

We have reviewed the accompanying statement of unaudited consolidated Ind AS financial results of Vodafone Idea Limited (formerly known as Idea Cellular Limited) (the 'Company') comprising its subsidiaries (together referred to as 'the Group'), its joint ventures and associate, for the quarter ended September 30, 2018 and year to date from April 1, 2018 to September 30, 2018 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular').

2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited consolidated Ind AS financial results prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We did not review the financial results and other financial information, in respect of one associate, whose Ind AS financial results include Group's share of net loss of Rs. 213 million and Rs 402 million for the quarter and for the period ended September 30, 2018 respectively, as considered in the consolidated Ind AS financial results. These Ind AS financial results and other financial information have been reviewed by other auditor and whose reports have been furnished to us by the management. Our conclusion, in so far as it relates to the affairs of such associate is based solely on the report of other auditor. Our conclusion is not modified in respect of this matter

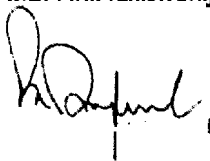


6. We draw your attention to the following matters in the Statement

- a) Note 5 which describes the uncertainties related to the outcome of the discussions between the Company and infrastructure service providers for exit charges pursuant to the change of two tenancies to a single tenancy with higher loading on co-located sites.
- b) Note 13 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 report is not qualified in respect of these matters.

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



Membership No.: 93283



Place: Mumbai  
Date: November 14, 2018

Particulars	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 for the quarter and six months ended 30-September-2018					
	(₹ Mn, except per share data)					
	Quarter Ended			Six Months Ended		Year Ended
	30-Sep-18 Unaudited	30-Jun-18 Unaudited	30-Sep-17 Unaudited	30-Sep-18 Unaudited	30-Sep-17 Unaudited	31-Mar-18 Audited
<b>INCOME</b>						
Service Revenue	76,458	58,664	74,605	135,122	156,155	282,420
Sale of Trading Goods	9	3	14	12	38	51
Other Operating Income	168	225	36	393	127	318
<b>REVENUE FROM OPERATIONS</b>	<b>76,635</b>	<b>58,892</b>	<b>74,655</b>	<b>135,527</b>	<b>156,320</b>	<b>282,789</b>
Other Income	2,151	1,414	454	3,565	606	3,530
<b>TOTAL INCOME</b>	<b>78,786</b>	<b>60,306</b>	<b>75,109</b>	<b>139,092</b>	<b>156,926</b>	<b>286,319</b>
<b>EXPENSES</b>						
Cost of Trading Goods	19	4	20	23	55	73
Employee Benefit Expenses	4,939	3,920	4,398	8,859	8,593	15,430
Network Expenses and IT Outsourcing Costs	35,976	26,427	25,361	62,403	52,244	97,334
License Fees and Spectrum Usage Charges	7,990	5,961	7,689	13,951	16,355	28,667
Roaming & Access Charges	9,478	7,744	11,198	17,222	21,888	35,358
Marketing, Content, Customer Acquisition & Service Costs	9,105	6,236	8,854	15,341	18,871	36,090
Finance Costs	21,662	15,258	12,283	36,920	23,974	48,130
Depreciation & Amortisation Expenses	30,059	20,924	21,143	50,983	41,822	84,091
Other Expenses	4,514	2,006	2,119	6,520	4,544	9,362
<b>TOTAL EXPENSES</b>	<b>123,742</b>	<b>88,480</b>	<b>93,065</b>	<b>212,222</b>	<b>188,346</b>	<b>354,535</b>
<b>LOSS BEFORE EXCEPTIONAL ITEMS, TAX AND SHARE IN PROFIT / (LOSS) OF JOINT VENTURE AND ASSOCIATE</b>	<b>(44,956)</b>	<b>(28,174)</b>	<b>(17,956)</b>	<b>(73,130)</b>	<b>(31,420)</b>	<b>(68,216)</b>
Add: Share in Profit / (Loss) of Joint Venture and Associate (net)	423	598	843	1,021	1,661	3,224
<b>LOSS BEFORE EXCEPTIONAL ITEMS AND TAX</b>	<b>(44,533)</b>	<b>(27,576)</b>	<b>(17,113)</b>	<b>(72,109)</b>	<b>(29,759)</b>	<b>(64,992)</b>
Exceptional Item (Net) (Refer Note 6)	(5,658)	33,645	-	27,987	-	-
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(50,191)</b>	<b>6,069</b>	<b>(17,113)</b>	<b>(44,122)</b>	<b>(29,759)</b>	<b>(64,992)</b>
<b>Tax expense:</b>						
- Current tax	(3)	157	321	154	609	1,234
- Deferred tax (Refer Note 7)	(450)	3,347	(6,368)	2,897	(11,153)	(24,544)
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>(49,738)</b>	<b>2,565</b>	<b>(11,066)</b>	<b>(47,173)</b>	<b>(19,215)</b>	<b>(41,682)</b>
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>						
- Re-measurement gains/ (losses) of defined benefit plans	354	108	(16)	462	(31)	442
- Income tax effect	(121)	(38)	6	(159)	11	(152)
- Group's share in other comprehensive income of joint venture and associate	-	-	(2)	-	(2)	(7)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>	<b>(49,505)</b>	<b>2,635</b>	<b>(11,078)</b>	<b>(46,870)</b>	<b>(19,237)</b>	<b>(41,399)</b>
Paid up Equity Share Capital (Face value ₹ 10 per share)	87,351	43,599	36,072	87,351	36,072	43,593
Reserves excluding Revaluation Reserve						229,031
Earnings Per Share for the period (₹)						
- Basic	(8.54)	0.57	(3.09)	(9.27)	(5.37)	(11.36)
- Diluted	(8.54)	0.57	(3.09)	(9.27)	(5.37)	(11.36)
Debt Redemption Reserve				5,191	3,070	4,408
Networth				695,405	228,013	272,624
Debt Service Coverage Ratio (DSCR) *				0.91	1.49	1.51
Interest Service Coverage Ratio (ISCR) **				1.06	1.78	1.75
Debt - Equity Ratio ***				1.81	2.49	2.13

