

VODAFONE IDEA COMMUNICATION SYSTEMS LIMITED

Financial Statements

For the year ended March 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Vodafone Idea Communication Systems Limited

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

We have audited the accompanying financial statements of Vodafone Idea Communication Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income], the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

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

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

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

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

Responsibility of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) 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;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 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 that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - v. No dividend has been declared or paid during the year by the Company.

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

per Nilangshu Katriar
Partner
Membership Number: 58814
UDIN: 22058814AINWWW8269

Place: Mumbai
Date: May 06, 2022

Annexure 1 to the Independent Auditor's Report

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

Re: Vodafone Idea Communication Systems 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 does not have any Property, Plant and Equipment and Intangibles assets and accordingly the requirements under clause 3(i) (a) (A), (B) and 3 (i) (b) (c) (d) (e) of the order is not applicable to the Company.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- (b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate 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 provided loans to companies as follows:

Particulars	Rs. In thousands
Aggregate amount granted/ provided during the year to others	
-Holding Company	761,900
-Fellow subsidiary	890,600
Balance outstanding as at balance sheet date	
-Holding Company	761,900
-Fellow subsidiary	890,600

During the year, the Company has not made investment, provided any guarantee or security or granted any advance in the nature of loans to any company, firm, limited liability partnership or any other party.

- (b) During the year the terms and conditions of the grant of all loans to companies are not prejudicial to the Company's interest.
- (c) In respect of loan of Rs. 1,652,500 thousands granted by the Company to its holding Company and fellow subsidiary, repayable on demand, the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are in accordance with that.
- (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.
- (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

- (f) As disclosed in note 43 to the financial statements During the year, the Company has granted loans, which are repayable on demand to companies as stated below and none of these are granted to promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013.

Particulars	Rs. In thousands
Aggregate amount of loans	1,652,500
Percentage of loans to the total loans	100%

- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified the maintenance of cost records under clause 148(1) of the Act, for the products / services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, income-tax, duty of customs, cess and other statutory dues applicable to it. The provisions relating to provident fund, ESIC, sales-tax, service tax, duty of excise, value added tax 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, as at the March 31, 2022, for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, the dues of income-tax, sales-tax, value added tax entry tax and cess on account of any dispute, are as follows:

Name of statute	Nature of Dues	Amount (Rs. In '000)	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act, 1956	Central Sales Tax	429	2012-14	Additional Commissioner (Appeal)
The Central Sales Tax Act, 1956	Central Sales Tax	288	2016-18	Commissioner of sales tax
The Central Sales Tax Act, 1956	Central Sales Tax	44,027	2014-18	Deputy Commissioner of Sales Tax
The Central Sales Tax Act, 1956	Central Sales Tax	927	2013-14	Joint Commissioner of Commercial Taxes
The Central Sales Tax Act, 1956	Central Sales Tax	26,307	2012-13	Joint Commissioner of Sales Tax
The Central Sales Tax Act, 1956	Central Sales Tax	1,396	2013-14	Joint Commissioner of Sales Tax (Appeals)
The Central Sales Tax Act, 1956	Central Sales Tax	3,525	2014-16	Value added tax officer (VATO), Department of Trade and taxes
The Custom Act, 1962	Custom Duty	25,499	2019-22	Commissioner of Customs (Appeals)
The Finance Act, 1994	Service Tax	57,681	2012-18	Customs Excise and Service Tax Appellate Tribunal (CESTAT)

Name of statute	Nature of Dues	Amount (Rs. In '000)	Period to which the amount relates	Forum where the dispute is pending
Bihar Value Added Tax Act, 2005	Value Added Tax	34	2014-15	Deputy Commissioner of Commerce Tax
Delhi Value Added Tax, 2004	Value Added Tax	31,718	2012-13	Special commissioner, Department of trade and taxes
Delhi Value Added Tax, 2004	Value Added Tax	351	2014-15 & 2016-17	Value added tax officer (VATO), Department of Trade and taxes
Gujarat Value Added Tax Act, 2003	Value Added Tax	163	2016-17	Assistant Commissioner of Commercial Taxes
Kerala Value Added Tax Act, 2003	Value Added Tax	435	2015-16	Deputy Commissioner (Appeals)
Maharashtra Value Added Tax Act, 2002	Value Added Tax	3,761	2015-17	Deputy Commissioner of Sales Tax
Maharashtra Value Added Tax Act, 2002	Value Added Tax	1,011	2012-13	Joint Commissioner of Sales Tax
Maharashtra Value Added Tax Act, 2002	Value Added Tax	8,53	2013-14	Joint Commissioner of Sales Tax (Appeals)
Uttar Pradesh Value Added Tax Act 2008	Value Added Tax	131	2013-14	Additional Commissioner of Sales Tax (Appeal)
Uttar Pradesh Value Added Tax Act 2008	Value Added Tax	360	2013-14	Assistant Commissioner of Commercial Taxes
West Bengal VAT Act 2003	Value Added Tax	309	2015-16	Joint Commissioner of Sales Tax
Bihar tax on Entry of Goods into Local Areas for Consumption, Use or Sale Therein Act, 1993	Entry Tax	171	2012-13	Assistant Commissioner (Appeals)

Of the above cases, total amount deposited in respect of Central Sales Tax is Rs.4,959 thousands and Value added Tax is Rs. 2,727 thousands, Service tax is Rs. 1,547 thousands and Custom Duty is Rs. 25,499 thousands.

