

VODAFONE IDEA TELECOM INFRASTRUCTURE
LIMITED

Financial Statements

For the year ended March 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Vodafone Idea Telecom Infrastructure Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Vodafone Idea Telecom Infrastructure Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Statement of Cash Flows 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, 2023, its loss including other comprehensive loss, 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 42 of the financial statements, which describes that the Company's business operations are dependent on its holding company. Accordingly, the Company's ability to continue as a going concern is dependent upon the holding company, who is the largest customer.

Our opinion is not modified in respect of this matter

Other Information

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Board of Directors' Report, but does not include the financial statements and our auditor's report thereon. The Board of Directors' Report is expected to be made available to us after the date of this auditor's report.

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 when it becomes available 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.



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 Statement of Cash Flows 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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, 2023;
 - (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:



S.R. BATLIBOI & ASSOCIATES LLP

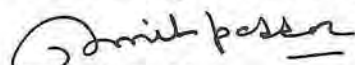
Chartered Accountants

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 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.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Amit Poddar

Partner

Membership Number: 509192

UDIN: 23509192BHADJC7960



Place: Mumbai

Date: May 22, 2023

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Vodafone Idea Telecom Infrastructure 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 situation and quantitative information and is in the process of updating quantitative details with respect to certain Property, Plant and Equipment.
- (B) There are no intangible assets in the Company and accordingly, the requirement to report on clause 3(i)(a)(B) of the Order is not applicable to the Company.
- (b) The Company has a programme of physical verification of Property, Plant and Equipment to cover all the items in phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Pursuant to such a programme, verification of Property, Plant and Equipment which are within its active network systems database through the centralized control centers and other records, commenced during the year and is in progress as of reporting date. Hence, we are unable to comment on the discrepancies, if any, that may arise upon such verification.
- (c) There is no immovable property, held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
- (d) The Company has not revalued its Property, Plant and Equipment during the year ended March 31, 2023.
- (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 require the maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) The Company has not availed 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 (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 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 relating the duty of excise and duty of customs 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 Millions)	Period to which the amount relates	Forum where the dispute is pending
Bombay Provincial Corporation Act, 1949	Property Tax	5	2017-22	Supreme Court of India

Of the above cases, total amount deposited in respect of Property Tax is Rs 5 Million.

- (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) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause 3 (ix) (a) of the Order is not applicable to the Company.
- (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 3(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 trade payable and other liability) aggregating to Rs. 41,302 Million 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) and (f) of the Order is not applicable to the Company.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (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 material 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 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. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us
- (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 is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (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 companies as part of the Group.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.



S.R. BATLIBOI & ASSOCIATES LLP

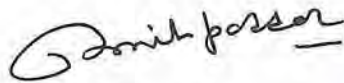
Chartered Accountants

- (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 and 42 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) The requirement of section 135 of The Companies Act, 2013 is not applicable to the Company. Accordingly, the requirement to report on Clause 3(xx) of the Order is not applicable to the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Amit Poddar**

Partner

Membership Number: 509192

UDIN: 23509192BHADJC7960



Place: Mumbai

Date: May 22, 2023

Annexure 2 to the Independent Auditor's Report of even date on the financial statements of Vodafone Idea Telecom Infrastructure 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 with reference to financial statements of Vodafone Idea Telecom Infrastructure Limited ("the Company") as of March 31, 2023 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 ("ICAI"). 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls 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 Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls 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 Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls with Reference to these Financial Statements

A company's internal financial control with reference to 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 with reference to 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



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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 With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

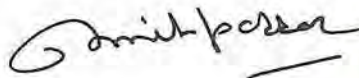
Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, 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 issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Amit Poddar

Partner

Membership Number: 509192

UDIN: 23509192BHADJC7960



Place: Mumbai

Date: May 22, 2023

Vodafone Idea Telecom Infrastructure Limited
Financial Statements for the year ended March 31, 2023
(All amounts are in Rs. millions, except per share data and unless stated otherwise)

Balance Sheet as at March 31, 2023

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	6	36,638	41,020
Capital work-in-progress	6	507	329
Financial assets			
Other non-current financial assets	7	277	331
Other non-current assets	8	627	608
Total non-current assets (A)		38,049	42,288
Current assets			
Financial assets			
Trade receivables	9	4,358	4,086
Cash and cash equivalents	10	5	9
Bank balance other than cash and cash equivalents	11	12	43
Other current financial assets	12	4	3
Other current assets	13	412	319
Total current assets (B)		4,791	4,460
Total Assets (A+B)		42,840	46,748
Equity and Liabilities			
Equity			
Equity share capital	14	18	18
Other equity	15	(7,036)	(5,909)
Total equity (A)		(7,018)	(5,891)
Liabilities			
Non-current liabilities			
Long term provision	16	38	37
Other non-current liabilities	17	3,727	4,066
Total non-current liabilities (B)		3,765	4,103
Current liabilities			
Financial liabilities			
Trade payables	18		
Total outstanding dues of micro enterprises and small enterprises		94	104
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,836	1,587
Other current financial liabilities	19	43,568	46,188
Other current liabilities	20	589	650
Short term provisions	21	6	7
Total current liabilities (C)		46,093	48,536
Total Equity and Liabilities (A+B+C)		42,840	46,748

