

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Aditya Birla Telecom Limited

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Aditya Birla Telecom Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 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 control 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its loss including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

### **Other Matter**

The Ind AS financial statements of the Company for the year ended March 31, 2017, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an opinion on those statements on May 9, 2017.

### **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 purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, 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 written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 18 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; and



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

- 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



**per Prashant Singhal**  
Partner



Membership Number: 93283

Place: Mumbai

Date: April 26, 2018

**Annexure 1****Annexure referred to in paragraph 1 of 'Report on other Legal and Regulatory Requirements'  
Re: Aditya Birla Telecom Limited ('the Company')**

- (i) The Company does not have any fixed assets and hence reporting under clause 3(i) of the Order is not applicable.
- (ii) As explained by the management, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (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 Companies Act, 2013. 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, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of section 185 of the Companies Act, 2013 apply and hence not commented upon. The Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of grant of loans. However, the company has not made investments or provided guarantee covered under section 186.
- (v) The Company has not accepted any deposits from public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, sales-tax, service tax, value added tax, goods and service tax, cess and other material statutory dues applicable to it. The provisions relating to excise duty, provident fund, employees' state insurance, duty of custom are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, value added tax, goods and service tax, cess and other material statutory dues were outstanding, as at March 31, 2018 for a period of more than six months from the date they became payable. The provisions relating to excise duty, provident fund, employees' state insurance, duty of custom are not applicable to the Company.
- (c) There are no dues of sales tax, service tax, value added tax as on March 31, 2018 which have not been deposited on account of any dispute. Details of dues of Income-tax on account of disputes are given below:

Name of Statute	Nature of Dues	Period to which the amount relates	Forum where Dispute is Pending	Amount Involved (Rs. in Thousands)
Income Tax Act, 1961	Income Tax	2006-07	Appellate Tribunal (Income Tax)	10,540

The above mentioned figures represent the total disputed cases without any assessment of Probable, Possible and Remote. Of the above case entire amount is deposited under protest.

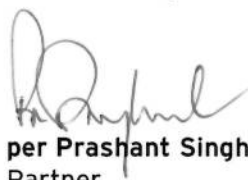


- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3(viii) of the Order is not applicable to the Company.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable 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) In our opinion and according to the information and explanations given to us, the Company has neither paid nor provided managerial remuneration, hence requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 is not applicable.
- (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) Based on our 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, 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 and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the company and hence not commented upon.
- (xv) Based on our 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, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (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

  
per **Prashant Singhal**  
Partner



Membership Number: 93283

Place: Mumbai

Date: April 26, 2018

**Annexure 2 to the Independent Auditor's Report of even date on the financial statements of Aditya Birla Telecom 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 Aditya Birla Telecom Limited ("the Company") as of March 31, 2018 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**

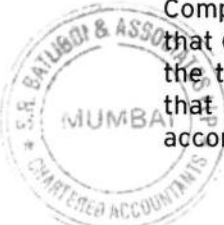
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on 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 was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the



Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

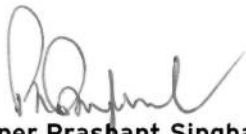
**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 Prashant Singhal**  
Partner



Membership Number: 93283

Place: Mumbai

Date: April 26, 2018

**Aditya Birla Telecom Limited**  
**Balance Sheet as at March 31, 2018**

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Particulars	Notes	As at March 31, 2018	As at March 31, 2017
<b>Assets</b>			
<b>Non-current assets</b>			
Financial assets			
Investments accounted for using the equity method	7	66,178,727	72,225,233
Other non-current assets	8	22,916	15,651
<b>Total non-current assets (A)</b>		<b>66,201,643</b>	<b>72,240,884</b>
<b>Current assets</b>			
Inventories			
		-	254
Financial assets			
Current investments	9	10,849,885	7,671,722
Cash and cash equivalents	10	108	390
Current tax assets (Net)		254	254
Other current assets	11	-	7,146
<b>Total current assets (B)</b>		<b>10,850,247</b>	<b>7,679,766</b>
<b>Total Assets (A+B)</b>		<b>77,051,890</b>	<b>79,920,650</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	12	100,000	100,000
Other equity	13	61,789,111	63,430,479
<b>Total equity (A)</b>		<b>61,889,111</b>	<b>63,530,479</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	23	15,156,907	16,388,600
<b>Total non-current liabilities (B)</b>		<b>15,156,907</b>	<b>16,388,600</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payable (refer note 19)		5,692	1,367
Other current liabilities	14	180	204
<b>Total current liabilities (C)</b>		<b>5,872</b>	<b>1,571</b>
<b>Total Equity and Liabilities (A+B+C)</b>		<b>77,051,890</b>	<b>79,920,650</b>

