

30 June 2020

National Stock Exchange of India Limited

“Exchange Plaza”,
Bandra - Kurla Complex,
Bandra (E),
Mumbai – 400 051

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Dear Sirs,

Sub: Quarterly Report for fourth quarter and financial year ended 31st March 2020

Ref: “Vodafone Idea Limited” (IDEA / 532822)

In continuation of our letter of even date, we are enclosing herewith a copy of the Quarterly Report being issued on the performance of the Company for the fourth quarter and financial year ended 31st March, 2020.

The above is for your information and dissemination to the public at large.

Thanking you,

Yours truly,
For **Vodafone Idea Limited**



Pankaj Kapdeo
Company Secretary

Encl: As above



QUARTERLY REPORT

Fourth Quarter ended on March 31, 2020

STRONGER TOGETHER. FOR YOU.

Vodafone Idea Limited

India's Leading Telecom company



Vodafone Idea Limited (formerly Idea Cellular Limited)

An Aditya Birla Group & Vodafone partnership

Registered Office: Suman Tower, Plot No. 18, Sector 11, Gandhinagar - 382 011, Gujarat, India
www.vodafoneidea.com

Supplemental Disclosures

Unless stated otherwise, the financial data in this report is derived from our un-audited / audited financial statements prepared in accordance with Ind AS adopted in Q1FY17, with transition date of April 01, 2015. Our financial year ends on 31st March of each year, so all references to a particular financial year are to the twelve months ending March 31 of that year. In this report, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off. There are significant differences between Indian GAAP, IFRS, Ind AS and U.S. GAAP; accordingly, the degree to which the Ind AS financial statements will provide meaningful information is dependent on the reader's familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial information presented in this report should accordingly be limited. We have not attempted to explain such differences or quantify their impact on the financial data included herein.

Unless stated otherwise, industry data used throughout this report has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this report is reliable, it has not been independently verified.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

Report Structure

Page No.

| | |
|-------------------------------------|----|
| 1. An Overview | 3 |
| 2. Our Strengths | 5 |
| 3. Financial Highlights | 8 |
| 4. Key Performance Indicators | 10 |
| 5. Management Discussion & Analysis | 11 |
| 6. Stock Market Highlights | 16 |
| 7. Shareholding Pattern | 16 |
| 8. Glossary | 17 |

1. Vodafone Idea Limited (formerly Idea Cellular Limited) – An Overview

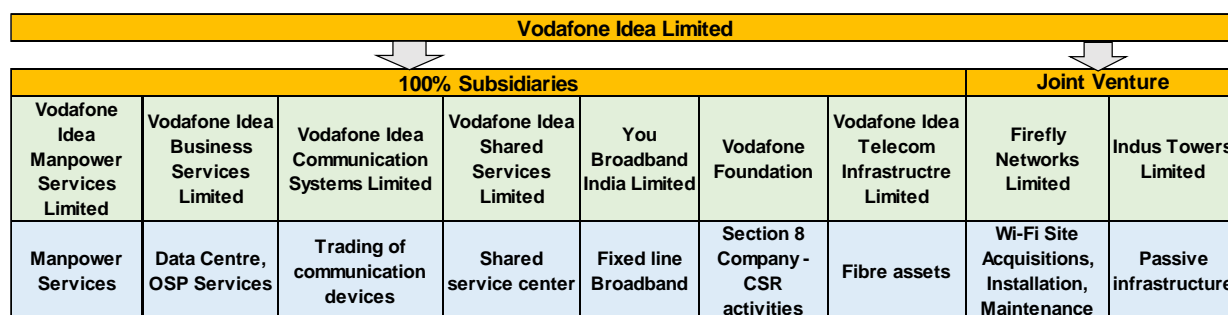
Vodafone India Limited has merged into Idea Cellular Limited (ICL) on August 31, 2018. Consequently, the name of the company has been changed from ICL to Vodafone Idea Limited. Vodafone Idea Limited is an Aditya Birla Group and Vodafone Group partnership. It is India's leading telecom service provider. The company provides Voice and Data services on 2G, 3G and 4G technologies across 22 service areas. With its large spectrum portfolio to support the growing demand for data and voice, the company is committed to deliver delightful customer experiences and contribute towards creating a truly 'Digital India' by enabling millions of citizens to connect and build a better tomorrow. The company is developing world-class infrastructure to introduce newer and smarter technologies, making both retail and enterprise customers future ready with innovative offerings, conveniently accessible through an ecosystem of digital channels as well as extensive on the ground presence. The company is listed on the National Stock Exchange (NSE) and the BSE in India.

Promoter Groups

Vodafone Group is a leading technology communications company keeping society connected and building a digital future for everyone, with the purpose to improve one billion lives and halve the environmental impact by 2025. The Group operates in 21 countries, across two scaled regional platforms in Europe and Africa, connecting 334 million customers by offering them a range of communication services including mobile, broadband and TV. This is supported by their leading scale and Gigabit capable infrastructure.

