

VODAFONE IDEA COMMUNICATION SYSTEMS LIMITED
Financial Statements
For the year ended March 31, 2023

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 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its 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.

Other Information

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

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

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

Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian



Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Statement of Cash Flows and the 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (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) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2023;
 - (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;



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- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

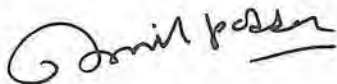
b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Company.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Amit Poddar**

Partner

Membership Number: 509192

UDIN: 23509192BHADIZ2609



Place of Signature: Mumbai

Date: May 18, 2023

Annexure '1' referred to in paragraph under the heading 'Report on other legal and regulatory requirements' of our report of even date**Re: Vodafone Idea 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 accordingly the requirements under clause 3(i) (a) (A), (b) and (c) of the Order is not applicable to the Company.
- (a) (B) The Company has maintained proper records showing full particulars of intangible assets.
- (d) The Company has not revalued its intangible assets during the year ended March 31, 2023.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii)(a) The inventory has been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed upon such verification. In our opinion, the frequency of verification is reasonable.
- (b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions at any point of time during 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 loan to companies as follows:

Particulars	Rs. In thousands
Aggregate amount granted/ provided during the year	
-Holding Company	1,307,500
-Fellow subsidiary	890,600
Balance outstanding as at balance sheet date in respect of above (including interest receivable)	
-Holding Company	1,183,278
-Fellow subsidiary	894,850

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 companies, firms, limited liability partnership or any other parties.

- (b) The terms and conditions of loan of Rs. 2,198,100 thousands granted during the year by the Company to its holding company and fellow subsidiary is not prejudicial to the Company's interest.
- (c) In respect of loan of Rs. 2,198,100 thousands granted by the Company to its holding Company and fellow subsidiary are 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.



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- (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, the Company has granted loan during the year to related parties as defined in clause (76) of section 2 of the Companies Act, 2013, which are repayable on demand.

Particulars	Rs. In thousands
Aggregate amount of loans granted during the year	2,198,100
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 March 31, 2023, 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, cess and other statutory dues on account of any dispute, are as follows:

Name of statute	Nature of Dues	Amount (Rs. in thousands)	Period	Forum where the dispute is pending
Custom Duty	Customs Act, 1962	25,499	2019-21	Commissioner of Custom (appeal)
Total of Customs		25,499		
Bihar tax on Entry of Goods into Local Areas for Consumption, Use or Sale Therein Act, 1993	Entry Tax	171	2012-13	Assistant Commissioner of Commercial Taxes
Maharashtra Municipal Corporation Act, 1888	Entry Tax	310	2010-11	Deputy Commissioner
Total of Entry Tax		481		



