

**26<sup>th</sup> July, 2019**

**National Stock Exchange of India Limited**  
"Exchange Plaza",  
Bandra - Kurla Complex,  
Bandra (E),  
Mumbai – 400 051

**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001

Dear Sirs,

**Sub: Financial Results for the First Quarter Ended 30<sup>th</sup> June, 2019 - Regulation 33 of SEBI (LODR) Regulations, 2015**

**Ref: "Vodafone Idea Limited" (IDEA / 532822)**

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Financial Results (Standalone and Consolidated) of the Company for the first quarter ended 30<sup>th</sup> June, 2019, together with the Report of the Statutory Auditors' thereon.

The aforesaid results have been approved by the Board of Directors of the Company at their meeting held today, which commenced at 12:00 Noon and concluded at **4:30 PM**.

A copy of Press Release issued in this regard is also attached herewith.

The above is for your information and dissemination to the public at large.

Thanking you,

Yours truly,

For **Vodafone Idea Limited**



**Pankaj Kapdeo**  
**Company Secretary**

Encl: As above

**Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

Review Report to  
The Board of Directors  
Vodafone Idea Limited (formerly known as Idea Cellular Limited)

1. We have reviewed the accompanying Statement of unaudited Consolidated Financial Results of Vodafone Idea Limited (formerly known as Idea Cellular Limited) ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), and its share of the net profit after tax and total comprehensive income of its associates and joint ventures for the quarter ended June 30, 2019 (the "Statement") attached herewith, being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Regulation'), read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ('the Circular').
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India read with the Circular. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, to the extent applicable.

4. The Statement includes the results of the entities as referred to in the Annexure.
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standard specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw your attention to Note 11 which describes the uncertainties related to the legal outcome in respect of the Department of Telecommunications (DoT) demand notices for one-time spectrum charges. Our conclusion is not modified in respect of this matter.



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

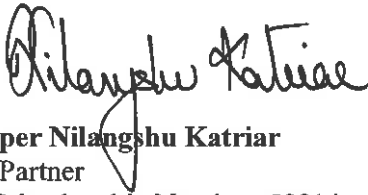
Chartered Accountants

7. The unaudited consolidated financial results include the Group's share of net loss after tax of Rs. 124 million and total comprehensive income of Rs. 1 million for the quarter ended June 30, 2019 as considered in the unaudited consolidated financial results, in respect of its associate, whose interim financial results have not been reviewed by us. These interim financial results have been reviewed by other auditor, whose report have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of this associate is based solely on the report of the other auditor and procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of the above matter.
8. The unaudited consolidated financial results also include the Group's share of net profit after tax of Rs. 2 million and total comprehensive income of Rs. Nil for the quarter ended June 30, 2019 as considered in the unaudited consolidated financial results, in respect of one joint venture, based on its interim financial results which has not been reviewed by any auditor. These unaudited financial results and other unaudited financial information have been approved and furnished to us by the Management. Our conclusion, in so far as it relates to the affairs of this joint venture, is based solely on such unaudited financial results and other unaudited financial information. According to the information and explanations given to us by the Management, these interim financial results are not material to the Group. Our conclusion on the Statement is not modified in respect of the above matter.

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

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per Nilangshu Katriar

Partner

Membership Number: 58814

UDIN: 19058814AAAAAL8033



Place: Mumbai

Date: July 26, 2019

**Annexure to Independent Auditor's Review Report on the Quarterly Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**List of Subsidiaries, Joint Ventures and Associate**

**Subsidiaries**

1. Idea Telesystems Limited
2. Idea Cellular Services Limited
3. Vodafone Idea Business Services Limited (erstwhile Vodafone Business Services Limited)
4. Vodafone Idea Communication Systems Limited (formerly known as Mobile Commerce Solutions Limited)
5. Vodafone M-Pesa Limited
6. Vodafone India Ventures Limited
7. Vodafone India Digital Limited
8. You Broadband India Limited
9. Vodafone Technology Solutions Limited
10. Vodafone Towers Limited
11. Vodafone Foundation
12. Connect (India) Mobile Technologies Private Limited
13. You System Integration Private Limited

**Joint Ventures**

1. Indus Towers Limited
2. FireFly Networks Limited

**Associate**

Aditya Birla Idea Payments Bank Limited





VODAFONE IDEA LIMITED (formerly Idea Cellular Limited)  
 Regd Office :- Suman Towers, Plot No 18, Sector 11, Gandhi Nagar-382011, CIN-L32100GJ1996PLC030976  
 Unaudited Consolidated Financial Results for the three months ended 30-June-2019

