



**“Vodafone Idea Limited Q3 FY-25
Earnings Conference Call”**

February 12, 2025



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Moderator: Good afternoon, ladies and gentlemen, this is Neerav the moderator for your conference call. Welcome to the Vodafone Idea Limited Q3FY25 Earnings Call. For the duration of this presentation all participants' lines will be in the listen-only mode. After the presentation a question-answer session will be conducted. Should you need assistance during the call, please signal the operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

We have with us today Mr. Akshaya Moondra – CEO of Vodafone Idea Limited and Mr. Murthy GVAS – CFO of Vodafone Idea Limited, along with other key members of the Senior Management on this call.

I want to thank the Management Team on behalf of all the participants for taking valuable time to be with us. Given that the Senior Management is on this conference call, participants are requested to focus on key strategic and important questions to make sure that we make good use of the Senior Management's time. I must remind you that the discussion on today's call may include certain forward-looking statements and must be viewed therefore in conjunction with the risk that the company faces.

With this, I now hand the conference call over to Mr. Akshaya Moondra. Thank you and over to you sir.

Akshaya Moondra: Thank you, Neerav. A warm welcome to all participants to this earnings call. Yesterday, our Board of Directors adopted the un-audited results for the quarter ending December 31, 2024. All the results related documents are available on our website and I hope you had a chance to go through the same. Let me provide key highlights for the quarter, progress on our investments and the positive impact of the same and insights on our strategic initiatives. Post this, I will handover to Murthy to share details on the Company's financial performance.

Before I move on to company specific performance, let me share some thoughts on Indian telecom market and growth opportunities.

Telecom in India has achieved widespread reach, with 4G population coverage at almost 99% and 5G expansion also moving at a fast pace. The demand for connectivity is surging across demographics, driven by diverse income groups, age segments, and evolving customer behavior. Technological advancements continue to reshape usage patterns, fueling the need for high-speed



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data and digital services. Between November 2023 and November 2024, the wireless broadband subscriber base grew by ~45 million, reflecting ~5% growth. However, despite this impressive growth, overall broadband penetration remains below 65% representing a significant opportunity for further growth with higher adoption of broadband services.

The private mobile operators took a tariff hike in July 2024 after more than two years since last price increase, leading to improvements in ARPU and revenue. However, despite these gains, the industry's ROCE continues to remain low. Further, telecom sector requires significant investments to support emerging technologies and the rapid increase in data consumption. Therefore, further tariff increase is necessary to help the industry recover its cost of capital and sustain future growth. To maintain affordability and ensure connectivity for all, a pricing model where heavy data users contribute more for higher usage is optimal for the industry.

Let me also give an update on Bank Guarantee Waiver

In December 2024, the Department of Telecommunication, extended its support to the telecom industry by dispensing with the requirement of Bank Guarantee (BG) to be submitted for spectrum auctions held prior to 2021 reform package with certain conditions. Prior to this reform, BGs aggregating to ~Rs. 247.5 billion were required to be provided by the company for respective spectrum instalments, 13 months prior to each installment falling due. As per the communication received from DoT, no BG is required to be provided for the auctions until 2021, except requirement to provide BG for one year for one-time partial shortfall for the 2015 auction for which we are in discussion with the DoT.

Let me now talk about our strategic initiatives.

Our first strategic initiative is our focused investment approach

Post fund raise, our Capex investments are gathering significant momentum. For Q3FY25, we invested Rs. 32.1 billion which is more than what we did in first two quarters combined, bringing the total Capex for the first nine months of FY25 to Rs. 53.3 billion. The pace of network rollout is set to accelerate further with the full year expected capex to be around Rs. 100 billion.

During the quarter, we made substantial strides in expanding our network footprint, adding over 4,000 unique broadband towers, the largest quarterly addition since our merger. Our network enhancement efforts included the deployment of 4G on the sub-GHz 900 MHz band across approximately 15,000 sites, improving both coverage and indoor network experience. We also



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expanded our network capacity by adding approximately 10,400 sites in the 1800 MHz and 2100 MHz bands, which have resulted in faster data speeds of nearly 28%.

We are enhancing our infrastructure by deploying High Powered Small Cells to tackle coverage and capacity challenges in congested areas. These ultra-lean pole sites, designed for minimal tech deployment and single-operator use, are optimized for efficiency with lower operational costs. As of December 31, 2024, our total broadband site count stood at approximately 460,300, which includes about 74,800 TDD sites, 13,950 Massive MIMO sites, and 12,800 small cells. Moreover, we expanded our 4G 900 presence in all 16 priority circles where we have this spectrum.

