

VODAFONE BUSINESS SERVICES LIMITED

Financial Statements

For the year ended March 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Vodafone Business Services Limited

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

We have audited the accompanying Ind AS financial statements of Vodafone Business Services Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

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

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

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

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



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Responsibility of Management for the Ind AS Financial Statements

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

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

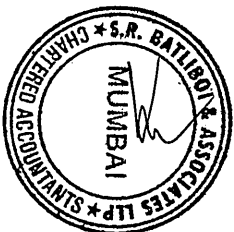
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

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



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

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

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

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2018, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 30, 2018.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;



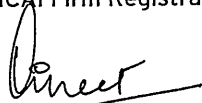
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Chartered Accountants

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- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2019;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 31 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



per Vineet Kedia
Partner

Membership Number: 212230

Place: Mumbai

Date: April 30, 2019



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Chartered Accountants

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Annexure 1 referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements of our report of even date

Re: Vodafone Business Services Limited (the 'Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (the "Act"). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no investments, loans, guarantees and securities given in respect of which provisions of section 185 and section 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, profession tax, income tax, goods and service tax, duty of custom, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to employee's state insurance, sales tax, value added tax and duty of excise are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, good and service tax, duty of custom, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



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- (c) According to the information and explanations given to us, there are no dues of income tax, goods and service tax and cess which have not been deposited on account of any dispute. The particulars dues of service tax and local body taxes as at March 31, 2019 which have not been deposited on account of a dispute, are as follows -

Name of Statute	Nature of dues	Amount (Rs. In Lakhs)*	Period to which amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax	194	2009-12	Commissioner of Service Tax (Appeal)
Maharashtra Municipal Corporation Act	Local Body Taxes	496	2013-14	Deputy Commissioner - Navi Mumbai Municipal Corporation

*net of amount paid under protest

- (viii) The Company did not have any outstanding loans or borrowings due in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer or debt instruments and term loans, hence reporting under clause (ix) is not applicable to the Company and not commented upon.
- (x) Based upon the audit procedures performed, for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.



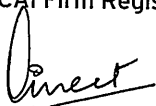
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- (xvi) According to the information and explanations given to us, the provisions of section 45-1A of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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



per Vineet Kedia
Partner

Membership Number: 212230

Place: Mumbai

Date: April 30, 2019



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Annexure 2 to the Independent Auditor's report of even date on the Ind AS Financial Statements of Vodafone Business Services Limited

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

We have audited the internal financial controls over financial reporting of Vodafone Business Services Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

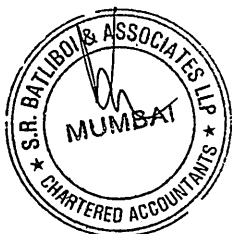
The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

Auditor's Responsibility

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

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

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



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Chartered Accountants

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

A company's internal financial control over financial reporting with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



per Vineet Kedia
Partner

Membership Number: 212230

Place: Mumbai

Date: April 30, 2019



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Balance Sheet as at March 31, 2019

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	7	65,503	69,778
Capital work-in-progress		152	474
Investment property	8	6,719	6,840
Other Intangible assets	9	588	1,664
Financial assets			
Other non-current financial assets	10	238	199
Deferred tax assets (net) (refer note 38)		-	-
Other non-current assets	11	7,255	4,399
Total non-current assets (A)		80,455	83,354
Current assets			
Financial assets			
Trade receivables	12	2,488	4,890
Cash and cash equivalents	13	622	162
Bank balance other than cash and cash equivalents	14	15	13
Other current assets	15	18	245
Total current assets (B)		3,143	5,310
Total Assets (A+B)		83,598	88,664
Equity and Liabilities			
Equity			
Equity share capital	16	5	5
Other equity	17	(26,485)	(26,646)
Total equity (A)		(26,480)	(26,641)
Liabilities			
Non-current liabilities			
Long term provisions	18	21	16
Total non-current liabilities (B)		21	16
Current liabilities			
Financial liabilities			
Short term borrowings	19	103,580	104,618
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	20	-	5
Total outstanding dues of creditors other than micro enterprises and small enterprises		4,500	5,303
Other current financial liabilities	21	1,280	4,562
Other current liabilities	22	695	797
Short term provisions	23	2	4
Total current liabilities (C)		110,057	115,289
Total Equity and Liabilities (A+B+C)		83,598	88,664

The accompanying notes are an integral part of the Financial Statements

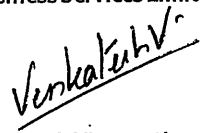
As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

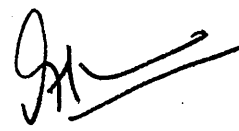

Vineet Kedia
Partner
Membership No.: 212230

Place: Mumbai
Date: April 30, 2019

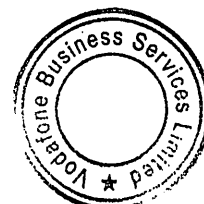


For and on behalf of the Board of Directors of Vodafone
Business Services Limited


Venkatesh Viswanathan
Director
(DIN: 03122706)


J. Arun Kumar
Director
(DIN: 07018794)

Place: Mumbai
Date: April 30, 2019



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Service revenue		24,515	22,001
Other operating income	24	10	214
Revenue from operations		24,525	22,215
Other income	25	1	1
Total income		24,526	22,216
Operating Expenditure			
Employee benefit expenses	26	84	76
Customer acquisition and servicing expenditure	27	63	16
Other expenses	28	6,496	5,778
		6,643	5,870
Profit before finance costs, depreciation, amortisation & tax		17,883	16,346
Finance costs	29	8,148	8,637
Depreciation	7 & 8	9,094	8,653
Amortisation	9	480	3,152
Profit/(Loss) before tax		161	(4,096)
Tax expense:			
- Current tax	37	-	-
- Deferred tax	37 & 38	-	-
Profit/(Loss) after tax		161	(4,096)
Other comprehensive income / (loss)			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) of defined benefit plans	35	-	-
Income tax effect	37 & 38	-	-
Other comprehensive income / (loss) for the year, net of tax		-	-
Total comprehensive profit/(loss) for the year		161	(4,096)
Earning/(Loss) per equity share of ₹ 10 each:			
Basic (₹)	39	322.00	(8,192.00)
Diluted (₹)	39	322.00	(8,192.00)

