

## INDEPENDENT AUDITOR'S REPORT

To the Members of Vodafone Idea Technology Solutions Limited (formerly known as Vodafone Technology Solutions Limited)

Report on the Audit of Ind AS Financial Statements

### Opinion

We have audited the accompanying Ind AS financial statements of Vodafone Idea Technology Solutions Limited (formerly known as Vodafone Technology Solutions Limited) ("the Company"), which comprise the Balance sheet as at March 31 2020, 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, 2020, its loss 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 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 at the date of this auditor's report. We have nothing to report in this regard.

## 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.
- 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.

## Report on Other Legal and Regulatory Requirements

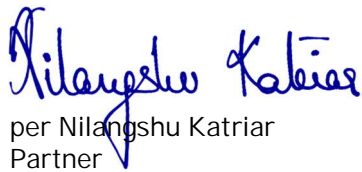
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls 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, 2020;

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

Chartered Accountants

- (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 does not have any pending litigations which would impact its financial position;
  - 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 Nilangshu Katriar  
Partner

Membership Number: 58814  
UDIN: 20058814AAAABU5000

Place: Mumbai  
Date: June 24, 2020

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

Re: Vodafone Idea Technology Solutions Limited (formerly known as Vodafone Technology Solution 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 Financial year 2017-18 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. Pursuant to the programme, fixed assets have not been physically verified by the management during the year since the Company has disposed of all the assets.  
  
(c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the Company and accordingly, the requirement under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3 (ii) of the Companies (Auditor's report) Order, 2016 (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 income tax, goods and service tax, cess and other material statutory dues have been regularly deposited with the appropriate authorities. The provisions relating to provident fund, employee's state insurance, sales tax, value added tax, duty of excise and duty of custom 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, 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.

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

Chartered Accountants

- (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.
- (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, transaction with the related parties are in compliance with section 188 of the Act where applicable and details have been disclosed in the notes to financial statement, as required by the applicable accounting standard. The provisions of section 177 is not applicable to the Company and accordingly reporting under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (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.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA 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 Nilangshu Katriar

Partner

Membership Number: 58814

UDIN: 20058814AAAABU5000

Place: Mumbai

Date: June 24, 2020

Annexure 2 to the independent auditor's report of even date on the Ind AS financial statements of Vodafone Idea Technology Solution Limited (formerly known as Vodafone Technology Solution 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 Idea Technology Solution limited (formerly known as Vodafone Technology Solution Limited) ("the Company") as of March 31, 2020 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 Ind AS 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.

## Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS 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.

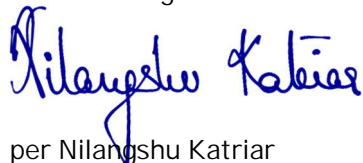
## Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

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, 2020, 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 Nilangshu Katriar  
Partner

Membership Number: 58814  
UDIN: 20058814AAAABU5000

Place: Mumbai  
Date: June 24, 2020



**VODAFONE IDEA TECHNOLOGY SOLUTIONS LIMITED**  
**(Formerly known as Vodafone Technology Solutions Limited)**  
**Financial Statements**  
**For the year ended March 31, 2020**

**Vodafone Idea Technology Solutions Limited**  
**(Formerly known as Vodafone Technology Solutions Limited)**  
**Financial Statements for the year ended March 31, 2020**  
**(All amounts are in INR thousands, except per share data and unless stated otherwise)**

**Balance Sheet as at March 31, 2020**

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	-	7,538
Financial assets			
Other non-current financial assets	8	20	20
Other non-current assets	9	409	409
<b>Total non-current assets (A)</b>		<b>429</b>	<b>7,967</b>
<b>Current assets</b>			
Financial assets			
Unbilled trade receivables		262	-
Cash and cash equivalents	10	15,164	5,595
Other current financial assets	11	390	6,000
Other current assets	12	1,849	62
<b>Total current assets (B)</b>		<b>17,665</b>	<b>11,657</b>
<b>Total Assets (A+B)</b>		<b>18,094</b>	<b>19,624</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	13	5,000	5,000
Other equity	14	(98,970)	(81,464)
<b>Total equity (A)</b>		<b>(93,970)</b>	<b>(76,464)</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities			
Short term borrowings	15	94,600	94,600
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note 27)		11,771	775
Other current financial liabilities	16	5,590	542
Other current liabilities	17	103	171
<b>Total current liabilities (B)</b>		<b>112,064</b>	<b>96,088</b>
<b>Total Equity and Liabilities (A+B)</b>		<b>18,094</b>	<b>19,624</b>