With our investments done so far in the first 9 months of this financial year, we have added ~ 6,900 BB towers including HPSC sites, out of which ~5,000 towers were added in this quarter. I must remind you that, this is just the start of our larger investment cycle. We plan to take 4G count to approx. 215-220,000 i.e. an increase of over 45,000 4G towers since the start of this investment cycle. Our immediate plan is to add another 13,000 towers till middle of next quarter i.e. Q1.

In the last nine months, we expanded our 4G population coverage by 41 million, reaching a total of 1.07 billion by the end of December 2024 covering 80% of the population, up from 1.03 billion in March 2024. During this period, our 4G data capacity grew by around 24%, which contributed to an improvement of nearly 28% in 4G speeds. We are on track to meet our 4G population coverage target of 1.1 billion by March 2025 i.e. further expand population coverage by 30 million in just 3 months. Our plan is to finally take it to 1.2 billion i.e. ~90% population coverage.

With these initial investments which have resulted in higher coverage and better experience for customers in already covered areas, we are witnessing green shoots. I am pleased to inform all of you that the combined VLR subscriber numbers for December and January are showing positive net adds in 11 circles. We are confident that these trends will improve further as the pace of capex investment increases. Further, the progressive launch of 5G services should improve the subscriber traction.

The early result of our network investment is reflected in the latest Opensignal report, where Vi emerged as the best 4G network in India. Vi led across all six experience categories for 4G users: Best Download Speeds, Best Upload Speeds, Best Video Experience, Best Live Video Experience, Best Games Experience, and Best Voice App Experience. This recognition highlights that Vi 4G users enjoy not only the fastest 4G speeds but also an overall superior quality of experience for various online activities, including video streaming, gaming, and voice app calling. We are confident that as we roll out our 5G network, we will deliver the same superior quality.



Building on our extensive network expansion and upgrades, we launched one of India's most hyperlocal marketing campaigns to raise consumer awareness of the significant improvements in network experience. The campaign focused on showcasing local success stories and emphasizing how our network has become "Our Best Ever Network" at the city, district, and locality levels.

Moving on to market initiatives

Tariff increase implemented in July has contributed to growth in both ARPU and overall revenue. Most impact from this price hike is reflected in Q2 and Q3FY25. As I mentioned in the last earnings call, alongside blended ARPU, we are also sharing a separate KPI - Customer ARPU excluding M2M, which provides a clearer trend of mobility business. Customer ARPU excluding M2M has shown a quarter-on-quarter increase of 4.7% and it has increased by almost 13% vis a vis Q1 ARPU.

Strategic initiatives were taken to reinforce market position through new offerings aligned with consumer preferences in the prepaid segment. The Super Hero Offering, launched in our 12 key markets, provides Unlimited Data for 12 hours from 12 midnight to 12 noon, in addition to the 2GB daily quota which is now available to be used in the remaining 12 hours. The Non-Stop Hero Offering, launched in remaining 10 markets, provides Unlimited Data 24x7. As data consumption continues to grow, especially for consumers without wired broadband access, these propositions aim to enable a worry-free data experience.

In the postpaid business, we continue to see improving performance. It is a key focus area for us and as highlighted in the last quarter, we continue to see increase in our postpaid base on QoQ and YoY basis. While a larger part of this increase is from M2M segment, we have seen a continuous increase in postpaid consumers over last one year. We are providing optimum range of feature rich offerings to meet the diverse needs of postpaid customers. Recently, we launched Easy+, a new innovative proposition for corporate post-paid plans. It offers subscribers an option to select and directly buy additional services like International roaming, OTT Subscriptions and data packs for their personal needs on their existing corporate plans. This service is available on the Vi App. This first-of-its-kind proposition introduces a simplified approach by making it seamless for subscribers to digitally purchase services of their choice on their corporate post-paid plans, thus offering complete flexibility and enhancing the overall customer experience.



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We also introduced a new Vi Movies & TV Super pack at Rs. 175, combining data benefits with seamless access to high-quality digital entertainment. With this pack, Vi prepaid subscribers can access 15+ OTT platforms including SonyLIV, ZEE5, ManoramaMAX, FanCode, PlayFlix, and more, along with 10GB data.

We continue to strengthen our international roaming business by expanding our roaming packs into new markets, adding 10 more countries in the last quarter alone. Today, our roaming packs are available in over 130 countries worldwide. Notably, we remain the only operator offering unlimited data and calls in as many as 29 countries.

During the quarter, we extended our 'Be Someone's We' campaign to bring people closer and make them feel connected from wherever they may be. We engaged with younger audiences through the podcast 'Be A Parent, Yaar! Powered by Yuva' where the central theme of 'Be Someone's We' was woven into conversations between celebrities and their parents. The interaction with youth was further enhanced through Snapchat with the introduction of 'Be Someone's We' lens.

