



**Media Release – November 12, 2021**

## **Revenue on the path of recovery; Vi GIGAnet is the fastest mobile network in India**

### **Highlights for the Quarter**

- Revenue grew by 2.8% QoQ to Rs. 94.1 billion supported by the gradual resumption of economic activity post severe second wave of COVID, which had negatively impacted Q1
- Continued network capacity expansion supported by spectrum refarming and network upgrade to 4G
- Vi powered by GIGAnet is India’s fastest mobile network as verified by Ookla®
- VIL has the best voice quality for 9 out of 11 months between November 2020 and September 2021, as per TRAI ‘MyCall’ App
- Cost optimization underway with 80% savings achieved as of Q2FY22 on a run rate basis against a target of **Rs. 40 billion annualized opex savings**
- Government announced a comprehensive reform package for the telecom sector on September 15, 2021 which will have a significant positive impact on the telecom sector

### **Financial Highlights**

<b>Consolidated (Rs Mn)</b>	<b>Q1FY22</b>	<b>Q2FY22</b>
Revenue	91,523	94,064
EBITDA	37,077	38,629
EBITDA%	40.5%	41.1%
Depreciation & Amortisation	60,098	59,227
EBIT	(23,021)	(20,598)
Interest and Financing Cost (Net )	51,949	50,823
Exceptional Items		
- Impairment (non-cash)	-	-
- Others	1,779	135
Share of Profit/(Loss) from JV & associates	5	3
PBT	(73,186)	(71,283)
<b>PAT</b>	<b>(73,191)</b>	<b>(71,323)</b>
Other Comprehensive Income (net of Tax)	62	(123)
<b>Total Comprehensive Income (Consolidated)</b>	<b>(73,129)</b>	<b>(71,446)</b>

**Ravinder Takkar, MD & CEO, Vodafone Idea Limited,** said “We welcome the Government’s landmark reform package which addresses several industry concerns and provides immediate relief to the financial stress in the sector. We also appreciate the Government’s recognition of the telecom sector’s contribution in keeping the country connected during the pandemic. During the last quarter, we witnessed a recovery in our operating momentum as the economy has started to gradually open up aided by the ongoing rapid vaccination drive. We continue to improve our 4G subscriber base on the back of superior data and voice experience on Vi GIGAnet, India’s fastest mobile network, which is testified through consistent top rankings in Ookla and TRAI. We continue to focus on executing our strategy to improve our competitive position and win in the marketplace.”



## **Financial highlights**

Revenue for the quarter was Rs. 94.1 billion, an improvement of 2.8% QoQ, aided by pick up in the economic activities and easing of lockdown/restrictions induced by severe second wave of COVID, which impacted Q1FY22. On a reported basis, EBITDA for the quarter improved to Rs. 38.6 billion, up 4.2% QoQ, aided by improvement in revenue which was partially offset by increase in customer acquisition costs due to higher gross additions during the quarter and other inflationary cost increases. EBITDA margins were 41.1% vs 40.5% in Q1FY22. EBITDA excluding IndAS 116 impact was Rs. 15.6 billion, compared to Rs. 13.8 billion in Q1FY22. Capex spend for Q2FY22 was Rs. 13.0 billion vs Rs. 9.4 billion in Q1FY22.

The total gross debt (excluding lease liabilities and including interest accrued but not due) as of September 30, 2021 stands at Rs. 1,947.8 billion, comprising of deferred spectrum payment obligations of Rs. 1,086.1 billion, AGR liability of Rs. 634.0 billion that are due to the Government and debt from banks and financial institutions of Rs. 227.7 billion. Cash & cash equivalents were Rs. 2.5 billion and net debt stood at Rs. 1,945.3 billion.

## **Operational highlights**

We continue to invest in 4G to increase our coverage and capacity. During the quarter, we added ~10,800 4G FDD sites primarily through refarming of 2G/3G spectrum (shutdown ~9,600 3G sites) to expand our 4G coverage and capacity. Our overall broadband site count stood at 450,481, compared to 447,114 in Q1FY22. Till date, we have deployed over 65,000 TDD sites in addition to the deployment of ~13,850 Massive MIMO sites and ~13,000 small cells. We continue to expand our LTE 900 presence in 12 circles at multiple locations, including through dynamic spectrum refarming, to improve customer experience. Our 4G network covers over 1 billion Indians as of September 30, 2021 (4G coverage is the population reached/covered by VIL with its 4G network).