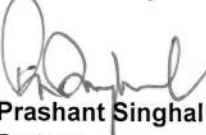
The accompanying notes are an integral part of the Financial Statements

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004

  
**Prashant Singhal**  
 Partner

Membership No.: 93283

Place : Mumbai

Date : April 26, 2018

**For and on behalf of the Board of Directors of  
 Aditya Birla Telecom Limited**

  
**Himanshu Kapnis**  
 Director

  
**Himanshu Kapnis**  
 Director

  
**Anil Arya**  
 Chief Financial Officer

  
**Shweta Gupta**  
 Company Secretary





**Aditya Birla Telecom Limited**  
**Statement of Profit and Loss for the year ended March 31, 2018**

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Particulars	Notes	For the year ended	
		March 31, 2018	March 31, 2017
<b>Income</b>			
Sales of trading goods		287	3,276
Other Operating Income	15	82	-
<b>Revenue from operations</b>		<b>369</b>	<b>3,276</b>
Other income	16	3,360,223	4,959,749
<b>Total income</b>		<b>3,360,592</b>	<b>4,963,025</b>
<b>Operating expenditure</b>			
Cost of trading goods		254	2,891
Other expenses	17	13,560	7,505
		<b>13,814</b>	<b>10,396</b>
<b>Profit before finance cost and taxes</b>		<b>3,346,778</b>	<b>4,952,629</b>
Fair Value loss on Financial Instruments at FVTPL		-	290,146
Finance cost		-	445
<b>Profit before tax</b>		<b>3,346,778</b>	<b>4,662,038</b>
Tax expense:			
- Current tax	22	173,333	426,998
- Deferred tax	23	18,032	(44,387)
<b>Profit after tax</b>		<b>3,155,413</b>	<b>4,279,427</b>
<b>Other comprehensive income (OCI)</b>			
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>			
Fair Value gain / (loss) on Equity Instruments at FVTOCI		(6,046,506)	13,800,759
Income tax effect		1,249,725	(3,184,111)
<b>Other comprehensive income / (loss) for the year, net of tax</b>		<b>(4,796,781)</b>	<b>10,616,648</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>(1,641,368)</b>	<b>14,896,075</b>
<b>Earnings per equity share of ₹ 10 each:</b>			
Basic (₹)	24	315.54	372.46
Diluted (₹)	24	315.54	334.56

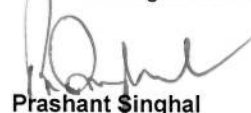
The accompanying notes are an integral part of the Financial Statements

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004

  
**Prashant Singhal**

Partner

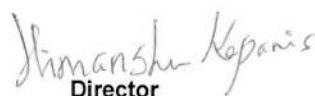
Membership No.: 93283

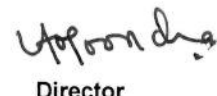
Place : Mumbai

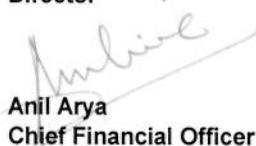
Date : April 26, 2018

**For and on behalf of the Board of Directors of**

**Aditya Birla Telecom Limited**

  
**Himanshu Kapanis**  
 Director

  
**Himanshu Kapanis**  
 Director

  
**Anil Arya**  
 Chief Financial Officer

  
**Shweta Gupta**  
 Company Secretary



Aditya Birla Telecom Limited  
Statement of Cash Flows for the year ended March 31, 2018