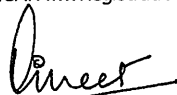
The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004



Vineet Kedia

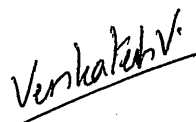
Partner

Membership No.: 212230

Place: *Mumbai*
Date: *April 30, 2019*



For and on behalf of the Board of Directors of Vodafone Business Services Limited



Venkatesh Viswanathan

Director

(DIN: 03122706)

Place: *Mumbai*
Date: *April 30, 2019*



J. Arun Kumar

Director

(DIN: 07018794)



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Statement of Changes in Equity for the year ended March 31, 2019

A. Equity share capital:

Equity shares of ₹ 10 each issued, subscribed and fully paid

	Numbers	Amount
As at April 1, 2017	50,000	5
Issue of share capital	-	-
As at March 31, 2018	50,000	5
Issue of share capital	-	-
As at March 31, 2019	50,000	5

B. Other equity

Particulars	Reserves and surplus	Total
	Retained earnings	
As at April 1, 2017	(22,550)	(22,550)
Loss for the year ended March 31, 2018	(4,096)	(4,096)
Total comprehensive loss	(4,096)	
As at March 31, 2018	(26,646)	(26,646)
Profit for the year ended March 31, 2019	161	161
Total comprehensive income	161	
As at March 31, 2019	(26,485)	(26,485)

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004

Vineet Kedia

Partner

Membership No.: 212230

For and on behalf of the Board of Directors of Vodafone
Business Services Limited

Venkatesh Viswanathan

Director

(DIN: 03122706)

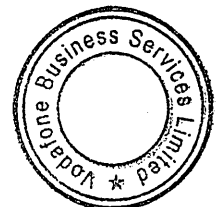
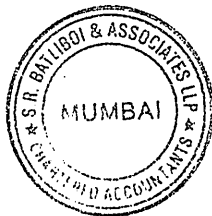
J. Arun Kumar

Director

(DIN: 07018794)

Place: Mumbai
Date: April 30, 2019

Place: Mumbai
Date: April 30, 2019



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

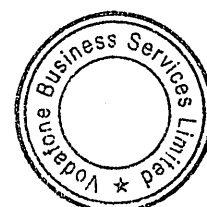
(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Statement of Cash Flows for the year ended March 31, 2019

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Operating activities		
Profit/(Loss) before tax	161	(4,096)
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation of property, plant and equipment and investment property	9,094	8,653
Amortisation of intangible assets	480	3,152
(Gain)/Loss on disposal of property, plant and equipment and intangible assets (net)	(84)	3
Finance costs	8,148	8,637
Provision for gratuity and compensated absences	3	2
Allowance for doubtful debts / advances	92	65
Liabilities / provisions no longer required written back	(5)	(210)
Other income	(1)	(1)
Adjustments for changes in working capital		
Decrease in trade receivables	2,310	6,087
(Increase) in other financial and non-financial assets	(2,734)	(2,284)
(Decrease)/Increase in trade payables	(811)	2,457
(Decrease)/Increase in other financial and non-financial liabilities	(96)	165
Net cash flows from operating activities	16,557	22,630
Investing activities		
Purchase of property, plant and equipment and intangible assets (including CWIP and intangible assets under development)	(7,940)	(6,313)
Proceeds from sale of property, plant and equipment and intangible assets	1,367	-
Interest received	1	1
Net cash flows (used in) investing activities	(6,572)	(6,312)
Financing activities		
Proceeds from short term borrowings	19,852	15,325
Repayment of short term borrowings	(20,890)	(23,140)
Payment of interest and finance charges	(8,487)	(8,551)
Net cash flows (used in) financing activities	(9,525)	(16,366)
Net increase / (decrease) in cash and cash equivalents during the year	460	(48)
Cash and cash equivalents at the beginning of the year	162	210
Cash and cash equivalents at the end of the year	622	162

1. Cash and Cash Equivalents include the following Balance Sheet amounts

Particular	For the year ended March 31, 2019	For the year ended March 31, 2018
Cheques on hand	25	7
Balances with banks		
In current accounts	597	155
	622	162



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Statement of Cash Flows for the year ended March 31, 2019

2. Disclosure of changes in liabilities arising from financing activities on account of non-cash transactions

Particulars	Interest accrued but not due
Balance as at April 1, 2017	851
(i) Cash flow Items	
Payment of Interest and finance charges	(8,551)
(ii) Non - cash items	
Finance cost accrued (charged to profit and loss)	8,632
Foreign exchange gain/loss	5
Balance as at April 1, 2018	937
(i) Cash flow Items	
Payment of Interest and finance charges	(8,487)
(ii) Non - cash items	
Finance cost accrued (charged to profit and loss)	8,154
Foreign exchange gain/loss	(8)
Balance as at March 31, 2019	596

3. The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 on Statement of Cash Flows.

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

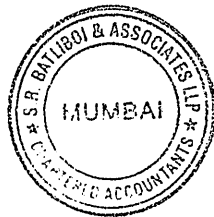
ICAI Firm Registration No: 101049W/E300004