(₹ Mn, except per share data)

Particulars	Quarter ended		Year ended	
	30-June-19 Unaudited	31-March-19 Audited Refer Note 12	30-June-18 Unaudited	31-March-19 Audited
<b>INCOME</b>				
Service Revenue	112,638	117,384	58,664	369,865
Sale of Trading Goods	9	22	3	191
Other Operating Income	52	344	225	869
<b>REVENUE FROM OPERATIONS</b>	<b>112,699</b>	<b>117,750</b>	<b>58,892</b>	<b>370,925</b>
Other Income	2,796	1,566	1,414	7,311
<b>TOTAL INCOME</b>	<b>115,495</b>	<b>119,316</b>	<b>60,306</b>	<b>378,236</b>
<b>EXPENSES</b>				
Cost of Trading Goods	33	60	4	260
Employee Benefit Expenses	5,843	7,292	3,920	22,944
Network Expenses and IT Outsourcing Costs	29,986	50,990	26,427	170,052
License Fees and Spectrum Usage Charges	11,910	12,615	5,961	39,331
Roaming & Access Charges	13,198	12,496	7,744	41,690
Marketing, Content, Customer Acquisition & Service Costs	9,613	11,320	6,236	38,446
Finance Costs	37,237	29,460	15,258	94,628
Depreciation & Amortisation Expenses	61,308	46,639	20,924	145,356
Other Expenses	5,616	5,124	2,006	17,772
<b>TOTAL EXPENSES</b>	<b>174,744</b>	<b>175,996</b>	<b>88,480</b>	<b>570,479</b>
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS, TAX AND SHARE IN PROFIT / (LOSS) OF JOINT VENTURES AND ASSOCIATE</b>	<b>(59,249)</b>	<b>(56,680)</b>	<b>(28,174)</b>	<b>(192,243)</b>
Add: Share In Profit/(Loss) of Joint Ventures and Associate (net)	581	549	598	1,968
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>	<b>(58,668)</b>	<b>(56,131)</b>	<b>(27,576)</b>	<b>(190,275)</b>
Exceptional Items (Net) (Refer Note 8)	(8,070)	(11,458)	33,645	8,521
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(66,738)</b>	<b>(67,589)</b>	<b>6,069</b>	<b>(181,754)</b>
<b>Tax expense:</b>				
- Current tax	9	13	157	182
- Deferred tax (Refer Note 8)	(18,008)	(18,783)	3,347	(35,897)
<b>PROFIT / (LOSS) AFTER TAX</b>	<b>(48,739)</b>	<b>(48,819)</b>	<b>2,565</b>	<b>(146,039)</b>
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>				
- Re-measurement gains/ (losses) of defined benefit plans	(528)	69	108	501
- Income tax effect	184	(35)	(38)	(178)
- Group's share in other comprehensive income of joint ventures and associate	-	2	-	5
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>	<b>(49,083)</b>	<b>(48,783)</b>	<b>2,635</b>	<b>(145,711)</b>
Paid up Equity Share Capital (Face value ₹ 10 per share)	287,354	87,356	43,599	87,356
Other Equity				508,992
Earnings/(Loss) Per Share for the period (₹)				
- Basic	(2.08)	(4.54)	0.47	(17.17)
- Diluted	(2.08)	(4.54)	0.47	(17.17)





## Notes

1. The above unaudited consolidated financial results, as reviewed by the Audit Committee of the Board, were approved and taken on record by the Board of Directors at their meeting held on 26<sup>th</sup> July, 2019.
2. Vodafone India Limited (VinL) along with its subsidiary Vodafone Mobile Services Limited (VMSL) (hereinafter collectively called as "erstwhile Vodafone") have merged into Idea Cellular Limited (ICL) on 31<sup>st</sup> August, 2018 (Effective Date). This resulted in the formation of a Joint Venture between the promoter Groups i.e. Aditya Birla Group and Vodafone Group and change of name from ICL to Vodafone Idea Limited (VIL). Accordingly, the consolidated financial results for the quarter ended 30<sup>th</sup> June, 2019 and 31<sup>st</sup> March, 2019 includes consolidated financial results of the operations of erstwhile VinL for the entire quarter whereas the consolidated financial results for the year ended 31<sup>st</sup> March, 2019 includes consolidated financial results of the operations of erstwhile VinL for the period from 31<sup>st</sup> August, 2018 to 31<sup>st</sup> March, 2019.
3. On 4<sup>th</sup> May, 2019, the Company has allotted 19,999,830,911 Equity Shares of face value of ₹ 10 each to the eligible existing equity shareholders under a Rights Issue at a price of ₹ 12.50 (including a premium of ₹ 2.50) per equity share aggregating to ₹ 249,998 Mn. Based on the completion of the rights issue, the Board believes that there is no impairment in the value of its assets in accordance with Ind AS 36, Impairment of Assets and these financial statements are prepared on a going concern basis.
4. The Group has adopted Ind AS 116, 'Leases', effective annual reporting period beginning 1<sup>st</sup> April, 2019 which replaces the existing standard on leases – Ind AS 17, 'Leases' and introduces a single, on-balance sheet lease accounting model for lessee. In accordance with the first time adoption options available in the standard, the Group has applied the standard using modified retrospective approach, with the cumulative effect of initially applying the Standard recognised as an adjustment to the opening balance of retained earnings as on the date of adoption i.e. 1<sup>st</sup> April, 2019. Accordingly, the Group has not restated comparative information which continues to be reported under Ind AS 17, 'Leases'.

