

14th November, 2018

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 – 30th September, 2018

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 second quarter and half year ended 30th September, 2018.

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

Second Quarter ended September 30, 2018

STRONGER TOGETHER. FOR YOU.

Vodafone Idea Limited

India's #1 Telecom company



Vodafone Idea Limited (formerly Idea Cellular Limited)

An Aditya Birla Group and Vodafone Group Partnership

Registered Office : Suman Tower, Plot No. 18, Sector 11, Gandhinagar 382011, 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. The earlier period financial data is based on IGAAP. 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

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

Vodafone India Limited has merged into Idea Cellular Limited (ICL) on 31st August, 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 with over 422 million customers and Revenue (AGR) Market Share of 32.2% (Q1FY19 including wireline revenue). 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. 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. Company is listed on the National Stock Exchange (NSE) and the BSE in India.

1.1 Promoter Groups

Vodafone Group is one of the world's largest telecommunications companies and provides a range of services including voice, messaging, data and fixed communications. Vodafone Group has mobile operations in 25 countries, partners with mobile networks in 44 more, and fixed broadband operations in 18 markets. As of 30 September 2018, Vodafone Group had 531.9 million mobile customers and 20.4 million fixed broadband customers, including all of the customers in Vodafone's joint ventures and associates.

Aditya Birla Group, a US\$44 billion corporation, which is one of the largest business group in India, and is in the league of Fortune 500. The Aditya Birla Group is a conglomerate with operations in 35 countries. The Aditya Birla group has businesses in, among others, mobile telecommunications, metals and mining, fashion & retail, cement, carbon black, textiles, garments, chemicals, fertilizer and financial services industries etc.

1.2 Corporate Structure

| Vodafone Idea Limited | | | | | | | | | | | |
|--------------------------------|----------------------------------|------------------------------------|------------------------------|-----------------------------------|-------------------------|---------------------------------|-----------------------------|------------------------------------|--|------------------------|--|
| 100% Subsidiaries | | | | | | | | Joint Venture | | Associate | |
| Idea Cellular Services Limited | Idea Telesystems Limited | Vodafone Business Services Limited | Aditya Birla Telecom Limited | Mobile Commerce Solutions Limited | Vodafone M-Pesa Limited | Vodafone India Ventures Limited | You Broadband India Limited | Vodafone Foundation | Firefly Networks Limited | Indus Towers Limited | Aditya Birla Idea Payment Bank Limited |
| Manpower Services | Trading of communication devices | Data Centre | Investment in Indus Towers | Trading of communication devices | Mobile Wallet services | Shared service center | Fixed line Broadband | Section 8 Company - CSR activities | Wi-Fi Site Acquisitions, Installation, Maintenance | Passive infrastructure | Payments Bank |

Other subsidiaries (Insignificant business / non-operating)

- Vodafone India Digital Limited
- Vodafone Towers Limited
- Vodafone Technology Solutions Limited
- You System Integration Private Limited
- Connect India Mobile Technologies Private Limited

1.3 Business Segments

1.3.1 Mobility

- **Voice Business** – Vodafone Idea has GSM coverage in all 22 service areas. The company covers ~91.3% of the Indian population in over 487,000 towns and villages with its GSM services. The company has also introduced 4G VoLTE across all the 22 circles to provide better voice experience to subscribers and better capacity management.
- **Broadband Services** – Vodafone Idea provides broadband service on 3G and 4G platform in all 22 service areas of India for both brands. The company broadband coverage is available in ~261,000 towns and villages, covering ~67.6% of the Indian population.
- **Digital Services**
 - **My Idea App, My Vodafone App & Website** is built to give world class Digital Customer Experience across digital properties.
 - **Idea Music** offers a rich library of nearly 3.5 million Indian and international music tracks.
 - **Idea Movies & TV**- The award winning Idea Movies & TV app offers 400+ Live TV channels (in collaboration with Ditto TV & Yupp TV), over 8,500 movies across Bollywood, Regional & International and have over 1 Lac + pieces of content.
 - **Idea News and Magazines** has a collection of more than 5,000 magazines across 65 languages and latest News updates delivered in 7 languages. Idea has tied up with Magzter – the largest aggregator of Magazines in the world

- **Vodafone Play:** Vodafone play app has more than 300+ Live TV, Popular International TV shows, exclusive Original web series, in addition to over 10,000+ movies across Bollywood, Regional & International. For Vodafone RED subscribers (post-paid), the app offers one year free Amazon Prime which includes Prime Videos, Music and Shopping.