Vineet Kedia

Partner

Membership No.: 212230

Place: Mumbai
Date: April 30, 2019



For and on behalf of the Board of Directors of Vodafone Business Services Limited

Venkatesh Viswanathan

Director

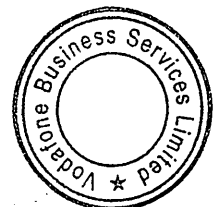
(DIN: 03122706)

Place: Mumbai
Date: April 30, 2019

J. Arun Kumar

Director

(DIN: 07018794)



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

1. Corporate Information

Vodafone Business Services Limited (herein referred to as "VBSL" or "the Company"), a wholly owned subsidiary of Vodafone Idea Limited was incorporated on September 24, 2009 under the provisions of the Companies Act applicable in India. The registered office of the Company is situated at Vodafone House, Corporate Road, Prahladnagar, off. S.G. Highway, Ahmedabad – 380051, India.

The Company is an outsourcing hub for back end IT support, datacentre operations and hosting services to Vodafone Idea Limited ("VIL") and its subsidiaries.

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on April 30, 2019.

2. Statement of compliance

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

3. Basis of preparation

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

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

All financial information presented in INR has been rounded off to lakhs unless otherwise stated.

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

New and amended standards adopted by the Company

Ind AS-115, "Revenue from Contracts with Customers"

Effective April 1, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" basis the modified retrospective method applied retrospectively to the contracts that are not completed as of April 1, 2018 (being date of initial application). Accordingly, the comparative information has not been restated. The effect on adoption of the said standard was insignificant on these financial statements.

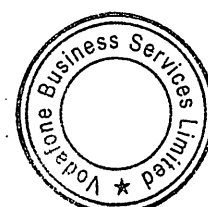
The new revenue recognition standard Ind AS 115 defines a new five-step model to recognise revenue from customer contracts. Revenue is recognised when a customer obtains control of the goods or receives services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard supersedes Ind AS 18 'Revenue' and Ind AS 11 'Construction contracts' and related interpretations.

Other standards such as Ind AS 12 – "Income tax" and Ind AS 40 - "Investment property" have been implemented but don't have any impact on the Company.

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and can be reliably measured, regardless of the timing of receipt of payment. Revenue is measured at the "Transaction Price" i.e. an amount that reflects the consideration, to which an entity expects to be entitled in exchange for transferring services to customers, excluding amounts collected on behalf of third parties. Taxes and duties collected service provider are to be deposited with the government and not received by the Companies on its own account. Accordingly, it is excluded from revenue.



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

ii. Advance from customer and Deferred revenue

Advance from customers / deferred revenue represents amount received / billed in advance for which services have not been rendered up to the yearend date.

iii. Interest Income

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

b) Leases

The Company evaluates whether an arrangement is (or contains) a lease based on the substance of the arrangement at the inception of the lease. An arrangement which is dependent on the use of a specific asset or assets and conveys a right to use the asset or assets, even if it is not explicitly specified in an arrangement is (or contains) a lease.

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a lessee

Operating lease:

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis unless payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase; such increases are recognised in the year in which such benefits accrue. Contingent rentals arising, if any, under operating leases are recognised as an expense in the period in which they are incurred.

c) Employee benefits

i. Defined Contribution Plan

Contributions to Provident and Pension funds are funded with the appropriate authorities and charged to the Statement of Profit and Loss when the employees have rendered service entitling them to the contributions.

The Company has no obligation other than contribution payable to these funds.

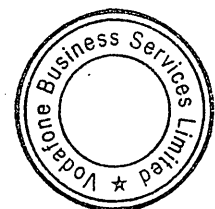
ii. Defined Benefit Plan

The Company operates a defined benefit gratuity plan for eligible employees. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, with actuarial valuations being carried out at periodic intervals.

Re-measurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding charge or credit to Other Comprehensive Income (OCI) in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs; and
- Net interest expense or income



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

iii. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries, wages and other short term employee benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Provision for leave benefits to employees is based on actuarial valuation done by projected accrued benefit method at the reporting date. The related re-measurements are recognised in the Statement of Profit and Loss in the period in which they arise.

d) Foreign currency transactions

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

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

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

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

e) Taxes

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

i. Current tax

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

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

ii. Deferred tax

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

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



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

f) Current / Non – Current Classification

An asset is classified as current when

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

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

A liability is classified as current when

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

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

g) Property, Plant and Equipment

Property, Plant and Equipment (PPE) and Capital work in progress (CWIP) held for use in the rendering of services and supply of goods, or for administrative purposes, are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes all direct costs relating to acquisition and installation of Property, Plant and Equipment, non-refundable duties and borrowing cost relating to qualifying assets. CWIP represents cost of property, plant and equipment not ready for intended use as on the reporting date. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Depreciation on assets under PPE commences once such assets are available for use in the intended condition and location. Depreciation is provided using straight-line method on pro rata basis over their estimated useful economic lives as given below. The useful life is taken as prescribed in Schedule II to the Companies Act, 2013 except where the estimated useful economic life has been assessed to be lower.

Particulars	Estimated useful life (in years)
Leasehold Land	Over the period of lease
Building	30 years
Plant and machinery	9 years
Computer hardware	
Servers	5 years
Other computer hardware	3 years
Furniture and fixtures	5 years
Office equipment	5 years

When any significant part of property, plant and equipment is discarded or replaced, the carrying value of discarded / replaced part is derecognized. Any gains or losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss on the date of retirement or disposal.

During the year the management, in lines with industry practice in India and based on internal technical evaluation, has revised the estimated useful lives of Building and Passive Infrastructure (PI) assets, included in plant and machinery from 50 years to 30 year and 8 years to 9 years respectively, Consequent to the revision, the net block of PI assets as on April 1, 2018 will be depreciated uniformly over the balance useful life. As a result, the depreciation for the year is lower, profit before tax and net book value of PPE as at March 31, 2019 are higher by around ₹ 507 lakhs for Building and ₹ 944 lakhs for Plant & Machinery.



