vodafone idea

**21 January 2022**

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

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

Dear Sirs,

**Sub: Financial Results for the Third Quarter and Nine Months Ended 31st December 2021 – Regulation 33 of SEBI (LODR) Regulations, 2015**

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

Pursuant to Regulation 33, 52 and 54 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Financial Results (Standalone and Consolidated) of the Company for the third quarter and nine months ended 31st December 2021, together with the Limited Review Report of the Statutory Auditors' thereon.

The aforesaid results have been approved by the Board of Directors of the Company at the meeting held today, which commenced at 4.40 PM and concluded at 7:00 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

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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

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

To
The Board of Directors
Vodafone Idea Limited

1. We have reviewed the accompanying statement of unaudited Consolidated financial results of Vodafone Idea Limited (the "Holding Company" or "the Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and joint venture for the quarter ended December 31, 2021 and year to date from April 1, 2021 to December 31, 2021 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company'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. 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 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 No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, 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 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 accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. Material Uncertainty Related to Going Concern

We draw attention to Note 4 to the financial results, which describes the Company's financial condition as of December 31, 2021 and its debt obligations due for the next 12 months. The Company's financial performance has impacted its ability to generate the cash flow that it needs to settle/refinance its liabilities as they fall due.

The Company's ability to continue as a going concern is dependent on its ability to raise additional funds as required and successful negotiations with lenders for continued support and generation of cash flow from its operations that it needs to settle its liabilities as they fall due. Our conclusion is not modified in respect of this matter.

7. The accompanying Statement of unaudited consolidated financial results includes the Group's share of net profit after tax and total comprehensive income of Rs 1 million and Rs 9 million for the quarter ended December 31, 2021 and year to date from April 1, 2021 to December 31, 2021 respectively, as considered in the unaudited consolidated financial results in respect of a joint venture, based on its interim financial results which have not been reviewed by any auditor. These unaudited interim 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 the joint venture, is based solely on such unaudited interim 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 is not modified with respect of this matter.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership No.: 58814

UDIN: 22058814AAAAAC5595

Place: Mumbai
Date: January 21, 2022

Annexure to Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated 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 Venture and Associate

Subsidiaries

1. Vodafone Idea Manpower Services Limited
2. Vodafone Idea Business Services Limited
3. Vodafone Idea Communication Systems Limited
4. Vodafone M-Pesa Limited
5. Vodafone Idea Shared Services Limited
6. You Broadband India Limited
7. Vodafone Idea Technology Solutions Limited
8. Vodafone Idea Telecom Infrastructure Limited
9. Vodafone Foundation
10. Connect (India) Mobile Technologies Private Limited

Joint Venture
1. FireFly Networks Limited

Associate
1. Aditya Birla Idea Payments Bank Limited

**VODAFONE IDEA LIMITED**

**Regd Office :- Suman Towers, Plot No 18, Sector 11, Gandhi Nagar-382011, CIN-L32100GJ1996PLC030976**

**Unaudited Consolidated Financial Results for the quarter and nine months ended 31-December-2021**

(Rs. Mn, except per share data)

| Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|
| | 31-December-21 Unaudited | 30-September-21 Unaudited | 31-December-20 Unaudited | 31-December-21 Unaudited | 31-December-20 Unaudited | 31-March-21 Audited |
| **INCOME** | | | | | | |
| Service Revenue | 97,151 | 94,015 | 108,907 | 282,606 | 323,313 | 419,331 |
| Sale of Trading Goods | 4 | 8 | 9 | 32 | 42 | 51 |
| Other Operating Income | 18 | 41 | 25 | 122 | 91 | 140 |
| **REVENUE FROM OPERATIONS** | **97,173** | **94,064** | **108,941** | **282,760** | **323,446** | **419,522** |
| Other Income | 345 | 291 | 394 | 971 | 1,340 | 1,742 |
| **TOTAL INCOME** | **97,518** | **94,355** | **109,335** | **283,731** | **324,786** | **421,264** |
| **EXPENSES** | | | | | | |
| Cost of Trading Goods | 1 | 1 | 2 | 14 | 23 | 30 |
| Employee Benefit Expenses | 4,434 | 4,386 | 5,070 | 12,649 | 15,892 | 20,300 |
| Network Expenses and IT Outsourcing Costs | 26,236 | 26,157 | 26,143 | 77,320 | 74,572 | 95,938 |
| License Fees and Spectrum Usage Charges | 10,536 | 10,254 | 10,923 | 30,767 | 30,888 | 41,295 |
| Roaming & Access Charges | 7,640 | 6,997 | 16,059 | 21,333 | 46,432 | 52,906 |
| Marketing, Content, Customer Acquisition & Service Costs | 7,903 | 6,538 | 5,060 | 20,724 | 19,057 | 25,552 |
| Finance Costs | 53,248 | 51,114 | 47,874 | 156,646 | 132,915 | 179,981 |
| Depreciation & Amortisation Expenses | 57,388 | 59,227 | 58,241 | 176,713 | 178,284 | 236,385 |
| Other Expenses | 2,258 | 1,102 | 2,822 | 6,082 | 11,212 | 14,044 |
| **TOTAL EXPENSES** | **169,644** | **165,776** | **172,194** | **502,248** | **509,275** | **666,431** |
| **PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS,TAX AND SHARE IN PROFIT / (LOSS) OF JOINT VENTURES AND ASSOCIATE** | **(72,126)** | **(71,421)** | **(62,859)** | **(218,517)** | **(184,489)** | **(245,167)** |
| Add: Share in Profit/(Loss) of Joint Ventures and Associate (net) | 1 | 3 | 570 | 9 | 2,316 | 2,314 |
| **PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX** | **(72,125)** | **(71,418)** | **(62,289)** | **(218,508)** | **(182,173)** | **(242,853)** |
| Exceptional Items (Net) (Refer Note 6) | (134) | 135 | 16,965 | 1,780 | (189,938) | (199,681) |
| **PROFIT/ (LOSS) BEFORE TAX** | **(72,259)** | **(71,283)** | **(45,324)** | **(216,728)** | **(372,111)** | **(442,534)** |
| **Tax expense:** | | | | | | |
| - Current tax | 60 | 57 | 2 | 156 | 3 | (180) |
| - Deferred tax | (10) | (17) | (5) | (61) | (11) | (23) |
| **PROFIT /(LOSS) AFTER TAX** | **(72,309)** | **(71,323)** | **(45,321)** | **(216,823)** | **(372,103)** | **(442,331)** |
| **Items not to be reclassified to profit or loss in subsequent periods:** | | | | | | |
| - Re-measurement gains/ (losses) of defined benefit plans | (33) | (125) | (86) | (96) | - | 374 |
| - Income tax effect on re-measurement gains/ (losses) of defined plans | 1 | 2 | (1) | 3 | (7) | (4) |
| - Group's share in other comprehensive income of joint ventures and associate | - | - | - | - | (2) | (2) |
| **TOTAL COMPREHENSIVE INCOME/(LOSS)** | **(72,341)** | **(71,446)** | **(45,408)** | **(216,916)** | **(372,112)** | **(441,963)** |
| Paid up Equity Share Capital (Face value Rs. 10 per share) | 287,354 | 287,354 | 287,354 | 287,354 | 287,354 | 287,354 |
| Other Equity | | | | | | (669,634) |
| Earnings Per Share for the period (Rs.) | | | | | | |
| - Basic | (2.52) | (2.48) | (1.58) | (7.55) | (12.95) | (15.40) |
| - Diluted | (2.52) | (2.48) | (1.58) | (7.55) | (12.95) | (15.40) |

S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS MUMBAI

VODAFONE IDEA LIMITED

**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 21st January, 2022.

2. The Adjusted Gross Revenue (AGR) judgments delivered by the Hon'ble Supreme Court on 24th October, 2019 and 1st September, 2020 directed that the amount payable under the AGR judgement as determined (excluding the amount already settled) be paid in annual instalments over a period of 10 years starting 1st April, 2021. The company had on 10th August, 2021 filed a review petition with the Hon'ble Supreme Court for considering to hear the modification application on correction of manifest / clerical / arithmetic errors in the computation of AGR demands which is still pending to be heard. Meanwhile the DoT has revised the definition of AGR effective 1st October, 2021 to exclude non-telecom revenues in line with the reforms package approved by the Cabinet. During the quarter, the Company has continued to recognize its AGR obligations based on the AGR judgment of the Hon'ble Supreme Court, License Agreement and in line with the revised definition of AGR effective from 1st October, 2021.

3. The Union Cabinet on 15th September, 2021 approved major structural and process reforms in the telecom sector to boost the proliferation and penetration of broadband and telecom connectivity. Further to address liquidity requirements, the Cabinet has also approved deferment of upto four years for AGR dues and spectrum auction instalments payable from 1st October, 2021 to 30th September, 2025 excluding the instalments due for spectrum auction 2021, without any change in the instalment periods for both. On 14th October, 2021, DoT issued the required notifications giving an option for moratorium of Spectrum instalment and AGR dues to be confirmed by the Company on or before 29th October, 2021. It also provided a period of 90 days to confirm upfront conversion, if any, of the interest amount arising due to such deferment into equity. The Company has conveyed its acceptance for the deferment of Spectrum auction instalments & AGR dues by a period of four years with immediate effect.

   At its meeting held on 10th January, 2022, the Board of Directors approved the conversion of the full amount of such interest on the deferred instalments related to spectrum auction amounts and AGR dues into shares in the company, either ordinary and / or preference, at the discretion of government. As per the Company's best estimates and subject to confirmation by DoT, the Net Present Value (NPV) of this interest to be converted to shares is expected to be ~ Rs.160,000 Mn. Since the average price of the Company's shares determined with respect to the relevant date of 14th August, 2021 was below par value, the equity shares will be issued to the Government at par value of Rs. 10/- per share, subject to final confirmation by the DoT. The conversion will therefore result in dilution to all the existing shareholders of the Company, including the Promoters. The accounting of such conversion will happen upon the completion of the process concluding with the actual issue of shares and hence no effects have been given while drawing up the financial results for this quarter.