1.3.2 Enterprise Services

Vodafone Idea Enterprise services provides total communications solutions to empower global and Indian corporations, public sector & government bodies, small & medium enterprises and start-ups. From market-leading enterprise mobility, robust connectivity and world-class IoT Solutions, to superior business communication & cloud and insightful business analytics & enabling Solutions, we bring the smartest and newest technologies to serve businesses in the digital era. Our global expertise and deep local knowledge makes us the preferred digital enablement partner of enterprises across India.

1.3.3 Payments Bank

Aditya Birla Idea Payment Bank Limited (APIPBL) on April 03, 2017, received banking license from RBI. The Payments Banking services were launched on February 22, 2018. Presently, the Bank is running a pilot across five districts of Gujarat and Maharashtra to test business concepts along with evaluation of its systems and processes. The Bank has also launched its Mobile Banking, Internet Banking and UPI services. The Payments Bank intends to promote a wide range of banking products & services including current and savings bank account, domestic remittances, merchant payments and enterprise solutions.

Consequent to merger of Vodafone and Idea, Vodafone m-Pesa Limited (VMPL) has become a 100% subsidiary of Vodafone Idea. Reserve Bank of India (RBI) has permitted VMPL to continue with the PPI business only for a period of four months from the Effective Date and accordingly, the PPI business will be transferred from VMPL to ABIPBL. The proportionate Profit/ Loss of ABIPBL is consolidated at PAT level in Vodafone Idea's financials.

2. Our Strengths

2.1 Spectrum Portfolio

Vodafone Idea has a total of 1849.6 MHz of spectrum across difference frequency bands, 1714.8 MHz spectrum is liberalised and can be used towards deployment of any technology (2G, 3G, 4G or 5G). This large spectrum portfolio of the company across 22 circles will allow the company to create enormous broadband capacity.

| Circle | Administrative Spectrum | | Liberalised Spectrum | | | | | Total FDDx2+TDD |
|----------------------|-------------------------|-------------|----------------------|--------------|--------------|-------------|--------------|--------------------|
| | 900 | 1800 | 900 | 1800 | 2100 | 2300 | 2500 | |
| Andhra Pradesh | - | 6.2 | 5.0 | 6.6 | 5.0 | - | 10.0 | 55.6 |
| 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 | 55.0 | 129.2 | 333.2 | 195.0 | 30.0 | 370.0 | 1,849.6 |

2.2 Large Customer Base

Vodafone Idea is the largest mobile telecommunications company in India in terms of subscriber. The company had around 403 million active subscribers (VLR) as of September 30, 2018. This large subscriber base provides a great platform to the company for upgrading pure voice customers as user of Data services, Digital content & Payment services.

2.3 Robust Network Infrastructure

The company has large network assets in form 2G, 3G, 4G equipment and country wide optical fibre cable (OFC). The company has over 200,000 2G sites and over 365,000 broadband sites. The company continue to expand its broadband coverage and added 24,866 broadband sites during the quarter. On OFC front the company has a combined portfolio of around 233,000 kms of OFCs post elimination of

common routes including own built and IRU. Company intends to monetise the own built fibre and initiated transfer of own fibre to a wholly owned subsidiary.

The overall capex spend for the quarter on a pro-forma basis was Rs. 33 billion, majority of which was towards for 4G expansion. The incremental capex coupled with redeployment of co-located broadband sites will allow the company to expand its broadband coverage and create large capacities in a short span of time.

2.4 Enterprise Offerings

The company is well positioned in enterprise offerings across industry verticals. Vodafone Idea Limited has 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'. 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.

2.5 Tower Investments (Indus)

Indus Towers Ltd. (Indus), a joint venture between Bharti Infratel Ltd., Vodafone Group and Vodafone Idea Ltd through its subsidiary Aditya Birla Telecom Ltd. (ABTL), is one of the world's leading tower company with 124,230 towers and tenancy ratio of 1.84 as of September 30, 2018. Vodafone Idea through its subsidiary ABTL owns 11.15% stake in Indus. The proportionate profit/loss of Indus is presently consolidated at PAT level in Vodafone Idea's financials.