This has resulted in lease expenses no longer recorded in the statement of profit and loss effective 1<sup>st</sup> April, 2019 and depreciation and interest expenses recorded on Right of Use assets and lease liabilities respectively. Adoption of the standard has resulted in reduction of the net loss after tax for the quarter by ₹ 1,157 Mn.

5. Vodafone M-Pesa Limited (VMPL), a 100% subsidiary of the Company, into the business of Prepaid Payment Instruments (PPI) and Business Correspondence (BC) intimated Reserve Bank of India (RBI) to surrender its PPI license. RBI has granted an extension to VMPL to extinguish its liabilities towards PPI holders till 30<sup>th</sup> September, 2019 without further loading of balance in wallet.

Basis developments during the current quarter, on 8<sup>th</sup> July, 2019 the Group has decided to close its PPI and BC business and is currently exploring other business opportunities in VMPL. Accordingly, the Group has recorded an impairment provision amounting to ₹ 496 Mn towards the net assets of PPI and BC business.

6. Basis developments during the quarter, Aditya Birla Idea Payment Bank Limited (ABIPBL), an associate of the Company has decided to wind up business voluntarily (voluntary winding up) on 19<sup>th</sup> July, 2019 subject to requisite regulatory approvals and consent. Accordingly, the Group has impaired its net investments of ₹ 1,596 Mn towards its share of net assets in ABIPBL.
7. In the previous quarter, the Company had classified ₹ 102,062 Mn from non-current borrowings to current maturities of long term debt for not meeting certain covenant clauses for specified financial ratios as at 31<sup>st</sup> March, 2019. During the quarter ended 30<sup>th</sup> June, 2019, the Company has exchanged correspondences / been in discussions with these lenders for the next steps/waivers.
8. Exceptional items for the quarter ended 30<sup>th</sup> June, 2019 includes (a) Integration and merger related costs amounting to ₹ 2,262 Mn (b) provision for additional depreciation / impairment of assets amounting to ₹ 3,716 Mn on account of network re-alignment and integration and (c) Provision for impairment towards its share of net assets in subsidiaries / associate amounting to ₹ 2,092 Mn (Refer Note 5 and 6). Exceptional items for the quarter ended 30<sup>th</sup> June, 2018 consists of gain on sale of Idea Cellular Infrastructure Services Limited (ICISL) amounting to ₹ 33,645 Mn.

Deferred tax charge includes tax impact of ₹ (1,671) Mn and ₹ 13,235 Mn on the above items for the quarter ended 30<sup>th</sup> June, 2019 and 30<sup>th</sup> June, 2018 respectively.

9. The Group operates only in one reportable segment i.e. Mobility and hence no separate disclosure is required for Segments.



10. Unaudited financial results of Vodafone Idea Limited (Standalone) :-

Particulars	Quarter ended			Year ended
	30-June-19 Unaudited	31-March-19 Audited	30-June-18 Unaudited	31-March-19 Audited
Revenue from Operations	112,085	117,147	58,269	368,588
Profit / (Loss) before Tax	(68,546)	(68,132)	12,096	(176,922)
Net Profit / Loss after Tax	(50,383)	(49,270)	8,920	(140,560)

₹ Mn

11. One Time Spectrum Charges (Beyond 4.4 MHz):

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

- For spectrum beyond 6.2 MHz in respective service areas for retrospective period from 1<sup>st</sup> July, 2008 to 31<sup>st</sup> December, 2012, amounting to ₹10,687 Mn (31<sup>st</sup> March, 2019: ₹ 10,687 Mn), and

- For spectrum beyond 4.4 MHz in respective service areas effective 1<sup>st</sup> January, 2013 till expiry of the period as per respective licenses amounting to ₹ 57,254 Mn (31<sup>st</sup> March, 2019: ₹ 57,254 Mn).