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

h) Intangible Assets

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

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

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

Intangible assets are amortised on straight line method as under:

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

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

i) Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment properties are measured initially at their cost including transaction cost. Investment properties are subsequently measured at historical cost less accumulated depreciation and impairment loss.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

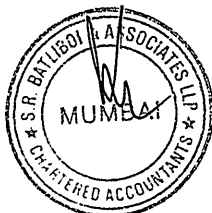
Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in Statement of Profit and Loss in the period of derecognition.

Depreciation is charged so as to write off the cost of investment properties using the straight-line method, over the Leasehold period or estimated useful lives, whichever is lower.

j) Impairment of Non – Financial Assets

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

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



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

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

k) Borrowing Costs

Borrowing Costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the finance costs.

l) Cash and cash equivalents

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

m) Financial Instruments

Initial recognition and measurement

Financial Instruments (assets and liabilities) are recognised when the Company becomes a party to a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those designated as fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of profit and loss.

i. Financial assets

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

Subsequent measurement

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

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

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables, loans, etc.

Derecognition

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either
 - the Company has transferred substantially all the risks and rewards of the asset, or
 - the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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

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

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

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

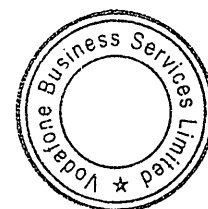
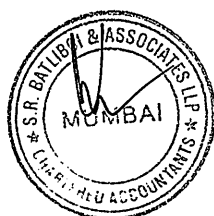
ii. Financial liabilities

Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the EIR method or at FVTPL. The Company does not have any liability classified as FVTPL.

Financial liabilities at amortised cost

After initial recognition, interest-bearing borrowings and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

In case, an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in Statement of Profit and Loss.

iii. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

n) Fair value measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) (a) on the date of the event or change in circumstances that caused the transfer or (b) at the end of each reporting period or (c) at the beginning of each reporting period.

o) Earnings per share

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

EPS is disclosed on basic and diluted basis. Basic EPS is computed by dividing the profit / loss for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

p) Provisions and Contingent Liabilities

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

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



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

Contingent Liabilities

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

5. Use of Estimates, assumptions and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

A. Estimates and Assumptions

i. Taxes

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

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

ii. Defined benefit plans (gratuity benefits)

The Company's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date. The parameter subject to frequent changes is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

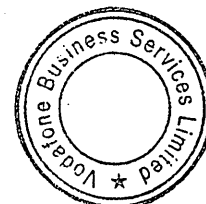
The mortality rate is based on publicly available mortality tables in India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 35.

iii. Useful life of Property, Plant and Equipment and intangible assets

The useful life to depreciate property, plant and equipment is based on technical obsolescence, nature of assets, estimated usage of the assets, operating conditions of the asset, and manufacturers' warranties, maintenance and support period, etc. The charge for the depreciation and amortisation is derived after considering the expected residual value at end of the useful life.

The residual values, useful lives and methods of depreciation of property, plant and equipment and intangible assets are reviewed by the management at each financial year end and adjusted prospectively, if appropriate. Further details about property, plant and equipment are given in note 7.



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

e. Amendment to Ind AS 19 'Employee Benefits'

The amendment clarifies that when a defined benefit plan is amended, curtailed or settled during a reporting period, the entity would be required to use updated actuarial assumptions to determine its current service cost and net interest for the remainder of the period after the plan amendment, curtailment or settlement.

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendment has no impact on the financial statements.

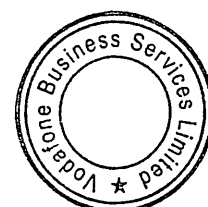
f. Amendment to Ind AS 109 'Financial Instruments'

The amendment clarifies that an exception has been prescribed to the classification and measurement requirements with respect to the SPPI criterion i.e. the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' for financial asset or a debt instrument which:

- i. have a prepayment feature that results in negative compensation
- ii. apart from the prepayment feature other features of financial assets would have contractual cash flows which would meet the SPPI criteria and
- iii. The fair value of the prepayment feature is insignificant when the entity initially recognises the financial asset. (If it is impracticable to assess based on facts and circumstances that existed on initial recognition, then exception would not be available)

Such financial assets or debt instrument could be measured at amortised cost or at FVOCI based on business model within which they are held.

The amendment has no impact on the financial statements.



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

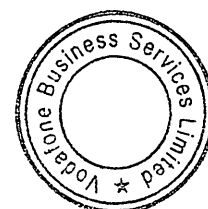
Note 7

Property, Plant and Equipment

Particulars	Leasehold Land	Buildings	Leasehold Improvement	Plant and machinery	Furniture and fixtures	Office equipments	Total
Cost							
As at April 1, 2017	4,240	33,868	108	37,728	93	135	76,172
Additions	-	582	160	5,364	-	26	6,132
Assets declassified as held for sale*	-	-	-	1,782	-	-	1,782
Disposals	-	-	-	-	1	8	9
As at March 31, 2018	4,240	34,450	268	44,874	92	153	84,077
Additions	-	2,319	-	2,380	2	244	4,945
Disposals	-	-	-	1,303	-	-	1,303
As at March 31, 2019	4,240	36,769	268	45,951	94	397	87,719
Accumulated Depreciation							
As at April 1, 2017	116	603	2	4,793	2	28	5,544
Depreciation charge for the year	58	681	40	7,704	18	31	8,532
Assets declassified as held for sale*	-	-	-	229	-	-	229
Disposals	-	-	-	-	1	5	6
As at March 31, 2018	174	1,284	42	12,726	19	54	14,299
Depreciation charge for the year	58	1,228	25	7,576	18	68	8,973
Disposals	-	-	-	1,056	-	-	1,056
As at March 31, 2019	232	2,512	67	19,246	37	122	22,216
Net Book Value							
As at March 31, 2019	4,008	34,257	201	26,705	57	275	65,503
As at March 31, 2018	4,066	33,166	226	32,148	73	99	69,778

Footnotes:

* The management of the company on March 26, 2018 have changed their plan and decided to realise the assets value from continued use in business, therefore assets have been declassified as held for sale.