Aditya Birla Group, a US\$48 billion corporation, is one of the largest business groups in India, and is in the league of Fortune 500. The Aditya Birla Group is a conglomerate with operations in 36 countries having business interest, among others, in mobile telecommunications, metals and mining, fashion retail, cement, carbon black, textiles, garments, chemicals, fertilizer and financial services industries etc. Over 50% of Group revenues flow from overseas operations across North and South America, Africa and Asia.

Corporate Structure



Other subsidiaries (Insignificant business / non-operating)

- Vodafone Idea Technology Solutions Limited
- You System Integration Private Limited
- Connect India Mobile Technologies Private Limited
- Vodafone M-Pesa Limited
- Aditya Birla Idea Payment Bank Limited (in the process of winding up)
- Vodafone India Digital Limited*
- Idea Telesystems Limited*

* Amalgamated with VIL with effect from 01-Mar-2020

Business Segments

a. Mobility

- **Voice Business** – Vodafone Idea offers Voice services coverage in all 22 service areas on the Vodafone and Idea brands. The company covers more than a billion Indians in over 487,000 Census towns and villages with its Voice services. The company has also introduced 4G VoLTE across all 22 circles to provide enhanced voice experience to its 4G subscribers.
- **Broadband Services** – The broadband services of Vodafone Idea on 3G and 4G platforms are available in all 22 service areas of India for both brands – Vodafone and Idea. The company’s broadband coverage is available in over 325,000 Census towns and villages with population coverage of more than a billion Indians. The population coverage on 4G is 992 million.
- **Content Offerings** – To provide best in class content to its customers through the applications Vodafone Play and Ideas Movies & TV, the company has tied up with various content creators and OTT apps like Sony Liv, Zee5, Sun NXT, Shemaroo Me, Hoichoi, Lionsgate Play, Hungama, TV Today, Discovery and others. Both these apps provide a range of content including Movies, Live TV, TV shows, latest originals and short formats in 16+ languages. Additionally, the company has tie ups with leading content providers like Amazon Prime and Netflix for its premium customers.

b. Enterprise Services

Vodafone Idea Business Services (VIBS) provides total communications solutions to empower global and Indian corporations, public sector & government bodies, small & medium enterprises and start-ups. With market-leading enterprise mobility, robust fixed line connectivity, world-class IoT solutions and insightful business analytics & enabling solutions, the company brings the smartest and newest technologies to serve businesses in the digital era. With the advantage of its global expertise and knowledge of local markets, VIBS endeavours to be a trusted and valued partner for businesses in a digital world.

2. Our Strengths

Spectrum Portfolio

Vodafone Idea has a total of 1,846 MHz of spectrum across difference frequency bands out of which 1,723.6 MHz spectrum is liberalised and can be used towards deployment of any technology (2G, 3G, 4G or 5G). Further, 1,316.8 MHz of spectrum acquired through auction between year 2014 and 2016 is having the validity until 2034 to 2036. This large spectrum portfolio across 22 circles allows the company to create enormous broadband capacity.

| Circle | Administrative Spectrum | | Liberalised Spectrum | | | | | Total FDDx2+TDD |
|----------------------|-------------------------|-------------|----------------------|--------------|--------------|-------------|--------------|--------------------|
| | 900 | 1800 | 900 | 1800 | 2100 | 2300 | 2500 | |
| Andhra Pradesh | - | - | 5.0 | 11.0 | 5.0 | - | 10.0 | 52.0 |
| Assam | - | - | - | 25.0 | 5.0 | - | 20.0 | 80.0 |
| Bihar | - | 4.4 | - | 13.4 | 5.0 | - | 10.0 | 55.6 |
| Delhi | - | 8.0 | 10.0 | 10.6 | 5.0 | - | 20.0 | 87.2 |
| Gujarat | - | - | 11.0 | 20.8 | 10.0 | - | 30.0 | 113.6 |
| Haryana | - | - | 12.2 | 15.8 | 15.0 | - | 20.0 | 106.0 |
| Himachal Pradesh | - | 4.4 | - | 11.2 | 5.0 | - | 10.0 | 51.2 |
| Jammu & Kashmir | - | - | - | 17.0 | 5.0 | - | 10.0 | 54.0 |
| Karnataka | - | 8.0 | 5.0 | 11.0 | 5.0 | - | - | 58.0 |
| Kerala | - | - | 12.4 | 20.0 | 10.0 | 10.0 | 20.0 | 114.8 |
| Kolkata | - | - | 7.0 | 15.0 | 10.0 | - | 20.0 | 84.0 |
| Madhya Pradesh | - | - | 7.4 | 18.6 | 5.0 | 10.0 | 20.0 | 92.0 |
| Maharashtra | - | - | 14.0 | 12.4 | 15.0 | 10.0 | 30.0 | 122.8 |
| Mumbai | - | 4.4 | 11.0 | 10.2 | 10.0 | - | 20.0 | 91.2 |
| North East | - | - | - | 25.8 | 5.0 | - | 20.0 | 81.6 |
| Orissa | - | - | 5.0 | 17.0 | 5.0 | - | 20.0 | 74.0 |
| Punjab | - | 6.2 | 5.6 | 15.0 | 10.0 | - | 10.0 | 83.6 |
| Rajasthan | - | 6.2 | 6.4 | 10.0 | 15.0 | - | 20.0 | 95.2 |
| Tamil Nadu | 6.2 | 1.0 | - | 11.4 | 15.0 | - | - | 67.2 |
| Uttar Pradesh (East) | - | 6.2 | 5.6 | 8.6 | 20.0 | - | 20.0 | 100.8 |
| Uttar Pradesh (West) | 6.2 | - | 5.0 | 14.4 | 10.0 | - | 20.0 | 91.2 |
| West Bengal | - | - | 6.6 | 23.4 | 5.0 | - | 20.0 | 90.0 |
| Total | 12.4 | 48.8 | 129.2 | 337.6 | 195.0 | 30.0 | 370.0 | 1,846.0 |