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

*Nilangshu Katriar*

**Nilangshu Katriar**

Partner

Membership No.: 58814



Place : Mumbai

Date : June 24, 2020

**For and on behalf of the Board of Directors of  
Vodafone Idea Technology Solutions Limited**

*Amrish Jain*

**Amrish Jain**

Director

(DIN: 07068438)

*Kavita Nair*

**Kavita Nair**

Director

(DIN: 07771200)

Place : Mumbai

Date : June 24, 2020



**Vodafone Idea Technology Solutions Limited**  
**(Formerly known as Vodafone Technology Solutions Limited)**  
**Financial Statements for the year ended March 31, 2020**  
**(All amounts are in INR thousands, except per share data and unless stated otherwise)**

**Statement of Profit and Loss for the year ended March 31, 2020**

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Income</b>			
Service revenue		262	-
<b>Revenue from operations</b>		<b>262</b>	<b>-</b>
Other income	18	-	534
<b>Total income</b>		<b>262</b>	<b>534</b>
<b>Operating Expenditure</b>			
Cost of Sims (refer note 27)		7,725	-
Other expenses	19	4,177	16,447
		<b>11,902</b>	<b>16,447</b>
<b>Profit/(Loss) before finance costs, depreciation, exceptional items and tax</b>		<b>(11,640)</b>	<b>(15,913)</b>
Finance costs	20	5,331	6,334
Depreciation	7	535	6,625
<b>Profit/(Loss) before exceptional items and tax</b>		<b>(17,506)</b>	<b>(28,872)</b>
Exceptional items	21	-	16,316
<b>Profit/(Loss) before tax</b>		<b>(17,506)</b>	<b>(45,188)</b>
Tax expense:			
- Current tax	25	-	-
- Deferred tax	25	-	-
<b>Profit/(Loss) after tax</b>		<b>(17,506)</b>	<b>(45,188)</b>
<b>Other comprehensive income / (loss) for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>(17,506)</b>	<b>(45,188)</b>
<b>Earning/(Loss) per equity share of ₹ 10 each:</b>			
Basic (₹)	26	<b>(35.01)</b>	<b>(90.38)</b>
Diluted (₹)		<b>(35.01)</b>	<b>(90.38)</b>

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

*Nilangshu Katriar*

**Nilangshu Katriar**

Partner

Membership No.: 58814



**For and on behalf of the Board of Directors of  
Vodafone Idea Technology Solutions Limited**

*Amrish Jain*

**Amrish Jain**

Director

(DIN: 07068438)

*Kavita Nair*

**Kavita Nair**

Director

(DIN: 07771200)

Place : Mumbai

Date : June 24, 2020

Place : Mumbai

Date : June 24, 2020



**Vodafone Idea Technology Solutions Limited**  
**(Formerly known as Vodafone Technology Solutions Limited)**  
**Financial Statements for the year ended March 31, 2020**  
**(All amounts are in INR thousands, except per share data and unless stated otherwise)**

**Statement of Changes in Equity for the year ended March 31, 2020**

**A. Equity share capital:**

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

	Numbers	Amount
<b>As at April 1, 2018</b>	500,000	5,000
Issue of share capital	-	-
<b>As at March 31, 2019</b>	500,000	5,000
Issue of share capital	-	-
<b>As at March 31, 2020</b>	<b>500,000</b>	<b>5,000</b>

**B. Other equity**

Particulars	Retained earnings
<b>As at April 1, 2018</b>	<b>(36,276)</b>
Profit/(Loss) after tax for the year March 31, 2019	(45,188)
<b>As at March 31, 2019</b>	<b>(81,464)</b>
Profit/(Loss) after tax for the year March 31, 2020	(17,506)
<b>As at March 31, 2020</b>	<b>(98,970)</b>

