IDEA CELLULAR SERVICES LIMITED

IND AS FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2019

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

INDEPENDENT AUDITOR'S REPORT

To the Members of Idea Cellular Services Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Idea Cellular Services Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Annual report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

S.R. ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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(g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2019;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 22 to the Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Vineet

per Vineet Kedia
Partner
Membership Number: 212230

S.R. BATLIBOI & ASSOCIATES LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Place of Signature: Mumbai
Date: April 30, 2019

Annexure 1 referred to in paragraph 1 under "Report on other legal and regulatory requirements" of our report of even date

Re: Idea Cellular Services Limited ('the Company')

i. The Company has no Property, plant and equipment's and therefore the provisions of clause 3(i) of the Order are not applicable on the Company.

ii. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

v. The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

vii. (a)The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, cess and other statutory dues applicable to it. The provisions relating to sales tax, value added tax, duty of duty of custom and duty of excise are not applicable to the Company.

(b)According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c)According to the records of the Company, the dues of income-tax, service tax, and cess on account of any dispute, are as follows.

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service tax	16,53,150	2012-13 to 2015-16	Customs Excise & Service Tax Appellate Tribunal

viii. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

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ix. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, the provision of clause (ix) of the Order is not applicable to the Company and hence not commented upon.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

xi. According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xi) of the Order is not applicable to the Company and hence not commented upon.

xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.

xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Vineet

per Vineet Kedia
Partner
Membership Number: 212230

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place of Signature: Mumbai
Date: April 30, 2019

Annexure 2 to the Independent Auditor's Report of even date on the financial statements of Idea Cellular Services Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Idea Cellular Services Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

Place of Signature: Mumbai
Date: April 30, 2019

Idea Cellular Services Limited

Financial Statements

For the year ended March 31, 2019

Idea Cellular Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Balance Sheet as at March 31, 2019

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
Financial assets			
Deposits and balances with government authorities		4	4
Deferred tax assets (net) (refer note 26)		195	80
Other non-current assets	7	304	314
Total non-current assets (A)		**503**	**398**
Current assets			
Financial assets			
Trade receivables	8	-	584
Cash and cash equivalents	9	143	30
Bank balance other than cash and cash equivalents	10	655	655
Other current financial assets	11	46	8
Current tax assets (net)		3	7
Other current assets	12	67	119
Total current assets (B)		**914**	**1,403**
Total Assets (A+B)		**1,417**	**1,801**
Equity and Liabilities			
Equity			
Equity share capital	13	5	5
Other equity	14	34	236
Total equity (A)		**39**	**241**
Liabilities			
Non-current liabilities			
Long term provisions	15	636	273
Total non-current liabilities (B)		**636**	**273**
Current liabilities			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		485	652
Other current liabilities	16	198	574
Short term provisions	17	59	61
Total current liabilities (C)		**742**	**1,287**
Total Equity and Liabilities (A+B+C)		**1,417**	**1,801**

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

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

Vineet Kedia
Partner
Membership No.: 212230

Place: Mumbai
Date: April 30, 2019

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

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

Akshaya Moondra
Director
(DIN: 02606784)

Ambrish Jain
Director
(DIN: 07068438)

IDEA CELLULAR SERVICES LIMITED *

Place: Mumbai
Date: April 30, 2019

Idea Cellular Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Service revenue		10,536	13,254
Other Operating Income		35	37
Revenue from operations		**10,571**	**13,291**
Interest income		47	33
Total income		**10,618**	**13,324**
Operating Expenditure			
Employee benefit expenses	18	9,110	11,409
Other expenses	19	1,469	1,771
		10,579	**13,180**
Profit before finance costs, Exceptional items and tax		**39**	**144**
Finance costs	20	3	-
Profit before exceptional items and tax		**36**	**144**
Exceptional item	21	-	-
Profit before tax		**36**	**144**
Tax expense:			
- Current tax	25	42	45
- Deferred tax	26	(28)	23
Profit after tax		**22**	**76**
Other comprehensive income / (loss)			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) of defined benefit plans	25	(311)	106
Income tax effect	25 & 26	87	(30)
Other comprehensive (loss) / income for the year, net of tax		**(224)**	**76**
Total comprehensive (Loss) / income for the year		**(202)**	**152**
Earnings per equity share of ₹ 10 each:	27		
Basic (₹)		**44.00**	**151.04**
Diluted (₹)		**44.00**	**151.04**
The accompanying notes are an integral part of the Financial Statements			