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

Telecom Infrastructure Limited

Amit Poddar

Partner

Membership No.: 509192

Jagbir Singh

Director

(DIN: 03258009)

Venkatesh Viswanathan

Director

(DIN: 03122706)

Place: Mumbai

Date: May 22, 2023

Place: New Delhi

Date: May 22, 2023

Place: Mumbai

Date: May 22, 2023

Vodafone Idea Telecom Infrastructure Limited
Financial Statements for the year ended March 31, 2023
(All amounts are in Rs. millions, except per share data and unless stated otherwise)

Statement of Profit and Loss for the year ended March 31, 2023

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Service revenue (Including amount referred in note 37)		8,449	8,118
Revenue from operations		8,449	8,118
Other income	22	6	24
Total income		8,455	8,142
Expenses			
Network expenses	23	3,536	2,727
Employee benefit expenses	24	265	218
Other expenses	25	59	512
		3,860	3,457
Profit/(Loss) before finance costs, depreciation, exceptional item and tax		4,595	4,685
Finance costs	26	15	10
Depreciation	6	5,710	5,825
Profit/(Loss) before exceptional item and tax		(1,130)	(1,150)
Exceptional item	27	-	(250)
Profit/(Loss) before tax		(1,130)	(1,400)
Tax expense:			
- Current tax	30	-	-
- Deferred tax	30	-	-
Profit/(Loss) for the year		(1,130)	(1,400)
Other comprehensive income / (loss)			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) of defined benefit plans	28	3	(4)
Income tax effect on defined benefit plans	30	-	-
Other comprehensive income / (loss) for the year, net of tax		3	(4)
Total comprehensive income/(loss) for the year		(1,127)	(1,404)
Earnings/(Loss) per equity share of Rs. 10 each:	31		
Basic (Rs.)		(627.78)	(777.78)
Diluted (Rs.)		(627.78)	(777.78)
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 Telecom Infrastructure Limited**

Amit Poddar

Partner

Membership No.: 509192

Jagbir Singh

Director

(DIN: 03258009)

Venkatesh Viswanathan

Director

(DIN: 03122706)

Place: Mumbai

Date: May 22, 2023

Place: New Delhi

Date: May 22, 2023

Place: Mumbai

Date: May 22, 2023

Statement of Changes in Equity for the year ended March 31, 2023

A. Equity share capital:

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

	Numbers	Amount
As at April 1, 2021	1,800,000	18
Issue of share capital	-	-
As at March 31, 2022	1,800,000	18
Issue of share capital	-	-
As at March 31, 2023	1,800,000	18

B. Other equity

Particulars	Retained earnings
As at April 1, 2021	(4,505)
Profit/(Loss) for the year ended March 31, 2022	(1,400)
Other comprehensive income/(loss) for the year ended March 31, 2022	(4)
As at March 31, 2022	(5,909)
Profit/(Loss) for the year ended March 31, 2023	(1,130)
Other comprehensive income/(loss) for the year ended March 31, 2023	3
As at March 31, 2023	(7,036)

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 Telecom Infrastructure Limited**

Amit Poddar

Partner

Membership No.: 509192

Jagbir Singh

Director

(DIN: 03258009)

Venkatesh Viswanathan

Director

(DIN: 03122706)

Place: Mumbai

Date: May 22, 2023

Place: New Delhi

Date: May 22, 2023

Place: Mumbai

Date: May 22, 2023

Vodafone Idea Telecom Infrastructure Limited
Financial Statements for the year ended March 31, 2023
(All amounts are in Rs. millions, except per share data and unless stated otherwise)

Statement of Cash Flows for the year ended March 31, 2023

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flows from operating activities		
Profit/(Loss) before tax	(1,130)	(1,400)
Adjustments to reconcile loss before tax to net cash flows		
Depreciation of property, plant and equipment	5,710	5,825
Gain on disposal of property, plant and equipment (net)	(8)	(10)
Finance costs	15	10
Bad debts/advances written off	7	8
Allowance for doubtful debts / advances	20	462
Interest Income	(6)	(24)
Working capital adjustments		
(Increase) in trade receivables	(235)	(1,816)
(Increase)/Decrease in other financial and non-financial assets	(75)	24
Increase/(Decrease) in trade payables	225	(7)
(Decrease)/Increase in other financial and non-financial liabilities	(397)	1,183
Cash flows from operating activities	4,126	4,255
Income tax paid (including TDS)	(95)	(157)
Net cash flows from operating activities	4,031	4,098
Cash flows from investing activities		
Purchase of property, plant and equipment (including CWIP)	(1,614)	(2,065)
Proceeds from sale of property, plant and equipment	8	23
Payment of Business Consideration (Refer note 37)	(2,433)	(2,269)
Interest received	5	5
Net cash (used in) investing activities	(4,034)	(4,306)
Cash flows from financing activities		
Payment of interest and finance charges	(1)	(2)
Net cash (used in) financing activities	(1)	(2)
Net (decrease)/increase in cash and cash equivalents during the year	(4)	(210)
Cash and cash equivalents at the beginning of the year	9	219
Cash and cash equivalents at the end of the year (Refer note 10)	5	9

