

VODAFONE IDEA BUSINESS SERVICES LIMITED

Financial Statements

For the year ended March 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Vodafone Idea Business Services Limited

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

We have audited the accompanying financial statements of Vodafone Idea Business Services Limited ("the Company"), which comprise the Balance sheet as at March 31 2024, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of material 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 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, 2024, 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 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 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 financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors' Report, but does not include the financial statements and our auditor's report thereon. The Board of Directors' Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 financial statements, our responsibility is to read the other information when it becomes available 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.



Responsibility of Management for the 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

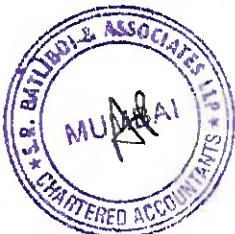
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 with reference to financial statements 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 financial statements, including the disclosures, and whether the 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, 2020 ("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, to the extent applicable, 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 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 Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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 with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



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- (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, 2024;
- (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 financial statements – Refer Note 28 to the 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.
 - iv.
 - a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - v. No dividend has been declared or paid during the year by the Company.



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- vi. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software (refer Note 42 to the financial statements). Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

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

Chartered Accountants

ICAI Firm Registration Number: **101049W/E300004**



per **Amit Poddar**

Partner

Membership Number: 509192

UDIN: 24509192BKFDTB8784



Place of Signature: Mumbai

Date: May 14, 2024

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

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

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets as reflected in the books.
- (b) All Property, Plant and Equipment were physically verified by the management in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) during the year ended March 31, 2024.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The Company's business does not require to maintain inventories and, accordingly, the requirements to report on clause 3(ii) (a) of the Order is not applicable to the Company.
- (b) The Company has not availed any working capital limits from banks or financial institutions at any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to Companies, Firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a), (c), (d), (e) and (f) of the Order is not applicable to the Company.
- (b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to Companies, Firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.



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- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company. Accordingly, the requirement to report on clause 3(vi) of the order is not applicable to the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, income-tax, cess and other statutory dues applicable to it. The provisions pertaining to provident fund, employees' state insurance, duty of customs and duty of excise are not applicable to the Company.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) The dues of goods and services tax, service tax, value added tax, cess and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax	201	2009-12	Commissioner of Service Tax (Appeals)
Finance Act, 1994	Service Tax	3,361	2013-14	CESTAT Gujarat
Gujarat Value Added Tax, 2003	Value Added Tax	38	2014-15	Deputy Commissioner of Commercial Tax (Appeals)
The Maharashtra Municipal Corporations Act, 1949	Entry Tax	960	2013-14	Deputy Commissioner- Navi Mumbai Municipal Corporation
Central Goods and Service Tax Act, 2017	Goods and Service Tax	50	2017-18	Joint Commissioner (Appeals)

Of the above cases, total amount deposited in respect of Service Tax is Rs 7 Lakhs, Goods and Service Tax is Rs 43 Lakhs and Entry Tax is Rs 465 Lakhs.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) Loans amounting to Rs 49,860 lakhs are repayable on demand and terms and conditions for payment of interest thereon have not been stipulated. Such loans and interest thereon have not been demanded for repayment during the relevant financial year. The Company does not have any other borrowings.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.



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- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause 3 (ix)(c) of the Order is not applicable to the Company.
- (d) On an overall examination of the financial statements of the Company, the Company has used funds raised on short term basis (in form of borrowing) aggregating to Rs 42,189 lakhs for long-term purposes by the Company (representing acquisition of property, plant and equipment and to fund losses of the Company).
- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) and (f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) and hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with section 188 of the 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. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.
- (xiv) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) and (b) of the Order is not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.



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- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) The Group has five Core Investment Companies as part of the Group.
- (xvii) The Company has not incurred cash losses in the current year and immediately preceding financial year, hence, the requirement to report on clause 3(xvii) of the Order is not applicable to the Company.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the note 40 and 41 to the financial statements which includes financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions and considering the Company's current liabilities exceeds the current assets by Rs 42,189 lakhs, the Company has obtained the letter of financial support from the Holding Company, nothing has come to our attention, which causes us to believe that Company is not capable of meeting its liabilities, existing at the date of balance sheet, as and when they fall due within a period of one year from the balance sheet date.
- We, further state that this is not an assurance as to the future viability of the Company and our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company is not required to spend any money under sub-section (5) of section 135 of the Act. Accordingly, reporting under clause 3 (xx) of the Order is not applicable for the year.