\* 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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## 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 14<sup>th</sup> November 2018.
2. Vodafone India Limited (VInL) along with its subsidiary Vodafone Mobile Services Limited (VMSL) (hereinafter collectively called as "erstwhile Vodafone") have merged into Idea Cellular Limited (ICL) on 31<sup>st</sup> August, 2018 (Effective Date). This has resulted in the formation of a Joint Venture between the promoter Groups i.e Aditya Birla Group and Vodafone Group and change of name from ICL to Vodafone Idea Limited (VIL). Accordingly, the consolidated financial results for the quarter and six month period ended 30<sup>th</sup> September, 2018 includes consolidated financial results of the operations of erstwhile VInL for the period from 31<sup>st</sup> August, 2018 to 30<sup>th</sup> September, 2018.

The Company has accounted for this merger under 'pooling of interest' method based on assets and liabilities of erstwhile Vodafone at the Effective Date as follows:

- All assets, liabilities and reserves of erstwhile Vodafone as on the Effective Date have been recorded at their respective book values subject to accounting policy alignment / estimate adjustments which have been adjusted to the retained earnings.
- Shares of ICL issued to erstwhile VInL on merger of its subsidiary VMSL with ICL were recorded at face value and subsequently cancelled on merger of erstwhile VInL with ICL.
- Shares of ICL issued to the erstwhile VInL shareholders on merger of erstwhile VInL with ICL have been recorded at face value.
- Inter-company investments, balances and unrealized gains / losses between the merging companies have been eliminated with the difference being debited / credited to Other Equity.
- Further, in line with the Implementation Agreement entered between the parties, VIL has recorded net indemnity liability of ₹ 84,622 Mn on merger with the corresponding effect on Other Equity. The liability has been disclosed as other non-current financial liability.

The net effect of the above adjustments is an increase in the Total Equity of the Group by ₹ 469,836 Mn. The above effect is currently based on special purpose financial statements of erstwhile Vodafone as at 30<sup>th</sup> August 2018 which has been reviewed by the Audit Committee of the Board, were approved and taken on record by the Board of Directors in its meeting held on 14<sup>th</sup> November 2018. In view of the merger date being different from a quarter/year end, the Company is in the process of getting the financial statements of erstwhile Vodafone as at 30<sup>th</sup> August, 2018 audited and, impacts, if any, would be adjusted in the Opening Reserves in accordance with Ind AS 103 - 'Business Combinations'.