The Company believes the above demands amount to alteration of financial terms of the licenses issued in the past. The Company had therefore, petitioned the Hon'ble High Court of Bombay /TDSAT.

At the time of Merger approval of VInL and VMSL with Idea Cellular, the DoT while granting the approval demanded that the Company submits bank guarantee towards one-time spectrum fees beyond 4.4 MHz amounting to ₹ 33,224 Mn (31<sup>st</sup> March, 2019: ₹ 33,224 Mn) as per clause 3 (l) and (m) of the M&A guidelines dated 20<sup>th</sup> February, 2014. The Company, without prejudice to its rights, complied with the aforesaid demand and submitted the bank guarantee to DoT under protest.

Further, on 4<sup>th</sup> July, 2019 TDSAT issued its Judgment on OTSC matter quashing demands on erstwhile Vodafone India Limited (VInL) and erstwhile Vodafone Mobile Services Limited (VMSL) holding that spectrum up to 6.2 MHz is not chargeable and that spectrum beyond 6.2 MHz shall be levied only from 1<sup>st</sup> January, 2013 for spectrum allotted before 1<sup>st</sup> July, 2008 and from the date of allotment for spectrum if allotted after 1<sup>st</sup> July, 2008 and directed DoT to issue revise demands, if any in terms of the above direction within a period of 3 months. No impact of the said order is considered as on 30<sup>th</sup> June, 2019.

12. The financial results for the quarter ended 31<sup>st</sup> March, 2019 is the balancing figure between audited results for the full financial year and the audited year to date figures upto the third quarter of the financial year.
13. Consolidated financial results for the quarter ended 30<sup>th</sup> June, 2019 are not comparable to those reported for the same period of the preceding year due to the facts mentioned in notes 2 and 4 above. Previous periods figures have been regrouped and rearranged wherever necessary.

For and on behalf of the Board of Directors of

**VODAFONE IDEA LIMITED**

Date: 26<sup>th</sup> July, 2019  
Place: Mumbai



*[Handwritten Signature]*

Director



**Independent Auditor's Review Report on the Quarterly Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

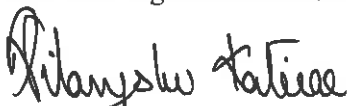
Review Report to  
The Board of Directors  
Vodafone Idea Limited (formerly known as Idea Cellular Limited)

1. We have reviewed the accompanying statement of unaudited standalone financial results of Vodafone Idea Limited (formerly known as Idea Cellular Limited) (the 'Company') for the quarter ended June 30, 2019 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation') as amended, read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ('the Circular').
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw your attention to Note 10 which describes the uncertainties related to the legal outcome in respect of the Department of Telecommunications (DoT) demand notices for one-time spectrum charges. Our conclusion is not modified in respect of this matter.

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

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per Nilangshu Katriar

Partner

Membership Number: 58814

UDIN: 19058814AAAAAK2895



Place: Mumbai

Date: July 26, 2019





VODAFONE IDEA LIMITED (formerly Idea Cellular Limited)  
 Regd Office :- Suman Towers, Plot No 18, Sector 11, Gandhi Nagar-382011, CIN-L32100GJ1996PLC030976  
 Unaudited Financial Results for the three months ended 30-June-2019

(₹ Mn, except per share data)