As per our report of even date

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

Vineet Kedia
Partner
Membership No.: 212230

Place: Mumbai
Date: April 30, 2019

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

Akshaya Moondra
Director
(DIN: 02606784)

Ambrish Jain
Director
(DIN: 07068438)

Place: Mumbai
Date: April 30, 2019

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

IDEA CELLULAR SERVICES LIMITED *

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Statement of Changes in Equity for the year ended March 31, 2019

A. Equity share capital:

Equity shares of ₹ 10 each issued, subscribed and fully paid

	Numbers	Amount
As at April 1, 2017	50,000	5
Issue of share capital	-	-
As at March 31, 2018	50,000	5
Issue of share capital	-	-
As at March 31, 2019	50,000	5

B. Other equity

Particulars	Retained earnings
As at April 1, 2017	84
Profit for the year	76
Other comprehensive income for the year	76
As at March 31, 2018	236
Profit for the year	22
Other comprehensive income for the year	(224)
As at March 31, 2019	34

As per our report of even date

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

Vineet Kedia
Partner
Membership No.: 212230

Place: Mumbai
Date: April 30, 2019

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

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

Akshaya Moondra	**Ambrish Jain**
Director	Director
(DIN:02606784)	(DIN:07068438)

Place: Mumbai
Date: April 30, 2019

IDEA CELLULAR SERVICES LIMITED

Idea Cellular Services Limited

Financial Statements for the year ended March 31, 2019
(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Statement of Cash Flows for the year ended March 31, 2019

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Operating activities		
Profit before tax	36	144
Adjustments to reconcile profit before tax to net cash flows:		
Finance costs	3	-
Provision for gratutity and compensated absences	51	61
Exceptional items	-	-
Interest income	(47)	(33)
Adjustments for changes in working capital		
Decrease in trade receivables	584	400
Decrease/(Increase) in other financial and non-financial assets	50	(171)
(Decrease) in trade payables	(168)	(236)
(Decrease)/Increase in other financial and non-financial liabilities	(376)	471
Cash flows from operating activities	132	636
Income tax paid / refund (including TDS) (net)	(25)	10
Net cash flows from operating activities	**107**	**646**
Investing activities		
Fixed deposit	-	(655)
Interest received	9	25
Net cash flows from / (used in) investing activities	**9**	**(630)**
Financing activities		
Finance charges paid	(3)	-
Proceeds from short term borrowings	130	-
Repayment of short term borrowings	(130)	
Net cash flows from / (used in) financing activities	**(3)**	**-**
Net increase / (decrease) in cash and cash equivalents	**113**	**16**
Cash and cash equivalents at the beginning of the year	30	14
Cash and cash equivalents at the end of the year (refer note 9)	**143**	**30**

The above statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 on Statement of Cash Flows.

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

Vineet

Vineet Kedia
Partner
Membership No.: 212230

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: April 30, 2019

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

Akshaya Moondra
Director
(DIN: 02606784)

Ambrish Jain
Director
(DIN: 07068438)

IDEA CELLULAR SERVICES LIMITED

Place: Mumbai
Date: April 30, 2019

1. Corporate Information

Idea Cellular Services Limited ('the Company'), a 100% subsidiary of Vodafone Idea Limited (formally known as Idea Cellular Limited) was incorporated under the provisions of the Companies Act applicable in India on October 3, 2007 and is in the business of providing manpower services to its holding company and fellow subsidiaries (the group).