3. VIL has 49% investment in Aditya Birla Idea Payments Bank Limited (ABIPBL), a Payments Bank. Vodafone M-Pesa Limited (VMPL), a 100% subsidiary of erstwhile VInL is into the business of Prepaid Payment Instruments (PPI). With the merger of ICL and erstwhile VInL being completed on 31<sup>st</sup> August 2018, VIL is a promoter in both the entities. Reserve Bank of India (RBI) has permitted VMPL to continue with the PPI business only for a period of four months from the Effective Date and accordingly, the Group will transfer the PPI business from VMPL to ABIPBL. Hence, the Group has classified the assets and liabilities of VMPL as Assets Held for Sale (AHFS).
- 4 The Board of Directors of the Company have resolved to establish a committee of Board Members (the "Committee") to evaluate a potential capital raise of upto ₹ 250,000 Mn. The committee will evaluate various options including but not limited to Rights Issue, Qualified Institutional Placement and / or Preferential Share Issue. The Board notes that the promoter shareholders i.e Vodafone Group and Aditya Birla Group have indicated that they would contribute upto ₹ 110,000 Mn and ₹ 72,500 Mn respectively as part of such capital raise. On this basis, the Company believes that there is no impairment in the value of its assets in accordance with Ind AS 36 - Impairment of Assets.
5. Prior to the merger, ICL and erstwhile Vodafone were having tenancies on the same tower of various infrastructure service providers. Post the merger, these two tenancies on a single tower have been converted to a single tenancy with a higher loading as per the terms of the Master Service Agreement (MSA). The infrastructure service providers have raised demands for exit charges on the company aggregating to approx. Rs.30,000 Mn on account of this change. The company has not admitted these demands based on certain interpretations of the MSA and has been in discussion with the vendors. Following the recent developments, in the best judgment of the company, the settlement against these demands will not exceed Rs.10,000 Mn. Hence, until the final outcome and considering the uncertainty involved on this matter, on a prudent basis a provision of Rs.10,000 Mn has been made against these demands and disclosed under exceptional items.



6. Exceptional items for the quarter and half year ended 30<sup>th</sup> September 2018 primarily includes, a charge / (credit) towards (i) Integration and merger related costs amounting to ₹ 13,570 Mn (including amount referred in note 5 above), (ii) re-assessment of certain estimates of ₹ (8,084) Mn. Further, exceptional items for the half year ended September 30, 2018 also includes ₹ 33,473 Mn towards gain on sale of ICISL.
7. Consequent to the merger, the Company has reassessed the recoverability of deferred tax assets (including MAT) for the merged company, and has derecognized Deferred Tax Assets (including MAT Credit) of ₹ 13,123 Mn. Deferred tax charge also includes tax impact on exceptional items as disclosed in notes 5 and 6 above of ₹ (1,581) Mn and ₹ 11,653 Mn for the quarter and six month period ended 30<sup>th</sup> September, 2018, respectively.
8. Pursuant to transaction entered into by the Company, along with its wholly owned subsidiary Aditya Birla Telecom Limited (ABTL), Bharti Airtel Limited and Vodafone Group for merging Indus Towers Limited (Indus) into Bharti Infratel Limited (BIL) which is subject to requisite regulatory / corporate approvals and certain closing conditions, Idea Group has an option to either sell its 11.15% stake to BIL before the merger based on a predetermined pricing formula, or receive shares on merger of the enlarged merged entity at an agreed share exchange ratio, as a part of the merger scheme. Till the time the decision on the option is taken, Indus continues to be accounted as joint venture of the Group and reflected as a non-current investment.
9. The Group reported three segments till June, 2018 – Mobility, International Long Distance and Passive Infrastructure. International Long Distance represents the international long distance service provided by the Company. Consequent to the merger of erstwhile Vodafone and sale of the Passive Infrastructure business segment the Chief Operating Decision Maker primarily focusses on Mobility business in making decisions on operating matters and on allocating resources in evaluating performance. Accordingly, the Group now operates only in one reportable segment i.e. Mobility and hence no separate disclosure is required for Segments.
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.

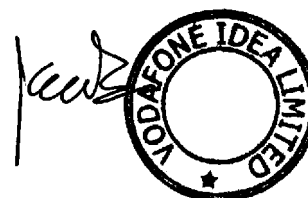
The listed 8.12% NCD's aggregating to ₹ 50 Mn have a pari-passu charge on movable fixed assets of the company excluding Spectrum and Telecom Licenses, Vehicles and Passive Telecom Infrastructure.

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-17	31-Oct-19	31-Oct-18
2	Secured 8.12% NCD's	50	N.A	8-Feb-18	8-Feb-24	8-Feb-19
3	Unsecured 7.57% NCD's	15,000	N.A	13-Dec-17	13-Dec-21	13-Dec-18
4	Unsecured 7.77% NCD's	10,000	N.A	4-Jan-18	4-Jan-22	4-Jan-19
5	Unsecured 7.77% NCD's	5,000	N.A	17-Jan-18	17-Jan-22	17-Jan-19
6	Unsecured 8.04% NCD's	20,000	N.A	29-Jan-18	27-Jan-22	28-Jan-19
7	Unsecured 8.03% NCD's	5,000	N.A	31-Jan-18	31-Jan-22	31-Jan-19
8	Unsecured 8.03% NCD's	5,000	N.A	14-Feb-18	14-Feb-22	14-Feb-19
9	Unsecured 10.9% NCD's	15,000	N.A	N.A	3-Sep-23	3-Sep-19

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

If the NCD's listed above have currently been rated "CARE AA" with Negative Outlook by CARE. The previous rating was CARE AA+ with Credit Watch with Developing Implication. Additionally, its 8.12% NCD (Sl. No.2); 7.57% NCD (Sl. No.3); 7.77% NCD (Sl. No.5) and 8.03% NCD (Sl. No. 7) issues have been rated as "BWR AA" with "Credit Watch with Developing Implication" outlook by Brickwork. The s rating from Brickworks was BWR AA+ (Outlook : Stable).