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Name of statute	Nature of Dues	Amount (Rs. in thousands)	Period	Forum where the dispute is pending
Finance Act, 1994	Service Tax	57,681	2013-18	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Total of Service Tax		57,681		
Central Sales Tax, 1956	Central Sales Tax	562	2011-14	Additional Commissioner of Sales Tax (Appeal)
Central Sales Tax, 1956	Central Sales Tax	9,130	2007-08	Assessing Officer
Central Sales Tax, 1956	Central Sales Tax	130	2009-10	Assistant Commissioner of Commercial Taxes (Appeal)
Central Sales Tax, 1956	Central Sales Tax	6	2016-17	Deputy Commissioner of Commercial Taxes
Central Sales Tax, 1956	Central Sales Tax	4,295	2008-09	Deputy Commissioner of Commercial Taxes (Appeals)
Central Sales Tax, 1956	Central Sales Tax	131	2011-12	Deputy Excise and Taxation Commissioner (Appeals)
Central Sales Tax, 1956	Central Sales Tax	28,012	2012-16	Joint Commissioner of Sales Tax (Appeal)
Central Sales Tax, 1956	Central Sales Tax	2,262	2010-11	State Tax Tribunal
Total of Central Sales Tax		44,528		
AP VAT Act, 2005	Value Added Tax	17	2010-13	Assistant Commissioner of Commercial Taxes
Delhi Value Added Tax Act, 2004	Value Added Tax	31,713	2012-13	Special commissioner
Gujarat Value Added Tax Act, 2003	Value Added Tax	163	2016-17	Deputy Commissioner of Sales Tax (Appeal)
Haryana VAT Act, 2003	Value Added Tax	14	2011-12	Additional Commissioner of Sales Tax (Appeal)
Kerala Value Added Act, 2003	Value Added Tax	2,558	2012-14	Deputy Commissioner of Sales Tax (Appeal)
Kerala Value Added Act, 2003	Value Added Tax	435	2015-16	State Tax Tribunal
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	131	2013-14	Additional Commissioner of Sales Tax (Appeal)
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	243	2017-18	Assessing Officer
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	360	2013-14	Assistant Commissioner of Commercial Taxes
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	1,273	2008-09	Commercial Tax Tribunal
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	49	2011-12	Deputy Commissioner of Commercial Taxes
Total of Value Added Tax		36,956		
Income Tax Act	Income Tax Act	101	2012-13	Assistant Commissioner of Income Tax



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Name of statute	Nature of Dues	Amount (Rs. in thousands)	Period	Forum where the dispute is pending
Income Tax Act	Income Tax Act	1,342	2003-04	Commissioner of Income Tax (Appeals)
Total of Income Tax Act		1,443		

Of the above cases, total amount deposited in respect of Central Sales Tax is Rs.5,311 thousands, Value Added Tax is Rs. 2,738 thousands, Service Tax is Rs. 1,547 thousands, Custom Duty is Rs. 25,499 thousands and Income Tax is Rs. 222 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) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) and (f) of the Order is not applicable to the Company.
- (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.



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- (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 is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) The Group has five Core Investment companies as part of the Group.
- (xvii) The Company has not incurred cash losses in the current and 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.



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- (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 Amit Poddar

Partner

Membership Number: 509192

UDIN: 23509192BHADIZ2609



Place of signature: Mumbai

Date: May 18, 2023

Annexure '2' to the Independent Auditor's Report of even date on the financial statements of 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 with reference to financial statements of Vodafone Idea Communication Systems Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted



accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

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

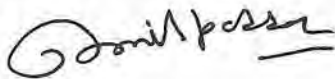
Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Amit Poddar**

Partner

Membership Number: 509192

UDIN: 23509192BHADIZ2609



Place of Signature: Mumbai

Date: May 18, 2023

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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

Balance Sheet as at March 31, 2023

Particulars	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Intangible assets	6	-	-
Financial assets			
Investment in subsidiary	7	-	252,300
Other non-current financial assets	8	3,390	4,272
Deferred tax assets	36	14,906	5,039
Other non-current assets	9	60,017	45,050
Total non-current assets (A)		78,313	306,661
Current assets			
Inventories	10	152,729	20,527
Financial assets			
Trade receivables	11	176,216	204,636
Cash and cash equivalents	12	3,639	21,229
Bank balance other than cash and cash equivalents	13	3,573	85
Loan to related parties	14	2,068,900	1,652,500
Other current financial assets	15	9,368	21,873
Other current assets	16	41,626	26,289
Total current assets (B)		2,456,051	1,947,139
Total Assets (A+B)		2,534,364	2,253,800
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	4,052,632	4,052,632
Other equity	18	(1,732,976)	(1,877,775)
Total equity (A)		2,319,656	2,174,857
Liabilities			
Non-current liabilities			
Other non-current liabilities	19	1,544	4,626
Total non-current liabilities (B)		1,544	4,626
Current liabilities			
Financial liabilities			
Trade payables	20		
Total outstanding dues of micro enterprises and small enterprises		25,234	778
Total outstanding dues of creditors other than micro enterprises and small enterprises		180,417	47,690
Other current financial liabilities	21	20	20
Other current liabilities	22	6,626	12,032
Short term provisions	23	867	13,797
Total current liabilities (C)		213,164	74,317
Total Equity and Liabilities (A+B+C)		2,534,364	2,253,800