On 25th April 2018, merger of Bharti Infratel and Indus towers was announced which will create a listed pan-India tower company. Vodafone Idea has the option to either: (1) sell its 11.15% shareholding in Indus towers for cash based on a valuation formula linked to the VWAP for Bharti Infratel's shares during the 60 trading days at the end of Idea's election period which triggers post completion of all regulatory approvals required for the merger. This would be equivalent to a cash consideration of ~Rs. 53.7 billion (as at 30th September) or alternatively; (2) receive new shares in the combined company based on the Merger ratio (1,565 shares of Bharti Infratel for every 1 Indus towers share) subject to closing adjustments.

3. Financial Highlights

A. Profit & Loss Account (Rs mn)

| | Q2FY18 | Q3FY18 | Q4FY18 | Q1FY19 | Q2FY19 |
|--|-----------------|-----------------|----------------|--------------|-----------------|
| Gross Revenue | 74,654 | 65,097 | 61,373 | 58,892 | 76,636 |
| Opex | 59,638 | 52,864 | 46,901 | 52,297 | 72,022 |
| EBITDA | 15,016 | 12,233 | 14,473 | 6,595 | 4,614 |
| EBITDA Margin | 20.1% | 18.8% | 23.6% | 11.2% | 6.0% |
| Depreciation & Amortisation | 21,143 | 21,414 | 20,854 | 20,924 | 30,059 |
| EBIT | (6,127) | (9,181) | (6,382) | (14,329) | (25,445) |
| Interest and Financing Cost (net) | 11,829 | 11,490 | 9,743 | 13,844 | 19,511 |
| Share of Profit from Indus & Payments Bank | 843 | 818 | 744 | 599 | 422 |
| Gain on Sale of ICISL/ Exceptional Item | - | - | - | 33,645 | (5,658) |
| PBT | (17,113) | (19,853) | (15,380) | 6,071 | (50,192) |
| Tax Expenses | (6,048) | (7,007) | (5,759) | 3,505 | (454) |
| PAT | (11,065) | (12,845) | (9,621) | 2,565 | (49,738) |
| Other comprehensive income (net of Tax) | (12) | (11) | 316 | 70 | 233 |
| Total comprehensive income for the period | (11,077) | (12,856) | (9,306) | 2,636 | (49,505) |

Note: The merger of Vodafone India with Idea cellular was completed on August 31, 2018, accordingly the consolidated financials include Vodafone India figures from August 31, 2018. Hence, Q2 figures as reported above are not comparable to earlier periods.

B. Balance Sheet (Rs mn)

| Particulars | As on |
|--|------------------|
| | 30-Sep-18 |
| Assets | |
| Non-current assets | |
| Property, plant and equipment | 516,663 |
| Capital work-in-progress | 22,927 |
| Investment Property | 678 |
| Goodwill | 61 |
| Intangible assets | 1,244,344 |
| Capital work-in-progress -Intangible assets | 99,553 |
| Financial assets | |
| Non-current investments | 14,308 |
| Long term loans | 1,240 |
| Other non-current financial assets | 10,826 |
| Deferred Tax Assets | 64,564 |
| Other non-current assets | 152,279 |
| Total non-current assets (A) | 2,127,444 |
| Current assets | |
| Inventories | 51 |
| Financial assets | |
| Current investments | 121,677 |
| Trade receivables | 40,291 |
| Cash and cash equivalents | 12,699 |
| Bank balance other than cash and cash equivalents | 1,155 |
| Short term loans | 26 |
| Other current financial assets | 3,779 |
| Current Tax Assets (Net) | 2 |
| Other current assets | 68,990 |
| Total current assets (B) | 248,670 |
| Assets classified as held for sale (C) | 2,053 |
| Total Assets (A+B+C) | 2,378,167 |
| Equity and liabilities | |
| Equity | |
| Equity share capital | 87,351 |
| Other equity | 608,054 |
| Total equity (A) | 695,405 |
| Non-Current Liabilities: | |
| Financial liabilities | |
| Non-current borrowings | 1,151,925 |
| Other non-current financial liabilities | 147,295 |
| Long term provisions | 4,202 |
| Deferred tax liabilities (net) | 414 |
| Other non-current liabilities | 3,815 |
| Total Non-Current Liabilities (B) | 1,307,652 |
| Current Liabilities: | |
| Financial liabilities | |
| Current borrowings | 49,436 |
| Trade payable | 110,475 |
| Current maturities of long term debt | 59,236 |
| Other financial liabilities | 125,801 |
| Other current liabilities | 28,648 |
| Short term provisions | 460 |
| Total Current Liabilities (C) | 374,057 |
| Liabilities classified as held for sale (D) | 1,054 |
| Total equity and liabilities (A+B+C+D) | 2,378,167 |