1. 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

**For and on behalf of the Board of Directors of Vodafone Idea
Telecom Infrastructure Limited**

Amit Poddar
Partner
Membership No.: 509192

Jagbir Singh
Director
(DIN: 03258009)

Venkatesh Viswanathan
Director
(DIN: 03122706)

Place: Mumbai
Date: May 22, 2023

Place: New Delhi
Date: May 22, 2023

Place: Mumbai
Date: May 22, 2023

Notes to Financial Statements

1. Corporate Information

Vodafone Idea Telecom Infrastructure Limited, (hereinafter referred to as "VITIL" or "the Company"), a wholly owned subsidiary of Vodafone Idea Limited ("VIL") was incorporated on October 19, 2007 under the provisions of the Companies Act, 1956 applicable in India. The Company is domiciled in India. The registered office of the Company is situated at Vodafone House, Corporate Road, Prahlad Nagar, off. S.G. Highway, Ahmedabad – 380051, India.

The Company has been incorporated for renting out passive infrastructure to telecommunication service providers for hosting their active equipment.

The financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorised for issue on May 22, 2023.

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.

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.

The Company has elected to present Profit/(Loss) before finance costs, depreciation, exceptional item and tax as a separate line item on the face of the statement of profit and loss. In its measurement, the company does not include finance costs, depreciation, exceptional item and tax.

All financial information presented in Rs. has been rounded off to millions unless otherwise stated.

4. Significant Accounting Policies

a) Revenue recognition

Revenue is recognised when a customer receives services and thus has the ability to direct the use and obtain the benefits from those services.

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 goods or services to customers, excluding amounts collected on behalf of third parties. Taxes and duties collected by the seller / service provider are to be deposited with the government and not received by the Company on their own account. Accordingly, it is excluded from revenue. The Company evaluates its exposure to significant risks and reward associated with the revenue arrangements in order to determine its position of a principal or an agent in this regard.

i. Revenue from providing fibre infrastructure services are recognised on rendering of services as per the contractual terms under agreements entered with the customers.

ii. Unbilled income is the right to consideration in exchange for goods or services transferred to customers. If the Company performs its obligation by transferring goods or services to a customer before the same is invoiced to the customer, unbilled income is recognized for the earned consideration that is conditional on satisfaction of performance obligation.

Notes to Financial Statements

iii. Trade receivables

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 4 k) financial instruments – initial recognition and subsequent measurement.

iv. Advance from customer and Deferred revenue

Advance from customer and deferred revenue is the obligation to transfer services to a customer for which the Company has invoiced / received consideration from the customer for the period for which service is yet to be provided by the Company. A contract liability is recognised once the Company invoices the customer in accordance with the terms of the Contract for a future period. Advance from customer and deferred revenue are recognised as revenue when the Company fulfils its performance obligations under the contract.

v. Interest income

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

b) Leases

The Company assesses at contract inception whether a contract is, or contains a lease. An arrangement which is dependent on use of specific asset or assets and convey right to control the use of an identified asset for a period of time in exchange for consideration.

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 are 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.

The Company enters into agreements which entitle its customers the right to use of specified capacity of dark fibre / bandwidth capacity for a specific period of time. Under such arrangements, the rights to use the specified assets are given for a substantial part of the estimated useful life of such assets. The contracted price received upfront in advance is treated as deferred revenue and is recognised on a straight line basis over the agreement period.

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.

Contribution to Superannuation are funded with the Life Insurance Corporation of India 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.

Notes to Financial Statements

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 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 unit credit method at each reporting date. The related re-measurements are recognised in the Statement of Profit and Loss in the period in which they arise.

d) Functional and presentation currency

The Company's financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency.

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.

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.

Notes to Financial Statements

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. 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 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.

Particulars	Estimated useful life (in years)
Plant & Machinery -Optic Fibre	15 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.

Notes to Financial Statements

h) Impairment of Non – Financial Assets

Tangible 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.

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.

i) Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are expensed in the period in which they are incurred.

j) 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.

k) 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:

Notes to Financial Statements

- 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.

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 trade receivables.

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 (including lease receivables). The application of simplified approach does not require the Company to track changes

Notes to Financial Statements

in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

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.

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.

Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL when the financial liabilities are held for trading or are designated as FVTPL on initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or 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.

U) Fair value measurement

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

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

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

Notes to Financial Statements

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

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

m) 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.

n) 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.

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 are 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.

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.

Notes to Financial Statements

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

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 9.

iii. Defined benefit plans (gratuity and compensated absences benefits)

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

All assumptions are reviewed at each reporting date. The parameter subject to frequent changes is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

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

Further details about gratuity obligations are given in note 28.

iv. Useful life of Property, Plant and Equipment

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 are reviewed by the management at each financial year end and adjusted prospectively, if appropriate. Further details about property, plant and equipment are given in note 6.

v. 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 34 for further details about Contingent liabilities.