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

Amit Poddar

Partner

Membership No.: 509192

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 18, 2023

Place:

Date: May 18, 2023

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

(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, 2023

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Service revenue		193,273	279,230
Sale of trading goods (Includes amount referred in note 38)		146,748	208,998
Other operating income	24	144	174
Revenue from operations		340,165	488,402
Other income	25	112,339	59,252
Total income		452,504	547,654
Expenses			
Purchase of stock-in-trade		270,830	196,044
Changes in inventories of stock in trade	26	(132,202)	(14,723)
Other expenses	27	130,621	43,611
		269,249	224,932
Profit / (Loss) before finance costs & tax		183,255	322,722
Finance costs	28	4,286	817
Profit / (Loss) before tax		178,969	321,905
Tax expense:			
- Current tax	35	44,037	80,683
- Deferred tax	36	(9,867)	508
Profit / (Loss) after tax for the year		144,799	240,714
Other comprehensive income / (loss) for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		144,799	240,714
Earnings/(Loss) per equity share of Rs. 10 each:			
Basic (Rs.)	37	0.36	0.59
Diluted (Rs.)	37	0.36	0.59

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**

Amit Poddar

Partner

Membership No.: 509192

Avneesh Khosla

Managing Director

(DIN: 07775577)

Krishnan Ramachandran

Director

(DIN: 00193357)

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Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

(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, 2023

A. Equity Share Capital:

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

	Numbers	Amount
As at April 1, 2021	405,263,153	4,052,632
Issue of share capital	-	-
As at March 31, 2022	405,263,153	4,052,632
Issue of share capital	-	-
As at March 31, 2023	405,263,153	4,052,632

B. Other Equity:

Particulars	Securities premium	Retained earnings	Total
As at April 1, 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)
Profit/(Loss) for the year	-	144,799	144,799
As at March 31, 2023	1,820,800	(3,553,776)	(1,732,976)

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**

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Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Operating activities		
Profit before tax	178,969	321,905
Adjustments to reconcile profit before tax to net cash flows:		
Impairment of non-current financial assets	5,036	-
Finance costs	4,286	817
Allowance for doubtful debts / advances	(3,112)	(3,598)
Liabilities / provisions no longer required written back	-	174
Interest income	(112,339)	(59,252)
Adjustments for changes in working capital		
Decrease/(Increase) in trade receivables	31,530	(103,428)
(Increase) in inventories	(132,202)	(14,723)
Decrease/(Increase) in other financial and non-financial assets	11,323	(13,498)
Increase/(Decrease) in trade payables	150,188	(385)
(Decrease)/Increase in other financial and non-financial liabilities	(8,498)	7,354
Cash flows generated from operating activities	125,181	135,457
Income tax paid (including TDS) (net)	(58,188)	(58,090)
Net cash flows generated from operating activities	66,993	77,367
Proceeds from fixed deposits with banks having maturity of 3 to 12 months	21,890	-
Loan given to related parties	(2,198,100)	(1,652,500)
Repayment of loans given	1,781,700	1,342,500
Interest received	105,769	57,523
Net cash flows (used in) investing activities	(288,741)	(252,477)
Net decrease in cash and cash equivalents during the year	(221,936)	(175,110)
Cash and cash equivalents at the beginning of the year	21,229	196,339
Add: Addition in cash balances pursuant to merger of VICSL and CIMTPL (refer note 29)	204,346	-
Cash and cash equivalents at the end of the year (refer note 12)	3,639	21,229

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**

Amit Poddar

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Place: Mumbai

Date: May 18, 2023

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Date: May 18, 2023

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

(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 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.