4. Key Performance Indicators

| Mobility KPIs | Unit | Vodafone Idea | |
|--|----------|---------------|---------|
| | | Q1FY19 | Q2FY19 |
| Subscriber Base (EoP) | mn | 435.4 | 422.3 |
| VLR Subscribers (EoP) | mn | 411.6 | 402.8 |
| Net VLR Subscriber addition | mn | (5.8) | (8.7) |
| Pre-paid Subs (% of EoP subscribers) | % | 94.2% | 94.3% |
| Average Revenue per User (ARPU) Blended | INR | 92 | 88 |
| Average Minutes of Use per User (MoU) | min | 555 | 568 |
| Average Realisation per Minute (ARPM) | paisa | 16.6 | 15.5 |
| Blended Churn | % | 4.1% | 4.3% |
| 2G Coverage - No. of Census Towns | no. | 7,985 | 7,986 |
| 2G Coverage - No. of Villages | no. | 478,554 | 479,187 |
| 2G Coverage - Population | mn | 1,104 | 1,104 |
| % of Population | % | 91.2% | 91.3% |
| Broadband Coverage - No. of Census Towns | no. | 7,519 | 7,580 |
| Broadband Coverage - No. of Villages | no. | 231,117 | 253,205 |
| Broadband Coverage - Population | mn | 779 | 817 |
| % of Population | % | 64.4% | 67.6% |
| Total Unique Towers (EoP) | no. | 201,854 | 202,650 |
| Total Unique Broadband Towers (EoP) | no. | 151,544 | 155,511 |
| Total Broadband sites (3G+4G) | no. | 340,709 | 365,575 |
| Total Minutes of Use | mn | 732,837 | 731,195 |
| Total Data Volume (2G+3G+4G) | Petabyte | 1,889 | 2,260 |
| Total Data Subscribers (2G+3G+4G) | mn | 141.7 | 140.1 |
| Data Usage by Data Subscriber (2G+3G+4G) | MB | 5,114 | 5,740 |
| Broadband Subscribers (3G+4G) | mn | 95.3 | 99.7 |

5. Management Discussion and Analysis

The merger of Vodafone India with Idea cellular was completed on August 31, 2018. This quarter (Q2FY19) results include results for Idea Cellular up to August 30, 2018 and results for Vodafone Idea from August 31, 2018 to September 30, 2018 and hence these are not comparable to the earlier for earlier periods. The figures for Revenue, EBITDA and Key Performance Indicators for Q1FY19 and Q2FY19 are pro-forma figures and presented as if Vodafone Idea was a merged entity from April 01, 2018.

| | Unit | Q1FY19 | Q2FY19 | QoQ |
|--------------------|----------|---------|---------|--------|
| Revenue | Rs mn | 129,441 | 120,238 | -7.1% |
| EBITDA | Rs mn | 13,722 | 9,778 | -28.7% |
| EBITDA % | % | 10.6% | 8.1% | -2.5% |
| Capex | Rs mn | 25,213 | 32,956 | 30.7% |
| ARPU | Rs | 92 | 88 | -4.7% |
| Minutes on Network | mn | 732,837 | 731,195 | -0.2% |
| Data Volume | Petabyte | 1,889 | 2,260 | 19.6% |

Merger accounting

The Company has accounted for this merger under 'pooling of interest' method and all assets, liabilities and reserves of Vodafone India as on the Effective Date have been recorded at their respective book values subject to accounting policy alignment / estimate adjustments which have been adjusted to the retained earnings. Shares of ICL issued to the Vodafone India Limited shareholders have been recorded at face value. Inter-company investments, balances and unrealized gains / losses between the merging companies have been eliminated with the difference being debited / credited to Other Equity. Further, in line with the Implementation Agreement entered between the parties, Vodafone Idea has recorded net indemnity liability of Rs. 84.6 billion on merger with the corresponding effect on Other Equity. The net effect of the above adjustments is an increase in the Total Equity of the company by Rs. 469.8 billion.

