

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Vodafone Idea Manpower Services Limited (Formerly known as Idea Cellular Services Limited)

Report on the Audit of the Ind AS Financial Statements

**Opinion**

We have audited the accompanying Ind AS financial statements of Vodafone Idea Manpower Services Limited (Formerly known as Idea Cellular Services Limited) ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 32 in the financial statements, which states that Company's business operations are dependent on its holding company which indicate the existence of material uncertainty on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is largely dependent upon the holding company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The annual report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

#### Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

Chartered Accountants

- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) The going concern matter described in the section Material Uncertainty Related to Going Concern, in our opinion, may have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2021;
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer note 20 of the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



per Nilangshu Katriar  
Partner

Membership Number: 58814  
UDIN: 21058814AAAAAV9540

Place: Mumbai  
Date: June 26, 2021

Annexure 1 to the Independent Auditor's Report

Annexure referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements'

Re: Vodafone Idea Manpower Services Limited ('the Company') (Formerly known as Idea Cellular Services Limited)

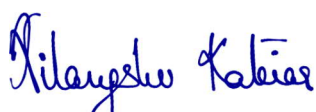
- (i) The Company does not have any fixed assets and accordingly the requirements under clause 3(i) (a), (b) and (c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (the "Act"). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no investments, loans, guarantees and securities given in respect of which provisions of section 185 and section 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Act, for the services of the Company.
- (vii)
  - (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues applicable to it. The provisions relating to sales tax, value added tax, duty of custom and duty of excise are not applicable to the Company.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, good and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, duty of custom, value added tax, goods and service tax and cess which have not been deposited on account of any dispute.
- (viii) The Company did not have any outstanding loans or borrowings due in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt

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

Chartered Accountants

- instruments) and term loans, hence, reporting under clause (ix) of the Order is not applicable to the Company and not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the Company. Accordingly, reporting under clause 3(xi) of the Order are not applicable to the Company and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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



per Nilangshu Katriar  
Partner

Membership Number: 58814  
UDIN: 21058814AAAAAV9540

Place: Mumbai  
Date: June 26, 2021

Annexure 2 to the Independent Auditor's report of even date on the Ind AS Financial Statements of Vodafone Idea Manpower Services Limited (Formerly known as Idea Cellular Services Limited)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Vodafone Idea Manpower Services Limited (Formerly known as Idea Cellular Services Limited) ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.



## Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these Ind AS standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Ind AS Financial Statements

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

## Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



per Nilangshu Katriar  
Partner

Membership Number: 58814  
UDIN: 21058814AAAAAV9540

Place: Mumbai  
Date: June 26, 2021



**Vodafone Idea Manpower Services Limited**  
(Formerly known as Idea Cellular Services Limited)  
**Financial Statements**  
For the year ended March 31, 2021

**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**

Financial Statements for the year ended March 31, 2021

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

**Balance Sheet as at March 31, 2021**

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Financial assets			
Deposits and balances with government authorities		5	5
Deferred tax assets (net) (refer note 24)		172	205
Other non-current assets	6	216	264
<b>Total non-current assets (A)</b>		<b>393</b>	<b>474</b>
<b>Current assets</b>			
Financial assets			
Cash and cash equivalents	7	125	146
Bank balance other than cash and cash equivalents	8	655	655
Other current financial assets	9	5	86
Other current assets	10	43	31
<b>Total current assets (B)</b>		<b>828</b>	<b>918</b>
<b>Total Assets (A+B)</b>		<b>1,221</b>	<b>1,392</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	11	5	5
Other equity	12	121	45
<b>Total equity (A)</b>		<b>126</b>	<b>50</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Long term provisions	13	516	609
<b>Total non-current liabilities (B)</b>		<b>516</b>	<b>609</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		284	309
Other current liabilities	14	150	222
Short term provisions	15	145	202
<b>Total current liabilities (C)</b>		<b>579</b>	<b>733</b>
<b>Total Equity and Liabilities (A+B+C)</b>		<b>1,221</b>	<b>1,392</b>

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No: 101049W/E30004

*Nilangshu Katriar*

**Nilangshu Katriar**

Partner

Membership No.: 58814



Place : Mumbai  
Date : June 26, 2021

**For and on behalf of the Board of Directors of  
Vodafone Idea Manpower Services Limited**

*Akshaya Moondra*

**Akshaya Moondra**

Director

(DIN : 02606784)

Place : Mumbai  
Date : June 26, 2021

*Amrish Jain*

**Amrish Jain**

Director

(DIN : 07068438)



