

6 August 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: Financial Results for the First Quarter Ended 30<sup>th</sup> June 2020 - Regulation 33 of SEBI (LODR) Regulations, 2015**

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

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Financial Results (Standalone and Consolidated) of the Company for the first quarter ended 30<sup>th</sup> June 2020, together with the Report of the Statutory Auditors’ thereon.

The aforesaid results have been approved by the Board of Directors of the Company at their meeting held today, which commenced at 2:00 P.M. and concluded at 4:00 PM.

A copy of Press Release issued in this regard is also attached herewith.

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

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to  
The Board of Directors  
Vodafone Idea Limited

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Vodafone Idea Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and joint ventures for the quarter ended June 30, 2020 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the entities as referred to in the Annexure.
5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.



## 6. Material Uncertainty on Going Concern

We draw attention to Note 2 to the financial results which describes the DoT demand based on Hon'ble Supreme Court judgment dated October 24, 2019 on the definition of Gross Revenue as per the UASL agreement and the liability on license fee and spectrum usage charges. During the quarter ended June 30, 2020, based on Hon'ble Supreme Court judgment of July 20, 2020, the Company has further provided Rs 194,405 million and its entire networth is eroded as at June 30, 2020. Further, owing to its financial performance and financial condition, the Company has breached its debt covenants as at March 31, 2020 for which it is in discussions with various lenders. This has impacted the Company's ability to generate the cash flow that it needs to settle/ refinance its liabilities and guarantees as they fall due, resulting in material uncertainty that casts significant doubt on the Company's ability to make the payments mentioned therein and continue as a going concern.

The said assumption of going concern is dependent upon positive outcome of Company's and DoT's application with respect to deferred payment of its AGR liability, waiver of debt covenant breaches and its ability to generate/arrange the cash flow that it needs to settle or refinance its liabilities and guarantees as they fall due. Our conclusion is not modified in respect of this matter.

## 7. Material uncertainty arising out of certain developments and its consequential impact on business operations"- Reported in the auditors' report on the interim financial statements of Indus Towers Limited, a joint venture company, as at June 30, 2020:

As stated in Note 3, the audit report of Indus Towers Limited ("Indus"), a Joint Venture Company, on the interim financial statements for the three months period ended June 30, 2020, includes a matter which describes on the effect on business, results of operations, financial position of the Company's top customers caused by financial stress post the AGR judgement of the Hon'ble Supreme Court dated October 24, 2019, subsequently upheld on March 18, 2020. Our conclusion is not modified in respect of this matter.

## 8. The accompanying Statement of unaudited consolidated financial results includes the Group's share of net profit after tax and total comprehensive income of Rs 4 million for the quarter ended June 30, 2020, as considered in the unaudited consolidated financial results in respect of a joint venture, based on its interim financial results which have not been reviewed by any auditor. These unaudited interim financial results and other unaudited financial information have been approved and furnished to us by the Management. Our conclusion, in so far as it relates to the affairs of the joint venture, is based solely on such unaudited interim financial results and other unaudited financial information. According to the information and explanations given to us by the Management, these interim financial results are not material to the Group. Our conclusion is not modified with respect of this matter.

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



per Nilangshu Katriar  
Partner  
Membership No.: 58814  
UDIN: 20058814AAAACA1006

Place: Mumbai  
Date: August 06, 2020

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

Chartered Accountants

Annexure to Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

## List of Subsidiaries, Joint Ventures and Associate


### Subsidiaries

1. Vodafone Idea Manpower Services Limited (formerly Idea Cellular Services Limited)
2. Vodafone Idea Business Services Limited (formerly Vodafone Business Services Limited)
3. Vodafone Idea Communication Systems Limited (formerly Mobile Commerce Solution Limited)
4. Vodafone M-Pesa Limited
5. Vodafone Idea Shared Services Limited (formerly Vodafone India Ventures Limited)
6. You Broadband India Limited
7. Vodafone Idea Technology Solutions Limited (formerly Vodafone Technology Solutions Limited)
8. Vodafone Idea Telecom Infrastructure Limited (formerly Vodafone Towers Limited)
9. Vodafone Foundation
10. Connect (India) Mobile Technologies Private Limited
11. You System Integration Private Limited

### Joint Ventures

1. Indus Towers Limited
2. FireFly Networks Limited

### Associate

-  1. Aditya Birla Idea Payments Bank Limited



**VODAFONE IDEA LIMITED (formerly Idea Cellular Limited)**  
 Regd Office :- Suman Tower, Plot No 18, Sector 11, Gandhi Nagar-382011, CIN-L32100GJ1996PLC030976  
 Unaudited Consolidated Financial Results for the three months ended 30-June-2020