We have launched an AI and ML-powered spam management solution to protect users from unsolicited and fraudulent messages. With spam messages on the rise, which are often used as a gateway to frauds, Vi's Spam SMS solution will safeguard customers by identifying and managing unsolicited and potentially harmful text in real time. As part of our broader commitment to customer safety and experience, we are continuously working to develop solutions to curb spam, including voice calls, to ensure that users are further protected from unsolicited calls. These measures are in addition to various existing solutions and practices including making the mobile-app URL simple to use for filing spam complaints by enabling automatic pick up of spam content (SMS), sender number, and date, as well as whitelisting URLs in brand messages.

The spam detection system continuously analyzes SMS messages in real time, using machine learning to identify patterns, recognize suspicious links, and tag potential spam as 'Suspected Spam.' As the system evolves, it adapts to new spam trends, improving accuracy and effectiveness. We are also committed to educating customers and empowering them to identify and report phishing attempts, ensuring a secure mobile experience by proactively sharing important security tips and related information.

These strategic launches and initiatives reflect our commitment to staying ahead of the curve by understanding and addressing customer needs while driving market innovation.



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Moving on to Business services

We are transforming from a telecom company into a technology-driven enterprise, expanding beyond connectivity to offer advanced solutions like SD-WAN, IoT, and cloud services. Supported by Vodafone Group's expertise, we continue to grow through strategic partnerships and an expanded service portfolio.

Vi Business received several accolades recently. Its 'Ready for Next' Campaign for MSMEs was awarded the bronze category by ET Brand Equity Digi Plus. Additionally, the Vi Business Assist platform was recognized as 'Best New Product Launch' at the 5th Silver Feather Awards. We also got recognized as Leading Brand in Telecom Sector at the eUttar Pradesh Awards.

The next strategic initiative is driving partnerships and digital revenue streams

As highlighted before, Vi aims to be a truly integrated digital services provider with a very clear objective of driving higher digital engagement with our consumers and driving monetization through specific streams or by participating in select digital categories. Our stated strategy around this has been to build this through strategic partnerships and bring out most of these offerings on the Vi App.

Vi App is a multi-utility app that offers not just end to end telco account management, but also allows consumers to play over 100 Games, participate in eSports tournaments, pay utility bills, shop across categories like entertainment, food, shopping and travel, or buy almost any OTT subscription, watch over 350 TV channels, and more.

It is our constant endeavor to elevate the experience that our app offers to our consumers. We recently enabled the Vi app to be used for a recharge by all prepaid users even when their daily data limit gets over to ensure they can recharge without delay when needed. We have also enabled UPI autopay for all our prepaid subscribers to make it convenient so that their services are not disrupted in case they miss their expiry date. It is initiatives like these which are helping us grow engagement on Vi app and it is showing in consistently improving Vi app ratings on Playstore.

As I mentioned in the previous Earnings Call, we have launched Vi Movies & TV in an all new avatar for mobile on both, Android & IOS as well as for TV across major operating systems. It is an offering, mainly for Connected TV wherein our subscribers can buy a subscription plan to get access to host of their favourite OTTs like Disney+ Hotstar, SonyLiv, Zee5, SunNxt, just like the



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way customers' buy DTH plans for TV channels. During the quarter, we partnered with Lionsgate Play, a premium streaming service for Vi Movies & TV App and bundling of Vi Movies & TV with our flagship postpaid plans, to offer higher value to our subscribers. Additionally, we have also introduced 'First Episode Free' feature for all original content on Zee5, enabling subscribers to make an informed decision before subscribing. We have a very strong roadmap to build Vi Movies & TV as a destination of choice for our consumers when it comes to their TV entertainment.

I would like to reiterate that we will continue to have a disproportionate focus to build a digital ecosystem with our partners, enabling a differentiated experience for Vi users, which will help us drive customer stickiness as well as provide incremental monetization opportunities.

Moving on to other important topic of debt raise

We remain actively engaged with our lenders for tying up debt funding towards the execution of our long term network expansion. The recent support from Government on Bank Guarantee has supported these discussions to move forward. Additionally, we have cash and bank balance of Rs. 120.9 billion to be used for ongoing Capex.

With that I hand over to Murthy, who will share the financial highlights for the quarter.

Murthy GVAS: Thank you Akshaya. A warm welcome to each of you.