11. Statement of Assets and Liabilities :

₹ Mn

Particulars	30-Sep-18 Unaudited	31-Mar-18 Audited
<b>A ASSETS</b>		
<b>1 Non-current Assets</b>		
Property, Plant and Equipment	516,663	244,549
Capital work-in-progress	22,927	6,513
Investment Property	678	-
Goodwill on consolidation	61	61
Other Intangible assets	1,244,344	552,309
Intangible assets under development	99,553	29,340
Financial Assets		
Investments accounted for using the equity method	14,308	16,601
Long term loans	1,240	24
Other non-current financial assets	10,827	4,180
Deferred Tax Assets (Net)	64,564	12,052
Other non-current assets	152,279	17,797
<b>Sub-total Non-current assets</b>	<b>2,127,444</b>	<b>883,426</b>
<b>2 Current Assets</b>		
Inventories	51	367
Financial Assets		
Current investments	121,677	56,304
Trade receivables	40,291	8,874
Cash and cash equivalents	12,699	193
Bank balance other than cash and cash equivalents	1,155	98
Current portion of loans to employees	26	20
Other current financial assets	3,779	314
Current tax assets (Net)	2	7,752
Other current assets	68,990	17,915
	<b>248,670</b>	<b>91,837</b>
Assets classified as held for sale (Refer note 3)	2,053	10,509
<b>Sub-total current assets</b>	<b>250,723</b>	<b>102,346</b>
<b>TOTAL – ASSETS</b>	<b>2,378,167</b>	<b>985,772</b>
<b>B EQUITY AND LIABILITIES</b>		
<b>1 Equity</b>		
Equity share capital	87,351	43,593
Other equity	608,054	229,031
<b>Sub-total Equity</b>	<b>695,405</b>	<b>272,624</b>
<b>2 Non-Current Liabilities</b>		
Financial liabilities		
Long term borrowings	1,151,925	569,408
Other non-current financial liabilities	147,295	36,401
Long term provisions	4,202	3,108
Deferred tax liabilities (net)	414	659
Other non-current liabilities	3,815	5,601
<b>Sub-total non-current liabilities</b>	<b>1,307,651</b>	<b>615,177</b>
<b>3 Current Liabilities</b>		
Financial liabilities		
Short term borrowings	49,436	217
Trade payable		
- Small and Micro Enterprises	116	4
- Others	110,360	35,475
Other current financial liabilities	185,037	43,821
Other current liabilities	28,648	16,257
Short term provisions	460	224
<b>Sub-total current liabilities</b>	<b>374,057</b>	<b>95,998</b>
Liabilities classified as held for sale (Refer note 3)	1,054	1,973
<b>TOTAL – EQUITY AND LIABILITIES</b>	<b>2,378,167</b>	<b>985,772</b>



12. Unaudited financial results of Idea Cellular Limited (Standalone) :-

₹ Mn

Particulars	Quarter ended			Six Months Ended		Year ended
	30-Sep-18 Unaudited	30-June-18 Unaudited	30-Sep-17 Unaudited	30-Sep-18 Unaudited	30-Sep-17 Unaudited	31-Mar-18 Audited
Revenue from Operations	76,388	58,268	73,491	134,656	154,032	278,286
Profit / (Loss) before Tax	(50,703)	8,888	(18,874)	(41,815)	(32,948)	(72,967)
Net Profit / (Loss) after Tax	(50,065)	5,779	(12,368)	(44,286)	(21,596)	(47,808)

13. On 8<sup>th</sup> January 2013, Department of Telecommunications (DoT) issued demand notices to the Company and erstwhile Vodafone towards one time spectrum charges (OTSC):

- for spectrum beyond 6.2 Mhz in respective service areas for retrospective period from 1<sup>st</sup> July 2008 to 31<sup>st</sup> December 2012, amounting to ₹ 10,687 Mn (June 18: ₹ 3,691 Mn), and
- for spectrum beyond 4.4 Mhz in respective service areas effective 1<sup>st</sup> January 2013 till expiry of the period as per respective licenses, amounting to ₹ 45,165 Mn ( June 18: ₹ 17,444 Mn).
- Subsequently on 9<sup>th</sup> July 2018 , DoT revised the demands for beyond 4.4mhz to INR 57,254 Mn as against INR 45,165 Mn as mentioned above

In the opinion of Company, *inter-alia*, the above demands amount to alteration of financial terms of the licenses issued in the past. Erstwhile Vodafone had petitioned Hon'ble TDSAT while the Company had petitioned the Hon'ble High Court of Bombay, where the matters were admitted and remain sub-judice. DoT has been directed not to take any coercive action until the matter is further heard. No effects have been given in the consolidated financial results for the above.