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**

Financial Statements for the year ended March 31, 2021

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

**Statement of Profit and Loss for the year ended March 31, 2021**

Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Income</b>			
Service revenue (includes amount referred in note 26)		6,963	9,260
Other Operating Income	16	11	64
<b>Revenue from operations</b>		<b>6,974</b>	<b>9,324</b>
Interest income		49	52
<b>Total income</b>		<b>7,023</b>	<b>9,376</b>
<b>Operating Expenditure</b>			
Employee benefit expenses	17	6,157	7,990
Other expenses	18	821	1,289
		<b>6,978</b>	<b>9,279</b>
<b>Profit before exceptional items and tax</b>		<b>45</b>	<b>97</b>
Exceptional item	19	-	-
<b>Profit/(Loss) before tax</b>		<b>45</b>	<b>97</b>
Tax expense:			
- Current tax	23	-	19
- Deferred tax	24	17	9
<b>Profit/(Loss) after tax</b>		<b>28</b>	<b>69</b>
<b>Other comprehensive income / (loss)</b>			
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gain/(loss) on defined benefit plans	21	64	(77)
Income tax effect on defined benefit plans	23 & 24	(16)	19
<b>Other comprehensive income/(Loss) for the year, net of tax</b>		<b>48</b>	<b>(58)</b>
<b>Total comprehensive income / (Loss) for the year</b>		<b>76</b>	<b>11</b>
<b>Earnings per equity share of ₹ 10 each:</b>			
Basic (₹)	25	<b>56.00</b>	<b>138.00</b>
Diluted (₹)		<b>56.00</b>	<b>138.00</b>
The accompanying notes are an integral part of the Financial Statements			

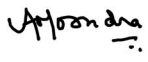
As per our report of even date

**For S. R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E30004

**For and on behalf of the Board of Directors of  
Vodafone Idea Manpower Services Limited**

  
**Nilangshu Katriar**  
Partner  
Membership No.: 58814



  
**Akshaya Moondra**  
Director  
(DIN : 02606784)

  
**Amrish Jain**  
Director  
(DIN : 07068438)

Place : Mumbai  
Date : June 26, 2021

Place : Mumbai  
Date : June 26, 2021



# Vodafone Idea Manpower Services Limited

## (Formerly known as Idea Cellular Services Limited)

Financial Statements for the year ended March 31, 2021

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

### Statement of Changes in Equity for the year ended March 31, 2021

#### A. Equity share capital:

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

	Numbers	Amount
As at April 1, 2019	50,000	5
Issue of share capital	-	-
As at March 31, 2020	50,000	5
Issue of share capital	-	-
As at March 31, 2021	50,000	5

#### B. Other equity

Particulars	Retained earnings
As at April 1, 2019	34
Profit for the year ended March 31, 2020	69
Other comprehensive income/(loss) for the year ended March 31, 2020	(58)
As at March 31, 2020	45
Profit for the year ended March 31, 2021	28
Other comprehensive income/(loss) for the year ended March 31, 2021	48
As at March 31, 2021	121

As per our report of even date

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

Chartered Accountants

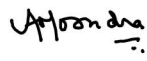
ICAI Firm Registration No: 101049W/E30004

  
Nilangshu Katriar  
Partner  
Membership No.: 58814



Place: Mumbai  
Date: June 26, 2021

#### For and on behalf of the Board of Directors of Vodafone Idea Manpower Services Limited

  
Akshaya Moondra  
Director  
(DIN: 02606784)

  
Amrish Jain  
Director  
(DIN: 07068438)

Place: Mumbai  
Date: June 26, 2021



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**

Financial Statements for the year ended March 31, 2021

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

**Statement of Cash Flows for the year ended March 31, 2021**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Operating activities</b>		
Profit before tax	45	97
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Provision for gratuity and compensated absences	(86)	39
Bad debts / advances written off	-	4
Allowance for doubtful debts / advances	8	-
Liabilities / provisions no longer required written back	-	(26)
Interest income	(49)	(52)
<b>Adjustments for changes in working capital</b>		
(Increase)/Decrease in other financial and non-financial assets	(20)	37
(Decrease) in trade payables	(25)	(150)
(Decrease)/Increase in other financial and non-financial liabilities	(72)	24
<b>Cash flows (used in) / generated from operating activities</b>	<b>(199)</b>	<b>(27)</b>
Income tax (paid) / refund (including TDS) (net)	53	25
<b>Net cash flows (used in) / generated from operating activities</b>	<b>(146)</b>	<b>(2)</b>
<b>Investing activities</b>		
Interest received	125	5
<b>Net cash flows generated from/(used in) investing activities</b>	<b>125</b>	<b>5</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(21)</b>	<b>3</b>
Cash and cash equivalents at the beginning of the year	146	143
<b>Cash and cash equivalents at the end of the year (refer note 7)</b>	<b>125</b>	<b>146</b>

The above statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 on Statement of Cash Flows.

