

**VODAFONE IDEA BUSINESS SERVICES LIMITED**

**Financial Statements**

**For the year ended March 31, 2022**

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Vodafone Idea Business Services Limited

**Report on the Audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of Vodafone Idea Business Services Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, 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 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, 2022, 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 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 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 financial statements.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 41 of the financial statements, which describes that the Company's business operations are dependent on its holding company. Accordingly, Company's ability to continue as a going concern is dependent upon the holding company's ability to fund the business operations of the Company and enable the Company to settle its liabilities on a timely basis.

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 Board of Director's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

### **Responsibility of Management for the 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 with reference to financial statements 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 financial statements, including the disclosures, and whether the 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, 2020 ("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;
  - (d) In our opinion, the aforesaid 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 with reference to these 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, 2022;

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

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- (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 financial statements - Refer Note 29 to the 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.
  - iv.
    - a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - (c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement
  - v. No dividend has been declared or paid during the year by the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

sd/-

**per Nilangshu Katriar**

Partner

Membership Number: 58814

UDIN: 22058814AIPLKG8744

Place: Mumbai

Date: May 07, 2022

**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 Business Services Limited (the 'Company')**

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, Plant and Equipment.
    - (B) The Company has maintained proper records showing full particulars of intangible assets as reflected in the books.
  - (b) All Property, Plant and Equipment were physically verified by the management within three years in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The title deeds of all the immovable properties are held in the name of the Company.
  - (d) The Company has not revalued its Property, Plant and Equipment during the year ended March 31, 2022.
  - (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company's business does not involve inventories and, accordingly, the requirements to report on clause 3(ii) of the Order is not applicable to the Company.
    - (b) The Company has not availed any working capital limits from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to Companies, Firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a), (c), (d), (e) and (f) of the Order is not applicable to the Company.
    - (b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to Companies, Firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

- (vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, cess and other statutory dues applicable to it. The provisions pertaining to duty of customs and duty of excise are not applicable to the Company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax	201	2009-12	Commissioner of Service Tax (Appeals)
Finance Act, 1994	Service Tax	944	2013-14	CESTAT Gujarat
Gujarat Value Added Tax, 2003	Value Added Tax	38	2014-15	Deputy Commissioner of Commercial Tax (Appeals)
The Maharashtra Municipal Corporations Act, 1949	Entry Tax	910	2013-14	Deputy Commissioner- Navi Mumbai Municipal Corporation

Of the above cases, total amount deposited in respect of Service Tax is Rs 7 Lakhs and Entry Tax is Rs 465 Lakhs.

The provisions pertaining to duty of customs and duty of excise are not applicable to the Company.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) Loans amounting to Rs. 57,710 lakhs are repayable on demand and terms and conditions for payment of interest thereon have not been stipulated. Such loans and interest thereon have not been demanded for repayment during the relevant financial year. The Company has not defaulted in repayment of other borrowings or payment of interest thereon to any lender.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) On overall examination of the financial statements of the Company, the Company has used funds raised on short term basis (in form of borrowing, trade payable and other liability) aggregating to Rs. 59,842 Lakhs for long-term purposes (representing acquisition of property, plant and equipment and to fund losses of the Company).

- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x)
  - (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
  - (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)
  - (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
  - (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
  - (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii)
  - (a) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv)
  - (a) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) and (b) of the Order is not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi)
  - (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
  - (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
  - (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
  - (d) The Group has five Core Investment Company as part of the Group.



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

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- (xvii) The Company has not incurred cash losses in the current financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) As referred to in 'Material uncertainty related to Going concern' paragraph in our main audit report and as disclosed in Note 41 to the financial statements which includes the financial ratios and ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, there exists a material uncertainty that the Company may not be capable of meeting its liabilities, existing at the date of balance sheet, as and when they fall due within a period of one year from the balance sheet date. We, further state that this is not an assurance as to the future viability of the Company and our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 42 to the financial statements.  
  
(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 42 to the financial statements.

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

sd/-

**per Nilangshu Katriar**  
Partner  
Membership Number: 058814  
UDIN: 22058814AIPLKG8744

Place: Mumbai  
Date: May 07, 2022

**Annexure 2 to the independent auditor's report of even date on the financial statements of Vodafone Idea Business 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 Business Services Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the 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 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 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 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 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 financial statements.

**Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements**

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 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 Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2022, 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

sd/-

**per Nilangshu Katriar**

Partner

Membership Number: 058814

UDIN: 22058814AIPLKG8744

Place: Mumbai

Date: May 07, 2022

**Vodafone Idea Business Services Limited**  
**Financial Statements for the year ended March 31, 2022**  
(All amounts are in Rs. lakhs, except per share data and unless stated otherwise)

**Balance Sheet as at March 31, 2022**

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment (including RoU Assets)	6	45,484	50,407
Investment property	7	-	-
Intangible assets	8	15	67
Financial assets			
Other non-current financial assets	9	256	259
Deferred tax assets (net)	35	-	-
Other non-current assets	10	2,244	3,979
<b>Total non-current assets (A)</b>		<b>47,999</b>	<b>54,712</b>
<b>Current assets</b>			
Financial assets			
Trade receivables	11	1,186	1,582
Cash and cash equivalents	12	96	64
Bank balance other than cash and cash equivalents	13	16	16
Other current assets	14	172	326
<b>Total current assets (B)</b>		<b>1,470</b>	<b>1,988</b>
<b>Assets classified as held for sale (AHFS) (C)</b>	27	-	6,526
<b>Total Assets (A+B+C)</b>		<b>49,469</b>	<b>63,226</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	15	5	5
Other equity	16	(11,848)	(24,877)
<b>Total equity (D)</b>		<b>(11,843)</b>	<b>(24,872)</b>
<b>Current liabilities</b>			
Financial liabilities			
Short term borrowings	17	57,710	81,760
Trade payables	18		
Total outstanding dues of micro enterprises and small enterprises		11	16
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,196	5,346
Other current financial liabilities	19	82	209
Other current liabilities	20	313	767
<b>Total current liabilities (E)</b>		<b>61,312</b>	<b>88,098</b>
<b>Total Equity and Liabilities (D+E)</b>		<b>49,469</b>	<b>63,226</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/E300004