The above effect is currently based on the books of accounts of Vodafone India which has been subjected to an Independent Limited Review. In view of the merger date being different from a quarter/year end, the Company is in the process of getting the financial statements of Vodafone India as at August 30, 2018 audited and, impacts, if any, would be adjusted in the Opening Reserves in accordance with Ind AS 103 - 'Business Combinations'.

Post the merger co-located tenancies on a single tower have been converted to a single tenancy with a higher loading as per the terms of the Master Service Agreement (MSA). The infrastructure service providers have raised demands for exit charges aggregating to approx. Rs. 30 billion on account of this change. The company has not admitted these demands based on certain interpretations of the MSA and has been in discussion with the vendors. However, in the best judgment of the company, the settlement against these demands will not

exceed Rs.10 billion, accordingly on a prudent basis a provision of Rs. 10 billion has been made against these demands and disclosed under exceptional items. In addition, major exceptional items for the quarter also include, other Integration and merger related costs amounting to Rs. 3.6 billion offset by re-assessment of certain estimates of Rs. 8.1 billion. The related tax impact of the above is Rs. 1.6 billion for the quarter.

Quarterly update

Headline tariffs remained stable during the quarter. However, customer migration to lower ARPU offerings, led to a 4.7% QoQ decline in ARPU to Rs. 88 for the quarter. This, coupled with the loss of 13 million customers during the period, resulted in a 7.1% decline in total revenue, compared to Q1FY19, to Rs. 120.2 billion for the quarter. The pro-forma EBITDA declined by 28.7% to Rs. 9.8 billion, mainly due to continued revenue pressure.

Data volumes expanded to 2,260 Petabytes during the quarter as the usage per data customer increased to 5.6 GB per month (vs 5.0 GB in Q1FY19) and the overall broadband customer base increased to 99.7 million, a net addition of 4.4 million. The broadband subscriber penetration now stands at 23.6%. Voice volume remained flat due to low seasonal demand during the quarter.

On the network front, we expanded our broadband network coverage and capacity by adding 24,866 broadband sites (3G+4G) during the quarter, taking the overall broadband site count to 365,575. All of our 4G sites are now VoLTE enabled. We have deployed TDD spectrum (2300 / 2500 MHz) in 16 out of 20 services areas where we hold TDD spectrum and plan to cover other remaining circles in the near future. The broadband coverage is now available in around 261,000 towns & villages, covering ~ 817 million Indians (67.6% of the population). The pro-forma Capex spend for the quarter was Rs. 33 billion.

Gross debt as at September 30, 2018 was Rs. 1,261 billion. The cash & equivalents was Rs. 136 billion, resulting in a net debt of Rs. 1,125 billion.

On a reported basis, the loss (PAT) for the quarter was Rs. 49.7 billion after accounting for exceptional items (net of tax) of Rs. 4.1 billion.

Integration Update

The merger of Vodafone India with Idea Cellular was completed on August 31, 2018. Post-merger integration remains our key priority and we have moved fast on integration across all functions during last 75 days. We remain committed to announced synergy targets and are focusing on accelerating the delivery. Key milestones are

- **Realizing synergy from Network**

- Network synergy realisation with notice given on ~ 66,000 co-located sites, where current rentals will be converted to lower loading charges for any equipment that remains on the sites.

- **Building a smarter & wider network for both brands**

- Spectrum consolidation and network integration has started.
- Circle level capex planning for the network integration has been completed, including vendor selection. Equipment Ordering is in the final stages.

- **Enhancing customer experience**

- National roaming on both networks activated to offer seamless broadband coverage for both brands through ICR and Active Sharing solution across 92,000 sites.
- Both brands now offer 4G service across 22 service areas.

- **Creating an agile and future-fit organisation**

- Organisation structure and design in place.
- Appointments for most of the roles are announced.

Further, Merger of Bharti Infratel and Indus Towers is progressing well. The merger has received approval from CCI and SEBI and is expected to close by around FY19 end. Company has an option to monetise its 11.15% stake in Indus, which currently has an implied value of ~Rs. 53.7 billion (based on the VWAP for Bharti Infratel's shares during last 60 trading days.)

Intention to raise up to Rs. 250 billion (approx. US\$3.5 billion) of new equity capital

The Board of Directors has established a committee of Board members to evaluate a potential capital raise of up to Rs. 250 billion (approx. US\$3.5 billion).

