vodafone

Idea

14th November, 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 Second Quarter and Half Year Ended 30th September, 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 second quarter and half year ended 30th September, 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 3:30 P.M. and concluded at 7:30 P.M.

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

VODAFONE IDEA LIMITED

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

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 Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and joint ventures for the quarter ended September 30, 2019 and year to date from April 1, 2019 to September 30, 2019 (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"). Attention is drawn to the fact that the Statement of cash flows for the corresponding period from April 1, 2018 to September 30, 2018, as reported in these unaudited consolidated financial results have been approved by the Holding Company's Board of Directors but have not been subjected to review.

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 (the "Circular") 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.

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5. We draw attention to Note 5 to the financial results regarding the Hon'ble Supreme Court judgment dated October 24, 2019 on the definition of Gross Revenue as per the UASL agreement and the liability on licence fee and spectrum usage charges of Rs 441,500 Mn payable within 90 days from the Supreme Court judgement and breach of debt covenants, its ability to generate the cash flow that it needs to settle, or refinance its liabilities and guarantees as they fall due resulting in a material uncertainty that casts significant doubt on the Holding Company's ability to make the payments mentioned therein and continue as a going concern.

   The said assumption of going concern is dependent upon the Holding Company obtaining the reliefs from the Government as discussed in Note 5, positive outcome of the proposed legal remedy. Our conclusion is not modified in respect of this matter.

6. We draw your attention to Note 12 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.

7. Based on our review conducted and procedures performed as stated in paragraph 3 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.

8. The accompanying Statement of unaudited consolidated financial results includes the Group's share of net profit after tax of Rs. 1 million and Rs. 6 million and total comprehensive income of Rs. 1 million and Rs. 6 million, for the quarter ended September 30, 2019 and for the period from April 1, 2019 to September 30, 2019, respectively, as considered in the Statement, in respect of a joint venture and associate, based on their interim financial results which have not been reviewed by their auditors. These unaudited interim financial results and other unaudited financial information have been approved and furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the affairs of the joint venture and associate, 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 on the Statement 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 Number: 58814
UDIN: 19058814AAAADM7506

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

Place: Mumbai
Date: November 14, 2019

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 Ventures and Associate

Subsidiaries

1. Idea Telesystems Limited
2. Vodafone Idea Manpower Services Limited (formerly Idea Cellular Services Limited)
3. Vodafone Idea Business Services Limited (formerly Vodafone Business Services Limited)
4. Vodafone Idea Communication Systems Limited (formerly Mobile Commerce Solution Limited)
5. Vodafone M-Pesa Limited
6. Vodafone Idea Shared Services Limited (formerly Vodafone India Ventures Limited)
7. Vodafone India Digital Limited
8. You Broadband India Limited
9. Vodafone Idea Technology Solutions Limited (formerly 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

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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 quarter and six months ended 30-September-2019

(₹ Mn, except per share data)

Particulars	Quarter ended			Six Months Ended		Year ended
	30-Sep-19 Unaudited	30-Jun-19 Unaudited	30-Sep-18 Unaudited	30-Sep-19 Unaudited	30-Sep-18 Unaudited	31-Mar-19 Audited
INCOME						
Service Revenue	108,389	112,638	76,458	221,027	135,122	369,865
Sale of Trading Goods	13	9	9	22	12	191
Other Operating Income	38	52	168	90	393	869
REVENUE FROM OPERATIONS	**108,440**	**112,699**	**76,635**	**221,139**	**135,527**	**370,925**
Other Income	3,024	2,796	2,151	5,820	3,565	7,311
TOTAL INCOME	**111,464**	**115,495**	**78,786**	**226,959**	**139,092**	**378,236**
EXPENSES						
Cost of Trading Goods	27	33	19	60	23	260
Employee Benefit Expenses	6,479	5,843	4,939	12,322	8,859	22,944
Network Expenses and IT Outsourcing Costs	26,804	29,986	35,976	56,790	62,403	170,052
License Fees and Spectrum Usage Charges	11,141	11,910	7,990	23,051	13,951	39,331
Roaming & Access Charges	14,276	13,198	9,478	27,474	17,222	41,690
Marketing, Content, Customer Acquisition & Service Costs	11,144	9,613	9,105	20,757	15,341	38,446
Finance Costs	36,543	37,237	21,662	73,780	36,920	94,628
Depreciation & Amortisation Expenses	63,094	61,308	30,059	124,402	50,983	145,356
Other Expenses	5,098	5,616	4,514	10,714	6,520	17,772
TOTAL EXPENSES	**174,606**	**174,744**	**123,742**	**349,350**	**212,222**	**570,479**
PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS,TAX AND SHARE IN PROFIT / (LOSS) OF JOINT VENTURES AND ASSOCIATE	**(63,142)**	**(59,249)**	**(44,956)**	**(122,391)**	**(73,130)**	**(192,243)**
Add: Share in Profit/(Loss) of Joint Ventures and Associate (net)	1,295	581	423	1,876	1,021	1,968
PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX	**(61,847)**	**(58,668)**	**(44,533)**	**(120,515)**	**(72,109)**	**(190,275)**
Exceptional Items (Net) (Refer Note 7)	(307,745)	(8,070)	(5,658)	(315,815)	27,987	8,521
PROFIT/ (LOSS) BEFORE TAX	**(369,592)**	**(66,738)**	**(50,191)**	**(436,330)**	**(44,122)**	**(181,754)**
Tax expense:						
- Current tax	1	9	(3)	10	154	182
- Deferred tax (Refer Note 6 & 7)	139,626	(18,008)	(450)	121,618	2,897	(35,897)
PROFIT /(LOSS) AFTER TAX	**(509,219)**	**(48,739)**	**(49,738)**	**(557,958)**	**(47,173)**	**(146,039)**
Items not to be reclassified to profit or loss in subsequent periods:						
- Re-measurement gains/ (losses) of defined benefit plans	225	(528)	354	(303)	462	501
- Income tax effect	18	184	(121)	202	(159)	(178)
- Group's share in other comprehensive income of joint ventures and associate	(3)	-	-	(3)	-	5
TOTAL COMPREHENSIVE INCOME/(LOSS)	**(508,979)**	**(49,083)**	**(49,505)**	**(558,062)**	**(46,870)**	**(145,711)**
Paid up Equity Share Capital (Face value ₹ 10 per share)	287,354	287,354	87,351	287,354	87,351	87,356
Other Equity						508,992
Earnings Per Share for the period (₹)						
- Basic	(17.72)	(2.20)	(6.92)	(21.89)	(7.52)	(17.17)
- Diluted	(17.72)	(2.20)	(6.92)	(21.89)	(7.52)	(17.17)
Debenture Redemption Reserve				4,408	4,408	4,408
Networth				240,686	695,405	596,348
Debt Service Coverage Ratio (DSCR) *				(3.51)	0.91	0.79
Interest Service Coverage Ratio (ISCR) **				(6.14)	1.06	0.97
Debt - Equity Ratio ***				4.87	1.81	2.11

* DSCR=Profit after Tax + Depreciation & Amortisation + Gross Finance Costs (excluding fair value gains / losses on derivatives) /(Gross Finance Costs (excluding fair value gains / losses on derivatives) +interest capitalised+scheduled long term principal repayments excluding prepayments).