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

Chartered Accountants

ICAI Firm Registration Number: **101049W/E300004**



per **Amit Poddar**

Partner

Membership Number:

UDIN: 24509192BKFDTB8784



Place: Mumbai

Date: May 14, 2024

Annexure '2' to the Independent Auditor's Report of even date on the financial statements of Vodafone Idea 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 with reference to financial statements of Vodafone Idea Business Services Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the 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 ("ICAI"). 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these 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 Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls 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 Company's internal financial controls with reference to these financial statements.



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Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to 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 controls with reference to 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 With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, 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 issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: **101049W/E300004**



per **Amit Poddar**

Partner

Membership Number: 509192

UDIN: 24509192BKFDTB8784



Place of Signature: Mumbai

Date: May 14, 2024

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Balance Sheet as at March 31, 2024

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
Assets			
Non-current assets			
Property, plant and equipment (including RoU Assets)	6	37,010	41,252
Intangible assets	7	2	8
Financial assets			
Other non-current financial assets	8	578	496
Other non-current assets	9	901	941
Total non-current assets (A)		38,491	42,697
Current assets			
Financial assets			
Trade receivables	10	12,822	5,759
Cash and cash equivalents	11	850	54
Bank balance other than cash and cash equivalents	12	17	17
Other current assets	13	192	184
Total current assets (B)		13,881	6,014
Total Assets (A+B)		52,372	48,711
Equity and Liabilities			
Equity			
Equity share capital	14	5	5
Other equity	15	(3,747)	(9,815)
Total equity (C)		(3,742)	(9,810)
Liabilities			
Non-current liabilities			
Deferred tax liabilities (net)	34	44	-
Total non-current liabilities (D)		44	-
Current liabilities			
Financial liabilities			
Short term borrowings	16	49,860	54,210
Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		3	2
Total outstanding dues of creditors other than micro enterprises and small enterprises (including amounts referred in note 36)		5,647	3,923
Other current financial liabilities	18	155	54
Other current liabilities	19	405	332
Total current liabilities (E)		56,070	58,521
Total Equity and Liabilities (C+D+E)		52,372	48,711

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

For and on behalf of the Board of Directors of

Vodafone Idea Business Services Limited

Amit Poddar

Partner

Membership No.: 509192

Venkatesh Viswanathan

Director

(DIN: 03122706)

Jagbir Singh

Director

(DIN: 03258009)

Place: Mumbai

Date: May 14, 2024

Place: Mumbai

Date: May 14, 2024

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Statement of Profit and Loss for the year ended March 31, 2024

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Income			
Service revenue (including amounts referred in Note 36)		18,946	13,449
Other operating income	20	10	67
Revenue from operations		18,956	13,516
Other income	21	58	121
Total income		19,014	13,637
Expenses			
Cost of Services, customer acquisition and servicing expenditure	22	795	74
Other expenses	23	7,658	7,281
		8,453	7,355
Profit/(Loss) before finance costs, depreciation, amortisation, exceptional items & tax		10,561	6,282
Finance costs	24	6	30
Depreciation	6	4,437	4,819
Amortisation	7	6	11
Profit/(Loss) before exceptional items & tax		6,112	1,422
Exceptional items	25 & 26	-	611
Profit / (Loss) before tax		6,112	2,033
Tax expense:			
- Current tax	33	-	-
- Deferred tax	33 & 34	44	-
Profit/(Loss) after tax for the year		6,068	2,033
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		6,068	2,033
Earning/(Loss) per equity share of Rs. 10 each:			
Basic (Rs.)	35	12,136	4,066
Diluted (Rs.)	35	12,136	4,066

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

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

Amit Poddar

Partner

Membership No.: 509192

Venkatesh Viswanathan

Director

(DIN: 03122706)

Jagbir Singh

Director

(DIN: 03258009)

Place: Mumbai

Date: May 14, 2024

Place: Mumbai

Date: May 14, 2024

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Statement of Changes in Equity for the year ended March 31, 2024

A. Equity share capital:

Equity shares of Rs. 10 each issued, subscribed and fully paid

	Numbers	Amount
As at April 1, 2022	50,000	5
Issue of share capital	-	-
As at March 31, 2023	50,000	5
Issue of share capital	-	-
As at March 31, 2024	50,000	5