Particulars	Quarter ended			
	30-June-19 Unaudited	31-March-19 Audited Refer Note 10	30-June-18 Unaudited	31-March-19 Audited
<b>INCOME</b>				
Service Revenue	112,024	116,759	58,045	367,668
Other Operating Income	61	388	224	920
<b>REVENUE FROM OPERATIONS</b>	<b>112,085</b>	<b>117,147</b>	<b>58,269</b>	<b>368,588</b>
Other Income	2,958	1,756	4,351	10,733
<b>TOTAL INCOME</b>	<b>115,043</b>	<b>118,903</b>	<b>62,620</b>	<b>379,321</b>
<b>EXPENSES</b>				
Employee Benefit Expenses	5,318	6,798	3,599	21,209
Network Expenses and IT Outsourcing Costs	29,779	50,628	26,419	169,269
License Fees and Spectrum Usage Charges	11,871	12,578	5,961	39,243
Roaming & Access Charges	13,198	12,496	7,744	41,690
Marketing, Content, Customer Acquisition & Service Costs	9,683	11,333	6,548	38,948
Finance Costs	37,213	29,531	15,250	94,713
Depreciation & Amortisation Expenses	60,821	46,159	20,924	144,098
Other Expenses	6,244	5,810	1,915	19,440
<b>TOTAL EXPENSES</b>	<b>174,127</b>	<b>175,333</b>	<b>88,360</b>	<b>568,610</b>
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>	<b>(59,084)</b>	<b>(56,430)</b>	<b>(25,740)</b>	<b>(189,289)</b>
Exceptional Items (net) (Refer Note 8)	(9,462)	(11,702)	37,836	12,367
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(68,546)</b>	<b>(68,132)</b>	<b>12,096</b>	<b>(176,922)</b>
Tax expense:				
- Current tax	-	-	-	-
- Deferred tax (Refer Note 8)	(18,163)	(18,862)	3,176	(36,362)
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>(50,383)</b>	<b>(49,270)</b>	<b>8,920</b>	<b>(140,560)</b>
Items not to be reclassified to profit or loss in subsequent periods:				
- Equity instrument through other comprehensive gains/(losses)	(5,273)	11,935	(10,169)	(4,621)
- Income tax effect on equity instrument through other comprehensive gains/(losses)	1,229	(2,932)	2,378	1,076
- Re-measurement gains/ (losses) of defined benefit plans	(529)	104	107	534
- Income tax effect on re-measurement gains/ (losses) of defined benefit plans	185	(45)	(37)	(187)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>	<b>(54,771)</b>	<b>(40,208)</b>	<b>1,199</b>	<b>(143,758)</b>
Paid up Equity Share Capital (Face value ₹ 10 per share)	287,354	87,356	43,599	87,356
Other Equity				547,689
Earnings/(Loss) Per Share for the period (₹)				
- Basic	(2.14)	(4.58)	1.66	(16.50)
- Diluted	(2.14)	(4.58)	1.66	(16.50)



## Notes

1. The above unaudited financial results, as reviewed by the Audit Committee of the Board, were approved and taken on record by the Board of Directors at their meeting held on 26<sup>th</sup> July, 2019.
2. Vodafone India Limited (ViNl) along with its subsidiary Vodafone Mobile Services Limited (VMSL) (hereinafter collectively called as "erstwhile Vodafone") have merged into Idea Cellular Limited (ICL) on 31<sup>st</sup> August, 2018 (Effective Date). This has resulted in the formation of a Joint Venture between the promoter Groups i.e Aditya Birla Group and Vodafone Group and change of name from ICL to Vodafone Idea Limited (VIL). Accordingly, the financial results for the quarter ended 30<sup>th</sup> June, 2019 and 31<sup>st</sup> March, 2019 includes financial results of the operations of erstwhile ViNl for the entire quarter whereas the financial results for the year ended 31<sup>st</sup> March, 2019 includes financial results of the operations of erstwhile ViNl for the period from 31<sup>st</sup> August, 2018 to 31<sup>st</sup> March, 2019.
3. On 4<sup>th</sup> May, 2019, the Company has allotted 19,999,830,911 Equity Shares of face value of ₹ 10 each to the eligible existing equity shareholders under a Rights Issue at a price of ₹ 12.50 (including a premium of ₹ 2.50) per equity share aggregating to ₹ 249,998 Mn. Based on the completion of the rights issue, the Board believes that there is no impairment in the value of its assets in accordance with Ind AS 36, Impairment of Assets and these financial statements are prepared on a going concern basis.
4. The Company has adopted Ind AS 116, 'Leases', effective annual reporting period beginning 1<sup>st</sup> April, 2019 which replaces the existing standard on leases - Ind AS 17, 'Leases' and introduces a single, on-balance sheet lease accounting model for lessee. In accordance with the first time adoption options available in the standard, the Company has applied the standard using modified retrospective approach, with the cumulative effect of initially applying the Standard recognised as an adjustment to the opening balance of retained earnings as on the date of adoption i.e. 1<sup>st</sup> April, 2019. Accordingly, the Company has not restated comparative information which continues to be reported under Ind AS 17, 'Leases'.

This has resulted in lease expenses no longer recorded in the statement of profit and loss effective 1<sup>st</sup> April, 2019 and depreciation and interest expenses recorded on Right of Use assets and lease liabilities respectively. Adoption of the standard has resulted in reduction of the net loss after tax for the quarter by ₹ 1,158 Mn.