Particulars	₹ '000	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A) Cash flow from operating activities</b>		
Profit before tax	3,346,778	4,662,038
Adjustments for		
Dividend Income	(2,657,360)	(3,622,578)
Fair value loss on financial instruments (FVTPL)	-	290,146
Gain on mutual funds (including fair value gain/Loss)	(425,429)	(493,003)
Interest Income	(277,434)	(844,168)
Liabilities / provisions no longer required written back	(82)	-
<b>Operating loss before working capital changes</b>	<b>(13,527)</b>	<b>(7,565)</b>
Adjustments for changes in working capital		
Decrease in Inventories	254	290
Decrease in Other financial and non-financial assets	50	2,348,164
Increase in Trade payables	4,407	477
Decrease in Other financial and non-financial liabilities	(24)	(617)
<b>Cash flows from / (used in) operating activities</b>	<b>(8,840)</b>	<b>2,340,749</b>
Income tax paid (including TDS) (net)	(173,502)	(383,033)
<b>Net Cash from / (used in) operating activities (A)</b>	<b>(182,342)</b>	<b>1,957,716</b>
<b>B) Cash flow from Investing activities</b>		
Inter corporate deposit (ICD) repaid by fellow subsidiary	-	750,000
ICD given to holding company	(18,000,000)	(11,100,000)
ICD repaid by holding company	18,000,000	11,100,000
Interest received	277,434	846,935
Net proceeds from sale / (purchase) of current investments	(2,752,734)	(2,627,304)
Dividend income from Joint Venture	2,657,360	3,622,578
<b>Net cash from / (used in) Investing Activities (B)</b>	<b>182,060</b>	<b>2,592,209</b>
<b>c) Cash flow from Financing activities</b>		
Amount paid on extinguishment of equity shares held by P5 as per the high court approved scheme	-	(4,550,000)
<b>Net cash from / (used in) Financing Activities (C)</b>	<b>-</b>	<b>(4,550,000)</b>
<b>Net Increase / (Decrease) in Cash and Cash equivalents during the year (A + B + C)</b>	<b>(282)</b>	<b>(75)</b>
Cash and cash equivalents at the beginning of the year	390	465
<b>Cash and cash equivalents at the end of the year</b>	<b>108</b>	<b>390</b>
<b>Notes to Statement of Cash Flow for the year ended March 31, 2018</b>		
1. Cash and Cash Equivalents include the following Balance Sheet amounts		
Balances with banks in current account	108	390
	108	390
2. 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

  
Prashant Singhal  
Partner

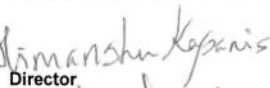
Membership No.: 93283

Place : Mumbai

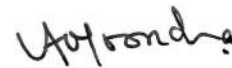
Date : April 26, 2018



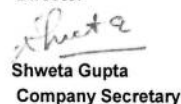
For and on behalf of the Board of Directors of  
Aditya Birla Telecom Limited

  
Himanshu Kapanis  
Director

  
Anil Arya  
Chief Financial Officer



Director

  
Shweta Gupta  
Company Secretary



**Aditya Birla Telecom Limited**  
**Statement of Changes in Equity for the year ended March 31, 2018**



**a. Equity share capital:**

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

As at April 1, 2016

Equity shares issued to P5 Asia Holdings Investments (Mauritius) Limited (P5) on conversion of CCPS

Extinguishment of equity shares held by P5 as per the High court approved scheme

As at March 31, 2017

As at March 31, 2018

	Numbers	₹ '000
As at April 1, 2016	10,000,000	100,000
Equity shares issued to P5 Asia Holdings Investments (Mauritius) Limited (P5) on conversion of CCPS	4,349,776	43,498
Extinguishment of equity shares held by P5 as per the High court approved scheme	(4,349,776)	(43,498)
As at March 31, 2017	10,000,000	100,000
As at March 31, 2018	10,000,000	100,000

**b. Other equity**

₹ '000

Particulars	Reserves and surplus			Items of other comprehensive income	Total
	Securities premium	Business restructuring reserve	Retained earnings	Equity instrument through other comprehensive income	
<b>As at April 1, 2016</b>	-	50,778,102	(15,200,959)	8,100,511	43,677,654
Profit for the year	-	-	4,279,427	-	4,279,427
Other comprehensive income for the year, net of income tax	-	-	-	10,616,648	10,616,648
Conversion of CCPS to Equity Shares	29,039,604	-	-	-	29,039,604
Reduction of Deferred tax liability on Indus shares transferred to P5 as per the High court approved scheme	-	-	5,736,720	-	5,736,720
Distribution on extinguishment of equity shares held by P5 as per the High court approved scheme	-	(25,369,574)	(4,550,000)	-	(29,919,574)
<b>As at April 1, 2017</b>	29,039,604	25,408,528	(9,734,812)	18,717,159	63,430,479
Profit for the year	-	-	3,155,413	-	3,155,413
Other comprehensive loss for the year, net of income tax	-	-	-	(4,796,781)	(4,796,781)
<b>As at March 31, 2018</b>	29,039,604	25,408,528	(6,579,399)	13,920,378	61,789,111

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 26, 2018

**For and on behalf of the Board of Directors of**  
**Aditya Birla Telecom Limited**

  
 Director  
  
 Anil Arya  
 Chief Financial Officer

  
 Director  
  
 Shweta Gupta  
 Company Secretary



## 1. Corporate Information

Aditya Birla Telecom Limited ('the Company'), a 100% subsidiary of Idea Cellular Limited, was incorporated on December 20, 2005 and is in the business of Trading of Data Cards. The Company also holds 11.15 % equity interest in Indus Towers Limited.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on April 26, 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 amendments 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 thousands 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 the schedule III of 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. Sale of Trading goods

Revenue on account of sale of Data Cards is recognized when the significant risk and rewards of ownership of the goods have passed to the buyer usually on the delivery of goods.