The revenues for the quarter were Rs. 111.2 billion, a YoY growth of 4.2%. The EBITDA excluding IndAS116 for the quarter was Rs. 24.5 billion, improving by 15% on YoY basis. This is the highest quarterly EBITDA since merger and the margin has improved to 22%. The reported EBITDA including INDAS 116 effects was Rs. 47.1 billion as compared to Rs. 43.5 billion in Q3 FY24 a YoY growth of 8.3%. The reported EBITDA margin improved to 42.4%

Further, Depreciation & Amortisation expenses and Net Finance costs for the quarter were Rs. 56.3 billion and Rs. 56.9 billion respectively. Excluding the impact of Ind AS116, the Depreciation & Amortisation expenses and Net Finance costs for the quarter were Rs. 41.6 billion and Rs. 47.5 billion respectively.

The finance cost has declined in comparison to last quarter mainly due to forex gain and reversal of interest provision basis the agreement arrived at with some of the vendors. Hence, the PAT loss this quarter was Rs. 66.1 billion.



The debt from banks reduced by Rs. 52.9 billion during the last one year and is currently at Rs. 23.3 billion as at the end of Q3 FY25 vs Rs. 76.2 billion in Q3FY24. The cash and bank balance comprising mainly of FPO proceeds to be used for Capex is Rs. 120.9 billion as of December 31, 2024.

With this I hand over the call to Neerav and open the floor for questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Vivekanand from Ambit Capital. Please go ahead.

Vivekanand: Thank you so much for the opportunity. So, the first question is on the response to your network expansion so far. Thanks, Akshaya for highlighting some markers there, the VLR trends in several circles. So, to understand this better, as you are expanding the network, is that helping you in reducing churn which is currently from when customers upgrade from 2G to 4G lose those customers. Is that how it is playing out or are you also able to strengthen your gross ads? Because when I look at the 3Q data it seems like your gross ads don't seem to have changed much. In fact, they seem to be flat over the last one year. So, help us understand that one point first. And the second question is on the tariffs. Now that the tariff hike impact is in numbers, when do you think is the right time for the industry to consider one more tariff hike and how should one think about the tariff structure here on when the next tariff hike comes? Thank you.

Akshaya Moondra: Okay, thanks Vivek for your question. Your first question is relating to network expansion. And can you just repeat what exactly was the question relating to network expansion?

Vivekanand: So, when you did this network expansion you said that the VLR has improved. But when we see the quarterly data, we see that the gross ads have not increased. Your churn may have come down but no effect on gross ads. Is that how it's playing out or how should we...?

Akshaya Moondra: The gross ads figure is quite evident. So, ultimately if there is any improvement in subscriber metrics without any change in the gross ads trajectory, then it has to come from the improvement in retention of the subscribers or better quality of subscribers which has been our focus for the last few months. The quality of acquisition and whatever can be done in that direction has been in focus area for us. I would also want to highlight here that in terms of



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our share of gross ads, it is much above our customer market share. So, that is an area where we are already doing well. We are able to attract customers. Our challenge has been sometimes to retain them because of the lack of investment which we have seen for a fairly long period of time. But as we return back to investment, and I would like to emphasize that what we have seen until now is just the beginning of the larger investment that we have. Only with the investment which have been incurred and actually if you look at the results in December-January, only probably the rollout under November and part of December would have had any significant impact, which is only 10% of our new rollout of sites. So, really speaking, the larger investment is still to happen. But even with this minimal investment and with a fairly wider communication to our customers about the steps we are taking to improve the network, the pace at which we are rolling out, we have started to see early green shoots and which is reflected in the VLR for December and January combined, becoming positive in 11 circles, which is a major improvement. And we believe as the pace gathers and as the small investment becomes more formidable and when we are doing this larger investment, definitely these trends will improve for the better. We are very confident about this.

Your second question was relating to tariffs. In a normal scenario I would have said that a time gap of one year is ideal between two tariff increases. However, I would add to that given the place where the telecom industry in India is today, where the return on capital is whether you take the market leader or you take anyone else, if nobody is returning their cost of capital and in that scenario, I would say it is fairly justified. If it can be faster, it could be nine months also, I would say. So, in a normal situation, a 12-month period is ideal to kind of make any changes on tariffs. But given where the industry is today, a faster tariff change is probably a possibility and the need of the hour.

Vivekanand: Okay, that's helpful. And you don't think that the recent regulatory comments on making the voice only plan more affordable would come in the way of another tariff repair initiative, right?

Akshaya Moondra: No. I've been saying for the last 2-3 years that we have moved to a pricing structure where marginal users pay a certain price and then the incremental price which people who use heavily is very low, which is not a structure in any industry generally. It is important that while maintaining the affordability which has come through the voice and text plans in a manner, we try to say that the consumers who are using more should actually be paying more. I'm not



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saying that there should not be any benefit if people pay more. Their per unit of consumption or per GB of consumption should be charged less. The concept of telescopic pricing is there in all products and services. I keep repeating this that we used to have an ARPUs which were maybe in Rs. 10-20 to a range of Rs. 5,000 for many normal consumers without international roaming. Today, almost everybody can fulfill their requirements by buying a plan of Rs. 400-500 if you choose to be on prepaid, that is what needs to be addressed. So, I don't think the voice and text plans would come in the way of achieving the objective of tariff increase and tariff rationalization.