- (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 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 (ix)(c) of the Order is not applicable to the Company.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary. The Company does not have any associate or joint venture.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary. The Company does not have any associate or joint venture. Hence, the requirement to report on clause 3 (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) 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) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) The Group has five Core Investment Company as part of the Group.
- (xvii) The Company has not incurred cash losses in the current and immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 42 to the financial statements, 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, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not 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, however, state that this is not an assurance as to the future viability of the Company. We further state that 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, and 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 Nilangshu Katriar

Partner

Membership Number: 58814

UDIN: 22058814AINWWW8269

Place: Mumbai

Date: May 06, 2022

Annexure 2 to the Independent Auditor's report of even date on the Financial Statements of
Re: Vodafone Idea Communication Systems Limited (the 'Company')

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

We have audited the internal financial controls over financial reporting of Vodafone Idea
Communication Systems Limited (the 'Company') as of March 31, 2022 in conjunction with our audit
of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the

transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Nilangshu Katriar

Partner

Membership Number: 58814

UDIN: 22058814AINWWW8269

Place: Mumbai

Date: May 06, 2022

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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

Balance Sheet as at March 31, 2022

Particulars	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Intangible assets	6	-	-
Financial assets			
Investment in subsidiary	7	252,300	252,300
Other non-current financial assets	8	4,272	1,908
Deferred tax assets (net)	36	5,039	5,547
Other non-current assets	9	45,050	35,450
Total non-current assets (A)		306,661	295,205
Current assets			
Inventories	10	20,527	5,804
Financial assets			
Trade receivables	11	204,636	97,701
Cash and cash equivalents	12	21,229	196,339
Bank balance other than cash and cash equivalents	13	85	2,233
Loan to related parties	14	1,652,500	1,342,500
Other current financial assets	15	21,873	2,570
Other current assets	16	26,289	49,731
Total current assets (B)		1,947,139	1,696,878
Total Assets (A+B)		2,253,800	1,992,083
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	4,052,632	4,052,632
Other equity	18	(1,877,775)	(2,118,489)
Total equity (A)		2,174,857	1,934,143
Liabilities			
Non-current liabilities			
Other non-current liabilities	19	4,626	3,913
Total non-current liabilities (B)		4,626	3,913
Current liabilities			
Financial liabilities			
Trade payables	20		
Total outstanding dues of micro enterprises and small enterprises		778	7
Total outstanding dues of creditors other than micro enterprises and small enterprises		47,690	48,609
Other current financial liabilities	21	20	20
Other current liabilities	22	12,032	5,391
Short term provisions	23	13,797	-
Total current liabilities (C)		74,317	54,027
Total Equity and Liabilities (A+B+C)		2,253,800	1,992,083

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 Communication Systems Limited

Nilangshu Katriar

Partner

Membership No.: 58814

Avneesh Khosla

Managing Director

(DIN: 07775577)

Krishnan Ramachandran

Director

(DIN: 00193357)

Manoj Tibrewala

Chief Financial Officer

Hari Gopalakrishnen

Company Secretary

Membership No.: A-21015

Place: Mumbai

Date: May 6, 2022

Place: Mumbai

Date: May 6, 2022

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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

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

Particulars	Note	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Service revenue		279,230	123,466
Sale of Trading Good (Includes amount referred in Note 38)		208,998	110,095
Other operating income	24	174	4,164
Revenue from operations		488,402	237,725
Other income	25	59,252	90,820
Total income		547,654	328,545
Expenses			
Purchase of stock-in-trade (Includes amount referred in Note 38)		196,044	69,589
Changes in inventories of work in progress, stock in trade and finished goods	26	(14,723)	19,200
Advertisement and business promotion expenditure		-	70
Other expenses	27	43,623	38,002
		224,944	126,861
Profit / (Loss) before finance costs & tax		322,710	201,684
Finance costs	28	805	728
Profit / (Loss) before tax		321,905	200,956
Tax expense:			
- Current tax	35	80,683	9,007
- Deferred tax	36	508	(5,547)
Profit / (Loss) after tax		240,714	197,496
Other comprehensive Income / (Loss) for the year, net of tax		-	-
Total comprehensive Income / (Loss) for the year		240,714	197,496
Earnings/(Loss) per equity share of Rs. 10 each:			
Basic (Rs.)	37	0.59	0.49
Diluted (Rs.)	37	0.59	0.49
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
Communication Systems Limited**