(₹ Mn, except per share data)

Particulars	Quarter ended			Year ended
	30-June-20 Unaudited	31-March-20 Refer Note 9	30-June-19 Unaudited	31-March-20 Audited
<b>INCOME</b>				
Service Revenue	106,545	117,343	112,638	449,123
Sale of Trading Goods	12	13	9	44
Other Operating Income	36	186	52	408
<b>REVENUE FROM OPERATIONS</b>	<b>106,593</b>	<b>117,542</b>	<b>112,699</b>	<b>449,575</b>
Other Income	553	1,662	2,796	10,393
<b>TOTAL INCOME</b>	<b>107,146</b>	<b>119,204</b>	<b>115,495</b>	<b>459,968</b>
<b>EXPENSES</b>				
Cost of Trading Goods	11	42	33	129
Employee Benefit Expenses	5,718	3,210	5,843	21,643
Network Expenses and IT Outsourcing Costs	24,110	25,872	29,986	109,916
License Fees and Spectrum Usage Charges	10,017	13,394	11,910	48,482
Roaming & Access Charges	15,026	16,100	13,198	59,976
Marketing, Content, Customer Acquisition & Service Costs	6,475	9,965	9,613	40,983
Finance Costs	38,039	41,770	37,900	153,920
Depreciation & Amortisation Expenses	59,757	60,388	61,308	243,564
Other Expenses	4,252	5,158	4,953	19,321
<b>TOTAL EXPENSES</b>	<b>163,405</b>	<b>175,899</b>	<b>174,744</b>	<b>697,934</b>
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS, TAX AND SHARE IN PROFIT / (LOSS) OF JOINT VENTURES AND ASSOCIATE</b>	<b>(56,259)</b>	<b>(56,695)</b>	<b>(59,249)</b>	<b>(237,966)</b>
Add: Share in Profit/(Loss) of Joint Ventures and Associate (net)	889	678	581	3,553
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>	<b>(55,370)</b>	<b>(56,017)</b>	<b>(58,668)</b>	<b>(234,413)</b>
Exceptional Items (Net) (Refer Note 5)	(199,232)	(61,409)	(8,070)	(383,557)
<b>PROFIT/ (LOSS) BEFORE TAX</b>	<b>(254,602)</b>	<b>(117,426)</b>	<b>(66,738)</b>	<b>(617,970)</b>
<b>Tax expense:</b>				
- Current tax	1	(4)	9	4
- Deferred tax	(3)	(987)	(18,008)	120,807
<b>PROFIT / (LOSS) AFTER TAX</b>	<b>(254,600)</b>	<b>(116,435)</b>	<b>(48,739)</b>	<b>(738,781)</b>
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>				
- Re-measurement gains/ (losses) of defined benefit plans	(71)	171	(528)	(281)
- Income tax effect	2	(15)	184	193
- Group's share in other comprehensive income of joint ventures and associate	(1)	2	-	(2)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>	<b>(254,670)</b>	<b>(116,277)</b>	<b>(49,083)</b>	<b>(738,871)</b>
Paid up Equity Share Capital (Face value ₹ 10 per share)	287,354	287,354	287,354	287,354
Other Equity				(227,555)
Earnings Per Share for the period (₹)				
- Basic	(8.86)	(4.05)	(2.20)	(27.26)
- Diluted	(8.86)	(4.05)	(2.20)	(27.26)



## Notes

1. The above unaudited consolidated financial results, as reviewed by the Audit Committee of the Board, were approved and taken on record by the Board of Directors at their meeting held on 6<sup>th</sup> August, 2020.
2. A. The Hon'ble Supreme Court on 24<sup>th</sup> October, 2019 delivered its judgment on the cross appeals against the Hon'ble TDSAT judgment dated 23<sup>rd</sup> April, 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. Pursuant to the AGR judgment and including subsequent supplementary judgments, the Group had recognized a total estimated liability (AGR dues) of ₹ 460,000 Mn as at March 31, 2020. This was based on the DoT demands (mainly up to the period FY 2016-17 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 had not been received together with interest, penalty and interest on penalty up to 31<sup>st</sup> March, 2020. The Company had also made payments of ₹ 68,544 Mn in three instalments during the quarter ended 31<sup>st</sup> March, 2020 towards such AGR dues.