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

These financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorised for issue on May 18, 2023.

2. Statement of compliance

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

3. Basis of preparation

These financial statements have been prepared on a historical cost basis, 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 such 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 from contracts with customers

Revenue is recognised when a customer receives services and thus has the ability to direct the use and obtain benefits from those services. Revenue is measured at the Transaction price i.e. an amount that reflects the consideration, to which an entity expects to be entitled in exchange for transferring goods or services to customers, excluding amounts collected on behalf of third parties. Taxes and duties collected by the seller / service provider are to be deposited with the government and not received by the Company on their own account. Accordingly, it is excluded from revenue. The Company evaluates its exposure to significant risks and reward associated with the revenue arrangements in order to determine its position of a principal or an agent in this regard. 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 services 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 service that the customer transfers to the entity.

i. Revenue from supply of services

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

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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

Notes to Financial Statements

ii. 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.

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. Trade receivables

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

v. Advance from customer and deferred revenue

Advance from customer and deferred revenue is the obligation to transfer services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognised when the payment is made. Advance from customer and deferred revenue are recognised as revenue when the Company fulfils its performance obligations under the contract.

vi. 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) 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.

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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

Notes to Financial Statements

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

ii. Deferred tax

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

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

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.

e) Current / Non – Current Classification

An asset is classified as current when

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

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

A liability is classified as current when

- a) It is expected to be settled in the normal operating cycle of the Company;
- b) It is held primarily for the purposes of trading;
- c) It is expected to be settled within twelve months after the reporting period; or
- d) The Company 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.

f) 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

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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

Notes to Financial Statements

considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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

Intangible assets are amortised on straight line method as under:

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

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

g) 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 fairvalue 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.

h) 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.

i) 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.

j) Cash and cash equivalents

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

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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

Notes to Financial Statements

k) Financial Instruments

Initial recognition and measurement

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

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

i. Financial assets

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

Subsequent measurement

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

- 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, 2023

(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.

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

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, 2023

(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.

l) 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.

m) Earnings per share

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

EPS is disclosed on basic and diluted basis. Basic EPS is computed by dividing the profit / (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, 2023

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

Notes to Financial Statements

n) Provisions and Contingent Liabilities

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

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

Contingent Liabilities

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

o) Business Combinations

A common control business combination, involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the control is not transitory, is accounted for in accordance with Appendix C to Ind AS 103 'Business Combinations'. Other business combinations, involving entities or businesses are accounted for using acquisition method. Consideration transferred in such business combinations is measured at fair value as on the acquisition date, which comprises the following:

- Fair values of the assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Company

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.

New Amendments adopted during the year

i) Amendments to Ind AS

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

- Ind AS 103 Business Combinations
- Ind AS 109 Financial Instruments
- Ind AS 16 Property, Plant and Equipment
- Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 106 Exploration for and Evaluation of Mineral Resources

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

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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

Notes to Financial Statements

ii) Amendments to Ind AS issued but not yet effective

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

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

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

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.

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

ii. Allowance for Trade receivable

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

iii. Provisions and Contingent Liabilities

Provisions and contingent liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Evaluations of uncertain provisions and contingent liabilities and assets requires judgement and assumptions regarding the probability of realization and the timing and amount, or range of amounts, that may ultimately be incurred. Such estimates may vary from the ultimate outcome as a result of differing interpretations of laws and facts. Refer note 30 for further details about Contingent liabilities.