Nilangshu Katriar

Partner

Membership No.: 58814

Avneesh Khosla

Managing Director

(DIN: 07775577)

Krishnan Ramachandran

Director

(DIN: 00193357)

Manoj Tibrewala

Chief Financial Officer

Hari Gopalakrishnen

Company Secretary

Membership No.: A-21015

Place: Mumbai

Date: May 6, 2022

Place: Mumbai

Date: May 6, 2022

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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

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

A. Equity Share Capital:

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

	Numbers	Amount
As at April 1, 2020	405,263,153	4,052,632
Issue of share capital	-	-
As at March 31, 2021	405,263,153	4,052,632
Issue of share capital	-	-
As at March 31, 2022	405,263,153	4,052,632

B. Other Equity:

Particulars	Securities premium	Retained earnings	Total
As at April 1, 2020	1,820,800	(4,136,785)	(2,315,985)
Profit/(Loss) for the year	-	197,496	197,496
As at March 31, 2021	1,820,800	(3,939,289)	(2,118,489)
Profit/(Loss) for the year	-	240,714	240,714
As at March 31, 2022	1,820,800	(3,698,575)	(1,877,775)

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
Communication Systems Limited**

Nilangshu Katriar

Partner

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Avneesh Khosla

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Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Operating activities		
Profit before tax	321,905	200,956
Adjustments to reconcile profit before tax to net cash flows:		
Finance costs	805	728
Bad debts / advances written off	91	36,280
Allowance for doubtful debts / advances	(3,598)	(37,961)
Liabilities / provisions no longer required written back	174	(4,164)
Interest income	(59,252)	(90,266)
Adjustments for changes in working capital		
(Increase) in trade receivables	(103,428)	(3,529)
(Increase)/Decrease in inventories	(14,723)	19,200
(Increase)/Decrease in other financial and non-financial assets	(13,498)	14,117
(Decrease) in trade payables	(373)	(15,495)
Increase in other financial and non-financial liabilities	7,354	7,856
Cash flows generated from operating activities	135,457	127,722
Income tax paid (including TDS) (net)	(58,090)	(9,921)
Net cash flows generated from operating activities	77,367	117,801
Investing activities		
Loan given to related parties	(1,652,500)	(2,240,000)
Repayment of loans given	1,342,500	2,117,500
Interest received	57,523	91,970
Net cash flows (used in) investing activities	(252,477)	(30,530)
Net increase in cash and cash equivalents during the year	(175,110)	87,271
Cash and cash equivalents at the beginning of the year	196,339	109,068
Cash and cash equivalents at the end of the year (Refer Note 12)	21,229	196,339

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
Communication Systems Limited**

Nilangshu Katriar

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Company Secretary

Membership No.: A-21015

Place : Mumbai

Date : May 6, 2022

Place : Mumbai

Date : May 6, 2022

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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

Notes to Financial Statements

1. Corporate Information

Vodafone Idea Communication Systems Limited (herein after referred to as "VICSL" or "the Company"), a wholly owned subsidiary of Vodafone Idea Limited ("VIL") was incorporated on June 12, 2008 under the provisions of the Companies Act, 1956 applicable in India. The Company has received necessary approval for change of its registered office and new registered office of the Company is situated at 2nd Floor, Block-A, Vodafone House, Corporate Road Prahlad Nagar, off S G Highway, Ahmedabad - 380051, India with effect from September 9, 2021. Upto September 8, 2021 the Company's registered office was situated at 10th floor, Birla Centurion, Century Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400030, India

The Company's principal business consists of trading of Mobile handsets, data card and related accessories and services.

The financial statements for the year ended March 31, 2022 were approved by the Board of Directors and authorised for issue on May 6, 2022.

2. Statement of compliance

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

3. Basis of preparation

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services on the transaction date. The Company has assessed its liquidity position and its possible sources of funds. The Board of Directors are confident of the Company's ability to meet its obligations as and when they arise in the next twelve months from the balance sheet date. Accordingly, these financial statements have been prepared on a going concern basis.

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

The Company has elected to present Profit/(Loss) before finance costs 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 and tax.

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

4. Significant Accounting Policies

a) Revenue Recognition

Revenue is recognised when a customer obtains control of the goods and thus has the ability to direct the use and obtain the benefits from the goods. 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 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 rewards associated with the revenue arrangements in order to determine its position of a principal or an agent in this regard. Consideration payable to a customer includes cash or credit or other items expected to be payable to the customer (or to other parties that purchase the entity's goods from the customer). The Company accounts for consideration payable to a customer as a reduction from the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity.