5. Vodafone M-Pesa Limited (VMPL), a 100% subsidiary of the Company, into the business of Prepaid Payment Instruments (PPI) and Business Correspondence (BC) intimated Reserve Bank of India (RBI) to surrender its PPI license. RBI has granted an extension to VMPL to extinguish its liabilities towards PPI holders till 30<sup>th</sup> September, 2019 without further loading of balance in wallet.

Basis the development during the current quarter, on 8<sup>th</sup> July, 2019, VMPL has decided to close its PPI and BC business and is currently exploring other business opportunities. Accordingly, the Company has recorded an impairment provision amounting to ₹ 696 Mn towards loan given to VMPL.

6. Basis developments during the quarter, Aditya Birla Idea Payment Bank Limited (ABIPBL), an associate of the Company has decided to wind up business voluntarily (voluntary winding up) on 19<sup>th</sup> July, 2019 subject to requisite regulatory approvals and consent. Accordingly, the Company has impaired its investments of ₹ 2,788 Mn in ABIPBL.
7. In the previous quarter, the Company had classified ₹ 102,062 Mn from non-current borrowings to current maturities of long term debt for not meeting certain covenant clauses for specified financial ratios as at 31<sup>st</sup> March, 2019. During the quarter ended 30<sup>th</sup> June, 2019, the Company has exchanged correspondences / been in discussions with these lenders for the next steps/waivers.
8. Exceptional items for the quarter ended 30<sup>th</sup> June, 2019 includes (a) Integration and merger related costs amounting to ₹ 2,262 Mn (b) provision for additional depreciation / impairment of assets amounting to ₹ 3,716 Mn on account of network re-alignment and integration and (c) Provision for impairment towards its loan receivable/Investment in subsidiaries / associate amounting to ₹ 3,484 Mn (Refer Note 5 and 6). Exceptional items for the quarter ended 30<sup>th</sup> June, 2018 consists of gain on sale of Idea Cellular Infrastructure Services Limited (ICISL) amounting to ₹ 37,836 Mn.

Deferred tax charge includes tax impact of ₹ (1,671) Mn and ₹ 13,235 Mn on the above items for the quarter ended 30<sup>th</sup> June, 2019 and 30<sup>th</sup> June, 2018 respectively.



9. One Time Spectrum Charges (Beyond 4.4 MHz):

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

- For spectrum beyond 6.2 MHz in respective service areas for retrospective period from 1<sup>st</sup> July, 2008 to 31<sup>st</sup> December, 2012, amounting to ₹10,687 Mn (31<sup>st</sup> March, 2019: ₹ 10,687 Mn), and

- For spectrum beyond 4.4 MHz in respective service areas effective 1<sup>st</sup> January, 2013 till expiry of the period as per respective licenses amounting to ₹ 57,254 Mn (31<sup>st</sup> March, 2019: ₹ 57,254 Mn).

The Company believes the above demands amount to alteration of financial terms of the licenses issued in the past. The Company had therefore, petitioned the Hon'ble High Court of Bombay /TDSAT.

At the time of Merger approval of VInL and VMSL with Idea Cellular, the DoT while granting the approval demanded that the Company submits bank guarantee towards one-time spectrum fees beyond 4.4 MHz amounting to ₹ 33,224 Mn (31<sup>st</sup> March, 2019: ₹ 33,224 Mn) as per clause 3 (i) and (m) of the M&A guidelines dated 20<sup>th</sup> February, 2014. The Company, without prejudice to its rights, complied with the aforesaid demand and submitted the bank guarantee to DoT under protest.

Further, on 4<sup>th</sup> July, 2019 TDSAT issued its Judgment on OTSC matter quashing demands on erstwhile Vodafone India Limited (VInL) and erstwhile Vodafone Mobile Services Limited (VMSL) holding that spectrum up to 6.2 MHz is not chargeable and that spectrum beyond 6.2 MHz shall be levied only from 1<sup>st</sup> January, 2013 for spectrum allotted before 1<sup>st</sup> July, 2008 and from the date of allotment for spectrum if allotted after 1<sup>st</sup> July, 2008 and directed DoT to issue revised demands, if any in terms of the above direction within a period of 3 months. No impact of the said order is considered as on 30<sup>th</sup> June, 2019.

10. The financial results for the quarter ended 31<sup>st</sup> March, 2019 are the balancing figure between audited results for the full financial year and the audited year to date figures upto the third quarter of the financial year.
11. Financial results for the quarter ended 30<sup>th</sup> June, 2019 are not comparable to those reported for the same period of the preceding year due to the facts mentioned in notes 2 and 4 above. Previous periods figures have been regrouped and rearranged wherever necessary.