On 11<sup>th</sup> June 2020, 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 16<sup>th</sup> June 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 18<sup>th</sup> June, 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 31<sup>st</sup> March, 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. Thereafter, the Company submitted the required documents and made a further payment of ₹ 10,000 Mn towards AGR dues. By order dated 20<sup>th</sup> July, 2020 the Hon'ble Supreme Court, after hearing all parties, observed that the calculations which have been given and the amount to be recovered (preliminary assessed) given by DoT in its modification application are taken to be as final amount and there can be no dispute raised about it. The Hon'ble Supreme Court has reserved its order with respect to the prayer made for making the payment in installments and the offer made by the Government, the time frame thereto and how to secure the amount.

Consequent to the above, during the quarter, without prejudice and on prudence, the Company has recognized an additional charge of ₹ 194,405 Mn (including net interest on total provision created, considering the rate as per the affidavit filed by DoT on 16<sup>th</sup> March, 2020, with effect from the date of AGR Judgement) as exceptional item towards the total estimated liability based on the DoT demands amounting to ₹ 582,540 Mn as per preliminary assessments up to FY 2016-17 filed by DoT in the Hon'ble Supreme Court and estimates made by the Company for the periods thereafter computed based on the terms of the License Agreement, AGR Judgement, etc. together with interest, penalty and interest on penalty up to 30<sup>th</sup> June, 2020 as reduced by the liability already provided up to March 31, 2020. Consequently, net worth of the Company has turned negative during the quarter and stands at ₹ (194,918) Mn.

- B. As at 31<sup>st</sup> March, 2020, the Company had classified ₹ 142,757 Mn from non-current borrowings to current maturities of long-term debt for not meeting certain covenant clauses under the financial agreements for specified financial ratios as at 31<sup>st</sup> March, 2020. The Company had exchanged correspondences/been in discussions with these lenders for the next steps/waivers. Of the above, during the quarter, the Company has received waivers for borrowings amounting to ₹ 45,000 Mn. During the previous year, the credit rating of certain borrowings have been revised to BB-. As a result, certain lenders had asked for increase of interest rates, for which the Company is in discussion with such lenders. Further, guarantees amounting to ₹ 120,115 Mn are due to expire during the next twelve months.

The above factors indicate that material uncertainty exists that cast significant doubt on the Company's ability to continue as a going concern and its ability to generate the cash flow that it needs to settle/refinance its liabilities and guarantees as they fall due. The Company's ability to continue as a going concern is essentially dependent on a positive outcome with regard to the timeframe for the payment of AGR dues to be made in installments and successful negotiations with lenders. Pending the outcome of the above matters, these consolidated financial results have been prepared on a going concern basis.

3. Indus Towers Limited, a joint venture of the Company ("JV Company"), in its interim financial statements for the quarter ended 30<sup>th</sup> June, 2020 reported that the JV Company's two major customers in the telecom services industry impacted by the above AGR judgement (refer note 2A above) contributed substantial and material portion of the net sales which resulted in significant and material part of the trade receivables due from these customers. Further, that the loss of significant customer/s or the failure to attract new customers could have a material adverse effect on the business, results of operations and financial condition of the JV Company. This matter is included in the auditor's report on the interim financial statements of Indus Towers Limited as at 30<sup>th</sup> June, 2020.





4. The Group operates only in one reportable segment i.e. Mobility and hence no separate disclosure is required for Segments.
5. Exceptional Items :-

₹ Mn

Particulars	Quarter ended			Year ended
	30-June-20	31-March-20	30-June-19	31-March-20
Integration and merger related costs	(3,746)	(2,486)	(2,262)	(10,012)
Provision for additional depreciation / impairment of assets	377	(2,211)	(3,716)	(57,571)
Provision for impairment towards investment in associate	-	-	(2,092)	(1,596)
License fees and SUC on AGR (Refer Note 2(A) above)	(194,405)	(17,836)	-	(275,143)
One Time Spectrum Charges (including interest)	(1,230)	(38,871)	-	(38,871)
Others	(228)	(5)	-	(364)
<b>Total</b>	<b>(199,232)</b>	<b>(61,409)</b>	<b>(8,070)</b>	<b>(383,557)</b>

6. Financial results of Vodafone Idea Limited (Standalone) :-

₹ Mn

Particulars	Quarter ended			Year ended
	30-June-20 Unaudited	31-March-20 Refer Note 9	30-June-19 Unaudited	31-March-20 Audited
Revenue from Operations	105,939	116,719	112,088	447,150
Profit / (Loss) before Tax	(253,339)	(119,488)	(68,542)	(622,867)
Net Profit / (Loss) after Tax	(253,339)	(119,488)	(50,379)	(731,315)