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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

Notes to Financial Statements

i. Revenue from Sale of Trading Goods

Revenue from sale of handsets, data cards and related accessories is recognised when control of the asset is transferred to the customer, generally on delivery of equipment.

ii. Service revenue

Revenue is recognised on rendering of services. Fixed Revenues is recognised over the period of rendering of services.

iii. Unbilled income

Unbilled Income is the right to consideration in exchange for goods or services transferred to the customer. 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 recognised for the earned consideration that is conditional on satisfaction of performance obligation.

iv. Interest Income

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

b) Investment in Subsidiary

The Company recognises its investments in subsidiaries at cost less any impairment losses, if any.

c) Foreign currency transactions

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

Transactions in foreign currencies are initially recorded at the Rs. spot rate on the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange on the reporting date.

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

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

d) Exceptional items

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

e) Taxes

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

i. Current tax

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

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

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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

Notes to Financial Statements

ii. Deferred tax

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at the end of each reporting date and are recognised to the extent it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in OCI or directly in equity.

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

f) Current / Non – Current Classification

An asset is classified as current when

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

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

A liability is classified as current when

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

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

g) Intangible Assets

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

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

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period, residual value and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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

Notes to Financial Statements

Intangible assets are amortised on straight line method as under:

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

Cost of Intangible assets under development represents cost of intangible assets not ready for intended use as on the reporting date.

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

h) Impairment of Non – Financial Assets

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

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

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

i) Borrowing Costs

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

j) Inventories

Inventories are valued at cost or net realisable value, whichever is lower. Cost is determined on weighted average basis and includes cost of purchase and other costs incurred in bringing inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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

Notes to Financial Statements

1) Financial Instruments

Initial recognition and measurement

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

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

i. Financial assets

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

Subsequent measurement

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

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

(a) 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.

(b) Financial assets measured at FVTPL

FVTPL is a residual category for financial assets in the nature of debt instruments. Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss. 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.

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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

Notes to Financial Statements

Derecognition

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a '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 following financial assets and credit risk exposure:

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

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

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

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

ii. Financial liabilities

Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the EIR method or at FVTPL.

(a) 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.

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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

Notes to Financial Statements

(b) 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.

m) 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:

- 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.

n) Earnings/Loss 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.

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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

Notes to Financial Statements

o) 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 were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Recent pronouncements

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

i. Ind AS 103 – Reference to Conceptual Framework

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

ii. Ind AS 16 – Proceeds before intended use

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

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

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

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

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

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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

Notes to Financial Statements

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

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

A. Estimates and Assumptions

i. Taxes

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

The recognition of deferred tax assets is based on availability of sufficient taxable profits in the Company against which such assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

ii. 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.

Vodafone Idea Communication Systems Limited

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

Notes to Financial Statements

Note 6

Intangible assets

Particulars	Computer - Software
Cost	
As at April 1, 2020	382
Additions	-
As at March 31, 2021	382
Additions	-
As at March 31, 2022	382
Accumulated Amortisation	
As at April 1, 2020	382
Amortisation charge for the year	-
As at March 31, 2021	382
Amortisation charge for the year	-
As at March 31, 2022	382
Net Book Value	
As at March 31, 2022	-
As at March 31, 2021	-

Note 7

Investments in Subsidiary

Particulars	As at March 31, 2022	As at March 31, 2021
Investments (Unquoted) at cost		
Investments in Equity Instruments of Subsidiary		
Connect (India) Mobile Technologies Private Limited ('CIMTPL') - 149,910,000 fully paid equity shares of Rs. 10 each (March 31, 2020: 149,910,000)	1,499,000	1,499,000
Provision for Impairment	(1,246,700)	(1,246,700)
Total	252,300	252,300

Note 8

Other non-current financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits and balances with government authorities	556	556
Interest receivable	47	-
Margin Money Deposits	3,669	1,352
Total	4,272	1,908

Vodafone Idea Communication Systems Limited

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Notes to Financial Statements

Note 9

Other non-current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	3,019	3,530
Advance income tax (Net)	6,333	15,140
GST Recoverable		
- Considered Good	67	67
- Considered Doubtful	14,219	14,219
Others (consisting mainly deposit against demands which are appealed against/subjudice)		
- Considered Good	35,631	16,713
- Considered Doubtful	142	142
	59,411	49,811
Allowance for doubtful advances (Refer Note 32)	(14,361)	(14,361)
Total	45,050	35,450

Note 10

Inventories

Particulars	As at March 31, 2022	As at March 31, 2021
Handset, Data cards & Accessories ⁽¹⁾	20,527	5,804
Total	20,527	5,804

⁽¹⁾ Net of provision of Rs. 2,383 (March 31, 2021: Rs. 2,319)