Vivekanand: Okay, great. I'll take up one last topic which is very important for investors. That's on the next 12 months, including the time that after the moratorium when you have to start making payments for spectrum dues and AGR dues that were not deferred. So, the question here is one, what is your dialogue with the government given that it's now less than a year, that you will have to perhaps engage with them and convince them or get them to take shareholding in lieu of deferred amounts. And secondly, the regular installment also is a fairly large number. So, if you could walk us through how you are thinking about, let's say the next 12 to 15 months in terms of cash in and cash out in the company, that'll be great?

Akshaya Moondra: So, Vivek, let me put it this way. As we have been saying that post the dismissal of the curative petition where the judicial route was closed, we have been actively engaged with the government to find a solution. As far as conversion is concerned, it is a part of the reforms package. And so, while I understand it is at the government's option, but the fact that in the reforms package in 2021 it was provided, clearly shows the intent that the government has to support the industry where this need arises. Conversion is a part of the reforms package and that should not be a difficulty in the initial period when we are making the investment and improving our cash generation through improvement in performance. In terms of what we were seeking through the curative petition is correction of some of the demands which would have brought these liabilities down. That has not worked. So, we are having a bit of a holistic engagement with the government. And when we are talking about conversion generally, it is not necessary that it is only the deferred installments which can be converted but the non-deferred installments are also part of that. So, it is difficult to say what will finally happen. But the government is very cognizant of the fact that support is required at this time. They have also seen that we have raised equity of 26,000 crores overall through promoters, FPO, vendors converting some of their dues in the last 10 months or so. And we have made the investment, we have started



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the investment cycle. We are seeing positive results coming out of that. And government is actually the largest stakeholder in this entire exercise. So, they are cognizant of this fact and I am confident that they will find a solution.

Vivekanand: Okay, Akshay, thank you so much for the elaborate answers. I will come back in the queue for more.

Moderator: Thank you. Next question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain: Good afternoon, Akshaya. First question on the network operating cost. Now that we are scaling up the network, this quarter really didn't show up. I believe we did a lot of investment at the fag end. How should we look at network cost going up from here in the next few quarters as we expand the network?

Akshaya Moondra: Generally speaking, as you roll out a new site, the cost, it varies from circle to circle. But a new site energy cost plus rental is in the ballpark of Rs. 60,000 to 70,000 per month. And if you then look at, there are lean sites today where the cost structure is much lesser. So, really speaking, the growth of network cost is directly proportional to the number of sites that one rolls out. So, that can be fairly easily calculated, number of sites multiplied by even if you take it a little on the higher side as some of the marginal costs may go up somewhere around Rs. 70,000 per site is generally the cost increase which is linear. I've already in my opening remarks alluded to as to what is it that we have rolled out and what is it that we are planning to roll out by middle of next quarter. So, that should give you a fair idea. One of the factors which also happens in this cost is that the energy costs are seasonally lower in this quarter. So, some of the costs attributable to the higher cost on account of rollout may have been offset by the saving in energy costs also. Murthy, if you want to add something.

Murthy GVAS: No, not really. So, Sanjesh, typically you should look at the seasonality in consumption the way the industry has been showing it, particularly for different quarters. For the growth in sites that are coming in, Akshaya has told you the kind of cost that we will incur. That's on a cash basis. On a lease accounting basis, obviously that would be slightly different. And accordingly, as we have always said that in the first few quarters where there's a large count of sites coming up, the costs below EBITDA may be slightly higher and even out over a period.



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Akshaya Moondra: Just a disclaimer that my comments were based on cash EBITDA accounting basis, not on Ind-AS as Murthy has explained.

Sanjesh Jain: No, that's clear. That's clear. On the 5G expansion, when should you start that? Will be starting in next quarter or two quarter down the line, when are we thinking to roll out 5G and the circles that will be priority for that?

Akshaya Moondra: Sanjesh, it looks like you have not seen our press release clearly. We have clearly stated that Mumbai launch is slated for March and Delhi, Bangalore, Chandigarh and Patna are slated for April. It is already stated in our press release. The site rollout is already progressing in Mumbai and Delhi. It's just that you need to get to some threshold before doing a commercial launch. That is what we are waiting for. So, the launch has started. In terms of the other circles, the priority would generally follow the priority circles. We said that Delhi, Mumbai and Bangalore were the three metros which had to be covered first. And then we move on to the other important cities where we have a strong position like Gujarat, Maharashtra, Kerala. So, those would be the ones next in line which we will give guidance somewhere by the time of the next earnings call.