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, 2021	382
Additions	-
As at March 31, 2022	382
Additions	-
As at March 31, 2023	382
Accumulated Amortisation	
As at April 1, 2021	382
Amortisation charge for the year	-
As at March 31, 2022	382
Amortisation charge for the year	-
As at March 31, 2023	382
Net Book Value	
As at March 31, 2023	-
As at March 31, 2022	-

Note 7

Investments in Subsidiary

Particulars	As at March 31, 2023	As at March 31, 2022
Investments (Unquoted) at cost		
Investments in Equity Instruments of Subsidiary		
Connect (India) Mobile Technologies Private Limited ("CIMTPL") - Nil (March 31, 2022: 149,910,000 fully paid equity shares of Rs. 10 each) (refer note 29)	-	1,499,000
Provision for impairment	-	(1,246,700)
Total	-	252,300

Note 8

Other non-current financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits and balances with government authorities	1,666	556
Interest receivable	62	47
Margin money deposits	1,662	3,669
Total	3,390	4,272

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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

Notes to Financial Statements

Note 12

Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks in current accounts	3,639	21,229
Total	3,639	21,229

Note 13

Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Margin money deposits	3,573	85
Total	3,573	85

Note 14

Loan to related parties (Unsecured, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
Loan to related parties (refer note 38) ⁽¹⁾	2,068,900	1,652,500
Total	2,068,900	1,652,500

⁽¹⁾repayable on demand

Note 15

Other current financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Interest receivable (Includes amount referred in note 38)	9,368	3,509
Other receivables (refer note 38)	-	18,364
Total	9,368	21,873

Note 16

Other current assets

Particulars	As at March 31, 2023	As at March 31, 2022
GST recoverable	37,556	20,330
Prepaid expenses	4,059	5,911
Others		
- Considered good	11	48
- Considered doubtful	114	116
	41,740	26,405
Allowance for doubtful advances (refer note 32)	(114)	(116)
Total	41,626	26,289

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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

Notes to Financial Statements

Note 17

Equity Share Capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	Numbers	Amount	Numbers	Amount
Equity Share Capital				
Authorised share capital				
Equity Shares of Rs. 10 each	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, 2023		As at March 31, 2022	
	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, 2023		As at March 31, 2022	
	Numbers	% holding in the class	Numbers	% holding in the class
Equity shares of Rs. 10 each fully paid				
Vodafone Idea Limited, holding company and its nominees	405,263,153	100%	405,263,153	100%

Note 18

Other Equity

Particulars	As at March 31, 2023	As at March 31, 2022
(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	(3,698,575)	(3,939,289)
Net profit / (loss) for the year	144,799	240,714
Closing balance	(3,553,776)	(3,698,575)
Total	(1,732,976)	(1,877,775)

Note 19

Other non-current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred revenue	1,544	4,626
Total	1,544	4,626

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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

Notes to Financial Statements

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, 2023						
(i) Micro enterprises and small enterprises	9,556	15,678	-	-	-	25,234
(ii) Others	6,136	4,851	280	272	10,400	21,939
	15,692	20,529	280	272	10,400	47,173
Accrued expenses						158,478
Total						205,651
As at March 31, 2022						
(i) Micro enterprises and small enterprises	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

Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') disclosure

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

Particulars	As at March 31, 2023	As at March 31, 2022
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in trade payables	24,656	743
(ii) The interest due on above	44	3
The total of (i) & (ii)	24,700	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	52,537	644
d) The amounts of interest accrued and remaining unpaid at the end of financial year	578	35
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.	499	26

Note 21

Other current financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits from customers and others	20	20
Total	20	20

Note 22

Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Advance from customers and deferred revenue ⁽¹⁾	6,068	9,228
Taxes and other liabilities	558	2,804
Total	6,626	12,032

⁽¹⁾ Revenue recognised during the year from deferred revenue and advance from customers at the beginning of the year is Rs. 9,228 (March 31, 2022: Rs. 2,608)

Note 23

Short term provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for tax (net of Advance tax of Rs. 51,549) (March 31, 2022: 67,244)	867	13,797
Total	867	13,797

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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

Notes to Financial Statements

Note 24

Other operating income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Liabilities / provisions no longer required written back	-	174
Miscellaneous receipts	144	-
Total	144	174

Note 25

Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income (Including amount referred in note 38)	112,339	59,252
Total	112,339	59,252

Note 26

Changes in inventories of stock in trade

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Stock at the end of the year	152,729	20,527
Less: Stock at the beginning of the year	20,527	5,804
(Increase) / Decrease in inventories⁽¹⁾	(132,202)	(14,723)

⁽¹⁾Net of Rs. 2,262 (March 31, 2022: Rs. 2,383) towards provision for non-moving inventory.