Large Customer Base

Vodafone Idea is a leading mobile telecommunications company in India. The company had over 291 million subscribers as of March 31, 2020. As the company is expanding its broadband coverage and capacity, specifically 4G, this large subscriber base provides a great platform for the company to upgrade voice only customers to users of data services and digital content.

Robust Network Infrastructure

The company has large network assets in the form of 2G, 3G, 4G equipment and country wide optical fibre cable (OFC). The company has presence in over 185,000 unique locations and has over 436,000 broadband (3G+4G) sites. The company continues to expand its 4G population coverage which stands at 992 million as of March 31, 2020. The company has a portfolio of nearly ~361,000 km of OFC (vs. ~356,000 km in December 31, 2019) including own built, IRU OFC and common routes. The incremental capex coupled with redeployment of co-located broadband sites is allowing the company to expand its broadband coverage and create large capacities. Consolidation of spectrum with each site using spectrum of both the erstwhile entities, coupled with deployment of TDD sites, Small Cells and Massive MIMO is providing further capacity increase.

Strong Brands

The company has two strong brands that have contributed significantly to its strong market position. The brands  and  are complementary in nature with each brand having a strong affinity with different segment of customers across 22 service areas.

Enterprise Offerings

The company is well positioned in enterprise offerings across industry verticals. The company has built strong relationship with its enterprise customers by providing Enterprise grade solutions and services over last several years. The strong relationship with customers and global know how of Vodafone Group provide strong platform for future growth in this segment. VIBS continues to maintain a clear leadership in IoT offerings which is an emerging segment and has potential to grow multi fold in the near future amid government's push towards 'Digital India' and 'Smart Cities'.

During the current pandemic, VIBS is supporting enterprises and SMEs succeed in adapting to this unprecedented change. Our robust Business continuity plan (BCP) and suite of products and services are enabling enterprises to go digital in a secure manner, ensure workforce safety and foster collaboration. The digital experience offerings such as MyVodafoneApp (MVA) is providing

convenience to mobility customers and My Vodafone for Business (MVB) is allowing organizations to manage enterprise mobility from anywhere and at any time. Recently, we have been recognized by Frost & Sullivan India ICT Awards in two categories- 2020 Managed Enterprise Wi-Fi Provider Company of the Year and 2020 M2M Connectivity Service Provider Company of the Year.

Tower Investments (Indus)

Indus Towers Ltd. (Indus), a joint venture between Bharti Infratel Ltd., Vodafone Group and Vodafone Idea Ltd, is one of the world's leading tower company with 126,949 towers and a tenancy ratio of 1.85 as of March 31, 2020. Vodafone Idea owns 11.15% stake in Indus. The proportionate profit/loss of Indus is presently consolidated at the PAT level in Vodafone Idea's financial statements.

On April 25, 2018, the merger of Bharti Infratel and Indus towers was announced which will create a listed pan-India tower company. The merger has received approval for FDI. The long stop date on the original agreement has been extended to August 31, 2020. Vodafone Idea plans to monetize its 11.15% stake in Indus on completion of the Indus-Infratel merger.