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

sd/-

**Nilangshu Katriar**

Partner

Membership No.: 58814

sd/-

**Venkatesh Viswanathan**

Director

(DIN: 03122706)

sd/-

**Jagbir Singh**

Director

(DIN: 03258009)

Place: Mumbai

Date: May 7, 2022

# Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2022

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

## Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Income</b>			
Service revenue (including amounts referred in Note 37)		12,372	15,404
Other operating income	21	-	7
<b>Revenue from operations</b>		<b>12,372</b>	<b>15,411</b>
Other income	22	189	675
<b>Total income</b>		<b>12,561</b>	<b>16,086</b>
<b>Operating Expenditure</b>			
Customer acquisition and servicing expenditure	23	81	57
Other expenses	24	6,987	6,283
		<b>7,068</b>	<b>6,340</b>
<b>Profit/(Loss) before finance costs, depreciation, amortisation, exceptional items &amp; tax</b>			
		<b>5,493</b>	<b>9,746</b>
Finance costs	25	9	-
Depreciation	6 & 7	5,059	8,122
Amortisation	8	58	181
<b>Profit/(Loss) before exceptional items &amp; tax</b>		<b>367</b>	<b>1,443</b>
Exceptional items	26	12,662	-
<b>Profit / (Loss) before tax</b>		<b>13,029</b>	<b>1,443</b>
Tax expense:			
- Current tax	34	-	-
- Deferred tax	34 & 35	-	-
<b>Profit/(Loss) after tax</b>		<b>13,029</b>	<b>1,443</b>
<b>Other comprehensive income/(loss) for the year, net of tax</b>			
		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>13,029</b>	<b>1,443</b>
<b>Earning/(Loss) per equity share of Rs. 10 each:</b>			
Basic (Rs.)	36	<b>26,058</b>	<b>2,886</b>
Diluted (Rs.)	36	<b>26,058</b>	<b>2,886</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/E300004

sd/-

**Nilangshu Katriar**

Partner

Membership No.: 58814

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

sd/-

**Venkatesh Viswanathan**

Director

(DIN:03122706)

sd/-

**Jagbir Singh**

Director

(DIN:03258009)

Place: Mumbai

Date: May 7, 2022

# Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2022

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

## Statement of Changes in Equity for the year ended March 31, 2022

### A. Equity share capital:

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

	Numbers	Amount
<b>As at March 31, 2020</b>	50,000	5
Issue of share capital	-	-
<b>As at March 31, 2021</b>	50,000	5
Issue of share capital	-	-
<b>As at March 31, 2022</b>	<b>50,000</b>	<b>5</b>

### B. Other equity

Particulars	Retained earnings
<b>As at March 31, 2020</b>	<b>(26,320)</b>
Profit/(Loss) after tax for the year	1,443
<b>As at March 31, 2021</b>	<b>(24,877)</b>
Profit/(Loss) after tax for the year	13,029
<b>As at March 31, 2022</b>	<b>(11,848)</b>

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004

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

sd/-

**Nilangshu Katriar**

Partner

Membership No.: 58814

sd/-

**Venkatesh Viswanathan**

Director

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sd/-

**Jagbir Singh**

Director

(DIN: 03258009)

Place: Mumbai

Date: May 7, 2022

**Vodafone Idea Business Services Limited**  
**Financial Statements for the year ended March 31, 2022**  
**(All amounts are in Rs. lakhs, except per share data and unless stated otherwise)**

**Statement of Cash Flows for the year ended March 31, 2022**

<b>Particulars</b>	<b>For the year ended March 31, 2022</b>	<b>For the year ended March 31, 2021</b>
<b>Operating activities</b>		
<b>Profit/(Loss) before tax</b>	13,029	1,443
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation of property, plant and equipment	5,059	8,122
Amortisation of intangible assets	58	181
(Gain) on disposal of property, plant and equipment	(3)	(24)
Gain on Investment property (leasehold land)	(12,662)	-
Finance costs	9	-
Bad debts / advances written off	199	73
Allowance for doubtful debts / advances	106	377
Liabilities / provisions no longer required written back	-	(6)
Interest income	(189)	(675)
<b>Working capital adjustments</b>		
Decrease in trade receivables	104	650
Decrease/(Increase) in other financial and non-financial assets	161	(281)
(Decrease)/Increase in trade payables	(1,758)	150
(Decrease) in other financial and non-financial liabilities	(454)	(100)
<b>Cash flows from operating activities</b>	<b>3,659</b>	<b>9,910</b>
Income tax refund/(paid) (including TDS) (net)	1,889	6,101
<b>Net cash flows from operating activities</b>	<b>5,548</b>	<b>16,011</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment and intangible assets (including CWIP and intangible assets under development)	(276)	(256)
Proceeds from sale of property, plant and equipment	10	42
Proceeds from sale of Investment property (leasehold land) (net of expenses)	18,694	-
Interest received	108	2
<b>Net cash flows (used in) investing activities</b>	<b>18,536</b>	<b>(212)</b>
<b>Financing activities</b>		
Proceeds from short term borrowings	3,300	-
Repayment of short term borrowings	(27,350)	(16,241)
Payment of interest and finance charges	(2)	-
<b>Net cash flows (used in) financing activities</b>	<b>(24,052)</b>	<b>(16,241)</b>
<b>Net (Decrease) in cash and cash equivalents</b>	<b>32</b>	<b>(442)</b>
Cash and cash equivalents at the beginning of the year	64	506
<b>Cash and cash equivalents at the end of the year (Refer note 12)</b>	<b>96</b>	<b>64</b>