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004

*Nilangshu Katriar*  
**Nilangshu Katriar**

Partner

Membership No.: 58814



**For and on behalf of the Board of Directors of  
Vodafone Idea Technology Solutions Limited**

*Amrish Jain*

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(DIN: 07068438)

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(DIN: 07771200)

Place : Mumbai

Date : June 24, 2020

Place : Mumbai

Date : June 24, 2020



**Vodafone Idea Technology Solutions Limited**  
**(Formerly known as Vodafone Technology Solutions Limited)**  
**Financial Statements for the year ended March 31, 2020**  
**(All amounts are in INR thousands, except per share data and unless stated otherwise)**

**Statement of Cash Flows for the year ended March 31, 2020**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Operating activities</b>		
<b>Profit/(Loss) before tax</b>	(17,506)	(45,188)
<b>Adjustments to reconcile loss before tax to net cash flows:</b>		
Depreciation of property, plant and equipment	535	6,625
Finance costs	5,331	6,334
Allowance for doubtful debts / advances	(581)	2,170
(Gain)/Loss on disposal / dismantling of property, plant and equipment	(106)	16,316
<b>Working capital adjustments</b>		
Decrease/(Increase) in other financial and non-financial assets	4,142	(2,420)
Increase/(Decrease) in trade payables	10,996	(2,009)
(Decrease)/Increase in other financial and non-financial liabilities	(68)	171
<b>Net cash flows from/(used in) operating activities</b>	<b>2,743</b>	<b>(18,001)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	-	(2,153)
Proceeds from sale of property, plant and equipment	7,109	-
<b>Net cash flows from/(used in) investing activities</b>	<b>7,109</b>	<b>(2,153)</b>
<b>Financing activities</b>		
Payment of interest	(283)	(6,156)
Proceeds from short term borrowings	-	30,600
<b>Net cash flows (used in)/from financing activities</b>	<b>(283)</b>	<b>24,444</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,569</b>	<b>4,290</b>
Cash and cash equivalents at the beginning of the year	5,595	1,305
<b>Cash and cash equivalents at the end of the year (refer note 27)</b>	<b>15,164</b>	<b>5,595</b>

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

Particulars	Short term borrowings	Interest accrued but not due
<b>Balance as at April 1, 2018</b>	64,000	364
(i) Cash flow Items		
Payment of Interest and finance charges	-	(6,156)
Proceeds from short term borrowings	30,600	-
(ii) Non - cash items		
Finance cost accrued ( charged to profit and loss)	-	6,334
<b>Balance as at March 31, 2019</b>	<b>94,600</b>	<b>542</b>
(i) Cash flow Items		
Payment of Interest and finance charges	-	(283)
(ii) Non - cash items		
Finance cost accrued ( charged to profit and loss)	-	5,331
<b>Balance as at March 31, 2020</b>	<b>94,600</b>	<b>5,590</b>

2. 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

*Nilangshu Katriar*

**Nilangshu Katriar**

Partner

Membership No.: 58814



Place : Mumbai

Date : June 24, 2020

**For and on behalf of the Board of Directors of  
Vodafone Idea Technology Solutions Limited**

*Amrish Jain*

**Amrish Jain**  
Director  
(DIN: 07068438)

*Kavita Nair*

**Kavita Nair**  
Director  
(DIN: 07771200)

Place : Mumbai

Date : June 24, 2020



**Vodafone Idea Technology Solutions Limited**  
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**(All amounts are in INR thousands, except per share data and unless stated otherwise)**

**Notes to Financial Statements**

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**1. Corporate Information**

Vodafone Idea Technology Solutions Limited (herein after referred to as "VITSL" or "the Company"), a wholly owned subsidiary of Vodafone Idea Limited was incorporated on December 11, 2014 under the provisions of the Companies Act, 1956 applicable in India. The registered office of the Company is situated at 10<sup>th</sup> Floor, Birla Centurion, Century Mill Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400030, India.

The Company provides Technology, Software, Hardware, Value Added Services (VAS), Application Software, Contents and related products and services that facilitate and develop access to IT enabled VAS products and services whether on single or multiple platform(s) or operating system(s). The Company is also engaged in the business of E-SIMs.