B. Other equity

Particulars	Retained earnings
As at April 1, 2022	(11,848)
Profit/(Loss) after tax for the year	2,033
As at March 31, 2023	(9,815)
Profit/(Loss) after tax for the year	6,068
As at March 31, 2024	(3,747)

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004

For and on behalf of the Board of Directors of

Vodafone Idea Business Services Limited

Amit Poddar

Partner

Membership No.: 509192

Venkatesh Viswanathan

Director

(DIN: 03122706)

Jagbir Singh

Director

(DIN: 03258009)

Place: Mumbai

Date: May 14, 2024

Place: Mumbai

Date: May 14, 2024

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Statement of Cash Flows for the year ended March 31, 2024

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Operating activities		
Profit before tax	6,112	2,033
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	4,437	4,819
Amortisation of intangible assets	6	11
(Gain) on disposal of property, plant and equipment	-	(86)
Gain on Investment property (leasehold land)	-	(611)
Finance costs	6	30
Bad debts / advances written off	702	-
Allowance for doubtful debts / advances	(377)	(5)
Liabilities / provisions no longer required written back	(2)	-
Interest income	(58)	(121)
Working capital adjustments		
(Increase) in trade receivables	(7,384)	(4,570)
(Increase) in other financial and non-financial assets	(137)	(235)
Increase in trade payables	1,727	799
Increase in other financial and non-financial liabilities	70	19
Cash flows from operating activities	5,102	2,083
Income tax refund/(paid) (including TDS) (net)	125	1,287
Net cash flows from operating activities	5,227	3,370
Investing activities		
Purchase of property, plant and equipment and intangible assets	(94)	(658)
Proceeds from sale of property, plant and equipment	-	125
Proceeds from sale of Investment property (leasehold land) (net of expenses)	-	500
Interest received	16	121
Net cash flows (used in)/from investing activities	(78)	88
Financing activities		
Repayment of short term borrowings	(4,350)	(3,500)
Payment of interest and finance charges	(3)	-
Net cash flows (used in) financing activities	(4,353)	(3,500)
Net increase /(decrease) in cash and cash equivalents	796	(42)
Cash and cash equivalents at the beginning of the year	54	96
Cash and cash equivalents at the end of the year (refer note 11)	850	54

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

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

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Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

1. Corporate Information

Vodafone Idea Business Services Limited (herein referred to as "VIBSL" 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, datacenter operations and hosting services to Vodafone Idea Limited ("VIL").

The financial statements for the year ended March 31, 2024 were approved by the Board of Directors and authorized for issue on May 14, 2024.

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.

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

The Company has elected to present Profit/(Loss) before finance costs, depreciation, amortisation, exceptional items and tax as a separate line item on the face of the Statement of Profit and Loss. In such measurement, the company does not include finance costs, depreciation, amortisation, exceptional items and tax.

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.

4. Material Accounting Policies

a) Revenue recognition

i. Revenue from contracts with customers

Revenue is recognised when a customer receives services and thus has the ability to direct the use and obtain benefits from those 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 services to customers, excluding amounts collected on behalf of third parties. Taxes and duties collected by the 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.

ii. Trade Receivable

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 4m) financial instruments – initial recognition and subsequent measurement.

iii. Advance from customer and Deferred revenue

Advance from customer and deferred revenue is the obligation to transfer services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognised when the payment is made. Advance from customer and deferred revenue are recognised as revenue when the Company fulfils its performance obligations under the contract.

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

iv. 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 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. The Company's lease asset classes primarily consist of leases for immovable properties.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment (Refer Note 4i).

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification i.e. a change in the lease term or a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. The re-measurement of lease liability is done by discounting the revised lease payments using the Company's incremental borrowing rate at the effective date of modification.

iii) Short term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be of low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

c) Foreign currency transactions

The Company's financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency. Transactions in foreign currencies are initially recorded at the Rs. 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.

d) Exceptional items

Items of income or expense which are non-recurring or outside of the ordinary course of business 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.

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 Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

(All amounts are in Rs. 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)
RoU Assets	Over the period of lease
Building	30 years
Leasehold improvement	10 years or over the period of lease whichever is lower
Plant and machinery	9 years
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.

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.

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

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:

- Computer 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) Impairment of Non – Financial Assets

Tangible assets (including RoU assets) 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.