7. During the quarter, the Company has pledged equity shares of Indus held by the Company as security against certain non-fund based facilities in the nature of bank guarantees of ₹ 19,350 Mn with an option to get the pledge released by providing alternate security. Such pledge is executed by the Company as first ranking exclusive charge in favour of Security trustee for the benefit of the lender and its successor.
8. The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slow down of economic activity. The Ministry of Home Affairs vide order No.40-3/2020 dated 24<sup>th</sup> March, 2020 notified telecommunication services amongst the essential services which continued to operate during the lockdown period. While in the initial period of the quarter, the customer's ability to recharge, availability of physical recharge, acquisition of new customers as well as network rollout were somewhat adversely impacted due to the country wide lockdown, the services to our customers continued without any material disruption. As on the date of these results, the Company based on the internal and external information available and the current indicators, believes that there is no material impact of the pandemic on its overall performance, except as mentioned hereinbefore. However, given the uncertainties associated with the nature and duration of COVID-19, the Company continues to monitor the situation closely and shall take appropriate actions based on material changes (if any).
9. The consolidated financial results for the quarter ended 31<sup>st</sup> March, 2020 are balancing figures between audited results for the full financial year ended 31<sup>st</sup> March, 2020 and published year to date figures up to 31<sup>st</sup> December, 2019.
10. The Previous period figures have been regrouped and rearranged wherever necessary.

For and on behalf of the Board of Directors of

**VODAFONE IDEA LIMITED**



Date: 6<sup>th</sup> August, 2020  
Place: London

**Ravinder Takkar**  
Managing Director & Chief Executive Officer



Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to  
The Board of Directors  
Vodafone Idea Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of Vodafone Idea Limited (the "Company") for the quarter ended June 30, 2020 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. Material Uncertainty on Going Concern

We draw attention to Note 2 to the financial results which describes the DoT demand based on Hon'ble Supreme Court judgment dated October 24, 2019 on the definition of Gross Revenue as per the UASL agreement and the liability on license fee and spectrum usage charges. During the quarter ended June 30, 2020, based on Hon'ble Supreme Court judgment of July 20, 2020, the Company has further provided Rs 194,405 Mn and its entire network is eroded as at June 30, 2020. Further, owing to its financial performance and financial condition, the Company has breached its debt covenants as at March 31, 2020 for which it is in discussions with various lenders. This has impacted the Company's ability to generate the cash flow that it needs to settle/ refinance its liabilities and guarantees as they fall due, resulting in material uncertainty that casts significant doubt on the Company's ability to make the payments mentioned therein and continue as a going concern.





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

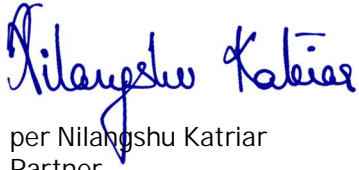
Chartered Accountants

The said assumption of going concern is dependent upon positive outcome of Company's and DoT's application with respect to deferred payment of its AGR liability, waiver of debt covenant breaches and its ability to generate/arrange the cash flow that it needs to settle or refinance its liabilities and guarantees as they fall due. Our conclusion is not modified in respect of this matter.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per Nilangshu Katriar

Partner

Membership No.: 58814

UDIN: 20058814AAAACB3335

Place: Mumbai

Date: August 06, 2020



VODAFONE IDEA LIMITED (formerly Idea Cellular Limited)  
 Regd Office :- Suman Tower, Plot No 18, Sector 11, Gandhi Nagar-382011, CIN-L32100GJ1996PLC030976  
 Unaudited Financial Results for the three months ended 30-June-2020

(₹ Mn, except per share data)