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 8

Investment Property

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Land		
Gross block		
Opening balance	7,203	7,203
Closing balance	7,203	7,203
Accumulated depreciation		
Opening Balance	363	242
Additions/ Adjustments	121	121
Closing balance	484	363
Net block	6,719	6,840

The remaining lease term for Leasehold land is 55 years (March 31, 2018: 56 years). Fair value of investment property has been determined based on comparable market value of similar property. The fair value of the investment property is ₹ 9,882 (March 31, 2018: ₹ 9,666)

Refer note 41 Financial Instruments by Category for fair value disclosures of Investment Property.

Note 9

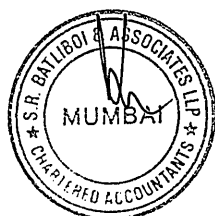
Intangible assets

Particulars	Computer - Software	Total
	Cost	
As at April 1, 2017	9,090	9,090
Additions	1,661	1,661
As at March 31, 2018	10,751	10,751
Additions	440	440
Disposals	10,051	10,051
As at March 31, 2019	1,140	1,140
Accumulated Amortisation		
As at April 1, 2017	5,935	5,935
Amortisation charge for the year	3,152	3,152
As at March 31, 2018	9,087	9,087
Amortisation charge for the year	480	480
Disposals	9,015	9,015
As at March 31, 2019	552	552
Net Book Value		
As at March 31, 2019	588	588
As at March 31, 2018	1,664	1,664

Note 10

Other non-current financial assets

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Deposits with body corporate and others	3	-
Deposits and balances with government authorities	235	199
Total	238	199



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 11

Other non-current assets

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Capital advances	-	64
Advance income tax	6,783	4,295
Others (consisting mainly deposit against demands which are appealed against/ subjudice)		
- Considered Good	472	40
- Considered Doubtful	44	-
	7,299	4,399
Allowance for doubtful advances (refer note 33)	(44)	-
Total	7,255	4,399

Note 12

Trade receivables (Unsecured, unless otherwise stated)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Billed Receivables		
Unsecured - Considered Good	2,488	4,890
Unsecured - Considered Doubtful	171	123
	2,659	5,013
Allowance for doubtful debts (refer note 33)	(171)	(123)
Total	2,488	4,890

Note 13

Cash and cash equivalents

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Cheques on hand	25	7
Balances with banks		
- In current accounts	597	155
Total	622	162

Note 14

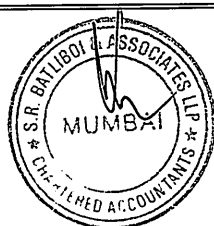
Bank balance other than cash and cash equivalents

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Margin money with banks	15	13
Total	15	13

Note 15

Other current assets

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Input tax credit	-	166
Prepaid expenses	5	8
Others	13	71
Total	18	245



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR Lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 16

Equity Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	Numbers	Amount	Numbers	Amount
Equity Share Capital				
Authorised share capital				
Equity Shares of ₹ 10 each	50,000	5	50,000	5
	50,000	5	50,000	5
Issued, subscribed and paid-up share capital				
Equity Shares of ₹ 10 each fully paid up	50,000	5	50,000	5
	50,000	5	50,000	5

a) Reconciliation of number of shares outstanding

Particulars	As at March 31, 2019		As at March 31, 2018	
	Numbers	Amount	Numbers	Amount
Equity shares outstanding at the beginning of the year	50,000	5	50,000	5
Issue of share capital	-	-	-	-
Equity shares outstanding at the end of the year	50,000	5	50,000	5

b) Terms/ rights attached to equity shares

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

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

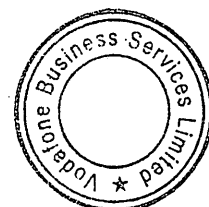
Name of the shareholders	As at March 31, 2019		As at March 31, 2018	
	Numbers	% holding in the class	Numbers	% holding in the class
Equity shares of ₹ 10 each fully paid				
Vodafone Idea Limited, the holding company and its nominees (from August 31, 2018)*	50,000	100%	-	-
Vodafone India Limited, the immediate holding company and its nominees (upto August 30, 2018)	-	-	50,000	100%

*Pursuant to amalgamation of Vodafone India Limited and Vodafone Mobile Services Limited with Vodafone Idea Limited from August 31, 2018, the shareholding stands transferred to Vodafone Idea Limited.

Note 17

Other Equity

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Retained Earnings		
Opening balance	(26,646)	(22,550)
Net Profit/(Loss) for the year	161	(4,096)
Total	(26,485)	(26,646)



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 18

Long term provisions

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Gratuity (refer note 35)	17	13
Compensated absences	4	3
Total	21	16

Note 19

Short term borrowings

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Unsecured Loans		
Loan from related parties (refer note 40)	103,580	104,618
Total	103,580	104,618

Unsecured loan from its holding company repayable on demand on which variable interest rate is 7.5% p.a. (March 31, 2018: 7.5% p.a. to 9.10% p.a.)