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.

j) 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.

k) 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.

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

1) 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:

- 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 group 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.

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

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, 6-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 6-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 6-month ECL is a portion of the lifetime ECL which results from default events that are possible within 6 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. For the purpose of measuring the expected credit loss for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience.

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.

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.

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

m) 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.

n) 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.

o) 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.

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

p) Recent pronouncements

Amendments to Ind AS

MCA vide notification no. G.S.R. 242(E) dated March 31, 2023 has issued Companies (Indian Accounting Standards) Amendment Rules, 2023 which amends following Ind AS:

- Ind AS 101 First Time Adoption of Indian Accounting Standards
- Ind AS 102 Shared based Payment
- Ind AS 12 Income Taxes
- Ind AS 107 Financial Instrument Disclosures
- Ind AS 103 Business Combinations
- Ind AS 109 Financial Instruments
- Ind AS 115 Revenue from Contracts with Customers
- Ind AS 1 Presentation of Financial Statements
- Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 34 Interim Financial Reporting

The amendments are applicable for annual periods beginning after April 1, 2023, however, these do not have material impact on the Financial Statements of the Company

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.

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. Allowance for Trade receivable

For the purpose of measuring the expected credit loss for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively depending on their significance. Individual trade receivables are written off when management deems them not to be collectible on assessment of facts and circumstances. Refer note 10.

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

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 and intangible assets are given in note 6 and note 7, respectively.

iv. 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. Refer note 28 for further details about Contingent liabilities.

Vodafone Idea Business Services Limited

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

Notes to Financial Statements

Note 6							
Property, Plant and Equipment							
Particulars	Buildings	Leasehold Improvement	Plant and machinery	Furniture and fixtures	Office equipments	RoU Assets (Land)	Total
Cost							
As at April 1, 2022	37,411	268	44,825	94	410	4,240	87,248
Additions	-	-	620	-	6	-	626
Disposals/Adjustments	-	-	(165)	-	-	-	(165)
As at March 31, 2023	37,411	268	45,280	94	416	4,240	87,709
Additions	-	-	191	-	4	-	195
Disposals/Adjustments	-	-	-	-	-	-	-
As at March 31, 2024	37,411	268	45,471	94	420	4,240	87,904
Accumulated Depreciation							
As at April 1, 2022	6,378	139	34,417	92	332	406	41,764
Depreciation charge for the year	1,279	24	3,399	1	58	58	4,819
Disposals/Adjustments	-	-	(126)	-	-	-	(126)
As at March 31, 2023	7,657	163	37,690	93	390	464	46,457
Depreciation charge for the year	1,279	24	3,056	1	19	58	4,437
Disposals/Adjustments	-	-	-	-	-	-	-
As at March 31, 2024	8,936	187	40,746	94	409	522	50,894
Net Book Value							
As at March 31, 2024	28,475	81	4,725	-	11	3,718	37,010
As at March 31, 2023	29,754	105	7,590	1	26	3,776	41,252

Note 7

Intangible assets

Particulars	Computer - Software
Cost	
As at April 1, 2022	1,164
Additions	4
Disposals/Adjustments	-
As at March 31, 2023	1,168
Additions	-
Disposals/Adjustments	-
As at March 31, 2024	1,168
Accumulated Amortisation	
As at April 1, 2022	1,149
Amortisation charge for the year	11
Disposals/Adjustments	-
As at March 31, 2023	1,160
Amortisation charge for the year	6
Disposals/Adjustments	-
As at March 31, 2024	1,166
Net Book Value	
As at March 31, 2024	2
As at March 31, 2023	8

Vodafone Idea Business Services Limited

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Notes to Financial Statements

Note 8

Other non-current financial assets

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Deposits and balances with government authorities	577	496
Margin money deposits	1	-
Total	578	496

Note 9

Other non-current assets

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Advance income tax (net)	328	411
Prepaid expenses	34	-
Others (consisting mainly deposit against demands which are appealed against / subjudice)		
- Considered Good	539	530
- Considered Doubtful	44	44
	945	985
Allowance for doubtful advances (refer note 30)	(44)	(44)
Total	901	941

Note 10

Trade receivables (Unsecured, unless otherwise stated) (including amounts referred in note 36)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Billed Receivables - Considered Good	11,418	6,775
Allowance for doubtful advances (refer note 30)	(635)	(1,016)
	10,783	5,759
Unbilled Receivables - Considered Good	2,039	-
Total	12,822	5,759