4. The Group has incurred a loss of Rs. 216,823 Mn for the nine months ended 31st December, 2021 and its net worth stands at negative Rs. 599,196 Mn. As at 31st December, 2021, the total debt (including interest accrued but not due) of the Group stands at Rs.1,989,761 Mn. As of 31st December, 2021, an amount of Rs. 50,248 Mn (31st March, 2021: Rs. 85,472 Mn) (net of waiver received) has been classified from non-current borrowings to current maturities of long-term debt for not meeting certain covenant clauses under the financial agreements. Further, as a result of earlier rating downgrade, certain lenders had asked for increase of interest rates and additional margin money / security against existing facilities. The Group has exchanged correspondences and continues to be in discussion with the lenders for next steps/waivers. The existing debt as payable by 31st December, 2022 is Rs. 113,203 Mn (excluding amount classified as current on account of not meeting certain covenant clauses).

   As the Group has already availed the moratorium with respect to AGR and Deferred Spectrum Obligation as referred above, the Group's ability to continue as a going concern is now dependent on raising additional funds as required, successful negotiations with lenders for continued support and generation of cash flow from operations that it needs to settle its liabilities as they fall due. As of date, the Group has met all its debt obligations. Pending the outcome of the above matters, these consolidated financial results have been prepared on a going concern basis.

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

S.R. Batliboi & Associates LLP Chartered Accountants MUMBAI

Vodafone Idea Limited

6. Exceptional Items :-

Rs. Mn

| Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|
| | 31-December-21 | 30-September-21 | 31-December-20 | 31-December-21 | 31-December-20 | 31-March-21 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| Gain on sale of stake in Indus (Joint Venture) | - | - | 21,189 | - | 21,189 | 21,189 |
| Integration and merger related costs | 116 | 135 | (1,943) | 764 | (10,356) | (9,892) |
| Impact due to cancellation of lease contract on network re-alignment | - | - | 99 | - | 1,382 | 1,696 |
| Provision for additional depreciation / impairment of assets | - | - | (1,177) | - | (3,777) | (5,745) |
| Impairment of Brand (1) | - | - | - | - | - | (7,246) |
| License fees and SUC on AGR Matter | - | - | - | - | (194,405) | (194,405) |
| One Time Spectrum Charges (including interest) | - | - | (1,203) | - | (3,720) | (5,027) |
| Gain on sale of leasehold land | - | - | - | 1,266 | - | - |
| Others | (250) | - | - | (250) | (251) | (251) |
| **Total** | **(134)** | **135** | **16,965** | **1,780** | **(189,938)** | **(199,681)** |

(1) Impairment charge basis re-assessment of the usability of the existing Vodafone brand trademarks and logos over its useful life following the launch of a new integrated brand V!

7. Financial results of Vodafone Idea Limited (Standalone) :-

Rs. Mn

| Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|
| | 31-December-21 | 30-September-21 | 31-December-20 | 31-December-21 | 31-December-20 | 31-March-21 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| Revenue from Operations | 96,448 | 93,215 | 108,244 | 280,545 | 321,418 | 416,727 |
| Profit /(Loss) before Tax | (71,888) | (71,717) | (67,177) | (217,762) | (392,672) | (463,145) |
| Net Profit /(Loss) after Tax | (71,888) | (71,717) | (67,177) | (217,762) | (392,672) | (462,937) |

S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS MUMBAI

VODAFONE IDEA LIMITED

8. Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (to the extent not disclosed elsewhere in the results) :-

**(a) Financial Ratios**

| Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|
| | 31-December-21 | 30-September-21 | 31-December-20 | 31-December-21 | 31-December-20 | 31-March-21 |
| Current Ratio(1) | 0.35 | 0.33 | 0.30 | 0.35 | 0.30 | 0.32 |
| Debt Equity Ratio(2) | (3.14) | (3.53) | (3.76) | (3.14) | (3.76) | (4.72) |
| Debt Service Coverage Ratio ('DSCR')(3) | 0.26 | 0.37 | 0.52 | 0.32 | 0.41 | 0.45 |
| Interest Service Coverage Ratio ('ISCR')(4) | 0.37 | 0.42 | 0.57 | 0.38 | 0.57 | 0.57 |
| Long term debt to working capital Ratio(5) | (6.27) | (6.18) | (3.69) | (6.27) | (3.69) | (6.12) |
| Bad debts to Trade receivable Ratio(6) | 0.01 | (0.00) | 0.02 | 0.03 | 0.06 | 0.09 |
| Current liability Ratio(7) | 0.18 | 0.18 | 0.19 | 0.18 | 0.19 | 0.18 |
| Total debts to total assets Ratio(8) | 0.95 | 0.94 | 0.57 | 0.95 | 0.57 | 0.89 |
| Debtors turnover Ratio (number of days)(9) | 24 | 24 | 22 | 24 | 25 | 24 |
| Operating Margin(%)(10) | (20)% | (22)% | (14)% | (22)% | (16)% | (16)% |
| Net Profit Margin (%)(11) | (74)% | (76)% | (42)% | (77)% | (115)% | (105)% |

(1) Current Ratio = Current asset/ Current liabilities (excluding Short term borrowings)