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorized for issue on April 30, 2019.

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. 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 lakhs unless otherwise stated.

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

New and amended standards adopted by the Company

<u>Ind AS-115, "Revenue from Contracts with Customers"</u>

Effective April 1, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" basis the modified retrospective method applied retrospectively to the contracts that are not completed as of April 1, 2018 (being date of initial application). Accordingly, the comparative information has not been restated. The effect on adoption of the said standard was insignificant on these financial statements.

The new revenue recognition standard Ind AS 115 defines a new five-step model to recognise revenue from customer contracts. Revenue is recognised when a customer obtains control of the goods or receives services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard supersedes Ind AS 18 'Revenue' and Ind AS 11 'Construction contracts' and related interpretations.

Other standards such as Ind AS 12 - "Income tax" have been implemented but do not have any impact on the Company.

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 the "Transaction Price" i.e. an amount that reflects the consideration, to which an entity expects to be entitled in exchange for transferring services to customers, excluding amounts collected on behalf of third parties. Taxes and duties collected by the service provider are to be deposited with the Government and not received by the Company on their own account. Accordingly, it is excluded from revenue.

i) Service Revenue

Revenue on account of manpower services is recognised as and when services are rendered and related costs are incurred.

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

IDEA CELLULAR SERVICES LIMITED

ii) 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.

b) 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.

The Company has no obligation other than contributions 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 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 Statement of Profit and Loss in the period in which they arise.

c) 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.

d) Taxes

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

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Idea Cellular Services Limited

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 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. Unrecognised deferred tax assets are re-assessed at the end of each reporting date and are recognised to the extent it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

e) 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.

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f) 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.

g) 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 purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at 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) – The Company does not have any assets classified as FVTPL.
c) Financial assets measured at fair value through other comprehensive income (FVTOCI) – The Company does not have any assets classified as FVTOCI.

(a) 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.

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(b) 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. The Company does not have any liability classified as FVTPL.

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

(b) 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.

De-recognition

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 de-recognition 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) 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.

h) 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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Notes to Financial Statements

i) 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 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.

j) 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.

Contingent Liability

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.

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.

Estimates and Assumptions

i) Taxes

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

The recognition of deferred tax assets is based on availability of sufficient taxable profits in the Company against which such assets can be utilized. MAT 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.

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ii) 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 23.

iii) Provisions and Contingent Liabilities

Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Evaluations of uncertain provisions and contingent liabilities and assets requires judgement 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 22 for further details about Contingent liabilities.

6. New accounting pronouncements to be adopted on or after April 1, 2019.

a. Ind AS 116- Leases

Ind AS 116, Leases, will be applied from April 1 2019. Currently, the payment obligations arising from operating leases only have to be disclosed in the Notes. In the future, the rights and obligations related to such leases are required to be recognised as assets (right-of-use asset) and liabilities (lease liability) in the Balance sheet.

The Company does not have any operating lease and therefore there will not be any impact from the change.

b. Amendment to Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments

Amendment clarify that Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition –

i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and

ii) ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

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The Company is currently evaluating the effect of this amendment on the financial statements.

c. Amendment to Ind AS 12 'Income Tax'

Amendment requires an entity to recognise the income tax consequences of dividends including payments on financial instruments classified as equity, when liability to pay a dividend is recognised. Therefore, an entity shall recognise the income tax consequences in Statement of Profit and Loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The amendment has no impact on the financial statements.

d. Amendment to Ind AS 19 'Employee Benefits'

The amendment clarifies that when a defined benefit plan is amended, curtailed or settled, entities would be required to use updated actuarial assumptions to determine its current service cost and net interest for the remainder of the annual reporting period

The effect of the asset ceiling would not be considered while calculating the gain or loss on any settlement of the plan. Subsequently, it would be recognised in OCI.