**Vodafone Idea Business Services Limited**  
**Financial Statements for the year ended March 31, 2022**  
**(All amounts are in Rs. lakhs, except per share data and unless stated otherwise)**

1. Disclosure of changes in liabilities arising from financing activities on account of non-cash transactions	
<b>Particulars</b>	<b>Short term borrowings</b>
<b>Balance as at March 31, 2020</b>	<b>98,001</b>
(i) Cash flow Items	
Repayment of borrowings	(16,241)
<b>Balance as at March 31, 2021</b>	<b>81,760</b>
(i) Cash flow Items	
Repayment of borrowings	(27,350)
Proceeds from borrowings	3,300
<b>Balance as at March 31, 2022</b>	<b>57,710</b>

2. 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/E300004

sd/-

**Nilangshu Katriar**

Partner

Membership No.: 58814

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

sd/-

**Venkatesh Viswanathan**

Director

(DIN:03122706)

sd/-

**Jagbir Singh**

Director

(DIN:03258009)

Place: Mumbai

Date: May 7, 2022



# Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2022

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

## Notes to Financial Statements

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### 1. Corporate Information

Vodafone Idea Business Services Limited (formerly known as Vodafone Business Services Limited) (herein referred to as "VIBSL" or "the Company"), a wholly owned subsidiary of Vodafone Idea Limited was incorporated on September 24, 2009 under the provisions of the Companies Act applicable in India. The registered office of the Company is situated at Vodafone House, Corporate Road, Prahladnagar, off. S.G. Highway, Ahmedabad – 380051, India.

The Company is an outsourcing hub for back end IT support, datacenter operations and hosting services to Vodafone Idea Limited ("VIL") and its subsidiaries.

The financial statements for the year ended March 31, 2022 were approved by the Board of Directors and authorised for issue on May 7, 2022.

### 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

The 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 Rs. has been rounded off to lakhs unless otherwise stated.

The financial statements are based on the classification 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

i. 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 service provider are to be deposited with the government and not received by the Companies on its own account. Accordingly, it is excluded from revenue.

#### ii. Trade Receivable

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 4n) financial instruments – initial recognition and subsequent measurement.

#### iii. Advance from customer and Deferred revenue

Advance from customers/ deferred revenue represents amount received/ billed in advance for which services have not been rendered up to the yearend date.

#### iv. 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.

# Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2022

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

## Notes to Financial Statements

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### b) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Company's lease asset classes primarily consist of leases for immovable properties.

#### i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment (Refer Note 4k).

#### ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification i.e. a change in the lease term or a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. The re-measurement of lease liability is done by discounting the revised lease payments using the Company's incremental borrowing rate at the effective date of modification.

#### Company as a lessor

##### Finance lease

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting period so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

##### Operating lease

Rental income from operating lease is recognised on a straight line basis over the lease term unless payments to the Company re structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increase; such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term. Contingent rents are recognised as income in the period in which they are earned.

**Vodafone Idea Business Services Limited**  
**Financial Statements for the year ended March 31, 2022**  
**(All amounts are in Rs. lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

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**c) 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 contribution payable to these funds.

ii. Defined Benefit Plan

The Company operates a defined benefit gratuity plan for eligible employees. 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 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.

**d) Foreign currency transactions**

The Company's financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency. Transactions in foreign currencies are initially recorded at the Rs. spot rate on the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange on the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised on net basis within finance cost in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recognised using the exchange rates at the dates of the initial transactions.

**e) Taxes**

Income tax expense represents the sum of 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.

**Vodafone Idea Business Services Limited**  
**Financial Statements for the year ended March 31, 2022**  
**(All amounts are in Rs. lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

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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. Unrecognized 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 statute.

**f) Current / Non – Current Classification**

An asset is classified as current when

- a) It is expected to be realized or consumed in the respective 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 respective companies;
- 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 respective companies have 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.

**g) Property, Plant and Equipment**

Property, Plant and Equipment (PPE) and Capital work in progress (CWIP) held for use in the rendering of services and supply of goods, or for administrative purposes, are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes all direct costs relating to acquisition and installation of Property, Plant and Equipment, non-refundable duties and borrowing cost relating to qualifying assets. CWIP represents cost of property, plant and equipment not ready for intended use as on the reporting date. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Depreciation on assets under PPE commences once such assets are available for use in the intended condition and location. Depreciation is provided using straight-line method on pro rata basis over their estimated useful economic lives as given below. The useful life is taken as prescribed in Schedule II to the Companies Act, 2013 except where the estimated useful economic life has been assessed to be lower.

# Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2022

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

## Notes to Financial Statements

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Particulars	Estimated useful life (in years)
RoU Assets	Over the period of lease
Building	30 years
Plant and machinery	9 years
Computer hardware	
Servers	5 years
Other computer hardware	3 years
Furniture and fixtures	5 years
Office equipment	5 years

When any significant part of property, plant and equipment is discarded or replaced, the carrying value of discarded / replaced part is derecognized. Any gains or losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss on the date of retirement or disposal.

### h) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Cost includes all direct costs relating to acquisition of intangible assets and borrowing cost relating to qualifying assets. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. There are no intangible assets assessed with indefinite useful life.

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period, residual value and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets are amortised on straight line method as under:

- Software, which is not an integral part of hardware, is treated as an intangible asset and is amortised over its useful economic life as estimated by the management to be 3 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

### i) Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment properties are measured initially at their cost including transaction cost. Investment properties are subsequently measured at historical cost less accumulated depreciation and impairment loss.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**Vodafone Idea Business Services Limited**  
**Financial Statements for the year ended March 31, 2022**  
**(All amounts are in Rs. lakhs, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

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Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in Statement of Profit and Loss in the period of derecognition.