Sanjesh Jain: Very clear. Thanks, Akshaya. And then last question on the ARPU side, now that the tariff increase is sunk in, for next year, assuming there is no tariff hike, how do we see this ARPU growing say by premiumization and our postpaid is growing faster than the prepaid, at least postpaid has right now we are in a positive trajectory? How do we see ARPU growing organically without tariff hike?

Akshaya Moondra: As was discussed in the last question, if we are talking about the full years' time then as I said, 9 to 12 months is a time window for a tariff increase. And I would expect that next year's ARPU growth will also be impacted by a tariff increase which should happen. But then what are the other drivers of ARPU increase besides the tariff correction? As our network starts improving, we will have besides the growth of subscribers which may not impact the ARPU but there could be multiple secondary SIMs which if converted to primary SIMs will result in improvement in ARPU. These could be significant because if a subscriber is being counted but it is not a primary SIM for them, then they recharge infrequently. That kind of reduces the ARPU. But if they become the primary SIM and it recharges regularly, then the ARPU goes up. And the delta of ARPU for those subscribers, it can be significant. The others are upgrade of subscribers to higher plans. We are also kind of bundling this with many of the packs particularly in the



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postpaid. But those choices are also available in prepaid. So, upgrade of subscribers, more bundled offerings providing higher value products. And as I said earlier as a part of the price increase as for the industry, I would actually want to see the price increase going up somewhat in line with the consumption. And that could be another way to say that the ARPUs will go up.

Sanjesh Jain: Got it. One last bookkeeping question. Can you give the breakup of gross credit between the spectrum dues, AGR dues?

Akshaya Moondra: Sorry, what is the breakup between?

Murthy GVAS: So, Sanjesh, the AGR dues roughly are in the range of about 70,000 crores and spectrum is about 1,40,000 crores.

Sanjesh Jain: Got it and the total gross debt is?

Murthy GVAS: This is not a debt. This is a deferred payment obligation. The only debt I have is to the banks which is about 2,300 crores as it stands at the end of December.

Sanjesh Jain: Okay, that's a bank borrowing what you're talking about.

Murthy GVAS: That's right.

Sanjesh Jain: Got it. That's it from my side. Thanks for answering this question.

Akshaya Moondra: Thanks Sanjesh.

Moderator: Thank you. Next question is from the line of Gaurav Malhotra from Axis Securities. Please go ahead.

Gaurav Malhotra: Hi. Thank you for the opportunity. Just got one question. If I just look at the overall OPEX on a Q-on-Q basis and I see it even on a YOY, the number has not really moved up. But obviously there is capex being done. We also see marketing activity has sort of started to move up again. So, just wondering when will the OPEX start following the kind of moves which we are seeing in capex and also maybe the kind of marketing activity which is happening on the ground?



Akshaya Moondra: While Murthy will give you a specific response, but when you look at it year-on-year and if you say that network is growing and the costs have not increased, it is a factor of many efforts and initiatives we are taking to bring down the cost or contain the cost. Normally we do not talk very much about it and maybe since the rollout has been minimal at this point of time, the initiatives taken otherwise are offsetting to some extent the cost increase. While we continue investing now, we have also been very focused on costs and that is an exercise which will continue. But if Murthy wants to give any specific response to this.

Murthy GVAS: If you see on a YTD basis last year versus this year, there are some costs which have increased, say the employee costs, etc. Network cost is lower because we have taken certain initiatives with regard to consumption, etc. and even in the case of marketing costs, we have said that we have ensured that the content costs have come down. All these have given us benefits and we expect the benefits to keep going. Having said that, from a network cost perspective given as I answered Sanjesh earlier, based on the number of towers that goes up and the way we account for it, obviously there'll be some costs coming in as the numbers increase.

Akshaya Moondra: And also in terms of the marketing costs, we have contained it right now. But as we reach a point where the network rollout has reached a place where we think that its important to communicate to a larger audience through television and all, costs would go up. We are doing a lot of communication, but not the expensive kind of communication at this point.

Gaurav Malhotra: Understood. Thank you.

Moderator: Thank you. Next question is from Hemang Khanna from Nomura. Please go ahead.

Hemang Khanna: Hi sir, thank you for taking my question. My first question relates to the subscriber base. Now that we're halfway through the quarter and tariff hikes are largely absorbed. Could you help understand how subscriber losses are trending now and has the run rate improved significantly from the third quarter run rate? And my second question is on the debt raise. Could you help us with updates on that on what's happening with the debt raise? Is there any timeline in place and additionally to help us understand this better, what are some roadblocks of the next steps which are present from the debt raise perspective which are required for us to close the debt raise now? Thanks.