** ISCR=Profit after Tax + Depreciation & Amortisation + Gross Finance Costs (excluding fair value gains / losses on derivatives) /(Gross Finance Costs (excluding fair value gains / losses on derivatives) +interest capitalised).

*** Debt - Equity Ratio = Debt / Equity

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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 14th November, 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 31st 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 30th September, 2019 and 30th June, 2019 includes consolidated financial results of the operations of erstwhile VInL for the entire quarter whereas the consolidated financial results for the quarter and half year ended 30th September 2018 and year ended 31st March, 2019 includes consolidated financial results of the operations of erstwhile VInL for the period from 31st August, 2018 to 30th September 2018 and 31st August 2018 to 31st March, 2019 respectively.

3. On 4th 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.

4. The Group has adopted Ind AS 116, 'Leases', effective annual reporting period beginning 1st 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. 1st April, 2019. Accordingly, the Group has not restated comparative information which continues to be reported under Ind AS 17, 'Leases'.

   This has resulted in recognition of right-of-use assets of ₹ 227,822 Mn and lease liability of ₹ 284,312 Mn by with a corresponding impact to retained earnings of ₹ 44,649 Mn (net of deferred taxes impact of ₹ 17,677 Mn) as at 1st April, 2019. In the Statement of profit and loss for the current quarter, the nature of expenses in respect of operating leases has changed from rentals in previous periods to depreciation on the right-of-use asset and finance cost for interest accrued on lease liability with the principal and interest portion of the lease liability presented as financing activities in the statement of cash flows. While there is no impact on the overall cash flows, the operating cash flows reflect an increase of ₹ 27,432 Mn with a corresponding reduction in cash flows from financing activities for the six months ended 30th September, 2019. The adoption of the standard has resulted in reduction of net loss after tax for the quarter and six months ended 30th September, 2019 by ₹ 1,390 Mn and ₹ 2,995 Mn respectively.

5. A) Subsequent to the quarter end, the Hon'ble Supreme Court on 24th October, 2019 passed the judgment ('SC AGR Judgement') on cross appeals against the Hon'ble TDSAT judgment dated 23rd April, 2015, wherein it has held that the definition of Gross Revenue under Clause 19 of the UASL is all encompassing and comprehensive. Hon'ble Supreme Court has further held that the Gross Revenue definition shall prevail over the Accounting Standards and is binding on the parties to the contract / License Agreement. The Hon'ble Supreme Court has then dealt with different heads of revenue / inflow and has held that these will fall within the definition of Adjusted Gross Revenue. Further, the Hon'ble Supreme Court has upheld the levy of interest, penalty and interest on penalty stating that the levy is as per the terms and conditions of the License Agreement.

   Consequent to the above, the Company has estimated License Fee of ₹ 276,100 Mn and Spectrum Usage Charges (SUC) of ₹ 165,400 Mn; (including interest, penalty and interest thereon of ₹ 330,050 Mn) ('AGR liability') based on the DoT demands received till date and estimation for periods for which demands have not been raised by DoT, together with interest and penalty, all taken for periods upto 30th September, 2019 and adjusted for certain computational errors. Whilst the Company has provided for SUC, considering that no spectrum is used for generating non-telecom income, the Company is evaluating the levy of SUC on such income. Accordingly, during the quarter, the Company has recognised a charge of ₹ 256,779 Mn as an exceptional item after adjusting the available provisions and adjustments for potential payments under a mechanism on satisfaction of contractual conditions as per the Implementation Agreement dated 20th March, 2017 entered on merger of erstwhile VInL and ICL in relation to the crystallisation of certain contingent liabilities which existed at the time of merger. Also, the Company has informed the lenders and bond holders about the SC AGR judgement, as required under the financing agreements entered with them and also notified the Stock Exchanges.

   The Hon'ble Supreme Court has directed the Telecom operators to pay the dues within 90 days from the date of the SC AGR Judgement. By its letter of 13th November, 2019, the DoT has directed the Company to make payment in accordance with SC AGR judgment based on its own assessment with requisite documents. The Company would complete its assessment, reconcile/validate the DoT demands, and true up the estimates considered in accordance with SC AGR judgement.

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The Company is in the process of filing a review petition with the Hon'ble Supreme Court. Further, the Company through Cellular Operators Association of India ('COAI') has made representations to the Government to provide relief to the telecom sector, including but not limited to requesting to not press for the AGR liability payment and grant waivers, not levy spectrum usage charges on non-licensed revenue / income, reduction of licence fee and SUC rates, use of GST credit for payment of Government levies and allow payment to be made in instalments after some moratorium and grant a moratorium of two years for the payment of Spectrum dues beyond 1st April, 2020 up to 31st March, 2022. The Government has taken cognizance of these representations and has recently set-up a Committee of Secretaries ('CoS') to evaluate the telecom operators' plea and suggest measures to mitigate the financial stress.

B) During the year ended 31st March, 2019, the Company had classified ₹ 102,062 Mn from non-current borrowings to current maturities of long-term debt for not meeting certain covenant clauses under the financial agreements for specified financial ratios as at 31st March, 2019. The Company had exchanged correspondences / been in discussions with these lenders for the next steps /waivers.

Based on the above, waiver and/or grant of deferred payment terms for the AGR liability by the Government, reduction of license fee and/ or SUC rates and a moratorium on payment of DoT spectrum instalments are essential to meet the funding requirement for the aforesaid payments. The above factors indicate that material uncertainty exists that cast significant doubt on the Company's ability to continue as a going concern and its ability to generate the cash flow that it needs to settle, or refinance its liabilities and guarantees as they fall due, including those relating to the SC AGR judgement. The Company's ability to continue as going concern is dependent on obtaining the reliefs from the Government, as discussed in Note 5(A) above and positive outcome of the proposed legal remedy. Pending the outcome of the above matters, these financial results have been prepared on a Going Concern Basis.

6. During the quarter, the Company has revised its business plan, basis which the Company is in the process of re-farming its 3G spectrum for 4G services along with its Network integration / alignment. Consequently, certain assets capitalised earlier may no longer be usable. Accordingly, the Company has taken an accelerated depreciation charge of ₹. 40,320 Mn during the quarter and disclosed it as exceptional item. Further, in line with the above and the matters discussed in Note 5, the Company has reassessed the recoverability of deferred tax assets, stopped further recognition and derecognized the Deferred Tax Assets amounting to ₹ 139,356 Mn recorded upto 30th June, 2019.