The following is ageing schedule of trade receivables :

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	
As at March 31, 2024					
Trade receivables - Billed					
Undisputed Trade receivables - considered good	7,768	3,341	131	178	11,418
	7,768	3,341	131	178	11,418
Less : Allowance for doubtful trade receivables - Billed					(635)
					10,783
Trade receivables - Unbilled					2,039
Total					12,822
As at March 31, 2023					
Trade receivables - Billed					
Undisputed Trade receivables - considered good	5,759	168	848	-	6,775
	5,759	168	848	-	6,775
Less : Allowance for doubtful trade receivables - Billed					(1,016)
					5,759
Trade receivables - Unbilled					-
Total					5,759

Note 11

Cash and cash equivalents

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Cheques on hand	*	5
Balances with banks in current accounts	850	49
Total	850	54

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

Note 12

Bank balance other than cash and cash equivalents

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Margin money with banks	17	17
Total	17	17

Vodafone Idea Business Services Limited

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

Notes to Financial Statements

Note 13

Other current assets

Particulars	As at	
	March 31, 2024	March 31, 2023
GST recoverable	159	146
Prepaid expenses	33	35
Others		
- Considered Good	-	3
- Considered Doubtful	15	11
	207	195
Allowance for doubtful advances (refer note 30)	(15)	(11)
Total	192	184

Note 14

Equity Share Capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	Numbers	Amount	Numbers	Amount
EQUITY SHARE CAPITAL				
Authorised share capital				
Equity Shares of Rs. 10 each	50,000	5	50,000	5
	50,000	5	50,000	5
Issued, subscribed and paid-up share capital				
Equity Shares of Rs. 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, 2024		As at March 31, 2023	
	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 Rs. 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, 2024		As at March 31, 2023	
	Numbers	% holding in the class	Numbers	% holding in the class
Equity shares of Rs. 10 each fully paid				
Vodafone Idea Limited, the holding company and its nominees	50,000	100%	50,000	100%

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

Note 15

Other Equity

Particulars	As at March 31, 2024	As at March 31, 2023
Retained Earnings		
Opening balance	(9,815)	(11,848)
Profit/(Loss) after tax for the year	6,068	2,033
Total	(3,747)	(9,815)

Note 16

Short term borrowings

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured Loans		
Loan from related parties (refer note 36)*	49,860	54,210
Total	49,860	54,210

*The Loan is repayable on demand with nil interest rate.

Note 17

Trade payables

(A) The following is ageing schedule of trade payables :

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2024						
(i) MSME	-	2	-	1	-	3
(ii) Others	355	677	52	20	9	1,113
	355	679	52	21	9	1,116
Accrued expenses						4,534
Total						5,650
As at March 31, 2023						
(i) MSME	-	1	1	-	-	2
(ii) Others	61	80	378	1	11	531
	61	81	379	1	11	533
Accrued expenses						3,392
Total						3,925

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

The dues to micro and small enterprises as required under MSMED Act, 2006, based on the information available with the Company, is given below:

Particulars	As at March 31, 2024	As at March 31, 2023
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in trade payables	1	1
(ii) The interest due on above	-*	-*
The total of (i) & (ii)	1	1
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	22	24
d) The amounts of interest accrued and remaining unpaid at the end of financial year	2	1
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.	-	1

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

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

Note 18

Other current financial liabilities

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Payable for capital expenditure	155	54
Total	155	54

Note 19

Other current liabilities

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Deferred revenue ⁽¹⁾	109	170
Taxes and other liabilities	296	162
Total	405	332

⁽¹⁾ Revenue recognised during the year from deferred revenue (contract liability) at the beginning of the year is Rs.170 Lakhs (March 31, 2023: Rs.131 Lakhs).