Note 27

Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Insurance	34	14
Infra sharing support charges (refer note 38)	30,865	30,861
Rates and taxes	5,759	266
IT service cost	2,641	2,379
Bad debts / advances written off	-	91
Impairment of non-current financial assets	5,036	-
Allowances for doubtful debts and advances (refer note 32)	(3,112)	(3,598)
Directors sitting fees (refer note 38)	200	250
Legal and professional charges	3,233	2,416
Audit fees (refer note 34)	600	600
Support service charges (refer note 38)	9,396	9,379
Business support expense	75,146	-
Miscellaneous expenses	823	953
Total	130,621	43,611

Note 28

Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest		
- Others	3,758	845
Exchange difference (net)	528	(28)
Total	4,286	817

Vodafone Idea Communication Systems Limited

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Notes to Financial Statements

Note 29

Significant transactions

The Board of Directors of the Company, at their meeting held on August 11, 2021, approved a Scheme of Amalgamation ("the Scheme") for merger of Connect (India) Mobile Technologies Private Limited ("CIMTPL"), a wholly owned subsidiary of the Company, with the Company under sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The Scheme was approved by the Ahmedabad bench of National Company Law Tribunal vide its order dated December 22, 2022 and a certified true copy of said Order was received on January 3, 2023 which was filed with the Registrar of Companies, Ahmedabad, on January 31, 2023, thereby making the Scheme effective from January 31, 2023. The amalgamation has been accounted in accordance with the accounting treatment as prescribed under the Scheme and applicable Ind AS. Accordingly, net assets of CIMTPL have been recorded at fair value and the investment held by the Company in CIMTPL stands cancelled.

The position of assets and liabilities of CIMTPL as at January 30, 2023 is as below:

Particulars	Amount
ASSETS	
Non-current assets	
Financial assets	
Other non-current financial assets	2,188
Other non-current assets	16,921
Total non-current assets (A)	19,109
Current assets	
Financial assets	
Cash and cash equivalents	204,346
Bank balance other than cash and cash equivalents	25,378
Other current financial assets	543
Other current assets	1,662
Total current assets (B)	231,929
Total Assets (C) = (A+B)	251,038
LIABILITIES	
Current liabilities	
Financial liabilities	
Trade payables	
Total outstanding dues of micro enterprises and small enterprises	2
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,895
Other current liabilities	10
Short term provisions	867
Total current liabilities (D)	3,774
Net Assets (C-D)	247,264

As a result of the above, the current year figures are not comparable with the previous year figures.

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 30

Contingent Liabilities

Disputed claims not acknowledged as debt:

Sr. No.	Description	As at	
		March 31, 2023	March 31, 2022
1	Sales Tax/Value Added Tax (refer note a below)	53,892	99,826
2	Customs matter and Entry Tax (refer note b below)	25,671	25,671
3	Service tax/Goods and Service Tax(GST) matters (refer note c below)	20,628	20,628
Total		100,191	146,125

Pursuant to merger (refer note 29) the contingent liabilities of the Company includes contingent liabilities of CIMTPL.