On 9<sup>th</sup> July 2018, i.e. at the time of merger approval of erstwhile Vodafone with ICL, DoT asked the Company to submit bank guarantee(BG) amounting to ₹ 33,224 Mn towards one time spectrum fees beyond 4.4 MHz mentioned above. The Company complied with the aforesaid condition but thereafter approached TDSAT, seeking return of BGs of ₹ 33,224 Mn. The matter is currently admitted.

14. The Board in its meeting dated 14<sup>th</sup> November 2018, has approved 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 assets and liabilities to VTL on an as is basis. The Scheme will be filed for approval with NCLT Ahmedabad.

15. Consolidated financial results for the quarter and six months ended 30<sup>th</sup> September 2018 and the Statement of Assets and Liabilities as at 30<sup>th</sup> September, 2018 are not comparable to those reported for the preceding periods due to the facts mentioned in note 2 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: 14<sup>th</sup> November. 2018  
Place: Mun



  
Director



**Independent Auditor's Review Report on Ind AS Standalone Financial Results**

**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 Ind AS financial results of Vodafone Idea Limited (formerly known as Idea Cellular Limited) (the 'Company') for the quarter ended September 30, 2018 and year to date from April 1, 2018 to September 30, 2018 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular').
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS) 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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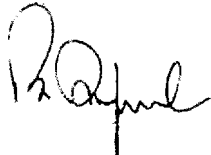


5. We draw your attention to the following matters in the Statement

- a) Note 5 which describes the uncertainties related to the outcome of the discussions between the Company and infrastructure service providers for exit charges pursuant to the change of two tenancies to a single tenancy with higher loading on co-located sites.
- b) Note 8 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 report is not qualified in respect of these matters.

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

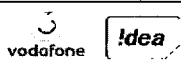


Membership No.: 93283

Place: Mumbai

Date: November 14, 2018





**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-2018

(₹ Mn, except per share data)

Particulars	Quarter ended			Six Months ended		Year ended
	30-Sep-18 Unaudited	30-Jun-18 Unaudited	30-Sep-17 Unaudited	30-Sep-18 Unaudited	30-Sep-17 Unaudited	31-Mar-18 Audited
<b>INCOME</b>						
Service Revenue	76,219	58,045	73,460	134,264	153,911	278,000
Other Operating Income	169	223	31	392	121	286
<b>REVENUE FROM OPERATIONS</b>	<b>76,388</b>	<b>58,268</b>	<b>73,491</b>	<b>134,656</b>	<b>154,032</b>	<b>278,286</b>
Other Income	1,964	1,140	384	3,104	489	2,982
<b>TOTAL INCOME</b>	<b>78,352</b>	<b>59,408</b>	<b>73,875</b>	<b>137,760</b>	<b>154,521</b>	<b>281,268</b>
<b>EXPENSES</b>						
Employee Benefit Expenses	4,562			8,162	7,837	13,968
Network Expenses and IT Outsourcing Costs	35,898			62,316	52,237	97,449
License Fees and Spectrum Usage Charges	7,977			13,938	16,355	28,667
Roaming & Access Charges	9,478			17,222	21,888	35,358
Marketing, Content, Customer Acquisition & Service Costs	9,314			15,861	19,459	37,298
Finance Costs	21,622			36,873	24,230	49,245
Depreciation & Amortisation Expenses	29,842			50,769	41,062	83,161
Other Expenses	4,704	1,908	2,058	6,612	4,401	9,089
<b>TOTAL EXPENSES</b>	<b>123,397</b>	<b>88,356</b>	<b>92,749</b>	<b>211,753</b>	<b>187,469</b>	<b>354,235</b>
<b>LOSS BEFORE EXCEPTIONAL ITEMS AND TAX</b>	<b>(45,045)</b>	<b>(28,948)</b>	<b>(18,874)</b>	<b>(73,993)</b>	<b>(32,948)</b>	<b>(72,967)</b>
Exceptional Items( net) (Refer Note 6)	(5,658)	37,836	-	32,178	-	-
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(50,703)</b>	<b>8,888</b>	<b>(18,874)</b>	<b>(41,815)</b>	<b>(32,948)</b>	<b>(72,967)</b>
<b>Tax expense:</b>						
- Deferred tax (Refer Note 7)	(638)	3,109	(6,506)	2,471	(11,352)	(25,159)
<b>NET PROFIT / (LOSS) AFTER TAX</b>	<b>(50,065)</b>	<b>5,779</b>	<b>(12,368)</b>	<b>(44,286)</b>	<b>(21,596)</b>	<b>(47,808)</b>
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>						
- Re-measurement gains/ (losses) of defined benefit plans	344	107	(18)	451	(30)	428
- Income tax effect	(121)	(37)	6	(158)	10	(148)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>	<b>(49,842)</b>	<b>5,849</b>	<b>(12,380)</b>	<b>(43,993)</b>	<b>(21,616)</b>	<b>(47,528)</b>
Paid up Equity Share Capital (Face value ₹ 10 per share)	87,351	43,599	36,072	87,351	36,072	43,593
Reserves excluding Revaluation Reserve						213,102
Earnings Per Share for the period (₹)						
- Basic	(8.58)	1.33	(3.43)	(8.68)	(5.99)	(12.95)
- Diluted	(8.58)	1.33	(3.43)	(8.68)	(5.99)	(12.95)
Debtenture Redemption Reserve				5,191	3,070	4,408
Networth				689,944	215,699	256,695
Debt Service Coverage Ratio (DSCR) *				0.97	1.39	1.40
Interest Service Coverage Ratio (ISCR) **				1.13	1.66	1.61
Debt - Equity Ratio ***				1.83	2.63	2.26