6. Recent pronouncements

a) Amendments to Ind AS

MCA vide notification no. G.S.R. 255(E) dated March 23, 2022 has issued Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends following Ind AS:

- Ind AS 103 Business Combinations
- Ind AS 109 Financial Instruments
- Ind AS 16 Property, Plant and Equipment

Notes to Financial Statements

- Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 106 Exploration for and Evaluation of Mineral Resources

The amendments are applicable for annual periods beginning after April 1,2022, however, these do not have material impact on the Financial Statements of the Company.

b) Amendments to Ind AS issued but not yet effective

MCA vide notification no. G.S.R. 242(E) dated March 31, 2023 has issued Companies (Indian Accounting Standards) Amendment Rules, 2023 which amends following Ind AS:

- Ind AS 101 First Time Adoption of Indian Accounting Standards
- Ind AS 102 Shared based Payment
- Ind AS 12 Income Taxes
- Ind AS 107 Financial Instrument Disclosures
- Ind AS 103 Business Combinations
- Ind AS 109 Financial Instruments
- Ind AS 115 Revenue from Contracts with Customers
- Ind AS 1 Presentation of Financial Statements
- Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 34 Interim Financial Reporting

The amendments are applicable for annual periods beginning after April 1,2023. The company has evaluated the amendments and the impact is not expected to be material.

Vodafone Idea Telecom Infrastructure Limited
 Financial Statements for the year ended March 31, 2023
 (All amounts are in Rs. millions, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 6

Property, Plant and Equipment

Particulars	Plant and machinery
Cost	
As at April 1, 2021	72,484
Additions	2,344
Disposals/Adjustments	(237)
As at March 31, 2022	74,591
Additions	1,328
Disposals/Adjustments	(375)
As at March 31, 2023	75,544
Accumulated Depreciation	
As at April 1, 2021	27,970
Depreciation charge for the year	5,825
Disposals/Adjustments	(224)
As at March 31, 2022	33,571
Depreciation charge for the year	5,710
Disposals/Adjustments	(375)
As at March 31, 2023	38,906
Net Book Value	
As at March 31, 2023	36,638
As at March 31, 2022	41,020

Refer note 37(d) for assets pledged as security towards funded and non fund based facility availed by Vodafone Idea Limited (Holding Company).

The following is ageing schedule of Capital work-in-progress :

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2023					
Projects in progress	406	47	2	52	507
Total	406	47	2	52	507
As at March 31, 2022					
Projects in progress	273	4	.*	52	329
Total	273	4	.*	52	329

Note - Project in Progress are reviewed by the management on regular basis and deployed as per business requirement.

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

Vodafone Idea Telecom Infrastructure Limited
 Financial Statements for the year ended March 31, 2023
 (All amounts are in Rs. millions, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 7

Other non-current financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits with body corporate and others		
- Considered Good	16	34
- Considered Doubtful	38	21
Deposits and balances with government authorities		
- Considered Good	101	202
- Considered Doubtful	724	692
Margin money deposits	159	94
Interest receivable	1	1
	1,039	1,044
Allowance for doubtful debts (Refer note 32)	(762)	(713)
Total	277	331

Note 8

Other non-current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Capital advances		
- Considered Good	1	80
- Considered Doubtful	12	2
Prepaid expenses	65	62
Advance income tax (net)	556	461
Others (consisting mainly deposit against demands which are appealed against /subjudice)	5	5
	639	610
Allowance for doubtful debts (Refer note 32)	(12)	(2)
Total	627	608

Note 9

Trade receivables (Unsecured, unless otherwise stated) (including amount referred in note 37) ⁽¹⁾

Particulars	As at March 31, 2023	As at March 31, 2022
Billed Receivables - Considered Good	2,811	2,484
Allowance for doubtful debts (Refer note 32)	(342)	(237)
	2,469	2,247
Unbilled Receivables - Considered Good	1,909	2,008
Allowance for doubtful debts (Refer note 32)	(20)	(169)
	1,889	1,839
Total	4,358	4,086

⁽¹⁾ Refer note 37(d) for assets pledged as security towards funded and non fund based facility availed by Vodafone Idea Limited (Holding Company)

Vodafone Idea Telecom Infrastructure Limited
Financial Statements for the year ended March 31, 2023
(All amounts are in Rs. millions, except per share data and unless stated otherwise)

Notes to Financial Statements

The following is ageing schedule of trade receivables :

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2023						
Trade receivables - Billed						
Undisputed Trade receivables - considered good	2,389	78	76	19	249	2,811
	2,389	78	76	19	249	2,811
Less : Allowance for doubtful trade receivables - Billed						(342)
						2,469
Trade receivables - Unbilled						
						1,889
Total						4,358
As at March 31, 2022						
Trade receivables - Billed						
Undisputed Trade receivables - considered good	2,135	59	20	270	-	2,484
	2,135	59	20	270	-	2,484
Less : Allowance for doubtful trade receivables - Billed						(237)
						2,247
Trade receivables - Unbilled						
						1,839
Total						4,086

Note 10

Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks in current accounts	5	9
Total	5	9

Note 11

Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Margin money deposits	12	43
Total	12	43

Note 12

Other current financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Interest receivable	4	3
Total	4	3