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

e. Amendment to Ind AS 109 'Financial Instruments'

The amendment to Ind AS 109 clarifies that an exception has been prescribed to the classification and measurement requirements with respect to SPPI criteria for financial assets which:

i. Have a prepayment feature that results in negative compensation
ii. Apart from the prepayment feature other features of financial assets would have contractual cash flows which would meet the SPPI criteria and
iii. The fair value of the prepayment feature is insignificant when the entity initially recognises the financial asset. (If it Is impracticable to assess based on facts and circumstances that existed on initial recognition , then exception would not be available)

Such financial assets could be measured at amortised cost or at FVOCI based on business model within which they are held.

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

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Notes to Financial Statements

Note 7
Other non-current assets

Particulars	As at March 31, 2019	As at March 31, 2018
Advance income tax (Net)	167	179
Payment made under protest	137	135
Total	**304**	**314**

Note 8
Trade receivables (Unsecured, unless otherwise stated) (refer note 28)

Particulars	As at March 31, 2019	As at March 31, 2018
Billed Receivables		
Unsecured - Considered Good	-	584
Total	**-**	**584**

Note 9
Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	-	1
Balances with banks in current accounts	143	29
Total	**143**	**30**

Note 10
Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Margin money with banks	655	655
Total	**655**	**655**

Note 11
Other current financiala assets

Particulars	As at March 31, 2019	As at March 31, 2018
Interest receivable	46	8
Total	**46**	**8**

Note 12
Other current assets

Particulars	As at March 31, 2019	As at March 31, 2018
Input tax credit	5	7
Prepaid expenses	33	87
Advance to employee	29	25
Total	**67**	**119**

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Notes to Financial Statements

Note 13
Equity share capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	Numbers	Amount	Numbers	Amount
EQUITY SHARE CAPITAL				
Authorised share capital				
Equity Shares of ₹ 10 each	2,000,000	200	2,000,000	200
	2,000,000	**200**	**2,000,000**	**200**
Issued, subscribed and paid-up share capital				
Equity Shares of ₹ 10 each fully paid up	50,000	5	50,000	5
	50,000	**5**	**50,000**	**5**

(a) Reconciliation of number of shares outstanding

Particulars	As at March 31, 2019		As at March 31, 2018	
	Numbers	Amount	Numbers	Amount
Equity shares outstanding at the beginning of the year	50,000	5	50,000	5
Issue of share capital	-	-	-	-
Equity shares outstanding at the end of the year	50,000	5	50,000	5

(b) Terms/ rights attached to issued, subscribed and paid up 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. 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, 2019		As at March 31, 2018	
	Numbers	% holding in the class	Numbers	% holding in the class
Equity shares of ₹ 10 each fully paid				
Vodafone Idea Limited, the immediate holding company and its nominees (formely known as Idea Cellular Limited)	50,000	100%	50,000	100%

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Notes to Financial Statements

Note 14
Other Equity

Particulars	As at March 31, 2019	As at March 31, 2018
Retained Earnings		
Opening balance	236	84
Add: Profit for the year	22	76
Other Comprehensive Income recognised directly in retained earnings	(224)	76
Closing balance	**34**	**236**

Note 15
Long term provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Gratuity (refer note 23)	339	-
Compensated absences	297	273
Total	**636**	**273**

Note 16
Other current liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Taxes and other liabilities	198	574
Total	**198**	**574**

Note 17
Short term provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Compensated absences	59	61
Total	**59**	**61**

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Notes to Financial Statements

Note 18
Employee benefit expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	8,233	10,273
Contribution to provident and other funds (refer note 23)	513	652
Staff welfare	364	483
Recruitment and training	-	1
Total	**9,110**	**11,409**

Note 19
Other expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rates and taxes	1	1
Printing and stationery	2	4
Communication expenses	248	335
Travelling and conveyance	1,171	1,381
Directors sitting fees (refer note 28)	1	1
Legal and professional charges	41	46
Audit fees (refer note 24)	2	2
Miscellaneous expenses	3	1
Total	**1,469**	**1,771**

Note 20
Finance costs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense on borrowings	3	-
Total	**3**	**-**