(2) Debt - Equity Ratio = Debt(excluding interest accrued but not due)/ Equity

(3) DSCR = [Profit/(loss) before exceptional items and tax + Depreciation & Amortisation expenses (excluding depreciation on ROU assets) + Finance costs (excluding fair value gains/losses on derivatives and interest on lease liabilities)] / [Finance costs (excluding fair value gains/losses on derivatives and interest on lease liabilities) + interest capitalised + scheduled long term principal repayments(excluding prepayments)]

(4) ISCR = [Profit/(loss) before exceptional items and tax + Depreciation & Amortisation expenses (excluding depreciation on ROU assets) + Finance costs (excluding fair value gains/losses on derivatives and interest on lease liabilities)] / [Finance costs (excluding fair value gains/losses on derivatives and interest on lease liabilities) + interest capitalised]

(5) Long term debt to working capital Ratio = Long term borrowings including current maturities of long term borrowings (excluding interest accrued but not due)/ (Current asset - Current liability (excluding Short term borrowings))

(6) Bad debts to Trade receivables Ratio = Bad debts charge / Average gross Trade receivables

(7) Current liability Ratio = Current liabilities (excluding Short term borrowings) / Total liability

(8) Total debts to total assets Ratio = Total borrowing (excluding interest accrued but not due) / Total assets

(9) Debtors turnover Ratio (number of days) = (Average trade receivables/Revenue from operations)*Number of days during the period

(10) Operating Margin (%) = [Profit/(loss) before exceptional items and tax + Finance costs - Other Income] / Revenue from Operations

(11) Net Profit Margin (%) = Net Profit/(loss) after tax / Revenue from operations

**(b) Details of Debenture redemption reserve and Networth**

Rs. Mn

| Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|
| | 31-December-21 | 30-September-21 | 31-December-20 | 31-December-21 | 31-December-20 | 31-March-21 |
| Debenture Redemption reserve | 4,408 | 4,408 | 4,408 | 4,408 | 4,408 | 4,408 |
| Net Worth | (599,196) | (526,855) | (312,429) | (599,196) | (312,429) | (382,280) |

9. Previous period figures have been regrouped and rearranged wherever necessary.

For and on behalf of the Board of Directors of

**VODAFONE IDEA LIMITED**

**Date: 21st January, 2022**
**Place: Gurugram**

**Ravinder Takkar**
**Managing Director & Chief Executive Officer**

S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS MUMBAI

VODAFONE IDEA LIMITED

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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

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

To
The Board of Directors
Vodafone Idea Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of Vodafone Idea Limited (the "Company") for the quarter ended December 31, 2021 and year to date from April 1, 2021 to December 31, 2021 (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, as amended (the "Listing Regulations").

2. This Statement, which is the responsibility of the Company's Management and approved by the Company'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. 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 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.

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 accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. Material Uncertainty Related to Going Concern

   We draw attention to Note 4 to the financial results, which describes the Company's financial condition as of December 31, 2021 and its debt obligations due for the next 12 months. The Company's financial performance has impacted its ability to generate the cash flow that it needs to settle/refinance its liabilities as they fall due.

The Company's ability to continue as a going concern is dependent on its ability to raise additional funds as required and successful negotiations with lenders for continued support and generation of cash flow from its operations that it needs to settle its liabilities as they fall due. Our conclusion is not modified in respect of this matter.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership No.: 58814

UDIN: 22058814AAAAAB2747

Place: Mumbai
Date: January 21, 2022

**VODAFONE IDEA LIMITED**

**Regd Office :- Suman Towers, Plot No 18, Sector 11, Gandhi Nagar-382011, CIN-L32100GJ1996PLC030976**

**Unaudited Financial Results for the quarter and nine months ended 31-December-2021**

(Rs. Mn, except per share data)

| Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|
| | 31-December-21 Unaudited | 30-September-21 Unaudited | 31-December-20 Unaudited | 31-December-21 Unaudited | 31-December-20 Unaudited | 31-March-21 Audited |
| **INCOME** | | | | | | |
| Service Revenue | 96,423 | 93,166 | 108,214 | 280,402 | 321,312 | 416,589 |
| Other Operating Income | 25 | 49 | 30 | 143 | 106 | 138 |
| **REVENUE FROM OPERATIONS** | **96,448** | **93,215** | **108,244** | **280,545** | **321,418** | **416,727** |
| Other Income | 252 | 228 | 363 | 772 | 2,273 | 2,584 |
| **TOTAL INCOME** | **96,700** | **93,443** | **108,607** | **281,317** | **323,691** | **419,311** |
| **EXPENSES** | | | | | | |
| Employee Benefit Expenses | 3,995 | 3,945 | 4,580 | 11,347 | 14,565 | 18,583 |
| Network Expenses and IT Outsourcing Costs | 27,137 | 27,068 | 27,175 | 80,048 | 75,829 | 97,941 |
| License Fees and Spectrum Usage Charges | 10,505 | 10,223 | 10,923 | 30,672 | 30,887 | 41,291 |
| Roaming & Access Charges | 7,640 | 6,997 | 16,059 | 21,333 | 46,432 | 52,906 |
| Marketing, Content, Customer Acquisition & Service Costs | 8,018 | 6,669 | 5,190 | 21,071 | 19,442 | 26,025 |
| Finance Costs | 53,247 | 51,128 | 47,826 | 156,607 | 132,806 | 179,916 |
| Depreciation & Amortisation Expenses | 55,505 | 57,438 | 56,389 | 171,262 | 172,767 | 229,062 |
| Other Expenses | 2,657 | 1,827 | 3,247 | 7,503 | 12,325 | 15,696 |
| **TOTAL EXPENSES** | **168,704** | **165,295** | **171,389** | **499,843** | **505,053** | **661,420** |
| **PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX** | **(72,004)** | **(71,852)** | **(62,782)** | **(218,526)** | **(181,362)** | **(242,109)** |
| Exceptional Items (net) (Refer Note 6) | 116 | 135 | (4,395) | 764 | (211,310) | (221,036) |
| **PROFIT/(LOSS) BEFORE TAX** | **(71,888)** | **(71,717)** | **(67,177)** | **(217,762)** | **(392,672)** | **(463,145)** |
| **Tax expense:** | | | | | | |
| - Current tax | - | - | - | - | - | (208) |
| - Deferred tax | - | - | - | - | - | - |
| **NET PROFIT/(LOSS) AFTER TAX** | **(71,888)** | **(71,717)** | **(67,177)** | **(217,762)** | **(392,672)** | **(462,937)** |
| **Items not to be reclassified to profit or loss in subsequent periods:** | | | | | | |
| - Equity instrument through other comprehensive gains/(losses) | - | - | (432) | - | (4,512) | (4,512) |
| - Income tax effect on equity instrument through other comprehensive gains/(losses) | - | - | - | - | - | - |
| - Re-measurement gains/ (losses) of defined benefit plans | (26) | (111) | (95) | (78) | (31) | 360 |
| - Income tax effect on re-measurement gains/ (losses) of defined benefit plans | - | - | - | - | - | - |
| **TOTAL COMPREHENSIVE INCOME/(LOSS)** | **(71,914)** | **(71,828)** | **(67,704)** | **(217,840)** | **(397,215)** | **(467,089)** |
| Paid up Equity Share Capital (Face value Rs. 10 per share) | 287,354 | 287,354 | 287,354 | 287,354 | 287,354 | 287,354 |
| Other Equity | | | | | | (664,430) |
| Earnings/(Loss) Per Share for the period (Rs.) | | | | | | |
| - Basic | (2.50) | (2.50) | (2.34) | (7.58) | (13.67) | (16.11) |
| - Diluted | (2.50) | (2.50) | (2.34) | (7.58) | (13.67) | (16.11) |

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VODAFONE IDEA LIMITED

## 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 21st January, 2022.

2. The Adjusted Gross Revenue (AGR) judgments delivered by the Hon'ble Supreme Court on 24th October, 2019 and 1st September, 2020 directed that the amount payable under the AGR judgement as determined (excluding the amount already settled) be paid in annual instalments over a period of 10 years starting 1st April, 2021. The company had on 10th August, 2021 filed a review petition with the Hon'ble Supreme Court for considering to hear the modification application on correction of manifest / clerical / arithmetic errors in the computation of AGR demands which is still pending to be heard. Meanwhile the DoT has revised the definition of AGR effective 1st October, 2021 to exclude non-telecom revenues in line with the reforms package approved by the Cabinet. During the quarter, the Company has continued to recognize its AGR obligations based on the AGR judgment of the Hon'ble Supreme Court, License Agreement and in line with the revised definition of AGR effective from 1St October, 2021.

3. The Union Cabinet on 15th September, 2021 approved major structural and process reforms in the telecom sector to boost the proliferation and penetration of broadband and telecom connectivity. Further to address liquidity requirements, the Cabinet has also approved deferment of upto four years for AGR dues and spectrum auction instalments payable from 1st October, 2021 to 30th September, 2025, excluding the instalments due for spectrum auction 2021, without any change in the instalment periods for both. On 14th October, 2021, DoT issued the required notifications giving an option for moratorium of Spectrum instalment and AGR dues to be confirmed by the Company on or before 29th October, 2021. It also provided a period of 90 days to confirm upfront conversion, if any, of the interest amount arising due to such deferment into equity. The Company has conveyed its acceptance for the deferment of Spectrum auction instalments & AGR dues by a period of four years with immediate effect.

   At its meeting held on 10th January, 2022, the Board of Directors approved the conversion of the full amount of such interest on the deferred instalments related to spectrum auction amounts and AGR dues into shares in the company, either ordinary and / or preference, at the discretion of government. As per the Company's best estimates and subject to confirmation by DoT, the Net Present Value (NPV) of this interest to be converted to shares is expected to be ~ Rs.160,000 Mn. Since the average price of the Company's shares determined with respect to the relevant date of 14th August, 2021 was below par value, the equity shares will be issued to the Government at par value of Rs. 10/- per share, subject to final confirmation by the DoT. The conversion will therefore result in dilution to all the existing shareholders of the Company, including the Promoters. The accounting of such conversion will happen upon the completion of the process concluding with the actual issue of shares and hence no effects have been given while drawing up the financial results for this quarter.