#### 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.



### iii. Dividends

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

### b) 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 the statement of profit and 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 the profit or loss is recognised outside the 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.

### c) Current / Non – Current Classification

An asset is classified as current when

- a) It is expected to be realised 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 realised 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.

#### **d) 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.

#### **e) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise 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.

#### **f) 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 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's investment in equity instruments of Joint venture is measured at 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 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.

## **III. Financial assets (equity instruments of joint venture) measured at FVTOCI**

After initial recognition, such instruments are fair valued at each reporting date. Any subsequent changes in the fair values are recognized in OCI except dividends received on such instruments.

### **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.

## **ii. Financial liabilities**

### **Subsequent measurement**

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

### **Financial liabilities at measured amortised cost**

After initial recognition trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated 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 measured 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.

### **Derecognition**

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



**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.

**g) 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.

**h) 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.

**i) Earnings per share**

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) is the net profit 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.

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.

### 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.

### ii Provisions and Contingent Liabilities

Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## 6. Standards issued or modified but not yet effective up to the date of issuance the Company's financial statements

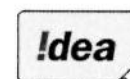
The standards and the amendments to standards that are issued, but not yet effective up to the date of issuance of Company's financial statements are discussed below. The Group intends to adopt these standards, if applicable, when they became effective. All these standards / amendments have been notified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

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:

- a) There is an actual change of use i.e. an asset meets or ceases to meet the definition of investment property.
- b) 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:

- Date of initial recognition of such advance; or
- 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'**

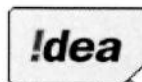
The amendment clarifies that a venture capital organization, or mutual fund, or unit trust and similar entities may elect, at initial recognition, to measure investments in Associate or Joint Venture at FVTPL separately for each associate or joint venture.

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.



**Aditya Birla Telecom Limited**  
**Notes forming part of the Financial Statements**



**7 Investments accounted for using the equity method**

Particulars	₹ '000	
	As at March 31, 2018	As at March 31, 2017
<b>Investments in Equity Instruments of Joint Venture (Unquoted)</b>		
Indus Towers Limited		
132,868 (March 31, 2017 : 132,868) fully paid equity shares of ₹ 1 each (refer note 27 and 32)	66,178,727	72,225,233
<b>Total</b>	<b>66,178,727</b>	<b>72,225,233</b>

**8 Other non-current assets**

Particulars	₹ '000	
	As at March 31, 2018	As at March 31, 2017
Advance income tax (net)	15,820	15,651
Amounts paid under protest	7,096	-
<b>Total</b>	<b>22,916</b>	<b>15,651</b>

**9 Current Investments**

Particulars	₹ '000	
	As at March 31, 2018	As at March 31, 2017
<b>Investment in units of liquid mutual funds (Quoted)</b>		
38,844,675 (March 31 2017: 29,538,800) units of Birla Sun Life Cash Plus - Direct - Growth	10,849,885	7,671,722
<b>Total</b>	<b>10,849,885</b>	<b>7,671,722</b>

**10 Cash and cash equivalents**

Particulars	₹ '000	
	As at March 31, 2018	As at March 31, 2017
Balances with banks in current accounts	108	390
<b>Total</b>	<b>108</b>	<b>390</b>

**11 Other current assets**

Particulars	₹ '000	
	As at March 31, 2018	As at March 31, 2017
Prepaid expenses	-	3
Amounts paid under protest	-	7,143
<b>Total</b>	<b>-</b>	<b>7,146</b>



## 12 Equity share capital

### a) Authorized, issued, subscribed and paid-up equity share capital

#### Authorised equity share capital

Equity shares of ₹10 each

Compulsory convertible preference shares of ₹ 10 each

As at March 31, 2018		As at March 31, 2017	
Numbers	₹ '000	Numbers	₹ '000
75,000,000	750,000	75,000,000	750,000
2,500,000	25,000	2,500,000	25,000
<b>77,500,000</b>	<b>775,000</b>	<b>77,500,000</b>	<b>775,000</b>

#### Issued, subscribed and paid-up equity share capital

Equity Shares of ₹10 each fully paid up

10,000,000	100,000	10,000,000	100,000
<b>10,000,000</b>	<b>100,000</b>	<b>10,000,000</b>	<b>100,000</b>

The entire paid up equity share capital is held by the Holding Company, Idea Cellular Limited and its nominee shareholders.