7. Exceptional Items :-

₹ Mn

Particulars	Quarter ended			Six Months Ended		Year ended
	30-Sep-19 Unaudited	30-Jun-19 Unaudited	30-Sep-18 Unaudited	30-Sep-19 Unaudited	30-Sep-18 Unaudited	31-Mar-19 Audited
Integration and merger related costs	(2,746)	(2,262)	(13,570)	(5,008)	(13,570)	(26,607)
Provision for additional depreciation / impairment of assets (including amount referred in Note 6 above)	(48,220)	(3,716)	-	(51,936)	-	(5,511)
Provision for impairment towards investment in subsidiaries / associate	-	(2,092)	-	(2,092)	-	-
AGR liability (Refer Note 5(A) above)	(256,779)	-	-	(256,779)	-	
Re-assessment of certain estimates and accruals	-	-	8,084	-	8,084	7,893
Gain on sale of Idea Cellular Infrastructure Services Limited (ICISL)	-	-	(172)	-	33,473	33,473
Others	-	-	-	-	-	(727)
Total	**(307,745)**	**(8,070)**	**(5,658)**	**(315,815)**	**27,987**	**8,521**
Deferred tax impact	-	1,671	1,581	1,671	(11,653)	(4,727)

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

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

₹ Mn

Particulars	Quarter ended			Six Months Ended		Year ended
	30-Sep-19 Unaudited	30-Jun-19 Unaudited	30-Sep-18 Unaudited	30-Sep-19 Unaudited	30-Sep-18 Unaudited	31-Mar-19 Audited
Revenue from Operations	108,045	112,085	76,388	220,130	134,657	368,588
Profit /(Loss) before Tax	(370,667)	(68,546)	(50,443)	(439,213)	(38,347)	(176,922)
Net Profit /(Loss) after Tax	(497,274)	(50,383)	(49,881)	(547,657)	(40,961)	(140,560)

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VODAFONE IDEA LIMITED ★

10. The listed 9.45% Non-Convertible Debentures (NCD's) aggregating to ₹ 3,960 Mn have a pari-passu charge on the tangible fixed assets of the company excluding passive telecom infrastructure.

Additional details required with regards to the listed secured and unsecured NCD's are as follows:

SL No.	Particulars	Principal Amount	Previous Due Date		Next Due Date	
		(₹ Mn)	Principal	Interest	Principal	Interest
1	Secured 9.45% NCD's*	3,960	N.A	31-Oct-18	31-Oct-19	31-Oct-19
2	Unsecured 7.57% NCD's	15,000	N.A	13-Dec-18	13-Dec-21	13-Dec-19
3	Unsecured 7.77% NCD's	10,000	N.A	4-Jan-19	4-Jan-22	4-Jan-20
4	Unsecured 7.77% NCD's	5,000	N.A	17-Jan-19	17-Jan-22	17-Jan-20
5	Unsecured 8.04% NCD's	20,000	N.A	28-Jan-19	28-Jan-22	28-Jan-20
6	Unsecured 8.03% NCD's	5,000	N.A	31-Jan-19	31-Jan-22	31-Jan-20
7	Unsecured 8.03% NCD's	5,000	N.A	14-Feb-19	14-Feb-22	14-Feb-20
8	Unsecured 10.90% NCD's	15,000	N.A	3-Sep-19	3-Sep-23	3-Sep-20

*Secured 9.45% NCD has been repaid fully on the scheduled date 31st October, 2019.

Interest has been paid on the respective due dates and the principal is not yet due.

The NCD's listed above have currently been rated "CARE A-" with (Outlook: Under Credit Watch with Negative Implications) by CARE. The previous rating was "CARE A" with Negative Outlook. Additionally, its 7.57% NCD (Sl. No.2); 7.77% NCD (Sl. No.4) and 8.03% NCD (Sl. No. 6) issues have been rated as "BWR A-" with (Outlook: Rating under Watch with Negative Implications) by Brickworks. The previous rating from Brickworks was "BWR A+" with Negative Outlook.

Further, the Company has prepaid Secured 8.12% NCD (Outstanding: ₹ 50 Mn.) in its entirety on 4th, September 2019. The same was due for payment on 8th February, 2024.

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 1st July, 2008 to 31st December, 2012, amounting to ₹10,687 Mn (31st, March, 2019: ₹ 10,687 Mn), and

- For spectrum beyond 4.4 MHz in respective service areas effective 1st January, 2013 till expiry of the period as per respective licenses amounting to ₹ 57,254 Mn (31st 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 (31st March, 2019: ₹ 33,224 Mn) as per clause 3 (i) and (m) of the M&A guidelines dated 20th 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 4th 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 for spectrum beyond 6.2 MHz that has been allotted after 01st July, 2008, the Respondent is entitled to levy One Time Spectrum Charges (hereinafter referred to as "OTSC") from the date of allocation of such spectrum and that in case of spectrum beyond 6.2 MHz and allocated before 01st July, 2008, respondent can levy OTSC demand prospectively, i.e. with effect from 01st January, 2013. The Company plans to challenge the TDSAT order in Supreme Court. No impact of the said order is considered as on 30th September, 2019.

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VODAFONE IDEA LIMITED

12. Statement of Assets and Liabilities: -

₹ Mn

	Particulars	As at September 30, 2019	As at March 31, 2019
A	**ASSETS**		
1	**Non-current Assets**		
	Property, plant and equipment (including RoU Assets)	673,231	502,526
	Capital work-in-progress	7,639	23,587
	Investment property	666	672
	Goodwill on consolidation	36	36
	Other Intangible assets	1,258,549	1,274,767
	Intangible assets under development	39	27,443
	Investments accounted for using the equity method	13,673	15,298
	Financial assets		
	Long term loans to employees	3	8
	Other non-current financial assets	10,167	10,362
	Deferred tax assets (net)	22	103,385
	Other non-current assets	154,842	155,099
	Sub-total non-current assets	**2,118,867**	**2,113,183**
2	**Current Assets**		
	Inventories	28	42
	Financial assets		
	Current investments	27,365	67,088
	Trade receivables	31,114	33,000
	Cash and cash equivalents	35,088	8,428
	Bank balance other than cash and cash equivalents	93,186	1,480
	Short term Loans	17	19
	Other current financial assets	86,887	680
	Other current assets	76,916	71,260
		350,601	**181,997**
	Assets classified as held for sale (AHFS)	-	1,815
	Sub-total current assets	**350,601**	**183,812**
	TOTAL – ASSETS	**2,469,468**	**2,296,995**
B	**EQUITY AND LIABILITIES**		
1	**Equity**		
	Equity share capital	287,354	87,356
	Other equity	(46,668)	508,992
	Sub-total equity	**240,686**	**596,348**
2	**Non-Current Liabilities**		
	Financial liabilities		
	Long term borrowings	994,904	1,044,029
	Trade payables	12,543	8,680
	Other non-current financial liabilities	234,577	97,381
	Long term provisions	3,889	3,467
	Deferred tax liabilities (net)	844	471
	Other non-current liabilities	5,214	4,235
	Sub-total non-current liabilities	**1,251,971**	**1,158,263**
3	**Current Liabilities**		
	Financial liabilities		
	Short term borrowings	1,698	41,207
	Trade payables	110,207	126,486
	Other current financial liabilities	361,903	303,946
	Other current liabilities	502,401	69,499
	Short term provisions	602	379
		976,811	**541,517**
	Liablities classified as held for sale	-	867
	Sub-total current liabilities	**976,811**	**542,384**
	TOTAL – EQUITY AND LIABILITIES	**2,469,468**	**2,296,995**