4. The Company has incurred a loss of Rs. 217,762 Mn for the nine months ended 31st December, 2021 and its net worth stands at negative Rs. 594,916 Mn. As at 31st December, 2021, the total external debt (including interest accrued but not due) of the Company stands at Rs.1,989,761 Mn. As of 31st December, 2021, an amount of Rs. 50,248 Mn (31st March, 2021: Rs. 85,472 Mn) (net of waiver received) has been classified from non-current borrowings to current maturities of long-term debt for not meeting certain covenant clauses under the financial agreements. Further, as a result of earlier rating downgrade, certain lenders had asked for increase of interest rates and additional margin money / security against existing facilities. The Company has exchanged correspondences and continues to be in discussion with the lenders for next steps/waivers. The existing debt as payable by 31st December, 2022 is Rs. 113,203 Mn (excluding amount classified as current on account of not meeting certain covenant clauses).

   As the Company has already availed the moratorium with respect to AGR and Deferred Spectrum Obligation as referred above, the Company's ability to continue as a going concern is now dependent on raising additional funds as required, successful negotiations with lenders for continued support and generation of cash flow from operations that it needs to settle its liabilities as they fall due. As of date, the Company has met all its debt obligations. Pending the outcome of the above matters, these financial results have been prepared on a going concern basis.

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

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VODAFONE IDEA LIMITED

6. Exceptional Items: -

Rs. Mn

| Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|
| | 31-December-21 Unaudited | 30-September-21 Unaudited | 31-December-20 Unaudited | 31-December-21 Unaudited | 31-December-20 Unaudited | 31-March-21 Audited |
| Loss on sale of stake in Indus (Joint Venture) | - | - | (170) | - | (170) | (170) |
| Integration and merger related costs | 116 | 135 | (1,943) | 764 | (10,368) | (9,907) |
| Impact due to cancellation of lease contract on network re-alignment | - | - | 99 | - | 1,382 | 1,696 |
| Provision for additional depreciation / impairment of assets | - | - | (1,178) | - | (3,778) | (5,716) |
| Impairment of Brand[1] | - | - | - | - | - | (7,246) |
| Provision for impairment towards its loan receivable/investment in subsidiaries / associate | - | - | - | - | - | (10) |
| License fees and SUC on AGR Matter | - | - | - | - | (194,405) | (194,405) |
| One Time Spectrum Charges (including interest) | - | - | (1,203) | - | (3,720) | (5,027) |
| Others | - | - | - | - | (251) | (251) |
| **Total** | **116** | **135** | **(4,395)** | **764** | **(211,310)** | **(221,036)** |

[1] Impairment charge basis re-assessment of the usability of the existing Vodafone brand trademarks and logos over its useful life following the launch of a new integrated brand V!

7. Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (to the extent not disclosed elsewhere in the results):

**(a) Financial Ratios**

| Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|
| | 31-December-21 | 30-September-21 | 31-December-20 | 31-December-21 | 31-December-20 | 31-March-21 |
| Current Ratio[1] | 0.45 | 0.43 | 0.42 | 0.45 | 0.42 | 0.44 |
| Debt Equity Ratio[2] | (3.17) | (3.55) | (3.82) | (3.17) | (3.82) | (4.78) |
| Debt Service Coverage Ratio ('DSCR')[3] | 0.24 | 0.33 | 0.47 | 0.29 | 0.38 | 0.41 |
| Interest Service Coverage Ratio ('ISCR')[4] | 0.34 | 0.37 | 0.51 | 0.34 | 0.53 | 0.53 |
| Long term debt to working capital Ratio[5] | (7.50) | (7.40) | (4.49) | (7.50) | (4.49) | (7.52) |
| Bad debts to Trade receivables Ratio[6] | 0.01 | 0.00 | 0.02 | 0.04 | 0.06 | 0.08 |
| Current liability Ratio[7] | 0.18 | 0.18 | 0.19 | 0.18 | 0.19 | 0.18 |
| Total debts to total assets Ratio[8] | 0.95 | 0.94 | 0.57 | 0.95 | 0.57 | 0.89 |
| Debtors turnover Ratio (number of days)[9] | 23 | 24 | 21 | 24 | 24 | 23 |
| Operating Margin(%)[10] | (20)% | (22)% | (14)% | (22)% | (16)% | (16)% |
| Net Profit Margin (%)[11] | (75)% | (77)% | (62)% | (78)% | (122)% | (111)% |

[1] Current Ratio = Current asset/ Current liabilities (excluding Short term borrowings)

[2] Debt - Equity Ratio = Debt(excluding interest accrued but not due)/ Equity

[3] DSCR = [Profit/(loss) before exceptional items and tax + Depreciation & Amortisation expenses (excluding depreciation on ROU assets) + Finance costs (excluding fair value gains/losses on derivatives and interest on lease liabilities)] / [Finance costs (excluding fair value gains/losses on derivatives and interest on lease liabilities) + interest capitalised + scheduled long term principal repayments(excluding prepayments)]