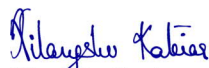
The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No: 101049W/E30004

  
**Nilangshu Katriar**

Partner

Membership No.: 58814

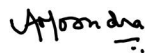


Place : Mumbai

Date : June 26, 2021

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

**Vodafone Idea Manpower Services Limited**



**Akshaya Moondra**

Director

(DIN : 02606784)

Place : Mumbai

Date : June 26, 2021



**Amrish Jain**

Director

(DIN : 07068438)



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

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**1. Corporate Information**

Vodafone Idea Manpower Services Limited (formerly known as Idea Cellular Services Limited) ('the Company'), a wholly owned subsidiary of Vodafone Idea Limited (formerly known as Idea Cellular Limited) was incorporated under the provisions of the Companies Act applicable in India on October 3, 2007 and is in the business of providing manpower services to its holding company and fellow subsidiaries.

The financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorized for issue on June 26, 2021

**2. Statement of Compliance**

The financial statements of the Company comprising of Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows together with the notes have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

**3. Basis of Preparation**

These financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services on the transaction date.

All financial information presented in INR has been rounded off to the nearest lakhs unless otherwise stated.

The financial statements are based on the classifications provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of schedule III of the Companies Act 2013.

**4. Significant Accounting Policies**

**a) Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and can be reliably measured, regardless of the timing of receipt of payment. Revenue is measured at the "Transaction Price" i.e. an amount that reflects the consideration, to which an entity expects to be entitled in exchange for transferring services to customers, excluding amounts collected on behalf of third parties. Taxes and duties collected by the service provider are to be deposited with the Government and not received by the Company on their own account. Accordingly, it is excluded from revenue.

**i) Service Revenue**

Revenue on account of manpower services is recognised as and when services are rendered and related costs are incurred.

**ii) Interest Income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recorded using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**b) Employee benefits**

**i) Defined Contribution Plan**

Contributions to Provident and Pension funds are funded with the appropriate authorities and charged to the Statement of Profit and Loss when the employees have rendered service entitling them to the contributions. The Company has no obligation other than contributions payable to these funds.



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

---

**ii) Defined Benefit Plan**

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund with the Life Insurance Corporation of India. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, with actuarial valuations being carried out at periodic intervals.

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding charge or credit to Other Comprehensive Income (OCI) in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs; and
- Net interest expense or income

**iii) Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of salaries, wages and other short term employee benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Provision for leave benefits to employees is based on actuarial valuation done by projected accrued benefit method at the reporting date. The related re-measurements are recognised in the Statement of Profit and Loss in the period in which they arise.

**c) Exceptional Items**

Items of income or expense from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company are disclosed as exceptional items in the Statement of Profit and Loss.

**d) Taxes**

Income tax expense represents the sum of the current tax and deferred tax.

**i) Current Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax is based on the taxable income and calculated using the applicable tax rates and tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in OCI or directly in equity.

**ii) Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised.





**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

---

Unrecognised deferred tax assets are re-assessed at the end of each reporting date and are recognised to the extent it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**e) Current / Non – Current Classification**

An asset is classified as current when

- a) It is expected to be realized or consumed in the Company's normal operating cycle;
- b) It is held primarily for the purpose of trading;
- c) It is expected to be realized within twelve months after the reporting period; or
- d) If it is cash or cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Any asset not conforming to the above is classified as non-current.

A liability is classified as current when

- a) It is expected to be settled in the normal operating cycle of the Company;
- b) It is held primarily for the purposes of trading;
- c) It is expected to be settled within twelve months after the reporting period; or
- d) The Company has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Any liability not conforming to the above is classified as non-current.

**f) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise of cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**g) Financial Instruments**

**Initial recognition and measurement**

Financial Instruments (assets and liabilities) are recognised when the Company becomes a party to a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those designated as fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of Profit and Loss.



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

---

**i) Financial assets**

All regular way purchase or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

**Subsequent measurement**

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the financial assets:

- a) Financial assets measured at amortised cost
- b) Financial assets measured at fair value through profit or loss (FVTPL) – The Company does not have any assets classified as FVTPL.
- c) Financial assets measured at fair value through other comprehensive income (FVTOCI) – The Company does not have any assets classified as FVTOCI.

**Financial assets measured at amortised cost.**

A financial asset is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables, loans, etc.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - the Company has transferred substantially all the risks and rewards of the asset; or
  - the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Debt instruments measured at amortised cost e.g., loans and bank deposits
- Trade receivables
- Other Financial assets not designated as FVTPL



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

---

For recognition of impairment loss on debt instruments and other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables (including lease receivables). The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

**ii) Financial liabilities**

**Subsequent measurement**

All financial liabilities are subsequently measured at amortised cost using the EIR method or at FVTPL. The Company does not have any liability classified as FVTPL.