Note 13

Other current assets

Particulars	As at March 31, 2023	As at March 31, 2022
GST recoverable	379	295
Prepaid expenses	17	15
Others		
- Considered Good	16	9
- Considered Doubtful	6	1
	418	320
Allowance for doubtful advances (Refer note 32)	(6)	(1)
Total	412	319

Vodafone Idea Telecom Infrastructure Limited
 Financial Statements for the year ended March 31, 2023
 (All amounts are in Rs. millions, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 14
 Equity share capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	Numbers	Amount	Numbers	Amount
EQUITY SHARE CAPITAL				
Authorised share capital				
Equity Shares of Rs. 10 each	2,000,000	20	2,000,000	20
	2,000,000	20	2,000,000	20
Issued, subscribed and paid-up share capital				
Equity Shares of Rs. 10 each fully paid up	1,800,000	18	1,800,000	18
	1,800,000	18	1,800,000	18

(a) Reconciliation of number of shares outstanding

Particulars	As at March 31, 2023		As at March 31, 2022	
	Numbers	Amount	Numbers	Amount
Equity shares outstanding at the beginning of the year	1,800,000	18	1,800,000	18
Issue of shares during the year	-	-	-	-
Equity shares outstanding at the end of the year	1,800,000	18	1,800,000	18

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

The Company has only one class of equity shares having par value of 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, 2023		As at March 31, 2022	
	Numbers	% holding in the class	Numbers	% holding in the class
Equity shares of Rs. 10 each fully paid				
Vodafone Idea Limited, the holding company and its nominees	1,800,000	100%	1,800,000	100%

Note 15

Other Equity

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Retained Earnings		
Opening balance	(5,909)	(4,505)
Net Profit/(Loss) for the year	(1,130)	(1,400)
Other Comprehensive income/(loss) for the year	3	(4)
Total	(7,036)	(5,909)

Note 16

Long term provision

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Gratuity (Refer note 28)	38	37
Compensated absences	-	-
Total	38	37

Note 17

Other non-current liabilities

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Deferred Revenue	3,727	4,066
Total	3,727	4,066

Vodafone Idea Telecom Infrastructure Limited
 Financial Statements for the year ended March 31, 2023
 (All amounts are in Rs. millions, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 18

Trade payables

The following is ageing schedule of trade payables :

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2023						
(i) Micro enterprises and small enterprises	19	67	6	1	1	94
(ii) Others	212	98	51	1	36	398
	231	165	57	2	37	492
Accrued expenses						1,438
Total						1,930
As at March 31, 2022						
(i) Micro enterprises and small enterprises	35	59	1	6	3	104
(ii) Others	184	201	24	5	19	433
	219	260	25	11	22	537
Accrued expenses						1,154
Total						1,691

Information as per the requirement of Section 22 Of The Micro, Small And Medium Enterprises Development Act, 2006

The dues to micro and small enterprises as required under MSMED Act, 2006, based on the information available with the Company, is given below:

Particulars	As at March 31, 2023	As at March 31, 2022
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in trade payables	55	80
(ii) The interest due on above	4	2
The total of (i) & (ii)	59	81
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	370	383
d) The amounts of interest accrued and remaining unpaid at the end of financial year	39	24
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.	11	8

Note 19

Other current financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Payable for capital expenditure	790	977
Security deposits from customers and others (including amount referred to in note 37)	901	901
Business Consideration Payable (Refer note 37)	41,877	44,310
Total	43,568	46,188

Vodafone Idea Telecom Infrastructure Limited
 Financial Statements for the year ended March 31, 2023
 (All amounts are in Rs. millions, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 20

Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred revenue and advance from customers ⁽¹⁾	515	497
Taxes and other liabilities	74	153
Total	589	650

⁽¹⁾ Revenue recognised during the year from deferred revenue and advance from customers (contract liability) at the beginning of the year is Rs. 497 Mn (March 31, 2022: Rs. 351 Mn).

Note 21

Short term provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Gratuity (Refer note 28)	6	6
Compensated absences	-	1
Total	6	7

Note 22

Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income	6	24
Total	6	24

Note 23

Network expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Repairs and maintenance - plant and machinery	3,441	2,611
Other network operating expenses	95	116
Total	3,536	2,727

Note 24

Employee benefit expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	245	201
Contribution to provident and other funds (Refer note 28)	19	14
Staff welfare	1	3
Total	265	218

Notes to Financial Statements

Note 25

Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Allowances for doubtful debts and advances (Refer note 32)	20	462
Bad debts / advances written off	7	8
Legal and professional charges	2	20
Loss/(gain) on disposal of property, plant and equipment (net)	(8)	(10)
Travelling and conveyance	14	6
Audit fees (Refer note 29)	1	1
Support service charges (Refer note 37)	23	25
Total	59	512

Note 26

Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest		
- Others (Including amount referred in note 18)	14	8
Other finance charges	1	2
Total	15	10

Note 27

Exceptional Items

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Stamp Duty charges	-	(250)
Total	-	(250)

Note 28

Employee Benefits

A. Defined Benefit Plan (Gratuity)

General description and benefits of the plan

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

Regulatory framework, funding arrangement and governance of the Plan

The gratuity benefits liabilities are unfunded. There are no minimum funding requirements for a gratuity benefits plan in India.