3. Financial Highlights

A. Profit & Loss Account (Rs mn)

| | Q4FY19 | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20 |
|--|-----------------|-----------------|------------------|-----------------|------------------|
| Gross Revenue | 117,750 | 112,699 | 108,440 | 110,894 | 117,542 |
| Opex | 99,599 | 75,536 | 74,484 | 76,689 | 73,741 |
| EBITDA | 18,151 | 37,163 | 33,956 | 34,205 | 43,801 |
| EBITDA Margin | 15.4% | 33.0% | 31.3% | 30.8% | 37.3% |
| Depreciation & Amortisation | 46,639 | 61,308 | 63,094 | 58,774 | 60,388 |
| EBIT | (28,488) | (24,145) | (29,138) | (24,569) | (16,587) |
| Interest and Financing Cost (net) | 28,192 | 35,104 | 34,004 | 34,311 | 40,108 |
| Share of Profit from Indus & Payments Bank | 549 | 581 | 1,295 | 999 | 678 |
| Exceptional Items | | | | | |
| - Impairment (non-cash) | (5,061) | (5,808) | (48,222) | (1,637) | (1,871) |
| - Other Exceptional Items | (6,397) | (2,262) | (259,523) | (4,696) | (59,538) |
| PBT | (67,589) | (66,738) | (369,592) | (64,214) | (117,426) |
| Tax Expenses | (18,770) | (17,999) | 139,627 | 174 | (991) |
| PAT | (48,819) | (48,739) | (509,219) | (64,388) | (116,435) |
| Other comprehensive income (net of Tax) | 36 | (344) | 240 | (144) | 158 |
| Total comprehensive income for the period | (48,783) | (49,083) | (508,979) | (64,532) | (116,277) |

Note: As we have adopted Ind AS 116 from April 01, 2019, Q4FY19 figures are not comparable to later quarters.

B. Balance Sheet (Rs mn)

| Particulars | As on | |
|--|------------------|------------------|
| | 31-Mar-19 | 31-Mar-20 |
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment (including RoU assets) | 502,526 | 663,113 |
| Capital work-in-progress | 23,587 | 10,415 |
| Investment property | 672 | 660 |
| Goodwill on consolidation | 36 | - |
| Other Intangible assets | 1,274,767 | 1,194,592 |
| Intangible assets under development | 27,443 | 966 |
| Investments accounted for using the equity method | 15,298 | 15,244 |
| Financial assets | | |
| Long term loans to employees | 8 | 2 |
| Other non-current financial assets | 10,362 | 82,457 |
| Deferred Tax Assets (net) | 103,385 | 20 |
| Other non-current assets | 155,099 | 134,866 |
| Total non-current assets (A) | 2,113,183 | 2,102,335 |
| Current assets | | |
| Inventories | 42 | 25 |
| Financial assets | | |
| Current investments | 67,088 | 4,548 |
| Trade receivables | 33,000 | 30,943 |
| Cash and cash equivalents | 8,428 | 3,708 |
| Bank balance other than cash and cash equivalents | 1,480 | 22,922 |
| Short term loans | 19 | 9 |
| Other current financial assets | 680 | 23,033 |
| Other current assets | 71,260 | 81,673 |
| Total current assets (B) | 181,997 | 166,861 |
| Assets classified as held for sale (C) | 1,815 | |
| Total Assets (A+B+C) | 2,296,995 | 2,269,196 |
| Equity and liabilities | | |
| Equity | | |
| Equity share capital | 87,356 | 287,354 |
| Other equity | 508,992 | (227,555) |
| Total equity (A) | 596,348 | 59,799 |
| Non-Current Liabilities: | | |
| Financial liabilities | | |
| Long term borrowings | 1,044,029 | 962,804 |
| Trade payables | 8,680 | 6,660 |
| Other non-current financial liabilities | 97,381 | 274,073 |
| Long term provisions | 3,467 | 3,421 |
| Deferred tax liabilities (net) | 471 | 38 |
| Other non-current liabilities | 4,235 | 4,611 |
| Total Non-Current Liabilities (B) | 1,158,263 | 1,251,607 |
| Current Liabilities: | | |
| Financial liabilities | | |
| Short term borrowings | 41,207 | 322 |
| Trade payable | 126,486 | 117,634 |
| Current maturities of long term debt | 174,163 | 186,829 |
| Other current financial liabilities | 129,783 | 190,306 |
| Other current liabilities | 69,499 | 462,206 |
| Short term provisions | 379 | 493 |
| Total Current Liabilities (C) | 541,517 | 957,790 |
| Liabilities classified as held for sale (D) | 867 | |
| Total equity and liabilities (A+B+C+D) | 2,296,995 | 2,269,196 |