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on June 24, 2020.

**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. 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 sufficient funds to meet its obligations over next 12 months. However, the Company is in the process of exploring various options for operations in next 1-2 years. Accordingly, the financial statements are prepared on a going concern basis.

All financial information presented in INR has been rounded off to thousands 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**

**a. Ind AS 116 – Leases**

The Company has adopted Ind AS 116, 'Leases', effective annual reporting period beginning 1st April, 2019 which replaces the existing standard on leases - Ind AS 17, 'Leases' and introduces a single, on-balance sheet lease accounting model for lessee. In accordance with the first time adoption options available in the standard, the Company has applied the standard using modified retrospective approach, with the cumulative effect of initially applying the Standard recognised as an adjustment to the opening balance of retained earnings as on the date of adoption i.e. 1st April, 2019. Accordingly, the Company has not restated comparative information which continues to be reported under Ind AS 17, 'Leases'.

The effect on adoption of the said standard was insignificant on these financial statements.



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**b. Amendment to Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments**

The amendment provides clarification on the uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit / (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition –

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initial application of Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The amendment is applicable from April 1, 2019. There is no impact of this amendment on the financial statements.

**c. Amendment to Ind AS 12 'Income Tax'**

The amendment clarifies that the income tax consequences of dividends including payments on financial instruments classified as equity, are linked more directly to past transactions or events that generated distributable profits rather than to distribution of such amounts to owners. Therefore, an entity shall recognise the income tax consequences of dividends in the Statement of Profit and Loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The amendment is applicable from April 1, 2019 and has no impact on the financial statements.

**d. 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 solely payments of principal and interest ("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 is applicable from April 1, 2019 and has no significant impact on the Company's financial statements.

**e. Amendment to Ind AS 23 'Borrowing Costs'**

The amendment clarifies that for computing general rate of borrowed funds, an entity should exclude specific borrowing for obtaining a qualifying asset, only until the asset is ready for its intended use or sale. Borrowing costs (related to specific borrowings) that remains outstanding after the related qualifying asset is ready for use or sale should subsequently be considered as part of general borrowing costs of the entity.

The amendment is applicable from April 1, 2019 and has no impact on the financial statements.

**4. New accounting pronouncements to be adopted on or after April 1, 2020.**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.



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**5. Significant Accounting Policies**

**a) Revenue from contracts with customers**

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

**i) Revenue from supply of services and sale of goods**

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

Revenue from other services is recognized on rendering of services. Revenue from sale of ESIM cards and related accessories is recognised when control of the asset is transferred to the customer, generally on delivery of equipment. If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

**ii) Unbilled income**

Unbilled Income is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs its obligation by transferring goods or services to a customer before the same is invoiced to the customer, unbilled income is recognised for the earned consideration that is conditional on satisfaction of performance obligation.

**b) Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**c) Functional and presentation currency**

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

**d) Exceptional items**

Items of income or expense from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company are disclosed as Exceptional items in the Statement of Profit and Loss.

**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.





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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.

**f) Current / Non – Current Classification**

An asset is classified as current when

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

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

A liability is classified as current when

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



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Depreciation on 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.

<b>Particulars</b>	<b>Estimated useful life (in years)</b>
Leasehold improvements	Period of lease or 10 years whichever is lower
Office Equipments	5 years
Furniture and fixtures	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.

**h) Impairment of Non – Financial Assets**

Tangible 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.

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.

**i) Borrowing Costs**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. All Borrowing costs are expensed in the period in which they are incurred.

**j) Cash and cash equivalents**

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

**k) Financial Instruments**

**Initial recognition and measurement**

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

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



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i. Financial assets

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

Subsequent measurement

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

- a) Financial assets measured at amortised cost
- b) Financial assets measured at fair value through profit or loss (FVTPL) - The Company does not have any assets classified as FVTPL.
- c) 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.

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.

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.



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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.

v. Offsetting financial instruments

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

**l) Fair value measurement**

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

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

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

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

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

**m) Earnings per share**

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

**n) Provisions and Contingent Liabilities**

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

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

Contingent Liabilities

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



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**6. 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 are 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.