Inherent risks

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

Vodafone Idea Telecom Infrastructure Limited
Financial Statements for the year ended March 31, 2023
(All amounts are in Rs. millions, except per share data and unless stated otherwise)

Notes to Financial Statements

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

Sr. No	Particulars	As at March 31, 2023	As at March 31, 2022
1	Amount recognised in Balance Sheet		
	Present value of unfunded obligations	44	43
	Net Asset / (Liability) recognised in Balance Sheet	(44)	(43)
	Net Asset / (Liability) recognised in Balance Sheet is bifurcated as		
	- Long term provision	(38)	(37)
	- Short term provision	(6)	(6)

Sr. No	Particulars	As at March 31, 2023	As at March 31, 2022
1	Reconciliation of Net Defined Benefit Obligation		
	Opening Net Defined Benefit liability	43	-
	Expense charged to statement of profit & loss	7	3
	Expense charged to OCI	(3)	4
	Benefits Paid	(5)	(2)
	Liabilities assumed/(settled)	2	38
	Closing Net Defined Benefit liability	44	43
2	Reconciliation of Defined Benefit Obligation		
	Opening Defined Benefit Obligation	43	-
	Current Service cost	4	3
	Interest on Defined Benefit Obligation	3	-
	Re-measurement (Gain) / Loss arising from change in financial assumptions	(2)	(1)
	Re-measurement (Gain) / Loss arising from change in demographic assumptions	(1)	.*
	Re-measurement (Gain) / Loss arising on account of experience changes	-	5
	Benefits paid	(5)	(2)
	Liabilities assumed / (settled) ⁽¹⁾	2	38
	Closing Defined Benefit Obligation	44	43

⁽¹⁾On account of inter group transfer.

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

Amounts recognised in the statements of profit and loss in respect of these defined benefit plans are as follows:

Sr. No	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
1	Expenses Recognised in the Statement of Profit & Loss		
	Current Service cost	4	3
	Interest on Net Defined Benefit liability	3	-
	Expenses recognised in the Statement of Profit & Loss	7	3
2	Amount recorded as Other Comprehensive Income (OCI)		
	Re measurement during the year due to		
	- Changes in financial assumptions	(2)	(1)
	- Changes in demographic assumptions	(1)	
	- Experience adjustments	-	5
	Amount recognised in OCI	(3)	4

Vodafone Idea Telecom Infrastructure Limited
Financial Statements for the year ended March 31, 2023
(All amounts are in Rs. millions, except per share data and unless stated otherwise)

Notes to Financial Statements

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

Particular	As at	
	March 31, 2023	March 31, 2022
Discount rate	7.40%	6.85%
Future salary increases ⁽¹⁾	8.00%	8.00%
Attrition rate	30 years & below - 30% 31-40 years - 20% 41 years & above - 10%	30 years & below - 30% 31-40 years - 20% 41 years & above - 8%
Mortality rate during employment	As per Indian Assured Lives Mortality (2012-14) Table	
Disability	Leaving service due to disability is included in the provision made for all causes of leaving service.	Leaving service due to disability is included in the provision made for all causes of leaving service.

⁽¹⁾The estimates of future salary increase considered takes into account inflation, seniority, promotion and other relevant factors.

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

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Discount Rate	Salary escalation Rate	Discount Rate	Salary escalation Rate
Impact of increase in 50 bps on DBO	(3.32)%	3.44%	(3.75)%	3.88%
Impact of decrease in 50 bps on DBO	3.53%	(3.27)%	4.01%	(3.67)%

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

Projected plan cash flow:

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

Particulars	As at	
	March 31, 2023	March 31, 2022
Expected benefits for year 1	6	6
Expected benefits for year 2	5	4
Expected benefits for year 3	5	3
Expected benefits for year 4	3	4
Expected benefits for year 5 and above	31	32

The weighted average duration of the defined benefit plan obligation at the end of the reporting year is 7.09 years (March 31, 2022: 7.8 years).

B. Defined contribution plans:

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

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Employers' contribution to provident and pension fund	11	10
Employers' contribution to superannuation fund	1	1

Vodafone Idea Telecom Infrastructure Limited
 Financial Statements for the year ended March 31, 2023
 (All amounts are in Rs. millions, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 29

Auditor's Remuneration

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Statutory audit fees	1	1
Total Remuneration	1	1

Note 30

Income Tax Expenses

Reconciliation of average effective tax rate and applicable tax rate

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit/(Loss) before income tax expense	(1,130)	(1,400)
Applicable Tax Rate	25.17%	25.17%
Increase / (Decrease) in taxes on account of:		
Effect of items for which no deferred tax is recognised	(36.17)%	(24.97)%
Effects of expenses / income that are not deductible / considered in determining the taxable profits (net)	(0.30)%	(0.20)%
Other Items	11.31%	0.00%
Effective Tax Rate	0.00%	0.00%

Deferred tax assets are recognised 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 utilised. Accordingly, in view of uncertainty the Company, on a conservative basis, has not recognized deferred tax assets in respect of carried forward tax losses /temporary differences of Rs. 3,976 Mn as of March 31, 2023 (March 31, 2022: Rs. 5,072 Mn).