### b) Reconciliation of number of equity shares outstanding

Equity shares outstanding at the beginning of the year

Equity shares issued to P5 on conversion of CCPS

Extinguishment of equity shares held by P5 as per the High court approved scheme

Equity shares outstanding at end of the year

As at March 31, 2018		As at March 31, 2017	
Numbers	₹ '000	Numbers	₹ '000
10,000,000	100,000	10,000,000	100,000
-	-	4,349,776	43,498
-	-	(4,349,776)	(43,498)
<b>10,000,000</b>	<b>100,000</b>	<b>10,000,000</b>	<b>100,000</b>

### c) Terms/ rights attached to equity shares

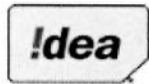
The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution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

## 13 Other Equity

Particulars	₹ '000	
	As at March 31, 2018	As at March 31, 2017
<b>a) Securities premium</b>		
Opening balance	29,039,604	-
Conversion of CCPS to Equity Shares	-	29,039,604
<b>Closing balance (A)</b>	<b>29,039,604</b>	<b>29,039,604</b>
<b>b) Business restructuring reserve</b>		
Opening balance	25,408,528	50,778,102
Equity shares held by P5 extinguished as per the High court approved scheme	-	(25,369,574)
<b>Closing balance (B)</b>	<b>25,408,528</b>	<b>25,408,528</b>
<b>c) Retained earning</b>		
Opening balance	(9,734,812)	(15,200,959)
Profit during the year	3,155,413	4,279,427
Reduction of deferred tax liability on Indus shares transferred to P5 as per the high court approved scheme	-	5,736,720
Amount paid on extinguishment of equity shares held by P5 as per the high court approved scheme	-	(4,550,000)
<b>Closing balance (C)</b>	<b>(6,579,399)</b>	<b>(9,734,812)</b>
<b>d) Reserve for equity instrument through other comprehensive income</b>		
Opening balance	18,717,159	8,100,511
Fair value gain/(loss) on investments in equity instruments at FVTOCI	(6,046,506)	13,800,759
Income tax on Fair value gain/(loss) on investments in equity instruments at FVTOCI	1,249,725	(3,184,111)
<b>Closing balance (D)</b>	<b>13,920,378</b>	<b>18,717,159</b>
<b>Total (A+B+C+D)</b>	<b>61,789,111</b>	<b>63,430,479</b>



**Aditya Birla Telecom Limited**  
**Notes forming part of the Financial Statements**

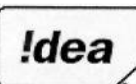


**14 Other current liabilities**

Particulars	₹ '000	
	As at March 31, 2018	As at March 31, 2017
Taxes and other liabilities	180	204
<b>Total</b>	<b>180</b>	<b>204</b>



**Aditya Birla Telecom Limited**  
**Notes forming part of the Financial Statements**



**15 Other operating income**

Particulars	₹ '000	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Liabilities / provisions no longer required written back	82	-
<b>Total</b>	<b>82</b>	<b>-</b>

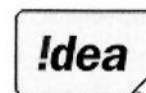
**16 Other income**

Particulars	₹ '000	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income	277,434	844,168
Gain on mutual funds (including fair value gain/(loss))	425,429	493,003
Dividend income (refer note 25)	2,657,360	3,622,578
<b>Total</b>	<b>3,360,223</b>	<b>4,959,749</b>

**17 Other expenses**

Particulars	₹ '000	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Insurance	4	1
Rates and taxes	957	31
Bank charges	14	11
Directors sitting fees (refer note 25)	173	207
Legal and professional charges	7,284	6,923
Audit fees (refer note 20)	205	150
CSR expenditure (refer note 21)	4,923	182
<b>Total</b>	<b>13,560</b>	<b>7,505</b>





**18. Contingent liabilities:**

- a) Appeals filed for Income tax matters not acknowledged as debt ₹ 10,540 thousand (March 31, 2017 : ₹ 54,345 thousand)
- b) P5 Asia Holdings Investments (Mauritius) Limited (P5) has a right to require the Company along with its Holding Company ICL, to buy equity shares of Indus Towers Limited (Indus) held by P5 at fair value if:
- The Company along with its Holding Company's stake in Indus is reduced below the agreed threshold; or
  - Aditya Birla Group companies collectively (ABG) cease to be the single largest shareholder of the ICL before P5 is able to sell its stake in Indus. However, provided that ICL and / or ABG are able to demonstrate that ABG has a joint control over ICL then this right will not be available to P5 even if ABG cease to be the single largest shareholder of ICL.

Pursuant to proposed merger of Indus with Bharti Infratel Limited (BIL) (refer note 32), 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.

19. As of March 31, 2018 and March 31, 2017 no amounts are payable to Micro, Small, and Medium Enterprises (SMEs) within the meaning of the Micro, Small and Medium Enterprises Development Act, 2006.