Note 20

Trade payables

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

Particulars	As at	As at
	March 31, 2019	March 31, 2018
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in trade payables	-	-
(ii) The interest due on above	-	-
The total of (i) & (ii)	-	-
b) The amount of interest paid by the buyer in terms of section 16 of the Act	-	-
c) The amount of the payment made to the supplier beyond the appointed day during the accounting year	1	-
d) The amounts of interest accrued and remaining unpaid at the end of financial year	-	5
e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under this Act.	-	-

Note 21

Other current financial liabilities

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Payable for capital expenditure	684	3,625
Interest accrued but not due on borrowings	596	937
Total	1,280	4,562

Note 22

Other current liabilities

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Advance from customers and deferred revenue	325	237
Taxes and other liabilities	370	560
Total	695	797



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 23

Short term provisions

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Gratuity	1	3
Compensated absences	1	1
Total	2	4

Note 24

Other operating income

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
Liabilities / provisions no longer required written back	5	210
Miscellaneous receipts	5	4
Total	10	214

Note 25

Other income

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
Interest income	1	1
Total	1	1

Note 26

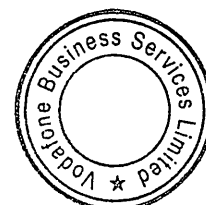
Employee benefit expenses

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
Salaries, wages and bonus	76	69
Contribution to provident and other funds	5	5
Staff welfare	3	2
Total	84	76

Note 27

Customer acquisition and servicing expenditure

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
Commission to dealers	63	16
Total	63	16



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 28

Other expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Repairs and maintenance		
Others	635	1,600
Other insurance	44	47
Rates and taxes	744	749
Electricity	2,781	1,519
IT expenses	1,863	1,388
Allowances for doubtful debts and advances (refer note 33)	92	65
(Gain)/Loss on disposal of property, plant and equipment	(84)	3
Directors Sitting Fees (refer note 40)	2	6
Legal and professional charges	19	71
Audit Fees (refer note 36)	5	16
Miscellaneous expenses	395	314
Total	6,496	5,778

Note 29

Finance costs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest on borrowings	8,154	8,631
Interest on Others	2	-
Other finance charges	-	1
Exchange (Gain)/Loss	(8)	5
Total	8,148	8,637

Note 30

Capital and other commitments:

Contracts remaining to be executed for capital expenditure (net of advances) and not provided for are ₹ 2,365 (Previous year: ₹ 5,472)

Note 31

Contingent Liabilities

Disputed claims not acknowledged as debt:

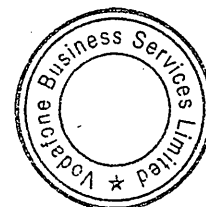
Sr. No.	Description	As at March 31, 2019	As at March 31, 2018
1	Service Tax matters	101	101
2	Local Body Tax ("LBT")	910	-
Total		1,011	101

a) Service Tax matters

The company has received demand for irregular availment of CENVAT credit. The Company has challenged this demand which is pending at Appellate level.

b) Local Body Tax

LBT is applicable on entry inward of goods for consumption and use in Navi Mumbai Municipal Limits. While assessing the LBT liability, the tax officer has wrongly considered expenses primarily relating to various services as IT expenses, staff welfare expenses, Repair & Maintenance etc. The company is in the process of filing appeal with Deputy Commissioner and 50 % of the principal amount is deposited with the department.



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

Future cash outflows in respect of the above matters are determinable only on receipt of judgments/ decisions from such forums/ authorities. Further, based on the Company's evaluation, it believes that it is not probable that the claim will materialise and therefore, no provision has been recognized for the above.

Note 32

Details of Foreign Currency Exposures

Not hedged by a derivative instrument or otherwise

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Trade Payables and Other Current Financial Liabilities		
In USD	1	1
In Euro	-	8
In GBP	-	1
Equivalent ₹ of Trade Payables and Other Current Financial Liabilities in Foreign Currency*	69	734

*Amount in ₹ represents conversion at closing rate

Note 33

Movement of Allowances for Doubtful Debts/Advances

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Opening Balance	123	152
Charged to Statement of Profit and Loss (Net) (refer note 28)	92	65
Other adjustment during the year	-	(94)
Closing Balance	215	123

Note 34

Segment Information

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

Note 35

Employee Benefits

A. Defined Benefit Plan (Gratuity)

General description and benefits of the plan

The company operates a defined benefit final salary gratuity plan. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The benefit is payable on termination of service or retirement, whichever is earlier. The employees do not contribute towards this plan and the full cost of providing these benefits are borne by the Company.

Regulatory framework, funding arrangement and governance of the Plan

The gratuity benefits liabilities are unfunded. There are no minimum funding requirements for a gratuity benefits plan in India.

Inherent risks

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any significant change in salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future.



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

The following tables summarizes the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet for gratuity:

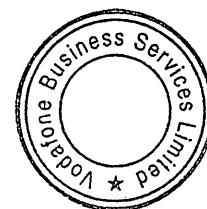
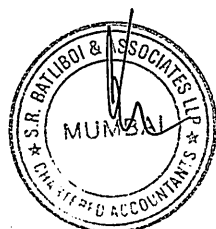
Particulars	As at March 31, 2019	As at March 31, 2018
Amount recognised in Balance Sheet		
Present value of obligations as at the end of the year	18	16
Non Funded Obligation	18	16
Net Liability recognised in Balance Sheet	18	16
Net Liability recognised in Balance Sheet is bifurcated as		
- Long term provision	17	13
- Short term provision	1	3