**Estimates and Assumptions**

**i. 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.

**ii. Provisions and Contingent Liabilities**

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

**iii. Impact of COVID-19 (Global pandemic)**

The outbreak of Coronavirus (COVID - 19) pandemic globally and in India is causing significant disturbance and slow down of economic activity. The Company has evaluated impact of this pandemic on its business operations and based on the internal and external information available and the current indicators, there is no significant impact on its financial statements.



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**Note 7**

**Property, Plant and Equipment**

Particulars	Leasehold Improvement	Furniture and fixtures	Office equipments	Total
<b>Cost</b>				
<b>As at April 1, 2018</b>	8,339	1,488	27,770	37,597
Additions	-	-	-	-
Disposals/Adjustments	(8,339)	-	(16,744)	(25,083)
<b>As at March 31, 2019</b>	-	1,488	11,026	12,514
Additions	-	-	-	-
Disposals/Adjustments	-	(1,488)	(11,026)	(12,514)
<b>As at March 31, 2020</b>	-	-	-	-
<b>Accumulated Depreciation</b>				
<b>As at April 1, 2018</b>	1,461	260	5,397	7,118
Depreciation charge for the year	773	298	5,554	6,625
Disposals/Adjustments	(2,234)	-	(6,533)	(8,767)
<b>As at March 31, 2019</b>	-	558	4,418	4,976
Depreciation charge for the year	-	66	469	535
Disposals/Adjustments	-	(624)	(4,887)	(5,511)
<b>As at March 31, 2020</b>	-	-	-	-
<b>Net Book Value</b>				
<b>As at March 31, 2020</b>	-	-	-	-
<b>As at March 31, 2019</b>	-	930	6,608	7,538

**Note 8**

**Other non-current financial assets**

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits with body corporate and others	20	20
<b>Total</b>	<b>20</b>	<b>20</b>

**Note 9**

**Other non-current assets**

Particulars	As at March 31, 2020	As at March 31, 2019
GST recoverable (Considered Doubtful)	2,894	3,475
Others	409	409
	<b>3,303</b>	<b>3,884</b>
Allowance for doubtful input tax credit (refer note 23)	(2,894)	(3,475)
<b>Total</b>	<b>409</b>	<b>409</b>



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**Note 10**

**Cash and cash equivalents**

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Balances with banks in current accounts	15,164	5,595
<b>Total</b>	<b>15,164</b>	<b>5,595</b>

**Note 11**

**Other current financial assets**

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Deposits with body corporate and others	390	6,000
<b>Total</b>	<b>390</b>	<b>6,000</b>

**Note 12**

**Other current assets**

Particulars	As at	As at
	March 31, 2020	March 31, 2019
GST recoverable	1,787	-
Others	62	62
<b>Total</b>	<b>1,849</b>	<b>62</b>

**Note 13**

**Equity share capital**

Particulars	As at March 31, 2020		As at March 31, 2019	
	Numbers	Amount	Numbers	Amount
<b>EQUITY SHARE CAPITAL</b>				
<b>Authorised share capital</b>				
Equity Shares of ₹ 10 each	5,000,000	50,000	5,000,000	50,000
	<b>5,000,000</b>	<b>50,000</b>	<b>5,000,000</b>	<b>50,000</b>
<b>Issued, subscribed and paid-up share capital</b>				
Equity Shares of ₹ 10 each fully paid up	500,000	5,000	500,000	5,000
	<b>500,000</b>	<b>5,000</b>	<b>500,000</b>	<b>5,000</b>

**(a) Reconciliation of number of shares outstanding**

Particulars	As at March 31, 2020		As at March 31, 2019	
	Numbers	Amount	Numbers	Amount
Equity shares outstanding at the beginning and end of the year	500,000	5,000	500,000	5,000

**(b) Terms/ rights attached to issued, subscribed and paid up 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, 2020		As at March 31, 2019	
	Numbers	% holding in the class	Numbers	% holding in the class
<b>Equity shares of ₹ 10 each fully paid</b>				
Vodafone Idea Limited, the holding company and its nominees (from August 31, 2018) *	500,000	100%	500,000	100%

\*Pursuant to amalgamation of Vodafone India Limited and Vodafone Mobile Services Limited with Vodafone Idea Limited (formerly known as Idea Cellular Limited) as on August 31, 2018, the shareholding stands transferred to Vodafone Idea Limited.