4. Key Performance Indicators

| Mobility KPIs | Unit | Vodafone Idea | | | | |
|---|-------|---------------|-----------|-----------|-----------|-----------|
| | | Q4FY19 | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20 |
| Subscriber Base (EoP) | mn | 334.1 | 320.0 | 311.1 | 304.0 | 291.1 |
| VLR Subscribers (EoP) | mn | 368.3 | 322.4 | 303.4 | 297.6 | 294.1 |
| Pre-paid Subs (% of EoP subscribers) | % | 93.1% | 92.8% | 92.7% | 92.4% | 92.1% |
| Average Revenue per User (ARPU) Blended | INR | 104 | 108 | 107 | 109 | 121 |
| Average Minutes of Use per User (MoU) | min | 662 | 690 | 669 | 674 | 688 |
| Blended Churn | % | 7.2% | 3.7% | 3.5% | 3.3% | 3.3% |
| 2G Coverage - No. of Census Towns and Villages | no. | 470,531 | 487,173 | 487,173 | 487,173 | 487,173 |
| 2G Coverage - Population | mn | 1,195 | 1,218 | 1,218 | 1,218 | 1,218 |
| Broadband Coverage - No. of Census Towns and Villages | no. | 273,034 | 285,180 | 314,129 | 318,506 | 325,180 |
| Broadband Coverage - Population | mn | 922 | 943 | 993 | 998 | 1,010 |
| 4G Coverage - Population | mn | 871 | 916 | 962 | 974 | 992 |
| Total Unique Towers (EoP) | no. | 192,580 | 189,547 | 187,357 | 186,011 | 185,544 |
| Total Unique Broadband Towers (EoP) | no. | 155,632 | 157,278 | 158,153 | 160,097 | 162,380 |
| Total Broadband sites (3G+4G) | no. | 371,922 | 392,747 | 405,346 | 417,361 | 436,006 |
| Total Minutes of Use | mn | 702,749 | 676,259 | 630,688 | 624,289 | 615,684 |
| Total Data Volume (2G+3G+4G) | mn MB | 2,947,472 | 3,222,159 | 3,491,899 | 3,790,390 | 4,090,337 |
| Total Data Subscribers (2G+3G+4G) | mn | 146.3 | 143.3 | 140.3 | 142.0 | 139.5 |
| Broadband Subscribers (3G+4G) | mn | 110.2 | 110.5 | 112.2 | 118.4 | 117.4 |
| 4G Subscribers* | mn | 80.7 | 84.8 | 95.9 | 104.2 | 105.6 |
| Average Data Usage by Broadband Subscriber (3G+4G) | MB | 8,815 | 9,657 | 10,350 | 10,700 | 11,462 |

* includes VoLTE subscribers from Q2FY20 onwards, thus not comparable to earlier quarters.

5. Management Discussion and Analysis

Financial highlights

After several years of hyper competition which led to unsustainable pricing, we increased prepaid tariffs at the start of December, 2019 across all price points for both unlimited plans as well as combo vouchers. As a result, revenue for the quarter improved to Rs. 117.5 billion, an increase of 6.0% QoQ.

EBITDA for the quarter increased to Rs. 43.8 billion, (Rs. 21.1 billion excluding IndAS 116 impact vs Rs. 12.8 billion in Q3) a QoQ increase of 28.1% driven by higher revenue and incremental synergy realisation. There were one-off credits of Rs. 4 billion during the quarter related to manpower and network costs. The EBITDA margin (excluding IndAS 116 impact) improved to 18.0% vs 11.6% in Q3FY20. The underlying operating expenses for the quarter (excluding License fees & Spectrum Usage Charges and Roaming & Access charges) were approx. Rs. 21 billion lower compared to Q1FY19, after adjusting for inflation driven cost increases and incremental network rollout. On an annualised basis, this reduction in operating expenses represents the full realisation of our target merger opex synergies of Rs. 84 billion.

For FY20, Revenue and EBITDA was Rs. 449.6 billion and Rs. 149.1 billion respectively. Excluding IndAS 116 impact, EBITDA was Rs. 58.1 billion with the EBITDA margin at 12.9% for FY20.

Gross debt (excluding lease liabilities) as of March 31, 2020 was Rs. 1,150.0 billion, including deferred spectrum payment obligations due to the Government of Rs. 876.5 billion. Cash & cash equivalents were Rs. 24.8 billion and net debt stood at Rs. 1,125.2 billion (vs Rs. 1,033.1 billion in Q3FY20).

Capex spend in Q4FY20 of Rs. 18.2 billion was lower compared to Rs. 33.3 billion in Q3FY20, as the rollout in Q4 was impacted by COVID-19 with disruptions to equipment supply and the nationwide lockdown. Capex for FY20 was Rs. 101.3 billion.

Integration update

The network integration is in final stages of completion but has been impacted by the nationwide lockdown due to COVID-19. As of date, we have completed network integration in 92% of total districts. Integration of Uttar Pradesh (E), Gujarat and Delhi circles was completed in January, 2020 and Uttar Pradesh (W) was completed in March, 2020, taking the integrated circles count to 18. In the remaining 4 circles – Maharashtra & Goa, Mumbai, Kerala and Tamil Nadu, integration continues on a cluster-by-cluster basis, with subscribers of both brands benefitting from the integrated network, which has significantly greater coverage and capacity. Due to the continuation of nationwide lockdown, the remaining consolidation is expected to take longer than initially expected.