\* 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 / Total Equity



## 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 14<sup>th</sup> November 2018.
2. Vodafone India Limited (VInL) along with its subsidiary Vodafone Mobile Services Limited (VMSL) (hereinafter collectively called as "erstwhile Vodafone") have merged into Idea Cellular Limited (ICL) on 31<sup>st</sup> August, 2018 (Effective Date). This has resulted in the formation of a Joint Venture between the promoter Groups i.e Aditya Birla Group and Vodafone Group and change of name from ICL to Vodafone Idea Limited (VIL). Accordingly, the financial results for the quarter and six month period ended 30<sup>th</sup> September, 2018 includes financial results of the operations of erstwhile Vodafone for the period from 31<sup>st</sup> August, 2018 to 30<sup>th</sup> September, 2018.

The Company has accounted for this merger under 'pooling of interest' method based on assets and liabilities of erstwhile Vodafone at the Effective Date as follows:

All assets, liabilities and reserves of erstwhile Vodafone as on the Effective Date have been recorded at their respective book values subject to accounting policy alignment / estimate adjustments which have been adjusted to the retained earnings.

Shares of ICL issued to erstwhile VInL on merger of its subsidiary VMSL with ICL were recorded at face value and subsequently cancelled on merger of erstwhile VInL with ICL.

- Shares of ICL issued to the erstwhile VInL shareholders on merger of erstwhile VInL with ICL have been recorded at face value.

Inter-company investments, balances and unrealized gains / losses between the merging companies have been eliminated with the difference being debited / credited to Other Equity.

- Further, in line with the Implementation Agreement entered between the parties, VIL has recorded net indemnity liability of ₹ 84,622 Mn on merger with the corresponding effect on Other Equity. The liability has been disclosed as other non-current financial liability.

The net effect of the above adjustments is an increase in the Total Equity of the company by ₹ 477,310 Mn. The above effect is currently based on special purpose financial statements of erstwhile Vodafone as at 30<sup>th</sup> August 2018 which has been reviewed by the Audit Committee of the Board, were approved and taken on record by the Board of Directors in its meeting held on 14<sup>th</sup> November 2018. In view of the merger date being different from a quarter/year end, the Company is in the process of getting the interim financial statements of erstwhile VInL as at August 30, 2018 audited and, impacts, if any, would be adjusted in the Opening Reserves in accordance with Ind AS 103 'Business Combinations'.