Note 21
Exceptional items includes a (Income)/Expense towards:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee benefits expense	688	-
Reimbursement of Employee benefits expense	(688)	-
Total	-	-

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Note 22

Contingent Liability

Particulars	As at March 31, 2019	As at March 31, 2018
Service Tax Payable	17	17
Provident fund payable	1,580	1,580

* The above mentioned contingent liability is on account of demand raised by Provident Fund Authorities considering "field allowance" as salary which the Company has challenged before Central Government Industrial Tribunal (CGIT), Mumbai. Future cash outflows in respect of the above matter is determinable only on receipt of judgments/ decisions from CGIT. Further, based on the Company's internal evaluation, believes that it is not probable that the claim will be materialize and therefore, no provision has been recognized for the above.

The recent Hon'ble Supreme Court Judgment on PF dated February 28, 2019 has led to numerous interpretative issues including a review petition. The Company is in the process of evaluating the said judgment and possible implications, if any. The understanding and interpretation currently is that the impact arising out of the judgment is not material. Accordingly no impact has been given in these financial statements.

Note 23

Employee Benefits:

A. Defined Benefit Plan (Gratuity):

General Description and Benefits of the plan

The Company operates a defined benefit 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. 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 met 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.

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 salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future.

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

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Notes to Financial Statements

Sr. No	Particulars	As at March 31, 2019	As at March 31, 2018
1	**Amount recognised in Balance Sheet**		
	Present value of obligations as at the end of the year	683	383
	Fair value of plan assets as at the end of the year	344	442
	Net Funded (Obligation)/Assets	(339)	59
	Net Asset/(Liability) recognized in Balance Sheet	(339)	59
	Net Asset/(Liability) recognized in Balance Sheet is bifurcated as		
	- Other non-financial asset	-	59
	- Long term provision	(339)	-

Sr. No	Particulars	As at March 31, 2019	As at March 31, 2018
1	**Reconciliation of Net Defined Benefit Obligation**		
	Opening Net Defined Benefit liability / (asset)	(59)	13
	Expense charged to the Statement of Profit & Loss	87	114
	Expense / (Income) charged to OCI	311	(106)
	Employer Contributions	(3)	(80)
	Impact of Transfer In / (Out)	-	-
	Closing Net Defined Benefit liability (asset)	335	(59)
2	**Reconciliation of Defined Benefit Obligation**		
	Opening Defined Benefit Obligation	383	386
	Current Service cost	92	116
	Interest on Defined Benefit Obligation	25	26
	Re-measurement (Gain)/Loss arising from change in financial assumptions	7	(21)
	Re-measurement (Gain)/Loss arising on account of experience changes	302	(78)
	Benefits paid	(126)	(45)
	Liabilities assumed / (settled)*	-	-
	Closing of Defined Benefit Obligation	683	383
3	**Reconciliation of plan assets**		
	Opening fair value of plan assets	442	373
	Employer Contributions	3	80
	Impact of Transfer In / (Out)	-	-
	Interest on plan assets	26	28
	Re-measurements due to		
	- Actual return on plan assets less interest on plan assets	(2)	7
	Benefits paid	(126)	(45)
	Closing fair value of plan assets	344	442

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IDEA CELLULAR SERVICES LIMITED

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

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

Sr. No	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1	**Expenses Recognised in Statement of Profit & Loss**		
	Current Service cost	92	116
	Interest on Net Defined Benefit liability/ (asset)	(5)	(2)
	Expenses recognised in the Statement of Profit & Loss	**87**	**114**
2	**Amount recorded as Other Comprehensive Income (OCI)**		
	Re-measurement during the year due to		
	- Changes in financial assumptions	7	(21)
	- Experience adjustments	302	(78)
	- Return on plan assets (excluding amounts included in net interest expense)	2	(7)
	Amount recognised in OCI (gains) / loss	**311**	**(106)**