Particulars	Quarter ended			Year Ended
	30-June-20 Unaudited	31-March-20 Refer Note 7	30-June-19 Unaudited	31-March-20 Audited
<b>INCOME</b>				
Service Revenue	105,895	116,646	112,024	446,827
Sale of trading goods	-	-	3	3
Other Operating Income	44	73	61	320
<b>REVENUE FROM OPERATIONS</b>	<b>105,939</b>	<b>116,719</b>	<b>112,088</b>	<b>447,150</b>
Other Income	1,640	1,620	2,962	10,861
<b>TOTAL INCOME</b>	<b>107,579</b>	<b>118,339</b>	<b>115,050</b>	<b>458,011</b>
<b>EXPENSES</b>				
Cost of Trading Goods	-	-	3	3
Employee Benefit Expenses	5,303	2,793	5,319	19,726
Network Expenses and IT Outsourcing Costs	24,258	26,030	29,777	109,849
License Fees and Spectrum Usage Charges	10,016	13,495	11,871	48,476
Roaming & Access Charges	15,026	16,100	13,198	59,976
Marketing, Content, Customer Acquisition & Service Costs	6,617	10,147	9,683	41,593
Finance Costs	38,009	41,732	37,876	153,772
Depreciation & Amortisation Expenses	57,938	58,479	60,821	238,888
Other Expenses	4,519	5,294	5,582	21,353
<b>TOTAL EXPENSES</b>	<b>161,686</b>	<b>174,070</b>	<b>174,130</b>	<b>693,636</b>
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>	<b>(54,107)</b>	<b>(55,731)</b>	<b>(59,080)</b>	<b>(235,625)</b>
Exceptional Items (net) (Refer Note 4)	(199,232)	(63,757)	(9,462)	(387,242)
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(253,339)</b>	<b>(119,488)</b>	<b>(68,542)</b>	<b>(622,867)</b>
<b>Tax expense:</b>				
- Current tax	-	-	1	-
- Deferred tax	-	-	(18,164)	108,448
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>(253,339)</b>	<b>(119,488)</b>	<b>(50,379)</b>	<b>(731,315)</b>
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>				
- Equity instrument through other comprehensive gains/(losses)	(1,537)	(4,417)	(5,273)	(19,403)
- Income tax effect on equity instrument through other comprehensive gains/(losses)	-	-	1,229	1,229
- Re-measurement gains/ (losses) of defined benefit plans	(63)	119	(529)	(253)
- Income tax effect on re-measurement gains/ (losses) of defined benefit plans	-	-	185	185
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>	<b>(254,939)</b>	<b>(123,786)</b>	<b>(54,767)</b>	<b>(749,557)</b>
Paid up Equity Share Capital (Face value ₹ 10 per share)	287,354	287,354	287,354	287,354
Other Equity				(197,341)
Earnings/(Loss) Per Share for the period (₹)				
- Basic	(8.82)	(4.16)	(2.27)	(26.97)
- Diluted	(8.82)	(4.16)	(2.27)	(26.97)



## Notes

1. The above unaudited financial results, as reviewed by the Audit Committee of the Board, were approved and taken on record by the Board of Directors at their meeting held on 6<sup>th</sup> August, 2020.
2. A. The Hon'ble Supreme Court on 24<sup>th</sup> October, 2019 delivered its judgment on the cross appeals against the Hon'ble TDSAT judgment dated 23<sup>rd</sup> April, 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. Pursuant to the AGR judgment and including subsequent supplementary judgments, the Company had recognized a total estimated liability (AGR dues) of ₹ 459,607 Mn as at March 31, 2020. This was based on the DoT demands (mainly up to the period FY 2016-17 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 had not been received together with interest, penalty and interest on penalty up to 31<sup>st</sup> March, 2020. The Company had also made payments of ₹ 68,544 Mn in three instalments during the quarter ended 31<sup>st</sup> March, 2020 towards such AGR dues.

On 11<sup>th</sup> June 2020, 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 16<sup>th</sup> June 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 18<sup>th</sup> June, 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 31<sup>st</sup> March, 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. Thereafter, the Company submitted the required documents and made a further payment of ₹ 10,000 Mn towards AGR dues. By order dated 20<sup>th</sup> July, 2020 the Hon'ble Supreme Court, after hearing all parties, observed that the calculations which have been given and the amount to be recovered (preliminary assessed) given by DoT in its modification application are taken to be as final amount and there can be no dispute raised about it. The Hon'ble Supreme Court has reserved its order with respect to the prayer made for making the payment in installments and the offer made by the Government, the time frame thereto and how to secure the amount.

Consequent to the above, during the quarter, without prejudice and on prudence, the Company has recognized an additional charge of ₹ 194,405 Mn (including net interest on total provision created, considering the rate as per the affidavit filed by DoT on 16<sup>th</sup> March, 2020, with effect from the date of AGR Judgement) as exceptional item towards the total estimated liability based on the DoT demands amounting to ₹ 582,540 Mn as per preliminary assessments up to FY 2016-17 filed by DoT in the Hon'ble Supreme Court and estimates made by the Company for the periods thereafter computed based on the terms of the License Agreement, AGR Judgement, etc. together with interest, penalty and interest on penalty up to 30<sup>th</sup> June, 2020 as reduced by the liability already provided up to March 31, 2020. Consequently, net worth of the Company has turned negative during the quarter and stands at ₹ (164,927) Mn.