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Akshaya Moondra: Thanks. On the subscribers, I had alluded to in the opening remarks. Let me just put things in perspective. We started making the quick win capex which was largely upgrade of capacity and coverage by rolling out 900 MHz 4G and also deploying more layers of spectrum on existing sites by software upgrades. This was the main activity which we had done between June to September, which gave us capacity, somewhat increased coverage and better indoor experience through rollout of 4G on 900 where it did not exist earlier. We finalized our orders with the vendors in September where we had made the announcement and those deliveries have started coming from end of October. The large-scale deployment started then in November and December has been a fairly large deployment which will continue going forward. As a result of all these initiatives and also a lot of communication which I hope is visible to you, we have been able to in December and January have a positive VLR net adds which has happened after a long period of time in 11 circles. So, definitely these investments have started to show an impact. And as I mentioned, this is a very small part of our overall capex plan. As the capex grew and particularly the site, our population coverage has grown from 1.03 billion to about 1.07 billion since April. By the end of this quarter, we expect to get to 1.1 billion with the ultimate target of going to 1.2 billion. But I guess in our case it is both a question of network experience and perception. Because till the time we were not investing or action was not visible on the ground, there was this perception that we will probably not invest. When customers are now seeing action on the ground, investments coming, their experience improving, these things will turn around and we are very confident that as we keep on continuing this momentum and accelerate the investment, we will see the subscriber metrics improving further.

Your second question was relating to debt. The curative petition was dismissed not so much on merits, but on technicality. There was a concern whether the government is supportive of the telecom sector and in addressing the issues which were kind of arising out of in terms of liquidity post the AGR judgment. While the larger engagement with the government is ongoing to find a solution, the action by the government in waiving the bank guarantees is a clear indication from the government that they remain committed to support the telecom sector through reforms as and when required. And that has given confidence to the banks. Post that we have restarted the discussions with the banks. However, as I had mentioned before, the banks are also looking at some clarity on the AGR front. Let me repeat again that the projections which we have been working on with the banks did not consider any relief on AGR. But given that it is an important point, they also want to seek some clarity as to what is the final position on the AGR. So, these are



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ongoing discussions. These are progressing and we believe that we should be able to come to a conclusion soon. I will not be able to give you a timeline at this point of time because there are multiple moving parts. I hope I've answered both your questions completely.

Hemang Khanna: Sure, sir. Thanks. That is extremely helpful.

Moderator: Thank you. Next question is from the Aditya Bansal from Motilal Oswal. Please go ahead.

Aditya Bansal: Hi Akshaya. Thanks for taking my question. My question is around two data points that are quite divergent. One is your postpaid subscriber base has been consistently going up. Whereas if I look at data or data usage metrics, they are on a declining trend despite of the generous free data that you mentioned in the opening remarks. So, what would explain this divergence? And I may have a follow up on this.

Akshaya Moondra: Okay. Our telecom trends generally are determined by prepaid subscribers. Postpaid subscribers, while being high ARPU, they are not the ones which drive the trends of consumption. So, postpaid subscribers are going up. And as I had alluded that which I believe you would have noticed that if you just look at the postpaid subscribers, it's a mix of M2M and the consumer space. A large part of the overall postpaid increase is coming from M2M. But over the last one year we have seen a consistent growth in postpaid subscribers. But they do not determine the data usage. The large part of it comes from the prepaid subscribers. So, that is point number one. Now, in terms of data usage, we have seen a bit of decline. But I am happy to say that with whatever initiatives we have taken, we have seen a growth happening in January over December and we expect this month-on-month growth to continue in the coming two months also. So, there has been a period where, of course, the important metrics is data usage per sub and that is the one I am referring to, not really the overall data usage. But in January we have seen an overall improvement in data consumption usage not the data per sub alone.

Aditya Bansal: Sure. Would it be possible to share the quantum of subscribers who are using less than 1 GB a month on your network? Just wanted to assess potential impact for from any down trading to the voice only. Would that be possible?



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Akshaya Moondra: No. So, I don't have that data. Maybe it is not the right time to draw any conclusions but there has not been so much movement towards that. My personal opinion is that today the market has evolved to a point where everybody wants some data. So, let's say even if you were consuming 200 mb of data a month, you cannot move to a voice and text plan. You are saying how many people consume less than 1 GB? I'm saying even if I'm consuming 100 mb I would need a data plan. Also, the differential between the voice and text plan and ULB is marginal. I don't think given the price differential between the two, there is so much of scope for down trading. And in any case for people who have minimal data uses or even you need the comfort of having a data plan without any usage also, if you're just paying some Rs. 20 extra per month, I don't think it is very much so. I don't see much of a risk there. Although this is just early days and we'll have to see how this evolves.