**Financial liabilities at amortised cost**

After initial recognition, interest-bearing borrowings and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

**De-recognition**

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

In case, an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**iii) Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

**h) Fair value measurement**

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

---

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) (a) on the date of the event or change in circumstances that caused the transfer or (b) at the end of each reporting period or (c) at the beginning of each reporting period.

**i) Earnings per share**

The earnings considered in ascertaining the Company's Earnings per share (EPS) is the net profit / loss after tax.

EPS is disclosed on basic and diluted basis. Basic EPS is computed by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

**j) Provisions and Contingent Liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Contingent Liability**

A Contingent Liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent Assets are not recognised.

**k) Recent pronouncements**

Ministry of Corporate Affairs (MCA) issued notifications dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting April 1, 2021. The amendments are extensive and the Company will evaluate the applicability of the same to give effect to them as required by law.

**5. Use of Estimates, assumptions and judgments**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

---

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Estimates and Assumptions**

**i) Taxes**

The respective companies provide for tax considering the applicable tax regulations and based on reasonable estimates. Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

Deferred tax asset (DTA) is recognized only when and to the extent there is convincing evidence that the Company will have sufficient taxable profits in future against which such assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies, recent business performance and developments

Minimum alternative tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax and will be able to utilize such credit during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Statement of Profit and loss and is included in Deferred Tax Assets. The Company reviews the same at each balance sheet date and if required, writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will be able to absorb such credit during the specified period.

**ii) Defined benefit plans (gratuity benefits)**

The Company's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter subject to frequent changes is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables in India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 21.

**iii) Provisions and Contingent Liabilities**

Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Evaluations of uncertain provisions and contingent liabilities and assets requires judgement and assumptions regarding the probability of realization and the timing and amount, or range of amounts, that may ultimately be incurred. Such estimates may vary from the ultimate outcome as a result of differing interpretations of laws and facts. Refer Note 20 for further details about Contingent liabilities.

**iv) Impact of COVID-19 (Global pandemic)**

The outbreak of Coronavirus (COVID - 19) pandemic globally and in India is causing significant disturbance and slow down of economic activity. The Company has evaluated impact of this pandemic on its business operations and based on the internal and external information available and the current indicators, there is no significant impact on its financial statements.



# Vodafone Idea Manpower Services Limited

## (Formerly known as Idea Cellular Services Limited)

Financial Statements for the year ended March 31, 2021

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

### Notes to Financial Statements

#### Note 6

##### Other non-current assets

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Advance income tax (Net)	81	129
Others (consisting mainly deposit against demands which are appealed against/subjudice)	135	135
<b>Total</b>	<b>216</b>	<b>264</b>

#### Note 7

##### Cash and cash equivalents

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Balances with banks in current accounts	125	146
<b>Total</b>	<b>125</b>	<b>146</b>

#### Note 8

##### Bank balance other than cash and cash equivalents

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Margin Money deposit	655	655
<b>Total</b>	<b>655</b>	<b>655</b>

#### Note 9

##### Other current financial assets

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Interest receivable	5	86
<b>Total</b>	<b>5</b>	<b>86</b>

#### Note 10

##### Other current assets

Particulars	As at	As at
	March 31, 2021	March 31, 2020
GST Recoverable	-	8
Prepaid expenses	28	15
Others		
- Considered Good	15	8
- Considered Doubtful	8	-
	<b>51</b>	<b>31</b>
Allowance for doubtful advances	(8)	-
<b>Total</b>	<b>43</b>	<b>31</b>





**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**

Financial Statements for the year ended March 31, 2021

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

**Notes to Financial Statements**

**Note 11**

**Equity share capital**

Particulars	As at March 31, 2021		As at March 31, 2020	
	Numbers	Amount	Numbers	Amount
<b>EQUITY SHARE CAPITAL</b>				
<b>Authorised share capital</b>				
Equity Shares of ₹ 10 each	2,000,000	200	2,000,000	200
	<b>2,000,000</b>	<b>200</b>	<b>2,000,000</b>	<b>200</b>
<b>Issued, subscribed and paid-up share capital</b>				
Equity Shares of ₹ 10 each fully paid up	50,000	5	50,000	5
	<b>50,000</b>	<b>5</b>	<b>50,000</b>	<b>5</b>

**(a) Reconciliation of number of shares outstanding**

Particulars	As at March 31, 2021		As at March 31, 2020	
	Numbers	Amount	Numbers	Amount
Equity shares outstanding at the beginning of the year	50,000	5	50,000	5
Issue of share capital	-	-	-	-
Equity shares outstanding at the end of the year	50,000	5	50,000	5