**20. Auditor's remuneration:**

Particulars	₹ '000	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Statutory audit fees	205	150
Certification (included in legal and professional charges)	-	40

**21. Expenditure for Corporate social responsibility:**

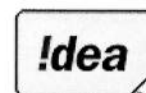
- a) Gross amount required to be spent by the Company during the year is ₹ 12,852 thousands (Previous year ₹ 4,443 thousands)
- b) Amount spent during the year ended on March 31, 2018:

Sr. No	Particulars	₹ '000		
		Amount Paid	Amount Payable	Total
1	Healthcare	-	4,923	4,923

- c) Amount spent during the year ended on March 31, 2017:

Sr. No	Particulars	₹ '000		
		Amount Paid	Amount Payable	Total
1	Healthcare	182	-	182





22. Income tax expenses:

(a) Major components of tax expenses:

Particulars	₹ '000	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Current tax</b>		
Current tax on profits for the year	1,73,333	426,998
<b>Total Current tax expense (A)</b>	<b>1,73,333</b>	<b>426,998</b>
<b>Deferred tax</b>		
Relating to addition & reversal of temporary differences	17,527	(41,911)
Relating to change in tax rate	505	(2,476)
<b>Total deferred tax expense (B)</b>	<b>18,032</b>	<b>(44,387)</b>
<b>Total tax expense (A+B)</b>	<b>191,365</b>	<b>382,611</b>
<b>Income tax effect of loss / (gain) on equity instrument fair valued through other comprehensive income</b>	<b>1,249,725</b>	<b>(3,184,111)</b>

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

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Profit before Income tax expense (₹ '000)	3,346,778	4,662,038
<b>Applicable tax rate</b>	<b>28.84%</b>	<b>33.45%</b>
<b>Increase / reduction in taxes on account of :</b>		
Effect of income that is exempt from taxation	(22.90)%	(26.00)%
Effect of expenses that are not deductible for taxation purposes	0.04%	2.09%
Effect of previously unrecognized deferred tax assets on unused tax losses and deductible temporary differences now recognized	-	(0.93)%
Effect on change in tax rate	(0.28)%	(0.05)%
Other items	0.01%	(0.35)%
<b>Effective Tax Rate</b>	<b>5.72%</b>	<b>8.21%</b>

(c) Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unabsorbed depreciation and tax losses can be utilized. Accordingly, the Company has not recognized deferred tax assets in respect of deductible temporary differences and unused tax losses of ₹ 94,861 thousands (March 31, 2017 ₹ 409,869 thousands.).

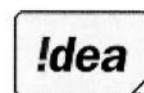
(d) Amounts recognized directly in equity :

Aggregate origination and reversal of temporary differences arising in the reporting period and not recognized in the Statement of Profit and Loss or other comprehensive income but directly debited/ (credited) to equity:

Particulars	₹ '000	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Deferred tax liability reversal due to change in value of investment	-	(5,736,720)







23. Movement in Deferred Tax :

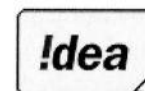
₹ '000

Particulars	Effects of re measuring financial instruments under Ind AS	Investment fair valuation impact	MAT Entitlement	Total
<b>As at April 1, 2016</b>	<b>336</b>	<b>18,941,734</b>	<b>(18,254)</b>	<b>18,923,816</b>
<b>Recognized in:</b>				
Statement of Profit and Loss	15,474	(16,335)	(43,526)	(44,387)
Statement of OCI	-	3,184,111	-	3,184,111
Retained Earnings	-	(5,736,720)	-	(5,736,720)
MAT Credit Utilization	-	-	61,780	61,780
<b>As at March 31, 2017</b>	<b>15,810</b>	<b>16,372,790</b>	<b>-</b>	<b>16,388,600</b>
<b>Recognized in:</b>				
Statement of Profit and Loss	27,330	(9,298)	-	18,032
Statement of OCI	-	(1,249,725)	-	(1,249,725)
<b>As at March 31, 2018</b>	<b>43,140</b>	<b>15,113,767</b>	<b>-</b>	<b>15,156,907</b>

24. Earnings per Share:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>a) Basic earnings per share</b>		
Nominal value of equity shares (₹)	10/-	10/-
Profit after tax (₹ '000)	3,155,413	4,279,427
Profit attributable to equity shareholders (₹ '000)	3,155,413	4,279,427
Weighted average number of equity shares outstanding during the year	10,000,000	11,489,649
Basic earnings per share (₹)	315.54	372.46
<b>b) Diluted earnings per share</b>		
Profit after tax (₹ '000)	3,155,413	4,279,427
Add : Fair Value gain on Financial Instruments (CCPS) at FVTPL	-	290,146
Net Profit available for computing diluted earnings per equity share (₹ '000)	3,155,413	4,569,573
Dilutive effect on weighted average number of equity shares outstanding during the year	-	2,168,929
Weighted average number of diluted equity shares	10,000,000	13,658,578
Diluted earnings per share (₹)	315.54	334.56





