives liabilities	112.12	112.12	-	-	112.12
Derivatives assets^	(27.90)	(27.90)	-	-	(27.90)
Subtotal (B)	**84.22**	**84.22**	-	-	**84.22**
Total (A+B)	**675,083.17**	**99,103.45**	**469,648.38**	**577,507.68**	**1,146,259.51**
As at March 31, 2017					
Borrowings and Interest thereon*	579,085.98	63,021.23	377,908.16	470,531.22	911,460.61
Trade and other payables#	85,648.62	85,605.27	43.35	-	85,648.62
Other financial liabilities*#	2,332.04	2,295.53	36.51	-	2,332.04
Subtotal (A)	**667,066.64**	**150,922.03**	**377,988.02**	**470,531.22**	**999,441.27**
Derivatives liabilities	1,898.34	1,898.34	-	-	1,898.34
Derivatives assets^	(13.69)	-	(13.69)	-	(13.69)
Subtotal (B)	**1,884.65**	**1,898.34**	**(13.69)**	-	**1,884.65**
Total (A+B)	**668,951.29**	**152,820.37**	**377,974.33**	**470,531.22**	**1,001,325.92**

*Interest accrued but not due of ₹ 27,808.03 Mn (Previous year: ₹ 28,551.02 Mn) has been excluded from other financial liabilities and included in borrowings and interest thereon.

#Payable for capex expenditure of ₹ 29,523.15 Mn (Previous year: ₹ 45,727.29 Mn) has been excluded from other financial liabilities and included in trade and other payables.

^Included as part of maturity profile as the underlying of these derivatives are borrowings and other financial liabilities included above.

63. **CAPITAL MANAGEMENT**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using the debt-equity ratio, which is net debt divided by total equity. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents, Bank balance other than cash and cash equivalents and investment in liquid mutual funds.

Notes forming part of the Financial Statements

₹ Mn

Particulars	As at March 31, 2018	As at March 31, 2017
Borrowings	569,624.94	516,714.78
Current Maturities of long term debts	10,226.37	33,820.18
Less: Investment in liquid mutual funds	(45,278.53)	(40,247.09)
Less: Cash and cash equivalents	(189.86)	(268.60)
Less: Bank balance other than cash and cash equivalents	(32.57)	(44.05)
Net debt (A)	**534,350.35**	**509,975.22**
Equity share capital	43,593.21	36,053.28
Other Equity	213,101.87	201,184.31
Total Equity (B)	**256,695.08**	**237,237.59**
Debt-equity ratio (A)/(B)	**2.08**	**2.15**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to call the consequences attached with the same. There is no breach in such covenants as of March 31, 2018.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

64. During the previous year, the Company had paid / accrued remuneration amounting to ₹ 100.46 Mn to its Managing Director, Mr. Himanshu Kapania which was in excess of the limits specified in section 197 of Companies Act, 2013 ('the Act') read with Schedule V thereto as the Company did not have profits. Subsequently, during the current year, the Company has obtained approval from central government / shareholders for the excess remuneration paid.

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

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

Prashant Singhal
Partner
Membership No.: 93283

Place : Mumbai
Date : April 28, 2018

For and on behalf of the Board of Directors of Idea Cellular Limited

Arun Thiagarajan
Director
(DIN No. 00292757)

Tarjani Vakil
Director
(DIN No. 00009603)

Himanshu Kapania
Managing Director
(DIN No. 03387441)

Akshaya Moondra
Whole time Director &
Chief Financial Officer
(DIN No. 02606784)

Pankaj Kapdeo
Company Secretary