**(b) Terms/ rights attached to issued, subscribed and paid up equity shares**

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

**(c) Details of shareholders holding more than 5% shares in the Company**

Name of the shareholders	As at March 31, 2021		As at March 31, 2020	
	Numbers	% holding in the class	Numbers	% holding in the class
<b>Equity shares of ₹ 10 each fully paid</b>				
Vodafone Idea Limited, the holding company and its nominees	50,000	100%	50,000	100%





**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

**Note 12**

**Other Equity**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Retained Earnings</b>		
Opening balance	45	34
Add: Profit/(loss) for the year	28	69
Other Comprehensive Income/(Loss) recognised directly in retained earnings	48	(58)
<b>Total</b>	<b>121</b>	<b>45</b>

**Note 13**

**Long term provisions**

Particulars	As at March 31, 2021	As at March 31, 2020
Gratuity (refer note 21)	326	378
Compensated absences	190	231
<b>Total</b>	<b>516</b>	<b>609</b>

**Note 14**

**Other current liabilities**

Particulars	As at March 31, 2021	As at March 31, 2020
Taxes and other liabilities	150	222
<b>Total</b>	<b>150</b>	<b>222</b>

**Note 15**

**Short term provisions**

Particulars	As at March 31, 2021	As at March 31, 2020
Gratuity (refer note 21)	112	163
Compensated absences	33	39
<b>Total</b>	<b>145</b>	<b>202</b>



# Vodafone Idea Manpower Services Limited

## (Formerly known as Idea Cellular Services Limited)

Financial Statements for the year ended March 31, 2021

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

### Notes to Financial Statements

#### Note 16

##### Other operating income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Liabilities no longer required written back	-	26
Miscellaneous receipts	11	38
<b>Total</b>	<b>11</b>	<b>64</b>

#### Note 17

##### Employee benefit expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	5,475	7,134
Contribution to provident and other funds (refer note 21)	562	729
Staff welfare	118	125
Recruitment and training	2	2
<b>Total</b>	<b>6,157</b>	<b>7,990</b>

#### Note 18

##### Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rates and taxes	-	6
Printing and stationery	2	2
Communication expenses (includes amount referred in note 26)	92	162
Travelling and conveyance	676	1,072
Bad debts / advances written off	-	4
Allowances For Doubtful Debts And Advances (refer note 27)	8	-
Directors sitting fees (refer note 26)	1	1
Legal and professional charges	26	37
Audit fees (refer note 22)	2	2
Support service charges (refer note 26)	13	-
Miscellaneous expenses	1	3
<b>Total</b>	<b>821</b>	<b>1,289</b>

#### Note 19

##### Exceptional item include (income)/expense towards:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Integration related cost	383	-
Reimbursement of Integration related cost (includes amount referred in note 26)	(383)	-
<b>Total</b>	<b>-</b>	<b>-</b>



# Vodafone Idea Manpower Services Limited

## (Formerly known as Idea Cellular Services Limited)

Financial Statements for the year ended March 31, 2021

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

### Notes to Financial Statements

#### Note 20

#### Contingent Liabilities

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Service Tax Payable <sup>(1)</sup>	-	12
Provident fund matter <sup>(2)</sup>	1,580	1,580

<sup>(1)</sup> During the previous year, the Company has made an application under Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 (SVLDRS) for settlement of disputed matters amounting to ₹ 17 Lakhs which were being contested by the Company at various forums. Based on the provisions of Scheme, the Company has determined the amount payable in respect of service Tax matter offered for settlement under the scheme and accordingly the following effects had been taken in the Financial Statements:

- Amount recognized as expense under –
  - Rates and Taxes – Nil (March 31, 2020: ₹ 5 Lakhs, ₹ 3 Lakh paid in the previous year and ₹ 2 Lakh charged off from the amounts paid earlier and classified as paid under Protest in the past)

<sup>(2)</sup> This is on account of demand raised by Provident Fund Authorities considering "field allowance" as salary which the Company has challenged before Central Government Industrial Tribunal (CGIT), Mumbai. The Hon'ble Supreme Court Judgment on Provident Fund dated February 28, 2019 has led to numerous interpretative issues including a review petition.