The improved coverage and capacity following integration, coupled with the deployment of TDD sites, Massive MIMO and LTE 900 on select sites has increased our overall data capacity, which has now more than

doubled compared to September, 2018. This has driven a significant improvement in data speeds and customer experience across all circles. We now have the fastest 4G download speeds across the three metros of Delhi, Mumbai and Kolkata, along with West Bengal, Uttar Pradesh, Madhya Pradesh and Rajasthan, based on Ookla data, consistently for the last 2 quarters (Q3FY20 and Q4FY20).

As part of our network integration, we had removed surplus equipment from ~64,000 sites out of the total of ~73,000 co-located sites by the end of March, 2020, further reducing costs. In addition, we had exited ~18,000 low utilization sites by the end of March, 2020.

Post completion of de-duplication exercise for synergy realization, we have initiated a further cost optimization plan across the company in line with the evolving industry structure and business model to achieve next level of efficiency, details of which will be shared in due course.

Operational highlights

The subscriber base declined to 291 million in Q4FY20 from 304 million in Q3FY20. Subscriber churn remained stable in Q4FY20 at 3.3%. ARPU for Q4 improved to Rs. 121 vs Rs. 109 in Q3FY20, driven by the prepaid tariff hike effective from December 2019.

We continue to invest in 4G to increase coverage and capacity. During the quarter we added ~21,000 4G FDD sites, our highest addition in a single quarter since merger. During the year, we added more than ~53,000 4G FDD sites which helped drive significant improvement in 4G population coverage, which now stands at 992 million compared to 871 million over a year ago. We have deployed ~58,800 TDD sites in addition to deployment of ~11,900 Massive MIMO sites till date, of which ~25,000 TDD sites and ~9,500 Massive MIMO sites were deployed in FY20. Our overall broadband site count stood at 436,006 as of March 31, 2020 compared to 371,922, a year ago.

These network investment initiatives have delivered a significant capacity uplift and enhanced our customers' experience. We also continue to make progress in implementing LTE 900 in select locations, including through dynamic spectrum refarming, to improve customer experience.

At the end of the quarter, the 4G subscriber base was 105.6 million. Total data volumes grew by 7.9% to 4,090 billion MB compared to the last quarter. Total minutes on the network declined by 1.4% during the quarter, due to a reduction in incoming minutes while outgoing minutes continue to grow.

Indus-Bharti Infratel merger update

The merger of Indus Towers and Bharti Infratel has received approval for FDI. The long stop date on the original agreement has been extended to August 31, 2020. Vodafone Idea plans to monetize its 11.15% stake in Indus on completion of the Indus-Infratel merger.

COVID-19 Impact

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slow down of economic activity. The telecommunication services are classified amongst the essential services which continued to operate during the lockdown period. While in the initial period of lockdown, the customer's ability to recharge, availability of physical recharge, acquisition of new customers as well as network rollout were somewhat adversely impacted, the services to our customers continued without any material disruption. Based on the internal and external information available and the current indicators, we believe there is no material impact of the pandemic on our overall performance, except as mentioned hereinbefore. However, given the uncertainties associated with the nature and duration of COVID-19, we continue to monitor the situation closely and shall take appropriate actions based on material changes, if any.

AGR and OTSC Judgement by Hon'ble Supreme Court

The Hon'ble Supreme Court on October 24, 2019 delivered its judgment on the cross appeals against the Hon'ble TDSAT judgment dated April 23, 2015, relating to the definition of Adjusted Gross Revenue (AGR Judgment). The order upheld the principal demand, levy of interest, penalty and interest on penalty. Further, the Hon'ble Supreme Court directed vide the supplementary order of the same date, the payment of the entire AGR dues to be made within 3 months from the date of the order. Thereafter, the company filed an application for modification of the supplementary order before the Hon'ble Supreme Court of India on January 20, 2020, seeking permission to submit an application to Department of Telecom (DoT) to decide upon the schedule of payment of AGR dues.

The matter came up for hearing on February 14, 2020 when the Hon'ble Supreme Court issued notices to the Managing Director / Directors of all Telecom Service Providers (TSPs) in view of the non-payment of AGR dues pursuant to the AGR Judgement. The company has filed a detailed affidavit placing on record the financial position of the company as also a detailed reply to place on record as to why the Company was unable to make the payments.

On March 16, 2020, the DoT also filed a modification application with respect to inter alia giving reasonable time to the TSPs, considering staggered payments with interest to duly protect the net present value, and to cease the currently applicable interest after a particular date. On March 18, 2020 the Hon'ble Supreme Court heard the matters and inter alia ordered that no exercise of self-assessment/re-assessment is to be done and the AGR dues which were placed before the Hon'ble Supreme Court have to be paid including interest and penalty. At the same hearing, the Hon'ble Supreme Court directed that the DoT's modification application would be considered on the next date of hearing.