Note 11

Trade receivables (Unsecured, unless otherwise stated) (Includes amount referred in Refer Note 38)

Particulars	As at March 31, 2022	As at March 31, 2021
Billed Receivable - Considered Good	171,827	105,264
Allowance for doubtful debts (Refer Note 32)	(3,965)	(7,563)
	167,862	97,701
Unbilled Receivable - Considered Good	36,774	-
Total	204,636	97,701

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(All amounts are in Rs. thousands, 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, 2022						
Trade receivables - billed						
Undisputed Trade receivables - considered good	168,308	53	2,560	301	605	171,827
	168,308	53	2,560	301	605	171,827
Less : Allowance for doubtful trade receivables - Billed						(3,965)
						167,862
Trade receivables - Unbilled						36,774
Total						204,636

As at March 31, 2021

Trade receivables - billed						
Undisputed Trade receivables - considered good	101,002	1,673	565	499	1,525	105,264
	101,002	1,673	565	499	1,525	105,264
Less : Allowance for doubtful trade receivables - Billed						(7,563)
						97,701
Trade receivables - Unbilled						
						-
Total						97,701

Note 12

Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks		
- In current accounts	21,229	26,364
- In deposit accounts	-	169,975
Total	21,229	196,339

Note 13

Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Margin Money Deposits	85	2,233
Total	85	2,233

Note 14

Loan to related parties (Unsecured, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
Loan to related parties (Refer Note 38) ⁽¹⁾	1,652,500	1,342,500
Total	1,652,500	1,342,500

⁽¹⁾ repayable on demand

Note 15

Other current financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Interest Receivable (Includes amount referred in Note 38)	3,509	2,570
Other receivables (including amount referred to in Note 38)	18,364	-
Total	21,873	2,570

Vodafone Idea Communication Systems Limited

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

Notes to Financial Statements

Note 16

Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
GST Recoverable	20,330	47,376
Prepaid expenses	5,911	2,353
Others		
- Considered Good	48	2
- Considered Doubtful	116	116
	26,405	49,847
Allowance for doubtful advances (Refer Note 32)	(116)	(116)
Total	26,289	49,731

Note 17

Equity Share Capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	Numbers	Amount	Numbers	Amount
Equity Share Capital				
Authorised share capital				
Equity Shares of Rs. 10 each	500,000,000	5,000,000	500,000,000	5,000,000
	500,000,000	5,000,000	500,000,000	5,000,000
Issued, subscribed and paid-up share capital				
Equity Shares of Rs. 10 each fully paid up	405,263,153	4,052,632	405,263,153	4,052,632
	405,263,153	4,052,632	405,263,153	4,052,632

a) Reconciliation of number of shares outstanding

Particulars	As at March 31, 2022		As at March 31, 2021	
	Numbers	Amount	Numbers	Amount
Equity shares outstanding at the beginning of the year	405,263,153	4,052,632	405,263,153	4,052,632
Issue of share capital	-	-	-	-
Equity shares outstanding at the end of the year	405,263,153	4,052,632	405,263,153	4,052,632

b) Terms/ rights attached to equity shares

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

c) Details of shareholders holding more than 5% shares in the company

Name of the shareholders	As at March 31, 2022		As at March 31, 2021	
	Numbers	% holding in the class	Numbers	% holding in the class
Equity shares of Rs. 10 each fully paid				
Vodafone Idea Limited, holding company and its nominees	405,263,153	100%	405,263,153	100%

Vodafone Idea Communication Systems Limited

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Notes to Financial Statements

Note 18

Other Equity

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Securities Premium Account		
Opening balance	1,820,800	1,820,800
Change during the year	-	-
Closing balance	1,820,800	1,820,800
(ii) Retained Earnings		
Opening balance	(3,939,289)	(4,136,785)
Net Profit for the year	240,714	197,496
Closing balance	(3,698,575)	(3,939,289)
Total	(1,877,775)	(2,118,489)

Note 19

Other non-current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred Revenue	4,626	3,913
Total	4,626	3,913

Note 20

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, 2022						
(i) MSME	59	719	-	-	-	778
(ii) Others	1,102	17,399	237	9,662	215	28,615
	1,161	18,118	237	9,662	215	29,393
Accrued expenses						19,075
Total						48,468
As at March 31, 2021						
(i) MSME	7	-	-	-	-	7
(ii) Others	24,491	1,719	9,055	29	1,007	36,301
	24,498	1,719	9,055	29	1,007	36,308
Accrued expenses						12,308
Total						48,616

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

Particulars	As at March 31, 2022	As at March 31, 2021
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in trade payables	743	-
(ii) The interest due on above	3	-
The total of (i) & (ii)	746	-
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	644	-
d) The amounts of interest accrued and remaining unpaid at the end of financial year	35	7
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.	26	-

Vodafone Idea Communication Systems Limited

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Notes to Financial Statements