- B. As at 31<sup>st</sup> March, 2020, the Company had classified ₹ 142,757 Mn from non-current borrowings to current maturities of long-term debt for not meeting certain covenant clauses under the financial agreements for specified financial ratios as at 31<sup>st</sup> March, 2020. The Company had exchanged correspondences/been in discussions with these lenders for the next steps/waivers. Of the above, during the quarter, the Company has received waivers for borrowings amounting to ₹ 45,000 Mn. During the previous year, the credit rating of certain borrowings have been revised to BB-. As a result, certain lenders had asked for increase of interest rates, for which the Company is in discussion with such lenders. Further, guarantees amounting to ₹ 120,115 Mn are due to expire during the next twelve months.

The above factors indicate that material uncertainty exists that cast significant doubt on the Company's ability to continue as a going concern and its ability to generate the cash flow that it needs to settle/refinance its liabilities and guarantees as they fall due. The Company's ability to continue as a going concern is essentially dependent on a positive outcome with regard to the timeframe for the payment of AGR dues to be made in installments and successful negotiations with lenders. Pending the outcome of the above matters, these financial results have been prepared on a going concern basis.



3. The Company operates only in one reportable segment i.e. Mobility and hence no separate disclosure is required for Segments.
4. Exceptional Items: -

Particulars	Quarter ended			Year Ended
	30-June-20	31-March-20	30-June-19	31-March-20
Integration and merger related costs	(3,746)	(2,486)	(2,262)	(9,855)
Provision for additional depreciation / impairment of assets	377	(2,191)	(3,716)	(57,269)
Provision for impairment towards its loan receivable/investment in subsidiaries / associate	-	(2,630)	(3,484)	(6,224)
License fees and SUC on AGR (Refer Note 2(A) above)	(194,405)	(17,579)	-	(274,886)
One Time Spectrum Charges (including interest)	(1,230)	(38,871)	-	(38,871)
Others	(228)	-	-	(137)
<b>Total</b>	<b>(199,232)</b>	<b>(63,757)</b>	<b>(9,462)</b>	<b>(387,242)</b>

5. During the quarter, the Company has pledged equity shares of Indus held by the Company as security against certain non-fund based facilities in the nature of bank guarantees of ₹ 19,350 Mn with an option to get the pledge released by providing alternate security. Such pledge is executed by the Company as first ranking exclusive charge in favour of Security trustee for the benefit of the lender and its successor.
6. The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slow down of economic activity. The Ministry of Home Affairs vide order No.40-3/2020 dated 24<sup>th</sup> March, 2020 notified telecommunication services amongst the essential services which continued to operate during the lockdown period. While in the initial period of the quarter, the customer's ability to recharge, availability of physical recharge, acquisition of new customers as well as network rollout were somewhat adversely impacted due to the country wide lockdown, the services to our customers continued without any material disruption. As on the date of these results, the Company based on the internal and external information available and the current indicators, believes that there is no material impact of the pandemic on its overall performance, except as mentioned hereinbefore. However, given the uncertainties associated with the nature and duration of COVID-19, the Company continues to monitor the situation closely and shall take appropriate actions based on material changes (if any).
7. The financial results for the quarter ended 31<sup>st</sup> March, 2020 are balancing figures between audited results for the full financial year ended 31<sup>st</sup> March, 2020 and published year to date figures up to 31<sup>st</sup> December, 2019.
8. Previous periods figures have been regrouped and rearranged wherever necessary.

For and on behalf of the Board of Directors of

**VODAFONE IDEA LIMITED**



**Date: 6<sup>th</sup> August, 2020**  
**Place: London**

**Ravinder Takkar**  
**Managing Director & Chief Executive Officer**



Media Release – August 06, 2020

## Q1 impacted by nationwide lockdown; Seamless services to customers reflected in data volume growth

### Highlights for the Quarter

- Offered uninterrupted services to both retail and enterprise customers, despite operational headwinds during these unprecedented times,
- Revenue for the quarter declined by 9.3% to Rs. 106.6 billion, impacted by the nationwide lockdown
- **Strong data volume growth of 10.6%**, highest in the last 6 quarters; Data usage per broadband subscriber increased to 13 GB per month
- Significant network capacity expansion post integration, supporting the surge in data volumes
- **Fastest 4G download speeds** in the metros – Delhi and Mumbai, along with West Bengal, Uttar Pradesh, Madhya Pradesh, and Assam in Q1FY21
- New cost optimization initiatives to drive further organizational efficiency; target to achieve **Rs. 40 billion annualized opex savings** over next 18 months
- **AGR update:** in line with the Hon’ble Supreme Court’s order, recorded liability in financials as per DoT’s preliminary assessments filed in the Supreme Court