On June 11, 2020, the modification application filed by DoT came up for hearing. The Hon'ble Supreme Court directed the TSPs to file their proposals, within 5 days, as to the time frame required by the TSPs to make the payment and what kind of securities, undertakings and guarantees should be furnished to ensure that the AGR dues are paid. On June 16 2020, the company filed an affidavit before the Hon'ble Supreme Court inter alia supporting the DoT's proposal that 20 years' timeframe be granted to make the payments of AGR dues. On June 18, 2020, Hon'ble Supreme Court inter alia considered the affidavit filed by the company and other TSPs and directed all the TSPs to: (i) file audited Balance Sheets for the last 10 years including for the year ending March 31, 2020; (ii) Income Tax Returns and the particulars of AGR deposited during the last 10 years; and (iii) to make payments of reasonable amount also to show bonafide, before the next date of hearing. The company has already made payments of Rs. 68.5 billion in three instalments during the quarter ended March 31, 2020 towards AGR dues. The matter was directed to be listed in the 3rd week of July.

The company has recognized a total estimated liability of Rs. 460.0 billion as at March 31, 2020 based on the DoT demands (mainly up to the period FY17 and some beyond) after adjustment for certain computational errors and payments made in the past not considered in DoT demands and estimates made by the company for the periods thereafter for which demands have not been received together with interest, penalty and interest on penalty up to March 31, 2020. The total estimated liability is offset by consequential adjustments on satisfaction of contractual conditions under a mechanism as per the Implementation Agreement dated March 20, 2017 entered on merger of erstwhile Vodafone and ICL in relation to the crystallization of certain contingent liabilities which existed at the time of merger in the books. Accordingly, the net impact of these effects amounting to Rs. 275.1 billion and Rs. 17.8 billion has been recognized as Exceptional items during the year and quarter, respectively. The total estimated liability stands reduced as at March 31, 2020 to the extent of payment made (Rs. 68.5 billion) as mentioned above.

In a separate matter, on March 16, 2020, Hon'ble Supreme Court dismissed the petition filed by the company challenging the levy of OTSC beyond 6.2 MHz. While we are yet to receive any demand from DoT in line with the TDSAT order, on prudence basis, we have recognized a charge for spectrum holding beyond 6.2 MHz in line with the TDSAT order. The amount has been calculated basis the demand computation that was raised by DoT in July 2018 for Bank Guarantees to be given for OTSC in line with the M&A guidelines at the time of merger. Accordingly, an amount of Rs. 38.9 billion has been recognised as Exceptional item during the quarter.

We have also classified certain borrowings from 'non-current' to 'current maturities of long term debt' for not meeting certain covenant clauses under the financial agreements for specified financial ratios as at March 31, 2020. We have exchanged correspondences/been in discussions with these lenders for the next steps/waivers.

It is to be noted that our ability to continue as going concern is essentially dependent on a positive outcome of the application before the Hon'ble Supreme Court for the payment in installments and successful negotiations with lenders. Pending the outcome of the above matters, the financial results have been prepared on a going concern basis.

Meanwhile, we continue to actively engage with the Government to provide relief on various industry related concerns. Separately, the Telecom Regulatory Authority of India (TRAI) has initiated a consultation on floor pricing at the request of all the operators, through COAI.