The Board remains optimistic about the long-term outlook for the market and the future for the Business, and recognises that further equity funding is required in order to ensure that the Company has sufficient balance sheet flexibility to successfully execute its strategy. In light of these circumstances the Board has constituted a Committee of Directors to evaluate potential routes for raising up to Rs. 250 billion (approx. US\$3.5 billion) of equity.

The Promoter Shareholders, Vodafone Group and Aditya Birla Group, have indicated to the Board that they would contribute up to Rs. 110 billion (c.US\$1.5 billion) and up to Rs. 72.5 billion (c.US\$1 billion) respectively as part of such a capital raise.

The Committee will be evaluating various options including, but not limited to, a Rights Issue, Qualified Institutional Placement and/or a Preferential Share Issue. It is currently expected that any capital raise, if approved, is expected to complete in Q4 FY2019.

Fibre Asset Monetization

Several parties have indicated a potential interest in acquiring the Company's fibre network, consisting of over 156,000 Km of intra- and inter-city fibre routes. The Company has decided to actively explore a potential sale of these assets in order to provide further balance sheet flexibility.

6. Performance at a glance

| Particulars | Unit | Ind AS | | IGAAP | | Ind AS | | |
|-------------------------------|-------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | Q1FY19 ¹ | Q2FY19 ² | FY 14 ¹ | FY 15 ¹ | FY 16 ¹ | FY 17 ¹ | FY 18 ¹ |
| Operating Highlights | | | | | | | | |
| Subscriber base (EoP) | mn | 187.9 | 422.3 | 135.8 | 157.8 | 175.1 | 189.5 | 194.5 |
| Total Broadband sites (3G+4G) | No. | 1,60,598 | 3,65,575 | 21,381 | 30,291 | 64,703 | 1,10,054 | 1,54,910 |
| Financial Highlights | | | | | | | | |
| Gross Revenue | Rs mn | 58,892 | 76,636 | 2,65,036 | 3,15,548 | 3,59,494 | 3,55,757 | 2,82,789 |
| EBITDA | Rs mn | 6,595 | 4,614 | 73,883 | 97,941 | 1,20,063 | 1,02,436 | 60,476 |
| PAT | Rs mn | 5,092 | (49,738) | 17,932 | 34,772 | 23,781 | (4,075) | (41,628) |
| Net Worth | Rs mn | 2,81,757 | 6,95,405 | 1,58,787 | 2,28,518 | 2,32,642 | 2,50,990 | 2,76,638 |
| Loan Funds | Rs mn | 6,38,228 | 12,60,597 | 1,93,616 | 2,58,754 | 4,05,413 | 5,50,546 | 5,79,851 |
| Cash & Cash Equivalent | Rs mn | 1,32,423 | 1,35,531 | 1,761 | 1,30,714 | 20,996 | 49,825 | 56,596 |
| Net Debt | Rs mn | 5,05,805 | 11,25,067 | 1,91,855 | 1,28,041 | 3,84,417 | 5,00,721 | 5,23,256 |
| Net Debt to Net Worth | unit | 1.80 | 1.62 | 1.21 | 0.56 | 1.65 | 1.99 | 1.89 |

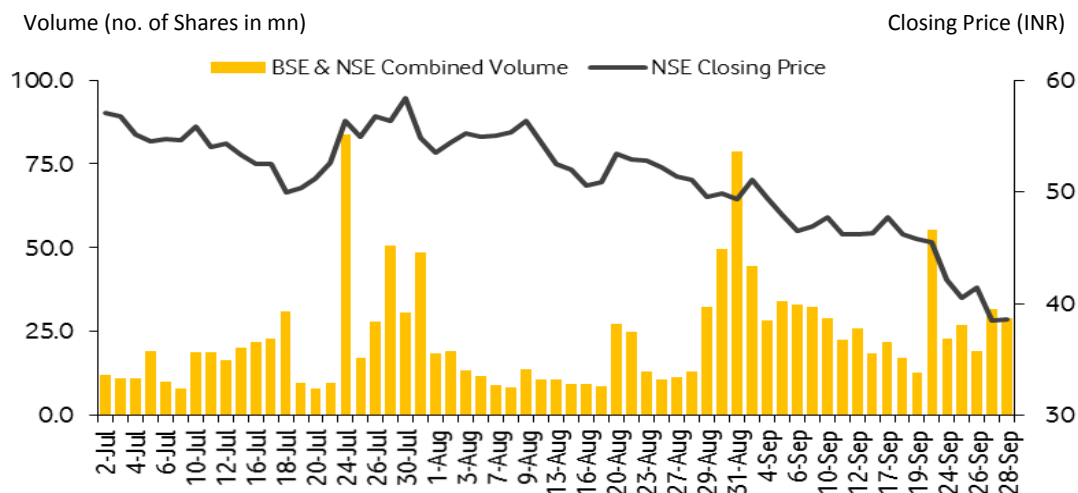
¹ The earlier period results are on Idea and its 100% subsidiaries. Effectively, this encompasses all operations for erstwhile Idea cellular, excluding Indus and ABIPBL.