### Financial Highlights

Consolidated (Rs Mn)	Q4FY20	Q1FY21
Revenue	117,542	106,593
EBITDA	43,801	40,984
EBITDA%	37.3%	38.4%
Depreciation & Amortisation	60,388	59,757
EBIT	(16,587)	(18,773)
Interest and Financing Cost (Net)	40,108	37,486
Exceptional Items		
- Impairment (non-cash)	(1,871)	(263)
- Others	(59,538)	(198,969)
Share of Profit/(Loss) from Indus & ABIPBL	678	889
PBT	(117,426)	(254,602)
<b>PAT</b>	<b>(116,435)</b>	<b>(254,600)</b>
Other Comprehensive Income (net of Tax)	158	(70)
<b>Total Comprehensive Income (Consolidated)</b>	<b>(116,277)</b>	<b>(254,670)</b>

Ravinder Takkar, MD & CEO, Vodafone Idea Limited, said “During the nationwide lockdown due to COVID-19 pandemic, our teams did a phenomenal job of providing seamless high quality services, keeping people and businesses connected during these unprecedented times. Q1FY21 was a challenging quarter as availability of recharges due to store closure and ability of customers to recharge on account of economic slowdown were impacted. 4G coverage and capacity expansion remains a priority for us to further improve our customers’ experience and we continue to lead the league tables on 4G data download speeds across several states, metros and large cities. We continued to make progress on our strategy with integration largely complete, enabling us to realise cost synergies well ahead of our initial targets. We have launched a new cost optimization initiative that will drive further cost savings. We also continue to actively engage with the government seeking a comprehensive relief package for the industry, which faces critical challenges.”

## **Operational highlights**

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and a slowdown of economic activities. Through these difficult and challenging times, we are playing a critical role in providing connectivity to millions of Indians. Our high quality mobile network has formed the backbone to the digital infrastructure of the country, as overnight businesses shifted to virtual workspaces and friends and families connected and comforted each other online. We remain committed to helping our customers and society during these challenging times. We extended the validity as well as provided free talk time to nearly 100 million bottom of pyramid customers, who were the most severely affected. As a socially responsible corporate, we will continue to extend our support to the country during these extremely challenging times.

Subscriber churn reduced to an all-time low of 2.0% (3.3% in Q4FY20), as net disconnections were lower during the quarter. However, the gross additions were severely impacted by closure of retail stores during the nationwide lockdown resulting in subscriber base decline to 279.8 million in Q1FY21 from 291.1 million in Q4FY20. ARPU for Q1FY21 was Rs. 114 vs Rs. 121 in Q4FY20.

We continue to invest in 4G to increase coverage and capacity, however the hardware deployment during the quarter was impacted by the lockdown. However, we added ~13,000 4G FDD sites primarily through refarming of 2G/3G spectrum to expand our 4G capacity. Our 4G population coverage is now around 1 billion compared to 916 million a year ago. We also made progress in implementing LTE 900 in select locations, including through dynamic spectrum refarming, to improve customer experience. We have deployed ~59,800 TDD sites in addition to deployment of ~12,100 Massive MIMO sites and ~11,700 small cells till date. Our overall broadband site count stood at 446,131 as of Q1FY21 compared to 436,006 in Q4FY20.

These network investment initiatives have delivered a significant capacity uplift and enabled us to offer superior customer experience. We have the fastest 4G download speeds across the circles of Delhi and Mumbai, along with West Bengal, Uttar Pradesh, Madhya Pradesh and Assam, based on Speedtest Intelligence® data from Ookla®. We also have the fastest 4G download speeds in several major cities like Jaipur, Indore, Nagpur, Bhopal and Guwahati.

At the end of the quarter, the 4G subscriber base was 104.6 million. Total data volumes grew by 10.6% (40.4% YoY), to 4,523 billion MB compared to the last quarter, being the highest growth in the last 6 quarters. Total minutes on the network declined by 6.0% during the quarter.

## **Financial highlights**

The services to our customers continued without any material disruption during the lockdown as our teams across the country worked tirelessly to ensure uninterrupted connectivity. However, the customer's ability to recharge, availability of physical recharge, acquisition of new customers as well as physical network rollout were significantly impacted during the quarter.