Particulars	As at March 31, 2019	As at March 31, 2018
Reconciliation of Net Defined Benefit Obligation		
Opening Net Defined Benefit liability	16	14
Expense charged to statement of profit & loss	2	2
Expense charged to OCI	.*	.*
Closing Net Defined Benefit liability/(asset)	18	16
Reconciliation of Defined Benefit Obligation		
Opening Defined Benefit Obligation	16	14
Current Service cost	1	1
Interest on Defined Benefit Obligation	1	1
Actuarial (Gain)/Loss arising from change in financial assumptions	1	.*
Actuarial (Gain)/Loss arising from change in demographic assumptions	.*	.*
Actuarial (Gain)/Loss arising on account of experience changes	(1)	.*
Closing Defined Benefit Obligation	18	16

Amounts recognised in the statements of profit and loss in respect of these defined benefit plans are as follows:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Expenses Recognised in the Statement of Profit & Loss		
Current Service cost	1	1
Interest on Net Defined Benefit liability/(asset)	1	1
Expenses recognised in the Statement of Profit & Loss	2	2
Amount recorded as Other Comprehensive Income (OCI)		
Re measurement during the year due to		
- Changes in financial assumptions	1	.*
- Changes in demographic assumptions	.*	.*
- Experience adjustments	(1)	.*
Amount recognised in OCI	.*	.*

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



Vodafone Business Services Limited

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Notes to Financial Statements

The principal assumptions used in determining gratuity obligations are shown below:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount rate	7.50%	7.50%
Future salary increases*	8.00%	9% for 1st year & 7% thereafter
Attrition rate	30 years & below - 30% 31-40 years - 15% 41-50 years - 8% 51 years & above - 8%	30 years & below - 35% 31-40 years - 20% 41-50 years - 15% 51 years & above - 15%
Mortality rate during employment	As per Indian Assured Lives Mortality (2006-08) Ult Table	
Disability	Leaving service due to disability is included in the provision made for all causes of leaving service.	

*The estimates of future salary increase considered takes into account inflation, seniority, promotion and other relevant factors.

A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation is as below:

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Discount Rate	Salary escalation Rate	Discount Rate	Salary escalation Rate
Impact of increase in 50 bps on DBO	-3.80%	3.98%	-2.40%	2.50%
Impact of decrease in 50 bps on DBO	4.02%	-3.80%	2.50%	-2.40%

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the year.

Projected plan cash flow:

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

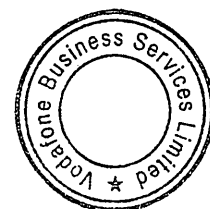
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Expected benefits for year 1	1	3
Expected benefits for year 2	1	2
Expected benefits for year 3	1	2
Expected benefits for year 4	1	2
Expected benefits for year 5 and above	28	15

The average duration of the defined benefit plan obligation at the end of the year is 8.52 years (March 31, 2018: 5.83 years)

B. Defined Contribution Plans:

During the year, the Company has recognised the following amounts in the statement of profit and loss:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employers' contribution to provident and pension fund	4	3



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 36

Auditor's Remuneration

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Statutory Audit Fees	5	16

Note 37

Income Tax Expenses

(a) Major Component of Tax Expense:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Tax		
Current Tax on profits for the year	-	-
Total Current Tax Expense (A)	-	-
Deferred Tax		
Relating to addition & reversal of temporary differences	*	*
Total Deferred Tax Expense (B)	-	-
Income Tax Expense (A+B)	-	-
Income tax impact of re-measurement losses on defined benefit plans taken to other comprehensive income	*	*

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

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit/(Loss) before income tax expense	161	(4,096)
Applicable Tax Rate	29.12%	34.61%
Effect of items for which no deferred tax is recognised	-29.43%	-34.62%
Effects of expenses / income that are not deductible / considered in determining the taxable profits (net)	0.42%	0.01%
Effective tax rate	0.12%	0.00%

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unabsorbed depreciation and tax losses can be utilised. Accordingly, in view of uncertainty, the Company has not recognized deferred tax assets in respect of carried forward tax losses / capital losses / temporary differences.



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 38

Movement in Deferred Tax

Particulars	As at April 1, 2017	Recognised in		As at March 31, 2018	Recognised in		As at March 31, 2019
		Profit and Loss	OCI		Profit and Loss	OCI	
Liabilities							
Depreciation & Amortisation	3,111	(415)	-	2,696	(461)	-	2,235
Total (A)	3,111	(415)	-	2,696	(461)	-	2,235
Assets							
Tax Losses	2,588	(561)	-	2,027	(507)	-	1,520
Expenses allowable on Payment Basis	470	156	*	626	26	*	652
Provisions for doubtful debts/ advances	53	(10)	-	43	20	-	63
Total (B)	3,111	(415)	-	2,696	(461)	-	2,235
Net Deferred Tax Liabilities/ (assets) (A-B)	-	-	-	-	-	-	-
As per Financials:							
Deferred Tax Asset	3,111			2,696			2,235
Deferred Tax Liabilities	3,111			2,696			2,235

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

Note 39

Basic & Diluted Earnings/ (Loss) per Share

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Nominal value of equity shares (₹)	10/-	10/-
Profit/(Loss) after Tax (₹'00000)	161	(4,096)
Profit/(Loss) attributable to equity shareholders (₹'00000)	161	(4,096)
Weighted average number of equity shares outstanding during the year	50,000	50,000
Basic and Diluted Earnings/(Loss) Per Share (₹)	322	(8,192)

Note 40

Related Party Transactions

The Company has below related parties:

Relationship	Related Party
Holding Company	Vodafone Idea Limited (effective from August 31, 2018)
	Vodafone India Services Private Limited
	Vodafone India Ventures Limited
	Vodafone Mobile Services Limited (ceased from August 30, 2018)
Fellow Subsidiaries	Vodafone m-pesa Limited
	Vodafone Group Services GMBH (ceased from August 30, 2018)
	Vodafone Group Services Limited (ceased from August 30, 2018)
	Vodafone Group PLC (ceased from August 30, 2018)
Ultimate Holding Company	Vodafone International Holdings B.V. (ceased from August 30, 2018)
	CGP India Investments Limited (ceased from August 30, 2018)
Intermediate Holding Company	Vodafone India Limited (ceased from August 30, 2018)
Immediate Holding Company	Mr. Nitin Chopra (ceased from November 12, 2018)
Key Management Personnel (KMP)	Mrs. Tripti Desai



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

A. Transactions with Related Parties for the year ended March 31, 2019 and March 31, 2018

Particulars	Fellow Subsidiaries	Immediate Holding Company	Holding Company
Sale of Services	7,970 (19,605)	674 (1,775)	14,580 -
Purchase of Services	140 (784)	-	-
Interest expenses	-	3,392 (8,631)	4,762 -
Loans taken during the year	-	14,192 (15,325)	5,660 -
Loans repaid during the year	-	8,190 (23,140)	12,700 -
Reimbursement of expenses to	3	11	20
Sale of PPE including Capital Work in Progress	1,208	-	101

(Figures in bracket are for the year ended March 31, 2018)

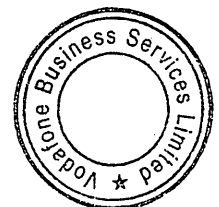
B. Balances with Related Parties

Particulars	Fellow Subsidiaries	Immediate Holding Company	Holding Company
Trade and other receivables	10 (4,296)	- (411)	2,180 -
Trade and other payables	- (1,059)	-	-
Interest payable	-	- (937)	596 -
Outstanding loan payable	-	- (104,618)	103,580 -

(Figures in bracket are as on March 31, 2018)

C. Director Sitting Fees

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Director Sitting Fees	2	6



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

Note 41

Financial Instruments

(i) Financial Instruments by Category:

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

Particulars	Amortised Cost	
	As at	As at
	March 31, 2019	March 31, 2018
Financial Assets		
Trade Receivables	2,488	4,890
Cash and cash equivalents	622	162
Bank balance other than cash and cash equivalents	15	13
Deposit with Body Corporates, Government Authorities and Others	238	199
Total Financial Assets	3,363	5,264

Particulars	Amortised Cost	
	As at	As at
	March 31, 2019	March 31, 2018
Financial Liabilities		
Short term loans from related parties including interest accrued	104,176	105,555
Trade Payables	4,500	5,308
Payables for Capital Expenditure	684	3,625
Total Financial Liabilities	109,360	114,488

(ii) Fair value hierarchy

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

(iii) Assets for which fair value is disclosed

The fair values and carrying values of the Company's Investment Property held at amortised cost are set out in the table below (unless otherwise stated, the valuation basis is level 2)

Fair value hierarchy of financial assets and liabilities measured at fair value:

Particulars	Fair Value		Carrying Value	
	As at	As at	As at	As at
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial Assets				
Investment Property (refer note 8)	9,882	9,666	6,719	6,840
Total	9,882	9,666	6,719	6,840

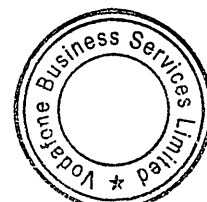
There were no changes made during the year in valuation methods or processes to determine classification of level. Level 2 classification comprises items where fair value is determined from inputs other than quoted prices that are observable for the Investment Property. The Company generally gets investment property fair valued in the second half of the year.

Note 42

Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade and other payables. The Company's principal financial assets comprise bank balance.

The Company is exposed to various financial risks such as market risk, credit risk and liquidity risk. The Directors of the Company oversees management of these risks and assure that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR Lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include borrowings

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	Effect on profit before tax
As at March 31, 2019		
INR - Borrowings	+100	(1,036)
	-100	1,036
As at March 31, 2018		
INR - Borrowings	+100	(1,046)
	-100	1,046

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

b) Foreign currency risk

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

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

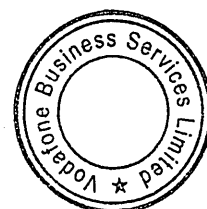
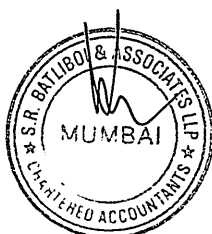
Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency rates, with all other variables held constant. The impact on the Company's profit / (loss) before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Currency exposure	Change in currency exchange rate	Effect on profit before tax
As at March 31, 2019		
USD	+5%	3
	-5%	(3)
As at March 31, 2018		
USD	+5%	2
	-5%	(2)

c) Credit risk

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



Vodafone Business Services Limited

Financial Statements for the year ended March 31, 2019

(All amounts are in INR Lakhs, except per share data and unless stated otherwise)

Notes to Financial Statements

- Trade receivables

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

- Other financial assets and cash deposits

Credit risk from balances with banks is managed by the Directors of the Company.

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

The Company's maximum exposure to credit risk for the components of the balance sheet as at March 31, 2019 and March 31, 2018 on its carrying amounts as disclosed in notes 10, 12, 13 and 14.

d) Liquidity risk

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

The Company has necessary support from VIL to maintain adequate liquidity (through loans) for settling its liabilities as and when they arise.

Note 43

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004

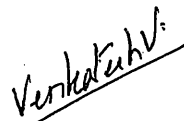


Vineet Kedia

Partner

Membership No.: 212230

For and on behalf of the Board of Directors of Vodafone
Business Services Limited



Venkatesh Viswanathan

Director

(DIN: 03122706)



J. Arun Kumar

Director

(DIN: 07018794)

Place: *Mumbai*
Date: *April 30, 2019*

Place: *Mumbai*
Date: *April 30, 2019*