Note 21

Other current financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits from customers and others	20	20
Total	20	20

Note 22

Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Advance from customers and deferred revenue ⁽¹⁾	9,228	2,608
Taxes and other liabilities	2,804	2,783
Total	12,032	5,391

⁽¹⁾ Revenue recognised during the year from deferred revenue and advance from customers at the beginning of the year is Rs. 2,608 (March 31, 2021: Rs. Nil)

Note 23

Short term provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for tax (net of Advance tax of Rs. 67,244 (March 31, 2021: Nil))	13,797	-
Total	13,797	-

Note 24

Other operating income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Liabilities / provisions no longer required written back	174	4,164
Total	174	4,164

Note 25

Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income (Including amount referred in Note 38)	59,252	90,820
Total	59,252	90,820

Note 26

Changes in inventories of work in progress, stock in trade and finished goods

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Stock at the end of the year	20,527	5,804
Less: Stock at the beginning of the year	5,804	25,004
(Increase) / Decrease in inventories⁽¹⁾	(14,723)	19,200

⁽¹⁾ Net of Rs. 2,383 (March 31, 2021: Rs. 2,319) towards provision for non-moving inventory.

Vodafone Idea Communication Systems Limited

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

Notes to Financial Statements

Note 27

Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Insurance	14	10
Infra sharing support charges (Refer Note 38)	30,861	29,754
Rates and taxes	266	478
IT service cost	2,379	1,177
Bad debts / advances written off	91	36,280
Allowances for doubtful debts and advances (Refer Note 32)	(3,598)	(37,961)
Bank charges	12	18
Directors sitting fees (Refer note 38)	250	225
Legal and professional charges	2,416	367
Audit fees (Refer note 34)	600	500
Support service charges (Refer note 38)	9,379	6,471
Miscellaneous expenses	953	683
Total	43,623	38,002

Note 28

Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest		
- Others	833	250
Exchange difference (net)	(28)	478
Total	805	728

Note 29

Significant transactions / new development

On August 11, 2021, the Board of Directors of the Company approved the scheme of amalgamation under section 230 to 232 of the Companies Act, 2013 between its wholly owned subsidiary Connect (India) Mobile Technologies Private Limited ("CIMTPL") and the Company for transfer of assets and liabilities of the CIMTPL to the Company. The scheme has been filed with the NCLT on March 29, 2022. The transaction has not been consummated till March 31, 2022.

Note 30

Contingent Liabilities

Disputed claims not acknowledged as debt:

Sr. No.	Description	As at March 31, 2022	As at March 31, 2021
1	Sales Tax/Value Added Tax (refer note a below)	99,826	53,748
2	Customs matter and Entry Tax (refer note b below)	25,671	8,319
3	Service tax/Goods and Service Tax(GST) matters (refer note c below)	20,628	20,628
Total		146,125	82,695

a) Sales Tax / Value Added Tax

The Company had received demands for non-production of F & C forms for interstate sales as well as received VAT assessment orders. The Company has challenged these demands which are pending at various forums.

b) Customs matter and Entry Tax

- The Customs have disputed the classification of router imported by the Company. The Company has challenged these demands which are pending at appellate forum

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Notes to Financial Statements

- During previous years, the Company had received demands in entry tax matters. The company has preferred appeals against those demands before appropriate appellate forums. The appeal matters are pending with the appellate authorities.

c) Service tax/Goods and Service Tax (GST) matters

During previous years, the Company had received demands for incorrect availment of CENVAT credit on trading activities. The company has preferred appeals against those demands before appropriate appellate forums. The appeal matters are pending with the appellate authorities.

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.

Note 31

Details of Foreign Currency Exposures

Not hedged by a derivative instrument or otherwise

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Payables		
In EURO ⁽¹⁾	107	107
Equivalent Rs. of Trade Payables in Foreign Currency ^{(1) & (2)}	9,026	9,180

⁽¹⁾An amount of EUR 107 (Rs. 9,026) is outstanding as at March 31, 2022 as payable to Vodafone Group Services Limited ("VGSL") towards Group service charges. As per RBI guidelines in respect to payment for import of goods and services, the Company may require approval from Authorised Dealer (Bank) / RBI at the time of making this payment, as the amount is outstanding for more than 3 years as on the signing date of these financial statements. The Company is confident of receiving such approvals at the time of actual remittance of such outstanding dues to VGSL.