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VODAFONE IDEA LIMITED ★

13. Statement of Cash Flows: -

₹ Mn

Particulars	For the period ended September 30, 2019	For the period ended September 30, 2018
Operating activities		
Profit/(Loss) before tax	(436,330)	(44,122)
Adjustments to reconcile loss before tax to net cash flows		
Share in (profit) of joint ventures and associate (net)	(1,876)	(1,021)
Depreciation of property, plant and equipment and investment property	77,808	29,242
Amortisation of intangible assets	46,594	21,741
Share-based payment expense (ESOS)	(81)	103
(Gain)/loss on disposal of property, plant and equipment and intangible assets (net)	4	(15)
Accelerated depreciation on account of network re-alignment/integration	52,431	100
Impairment of investment in associates	1,597	-
Finance costs (including fair value change in financial instruments)	73,780	36,920
Provision for gratuity and compensated absences	332	55
Bad debts / advances written off	-	16
Allowance for doubtful debts / advances	1,618	1,149
Liabilities / provisions no longer required written back	(8)	(333)
Gain on sale of ICISL and profit before tax of ICISL upto date of sale	-	(33,766)
Other income	(5,716)	(3,564)
Working capital adjustments		
Decrease/(Increase) in trade receivables	648	(2,605)
Decrease in inventories	14	352
Increase in other financial and non-financial assets	(88,961)	(3,292)
(Decrease)/Increase in trade payables	(12,236)	15,746
Increase/(Decrease) in other financial and non-financial liabilities	348,968	(5,411)
Cash flows from operating activities	58,586	11,295
Income tax refund/(paid) (including TDS) (net)	(811)	4,929
Net cash flows from operating activities	**57,775**	**16,224**
Investing activities		
Purchase of property, plant and equipment and intangible assets (including CWIP and intangible assets under development)	(53,351)	(27,313)
Payment towards -one time spectrum charges	-	(39,263)
Proceeds from sale of property, plant and equipment and intangible assets	964	124
Proceeds from sale of subsidiary	-	42,303
Additional investment in associate	-	(406)
Net (purchase) /sale of current investments	41,620	(61,908)
Interest received	1,177	187
Fixed deposits with bank With maturity of 3 Months to 1 year	(91,492)	-
Dividend received from joint venture (Indus)	-	2,990
Net cash flows used in investing activities	**(101,082)**	**(83,286)**
Financing activities		
Proceeds from issue of equity shares on exercise of share options	-	1
Proceeds from issue of right shares (net of share issue expenses of ₹ 847 Mn)	249,151	-
Stamp duty on issue of shares on amalgamation of VMSL and VInL with the Company	-	(80)
Payment of interest and finance charges	(65,436)	(9,583)
Proceeds from long term borrowings	-	55,000
Repayment of long term borrowings	(47,420)	(6,690)
Proceeds from short term borrowings	30,015	765
Repayment of short term borrowings	(69,124)	(17,103)
Payment of lease liabilities including interest	(27,432)	-
Net cash flows from / (used in) financing activities	**69,754**	**22,310**
Net decrease in cash and cash equivalents during the period	**26,447**	**(44,752)**
Cash and cash equivalents at the beginning of the year	8,479	(23)
Add: Cash and cash equivalent of VInL and its subsidiaries on amalgamation of VMSL and VInL with the Company (net of bank overdraft ₹ Nil Mn (September 30, 2018: ₹ 5,991Mn))	-	58,307
Less: Cash and cash equivalents of VMPL	-	(988)
Cash and cash equivalents at the end of the period	**34,926**	**12,544**

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VODAFONE IDEA LIMITED

14. Consolidated financial results for the six months and quarter ended 30th September, 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: 14th November, 2019
Place: Mumbai

Managing Director & Chief Executive Officer

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

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 September 30, 2019 and year to date from April 1, 2019 to September 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, as amended (the "Listing Regulations"). Attention is drawn to the fact that the Statement of cash flows for the corresponding period from April 1, 2018 to September 30, 2018, as reported in these unaudited standalone financial results have been approved by the Board of Directors of the Company but have not been subjected to review.

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. We draw attention to Note 5 to the financial results regarding the Hon'ble Supreme Court judgment dated October 24, 2019 on the definition of Gross Revenue as per the UASL agreement and the liability on licence fee and spectrum usage charges of Rs 441,500 Mn payable within 90 days from the Supreme Court judgement and breach of debt covenants, its ability to generate the cash flow that it needs to settle, or refinance its liabilities and guarantees as they fall due resulting in a material uncertainty that casts significant doubt on the Company's ability to make the payments mentioned therein and continue as a going concern.

   The said assumption of going concern is dependent upon the Company obtaining the reliefs from the Government as discussed in Note 5, positive outcome of the proposed legal remedy. Our conclusion is not modified in respect of this matter.

5. 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.

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6. 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.

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

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

per Nilangshu Katriar
Partner
Membership Number: 58814
UDIN: 19058814AAAADN6250

Place: Mumbai
Date: November 14, 2019

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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 quarter and six months ended 30-September-2019

(₹ Mn, except per share data)

Particulars	Quarter ended			Six Months ended		Year ended
	30-September-19 Unaudited	30-June-19 Unaudited	30-September-18 Unaudited	30-September-19 Unaudited	30-September-18 Unaudited	31-March-19 Audited
INCOME						
Service Revenue	107,992	112,024	76,219	220,016	134,264	367,668
Other Operating Income	53	61	169	114	393	920
REVENUE FROM OPERATIONS	**108,045**	**112,085**	**76,388**	**220,130**	**134,657**	**368,588**
Other Income	3,162	2,958	2,221	6,120	6,572	10,733
TOTAL INCOME	**111,207**	**115,043**	**78,609**	**226,250**	**141,229**	**379,321**
EXPENSES						
Employee Benefit Expenses	5,941	5,318	4,562	11,259	8,161	21,209
Network Expenses and IT Outsourcing Costs	26,623	29,779	35,898	56,402	62,317	169,269
License Fees and Spectrum Usage Charges	11,110	11,871	7,977	22,981	13,938	39,243
Roaming & Access Charges	14,276	13,198	9,478	27,474	17,222	41,690
Marketing, Content, Customer Acquisition & Service Costs	11,301	9,683	9,314	20,984	15,862	38,948
Finance Costs	36,508	37,213	21,622	73,721	36,872	94,713
Depreciation & Amortisation Expenses	62,662	60,821	29,839	123,483	50,763	144,098
Other Expenses	5,739	6,244	4,704	11,983	6,619	19,440
TOTAL EXPENSES	**174,160**	**174,127**	**123,394**	**348,287**	**211,754**	**568,610**
PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX	**(62,953)**	**(59,084)**	**(44,785)**	**(122,037)**	**(70,525)**	**(189,289)**
Exceptional Items (net) (Refer Note 7)	(307,714)	(9,462)	(5,658)	(317,176)	32,178	12,367
PROFIT/(LOSS) BEFORE TAX	**(370,667)**	**(68,546)**	**(50,443)**	**(439,213)**	**(38,347)**	**(176,922)**
Tax expense:						
- Current tax	-	-	-	-	-	-
- Deferred tax (Refer Note 6 & 7)	126,607	(18,163)	(562)	108,444	2,614	(36,362)
NET PROFIT/(LOSS) AFTER TAX	**(497,274)**	**(50,383)**	**(49,881)**	**(547,657)**	**(40,961)**	**(140,560)**
Items not to be reclassified to profit or loss in subsequent periods:						
- Equity instrument through other comprehensive gains/(losses)	(9,515)	(5,273)	(2,262)	(14,788)	(12,431)	(4,621)
- Income tax effect on equity instrument through other comprehensive gains/(losses)	-	1,229	527	1,229	2,905	1,076
- Re-measurement gains/ (losses) of defined benefit plans	281	(529)	344	(248)	451	534
- Income tax effect on re-measurement gains/ (losses) of defined benefit plans	-	185	(121)	185	(158)	(187)
TOTAL COMPREHENSIVE INCOME/(LOSS)	**(506,508)**	**(54,771)**	**(51,393)**	**(561,279)**	**(50,194)**	**(143,758)**
Paid up Equity Share Capital (Face value ₹ 10 per share)	287,354	287,354	87,351	287,354	87,351	87,356
Other Equity						547,689
Earnings/(Loss) Per Share for the period (₹)						
- Basic	(17.31)	(2.27)	(6.94)	(21.48)	(6.51)	(16.50)
- Diluted	(17.31)	(2.27)	(6.94)	(21.48)	(6.51)	(16.50)
Debenture Redemption Reserve				4,408	4,408	4,408
Networth				278,067	733,055	635,045
Debt Service Coverage Ratio (DSCR) *				(3.42)	1.04	0.83
Interest Service Coverage Ratio (ISCR) **				(5.99)	1.21	1.01
Debt - Equity Ratio ***				4.22	1.72	1.98