**25. Related party transactions:**

The Company has transaction with below related parties:

Relationship	Related Parties
Holding company	Idea Cellular Limited (ICL)
Fellow subsidiaries	Idea Cellular Infrastructure Services Limited (ICISL) Idea Telesystems Limited (ITL)
Joint venture	Indus Towers Limited (Indus)
Key Management Personnel (KMP)	Mr. Baldev Raj Gupta Ms. Tarjani Vakil

**Transactions with related parties during the year ended March 31, 2018**

₹ '000

Particulars	Nature of Relationship				KMP
	Holding company	Fellow subsidiary		Joint venture	
	ICL	ITL	ICISL	Indus	
Purchase of goods	-	-	-	-	-
	-	(2,521)	-	-	-
Sale of goods	287	-	-	-	-
	(3,280)	-	-	-	-
Dividend received	-	-	-	2,657,360	-
	-	-	-	(3,622,578)	-
Interest income	277,425	-	-	-	-
	(255,695)	-	(40,068)	-	-
ICD given to	18,000,000	-	-	-	-
	(11,100,000)	-	-	-	-
ICD repaid by	18,000,000	-	-	-	-
	(11,100,000)	-	(750,000)	-	-
Directors sitting fees paid	-	-	-	-	160
	-	-	-	-	(180)

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

There is no balance outstanding as on March 31, 2018 and March 31, 2017 with any of the related parties.

**26. Segment information:**

As the Company operates in only one business segment, hence there is no separate reportable segment as per Ind AS 108, Operating Segments.





27. Financial Instruments:

a) **Financial Instruments by Category:** The following table provides categorization of all financial instruments which are carried at cost / fair value.

Particulars	As at March 31, 2018			As at March 31, 2017		
	FVTPL	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI
<b>Financial Assets</b>						
Investment accounted for using Equity Method			66,178,727			72,225,233
Current investments	10,849,885	-	-	7,671,722	-	-
Cash and cash equivalents	-	108	-	-	390	-
<b>Total Financial Assets</b>	<b>10,849,885</b>	<b>108</b>	<b>66,178,727</b>	<b>7,671,722</b>	<b>390</b>	<b>72,225,233</b>
<b>Financial Liabilities</b>						
Trade payables	-	5,692	-	-	1,367	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>5,692</b>	<b>-</b>	<b>-</b>	<b>1,367</b>	<b>-</b>

₹ '000





**(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:

₹ '000				
Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investment accounted for using Equity Method	-	66,178,727 <sup>^</sup>	-	66,178,727
Current investments	10,849,885	-	-	10,849,885
<b>Total Financial Assets</b>	<b>10,849,885</b>	<b>66,178,727</b>	-	<b>77,028,612</b>

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

₹ '000				
Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investment accounted for using Equity Method	-	72,225,233 <sup>#</sup>	-	72,225,233
Current investments	7,671,722	-	-	7,671,722
<b>Total Financial Assets</b>	<b>7,671,722</b>	<b>72,225,233</b>	-	<b>79,896,955</b>

<sup>^</sup> As on March 31, 2018, the Company has fair valued its investment in Indus based on the methodology agreed for valuation of Company's stake in Indus as per the recent announced transaction (refer note 32).

<sup>#</sup>As at March 31, 2017, the Company has transferred the fair value of Non-current investments from a level 3 hierarchy to a level 2 hierarchy based on the available EV/EBITDA multiple benchmark of listed competitors in India from the same industry.

- iii. The carrying amounts of the following 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.

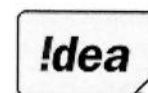
**a) Financial Assets**

- Cash and cash equivalents

**b) Financial Liabilities**

- Trade payables





**(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, 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.

**28. Financial risk management objectives and policies:**

The company's principal financial liabilities, comprises of trade and other payables. The company's principal financial assets comprises of Investments and cash and cash equivalents that derive directly from its operations.

The company is exposed to Market risk. The holding company comprising 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 non-current investment in joint venture and investments in mutual funds.

**a) 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).

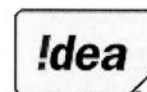
Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However due to the very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant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

**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, including deposits with banks and financial institutions.

The amount is generally collected in advance for the trading business and hence there is no customer credit risk. Investments of surplus funds are made only with approved counterparties. The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018 and March 31, 2017 is the carrying amounts as illustrated in note 8, note 10 and note 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 payables and other payables all of which are payable within one year. The Company maintains sufficient cash and other liquid financial asset to meet the payment of financial liabilities within the due dates.