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount rate	7.70%	7.85%
Future salary increases*	8.00%	8.00%
Attrition rate	12%	12%
Mortality rate during employment	As per Indian Assured Lives Mortality (2006-08) Ult Table	
Disability	No explicit allowance	

*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, 2019		For the year ended March 31, 2018	
	Discount rate %	Salary escalation rate %	Discount rate %	Salary escalation rate %
Impact of increase in 50 bps on DBO	8.20%	8.50%	8.35%	8.50%
Impact of decrease in 50 bps on DBO	7.20%	7.50%	7.35%	7.50%

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

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Within the next 12 months	80	80

Disaggregation details of plan assets (% allocation)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Insurer Managed Funds*	344	442

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

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(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Projected plan cash flow:

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

Maturity Profile	As at March 31, 2019	As at March 31, 2018
Expected benefits for year 1	81	45
Expected benefits for year 2	77	37
Expected benefits for year 3	96	46
Expected benefits for year 4	105	62
Expected benefits for year 5 and above	969	536

The average duration of the defined benefit plan obligation at the end of the reporting period is 11.66 years (March 31, 2018: 11.88 years).

A. Defined contribution plans:

During the year, the Company has recognised the following amounts in the statement of profit and loss:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employers' contribution to provident and pension fund	243	280
Employee contribution to Employees State Insurance Corporation	181	256

Note 24

Auditor's Remuneration

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Statutory Audit Fees	2	2
Total Remuneration	**2**	**2**

Note 25

Income Tax Expense:

(a) Major components of tax expense

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Tax		
Current Tax on profits for the year	42	45
Total Current Tax Expense (A)	**42**	**45**
Deferred Tax		
Relating to addition & reversal of temporary differences	(28)	3
Relating to change in tax rate	-	20
Total Deferred Tax Expense (B)	**(28)**	**23**
Total Tax Expense (A+B)	**14**	**68**
Income tax effect of re-measurement (gains)/losses on defined benefit plans taken to to other comprehensive income / (loss)	(87)	**30**

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(All amounts are in INR lakhs, except per share data and unless stated otherwise)

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before income tax expense	36	144
Applicable Tax Rate	27.82%	33.06%
Effects of expenses that are not deductible in determining the taxable profits	0.06%	-
Effect of different tax rate	-	14.36%
Effective Tax Rate	**27.88%**	**47.42%**

Note 26

Movement in Deferred Tax Assets:

Particulars	As at April 1, 2017	Recognised in		As at April 1, 2018	Recognised in		As at March 31, 2019
		Profit and Loss	OCI		Profit and Loss	OCI	
Assets							
Depreciation	1	-	-	1	28	-	29
Expenses allowable on Payment Basis	132	(23)	(30)	79	-	87	166
Total (B)	133	(23)	(30)	80	28	87	195
Net Deferred Tax Liabilities/ (assets)	(133)	23	30	(80)	(28)	(87)	(195)
As per Financials:							-
Deferred Tax Asset	133	-	-	80	-	-	195

Note 27

Basic & Diluted Earnings per Share

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Nominal value of per equity share	10/-	10/-
Loss after Tax	22	76
Loss attributable to equity shareholders	22	76
Weighted average number of equity shares outstanding during the year	50,000	50,000
Basic and Diluted Earnings/(Loss) Per Share	44.00	151.04

Note 28

Related party transactions

The Company has transactions with the below related parties:

Relationship	Related Party
Immediate holding company	Vodafone Idea Limited (formely known as Idea Cellular Limited)
Fellow Subsidiaries	Idea Telesystems Limited (ITL) Aditya Birla Telecom Limited (ABTL) (upto 30-Nov-2018)
Key Managerial Personnel	Mr. Tarjani Vakil Mr. Baldev Raj Gupta
Trust*	Idea Cellular Services Limited Employees Group Gratuity Scheme

*Transaction with trust includes contribution to provident fund, pension, gratuity funds and refer note 23 for information on transaction with post-employment benefit plans mentioned above.