Depreciation is charged so as to write off the cost of investment properties using the straight-line method, over the Leasehold period or estimated useful lives, whichever is lower.

**j) Non – Current Assets Held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and its sale is highly probable. The sale is considered highly probable only when the asset is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and the sale is expected to be completed within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. These are not depreciated once classified as held for sale. Assets classified as held for sale are presented separately in the Balance Sheet.

Non-current assets that ceases to be classified as held for sale are measured at lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the asset ceases to be classified as held for sale.

**k) Impairment of Non – Financial Assets**

Tangible (including RoU assets) and Intangible assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, an appropriate valuation model is used. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, an impairment loss is recognised in Statement of Profit and Loss by reducing the carrying amount of the asset (or cash-generating unit) to its recoverable amount.

For assets excluding goodwill, impairment losses recognized in the earlier periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. If such indication exists, the Company estimates the asset's (or cash generating unit's) recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had such impairment loss not been recognised for the asset (or cash-generating unit) in prior years. Any reversal of an impairment loss is recognised immediately in the statement of profit and loss.

**l) Borrowing Costs**

Borrowing Costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the finance costs.

**m) 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.

# Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2022

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

## Notes to Financial Statements

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### n) 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 the statement of profit and loss.

#### i. Financial assets

All regular way purchase or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchase 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 either 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 Company 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 'passthrough' 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.

# Vodafone Idea Business Services Limited

## Financial Statements for the year ended March 31, 2022

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

### Notes to Financial Statements

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#### 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

For recognition of impairment loss on 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. 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 de-recognised 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 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.

#### o) 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.



# Vodafone Idea Business Services Limited

## Financial Statements for the year ended March 31, 2022

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

### Notes to Financial Statements

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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:

- 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.

#### p) Earnings per share

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

EPS is disclosed on basic and diluted basis. Basic EPS is computed by dividing the profit / loss for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period. 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.

#### q) 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 Liabilities

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.

#### Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

#### i) Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

# Vodafone Idea Business Services Limited

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## Notes to Financial Statements

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### ii) Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

### iii) Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

### iv) Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

### v) Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

## 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.

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 Company 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.

The recognition of deferred tax assets is based on availability of sufficient taxable profits in the Company 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.

#### ii. Allowance for Trade receivable

For the purpose of measuring the expected credit loss for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively depending on their significance. Individual trade receivables are written off when management deems them not to be collectible on assessment of facts and circumstances. Refer note 11.

# Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2022

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

## Notes to Financial Statements

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### iii. Useful life of Property, Plant and Equipment and intangible assets

The useful life to depreciate property, plant and equipment is based on technical obsolescence, nature of assets, estimated usage of the assets, operating conditions of the asset, and manufacturers' warranties, maintenance and support period, etc. The charge for the depreciation and amortisation is derived after considering the expected residual value at end of the useful life.

The residual values, useful lives and methods of depreciation of property, plant and equipment and intangible assets are reviewed by the management at each financial year end and adjusted prospectively, if appropriate. Further details about property, plant and equipment and intangible assets are given in note 6 and note 8, respectively.

### iv. 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 29 for further details about Contingent liabilities.

**Vodafone Idea Business Services Limited**  
**Financial Statements for the year ended March 31, 2022**  
(All amounts are in Rs. lakhs, except per share data and unless stated otherwise)

**Notes to Financial Statements**

**Note 6**

**Property, Plant and Equipment**

Particulars	Buildings	Leasehold Improvement	Plant and machinery	Furniture and fixtures	Office equipments	RoU Assets (Land & Building)	Total
<b>Cost</b>							
As at March 31, 2020	37,411	268	44,379	94	426	4,240	86,818
Additions	-	-	351	-	-	-	351
Disposals/Adjustments	-	-	(29)	-	(16)	-	(45)
<b>As at March 31, 2021</b>	<b>37,411</b>	<b>268</b>	<b>44,701</b>	<b>94</b>	<b>410</b>	<b>4,240</b>	<b>87,124</b>
Additions	-	-	143	-	-	-	143
Disposals/Adjustments	-	-	(19)	-	-	-	(19)
<b>As at March 31, 2022</b>	<b>37,411</b>	<b>268</b>	<b>44,825</b>	<b>94</b>	<b>410</b>	<b>4,240</b>	<b>87,248</b>
<b>Accumulated Depreciation</b>							
As at March 31, 2020	3,820	91	24,234	56	203	290	28,694
Depreciation charge for the year	1,279	24	6,588	19	81	58	8,049
Disposals/Adjustments	-	-	(10)	-	(16)	-	(26)
<b>As at March 31, 2021</b>	<b>5,099</b>	<b>115</b>	<b>30,812</b>	<b>75</b>	<b>268</b>	<b>348</b>	<b>36,717</b>
Depreciation charge for the year	1,279	24	3,617	17	64	58	5,059
Disposals/Adjustments	-	-	(12)	-	-	-	(12)
<b>As at March 31, 2022</b>	<b>6,378</b>	<b>139</b>	<b>34,417</b>	<b>92</b>	<b>332</b>	<b>406</b>	<b>41,764</b>
<b>Net Book Value</b>							
As at March 31, 2022	31,033	129	10,408	2	78	3,834	45,484
As at March 31, 2021	32,312	153	13,889	19	142	3,892	50,407

**Note 7**

**Investment Property**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Land</b>		
<b>Gross block</b>		
Opening balance	-	7,203
Transfer to Asset Held for Sale (Refer note 27)	-	(7,203)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation</b>		
Opening Balance	-	604
Additions/ Adjustments	-	73
Transfer to Asset Held for Sale	-	(677)
Closing balance	-	-
<b>Net block</b>	<b>-</b>	<b>-</b>

# Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2022

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

## Notes to Financial Statements

### Note 8

#### Intangible assets

Particulars	Computer - Software	Total
<b>Cost</b>		
<b>As at March 31, 2020</b>	<b>1,138</b>	<b>1,138</b>
Additions	20	20
Disposals/Adjustments	-	-
<b>As at March 31, 2021</b>	<b>1158</b>	<b>1158</b>
Additions	6	6
Disposals/Adjustments	-	-
<b>As at March 31, 2022</b>	<b>1164</b>	<b>1164</b>
<b>Accumulated Amortisation</b>		
<b>As at March 31, 2020</b>	<b>910</b>	<b>910</b>
Amortisation charge for the year	181	181
Disposals/Adjustments	-	-
<b>As at March 31, 2021</b>	<b>1091</b>	<b>1091</b>
Amortisation charge for the year	58	58
Disposals/Adjustments	-	-
<b>As at March 31, 2022</b>	<b>1,149</b>	<b>1149</b>
<b>Net Book Value</b>		
<b>As at March 31, 2022</b>	<b>15</b>	<b>15</b>
<b>As at March 31, 2021</b>	<b>67</b>	<b>67</b>

### Note 9

#### Other non-current financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits and balances with government authorities	256	259
<b>Total</b>	<b>256</b>	<b>259</b>

### Note 10

#### Other non-current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advance income tax	1,698	3,416
Prepaid expenses	16	33
Others (consisting mainly deposit against demands which are appealed against / subjudice)		
- Considered Good	530	530
- Considered Doubtful	44	44
	2,288	4,023
Allowance for doubtful advances (Refer note 31)	(44)	(44)
<b>Total</b>	<b>2,244</b>	<b>3,979</b>

### Note 11

#### Trade receivables (Unsecured, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
Billed Receivables - Considered Good (including amounts referred in Note 37)	2,205	2,508
Allowance for doubtful advances (Refer note 31)	(1,019)	(926)
<b>Total</b>	<b>1,186</b>	<b>1,582</b>

**Vodafone Idea Business Services Limited**  
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**Notes to Financial Statements**

The following is ageing schedule of trade receivables:

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at March 31, 2022</b>						
<b>Trade receivables - Billed</b>						
Undisputed Trade receivables - considered good	1,335	306	564	-	-	2,205
	<b>1,335</b>	<b>306</b>	<b>564</b>	<b>-</b>	<b>-</b>	<b>2,205</b>
Less: Allowance for doubtful trade receivables - Billed						(1,019)
						<b>1,186</b>
<b>As at March 31, 2021</b>						
<b>Trade receivables - Billed</b>						
Undisputed Trade receivables - considered good	1,649	494	355	8	2	2,508
	<b>1,649</b>	<b>494</b>	<b>355</b>	<b>8</b>	<b>2</b>	<b>2,508</b>
Less: Allowance for doubtful trade receivables - Billed						(926)
						<b>1,582</b>

**Note 12**

**Cash and cash equivalents**

Particulars	As at March 31, 2022	As at March 31, 2021
Cheques on hand	3	28
Balances with banks in current accounts	93	36
<b>Total</b>	<b>96</b>	<b>64</b>

**Note 13**

**Bank balance other than cash and cash equivalents**

Particulars	As at March 31, 2022	As at March 31, 2021
Margin money with banks	16	16
<b>Total</b>	<b>16</b>	<b>16</b>

**Note 14**

**Other current assets**

Particulars	As at March 31, 2022	As at March 31, 2021
GST recoverable	105	117
Prepaid expenses	34	187
Others		
- Considered Good	33	22
- Considered Doubtful	13	-
	185	326
Allowance for doubtful advances (Refer note 31)	(13)	-
<b>Total</b>	<b>172</b>	<b>326</b>

**Vodafone Idea Business Services Limited**  
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**Notes to Financial Statements**

**Note 15**

**Equity Share Capital**

Particulars	As at March 31, 2022		As at March 31, 2021	
	Numbers	Amount	Numbers	Amount
<b>EQUITY SHARE CAPITAL</b>				
<b>Authorised share capital</b>				
Equity Shares of Rs. 10 each	50,000	5	50,000	5
	<b>50,000</b>	<b>5</b>	<b>50,000</b>	<b>5</b>
<b>Issued, subscribed and paid-up share capital</b>				
Equity Shares of Rs. 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, 2022		As at March 31, 2021	
	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 equity shares**

The Company has only one class of equity shares having par value of Rs. 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, 2022		As at March 31, 2021	
	Numbers	% holding in the class	Numbers	% holding in the class
<b>Equity shares of Rs. 10 each fully paid</b>				
Vodafone Idea Limited, the holding company and its nominees	50,000	100%	50,000	100%

**Note 16**

**Other Equity**

Particulars	As at	As at
	March 31, 2022	March 31, 2021
<b>Retained Earnings</b>		
Opening balance	(24,877)	(26,320)
Profit/(Loss) after tax for the year	13,029	1,443
<b>Total</b>	<b>(11,848)</b>	<b>(24,877)</b>

**Note 17**

**Short term borrowings**

Particulars	As at	As at
	March 31, 2022	March 31, 2021
<b>Unsecured Loans</b>		
Loan from related parties (Refer note 37)*	57,710	81,760
<b>Total</b>	<b>57,710</b>	<b>81,760</b>

\*The Loan is repayable on demand with nil interest rate.