**29. 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 is a 100% subsidiary of Idea cellular limited and has no borrowings. The existing surplus funds along with the cash generated by the Company are sufficient to take care of its long term and working capital requirements.

**30. Particulars of loans given / investments made / guarantees given, as required by clause (4) of Section 186 of the Companies Act, 2013.**

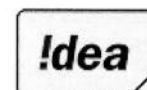
**ICD given to Idea Cellular Limited (ICL) for general corporate purpose repayable on demand.**

Rate of Interest	Amount (₹ in '000)
7.00%	5,000,000
7.00%	2,000,000
7.00%	2,600,000
7.00%	400,000
6.50%	3,000,000
6.50%	5,000,000

**31.** The Company has 11.15 % shareholding in Indus (a Company incorporated in India) as joint venture as on March 31, 2018. Carrying value of investment in Indus is ₹ 66,178,727 thousands (Previous Year ₹ 72,225,233 thousands).

The table below provides summarized financial information for the joint venture of the Company. The information disclosed reflects the amounts presented in the financial statements of the relevant joint venture.





Summarised Balance sheet of Indus towers limited is as below:

₹ '000

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Equity</b>		
Equity share capital	1,190	1,190
Other equity	131,948,880	132,163,590
<b>Total Equity</b>	<b>131,950,070</b>	<b>132,164,780</b>
<b>Liabilities</b>		
Long term borrowings	9,556,000	10,589,190
Other non-current financial and non-financial Liabilities	19,801,000	18,144,970
Deferred tax liability (Net)	10,498,000	11,225,170
Short term borrowings	24,016,000	11,535,480
Other current financial and non-financial Liabilities	40,351,680	42,000,320
<b>Total Liabilities</b>	<b>104,222,680</b>	<b>93,495,130</b>
<b>Assets</b>		
Property, Plant and Equipment and Intangible (including CWIP)	185,372,000	191,656,140
Other non-current financial and non-financial assets	10,819,620	9,625,950
Income Tax Assets	5,179,000	5,867,710
Cash and Cash equivalents	1,063,000	1,120,740
Other current financial and non-financial assets	33,739,130	17,389,370
<b>Total assets</b>	<b>236,172,750</b>	<b>225,659,910</b>

Summarised Statement of Profit and Loss of Indus towers limited is as below:

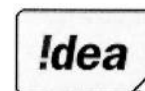
₹ '000

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenues from operations	187,865,000	175,279,820
Other income	3,818,000	1,682,880
Operating Expenses	110,687,000	101,683,270
Profit before Finance charges, Depreciation, Amortisation and Taxes	80,996,000	75,279,430
Finance costs	5,052,600	5,440,290
Depreciation & amortisation expenses*	27,766,000	26,115,430
Profit before exceptional items and tax	48,177,400	43,723,710
Exceptional item	572,000	-
Taxes	16,593,000	15,273,050
Profit after tax	31,012,400	28,450,660
Other Comprehensive Income/(loss)	2,600	(22,030)
<b>Total Comprehensive Income/(loss)</b>	<b>31,015,000</b>	<b>28,428,630</b>

\*Net of adjustment of ₹ 2,544,750 thousands (Previous year: ₹ 2,776,500 thousands) with respect to additional depreciation on fair valued asset pursuant to scheme of merger.

The Company has received a dividend of ₹ 2,657,360 thousands. (Previous year: ₹ 3,622,578 thousands) from Indus.





The contingent liabilities and capital commitment of Indus towers limited are given below:

Particulars	₹ '000	
	As at March 31, 2018	As at March 31, 2017
Contingent liability	43,925,000	36,787,000
Capital commitment	4,443,400	7,077,000

### 32. Subsequent Events

The Company, along with its Holding Company ICL, Bharti Airtel Limited and Vodafone Group has entered into a transaction for merging Indus Towers Limited (Indus) into Bharti Infratel Limited (BIL). The Company has an option to either sell its 11.15% stake to BIL before the merger based on a predetermined pricing formula, or receive shares on merger of the enlarged merged entity at an agreed share exchange ratio, as a part of the merger scheme. The transaction is subject to requisite regulatory / corporate approvals and certain closing conditions.

33. 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 26, 2018

For and on behalf of the Board of Directors of  
Aditya Birla Telecom Limited

  
**Himanshu Kapani**  
Director

  
**Himanshu Kapani**  
Director

  
**Anil Arya**  
Chief Financial Officer

  
**Shweta Gupta**  
Company Secretary