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
- During previous years, the Company had received demand order/s 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 demand order/s 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, 2023	March 31, 2022
Trade Payables		
In EURO ⁽¹⁾	107	107
Equivalent Rs. of Trade Payables in Foreign Currency ^{(1) & (2)}	9,554	9,026

⁽¹⁾An amount of EUR 107 (Rs. 9,554) is outstanding as at March 31, 2023 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. 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

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 32

Movement of Allowances for Doubtful Debts/Advances

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Balance	18,442	22,040
Charged to Statement of Profit and Loss (Net) (refer note 27)	(3,112)	(3,598)
Addition on merger of CIMTPL (refer note 29)	40,701	-
Closing Balance	56,031	18,442

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, 2023	For the year ended March 31, 2022
Statutory Audit Fees	600	600
Total Remuneration	600	600

Note 35

Income Tax Expenses

(a) Major Component of Tax Expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current Tax		
Current Tax on profits for the year	44,402	80,286
Adjustments for tax of prior periods	(365)	397
Total Current Tax Expense (A)	44,037	80,683
Deferred Tax		
Relating to addition & reversal of temporary differences	(9,867)	508
Total Deferred Tax Expense (B)	(9,867)	508
Total Tax Expense (A+B)	34,170	81,191
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, 2023	For the year ended March 31, 2022
Profit / (Loss) before Income tax expense	178,969	321,905
Applicable Tax Rate	25.17%	25.17%
Increase/ (Decrease) in taxes on account of:		
Effect of items for which no deferred tax is recognised	-0.47%	-0.17%
Effects of expenses that are not deductible in determining the taxable losses	-0.10%	0.06%
Other Items	-5.51%	0.16%
Effective tax rate	19.09%	25.22%

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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Notes to Financial Statements

Note 36

Movement in Deferred Tax

Particulars	As at April 1, 2021	Recognised in	As at March 31, 2022	Recognised in	As at March 31, 2023
		Profit and Loss		Profit and Loss	
Assets					
Provisions for doubtful debts/ advances	5,547	(508)	5,039	9,867	14,906
Total	5,547	(508)	5,039	9,867	14,906
Net Deferred Tax Liabilities/ (assets)	(5,547)	508	(5,039)	(9,867)	(14,906)
As per Financials :					
Deferred Tax Asset	5,547	(508)	5,039	9,867	14,906

Note 37

Basic and Diluted Earnings / (Loss) per Share

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Nominal value of equity shares (Rs.)	10/-	10/-
Profit / (Loss) after Tax	144,799	240,714
Profit / (Loss) attributable to equity shareholders	144,799	240,714
Weighted average number of equity shares outstanding during the year	405,263,153	405,263,153
Basic and Diluted Earnings per Share (Rs.)	0.36	0.59

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 (Merged with the Company effective from January 31, 2023)
Fellow Subsidiaries	Vodafone Idea Shared Services Limited Vodafone Idea Technology Solutions Limited You Broadband India Limited
Entities having significant influence	Vodafone Group Services Limited
Key Management Personnel (KMP)	Mrs. Tripti Desai (Non-Executive Director) Mr. Krishnan Ramachandran (Non-Executive Director) Mr. Avneesh Khosla (Managing Director) * Mr. Manoj Tibrewala (CFO)*

* No transactions during the year

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

A. Transactions with Related Parties for the year ended March 31, 2023 and March 31, 2022

Particulars	Holding Company	Fellow Subsidiaries	KMP
Sale of trading goods	113,485	-	-
	(125,247)	-	-
Purchase of services	30,865	9,396	-
	(30,861)	(9,379)	-
Reimbursement of expenses to	41	-	-
	(67)	-	-
Reimbursement of expenses from	-	-	-
	(15,777)	-	-
Loans given during the year	1,307,500	890,600	-
	(761,900)	(890,600)	-
Loan repayment received during the year	890,600	891,100	-
	(410,000)	(932,500)	-
Interest income	54,912	56,175	-
	(16,488)	(35,800)	-
Director's sitting fees	-	-	200
	-	-	(250)

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

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	148,658	-	-
	(120,805)	-	-
Trade and other payables	-	2,163	9,554
	-	(915)	(9,026)
Interest Receivable	4,478	4,750	-
	(772)	(2,731)	-
Outstanding loan receivable	1,178,800	890,100	-
	(761,900)	(890,600)	-
Other receivables	-	-	-
	(18,364)	-	-