**Vodafone Idea Business Services Limited**  
**Financial Statements for the year ended March 31, 2022**  
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**Notes to Financial Statements**

**Note 18**  
**Trade Payables**

The following is ageing schedule of trade payables:

Particulars	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at March 31, 2022</b>						
(i) MSME	-	11	-	-	-	11
(ii) Others	73	711	1	11	-	796
	<b>73</b>	<b>722</b>	<b>1</b>	<b>11</b>	<b>-</b>	<b>807</b>
<b>Accrued expenses</b>						2,400
<b>Total</b>						<b>3,207</b>
<b>As at March 31, 2021</b>						
(i) MSME	16	-	-	-	-	16
(ii) Others	72	589	11	-	-	672
	<b>88</b>	<b>589</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>688</b>
<b>Accrued expenses</b>						4,674
<b>Total</b>						<b>5,362</b>

**Information as per the Requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Particulars	As at March 31, 2022	As at March 31, 2021
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in trade payables	10	16
(ii) The interest due on above	-*	-
<b>The total of (i) &amp; (ii)</b>	<b>9</b>	<b>16</b>
b) The amount of interest paid by the buyer in terms of section 16 of the Act	-	-
c) The amount of the payment made to the supplier beyond the appointed day during the accounting year	33	3
d) The amounts of interest accrued and remaining unpaid at the end of financial year	1	-
e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under this Act.	1	-

\*Numbers below one lakh are under the rounding off convention adopted by the Company and accordingly not reported

**Note 19**  
**Other current financial liabilities**

Particulars	As at March 31, 2022	As at March 31, 2021
Payable for capital expenditure	82	209
<b>Total</b>	<b>82</b>	<b>209</b>

**Note 20**  
**Other current liabilities**

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred revenue and advance from customers <sup>(1)</sup>	131	540
Taxes and other liabilities	182	227
<b>Total</b>	<b>313</b>	<b>767</b>

<sup>(1)</sup> Revenue recognised during the year from deferred revenue and advance from customers (contract liability) at the beginning of the year is Rs. 540 (March 31, 2021: Rs. 514 Mn).



# Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2022

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

## Notes to Financial Statements

### Note 21

#### Other operating income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Liabilities / provisions no longer required written back	-	6
Miscellaneous receipts	-	1
<b>Total</b>	<b>-</b>	<b>7</b>

### Note 22

#### Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income	189	675
<b>Total</b>	<b>189</b>	<b>675</b>

### Note 23

#### Customer acquisition and servicing expenditure

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Commission to dealers	27	39
Collection, telecalling and servicing expenses	54	18
<b>Total</b>	<b>81</b>	<b>57</b>

### Note 24

#### Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Repairs and maintenance	708	615
Insurance	61	58
Rates and taxes	191	-
Electricity	2,787	2,581
IT service cost	2,539	2,226
Printing and stationery	1	-
Travelling and conveyance	3	-
Allowances for doubtful debts and advances (Refer note 31)	106	377
Bad debts / advances written off	199	73
Loss/(Gain) on disposal of property, plant and equipment	(3)	(24)
Directors Sitting Fees (Refer note 37)	1	2
Legal and professional charges	20	21
Audit Fees (Refer note 33)	5	5
CSR expenditure (refer note 42)	11	-
Support Service Charges (Refer note 37)	133	94
Building security	225	255
<b>Total</b>	<b>6,987</b>	<b>6,283</b>

### Note 25

#### Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on Others	1	-
Other finance charges	2	-
Exchange (Gain)/Loss	6	-
<b>Total</b>	<b>9</b>	<b>-</b>

### Note 26

#### Exceptional Items (net)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Gain on Investment property (leasehold land)	12,662	-
<b>Total</b>	<b>12,662</b>	<b>-</b>

# Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2022

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

## Notes to Financial Statements

### Note 27

During the previous year, the Company has classified Investment Property (Leasehold land) as asset held for sale with carrying value of Rs. 6,526. During the year ended March 31, 2022, the Company has sold Investment Property (Leasehold land) for a consideration of Rs. 18,694 and accordingly, gain on sale of Investment Property (Leasehold land) of Rs. 12,662 (net of expenses) has been recognised as exceptional item.

### Note 28

#### Capital and other commitments:

Estimated amount of commitments are as follows:

- Contracts remaining to be executed for capital expenditure (net of advances) and not provided for are Rs. 991 (March 31, 2021: Rs. 369)
- Long term contracts remaining to be executed including early termination commitments (if any) are Rs. 1,287 (March 31, 2021: Rs. 2,104)

### Note 29

#### Contingent Liabilities

##### Disputed claims not acknowledged as debt:

Sr. No.	Description	As at	As at
		March 31, 2022	March 31, 2021
1	Service Tax matters	747	747
2	Local Body Tax (LBT)	910	910
3	Sales Tax/Value Added Tax	38	38
	<b>Total</b>	<b>1,695</b>	<b>1,695</b>

#### a) Service Tax matters

The Company has received demand for irregular availment of CENVAT credit. The Company has filed Appeal and Cross Objection which is pending with CESTAT, Gujarat.

#### b) Local Body Tax (LBT)

LBT is applicable on entry inward of goods for consumption and use in Navi Mumbai Municipal Limits. While assessing the LBT liability, the tax officer has wrongly considered expenses primarily relating to various services as IT expenses, staff welfare expenses, Repair & Maintenance etc. The Company has accordingly filed appeal with Deputy Commissioner and 50 % of the principal amount is deposited with the department.

#### c) Sales Tax/ Value Added Tax

Sales tax/VAT demands mainly relates to the demands raised by the VAT/Sales Tax authorities towards regular assessment. The Company has challenged this demand which is pending at local jurisdiction.

Future cash outflows in respect of the above matters are determinable only on receipt of judgments/ decisions from such forums/ authorities. Further, based on the Company's evaluation, it believes that it is not probable that the claim will materialise and therefore, no provision has been recognized for the above.

# Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2022

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

## Notes to Financial Statements

### Note 30

#### Details of Foreign Currency Exposures

Not hedged by a derivative instrument or otherwise

Particulars	As at	As at
	March 31, 2022	March 31, 2021
<b>Trade Payables and Other financial liability</b>		
In USD	.*	4
In EURO	.*	-
Equivalent Rs. of Trade Payables and Other Financial liability <sup>(1)</sup>	15	274
<b>Trade receivables</b>		
In USD	-	-
In EURO	-	-
Equivalent Rs. of Trade Receivables <sup>(1)</sup>	-	274

<sup>(\*)</sup>Numbers are below one lakh under the rounding off convention adopted by the Company and accordingly not reported.