For and on behalf of the Board of Directors of

**VODAFONE IDEA LIMITED**

Date: 26<sup>th</sup> July, 2019.  
Place: Mumbai



A handwritten signature in blue ink, appearing to read "Shakshay", with a blue arrow pointing to the signature. Below the signature is the word "Director".



Media Release – July 26, 2019

## Integration continues at pace with 66% of districts consolidated 4G speeds improved by more than 50% in consolidated circles

### Highlights for the Quarter

- Q1 Revenue declined by 4.3% QoQ primarily due to churn of customers who recharged with ‘service validity vouchers’ in Q4 as well as ARPU down-trading.
- Synergy realization on track with **~70% of the synergy target achieved** by Q1FY20.
- Network integration continues at a fast pace; **66% of districts consolidated**.
- In addition to the rollout of TDD sites, **Massive MIMO deployed** in key areas to enhance capacity.
- **Fastest 4G network** in Delhi, West Bengal and Chennai according to Ookla. 4G speeds improved by more than 50% in consolidated circles compared to December, 2018.
- **LTE 900 initiated** in the service areas of Delhi, Mumbai, Kerala, Gujarat and Haryana through dynamic spectrum refarming.
- **Successfully closed India’s largest rights issue**, raising Rs. 250 billion.

### Financial Highlights

Consolidated (Rs Mn)	Q4FY19	Q1FY20
Revenue	117,750	112,699
EBITDA	17,853	36,500
EBITDA%	15.2%	32.4%
Depreciation & Amortisation	46,639	61,308
EBIT	(28,786)	(24,808)
Interest and Financing Cost (Net)	27,894	34,441
Exceptional Items		
- Impairment (non-cash)	(5,061)	(5,808)
- Others	(6,397)	(2,262)
Share of Profit/(Loss) from Indus & ABIPBL	549	581
PBT	(67,589)	(66,738)
PAT	(48,819)	(48,739)
Other Comprehensive Income (net of Tax)	36	(344)
Total Comprehensive Income (Consolidated)	(48,783)	(49,083)

**Balesh Sharma, CEO Vodafone Idea limited**, said *“We are delivering on our stated strategy although the benefits are not yet visible in our top line. As we continue to integrate our networks, our customers’ data experience is significantly improving in most services areas and we now lead the league tables on data download speeds in Delhi, West Bengal and Chennai. We remain focused on expanding our 4G coverage to over a billion Indians as well as expanding our data capacities by adding more sites on TDD and deploying Massive MIMO. We are well on track to deliver our synergy targets by Q1FY21. We expect these factors to increasingly contribute to our financial performance going forward.”*

### Financial highlights

Headline tariffs have remained stable during the quarter. However the customer base on 'service validity vouchers' is yet to stabilize on a regular recharge cycle. As a result, revenue in the current quarter was impacted by the churn of customers who had recharged on service validity plans in Q4. This, coupled with the impact of continued down trading of high ARPU customers, led to revenue of Rs. 112.7 billion, a QoQ decline of 4.3% compared to Rs. 117.8 billion in Q4FY19

EBITDA for the quarter increased to Rs. 36.5 billion versus Rs. 17.9 billion in Q4FY19 (Rs. 15.9 billion adjusted for one-offs), as the adoption of Ind AS 116 positively benefited EBITDA. On an underlying basis the impact of lower revenues was partially offset by further cost synergy realisation, with Q1FY20 underlying operating expenses (excluding licence fees & spectrum usage charges and roaming & access charges) lower by Rs. 14.8 billion compared to Q1FY19, after adjusting for inflation driven cost increases and incremental network rollout. On an annualised basis, this represents ~70% of our target opex synergy of Rs. 84 billion. We are therefore well on track to realize our full opex synergy targets by Q1FY21.

The adoption of Ind AS 116 'Leases' effective April 01, 2019 resulted in higher Depreciation & Amortisation and Finance cost for the quarter. Adoption of this standard resulted in a positive impact of Rs. 1.2 billion at PAT for the quarter.

Vodafone M-Pesa Limited (a wholly owned subsidiary) has intimated RBI the surrender of its Prepaid Payment Instrument (PPI) licenses as we plan to close the PPI and Business Correspondence (BC) business. Further, our associate, ABIPBL has decided to voluntarily wind up its payments bank business. These actions resulted in an impairment loss of Rs. 2.1 billion during the quarter.

Capex spend for Q1FY20 was Rs. 28.4 billion. Gross debt as at June 30, 2019 was Rs. 1,204.4 billion, including deferred spectrum payment obligations due to the Government of Rs. 891.8 billion but excluding lease liabilities. Cash & cash equivalents were Rs. 211.8 billion resulting in net debt of Rs. 992.6 billion (vs Rs. 1,183.9 billion in Q4FY19).