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

Particulars	As at March 31, 2023	As at March 31, 2022
Within 0-5 years	-	-
From 5-10 years	-	-
Unlimited	3,976	5,072
Total	3,976	5,072

Note 31

Basic & Diluted Earnings/(Loss) per Share

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Nominal value of per equity share	10/-	10/-
Profit/(Loss) after Tax	(1,130)	(1,400)
Profit/(Loss) attributable to equity shareholders	(1,130)	(1,400)
Weighted average number of equity shares outstanding during the year	1,800,000	1,800,000
Basic and Diluted earnings/(loss) per share	(627.78)	(777.78)

Vodafone Idea Telecom Infrastructure Limited
Financial Statements for the year ended March 31, 2023
(All amounts are in Rs. millions, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 32

Movement Of Allowances For Doubtful Debts/Advances

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Opening Balance	1,122	660
Charged to Statement of Profit and Loss (net) (Refer note 25)	20	462
Closing Balance	1,142	1,122

Note 33

Capital and other commitments

Estimated amount of commitments for contracts remaining to be executed for capital expenditure (net of advances) and not provided for are Rs. 1,733 Mn (March 31, 2022: Rs. 2,183 Mn).

Note 34

Contingent liabilities

A. Contingent Liabilities not provided for mainly include disputed matters with local Municipal Corporation on optical fibre deployment of Rs. 223 Mn (March 31, 2022: Rs. 223 Mn).

B. Property Tax on Optic Fiber Cable paid to Ahmedabad Municipal Corporation of Rs 5 Mn (March 31, 2022 5 Mn).

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 recognised for the above.

C. Guarantees given by bankers to third party on behalf of holding company, Counter guaranteed by the company of Rs. 19,350 Mn (March 31, 2022: Rs. 41,850 Mn).

Note 35

Operating lease

The Company has leased certain Optical Fibre Cables pairs (OFC) on Indefeasible Rights of Use ("IRU") basis under operating lease arrangements. The Company recognised revenue from operating lease of Rs. 510 Mn (March 31, 2022: Rs. 422 Mn).

Note 36

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

Vodafone Idea Telecom Infrastructure Limited
Financial Statements for the year ended March 31, 2023
(All amounts are in Rs. millions, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 37

Related party transactions

The Company has transactions with the below related parties –

The Company has transactions with the below related parties:

Relationship	Related Party
Holding company	Vodafone Idea Limited
Fellow Subsidiary	Vodafone Idea Business Services Limited Vodafone Idea Shared Services Limited
KMP	Mr Murthy G.V.A.S. (Non-Executive Director)*
	Mr. Venkatesh Vishwanathan (Non-Executive Director)*
	Mr. Jagbir Singh (Appointed as Non-Executive Director on January 18, 2022)*
	Mr. Suraj Kalra (Resigned as Non-Executive Director on March 26, 2022)*
Trust(1)	Mrs. Sunita Mehta (Appointed as Non-Executive Director on September 15, 2022)*
	Vodafone Idea Telecom Infrastructure Limited Employees Group Gratuity Scheme (Effective from June 28, 2021)*

* No transactions during the year

A. Transactions with Related Party

Particulars	Holding company	Fellow Subsidiary
Sale of Services	7,643	-
	(7,147)	-
Purchase of Services	-	12
	-	(10)
Expenses incurred on Company's behalf by	11	-
	(16)	-
Payment made by holding company and reimbursed by Company	5	-
	(32)	-
Collection from receivables by holding company and remitted to Company	12	-
	(888)	-
Business Consideration Paid	2,433	-
	(2,269)	-

(Figures in bracket are for the year ended March 31, 2022)

B. Balances with Related Party

Particulars	Holding company	Fellow Subsidiary
Security Deposit Payable	900	-
	(900)	-
Business consideration payable	41,877	-
	(44,310)	-
Trade payables	-	-
	-	(1)
Trade receivables	4,140	-
	(3,606)	-

(Figures in bracket are for the year ended March 31, 2022)

- C.** Guarantees given by bankers to third party on behalf of holding company and funded facility, counter guaranteed by the company of Rs. 39,350 Mn, is availed by Vodafone Idea Limited (Holding Company) (March 31, 2022: Rs. 41,850 Mn).
- D.** Plant and machinery, current assets in relation to the fibre assets, IRU agreements entered into between the Company and counter parties have been pledged as Security towards funded and non-fund based facility of Rs. 39,350 Mn, availed by Vodafone Idea Limited (Holding Company) (March 31, 2022: Rs. 41,850 Mn) out of which outstanding facility amount is Rs 14,824 Mn (March 31, 2022: Rs. 41,850 Mn)

Notes to Financial Statements

Note 38
Financial instruments

a) Financial Instruments by Category: The following table provides categorisation of all financial instruments at carrying value

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Amortised Cost		
Financial Assets		
Cash and cash equivalents	5	9
Margin money deposits ⁽¹⁾	171	137
Deposit with body corporates and others	16	34
Deposit and balances with government authorities	101	202
Trade receivables	4,358	4,086
Interest receivable ⁽¹⁾	5	4
Total Financial Assets	4,656	4,472

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Amortised Cost		
Financial Liabilities		
Trade Payables	1,930	1,691
Payable for capital expenditure	790	977
Security deposits from customers and others	901	901
Business Consideration Payable	41,877	44,310
Total Financial Liabilities	45,498	47,879

⁽¹⁾ Included in other current / non-current financial assets

(b) Fair value hierarchy

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

Note 39
Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables. The Company's principal financial assets comprise deposits with body corporate and government authorities, margin money and trade receivables.