<sup>(1)</sup>Amount in Rs. represents conversion at closing rate

### Note 31

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

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Opening Balance	970	593
Charged to Statement of Profit and Loss (Net) (Refer Note 24)	106	377
<b>Closing Balance</b>	<b>1,076</b>	<b>970</b>

### Note 32

#### Segment Information

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

### Note 33

#### Auditor's Remuneration

Particulars	For the year ended	For the year ended
	March 31, 2022	March 31, 2021
Statutory Audit Fees	5	5
<b>Total Remuneration</b>	<b>5</b>	<b>5</b>

**Vodafone Idea Business Services Limited**  
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**Notes to Financial Statements**

**Note 34**

**Income Tax Expenses**

**Reconciliation of average effective tax rate and applicable tax rate:**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before income tax expense	13,029	1,443
<b>Applicable Tax Rate</b>	25.17%	25.17%
Effect of items for which no deferred tax is recognised	(4.66)%	(25.18)%
Effects of expenses / income that are not deductible / considered in determining the taxable profits (net)	(20.51)%	0.02%
<b>Effective tax rate</b>	0.00%	0.00%

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unabsorbed depreciation and tax losses can be utilized. Accordingly, in view of uncertainty, the Company has not recognized deferred tax assets in respect of carried forward tax losses/capital losses/temporary differences of Rs. 9,401 as of March 31, 2022 (March 31, 2021: Rs. 16,094).

The aforesaid tax losses and unabsorbed depreciation will lapse in the subsequent years as follows:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Within 0-5 years	-	-
From 5-10 years	-	-
Unlimited	9,401	16,094
<b>Total</b>	<b>9,401</b>	<b>16,094</b>

**Note 35**

**Movement in Deferred Tax**

Particulars	As at April 1, 2020	Recognised in		As at March 31, 2021	Recognised in		As at March 31, 2022
		Profit and Loss	OCI		Profit and Loss	OCI	
<b>Liabilities</b>							
Depreciation & Amortisation	1,678	(413)	-	1,265	94	-	1,359
<b>Total (A)</b>	<b>1,678</b>	<b>(413)</b>	<b>-</b>	<b>1,265</b>	<b>94</b>	<b>-</b>	<b>1,359</b>
<b>Assets</b>							
Tax Losses	858	(508)	-	350	738	-	1,088
Expenses allowable on Payment Basis	670	1	-	671	(671)	-	-
Provisions for doubtful debts/ advances	150	94	-	244	27	-	271
<b>Total (B)</b>	<b>1,678</b>	<b>(413)</b>	<b>-</b>	<b>1,265</b>	<b>94</b>	<b>-</b>	<b>1,359</b>
<b>Net Deferred Tax Liabilities/ (assets) (A-B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As per Financials:</b>							
Deferred Tax Asset	-	-	-	-	-	-	-
Deferred Tax Liabilities	-	-	-	-	-	-	-

# Vodafone Idea Business Services Limited

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## Notes to Financial Statements

### Note 36

#### Basic & Diluted Earnings per Share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Nominal value of equity shares (Rs.)	10/-	10/-
Profit/(Loss) after tax	13,029	1,443
Profit/(Loss) attributable to equity shareholders	13,029	1,443
Weighted average number of equity shares outstanding during the year	50,000	50,000
Basic and Diluted earnings per share (Rs.)	26,058	2,886

### Note 37

#### Related Party Transactions

Relationship	Related Party
<b>Holding Company</b>	Vodafone Idea Limited
<b>Fellow Subsidiaries</b>	Vodafone Idea Shared Services Limited Vodafone Foundation
<b>Key Management Personnel</b>	Mr Venkatesh Vishwanathan (Non-Executive Director) * Mr. Jagbir Singh (Appointed as Non-Executive Director on January 18, 2022) * Mrs. Tripti Desai (Independent Director) Mr. Suraj Kalra (Resigned as Non-Executive Director on March 26, 2022)*

\* No transactions during the year

#### A. Transactions with Related Parties for the year ended March 31, 2022 and year ended March 31, 2021:

Particulars	Holding Company	Fellow Subsidiaries	KMP
Sale of Services	10,197 (13,089)	- -	- -
Purchase of Services	- -	133 (94)	- -
Loans repaid during the year	27,350 (16,241)	- -	- -
Loans taken during the year	3,300 -	- -	- -
Reimbursement of expenses from	134 -	- -	- -
Reimbursement of expenses to	212 (68)	- .*	- -
Purchase of PPE including Capital Work in Progress	- (7)	- -	- -
Sale of PPE including Capital Work in Progress	3 (8)	- -	- -
Donations Given	- -	11 -	- -
Director's sitting fees paid	- -	- -	1 (2)

(Figures in brackets are for the year ended March 31, 2021)

(\*)Numbers are below one lakh under the rounding off convention adopted by the Company and accordingly not reported

# Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2022

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

## Notes to Financial Statements

### B. Balances with Related Parties:

Particulars	Holding Company	Fellow Subsidiaries
Trade and other receivables	1,171	-
	(1,285)	-
Trade and other payables	-	38
	-	(1)
Advance received	10	-
	(12)	-
Outstanding loan payable	57,710	-
	(81,760)	-

(Figures in brackets are as on March 31, 2021)

### C. The significant related party transactions are summarised below for the year ended March 31, 2022 and March 31, 2021:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Purchase of Services</b>		
Vodafone Idea Shared Services Limited	133	94
<b>Reimbursement of expenses to</b>		
Vodafone Idea Shared Services Limited	-	_*
<b>Donations Given</b>		
Vodafone Foundation	11	-