These network investment initiatives continue to deliver a significant capacity uplift with our data capacity now over 2.8x compared to September 2018. Our relentless pursuit to have a superior 4G network in the country, through integration and incremental network investments post-merger, are clearly visible through our top rankings on 4G speeds in various external reports. Vi powered by GIGAnet is India's fastest mobile network\* as verified by Ookla®. We also have the highest rated voice quality in the country as per TRAI's "MyCall" app data for 9 out of 11 months between November 2020 and September 2021.

Our unified brand "Vi", celebrated its first anniversary in September 2021, and has already garnered strong awareness and continues to build brand affinity across all customer segments in the country. The subscriber base now stands at 253.0 million vs 255.4 million in Q1FY22, a decline of 2.4 million. However, the 4G subscriber base saw healthy addition of 3.3 million, with overall 4G base now at 116.2 million. Subscriber churn has also improved to 2.9% in Q2FY22 vs 3.5% in Q1FY22. As Q1FY22 witnessed significantly higher data usage during the lockdown, the QoQ data volume growth remained moderate at 0.4%. On a YoY basis, data volumes have witnessed strong growth of 27.1%. Data usage per 4G subscriber is now at 14.5 GB/month vs 11.8 GB/month a year ago.

ARPU improved to Rs. 109, up 5.3% QoQ vs Rs. 104 in Q1FY22. This quarter we had taken certain pricing initiatives to improve ARPU, in line with our stated strategy. We increased the entry level prepaid pricing plan from Rs. 49 to Rs. 79, in a phased manner, as well as increased the tariffs in some postpaid plans.



We conducted 5G trials on Government allocated spectrum bands like 26 GHz and 3.5 GHz in Pune (Maharashtra) and Gandhinagar (Gujarat). We have demonstrated peak speeds of 4.2 Gbps on 26 GHz band and 1.5 Gbps on 3.5 GHz. We also tested E band backhaul spectrum where we demonstrated the peak speeds of 9.8 Gbps.

### **Cost optimization initiative**

After successfully achieving targeted merger opex synergies of Rs. 84 billion, we have undertaken the cost optimization exercise across the company in line with the evolving industry structure and business model. Through several initiatives, we have achieved ~80% annualised savings on a run-rate basis by the end of Q2FY22 against the target of Rs. 40 billion.

### **Government reform package**

On September 15, 2021, the Government announced a comprehensive reform package for the Indian telecom sector including measures to address the structural, procedural and liquidity issues. To address the immediate liquidity concerns for the sector, Government has provided an option of up to four years of moratorium on AGR dues and spectrum instalments due between October 2021 and September 2025 with an option to convert interest arising from such deferment into equity upfront. Post moratorium period, the instalments arising from such deferment can also be converted into equity at the discretion of the Government. We have opted for 4 years of deferment for both Spectrum and AGR dues. We have the option to convert the interest arising from deferment of these instalments into equity, which can be exercised by January 12, 2022.

Other structural and procedural reforms include reduction in bank guarantees, rationalisation of AGR definition and reduction of interest rate & no penalty on delay in payment of quarterly license fee & spectrum usage charges and 100% FDI investment via Automatic Route. These measures will be beneficial to all the operators in the long run and allow the operators to further invest in network expansion and upgrade. This will further lead to enhanced experience for telecom consumers and enterprises whose dependence on digital connectivity is increasing every day.

*\*Based on analysis by Ookla® of Speedtest Intelligence® data of India for Q1–Q2 2021. Ookla trademarks used under license and reprinted with permission. T&C apply. Visit [myvi.in](https://myvi.in) for more details.*

### **About Vodafone Idea Ltd.**

Vodafone Idea Limited is an Aditya Birla Group and Vodafone Group partnership. It is amongst India's leading telecom service provider. The company provides pan India Voice and Data services across 2G, 3G and 4G platforms. With the large spectrum portfolio to support the growing demand for data and voice, the company is committed to deliver delightful customer experiences and contribute towards creating a truly 'Digital India' by enabling millions of citizens to connect and build a better tomorrow. The company is developing infrastructure to introduce newer and smarter technologies, making both retail and enterprise customers future ready with innovative offerings, conveniently accessible through an ecosystem of digital channels as well as extensive on-ground presence. The company's equity share are listed on National Stock Exchange (NSE) and the BSE in India.

**myvi.in**

**Vodafone Idea Limited (formerly Idea Cellular Limited)  
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