² The merger of Vodafone India with Idea cellular was completed on 31st August 2018, accordingly the consolidated financials include Vodafone India figures from 31st August 2018. The subscriber base and Broadband Sites as of September 30, 2018 includes Vodafone India. Hence, Q2 figures as reported above are not comparable with earlier periods.

7. Stock Market Highlights

| General Information | | |
|--|------------|---------|
| BSE Code | | 532822 |
| NSE Symbol | | IDEA |
| Reuters | | IDEA.NS |
| No of Shares Outstanding (30/09/2018) | mn | 8735.14 |
| Closing Market Price - NSE (30/09/2018) | INR/share | 38.55 |
| Combined Volume (NSE & BSE) (01/07/2018 to 30/09/2018) | mn/day | 23.2 |
| Combined Value (NSE & BSE) (01/07/2018 to 30/09/2018) | INR mn/day | 827.4 |
| Market Capitalisation (30/09/2018) | INR bn | 337 |
| EPS for the Quarter (Annualised) | INR/share | -22.8 |
| Enterprise Value (30/09/2018) | INR bn | 1462 |
| Price to Earning | times | NA |
| Price to Book Value | times | 0.5 |

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



8. Shareholding Pattern

| Particulars | Vodafone Idea Limited | |
|------------------------------------|-----------------------|----------------|
| | No. of Shares | % holding |
| Promoter and Promoter Group | | |
| Aditya Birla Group | 2,275,103,721 | 26.05% |
| Vodafone Group | 3,955,576,455 | 45.28% |
| Total Promoter Holding | 6,230,680,176 | 71.33% |
| Public Shareholding | | |
| Foreign Holding | 1,794,658,173 | 20.55% |
| Indian Institutions | 532,098,595 | 6.09% |
| Others | 177,702,449 | 2.03% |
| Total | 8,735,139,393 | 100.00% |

9. 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. |
| ARPM (Average realisation per Minute) | ARPM is calculated as ARPU divided by MoUs/Subscriber. MoU/Subscriber is calculated as total Minutes of Use by mobile subscriber during the period divided by the average of subscribers during the period. |
| Broadband Subscriber / Broadband Data Subscriber | Any subscriber with data usage of more than 0KB on 3G or 4G network in last 30 days. |
| Churn | Is calculated by dividing gross add-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 the 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 total income. Total income is comprised of service revenue, sales of trading goods and other income. Operating expenditure is comprised of cost of trading goods, personnel expenditure, network operating expenditure, license and WPC charges, roaming and access charges, subscriber acquisition and servicing expenditure, advertisement and business promotion expenditure and administration & other expenses. |
| Effective Tax Rate | Is calculated as tax charged to Profit and Loss Account divided by PBT (excluding Indus Dividend) |
| 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 Investment in Fixed Assets | Till FY16 – it is considered as equal to reported Gross Block +CWIP under IGAAP From Q1FY17 onwards, Additions during the period and change in CWIP is added to Gross Block + CWIP (as per IGAAP) value of March 31, 2016 |
| Gross Revenue | Is the summation of service revenue, revenue from sale of trading goods and other income |
| Ind AS | Indian Accounting Standard |

| Definitions/Abbreviation | Description/Full Form |
|---------------------------------|---|
| 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 |
| Net Adds | Refers to net customer additions which is calculated as the difference between the closing and the opening customers for the period |
| Net Debt | Total loan funds 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 Book Value | Is calculated by dividing the closing market price at the end of the period (NSE) by the Book Value/ Share (Net Worth divided by the number of outstanding equity shares) |
| Price to Earning | Is calculated by dividing the closing market price (NSE) at the end of the period by the annualised EPS |
| Site | Represent unique combination of Technology and Spectrum band (frequency) |
| Service Area/ Circle | Unless otherwise specifically mentioned, means telecom service areas in India as defined by the DoT |

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