Future cash outflows in respect of the above matter is determinable only on receipt of final judgment/ decision from CGIT. Further, based on the Company's internal evaluation, it is not probable that the claim will materialize and therefore, no provision has been recognized for the above

#### Note 21

#### Employee Benefits:

##### A. Defined Benefit Plan (Gratuity):

##### General Description and Benefits of the plan

The Company operates a defined benefit salary gratuity plan through a trust. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The benefit is payable on termination of service or retirement, whichever is earlier. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

##### Regulatory Framework, Funding Arrangement and Governance of the Plan

The gratuity plan is governed by the Payment of Gratuity Act, 1972 (Gratuity Act). The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax act and rules. The Company is bound to pay the statutory minimum gratuity as prescribed under Gratuity Act. There are no minimum funding requirements for a gratuity plan in India. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of underfunding of the plan, vis-à-vis settlements. The trustees of the trust are responsible for the overall governance of the plan. The trustees of the plan have outsourced the investment management of the fund to insurance companies which in turn manage these funds as per the mandate provided to them by the trustees and applicable insurance and other regulations.

##### Inherent Risks

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any significant change salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future.



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet for gratuity:

Sr. No	Particulars	As at	As at
		March 31, 2021	March 31, 2020
<b>1</b>	<b>Amount recognised in Balance Sheet</b>		
	Present value of obligations as at the end of the year	571	767
	Fair value of plan assets as at the end of the year	133	226
	Net Funded (Obligation)/Assets	(438)	(541)
	Net Asset/(Liability) recognized in Balance Sheet	(438)	(541)
	Net Asset/(Liability) recognized in Balance Sheet is bifurcated as		
	- Long term provision	(326)	(378)
	- Short term provision	(112)	(163)

Sr. No	Particulars	As at	As at
		March 31, 2021	March 31, 2020
<b>1</b>	<b>Reconciliation of Net Defined Benefit Obligation</b>		
	Opening Net Defined Benefit liability / (asset)	541	339
	Expense charged to the Statement of Profit & Loss	130	155
	Expense / (Income) charged to OCI	(64)	77
	Employer Contributions	(151)	(6)
	Benefits paid	(18)	(12)
	Liabilities assumed / (settled) <sup>(1)</sup>	-	(12)
	Closing Net Defined Benefit liability (asset)	438	541
<b>2</b>	<b>Reconciliation of Defined Benefit Obligation</b>		
	Opening Defined Benefit Obligation	767	683
	Current Service cost	99	133
	Interest on Defined Benefit Obligation	49	50
	Re-measurement (Gain)/Loss arising from change in financial assumptions	5	55
	Re-measurement (Gain)/Loss arising on account of experience changes	(76)	11
	Benefits paid	(273)	(105)
	Liabilities assumed / (settled) <sup>(1)</sup>	-	(60)
	Closing of Defined Benefit Obligation	571	767
<b>3</b>	<b>Reconciliation of plan assets</b>		
	Opening fair value of plan assets	226	344
	Employer Contributions	151	6
	Interest on plan assets	18	28
	Re-measurements due to		
	- Actual return on plan assets less interest on plan assets	(7)	(11)
	Benefits paid	(255)	(93)
	Assets assumed / (settled) <sup>(1)</sup>	-	(48)
	Closing fair value of plan assets	133	226

<sup>(1)</sup>On account of inter group transfer.



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

Amounts recognized in Statements of Profit and Loss in respect of these defined benefit plans are as follows:

Sr. No	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>1</b>	<b>Expenses Recognised in Statement of Profit &amp; Loss</b>		
	Current Service cost	99	133
	Interest on Net Defined Benefit liability/ (asset)	31	22
	Expenses recognised in the Statement of Profit & Loss	<b>130</b>	<b>155</b>
<b>2</b>	<b>Amount recorded as Other Comprehensive Income (OCI)</b>		
	Re-measurement during the year due to		
	- Changes in financial assumptions	5	55
	- Experience adjustments	(75)	11
	- Return on plan assets (excluding amounts included in net interest expense)	7	11
	<b>Amount recognised in OCI (gains) / loss</b>	<b>(63)</b>	<b>77</b>

The principal assumptions used in determining gratuity obligations are shown below:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount rate	6.55%	6.65%
Future salary increases <sup>(1)</sup>	8.00%	8.00%
Attrition rate	30 years & below - 30% 31-40 years - 15% 41 years & above - 8%	12%
Mortality rate during employment	As per Indian Assured Lives Mortality (2012- 14) Table	As per Indian Assured Lives Mortality (2012- 14) Table
Disability	Leaving service due to disability is included in the provision made for all causes of leaving service.	

<sup>(1)</sup>The estimates of future salary increase considered taking into account inflation, seniority, promotion and other relevant factors.

A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation is as below:

Particulars	For the year ended March 31, 2021		For the year ended March 30, 2020	
	Discount rate %	Salary escalation rate%	Discount rate %	Salary escalation rate %
Impact of increase in 50 bps on DBO	-4.04%	3.97%	-3.56%	3.54%
Impact of decrease in 50 bps on DBO	4.36%	-3.83%	3.81%	-3.41%

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Within the next 12 months	112	163



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

Disaggregation details of plan assets (% allocation)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Insurer Managed Funds <sup>(1)</sup>	133	226

<sup>(1)</sup> The funds are managed by Insurers and they do not provide breakup of plan assets by investment type.