Note 20

Other operating income

Particulars	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
Liabilities / provisions no longer required written back	2	-
Miscellaneous receipts	8	67
Total	10	67

Note 21

Other income

Particulars	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
Interest income	58	121
Total	58	121

Note 22

Cost of Services, customer acquisition and servicing expenditure

Particulars	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
Cost of Services	745	-
Commission to dealers	25	24
Collection, telecalling and servicing expenses	25	50
Total	795	74

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

Note 23

Other expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Repairs and maintenance	729	923
Insurance	49	67
Rates and taxes	189	182
Electricity	3,451	3,209
IT service cost	2,531	2,640
Allowances for doubtful debts and advances (refer note 30)	(377)	(5)
Bad debts / advances written off	702	-
Loss/(Gain) on disposal of property, plant and equipment	-	(86)
Directors Sitting Fees (refer note 36)	1	1
Legal and professional charges	18	4
Audit Fees (refer note 32)	5	5
Support Service Charges (refer note 36)	131	132
Building security	219	208
Miscellaneous expenses	10	1
Total	7,658	7,281

Note 24

Finance costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on Others	3	-
Exchange (Gain)/Loss	3	30
Total	6	30

Note 25

Exceptional Items

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Gain on Investment property (leasehold land) (refer note 26)	-	611
Total	-	611

Note 26

During the year ended March 31, 2022, the Company had sold Investment Property (Leasehold land) for a consideration of Rs. 18,694 Lakhs and accordingly, gain on sale of Investment Property (Leasehold land) of Rs. 12,662 Lakhs (net of expenses) had been recognised as Exceptional Items.

During the previous year, the Company has received an additional consideration of Rs. 500 Lakhs upon completion of certain conditions and has been recognised as an Exceptional Items. Further, the company had re-assessed certain estimates for expenses amounting to Rs.111 Lakhs related to the above mentioned sale which has been recognised as Exceptional Items.

Note 27

Capital and other commitments:

Estimated amount of commitments are as follows:

- Contracts remaining to be executed for capital expenditure (net of advances) and not provided for are Rs. 11 Lakhs (March 31, 2023: Rs. 408 Lakhs)
- Long term contracts remaining to be executed including early termination commitments (if any) are Rs. 60 Lakhs (March 31, 2023: Rs.296 Lakhs)

Vodafone Idea Business Services Limited

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

Notes to Financial Statements

Note 28

Contingent Liabilities

Disputed claims not acknowledged as debt:

Sr. No.	Description	As at March 31, 2024	As at March 31, 2023
1	Service Tax matters	793	793
2	Local Body Tax (LBT)	910	910
3	Sales Tax/Value Added Tax	38	38
	Total	1,741	1,741

a) Service Tax matters

The company has received demand for irregular availment of CENVAT credit. The Company has filed Appeal and Cross Objection which is pending with CESTAT, Gujarat.

b) Local Body Tax (LBT)

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 has accordingly filed appeal with Deputy Commissioner and 50 % of the principal amount is deposited with the department.

c) Sales Tax/Value added Tax

Sales tax/VAT demands mainly relates to the demands raised by the VAT/Sales Tax authorities towards regular assessment. The Company has challenged this demand which is pending at local jurisdiction.

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 29

Details of Foreign Currency Exposures

Not hedged by a derivative instrument or otherwise

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Payables and Other financial liability		
In USD	20	15
Equivalent Rs. of Trade Payables and Other Financial liability ⁽¹⁾	1,669	1,225
Trade receivables		
In USD	6	17
In EURO	_*	_*
Equivalent Rs. of Trade Receivables ⁽¹⁾	510	1,361

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

⁽¹⁾Amount in Rs. represents conversion at closing rate

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

Note 30

Movement of Allowances for Doubtful Debts/Advances

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Opening Balance	1,071	1,076
Charged to Statement of Profit and Loss (Net) (refer note 23)	(377)	(5)
Closing Balance	694	1,071

Note 31

Segment Information

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 32

Auditor's Remuneration

Particulars	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
Statutory Audit Fees	5	5
Total Remuneration	5	5

Note 33

Income Tax Expenses

(a) Major Component of Tax Expense

Particulars	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
Deferred Tax		
Relating to addition & reversal of temporary differences	44	-
Total Deferred Tax Expense	44	-

Reconciliation of average effective tax rate and applicable tax rate :

Particulars	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
Profit before income tax expense	6,112	2,033
Applicable Tax Rate	25.17%	25.17%
Effect of items for which no deferred tax is recognised	(25.18)%	(25.17)%
Effect of expenses / income that are not deductible / considered in determining the taxable profits (net)	0.01%	(0.00)%
Effect of addition & reversal of temporary differences	0.71%	0.00%
Effective tax rate	0.71%	0.00%

Deferred tax assets are recognized 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 utilized. Accordingly, in view of uncertainty, the Company has not recognized deferred tax assets in respect of carried forward tax losses/capital losses/temporary differences of Rs. Nil as of March 31, 2024 (March 31, 2023: Rs. 8,355 Lakhs).