* DSCR=Profit after Tax + Depreciation & Amortisation + Gross Finance Costs (excluding fair value gains / losses on derivatives) /(Gross Finance Costs (excluding fair value gains / losses on derivatives) +interest capitalised+scheduled long term principal repayments excluding prepayments)

** ISCR=Profit after Tax + Depreciation & Amortisation + Gross Finance Costs (excluding fair value gains / losses on derivatives) /(Gross Finance Costs (excluding fair value gains / losses on derivatives) +interest capitalised)

*** Debt - Equity Ratio = Debt / Equity

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VODAFONE IDEA LIMITED ★ RA

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 14th November, 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 31st 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 financial results for the quarter ended 30th September, 2019 and 30th June, 2019 includes financial results of the operations of erstwhile VInL for the entire quarter whereas the financial results for the quarter and half year ended 30th September, 2018 and year ended 31st March, 2019 includes financial results of the operations of erstwhile VInL for the period from 31st August, 2018 to 30th September, 2018 and 31st August, 2018 to 31st March, 2019 respectively.

3. On 4th 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.

4. The Company has adopted Ind AS 116, 'Leases', effective annual reporting period beginning 1st 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. 1st April, 2019. Accordingly, the Company has not restated comparative information which continues to be reported under Ind AS 17, 'Leases'.

   This has resulted in recognition of right-of-use assets of ₹ 227,129 Mn and lease liability of ₹ 284,030 Mn with a corresponding impact to retained earnings of ₹ 44,649 Mn (net of deferred taxes impact of ₹ 17,677 Mn) as at 1st April, 2019. In the Statement of profit and loss for the current quarter, the nature of expenses in respect of operating leases has changed from rentals in previous periods to depreciation on the right-of-use asset and finance cost for interest accrued on lease liability with the principal and interest portion of the lease liability presented as financing activities in the statement of cash flows. While there is no impact on the overall cash flows, the operating cash flows reflect an increase of ₹ 27,299 Mn with a corresponding reduction in cash flows from financing activities for the six months ended 30th September, 2019.The adoption of the standard has resulted in reduction of net loss after tax for the quarter and six months ended 30th September, 2019 by ₹ 1,383 Mn and ₹ 2991 Mn respectively.

5. A) Subsequent to the quarter end, the Hon'ble Supreme Court on 24th October, 2019 passed the judgment ('SC AGR Judgement') on cross appeals against the Hon'ble TDSAT judgment dated 23rd April, 2015, wherein it has held that the definition of Gross Revenue under Clause 19 of the UASL is all encompassing and comprehensive. Hon'ble Supreme Court has further held that the Gross Revenue definition shall prevail over the Accounting Standards and is binding on the parties to the contract / License Agreement. The Hon'ble Supreme Court has then dealt with different heads of revenue / inflow and has held that these will fall within the definition of Adjusted Gross Revenue. Further, the Hon'ble Supreme Court has upheld the levy of interest, penalty and interest on penalty stating that the levy is as per the terms and conditions of the License Agreement.

   Consequent to the above, the Company has estimated License Fee of ₹ 276,100 Mn and Spectrum Usage Charges (SUC) of ₹ 165,400 Mn; (including interest, penalty and interest thereon of ₹ 330,050 Mn) ('AGR liability') based on the DoT demands received till date and estimation for periods for which demands have not been raised by DoT, together with interest and penalty, all taken for periods upto 30th September, 2019 and adjusted for certain computational errors. Whilst the Company has provided for SUC, considering that no spectrum is used for generating non-telecom income, the Company is evaluating the levy of SUC on such income. Accordingly, during the quarter, the Company has recognised a charge of ₹ 256,779 Mn as an exceptional item after adjusting the available provisions and adjustments for potential payments under a mechanism on satisfaction of contractual conditions as per the Implementation Agreement dated 20th March, 2017 entered on merger of erstwhile VInL and ICL in relation to the crystallisation of certain contingent liabilities which existed at the time of merger. Also, the Company has informed the lenders and bond holders about the SC AGR judgement, as required under the financing agreements entered with them and also notified the Stock Exchanges.

   The Hon'ble Supreme Court has directed the Telecom operators to pay the dues within 90 days from the date of the SC AGR Judgement. By its letter of 13th November, 2019, the DoT has directed the Company to make payment in accordance with SC AGR judgment based on its own assessment with requisite documents. The Company would complete its assessment, reconcile/validate the DoT demands, and true up the estimates considered in accordance with SC AGR judgement.

VODAFONE IDEA LIMITED

The Company is in the process of filing a review petition with the Hon'ble Supreme Court. Further, the Company through Cellular Operators Association of India ('COAI') has made representations to the Government to provide relief to the telecom sector, including but not limited to requesting to not press for the AGR liability payment and grant waivers, not levy spectrum usage charges on non-licensed revenue / income, reduction of licence fee and SUC rates, use of GST credit for payment of Government levies and allow payment to be made in instalments after some moratorium and grant a moratorium of two years for the payment of Spectrum dues beyond 1st April, 2020 up to 31st March, 2022. The Government has taken cognizance of these representations and has recently set-up a Committee of Secretaries ('CoS') to evaluate the telecom operators' plea and suggest measures to mitigate the financial stress.

B) During the year ended 31st March, 2019, the Company had classified ₹ 102,062 Mn from non-current borrowings to current maturities of long-term debt for not meeting certain covenant clauses under the financial agreements for specified financial ratios as at 31st March, 2019. The Company had exchanged correspondences / been in discussions with these lenders for the next steps /waivers.

Based on the above, waiver and/or grant of deferred payment terms for the AGR liability by the Government, reduction of license fee and/ or SUC rates and a moratorium on payment of DoT spectrum instalments are essential to meet the funding requirement for the aforesaid payments. The above factors indicate that material uncertainty exists that cast significant doubt on the Company's ability to continue as a going concern and its ability to generate the cash flow that it needs to settle, or refinance its liabilities and guarantees as they fall due, including those relating to the SC AGR judgement. The Company's ability to continue as going concern is dependent on obtaining the reliefs from the Government, as discussed in Note 5(A) above and positive outcome of the proposed legal remedy. Pending the outcome of the above matters, these financial results have been prepared on a Going Concern Basis.

6. During the quarter, the Company has revised its business plan, basis which the Company is in the process of re-farming its 3G spectrum for 4G services along with its Network integration / alignment. Consequently, certain assets capitalised earlier may no longer be usable. Accordingly, the Company has taken an accelerated depreciation charge of ₹ 40,320 Mn during the quarter and disclosed it as exceptional item. Further, in line with the above and the matters discussed in Note 5, the Company has reassessed the recoverability of deferred tax assets, stopped further recognition and derecognized the Deferred Tax Assets amounting to ₹ 126,607 Mn recorded upto 30th June, 2019.