**Projected plan cash flow:**

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

Maturity Profile	As at March 31, 2021	As at March 31, 2020
Expected benefits for year 1	112	163
Expected benefits for year 2	53	73
Expected benefits for year 3	49	71
Expected benefits for year 4	50	69
Expected benefits for year 5 and above	965	1,095

The average duration of the defined benefit plan obligation at the end of the reporting period is 8.32 years (March 31, 2020: 7.69 years).

**A. Defined contribution plans:**

During the year, the Company has recognised the following amounts in the statement of profit and loss:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employers' contribution to provident and pension fund	381	473
Employee State Insurance Corporation contribution	51	101

**Note 22**

**Auditor's Remuneration**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Statutory Audit Fees	2	2
<b>Total Remuneration</b>	<b>2</b>	<b>2</b>



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

**Note 23**

**Income Tax Expense**

**(a) Major components of tax expense**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Current Tax</b>		
Current Tax on profits for the year	-	14
Adjustments for tax on prior period	-	5
<b>Total Current Tax Expense (A)</b>	<b>-</b>	<b>19</b>
<b>Deferred Tax</b>		
Relating to addition & reversal of temporary differences	17	(9)
Relating to change in tax rate	-	18
<b>Total Deferred Tax Expense (B)</b>	<b>17</b>	<b>9</b>
<b>Total Tax Expense (A+B)</b>	<b>17</b>	<b>28</b>
<b>Income tax effect of re-measurement (gains)/losses on defined benefit plans taken to other comprehensive income / (loss)</b>	<b>16</b>	<b>(19)</b>

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before income tax expense	45	97
<b>Applicable Tax Rate</b>	<b>25.17%</b>	<b>25.17%</b>
Increase / reduction in taxes on account of:		
Effects of expenses that are not deductible in determining the taxable profits	12.48%	17.04%
Effect of changes in tax rate	-	(18.91%)
Other items	0.00%	5.39%
<b>Effective Tax Rate</b>	<b>37.65%</b>	<b>28.69%</b>

**Note 24**

**Movement in Deferred Tax Assets:**

Particulars	As at April 1, 2019	Recognised in		As at March 31, 2020	Recognised in		As at March 31, 2021
		Profit and Loss	OCI		Profit and Loss	OCI	
<b>Assets</b>							
Expenses allowable on Payment Basis	194	(9)	19	204	(21)	(16)	167
Others	1	-	-	1	4	-	5
<b>Total (B)</b>	<b>195</b>	<b>(9)</b>	<b>19</b>	<b>205</b>	<b>(17)</b>	<b>(16)</b>	<b>172</b>
<b>Net Deferred Tax Liabilities/ (assets)</b>	<b>(195)</b>	<b>9</b>	<b>(19)</b>	<b>(205)</b>	<b>17</b>	<b>16</b>	<b>(172)</b>
<b>As per Financials:</b>							
Deferred Tax Asset	195	-	-	205	-	-	172





**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

**Note 25**

**Basic & Diluted Earnings Per Share**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Nominal value of per equity share ₹	10	10
Profit / (Loss) after Tax	28	69
Profit / (Loss) attributable to equity shareholders	28	69
Weighted average number of equity shares outstanding during the period	50,000	50,000
Basic and Diluted earnings per share	56.00	138.00

**Note 26**

**Related party transactions**

The Company has transactions with the below related parties:

Relationship	Related Party
Holding company	Vodafone Idea Limited
Fellow Subsidiary	Vodafone Idea Shared Services Limited (formerly Vodafone India Ventures Limited) Idea Telesystems Limited (ITL) (upto February 29, 2020) <sup>(1)</sup>
Key Managerial Personnel	Mr. Tarjani Vakil (till September 26, 2020) Mr. Baldev Raj Gupta (till September 26, 2020)
Entities having significant influence [includes subsidiaries of entity to which holding company is a joint venture]	Aditya Birla Sun Life Insurance Company Limited
Trust <sup>(2)</sup>	Vodafone Idea Manpower Services Limited Employees Group Gratuity Scheme (formerly Idea Cellular Services Limited Employee's Group Gratuity Scheme)

<sup>(1)</sup> Merged with Vodafone Idea Limited with effect from March 1, 2020

<sup>(2)</sup> Transaction with trust includes contribution to provident fund, pension and gratuity fund refer note 21 for information on transaction with post-employment benefit plans mentioned above.