The aforesaid tax losses and unabsorbed depreciation will lapse in the subsequent years as follows:

Particulars	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
Unlimited	-	8,355
Total	-	8,355

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

Note 34

Movement in Deferred Tax

Particulars	As at	Recognised in	As at	Recognised in	As at
	April 1, 2022	Profit and Loss	March 31, 2023	Profit and Loss	March 31, 2024
Liabilities					
Depreciation & Amortisation	1,359	948	2,307	(98)	2,209
Effects of remeasuring financial instruments under IndAS	-	-	-	5	5
Total (A)	1,359	948	2,307	(93)	2,214
Assets					
Tax Losses	1,088	950	2,038	(42)	1,996
Expenses allowable on Payment Basis	-	-	-	.*	.*
Provisions for doubtful debts/ advances	271	(2)	269	(95)	174
MAT credit	-	-	-	-	-
Others	-	-	-	-	-
Total (B)	1,359	948	2,307	(137)	2,170
Net Deferred Tax Liabilities/ (assets) (A-B)	-	-	-	44	44

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

Note 35

Basic & Diluted Earnings/(Loss) per Share

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Nominal value of equity shares (Rs.)	10/-	10/-
Profit/(Loss) after tax	6,068	2,033
Profit/(Loss) attributable to equity shareholders	6,068	2,033
Weighted average number of equity shares outstanding during the year	50,000	50,000
Basic and Diluted earnings per share (Rs.)	12,136	4,066

Note 36

Related Party Transactions

Relationship	Related Party
Holding Company	Vodafone Idea Limited
Fellow Subsidiaries	Vodafone Idea Telecom Infrastructure Limited
	Vodafone Idea Technology Solutions Limited
	Vodafone Idea Shared Services Limited
Key Management Personnel (KMP)	Mr. Venkatesh Vishwanathan (Non-Executive Director) *
	Mr. Jagbir Singh (Non-Executive Director)*
	Mrs. Tripti Desai (Non-Executive Director)

* No transactions during the year

A. Transactions with Related Parties for the period ended March 31, 2024 and March 31, 2023

Particulars	Holding Company	Fellow Subsidiaries	KMP
Sale of Services	10,239	-	-
	(10,641)	-	-
Purchase of Services	2	111	-
	-	(132)	-
Loans repaid during the year	4,350	-	-
	(3,500)	-	-
Reimbursement of expenses to	92	-	-
	(113)	-	-
Director's sitting fees paid	-	-	1
	-	-	(1)

(Figures in bracket are for the year ended March 31, 2023)

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

B. Balances with Related Parties

Particulars	Holding Company	Fellow Subsidiaries
Trade and other receivables	8,400	6
	(4,134)	-
Trade and other payables	-	12
	-	(20)
Advance received	-	-
	(10)	-
Outstanding loan payable	49,860	-
	(54,210)	-

(Figures in bracket are as at March 31, 2023)

C. The significant related party transactions are summarised below:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Purchase of Services		
Vodafone Idea Shared Services Limited	111	132

Note 37

Financial Instruments

i) Financial Instruments by Category

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

Particulars	As at March 31, 2024	As at March 31, 2023
	Amortised Cost	
Financial Assets		
Trade Receivables	12,822	5,759
Cash and cash equivalents	850	54
Margin money with banks	18	17
Deposits and balances with Government Authorities	577	496
Total Financial Assets	14,267	6,326

Particulars	As at March 31, 2024	As at March 31, 2023
	Amortised Cost	
Financial Liabilities		
Short term loans from related parties	49,860	54,210
Trade Payables	5,650	3,925
Payables for Capital Expenditure	155	54
Total Financial Liabilities	55,665	58,189

(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.

Vodafone Idea Business Services Limited

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Notes to Financial Statements

Note 38

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, trade receivables and deposits.

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.

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, foreign currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include borrowings.

a) 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 the loan from Holding Company and the interest rate on such borrowing is Nil.

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.

Foreign currency risk

Currency exposure	Change in currency exchange rate	Effect on profit before tax
As at March 31, 2024		
USD	+5%	(58)
	-5%	58
As at March 31, 2023		
USD	+5%	7
	-5%	(7)

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 operating activities (primarily trade receivables) and its financing activities.