⁽²⁾Amount in Rs. represents conversion at closing rate

Note 32

Movement of Allowances for Doubtful Debts/Advances

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	22,040	60,001
Charged to Statement of Profit and Loss (Net) (Refer Note 27)	(3,598)	(37,961)
Closing Balance	18,442	22,040

Note 33

Segment Information

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

Note 34

Auditor's Remuneration

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Statutory Audit Fees	600	500
Total Remuneration	600	500

Vodafone Idea Communication Systems Limited

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Notes to Financial Statements

Note 35

Income Tax Expenses

(a) Major Component of Tax Expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current Tax		
Current Tax on profits for the year	80,286	9,007
Adjustments for tax of prior periods	397	-
Total Current Tax Expense (A)	80,683	9,007
Deferred Tax		
Relating to addition & reversal of temporary differences	508	(5,547)
Total Deferred Tax Expense (B)	508	(5,547)
Total Tax Expense (A+B)	81,191	3,460
Income tax effect of re-measurement (gains)/losses on defined benefit plans taken to to other comprehensive income / (loss)		

(a) Reconciliation of average effective tax rate and applicable tax rate :

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit / (Loss) before Income tax expense	321,905	200,956
Applicable Tax Rate	25.17%	25.17%
Increase/ (Decrease) in taxes on account of:		
Effect of items for which no deferred tax is recognised	-0.17%	-20.69%
Effects of expenses that are not deductible in determining the taxable losses	0.06%	0.00%
Other Items	0.16%	-2.76%
Effective tax rate	25.22%	1.72%

Note 36

Movement in Deferred Tax

Particulars	As at March 31, 2020	Recognised in Profit and Loss	As at March 31, 2021	Recognised in Profit and Loss	As at March 31, 2022
Assets					
Provisions for doubtful debts/ advances	-	5,547	5,547	(508)	5,039
Total	-	5,547	5,547	(508)	5,039
Net Deferred Tax Liabilities/ (assets)	-	(5,547)	(5,547)	508	(5,039)
As per Financials :					
Deferred Tax Asset	-	5,547	5,547	(508)	5,039
Deferred Tax Liabilities	-	-	-	-	-

Note 37

Basic and Diluted Earnings / (Loss) per Share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Nominal value of equity shares (Rs.)	10/-	10/-
Profit / (Loss) after Tax	240,714	197,496
Profit / (Loss) attributable to equity shareholders	240,714	197,496
Weighted average number of equity shares outstanding during the year	405,263,153	405,263,153
Basic and Diluted Earnings per Share (Rs.)	0.59	0.49

Vodafone Idea Communication Systems Limited

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Notes to Financial Statements

Note 38

Related Party Transactions

The Company has transactions with below related parties:

Relationship	Related Party
Holding Company	Vodafone Idea Limited
Subsidiary Company	Connect (India) Mobile Technologies Private Limited
Fellow Subsidiaries	Vodafone Idea Shared Services Limited
	Vodafone Idea Technology Solutions Limited
	You Broadband India Limited
Key Management Personnel (KMP)	Mrs. Tripti Desai (Appointed on March 21, 2021) (Independent Director)
	Mr. Krishnan Ramachandran (Appointed on February 17, 2021) (Independent Director)
	Mr. Avneesh Khosla (Managing Director) (Appointed on June 24, 2020) *
	Mr. Manoj Tibrewala (CFO)*
Entities having significant influence	Vodafone Group Services Limited

* No transactions during the year

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

Particulars	Holding Company	Fellow Subsidiaries	KMP
Sale of trading goods	125,247	-	-
	(59,232)	-	-
Purchase of goods and services	30,861	9,379	-
	(29,754)	(6,471)	-
Reimbursement of expenses to	67	-	-
	(113)	-	-
Reimbursement of expenses from	15,777	-	-
	-	(1,100)	-
Loans given during the year	761,900	890,600	-
	(1,300,000)	(940,000)	-
Loan repayment received during the year	410,000	932,500	-
	(2,110,000)	(7,500)	-
Interest income	16,488	35,800	-
	(84,637)	(1,080)	-
Director's sitting fees	-	-	250
	-	-	(225)

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

B. Mr. Avneesh Khosla, Managing Director, draws NIL remuneration from the Company. He is an employee of Vodafone Idea Limited (VIL) and draws remuneration from VIL in his capacity of being an employee of VIL.

C. Balances with Related Parties

Particulars	Holding Company	Fellow Subsidiary	Entities having significant influence
Trade and other receivables	120,805	-	-
	(14,735)	(12,707)	-
Trade and other payables	-	915	9,026
	-*	(538)	(9,180)
Interest Receivable	772	2,731	-
	(1,236)	(999)	-
Outstanding loan receivable (repayable on demand)	761,900	890,600	-
	(410,000)	(932,500)	-
Other Receivables	18,364	-	-
	-	-	-

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

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

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Notes to Financial Statements

D. The significant related party transactions are summarised below:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchase of goods and services		
Vodafone Idea Shared Services Limited	9,379	6,471
Reimbursement of expenses from		
Vodafone Idea Technology Solutions Limited	-	1,100
Loan given during the year		
You Broadband India Limited	890,600	940,000
Loan repayment received during the year		
You Broadband India Limited	932,500	-
Interest Income		
You Broadband India Limited	35,800	-