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Notes to Financial Statements

A. Transactions with Related Parties for the period ended March 31, 2019 and March 31, 2018

Particulars	Holding Company	Fellow Subsidiaries		Key Managerial Personnel	Grand Total
		ITL	ABTL		
Expense incurred on Company's behalf by	37	-	-	-	37
	(37)	-	-	-	(37)
Purchase of service	242	-	-	-	242
	(338)	-	-	-	(338)
Sale of service	10,491	45	-	-	10,536
	(13,199)	(55)		-	(13,254)
Reimbursement of exceptional expenses	688	-	-	-	688
	-	-		-	-
Receipt of Loan / ICD	-	-	130	-	130
	-	-	(-)	-	(-)
Repayment of Loan / ICD	130		-	-	130
	(-)		-	-	(-)
Interest on Loan / ICD	3		-	-	3
	(-)		-	-	(-)
Sitting Fees	-	-	-	1	1
	-	-	-	(1)	(1)

(Figures in bracket are for the year ended March 31, 2018)

B. Balances with Related Parties

Particulars	Immediate holding company
Trade receivables - Holding Company	-
	(583)

*Numbers are below one lakhs under the rounding off convention adopted by the Company and accordingly not reported.

(Figures in bracket are as at March 31, 2018)

Note 29

Segment information

As the Company operates in only one business, there is no separate reportable segments as per Ind AS – 108 on "Operating segment".

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Note 30

Financial Instruments

(a) Financial Instruments by Category:

Particulars	As at March 31, 2019		As at March 31, 2018	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets				
Trade receivables	-	-	-	584
Cash and cash equivalents	-	143	-	30
Bank balance other than cash and cash equivalents	-	655	-	655
Others*	-	46	-	8
Deposits and balances with government authorities	-	4	-	4
Total Financial Assets	-	**848**	-	**1,281**
Financial Liabilities				
Trade Payables	-	485	-	652
Total Financial Liabilities	-	**485**	-	**652**

* included in other current financial assets.

(b) Fair value hierarchy

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

Note 31

As of March 31, 2019 and March 31, 2018 there were no amounts payable to Micro, Small and Medium Enterprises (SMES) within the meaning of the Micro, Small and Medium Enterprises Development Act, 2006.

Note 32

Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade payables and borrowings. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets comprise cash and bank balance, trade and other receivables.

The Company is exposed to various financial risks such as market risk, credit risk and liquidity risk. The Directors of the Company oversees management of these risks and assure that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

a) 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.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities and other financial instrument.

S R BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS MUMBAI

IDEA CELLULAR SERVICES LIMITED

Notes to Financial Statements

The Company provides its services to the Group Companies and trade receivable are generally on 15 to 30 day credit terms. The Company does not have credit risk.

Other financial assets and cash deposits

Credit risk from balances with banks is managed by the holding company's treasury department.

The Company maintains its Cash and cash equivalents with banks and financial institutions having good reputation, good past record and high quality credit rating and reviews their credit worthiness on an on-going basis in close co-ordination with its holding company's Treasury team.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2019 and March 31, 2018 on its carrying amounts has been illustrated in note 8, 9, 10 & 11.

c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company has Financial liabilities of trade and other payables which are payable within one year. The Company maintains sufficient cash and other liquid financial assets to meet the payment of financial liabilities within the due dates.

Note 33

Capital management

For the purpose of the Company's capital management, capital includes issued equity capital 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 is a wholly owned subsidiary of Vodafone Idea Limited. The existing surplus fund along with the cash generated by the Company is sufficient to take care of its long term and working capital requirements.

Note 34

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

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

Vineet Kedia
Partner
Membership No.: 212230

Place: Mumbai
Date: April 30, 2019

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

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

Akshaya Moondra
Director
(DIN: 02606784)

Ambrish Jain
Director
(DIN: 07068438)

Place: Mumbai
Date: April 30, 2019

IDEA CELLULAR SERVICES LIMITED