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**Notes to Financial Statements**

**Note 14**

**Other Equity**

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Retained Earnings</b>		
Opening balance	(81,464)	(36,276)
Profit/(Loss) after tax	(17,506)	(45,188)
<b>Closing balance</b>	<b>(98,970)</b>	<b>(81,464)</b>

**Note 15**

**Short term borrowings**

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Unsecured Loans - Loan from related parties (refer note 27)*	94,600	94,600
<b>Total</b>	<b>94,600</b>	<b>94,600</b>

\* The Loan is repayable on demand with nil interest rate effective January 1, 2020 till such time, interest rate of 7.5 % was charged for March 31, 2020 (March 31, 2019: 7.5%)

**Note 16**

**Other current financial liabilities**

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Interest accrued but not due on borrowings (refer note 27)	5,590	542
<b>Total</b>	<b>5,590</b>	<b>542</b>

**Note 17**

**Other current liabilities**

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Taxes and other liabilities	103	171
<b>Total</b>	<b>103</b>	<b>171</b>

**Note 18**

**Other income**

<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Interest income		
Unwinding of discount on security deposit	-	534
<b>Total</b>	<b>-</b>	<b>534</b>

**Note 19**

**Other expenses**

<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Rent	1,114	4,738
Repairs and maintenance - others	472	-
Electricity	905	8,134
Gain on disposal of property, plant and equipment (net)	(106)	-
Allowances for doubtful debts and advances (refer note 23)	(581)	2,170
Legal and professional charges	2,265	35
Audit fees (refer note 24)	100	100
Security and housekeeping	-	1,270
Miscellaneous expenses	8	-
<b>Total</b>	<b>4,177</b>	<b>16,447</b>





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**Note 20**

**Finance costs**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense on borrowings refer note 27)	5,331	6,332
Interest on others	-	2
<b>Total</b>	<b>5,331</b>	<b>6,334</b>

**Note 21**

**Exceptional items**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Loss on dismantling of property, plant and equipment	-	16,316
<b>Total</b>	<b>-</b>	<b>16,316</b>

**Note 22**

As the Company operates in only one business segment, hence there is no separate reportable segment as per Ind AS – 108 on “Operating segment”.

**Note 23**

**Movement of Allowances for Doubtful Debts/Advances**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	3,475	1,305
Charged to Statement of Profit and Loss (Net) (refer note 19)	(581)	2,170
<b>Closing Balance</b>	<b>2,894</b>	<b>3,475</b>

**Note 24**

**Auditor's Remuneration**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Statutory Audit Fees	100	100
Out of pocket expenses (included in Misc. Expenses)	8	-
<b>Total Remuneration</b>	<b>108</b>	<b>100</b>

**Note 25**

**Income Tax Expenses**

**Reconciliation of average effective tax rate and applicable tax rate**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Loss before income tax expense	(17,506)	(45,188)
<b>Applicable Tax Rate</b>	<b>25.17%</b>	<b>26.00%</b>
Increase / reduction in taxes on account of:		
Effect of items for which no deferred tax is recognised	0.00%	0.00%
Effects of expenses that are not deductible in determining the taxable profits	-25.17%	-26.00%
<b>Effective Tax Rate</b>	<b>0.00%</b>	<b>0.00%</b>

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 / temporary differences of ₹ 26,333 as of March 31, 2020 (Previous Year ₹ 26,487).