Note 39

Financial Instruments

(i) Financial Instruments by Category:

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

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised Cost	
Financial Assets		
Loan to related parties	1,652,500	1,342,500
Investment in Subsidiaries	252,300	252,300
Trade Receivables	204,636	97,701
Cash and cash equivalents	21,229	196,339
Margin Money Deposits ⁽¹⁾	3,754	3,585
Deposits and balances with government authorities	556	556
Interest receivable ⁽¹⁾	3,556	2,570
Other receivables	18,364	-
Total Financial Assets	2,156,895	1,895,551

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

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised Cost	
Financial Liabilities		
Trade Payables	48,468	48,616
Security Deposits from Customers and Others	20	20
Total Financial Liabilities	48,488	48,636

(ii) Fair value hierarchy

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

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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Notes to Financial Statements

Note 40

Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade payables and Security deposits from customers and others. The Company's principal financial assets comprise loan to related parties, bank balance, Interest Receivable and trade and other receivables. The Company also enters into derivative transactions such as foreign forward exchange contracts as a part of Company's financial risk management policies.

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. The Company does not have market risks.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has given loan to Related parties at 4.01% rate interest which is not exposed to the risk of changes in market interest.

b) Foreign currency risk

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

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

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency rates, with all other variables held constant. The impact on the Company's profit / (loss) before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives.

Currency exposure	Change in currency exchange rate	Effect on profit before tax
As at March 31, 2022		
EURO	5%	451
	-5%	(451)
As at March 31, 2021		
EURO	6%	517
	-6%	(517)

c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating and investing activities.

- Trade receivables

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

- Other financial assets and cash deposits

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

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

Notes to Financial Statements

The Company's maximum exposure to credit risk for the components of the balance sheet as at March 31, 2022 and March 31, 2021 on its carrying amounts is disclosed in notes 7, 8 and 11 to 15.

d) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company has Financial liabilities of trade payables which are payable within one year. The Company has sufficient cash balance for settling its liabilities as and when they arise.

Note 41

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 Financial liabilities of trade and other payables which are payable within one year. The Company maintains sufficient cash and other liquid financial assets to meet the payment of financial liabilities within the due dates.

Note 42

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

Particulars	As at March 31, 2022	As at March 31, 2021	% Variance	Reason for variance
Current Ratio ⁽¹⁾	26.20	31.41	-17%	
Return on Equity Ratio ⁽²⁾	12%	11%	9%	
Inventory turnover ratio ⁽³⁾	13.77	5.76	139%	Mainly due to higher revenue resulted into lower inventory
Trade Receivables turnover ratio (number of days) ⁽⁴⁾	113	146	-23%	
Trade Payable turnover ratio ⁽⁵⁾	4.70	2.21	113%	Mainly due to increase in operating expenditure
Net capital turnover ratio ⁽⁶⁾	0.26	0.14	80%	Mainly due to increase in revenue from operations
Net profit ratio ⁽⁷⁾	49%	83%	-41%	Mainly due to increase in revenue from operations with lower profit margin
Return on Capital employed ⁽⁸⁾	8%	6%	51%	Mainly due to increase in operating profit

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

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

⁽³⁾ Inventory turnover ratio = [Cost of goods sold/Average Inventory]

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

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

⁽⁶⁾ Net capital turnover ratio = [Revenue from operations / (Current asset - Current liability)]

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

⁽⁸⁾ Return on Capital employed = [(Profit/(loss) before tax + Finance costs) / (Equity share capital + Other equity)]

Note 43

Particulars of loans given / investments made / guarantees given, as required by clause 4 of Section 186 of the Companies Act, 2013.

The details of loan given by the Company are as follows:

Name of the party	Relationship	As at March 31, 2022	As at March 31, 2021	Purpose of loan	Rate of Interest *
Vodafone Idea Limited	Holding Company	761,900	410,000	General Corporate Purpose	4.01%
You Broadband India Limited	Fellow Subsidiaries	890,600	932,500	General Corporate Purpose	4.01%
Total		1,652,500	1,342,500		

* Rate of Interest as at March 31, 2021 was 7%

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2022

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

Notes to Financial Statements

Note 44

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004

**For and on behalf of the Board of Directors of Vodafone Idea
Communication Systems Limited**

Nilangshu Katriar

Partner

Membership No.: 58814

Avneesh Khosla

Managing Director

(DIN: 07775577)

Krishnan Ramachandran

Director

(DIN: 00193357)

Manoj Tibrewala

Chief Financial Officer

Hari Gopalakrishnen

Company Secretary

Membership No.: A-21015

Place: Mumbai

Date: May 6, 2022

Place: Mumbai

Date: May 6, 2022