(\*)Numbers are below one lakh under the rounding off convention adopted by the Company and accordingly not reported

## Note 38

### Financial Instruments

#### (i) Financial Instruments by Category:

The following table provides categorisation of all financial instruments at carrying value:

Particulars	Amortised Cost	
	As at March 31, 2022	As at March 31, 2021
<b>Financial Assets</b>		
Trade Receivables	1,186	1,582
Cash and cash equivalents	96	64
Margin money with banks	16	16
Deposits and balances with Government Authorities	256	259
<b>Total Financial Assets</b>	<b>1,554</b>	<b>1,921</b>

Particulars	Amortised Cost	
	As at March 31, 2022	As at March 31, 2021
<b>Financial Liabilities</b>		
Short term loans from related parties	57,710	81,760
Trade Payables	3,207	5,362
Payables for Capital Expenditure	82	209
<b>Total Financial Liabilities</b>	<b>60,999</b>	<b>87,331</b>

# Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2022

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

## Notes to Financial Statements

### (ii) 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.

### Note 39

#### Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade and other payables. The Company's principal financial assets comprise bank balance, trade receivables and deposits.

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

#### 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, foreign currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include borrowings.

##### a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no exposure to the risk of changes in market interest as the Company has borrowed the loan from Holding Company and the interest rate on such borrowing is Nil.

##### b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company's foreign currency risks are identified, measured and managed at periodic intervals in accordance with the Company's policies.

#### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency rates, with all other variables held constant. The impact on the Company's profit / (loss) before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Currency exposure	Change in currency exchange rate	Effect on profit before tax
<b>As at March 31, 2022</b>		
USD	+5%	1
	-5%	(1)
<b>As at March 31, 2021</b>		
USD	+3%	8
	-3%	(8)

##### c) 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 operating activities (primarily trade receivables) and its financing activities.

##### - Trade receivables

Customer credit risk is managed in accordance with the Company's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 0 to 30 days' credit terms. Outstanding customer receivables are regularly monitored.

##### - Other financial assets and cash deposits

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**Notes to Financial Statements**

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

The Company's maximum exposure to credit risk for the components of the balance sheet as at March 31, 2022 and March 31, 2021 on its carrying amounts as disclosed in notes 9, 11, 12 and 13.

**d) Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company has Financial liabilities of short term borrowings and trade and other payables which are payable within one year. The Company maintains adequate liquidity through effective fund/working capital management for settling its liabilities as and when they arise. However, the Company may need financial support from the holding company, to settle some of its existing liabilities and fund the operations of the Company (refer note 41).

**Note 40**

**Capital risk 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.

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 within the due dates. However, the Company may need financial support from the holding company, to settle some of its existing liabilities and fund the operations of the Company (refer note 41).

**Note 41**

The Company have accumulated losses of Rs. 11,848 as at March 31, 2022 and the Company's current liabilities exceeded its current assets by Rs. 59,842. The Company's business operations are largely dependent on its holding company. The Company has assessed its liquidity position and its possible sources of funds. Basis the assessment, the Company may need financial support from the holding company, to settle some of its existing liabilities and fund the operations of the Company. Accordingly, Company's 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 42**

**Expenditure for corporate social responsibility**

a) Gross amount required to be spent by the Company during the year is Rs.11 (March 31, 2021: Rs.NIL).

b) Amount spent for the year ended March 31, 2022:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount Paid</b>
1	Education	11
	<b>Total</b>	<b>11</b>



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

**Notes to Financial Statements**

**Note 43**

**Additional Disclosure as per requirement of Schedule III**

Ratios For the year ended March 31, 2022 and March 31, 2021

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021	% Variance	Reason for change (if change is more than 25%)
Current Ratio <sup>(1)</sup>	0.41	0.31	30%	Mainly due to decrease in current liability
Debt-Equity Ratio <sup>(2)</sup>	NA*	NA*	NA	-
Return on Equity Ratio <sup>(3)</sup>	NA*	NA*	NA	-
Trade Receivables turnover ratio (number of days) <sup>(4)</sup>	41	50	(19)%	-
Trade Payable turnover ratio <sup>(5)</sup>	2	1	41%	Mainly due to decrease in trade payables
Net capital turnover ratio <sup>(6)</sup>	(0.17)	(0.28)	(39)%	Mainly due to decline in revenue from operations
Net Profit ratio (%) <sup>(7)</sup>	105%	9%	1025%	Mainly due to Exceptional gain during the year
Return on Capital employed <sup>(8)</sup>	28%	1%	1975%	Mainly due to Exceptional gain during the year

\* As the Net-worth is negative as on March 31, 2022 and as on March 31, 2021.

<sup>(1)</sup> Current Ratio = [Current assets/Current liabilities (excluding short term borrowings)]

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

<sup>(3)</sup> Return on Equity Ratio = [Net Profit/(loss) after tax/Average Equity]

<sup>(4)</sup> Trade Receivables turnover ratio = [(Revenue from operations/Average trade receivables)\*Number of days during the year]

<sup>(5)</sup> Trade Payables turnover ratio = [Total purchases/Average Trade Payables]

<sup>(6)</sup> Net capital turnover ratio = [Revenue from operations / (Current asset - Current liability (excluding Short term borrowings))]

<sup>(7)</sup> Net profit ratio = [Profit after tax/ Revenue from operations]

<sup>(8)</sup> Return on Capital employed = [(Profit/(loss) before tax + Finance costs) / (Equity share capital + Other equity + Debt (excluding interest accrued but not due))]

**Note 44**

Previous year figures have been regrouped / 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/E300004

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

sd/-

sd/-

sd/-

**Nilangshu Katriar**

Partner

Membership No.: 58814

**Venkatesh Viswanathan**

Director

(DIN: 03122706)

**Jagbir Singh**

Director

(DIN: 03258009)

Place : Mumbai

Date : May 7, 2022