### Integration update

Since the merger of Vodafone India and Idea Cellular on August 31, 2018, we have accelerated the integration of the two businesses. Opex synergy of Rs. 84 billion is targeted by Q1FY21, two years earlier than the initial plan set at the time of the merger announcement in March 2017.

Integration continues to progress well. Following the completion of the network integration in 10 service areas in the prior quarters, our integration continues to move at a rapid pace on a cluster-by-cluster approach in the remaining circles and subscribers of both the brands are gradually moving to a network with greater coverage and capacity. This coupled with the deployment of TDD sites, Massive MIMO and L900 MHz on select sites has resulted in improved data speeds in all circles. The data capacity in the integrated circles has increased by ~55% since December, 2018. We offer the fastest 4G network in circles of Delhi and West Bengal as well as in Chennai, based



on Ookla data. We believe the improved data speeds will lead to superior customer experience and perception, which should benefit our subscriber additions over time.

We have completed network integration in major cities including Bangalore, Jaipur, Agra, Lucknow, Hyderabad and Trivandrum. As part of our network integration exercise, we removed surplus equipment from ~38,000 sites out of the total ~73,000 co-located sites by the end of June, 2019, further benefiting our cost base. In addition, we exited ~14,000 low utilization sites by the end of June 30, 2019.

#### **Operational highlights**

Our subscriber base declined to 320.0 million from 334.1 million in Q4FY19 primarily due to customer churn following the introduction of 'service validity vouchers' in the prior quarters. However, our high ARPU subscriber base remained broadly stable. We have taken certain market initiatives to offer a better value proposition to low ARPU customers and to reduce low-end churn. We have also introduced bigger data bundles at Rs. 229/255 offering Unlimited Voice and 2/2.5 GB data per day, to upgrade heavy data users from Rs.169/199 plans, which should improve ARPU over time.

Churn reduced to 3.7% during Q1, compared to 7.2% in Q4, and ARPU now stands at Rs. 108, up 3.8% QoQ vs Rs. 104 in Q4FY19. The sequential trend in both metrics reflects the low-end customer disconnections that occurred during Q4 and Q1 following the introduction of 'service validity vouchers'.

We added ~6,500 FDD sites to increase our 4G coverage and deployed ~15,000 TDD sites and ~4,400 Massive MIMO sites in select key locations to increase our data capacity during the quarter. We have also initiated 4G on 900 MHz in certain locations such as Delhi, Mumbai, Kerala, Gujarat and Haryana through dynamic spectrum refarming. These initiatives have delivered a significant capacity uplift and enhanced our customers' experience. Our 4G population coverage continues to improve and stands at ~68.6% (~830 million Indians) as of June 30, 2019, compared to less than 50% for each of the brands in August 2018.

During the quarter, we added 4.1 million 4G customers, taking the overall 4G subscriber base to 84.8 million. The broadband subscriber base for the quarter stands at 110.5 million. Total data volumes grew by 9.3% to 3,222 billion MB compared to the last quarter. Total minutes on the network declined by 3.8% during the quarter, mainly due to a reduction in incoming minutes following the disconnection of 'Incoming only' or 'Low ARPU' customers.

#### **Fund raising / Asset monetisation**

This quarter, we received Rs. 250 billion in proceeds from the successful completion of the rights issue. The merger of Bharti Infratel and Indus Towers is expected to close by H1FY20. Vodafone Idea's 11.15% stake in Indus has an implied value of ~Rs. 56.3 billion (based on the VWAP for Bharti Infratel's shares during the last 60 trading days as at June 30, 2019) which we plan to monetize on completion. We are also exploring options to monetize over 159,000 Kilometers of intra-city and inter-city fibre which will provide further financial flexibility.

**About Vodafone Idea Ltd. (formerly Idea Cellular Ltd)**

Vodafone Idea Limited is an Aditya Birla Group and Vodafone Group partnership. It is India's leading telecom service provider. The company provides pan India Voice and Data services across 2G, 3G and 4G platform. With the large spectrum portfolio to support the growing demand for data and voice, the company is committed to deliver delightful customer experiences and contribute towards creating a truly 'Digital India' by enabling millions of citizens to connect and build a better tomorrow. The company is developing infrastructure to introduce newer and smarter technologies, making both retail and enterprise customers future ready with innovative offerings, conveniently accessible through an ecosystem of digital channels as well as extensive on-ground presence. The company is listed on National Stock Exchange (NSE) and the BSE in India.