7. Exceptional Items: -

₹ Mn

Particulars	Quarter ended			Six Months ended		Year ended
	30-September-19 Unaudited	30-June-19 Unaudited	30-September-18 Unaudited	30-September-19 Unaudited	30-September-18 Unaudited	31-March-19 Audited
Integration and merger related costs	(2,602)	(2,262)	(13,570)	(4,864)	(13,570)	(26,607)
Provision for additional depreciation / impairment of assets (including amount referred in Note 6 above)	(48,223)	(3,716)	-	(51,939)	-	(5,589)
Provision for impairment towards its loan receivable/investment in subsidiaries / associate	(110)	(3,484)	-	(3,594)	-	-
Re-assessment of certain estimates and accruals	-	-	8,086	-	8,086	7,646
Gain on sale of Idea Cellular Infrastructure Services Limited (ICISL)	-	-	(174)	-	37,662	37,644
AGR Liability (Refer Note 5(A) above)	(256,779)	-	-	(256,779)	-	-
Others	-	-	-	-	-	(727)
Total	**(307,714)**	**(9,462)**	**(5,658)**	**(317,176)**	**32,178**	**12,367**
Deferred tax impact	-	1,671	1,581	1,671	(11,653)	(6,077)

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

9. The Scheme of Arrangement under section 230 to 232 of the Companies Act, 2013 between the Company and its wholly owned subsidiary Vodafone Towers Limited (VTL) for transfer of Fiber Infrastructure undertaking to VTL on an as is basis has been approved by the National Company Law Tribunal, Ahmedabad bench (NCLT) vide its order dated 18th September, 2019. On filing of the said order with the Registrar of Companies (RoC) on 15th October, 2019, the Scheme has become effective with an appointed date of 1st October, 2019. The assets and liabilities related to fiber Infrastructure business has been reclassified as held for sale as on 30th September, 2019.

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VODAFONE IDEA LIMITED

10. The listed 9.45% Non-Convertible Debentures (NCD's) aggregating to ₹ 3,960 Mn have a pari-passu charge on the tangible fixed assets of the company excluding passive telecom infrastructure.

Additional details required with regards to the listed secured and unsecured NCD's are as follows:

Sl. No.	Particulars	Principal Amount (₹ Mn)	Previous Due Date		Next Due Date	
			Principal	Interest	Principal	Interest
1	Secured 9.45% NCD's*	3,960	N.A	31-Oct-18	31-Oct-19	31-Oct-19
2	Unsecured 7.57% NCD's	15,000	N.A	13-Dec-18	13-Dec-21	13-Dec-19
3	Unsecured 7.77% NCD's	10,000	N.A	4-Jan-19	4-Jan-22	4-Jan-20
4	Unsecured 7.77% NCD's	5,000	N.A	17-Jan-19	17-Jan-22	17-Jan-20
5	Unsecured 8.04% NCD's	20,000	N.A	28-Jan-19	28-Jan-22	28-Jan-20
6	Unsecured 8.03% NCD's	5,000	N.A	31-Jan-19	31-Jan-22	31-Jan-20
7	Unsecured 8.03% NCD's	5,000	N.A	14-Feb-19	14-Feb-22	14-Feb-20
8	Unsecured 10.90% NCD's	15,000	N.A	3-Sep-19	3-Sep-23	3-Sep-20

*Secured 9.45% NCD has been repaid fully on the scheduled date 31st October 2019.

Interest has been paid on the respective due dates and the principal is not yet due.

The NCD's listed above have currently been rated "CARE A-" with (Outlook: Under Credit Watch with Negative Implications) by CARE. The previous rating was "CARE A" with Negative Outlook. Additionally, its 7.57% NCD (Sl. No.2); 7.77% NCD (Sl. No.4) and 8.03% NCD (Sl. No. 6) issues have been rated as "BWR A-" with (Outlook: Rating under Watch with Negative Implications) by Brickworks. The previous rating from Brickworks was "BWR A+" with Negative Outlook.

Further, the Company has prepaid Secured 8.12% NCD (Outstanding: ₹ 50 Mn) in its entirety on 4th, September 2019. The same was due for payment on 8th February, 2024.

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 1st July, 2008 to 31st December, 2012, amounting to ₹10,687 Mn (31st March, 2019: ₹ 10,687 Mn), and

- For spectrum beyond 4.4 MHz in respective service areas effective 1st January, 2013 till expiry of the period as per respective licenses amounting to ₹ 57,254 Mn (31st 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 (31st March, 2019: ₹ 33,224 Mn) as per clause 3 (i) and (m) of the M&A guidelines dated 20th 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 4th 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 for spectrum beyond 6.2 MHz that has been allotted after 1st July, 2008, the Respondent is entitled to levy One Time Spectrum Charges (hereinafter referred to as "OTSC") from the date of allocation of such spectrum and that in case of spectrum beyond 6.2 MHz and allocated before 1st July, 2008, respondent can levy OTSC demand prospectively, i.e. with effect from 1st January, 2013. The Company plans to challenge the TDSAT order in Supreme Court. No impact of the said order is considered as on 30th September, 2019.

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VODAFONE IDEA LIMITED

12. Statement of Assets and Liabilities: -

₹ Mn

Particulars	As at September 30, 2019	As at March 31, 2019
A ASSETS		
1 Non-current assets		
Property, plant and equipment (including RoU Assets)	614,916	493,411
Capital work-in-progress	6,545	23,325
Other Intangible assets	1,257,241	1,273,203
Intangible assets under development	39	27,443
Financial assets		
Non-current investments	49,697	66,624
Long term loans to employees	3	8
Other non-current financial assets	10,078	10,279
Deferred tax assets (net)	-	89,351
Other non-current assets	153,526	154,038
Sub-total non-current assets	**2,092,045**	**2,137,682**
2 Current assets		
Financial assets		
Current investments	27,160	66,890
Trade receivables	29,266	33,081
Cash and cash equivalents	33,082	6,759
Bank balance other than cash and cash equivalents	92,578	1,085
Loans to subsidiaries, joint venture and others	11,519	13,396
Other current financial assets	86,069	717
Other current assets	76,530	70,921
	356,204	**192,849**
Assets classified as held for sale (AHFS)	52,966	-
Sub-total current assets	**409,170**	**192,849**
TOTAL – ASSETS	**2,501,215**	**2,330,531**
B EQUITY AND LIABILITIES		
1 Equity		
Equity share capital	287,354	87,356
Other equity	(9,287)	547,689
Sub-total equity	**278,067**	**635,045**
2 Non-current liabilities		
Financial liabilities		
Long term borrowings	994,904	1,044,029
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	12,540	8,678
Other non-current financial liabilities	234,395	97,383
Long term provisions	3,711	3,392
Other non-current liabilities	1,528	4,235
Sub-total non-current liabilities	**1,247,078**	**1,157,717**
3 Current liabilities		
Financial liabilities		
Short term borrowings	1,698	41,207
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	163	178
Total outstanding dues of creditors other than micro enterprises and small enterprises	107,184	126,565
Other current financial liabilities	358,995	300,627
Other current liabilities	500,878	68,821
Short term provisions	579	371
	969,497	**537,769**
Liabilities classified as held for sale	6,573	-
Sub-total current liabilities	**976,070**	**537,769**
TOTAL – EQUITY AND LIABILITIES	**2,501,215**	**2,330,531**