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, currency risk and other price risk, such as equity price risk.

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.

As on March 31, 2023, Company does not have any exposure to any borrowing, hence changes in market interest rate will not have any impact on the fair value or future cash flows of financial instruments.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its trade receivables, deposits with government authorities, body corporate and others, and other financial instruments.

Notes to Financial Statements

- 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 15 to 30 days' credit terms. Outstanding customer receivables are regularly monitored.

The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables (including lease receivables). For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances. The Company, recognizes allowance for trade receivables remaining unpaid beyond 180/ 365 days. Further, allowance is also recognised for cases indicating any specific trail of credit loss within the ageing brackets mentioned above. Any subsequent recovery is recognized as Income in the Statement of Profit and Loss. Refer note 9 for the carrying amount of credit exposure as on the Balance Sheet date.

- Other financial assets and cash deposits

The Company maintains its Cash and cash equivalents with banks 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 co-ordination 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, 2023 and March 31, 2022 on its carrying amounts as disclosed in notes 7, 9, 10, 11 and 12.

c) 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 business consideration payable 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 42).

Note 40

Capital management

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

The Company has external (i.e. excluding those of Holding Company and Fellow Subsidiaries) financial liabilities of trade and other payables which are payable within one year. The Company is confident of meeting its liabilities within the due dates with available liquid assets, receivable and effective working capital management. 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 42).

Vodafone Idea Telecom Infrastructure Limited
Financial Statements for the year ended March 31, 2023
(All amounts are in Rs. millions, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 41

Additional disclosure as per requirement of Schedule III

A) Ratios for the year ended March 31, 2023 and March 31, 2022

Ratios for the year ended March 31, 2023 and March 31, 2022

Particulars	As at March 31, 2023	As at March 31, 2022	% Variance	Reason for change (if change is more than 25%)
Current Ratio ⁽¹⁾	0.10	0.09	13% -	
Return on Equity Ratio ⁽²⁾	NA*	NA*	NA -	
Trade Receivables turnover ratio (number of days) ⁽³⁾	182	137	33%	Mainly due to increase in trade receivables
Trade Payables turnover ratio ⁽⁴⁾	2.12	1.77	20%	
Net capital turnover ratio ⁽⁵⁾	(0.20)	(0.18)	11%	
Net Profit ratio (%) ⁽⁶⁾	(13)%	(17)%	(22)%	Mainly due to increase in revenue from operations
Return on Capital employed ⁽⁷⁾	NA*	NA*	NA -	

* As the Net-worth is negative as on March 31, 2023 and as on March 31, 2022.

⁽¹⁾ Current Ratio = [Current assets/Current liabilities]

⁽²⁾ Return on Equity Ratio = [Net Profit/(loss) after tax/ Average Equity]

⁽³⁾ Trade Receivables turnover ratio = [(Average trade receivables/(Revenue from operations)*Number of days during the period]

⁽⁴⁾ Trade Payables turnover ratio = [Total purchases/Average Trade Payables]

⁽⁵⁾ Net capital turnover ratio = [Revenue from operations / (Current asset - Current liability)]

⁽⁶⁾ Net profit ratio = [Profit after tax/Revenue from operations]

⁽⁷⁾ Return on Capital employed = [(Profit/(loss) before tax + Finance costs) / (Equity share capital + Other equity)]

B) Relationship with struck off companies

Name of the Struck Off Company	Nature of transaction with Struck Off Company	Transaction during period ended March 31, 2023	Transaction during year ended March 31, 2022	Balance outstanding as on March 31, 2023	Balance outstanding as on March 31, 2022	Relationship with the Struck off company
Maxwell Solutions Private Limited	Payable	.*	-	1	1	Vendor
Sri Rama Telecom & Infotech Privatelimited	Payable	-	-	2	2	Vendor
Pc Infiradevelopers Private Limited	Payable	-	-	.*	.*	Vendor

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

Note 42

The Company have accumulated losses of Rs 7,036 Mn as at March 31, 2023 and the Company's current liabilities exceeded its current assets by Rs 41,302 Mn. 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.

Vodafone Idea Telecom Infrastructure Limited
Financial Statements for the year ended March 31, 2023
(All amounts are in Rs. millions, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 43

Previous year figures have been regrouped / rearranged wherever necessary to conform to the current year grouping.

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
Telecom Infrastructure Limited**

Amit Poddar

Partner

Membership No.: 509192

Jagbir Singh

Director

(DIN: 03258009)

Venkatesh Viswanathan

Director

(DIN: 03122706)

Place: Mumbai

Date: May 22, 2023

Place: New Delhi

Date: May 22, 2023

Place: Mumbai

Date: May 22, 2023