[4] ISCR = [Profit/(loss) before exceptional items and tax + Depreciation & Amortisation expenses (excluding depreciation on ROU assets) + Finance costs (excluding fair value gains/losses on derivatives and interest on lease liabilities)] / [Finance costs (excluding fair value gains/losses on derivatives and interest on lease liabilities) + interest capitalised]

[5] Long term debt to working capital Ratio = Long term borrowings including current maturities of long term borrowings (excluding interest accrued but not due)/ (Current asset - Current liability (excluding Short term borrowings))

[6] Bad debts to Trade receivables Ratio = Bad debts charge / Average gross Trade receivables

[7] Current liability Ratio = Current liabilities (excluding Short term borrowings) / Total liability

[8] Total debts to total assets Ratio = Total borrowing (excluding interest accrued but not due) / Total assets

[9] Debtors turnover Ratio (number of days) = (Average trade receivables/Revenue from operations)*Number of days during the period

[10] Operating Margin (%) = [Profit/(loss) before exceptional items and tax + Finance costs - Other Income] / Revenue from Operations

[11] Net Profit Margin (%) = Net Profit/(loss) after tax / Revenue from operations

**(b) Details of Debenture redemption reserve and Networth**

Rs. Mn

| Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|
| | 31-December-21 | 30-September-21 | 31-December-20 | 31-December-21 | 31-December-20 | 31-March-21 |
| Debenture Redemption reserve | 4,408 | 4,408 | 4,408 | 4,408 | 4,408 | 4,408 |
| Net Worth | (594,916) | (523,002) | (307,202) | (594,916) | (307,202) | (377,076) |

MUMBAI S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS

VODAFONE IDEA LIMITED

8. Previous period figures have been regrouped and rearranged wherever necessary.

For and on behalf of the Board of Directors of

**VODAFONE IDEA LIMITED**

**Date: 21st January, 2022**
**Place: Gurugram**

**Ravinder Takkar**
**Managing Director & Chief Executive Officer**

**Media Release – January 21, 2022**

# Another quarter of sequential revenue growth, Data capacity expansion continued

## Highlights for the Quarter

- Revenue grew to Rs. 97.2 billion, a QoQ growth of 3.3% supported by several tariff interventions including tariff hikes effective November 25, 2021
- ARPU for the quarter stands at Rs. 115 vs Rs. 109 in prior quarter, a QoQ increase of 5.2%
- EBITDA (pre Ind AS 116) improved to Rs. 16.2 billion, compared to Rs. 14.1 billion in Q2FY22 (post adjustment for one-off of Rs. 1.5 billion in Q2)
- Continued network capacity expansion supported by spectrum refarming and network upgrade to 4G
- Vi GIGAnet continued to offer superior network experience on both, data and voice, as reflected in independent external reports
- Achieved 90% of targeted opex savings on run rate basis in Q3FY22 against Rs. 40 billion annualized opex savings target
- Opted for upfront conversion of the interest arising on the deferred spectrum and AGR instalments into equity

## Financial Highlights

| ***Consolidated (Rs Mn)*** | **Q2FY22** | **Q3FY22** |
|---|---|---|
| Revenue | 94,064 | 97,173 |
| EBITDA | 38,629 | 38,165 |
| *EBITDA%* | *41.1%* | *39.3%* |
| Depreciation & Amortisation | 59,227 | 57,388 |
| EBIT | (20,598) | (19,223) |
| Interest and Financing Cost (Net ) | 50,823 | 52,903 |
| Exceptional Items | | |
| - Impairment (non-cash) | - | - |
| - Others | 135 | (134) |
| Share of Profit/(Loss) from JV & associates | 3 | 1 |
| PBT | (71,283) | (72,259) |
| **PAT** | **(71,323)** | **(72,309)** |
| Other Comprehensive Income (net of Tax) | (123) | (32) |
| **Total Comprehensive Income (Consolidated)** | **(71,446)** | **(72,341)** |

**Ravinder Takkar, MD & CEO, Vodafone Idea Limited**, said "*We are pleased to announce second consecutive quarter of revenue growth driven by several tariff interventions taken in last few months. While the overall subscriber base has declined as a result of the tariff interventions, the 4G subscriber base remained resilient on the back of superior data and voice experience offered by Vi GIGAnet. We remain focused on executing our strategy to improve our competitive position and win in the marketplace. Separately, we have opted for upfront conversion of interest arising from deferment of spectrum and AGR dues into equity.*"

## Financial highlights

Revenue for the quarter was Rs. 97.2 billion, a QoQ improvement of 3.3%, aided by several tariff interventions including the recent tariff hikes taken by all operators in November 2021. On a reported basis, EBITDA for the quarter was Rs. 38.2 billion. EBITDA excluding Ind AS 116 impact improved to Rs. 16.2 billion, compared to Rs. 14.1 billion in Q2FY22 (post adjustment for one-off of Rs. 1.5 billion in Q2), aided by improvement in revenue and higher savings on account of cost optimization exercise, which is partially offset by higher marketing expenses**.** Capex spend for Q3FY22 was Rs. 10.5 billion vs Rs. 13.0 billion in Q2FY22.