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

(All amounts are in Rs. 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

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, 2024 and March 31, 2023 on its carrying amounts as disclosed in notes 8, 10, 11 and 12.

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 Financial liabilities of short term borrowings and trade and other payables which are payable within one year. The Company maintains adequate liquidity through effective fund/working capital management for settling its liabilities as and when they arise. However, the Company may need financial support from the holding company, to settle some of its existing liabilities and fund the operations of the Company (refer note 40).

Note 39

Capital risk management

For the purpose of the Company's capital management, capital includes issued equity share 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 financial liabilities of trade and other payables which are payable within one year. The Company generally maintains sufficient cash and other liquid financial assets to meet the payment of financial liabilities within the due dates. However, the Company may need financial support from the holding company, to settle some of its existing liabilities and fund the operations of the Company (refer note 40).

Note 40

The Company has accumulated losses of Rs. 3,747 Lakhs as at March 31, 2024 and the Company's current liabilities exceeded its current assets by Rs. 42,189 Lakhs. The Company's business operations are largely dependent on its holding company. The Company has assessed its liquidity position and its possible sources of funds. The holding company, subsequent to the balance sheet date, has raised funds of Rs.1,800,000 Lakhs through "Further Public Offer" and got Shareholder's approval to raise Rs. 207,500 Lakhs through "preferential allotment".

The Holding Company committed to extend appropriate financial support to the extent of working capital requirements of the Company for the next 12 months from the date of the financial statements to enable the Company to continue as a going concern. Accordingly, the financial statements of the Company have been prepared on a going concern basis as the Company will be able to meet its liabilities as when they fall due.

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

Note 41

Additional Disclosure as per requirement of Schedule III

Ratios For the year ended March 31, 2024 and March 31, 2023

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	% Variance	Reason for change (if change is more than 25%)
Current Ratio ⁽¹⁾	2.24	1.40	60%	Mainly due to increase in trade receivables leading to increase in current assets
Debt-Equity Ratio ⁽²⁾	NA*	NA*	-	
Return on Equity Ratio ⁽³⁾	NA*	NA*	-	
Trade Receivables turnover ratio (number of days) ⁽⁴⁾	179	94	91%	Mainly due to higher trade receivables as at March 31, 2024
Trade Payable turnover ratio ⁽⁵⁾	1.70	2.09	(19)%	
Net Profit ratio (%) ⁽⁶⁾	32%	15%	113%	Mainly due to increase in profit during the year
Return on Capital employed ⁽⁷⁾	13%	4%	200%	Mainly due to increase in profit during the year
Net capital turnover ratio ⁽⁸⁾	2.47	7.94	-69%	Mainly due to increase in Working capital as at March 31, 2024

* As the Net-worth is negative as on March 31, 2024 and as on March 31, 2023.

⁽¹⁾ Current Ratio = [Current assets/Current liabilities (excluding short term borrowings)]

⁽²⁾ Debt-Equity Ratio = [Debt (excluding interest accrued but not due)/ Equity]

⁽³⁾ Return on Equity Ratio = [Net Profit/(loss) after tax/Average Equity]

⁽⁴⁾ Trade Receivables turnover ratio = [(Average trade receivables/(Revenue from operations))*Number of days during the year]

⁽⁵⁾ Trade Payables turnover ratio = [Total purchases/Average Trade Payables]

⁽⁶⁾ Net profit ratio = [Profit after tax/Revenue from operations]

⁽⁷⁾ Return on Capital employed = [(Profit/(loss) before tax + Finance costs (net of Other income)) / (Equity share capital + Other equity + Debt (excluding interest accrued but not due)]

⁽⁸⁾ Net capital turnover ratio = [Revenue from operations / (Current asset - Current liability)]

Note 42

The Company uses accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software.

Vodafone Idea Business Services Limited

Financial Statements for the year ended March 31, 2024

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

Notes to Financial Statements

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

For and on behalf of the Board of Directors of

Vodafone Idea Business Services Limited

Amit Poddar

Partner

Membership No.: 509192

Venkatesh Viswanathan

Director

(DIN: 03122706)

Jagbir Singh

Director

(DIN: 03258009)

Place: Mumbai

Date: May 14, 2024

Place: Mumbai

Date: May 14, 2024