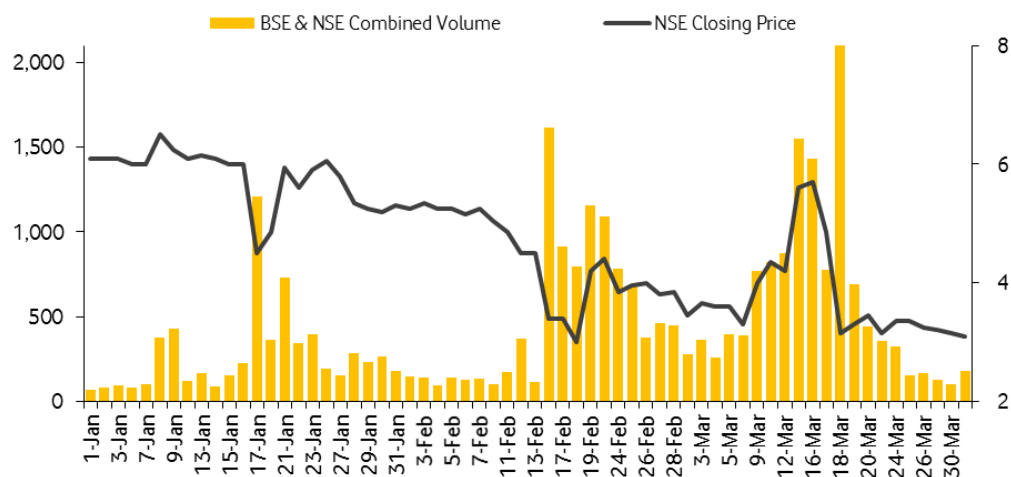
6. Stock Market Highlights

| General Information | | |
|--|------------|---------|
| BSE Code | | 532822 |
| NSE Symbol | | IDEA |
| Reuters | | IDEA.NS |
| No of Shares Outstanding (31/03/2020) | mn | 28735.4 |
| Closing Market Price - NSE (31/03/2020) | INR/share | 3.10 |
| Combined Volume (NSE & BSE) (01/01/2020 to 31/03/2020) | mn/day | 454.3 |
| Combined Value (NSE & BSE) (01/01/2020 to 31/03/2020) | INR mn/day | 2029.6 |
| Market Capitalisation (31/03/2020) | INR bn | 89 |
| Enterprise Value (31/03/2020) | INR bn | 1214 |

Vodafone Idea Daily Stock Price (NSE) & Volume (Combined of BSE & NSE) Movement

Volume (no. of Shares in mn)

Closing Price (INR)



7. Shareholding Pattern

| Particulars | As on Mar 31, 2020 | |
|------------------------------------|-----------------------|----------------|
| | No. of Shares | % holding |
| Promoter and Promoter Group | | |
| Aditya Birla Group | 7,948,341,627 | 27.66% |
| Vodafone Group | 12,755,576,455 | 44.39% |
| Total Promoter Holding | 20,703,918,082 | 72.05% |
| Public Shareholding | | |
| Institutional Holding | 4,261,759,301 | 14.83% |
| Non-Institutional Holding | 3,769,711,857 | 13.12% |
| Total | 28,735,389,240 | 100.00% |

8. Glossary

| Definitions/Abbreviation | Description/Full Form |
|---|--|
| ARPU (Average Revenue Per User) | Is calculated by dividing services revenue (exclusive of infrastructure, fixed line and device revenues) for the relevant period by the average number of subscribers during the period. The result obtained is divided by the number of months in that period to arrive at the ARPU per month figure. |
| Broadband Subscriber / Broadband Data Subscriber | Any subscriber with data usage of more than 0KB on 3G or 4G network in last 30 days. |
| 4G Subscriber | Any subscriber with data usage of more than 0KB on 4G network in last 30 days, till Q1FY20. From Q2FY20 onwards, any subscriber with data usage of more than 0KB on 4G network or VoLTE usage, in last 30 days. |
| Churn | Is calculated by dividing the difference in gross add and net add for the relevant period by the average number of subscribers during the period. The result obtained is divided by the number of months in that period to arrive at the monthly churn. |
| Data Subscriber | Any subscriber with data usage of more than 0KB in last 30 days. |
| EBITDA (Earnings before interest, tax, depreciation and amortisation) | This is the amount after deducting operating expenditure from Revenue from operations, which is comprised of Service revenue, Sales of trading goods and Other operating income. Operating expenditure is comprised of Cost of trading goods, Employee benefit expenses, Network expenses and IT outsourcing costs, License fees and spectrum usage charges, Roaming and access charges, Marketing, content, customer acquisition & service costs, and other expenses. |
| Enterprise Value | Is the summation of Market Capitalisation and consolidated Net Debt |
| EPS | Earnings per share, is calculated by dividing the Profit after Tax for the period by the weighted average number of outstanding equity shares. |
| EoP | End of period |
| FY | Financial year ending March 31 |
| GSM | Global System for Mobile communications, the most popular standard for mobile telephony in the world |
| Gross Revenue | Is the summation of service revenue, revenue from sale of trading goods and other income |
| Ind AS | Indian Accounting Standard |
| Indian GAAP | Indian Generally Accepted Accounting Principles |
| Market Capitalisation | Number of outstanding shares at end of the period multiplied by closing market price (NSE) at end of the period |

| Definitions/Abbreviation | Description/Full Form |
|--------------------------|--|
| Net Adds | Refers to net customer additions which is calculated as the difference between the closing and the opening customer base for the period |
| Net Debt | Total loan funds including deferred spectrum payment obligations due to the Government but excluding the finance lease obligations, reduced by cash and cash equivalents |
| Net Worth | Calculated as the summation of Share Capital and Reserves & Surplus reduced by debit balance of Profit & Loss account (if any) |
| Price to Earning | Is calculated by dividing the closing market price (NSE) at the end of the period by the annualised EPS |
| Site | Represents unique combination of Technology and Spectrum band (frequency). Site count does not include Massive MIMO and Small Cells |
| Service Area/ Circle | Unless otherwise specifically mentioned, means telecom service areas in India as defined by the DoT |

For any clarification kindly contact
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