3. VIL has 49% investment in Aditya Birla Idea Payments Bank Limited (ABIPBL), a Payments Bank. Vodafone M-Pesa Limited (VMPL), a 100% subsidiary of erstwhile VInL is into the business of Prepaid Payment Instruments (PPI). With the merger of ICL and erstwhile VInL being completed on 31<sup>st</sup> August 2018, VIL is a promoter in both the entities. Reserve Bank of India (RBI) has permitted VMPL to continue with the PPI business only for a period of four months from the Effective Date and accordingly, the Company will transfer the PPI business from VMPL to ABIPBL.
4. The Board of Directors of the Company have resolved to establish a committee of Board Members (the "Committee") to evaluate a potential capital raise of upto ₹ 250,000 Mn. The committee will evaluate various options including but not limited to Rights Issue, Qualified Institutional Placement and / or Preferential Share Issue. The Board notes that the promoter shareholders i.e Vodafone Group and Aditya Birla Group have indicated that they would contribute upto ₹ 110,000 Mn and ₹ 72,500 Mn respectively as part of such capital raise. On this basis, the Company believes that there is no impairment in the value of its assets in accordance with Ind AS 36 - Impairment of Assets.
5. Prior to the merger, ICL and erstwhile Vodafone were having tenancies on the same tower of various infrastructure service providers. Post the merger, these two tenancies on a single tower have been converted to a single tenancy with a higher loading as per the terms of the Master Service Agreement (MSA). The infrastructure service providers have raised demands for exit charges on the company aggregating to approx. Rs.30,000 Mn on account of this change. The company has not admitted these demands based on certain interpretations of the MSA and has been in discussion with the vendors. Following the recent developments, in the best judgment of the company, the settlement against these demands will not exceed Rs.10,000 Mn. Hence, until the final outcome and considering the uncertainty involved on this matter, on a prudent basis a provision of Rs.10,000 Mn has been made against these demands and disclosed under exceptional items.



6. Exceptional items for the quarter and half year ended 30<sup>th</sup> September, 2018 primarily includes, a charge / (credit) towards (i) Integration and merger related costs amounting to ₹ 13,570 Mn (including amount referred in note 5 above), (ii) re-assessment of certain estimates of ₹ (8,084) Mn. Further, exceptional items for the half year ended 30<sup>th</sup> September, 2018 also includes ₹ 37,662 Mn towards gain on sale of ICISL.
7. Consequent to the merger, the Company has reassessed the recoverability of deferred tax assets (including MAT) for the merged company and has derecognized Deferred Tax Assets (including MAT Credit) of ₹ 13,123 Mn. Deferred tax charge also includes tax impact on exceptional items as disclosed in notes 5 and 6 above of ₹ (1,581) Mn and ₹ 11,653 Mn for the quarter and six month period ended 30<sup>th</sup> September, 2018, respectively.
8. On 8<sup>th</sup> January 2013, Department of Telecommunications (DoT) issued demand notices to the Company and erstwhile Vodafone towards one time spectrum charges (OTSC):
- for spectrum beyond 6.2 Mhz in respective service areas for retrospective period from 1<sup>st</sup> July 2008 to 31<sup>st</sup> December 2012, amounting to ₹ 10,687 Mn (June 18: ₹ 3,691 Mn), and
  - for spectrum beyond 4.4 Mhz in respective service areas effective 1<sup>st</sup> January 2013 till expiry of the period as per respective licenses, amounting to ₹ 45,165 Mn ( June 18: ₹ 17,444 Mn).
  - Subsequently on 9<sup>th</sup> July 2018 , DoT revised the demands for beyond 4.4mhz to INR 57,254 Mn as against INR 45,165 Mn as mentioned above

In the opinion of Company, *inter-alia*, the above demands amount to alteration of financial terms of the licenses issued in the past. Erstwhile Vodafone had petitioned Hon'ble TDSAT while the Company had petitioned the Hon'ble High Court of Bombay, where the matters were admitted and remain sub-judice. DoT has been directed not to take any coercive action until the matter is further heard. No effects have been given in the financial results for the above.

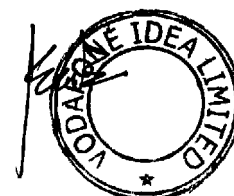
On 9<sup>th</sup> July 2018, i.e. at the time of merger approval of erstwhile Vodafone with ICL, DoT asked the Company to submit bank guarantee(BG) amounting to ₹ 33,224 Mn towards one time spectrum fees beyond 4.4 MHz mentioned above. The Company complied with the aforesaid condition but thereafter approached TDSAT, seeking return of BGs of ₹ 33,224 Mn. The matter is currently admitted.

9. On September 20, 2018, the Company has filed a Scheme of Amalgamation under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 for the merger of Aditya Birla Telecom Limited (ABTL), a wholly owned subsidiary, with the Company with an appointed date of 1st April 2018. The merger is subject to requisite regulatory approvals and will become effective on the date when certified copies of the orders sanctioning the scheme is filed with Registrar of Companies (RoC). The effect of the same will be given in the financial results in the period in which the Scheme becomes effective.