The total gross debt (excluding lease liabilities and including interest accrued but not due) as of December 31, 2021 stands at Rs. 1,989.8 billion, comprising of deferred spectrum payment obligations of Rs. 1,113.0 billion, AGR liability of Rs. 646.2 billion that are due to the Government and debt from banks and financial institutions of Rs. 230.6 billion. Cash & cash equivalents were Rs. 15.0 billion and net debt stood at Rs. 1,974.8 billion.

## Operational highlights

We continue to invest in 4G to increase our coverage and capacity. During the quarter, we added ~4,000 4G FDD sites primarily through refarming of 2G/3G spectrum to expand our 4G coverage and capacity as well as continued to upgrade our core and transmission network. Our overall broadband site count stood at 450,330, marginally lower compared to 450,481 in Q2FY22 as we continued to shutdown our 3G sites in a phased manner. Till date, we have deployed nearly 67,000 TDD sites in addition to the deployment of ~13,850 Massive MIMO sites and ~13,150 small cells. Further, we continue to expand our LTE 900 presence in 12 circles at multiple locations, including through dynamic spectrum refarming, to improve customer experience. Our 4G network covers over 1 billion Indians as of December 31, 2021 (4G coverage is the population reached/covered by VIL with its 4G network).

These network investment initiatives continue to deliver a significant capacity uplift with our data capacity now over 2.8x compared to September 2018. Our relentless pursuit to have a superior 4G network in the country, through integration and incremental network investments post-merger, are clearly visible through our top rankings on 4G download speeds in independent external reports. We also have the highest rated voice quality in the country as per TRAI's "MyCall" app data for 12 out of 14 months between November 2020 and December 2021. Our unified brand "Vi", thus continues to garner strong awareness building brand affinity across all customer segments in the country.

In line with our digital offering strategy, we continue to add to our array of content offerings and digital products and services through partnerships. During the quarter, we launched our music offerings on the Vi App in association with Hungama Music, offering 6 months premium subscription of Hungama Music at no extra charge to all our postpaid and pre-paid customers.

During the last two quarters, we have done several tariff interventions to improve ARPU. We had increased the tariffs on entry level prepaid plans from Rs. 49 to Rs. 79 as well as increased tariffs on certain postpaid plans across retail and enterprise segments during Q2FY22. In November 2021, we increased the prepaid tariffs across all price points including unlimited plans as well as combo vouchers, moving the entry level prepaid plan to Rs. 99. Resultantly, ARPU improved to Rs. 115, up 5.2% QoQ vs Rs. 109 in Q2FY22. The subscriber base declined to 247.2 million vs 253.0 million in Q2FY22, because of these tariff interventions. However, the 4G subscriber base continued to grow and with 0.8 million customers added in Q3, 4G base now stands at 117.0 million. Subscriber churn increased to 3.4% in Q3FY22 vs 2.9% in Q2FY22. Data usage per 4G subscriber is now at ~14 GB/month vs ~12 GB/month a year ago.

**Cost optimization initiative**

After successfully achieving targeted merger opex synergies of Rs. 84 billion, we had undertaken a cost optimization exercise across the company in line with the evolving industry structure and business model. Through several initiatives, we have achieved ~90% annualised savings on a run-rate basis by the end of Q3FY22 against the target of Rs. 40 billion. With this, we have achieved the desired cost optimisation in line with our operating model.

**Government reform package**

On September 15, 2021, the Government announced a comprehensive reform package for the Indian telecom sector including measures to address the structural, procedural and liquidity issues. To address the immediate liquidity concerns of the sector, Government has provided an option of up to four years of moratorium on AGR dues and spectrum instalments due between October 2021 and September 2025 with an option to convert interest arising from such deferment into equity upfront. Other reforms include clarity on AGR definition, reduction in bank guarantees, removal of penalty and reduction of interest for delay in payment of LF and SUC etc. All these reforms are expected to provide long term benefit to all the operators, including the company. The reforms package and the implementation has been welcomed by all the company stakeholders including the banks and investors.

We had opted for 4 years of deferment for both Spectrum and AGR dues in October 2021. This will provide us liquidity support and direct the cash flow generation towards capex investment. Further, on 10th January 2022, our Board of Directors approved the upfront conversion of the full amount of interest arising due to deferment of spectrum instalments and AGR dues into equity. NPV of this interest is expected to be about Rs. 160 billion as per our best estimates, subject to confirmation by DoT. The conversion of this DoT debt to equity will reduce the overall debt of the Company.

**About Vodafone Idea Ltd.**

Vodafone Idea Limited is an Aditya Birla Group and Vodafone Group partnership. It is amongst India's leading telecom service provider. The company provides pan India Voice and Data services across 2G, 3G and 4G platforms. 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's equity share are listed on National Stock Exchange (NSE) and the BSE in India.

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**Vodafone Idea Limited (formerly Idea Cellular Limited)**
**An Aditya Birla Group & Vodafone partnership**
Birla Centurion, 10th to 12th Floor, Century Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400030.
T: +91 95940 04000 | F: +91 22 2482 0095

**Registered Office:**
Suman Tower, Plot no. 18, Sector 11, Gandhinagar - 382011, Gujarat.
T: +91 79667 14000 | F: +91 79 2323 2251
CIN: L32100GJ1996PLC030976