Revenue for the quarter was Rs. 106.6 billion, a decline of 9.3% QoQ on account of large scale lockdown and disruption of economic activities. On Reported basis, EBITDA for the quarter declined to Rs. 41.0 billion, a QoQ decline of 6.4%. Despite a sharp revenue decline, EBITDA excluding IndAS 116 impact declined by Rs. 1.8 billion to



Rs. 15.4 billion, after adjusting for one-off of Rs. 3 billion, vs Rs. 17.1 billion in Q4FY20 (after adjusting for one-off of Rs. 4 billion) as impact of lower revenue was largely offset by reduction in subscriber acquisition costs due to lower gross additions during the quarter, marketing costs and other expenses as well as other cost optimisation initiatives. The EBITDA margin, excluding IndAS 116 impact and adjusted for one-offs, stands at 14.4% vs 14.6% in Q4FY20.

Gross debt (excluding lease liabilities) as of June 30, 2020 was Rs. 1,189.4 billion, including deferred spectrum payment obligations due to the Government of Rs. 922.7 billion. Cash & cash equivalents were Rs. 34.5 billion and net debt stood at Rs. 1,155.0 billion (vs Rs. 1,125.2 billion in Q4FY20).

Capex spend in Q1FY21 of Rs. 6.0 billion was lower compared to Rs. 18.2 billion in Q4FY20, as the rollout in Q1 was impacted by COVID-19 with disruptions to equipment supply and logistics following the nationwide lockdown.

### **Cost optimization initiative launched**

The integration of erstwhile Vodafone India and Idea Cellular is now nearly complete, with Vodafone Idea realizing its targeted annualized opex synergies of Rs. 84 billion well ahead of the original timeline. Having successfully achieved these synergies, we have rolled out a further cost optimization plan across the company in line with the evolving industry structure and business model. Through this exercise, we plan to achieve Rs. 40 billion of annualized cost savings over next 18 months. As a step in that direction, we are in the process of organization wide restructuring, which will transform the company into a lean and agile 'fit for future' workplace.

### **Indus-Bharti Infratel merger update**

The merger of Indus Towers and Bharti Infratel has received FDI approval. The long stop date on the original agreement has been extended to August 31, 2020. We have option to monetize our 11.15% stake in Indus on completion of the Indus-Infratel merger.

### **AGR by Hon'ble Supreme Court**

The Hon'ble Supreme Court on October 24, 2019 delivered its judgment on the issue relating to the definition of Adjusted Gross Revenue (AGR Judgment). The order upheld the principal demands, levy of interest, penalty and interest on penalty. The Hon'ble Supreme Court in its supplementary order had directed the Telecom Service Providers (TSPs) to make the payments of the dues within 3 months from the date of the judgement. Subsequently, TSPs and the DoT moved applications seeking modification of the supplementary order of the Hon'ble Supreme Court. In its modification application, DoT proposed the mode of recovery of AGR dues for the consideration of the Hon'ble Supreme Court and submitted a statement of preliminary assessed dues for various TSPs, which for VIL, aggregated to Rs. 582.5 billion up to FY 2016-17.

On July 20, 2020 vide its order on the modification applications filed by the TSPs and the DoT, the Hon'ble Supreme Court confirmed the aforesaid preliminary assessed dues submitted by the DoT. On the aspects of the time frame for the mode of recovery of the AGR dues and how to secure the dues, the Hon'ble Supreme Court has reserved its order.

Consequent to the above, during this quarter, on prudence, we have recognized a charge of Rs. 194.4 billion as an exceptional item towards the total estimated AGR liability, in addition to estimated recognized liability of Rs. 460.0 billion as on March 31, 2020.

We have also classified Rs. 142.8 billion 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. Of the above, during the quarter, we have received waivers for borrowings amounting to Rs. 45.0 billion.

It is to be noted that our ability to continue as going concern is essentially dependent on a positive outcome with regard to the timeframe for the payment of AGR dues to be made in instalments and successful negotiations with lenders. Pending the outcome of the above matters, these consolidated 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.

#### **About Vodafone Idea Ltd. (formerly Idea Cellular Ltd)**

Vodafone Idea Limited is an Aditya Birla Group and Vodafone Group partnership. It is amongst India's leading telecom service provider. The company provides pan India Voice and Data services across 2G, 3G and 4G platforms. With the 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 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-ground presence. The company's equity share are listed on National Stock Exchange (NSE) and the BSE in India.

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