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

VODAFONE IDEA LIMITED

13. Statement of Cash Flows: -

₹ Mn

Particulars	For the period ended September 30, 2019	For the period ended September 30, 2018
Operating activities		
Loss before tax	(439,213)	(38,347)
Adjustments to reconcile loss before tax to net cash flows		
Depreciation of property, plant and equipment	77,148	29,049
Amortisation of intangible assets	46,335	21,714
Share-based payment expense (ESOS)	(84)	102
Gain on disposal of property, plant and equipment and intangible assets (net)	-	(10)
Accelerated depreciation on account of network re-alignment	51,939	100
Impairment of investment/loan in subsidiary and associate	3,594	-
Finance costs (including fair value change in financial instruments)	73,721	36,872
Provision for gratuity and compensated absences	272	93
Bad debts/advances written off	-	16
Allowance for doubtful debts / advances	1,622	1,110
Liabilities/provisions no longer required written back	(8)	(331)
Gain on sale of ICISL	-	(37,662)
Other income	(6,120)	(6,572)
Working capital adjustments		
Decrease/(Increase) in trade receivables	448	(3,010)
Decrease in inventories	-	339
Increase in other financial and non-financial assets	(89,156)	(3,901)
(Decrease)/Increase in trade payables	(13,416)	16,247
Increase/(Decrease) in other financial and non-financial liabilities	349,078	(5,544)
Cash flows from operating activities	56,160	10,265
Income tax refund/(paid) (including TDS) (net)	(553)	5,256
Net cash flows from operating activities	**55,607**	**15,521**
Investing activities		
Purchase of property, plant and equipment and intangible assets (including CWIP and intangible assets under development)	(51,655)	(26,988)
Payment towards -one time spectrum charges	-	(39,263)
Proceeds from sale of property, plant and equipment and intangible assets	1,090	87
Proceeds from sale of subsidiary	-	42,303
Additional investment in subsidiaries and associate (including advance given for purchase of shares)	(649)	(406)
Net sale/(purchase) of current investments	41,621	(61,932)
Loans given to subsidiaries	(55)	-
Repayment of loans by subsidiaries	1,124	-
Interest received	1,586	221
Fixed deposits with bank with maturity of 3 Months to 1 year	(91,492)	-
Dividend received from joint venture (Indus)	-	2,990
Net cash flows used in investing activities	**(98,430)**	**(82,988)**
Financing activities		
Proceeds from issue of equity shares on exercise of share options	-	1
Issue of right shares (net of share issue expenses of ₹ 847 Mn)	249,151	-
Stamp duty on issue of shares on amalgamation of VMSL and VInL with the Company	-	(83)
Payment of interest and finance charges	(65,469)	(9,522)
Payment of lease liabilities	(27,299)	-
Proceeds from long term borrowings	-	55,000
Repayment of long term borrowings	(47,420)	(6,690)
Proceeds from short term borrowings	30,015	765
Repayment of short term borrowings	(69,124)	(16,653)
Net cash flows (used in)/from financing activities	**69,854**	**22,818**
Net (decrease)/ increase in cash and cash equivalents during the period	**27,031**	**(44,649)**
Cash and cash equivalents at the beginning of the period	5,889	(27)
Add: Cash and cash equivalent on amalgamation of VMSL and VInL with the Company (net of bank overdraft ₹ Nil (September 30, 2018: ₹ 5,991 Mn))	-	55,249
Cash and cash equivalents at the end of the period	**32,920**	**10,573**

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

VODAFONE IDEA LIMITED

14. Financial results for the six months and quarter ended 30th September, 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: 14th November, 2019
Place: Mumbai

Managing Director & Chief Executive Officer

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

VODAFONE IDEA LIMITED

vodafone

Idea

Media Release – November 14, 2019

Integration progressing well with 14 circles and 78% of districts consolidated; Data capacity is almost 2x in consolidated circles

Highlights for the Quarter

- Q2 Revenue declined 3.8% QoQ impacted by seasonality and floods in key markets.
- **Strategic initiatives have started to reflect in our performance, with daily revenue increasing month-on-month in both September and October 2019.**
- Synergy realization on track with **~75% of the synergy target achieved** by Q2FY20.
- Network integration completed in 14 circles, driving significant network speed improvement. Orissa, Karnataka, Rajasthan and Kolkata circles integrated in Q2; **78% of districts now consolidated.**
- **Fastest 4G network** in circles of Delhi, Madhya Pradesh, West Bengal as well as in Sikkim and Chennai according to Ookla. 4G speeds continue to improve, notably in consolidated circles.
- Deployment of ~55,000 TDD sites by Q2FY20 to augment data capacity; **Massive MIMO rollout** remains the largest in India.
- **LTE 900 rollout** expanded to 8 circles, with launch in Haryana and Madhya Pradesh during Q2.
- Following the Hon'ble Supreme Court judgement on the AGR matter, the Company has recognised a charge of Rs. 256.8 billion in the financial statements.

Financial Highlights

Consolidated (Rs Mn)	Q1FY20	Q2FY20
Revenue	112,699	108,440
EBITDA	36,500	33,471
EBITDA%	*32.4%*	*30.9%*
Depreciation & Amortisation	61,308	63,094
EBIT	(24,808)	(29,623)
Interest and Financing Cost (Net)	34,441	33,519
Exceptional Items		
- Impairment (non-cash)	(5,808)	(48,222)
- Others	(2,262)	(259,523)
Share of Profit/(Loss) from Indus & ABIPBL	581	1,295
PBT	(66,738)	(369,592)
PAT	**(48,739)**	**(509,219)**
Other Comprehensive Income (net of Tax)	(344)	240
Total Comprehensive Income (Consolidated)	**(49,083)**	**(508,979)**

Ravinder Takkar, MD & CEO Vodafone Idea Limited, said "*We are in active discussions with the government seeking financial relief following the recent Hon'ble Supreme Court ruling. At the same time, we remain highly focused on rapid network integration and 4G coverage and capacity expansion in our key markets. Data experience for our customers has significantly improved post consolidation and we now lead the league tables on 4G data download speeds in the circles of Delhi, Madhya Pradesh, West Bengal as well as in Sikkim and Chennai. We believe this is leading to improved customer perception and consequently better 4G traction for us, as we have started to witness improved 4G subscriber additions. We remain well on track to deliver our synergy targets by Q1FY21.*"

vodafone Idea

Financial highlights

Q2FY20 revenue of Rs. 108.4 billion declined 3.8% QoQ, impacted by seasonality and by severe floods in many of our major markets. We also continue to see ARPU down trading.

EBITDA for the quarter decreased to Rs. 33.5 billion, (Rs. 10.5 billion excluding Ind AS 116 impact vs Rs. 12.5 billion in Q1) a QoQ decline of 8.3% as lower revenue was partially offset by continued cost synergy realisation. Q2FY20 underlying operating expenses (excluding License fees & Spectrum Usage Charges and roaming & access charges) were Rs. 15.8 billion lower compared to Q1FY19, after adjusting for inflation driven cost increases and incremental network rollout. On an annualised basis, this represents ~75% of our target opex synergy of Rs. 84 billion. We therefore remain well on track to realize our full opex synergy targets by Q1FY21.