**A. Transactions with Related Parties for the year ended March 31, 2021 and March 31, 2020**

Particulars	Holding Company	Entities having significant influence	Fellow Subsidiary	Key Managerial Personnel
Expense incurred on Company's behalf by	41 (44)	-	-	-
Purchase of service	47 (117)	-	13	-
Sale of service <sup>(1)</sup>	7,346 (9,260)	-	-	-
Insurance premium (including advance given)	-	29 (24)	-	-
Director's sitting fees	-	-	-	1 (1)

<sup>(1)</sup> Includes ₹ 383 lakhs towards Reimbursement of exceptional Expenses  
(Figures in bracket are for the year ended March 31, 2020)



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

**B. Balances with Related Parties**

Particulars	Fellow Subsidiary	Entities having significant influence
Trade Payable	15	-
	-	-
Advance Given	-	2
	-	(1)

(Figures in bracket are as at March 31, 2020)

**Note 27**

**Movement of Allowances for Doubtful Debts/Advances**

Particulars	As at March 31, 2021
Opening Balance	-
Charged to Statement of Profit and Loss (Net) (refer note 18)	8
<b>Closing Balance</b>	<b>8</b>

**Note 28**

**Segment information**

As the Company operates in only one business segment there is no separate reportable segments as per Ind AS-108 on "Operating segment".

**Note 29**

**Financial Instruments**

**(a) Financial Instruments by Category:**

Particulars	As at March 31, 2021	As at March 31, 2020
	Amortised Cost	
<b>Financial Assets</b>		
Cash and cash equivalents	125	146
Margin Money Deposit	655	655
Interest receivable	5	86
Deposits and balances with government authorities	5	5
<b>Total Financial Assets</b>	<b>790</b>	<b>892</b>
<b>Financial Liabilities</b>		
Trade Payables	284	309
<b>Total Financial Liabilities</b>	<b>284</b>	<b>309</b>

**(b) Fair value hierarchy**

The carrying amounts of the financial assets and financial liabilities are reasonable approximation of their fair values. Accordingly, the fair values of such financial assets and financial liabilities have not been disclosed separately.



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
**Financial Statements for the year ended March 31, 2021**  
**(All amounts are in INR lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

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**Note 30**

**Financial risk management objectives and policies**

The Company's principal financial liabilities comprise trade payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets comprise cash and bank balance and Margin Money deposit.

The Company is exposed to various financial risks such as market risk, credit risk and liquidity risk. The Directors of the Company oversees management of these risks and assure that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

**a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include borrowings.

**b) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities and other financial instrument. The Company provides its services to the Group Companies and trade receivable are generally on 15 to 30 day credit terms. The Company does not have credit risk.

**Other financial assets and cash deposits**

Credit risk from balances with banks is managed by the holding company's treasury department.

The Company maintains its Cash and cash equivalents with banks and financial institutions having good reputation, good past record and high quality credit rating and reviews their credit worthiness on an on-going basis in close co-ordination with its holding company's Treasury team.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2021 and March 30, 2020 on its carrying amounts has been illustrated in note 7, 8 & 9.

**c) Liquidity risk**

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company has Financial liabilities of trade and other payables which are payable within one year. The Company generally maintains sufficient cash and other liquid financial assets to meet the payment of financial liabilities as per dates. However, as its business operations are dependent on the holding company, its ability to settle these liabilities is dependent on the cash flows from the holding company towards the services provided to it (refer note 32).

**Note 31**

**Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

As the Company's business operations are dependent on the holding company, its ability to take care of its long term and working capital requirements is dependent on the cash flows from the holding company towards the services provided to it (refer note 32).



**Vodafone Idea Manpower Services Limited**  
**(Formerly known as Idea Cellular Services Limited)**  
Financial Statements for the year ended March 31, 2021  
(All amounts are in INR lakhs, except per share data and unless stated otherwise)

**Notes to Financial Statements**

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**Note 32**

The Company has assessed its liquidity position and its possible sources of funds. In view of its business operations are dependent on the holding company, its ability to continue as a going concern is dependent on the holding company's ability to continue as a going concern. The holding Company's ability to continue as going concern is dependent on its ability to raise additional funds as required.

**Note 33**

Previous year's figures have been regrouped or rearranged wherever necessary to conform to the current year grouping.

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No: 101049W/E30004



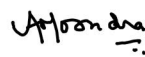
**Nilangshu Katriar**

Partner

Membership No.: 58814



**For and on behalf of the Board of Directors of  
Vodafone Idea Manpower Services Limited**



**Akshaya Moondra**

Director

(DIN : 02606784)



**Amrish Jain**

Director

(DIN : 07068438)

Place: Mumbai

Date: June 26, 2021

Place: Mumbai

Date: June 26, 2021