Aditya Bansal: Sure. Thanks a lot.

Moderator: Thank you very much. Participants, you may press '*' and '1' to ask a question. Next question is from the line of Rishabh from HSBC. Please go ahead.

Rishabh: Hi Management. Thank you for the opportunity. Can you remind us on the amount of statutory payables due in FY26 and FY27? What is the split there between AGR and spectrum liabilities?

Murthy GVAS: On the AGR liability, the installment annually after the monitoring period is roughly about 16,000 crores.

Akshaya Moondra: In FY26, the installment is less. The AGR remains the same for FY26 and 27 which is about 16,000 crores. The spectrum installment in FY26 is about 12,000-13,000 crores and in FY27 it will be more like 26,000-27,000 crores.

Rishabh: Thank you.

Moderator: Thank you. A reminder to all the participants. You may press '*' and '1' to ask the question. Next follow up question is from the line of Vivekanand from Ambit Capital. Please go ahead.



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Vivekanand: Hi. Thanks for the follow up opportunity. So, my question is on the users on the network. You mentioned that as soon as the tariff hike happened there was some knee jerk migration to BSNL. Have those customers started returning now that the 90-day cooling off period is over? That's one. Secondly, as you chart out your 5G rollout plan, would it be possible for you to disclose how many 5G users are there on the network? Those are on the subscribers. Now Akshaya, you mentioned in your answer to my prior question that you are also engaging with the government to convert some of the non-deferred loans into equity. What is your ask from the government at this stage? Do you need more time to pay or do you want to get the government to convert more amounts of spectrum dues into equity? Could you explain that? Thanks.

Akshaya Moondra: So, Vivek, let me answer or you may say not answer your last question. It's a wider engagement with the government and it would not be right on my part to get into any further details besides what I've already explained to you.

In terms of the impact of BSNL, the impact has completely reversed. If I just look at June versus what is happening currently, the net port ins from BSNL has increased from June to January as far as we are concerned. Although in the interim there has been a period of loss. Now there are some subscribers who have preferred to stay there. It's not that everyone is coming back, but the gains which BSNL has had is more than reversed. And if the net port-in from BSNL has increased from June to January, it is basically some reversal which is happening. We have not tracked it at a subscriber level really. The other thing which I can also tell you is that as far as the MNP is concerned, again compared from June till today, our net port outs have reduced significantly. There's been a significant improvement over the last six months which is also a reflection of one of the improving matrices.

Vivekanand: Okay. I had actually asked the 5G also if it is handy.

Akshaya Moondra: So, I will not be able to give you exact data, but what I can say is that the 5G devices, even though our number of subscribers has been declining, but within that declining base, the number of 5G devices on our network is constantly increasing. And if that is happening, while we currently do not have any offering of 5G, as we start rolling out 5G in the main cities to start with, I'm sure that number will grow at a faster rate. But at this point of time, we are seeing constant increase in the number of 5G devices on our network.



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Vivekanand: Sure, just one small feedback. The other two operators are disclosing the 5G devices on their network. It would be great if you can do that also.

Akshaya Moondra: Yes, the other two competitors also have 5G network. So, we take that feedback and will start reporting at an appropriate time.

Vivekanand: I have one last if I am permitted, I will ask that. Would you be able to give the FY26 capex guidance?

Akshaya Moondra: No, we'll be able to give at the time of the next earnings call.

Vivekanand: Okay, thank you so much and all the very best.

Akshaya Moondra: Thanks.

Moderator: Thank you very much. Ladies and gentlemen, due to time constraint, that will be the last question. I'll now hand the conference back to Mr. Akshaya Moondra for closing comments.

Akshaya Moondra: Thank you very much, Neerav. As alluded in my opening remarks, with our initial investments which have resulted in higher coverage and better experience for customers in already covered areas, we are witnessing green shoots. It is reflecting in the combined VLR subscriber numbers for December and January showing positive net adds in 11 circles. 5G is also underway in our key geographies. With our intensifying investments, we are very confident of further improvement in both operational and financial performance. 2025 is an important year for VIL as the company is taking critical steps in its transformation journey. Including the recent equity infusion by Vodafone Group, we have raised Rs. 260 billion of equity in the last 10 months. The bank guarantee waiver from government has showed their support to the industry. We are working towards closure of debt funding for the execution of our long-term network expansion plan. Thank you all for joining this call and have a good day.

Moderator: Thank you very much. On behalf of Vodafone Idea Limited. that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.