## 10. Statement of Assets and Liabilities :-

Particulars	₹ Mn	
	As at 30-Sep-18 Unaudited	As at 31-Mar-18 Audited
<b>A ASSETS</b>		
<b>1 Non-current Assets</b>		
Property, Plant and Equipment	507,191	244,542
Capital work-in-progress	22,523	6,513
Intangible assets	1,242,700	552,536
Intangible assets under development	99,553	29,340
Financial Assets		
Non-current investments	25,509	18,583
Long term loans	1,240	24
Other non-current financial assets	10,729	4,182
Deferred Tax Assets (Net)	60,770	8,220
Other non-current assets	151,411	17,744
<b>Sub-total Non-current assets</b>	<b>2,121,626</b>	<b>881,684</b>
<b>2 Current Assets</b>		
Inventories		339
Financial Assets		
Current investments	107,195	45,279
Trade receivables	40,269	8,874
Cash and cash equivalents	10,727	190
Bank balance other than cash and cash equivalents	1,056	33
Loans	14,122	20
Other current financial assets	3,846	313
Current tax assets		7,750
Other current assets	68,421	17,884
	<b>245,636</b>	<b>80,682</b>
Assets classified as held for sale	-	4,865
<b>Sub-total current assets</b>	<b>245,636</b>	<b>85,547</b>
<b>TOTAL ASSETS</b>	<b>2,367,262</b>	<b>967,231</b>
<b>B EQUITY AND LIABILITIES</b>		
<b>1 Equity</b>		
Equity share capital	87,351	43,593
Other equity	602,593	213,102
<b>Sub-total Equity</b>	<b>689,944</b>	<b>256,695</b>
<b>2 Non-Current Liabilities</b>		
Financial liabilities		
Long term borrowings	1,151,925	569,408
Other non-current financial liabilities	147,295	36,401
Long term provisions	4,171	3,080
Other non-current liabilities	3,795	5,601
<b>Sub-total non-current liabilities</b>	<b>1,307,186</b>	<b>614,490</b>
<b>3 Current Liabilities</b>		
Financial liabilities		
Short term borrowings	49,436	217
Trade payable		
- Micro and small enterprises	115	4
- Others	109,795	35,601
Other current financial liabilities	182,211	43,820
Other current liabilities	28,128	16,186
Short term provisions	447	218
<b>Sub-total current liabilities</b>	<b>370,132</b>	<b>96,046</b>
<b>TOTAL – EQUITY AND LIABILITIES</b>	<b>2,367,262</b>	<b>967,231</b>



11. 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.

The listed 8.12% NCD's aggregating to ₹ 50 Mn have a pari-passu charge on movable fixed assets of the company excluding Spectrum and Telecom Licenses, Vehicles and 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-17	31-Oct-19	31-Oct-18
2	Secured 8.12% NCD's	50	N.A	8-Feb-18	8-Feb-24	8-Feb-19
3	Unsecured 7.57% NCD's	15,000	N.A	13-Dec-17	13-Dec-21	13-Dec-18
4	Unsecured 7.77% NCD's	10,000	N.A	4-Jan-18	4-Jan-22	4-Jan-19
5	Unsecured 7.77% NCD's	5,000	N.A	17-Jan-18	17-Jan-22	17-Jan-19
6	Unsecured 8.04% NCD's	20,000	N.A	29-Jan-18	27-Jan-22	28-Jan-19
7	Unsecured 8.03% NCD's	5,000	N.A	31-Jan-18	31-Jan-22	31-Jan-19
8	Unsecured 8.03% NCD's	5,000	N.A	14-Feb-18	14-Feb-22	14-Feb-19
9	Unsecured 10.9% NCD's	15,000	N.A	N.A	3-Sep-23	3-Sep-19

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

All the NCD's listed above have currently been rated "CARE AA" with Negative Outlook by CARE. The previous rating was CARE AA+ with Credit Watch with Developing Implication. Additionally, its 8.12% NCD (Sl. No.2); 7.57% NCD (Sl. No.3); 7.77% NCD (Sl. No.5) and 8.03% NCD (Sl. No. 7) issues have been rated as "BWR AA" with "Credit Watch with Developing Implication" outlook by Brickwork. The previous rating from Brickworks was BWR AA+ (Outlook : Stable).

12. The Board in its meeting dated 14th November 2018, has approved 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 assets and liabilities to VTL on an as is basis. The Scheme will be filed for approval with NCLT Ahmedabad.
13. Financial results for the quarter and six months ended 30<sup>th</sup> September 2018 and the Statement of Assets and Liabilities as at 30<sup>th</sup> September, 2018 are not comparable to those reported for the preceding periods due to the facts mentioned in note 2 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: 14<sup>th</sup> November 2018  
Place: Mumbai



*[Signature]*  
Director

14.11.18