We remain committed to delivering 4G coverage to 1 billion Indians by the end of FY20. However the Capex guidance has been revised to ~Rs. 130 billion from Rs. 170 billion for FY20, primarily on account of savings resulting from better pricing, disaggregation of components while ordering and reduction in planned 4G footprint in non-priority areas. Furthermore, lower than expected capacity requirement during the year has also resulted in capex deferral to FY21. Reflecting these benefits, Q2FY20 capex spend was Rs. 21.4 billion.

Gross debt as of September 30, 2019 was Rs. 1,173 billion, including deferred spectrum payment obligations due to the Government of Rs. 891.7 billion, but excluding lease liabilities. Cash & cash equivalents were Rs. 153.9 billion and net debt Rs. 1,019.1 billion (vs Rs. 992.6 billion in Q1FY20).

Consequent to the recent judgement by Hon'ble Supreme Court, we have accounted for the estimated liability of Rs. 276.1 billion related to License Fee and Rs. 165.4 billion related to Spectrum Usage Charges up to September 30, 2019 including the interest, penalty and interest thereon of Rs. 330.1 billion. This estimate is based on demands received from DoT till date, an estimation for the period for which demands have not been raised, together with interest and penalty adjusting for certain computation corrections. Whilst the Company has provided for SUC, considering that no spectrum is used for generating non-telecom income, the Company is evaluating the levy of SUC on such income. Accordingly, during the quarter we recognised a charge of Rs. 256.8 billion as a part of exceptional item after adjusting the available provision and potential payments, on satisfaction of contractual conditions, under a mechanism with Vodafone Group.

In addition, based on revisions in our business plan, we are in the process of re-farming our 3G spectrum for offering 4G services along with our Network integration / alignment exercise. Accordingly, certain assets capitalised earlier may no longer be usable, resulting in an accelerated depreciation charge of Rs. 40.3 billion disclosed as part of exceptional items.

In line with the above changes, we have reassessed the recoverability of deferred tax assets, stopped further recognition and derecognized the Deferred Tax Assets amounting to Rs. 139.4 billion recorded up to June 30, 2019. As a result, loss for the quarter stands at Rs. 509.2 billion.

Integration update

Integration is progressing well and is expected to complete by Q1FY21. Opex synergies of Rs. 84 billion are targeted to be achieved two years earlier than the initial plan set at the time of the merger announcement in March 2017.

As at September 30, 2019, we had completed network integration in 14 service areas with Orissa, Karnataka, Rajasthan and Kolkata integrated during Q2. In the remaining circles, integration continues to move at a rapid pace based on a cluster-by-cluster approach, with subscribers of both brands gradually migrating to the new network, which has significantly greater coverage and capacity. We have already completed network integration in 78% of districts.

The improved coverage and capacity following integration, coupled with the deployment of TDD sites, Massive MIMO and LTE 900 MHz on select sites, continues to materially improve data speeds across circles. The data capacity in the 14 integrated circles as of September, 2019 has almost doubled compared to September, 2018. We now deliver the fastest 4G network speeds in the circles of Delhi, Madhya Pradesh and West Bengal as well as in Sikkim and Chennai, based on Ookla data. We have witnessed improving trends on 4G subscriber additions, successively in September and October 2019. As the integration is now moving towards our stronger circles, we expect further support to these trends.

As part of our network integration, we had removed surplus equipment from ~50,000 sites out of the total ~73,000 co-located sites by the end of September, 2019, further benefiting our cost base. In addition, we had exited ~16,000 low utilization sites by the end of September, 2019.

Operational highlights

The subscriber base declined to 311.1 million from 320 million in Q1FY20. Subscriber churn continues to improve, reaching 3.5% in Q2FY20 compared to 3.7% in Q1FY20 and 7.2% in Q4FY19. During the quarter, gross subscriber additions has also increased QoQ. ARPU for Q2 was Rs. 107 vs Rs. 108 in Q1FY20.

We continue to invest in 4G to increase coverage and capacity. During the quarter we added ~12,000 4G FDD sites to increase 4G coverage, and deployed ~6,000 TDD sites in addition to deployment of Massive MIMO in key circles to increase capacity. We are making progress in implementing LTE 900 in select locations, including through dynamic spectrum refarming. Our overall broadband site count stood at 405,346 in Q2 compared to 392,747 in Q1FY20.

Our network investment initiatives have delivered a significant capacity uplift and enhanced our customers' experience. Our 4G population coverage continues to improve and stands at ~72.2% as of September 30, 2019, compared to less than 50% for each of the brand at the start of the operations.

During the quarter, we added 5.5 million 4G customers (Q1FY20: 4.1 million), taking our overall 4G subscriber base to 90.3 million and we continue to see improving trends in 4G net adds. Total data volumes grew by 8.4% to 3,492 billion MB compared to the last quarter. Total minutes on the network declined by 6.7% during the quarter, primarily due to a reduction in incoming minutes.

Fund raising / Asset monetization

The merger of Indus Towers and Bharti Infratel is awaiting regulatory approval from the Department of Telecommunications, having received all other required approvals. The long stop date on the original agreement has been extended to December 24, 2019. Vodafone Idea plans to monetize its 11.15% stake in Indus on completion of the Indus-Infratel merger. In addition to exploring options to monetize nearly 160,000 Kilometers of intra-city and inter-city fibre, we are exploring monetization of our Data Centre.

AGR Judgement by Hon'ble Supreme Court and its impact

The Hon'ble Supreme Court on October 24, 2019 announced its judgment on the Adjusted Gross Revenue (AGR) matter which has significant financial implications for the industry. Further, the Hon'ble Supreme Court has provided 90 days' time to pay the amount and report compliance. We have accounted for the estimated liability of Rs. 276.1 billion related to License Fee and Rs. 165.4 billion related to Spectrum Usage Charges up to September 30, 2019, including the interest, penalty and interest thereon of Rs. 330.1 billion. This estimate is based on demands received from DoT till date, an estimation for the period for which demands have not been raised, together with interest and penalty adjusting for certain computation corrections. Whilst the Company has provided for SUC, considering that no spectrum is used for generating non-telecom income, the Company is evaluating the levy of SUC on such income. Accordingly, during the quarter we recognised a charge of Rs. 256.8 billion as a part of exceptional item after adjusting the available provision and potential payments, on satisfaction of contractual conditions, under a mechanism with Vodafone Group. We are in the process of filing a review petition.

Further, the Company through Cellular Operators Association of India ('COAI') has made representations to the Government to provide relief to the telecom sector, including but not limited to requesting to not press for the AGR liability payment and grant waivers, not levy Spectrum Usage Charges on non-licensed revenue / income, reduction of License fee and SUC rates, use of GST credit for payment of Government levies and allow payment to be made in installments after some moratorium and grant a moratorium of two years for the payment of Spectrum dues beyond April 01, 2020 up to March 31, 2022. The Government has also taken cognizance of the financial stress on the telecom sector and has recently set-up a Committee of Secretaries ('CoS') to evaluate the telecom operators' plea and suggest measures to mitigate the financial stress.

It is to be noted that our ability to continue as going concern is dependent on obtaining the reliefs from the Government as discussed above and positive outcome of the proposed legal remedy. Pending the outcome of the above matters, these financial results have been prepared on a Going Concern Basis.

About Vodafone Idea Ltd. (formerly Idea Cellular 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.