(Figures in brackets are as on March 31, 2022)

D. The significant related party transactions are summarised below:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchase of service		
Vodafone Idea Shared Services Limited	9,396	9,379
Loan given during the year		
You Broadband India Limited	890,600	890,600
Loan repayment received during the year		
You Broadband India Limited	891,100	932,500
Interest Income		
You Broadband India Limited	56,175	35,800

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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

Notes to Financial Statements

E. Breakup of loans and advances in the nature of loans granted by Company :

Type of Borrower	As at March 31, 2023		As at March 31, 2022	
	Amount	% to the total	Amount	% to the total
Related Parties	2,068,900	100%	1,652,500	100%

Note 39

Financial Instruments

(i) Financial Instruments by Category:

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

Particulars	As at	As at
	March 31, 2023	March 31, 2022
	Amortised Cost	
Financial Assets		
Loan to related parties	2,068,900	1,652,500
Investment in subsidiary	-	252,300
Trade receivables	176,216	204,636
Cash and cash equivalents	3,639	21,229
Margin money deposits ⁽¹⁾	5,235	3,754
Deposits and balances with government authorities	1,666	556
Interest receivable ⁽¹⁾	9,430	3,556
Other receivables	-	18,364
Total Financial Assets	2,265,086	2,156,895

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

Particulars	As at	As at
	March 31, 2023	March 31, 2022
	Amortised Cost	
Financial Liabilities		
Trade payables	205,651	48,468
Security deposits from customers and others	20	20
Total Financial Liabilities	205,671	48,488

(ii) Fair value hierarchy

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

Note 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 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 two types of risk: currency risk and other price risk, such as equity price risk. The Company does not have market risks.

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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

Notes to Financial Statements

a) 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, 2023		
EURO	5%	478
	-5%	(478)
As at March 31, 2022		
EURO	5%	451
	-5%	(451)

b) Credit risk

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

The Company's maximum exposure to credit risk for the components of the Balance Sheet as at March 31, 2023 and March 31, 2022 on its carrying amounts is disclosed in notes 7, 8 and 11 to 15.

c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company has Financial liabilities of 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.

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

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

Notes to Financial Statements

Note 42

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

Particulars	As at	As at	% Variance	Reason for variance
	March 31, 2023	March 31, 2022		
Current Ratio ⁽¹⁾	11.52	26.20	-56%	Mainly due to increase in current liability
Return on Equity Ratio ⁽²⁾	6%	12%	-45%	Mainly due to decrease in net profit
Inventory turnover ratio ⁽³⁾	1.60	13.77	-88%	Mainly due to higher revenue
Trade Receivables turnover ratio (number of days) ⁽⁴⁾	204	113	81%	Mainly due to increase in trade receivables
Trade Payable turnover ratio ⁽⁵⁾	2.10	4.70	-55%	Mainly due to increase in trade payables
Net capital turnover ratio ⁽⁶⁾	0.15	0.26	-42%	Mainly due to decrease in revenue from operations
Net profit ratio ⁽⁷⁾	43%	49%	-14%	
Return on Capital employed ⁽⁸⁾	3%	12%	-75%	Mainly due to decrease 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	As at	Purpose of loan	Rate of Interest *
		March 31, 2023	March 31, 2022		
Vodafone Idea Limited	Holding Company	1,178,800	761,900	General Corporate Purpose	6.98%
You Broadband India Limited	Fellow Subsidiaries	890,100	890,600	General Corporate Purpose	6.98%
	Total	2,068,900	1,652,500		

* Rate of Interest as at March 31, 2022 was 4.01%

Vodafone Idea Communication Systems Limited

Separate Financial Statements for the year ended March 31, 2023

(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**

Amit Poddar

Partner

Membership No.: 509192

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 18, 2023

Place:

Date: May 18, 2023