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**Note 26**  
**Basic & Diluted Earnings per Share**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Nominal value of per equity share	10/-	10/-
Profit/(Loss) after tax	(17,506)	(45,188)
Profit/Loss attributable to equity shareholders	(17,506)	(45,188)
Weighted average number of equity shares outstanding during the year	500,000	500,000
Basic and diluted earning per share	(35.01)	(90.38)

**Note 27**  
**Related party transactions**

The Company has transactions with the below related parties:

Relationship	Related Party
Holding company	Vodafone Idea Limited (from August 31, 2018)
Ultimate Holding Company	Vodafone Group PLC (Till August 30, 2018)
Intermediate Holding Company	Vodafone International Holdings B.V. (Till August 30, 2018)
	CGP India Investments Limited (Till August 30, 2018)
	Vodafone India Limited (Till August 30, 2018)
Immediate holding company	Vodafone Mobile Services Limited (Till August 30, 2018)
Fellow Subsidiaries	Vodafone Idea Communication Systems Limited (formerly known as Mobile Commerce Solutions Limited)

**A. Transactions with Related Parties for the year ended March 31, 2020 and for the year ended March 31, 2019**

Particulars	Holding company	Fellow Subsidiary	Intermediate holding company
Interest on borrowings	5,331 (4,104)	-	- (2,228)
Loan taken during the year	- (18,600)	-	- (12,000)
Purchase of Services	-	7,725	-
Sale of fixed assets including Capital Work in Progress	6,779	-	-
Expense incurred on company's behalf by	- (1,270)	2,200	-

(Figures in bracket are for the year ended March 31, 2019)

**B. Balances with Related Parties**

Particulars	Holding company	Fellow Subsidiary	Intermediate holding company
Interest accrued but not due	5,590 (542)	-	-
Short term borrowings	94,600 (94,600)	-	-
Trade and Other Payables	-	11,492	-

(Figures in bracket are as on March 31, 2019)



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**Notes to Financial Statements**

**Note 28**  
**Financial instruments**

**a) Financial Instruments by Category:** The following table provides categorisation of all financial instruments at carrying value -

Particulars	As at March 31, 2020	As at March 31, 2019
	Amortised Cost	Amortised Cost
<b>Financial Assets</b>		
Cash and cash equivalents	15,164	5,595
Unbilled trade receivables	262	-
Deposit with Body Corporates and Others <sup>(1)</sup>	410	6,020
<b>Total Financial Assets</b>	<b>15,836</b>	<b>11,615</b>
<b>Financial Liabilities</b>		
Short term borrowings including Interest accrued and due	100,190	95,142
Trade Payables	11,771	775
<b>Total Financial Liabilities</b>	<b>111,961</b>	<b>95,917</b>

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

**(b) Fair value hierarchy**

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

**Note 29**  
**Financial risk management objectives and policies**

The Company's principal financial liabilities comprise borrowings and trade payables. The Company's principal financial assets comprise bank balance and deposit with body corporates and others.

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

**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 has no exposure to the risk of changes in market interest as the Company has borrowed from the Holding Company and the interest rate on such borrowing is nil effective from January 1, 2020.

**b) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities.

**- Unbilled 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 from the date of invoice. Outstanding customer receivables are regularly monitored.

**- Other financial assets and cash deposits**

The Company maintains its Cash and cash equivalents with banks and financial institutions having good reputation, past record and high quality credit rating and reviews their credit worthiness on an on-going basis in close coordination 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, 2020 and March 31, 2019 on its carrying amounts is disclosed in notes 8, 10 and 11.



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**c) Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company has Financial liabilities of trade and other payables which are payable within one year.

The company has accumulated losses and its net worth has been fully eroded as at March 31, 2020. However, the Company has assessed its liquidity position and its possible sources of funds. Based on the assessment, the Company's existing Cash balance and expected cash generation for the next twelve months, the Company will be able to meet its obligations as and when they arise.

**Note 30**

**Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The company has external (i.e. excluding those of Holding Company) Financial liabilities of trade payables which are payable within one year. The Company maintains sufficient cash and other liquid financial assets to meet the payment of financial liabilities within the due dates.

**Note 31**

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



**Nilangshu Katriar**

Partner

Membership No.: 58814



**For and on behalf of the Board of Directors of  
Vodafone Idea Technology Solutions Limited**



**Amrish Jain**

Director

(DIN: 07068438)



**Kavita Nair**

Director

(DIN: 07771200)

Place : Mumbai

Date : June 24, 2020

Place : Mumbai

Date : June 24, 2020

