



Vodafone Idea Limited
Q4 FY '25 Earnings Call

June 02, 2025



Moderator: Good afternoon, ladies and gentlemen. This is Dorwin, the moderator for your conference call. Welcome to the Vodafone Idea Limited Q4 FY '25 Earnings Call. For the duration of this presentation, all participants' lines will be in the listen-only mode. After the presentation, a question and answer session will be conducted. Should you need assistance during the call, please signal an operator by pressing star and then zero 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 members of the management team on behalf of all 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, Dorwin. A warm welcome to all participants to this earnings call. On Friday, our Board of Directors adopted the audited results for the quarter and year ending March 31, 2025. 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 its positive impact along with the update on our key 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.

Wireless connectivity has become the backbone of India's digital ecosystem, connecting over a billion people across diverse geographies. Telecom companies have made substantial investments in wireless infrastructure - providing extensive 4G coverage covering almost 99% population and, rolling out 5G networks considered among the fastest in the world. The criticality of having a robust wireless sector has been authenticated multiple times including COVID 19 Pandemic, where it enabled remote working, digital education, telemedicine and e-commerce, keeping the economy and essential services functioning - or in times of geopolitical tension or



natural disasters, when the wireless network ensures real time communication, coordination and crisis response.

All this reinforces that India is among the top nations that offer such deep population coverage.

Over the last decade, the wireless operators have made very large investments in acquiring spectrum and expansion of network infrastructure - be it 4G to address the growing customer demand or rolling out advanced technology like 5G where the customer demand is still evolving - to support the Digital India Vision of our Hon'ble Prime Minister.

However, the sector faces significant challenges. India has one of the lowest ARPUs in the world making it challenging for telcos to sustain investment and innovation. The private mobile operators hiked tariff in July 2024 after more than two years since the previous price increase in November 2021, leading to improvements in ARPU and revenue. However, despite the price increase, the ARPU in India remains as one of the lowest globally and the industry's ROCE continues to remain below cost of capital. Further, the telecom sector requires significant investments to support emerging technologies, and meet the rapid increase in data consumption. These investment needs are further accelerated by rapid AI advancements.

Therefore, to ensure a fair return on significant investments and support future capital expenditure in the telecom industry, further tariff increases are essential. Additionally, the industry needs to move towards a pricing model where heavy data users contribute more proportionally to their higher usage, than the current pricing structure where incremental data usage comes at an extremely low unsustainable price

Over the last few quarters, industry has made extensive investments in establishing, maintaining and upgrading infrastructure. On the back of these investments, India has significantly improved its global ranking in mobile broadband speed from 118th to 15th in a report published by the Portulans Institute, an independent non-profit research and educational institute based in Washington DC. The surge in connectivity demand across all demographics, driven by diverse income groups, age segments, and evolving customer behavior, has also boosted India's ranking in the Network Readiness Index (NRI) 2024 to 49th position, up from 60th in the same report. However, despite this impressive growth, overall broadband penetration still remains below 65% representing a significant opportunity for further growth with higher adoption of broadband services.

Let me now give an update on our engagement with DoT

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 the 2021 reform package with certain conditions. We continued



our engagement with DoT and requested the DoT for conversion of spectrum auction dues of Rs. 369.5 billion into equity shares, in line with the Reforms Package of 2021. The DoT accepted our request and the board of the company took the necessary steps and issued 36.95 billion equity shares at an issue price of Rs. 10/- each on April 8, 2025. With this, GoI shareholding increased from 22.6% to 49%. The Promoter shareholding now stands at 25.6%. The promoters continue to have operational control of the company.

On the topic of fund raise,

During the quarter, besides the conversion of government dues, the Company also allotted ~1.7 billion equity shares at an issue price of Rs. 11.28 per share, including premium of Rs. 1.28 per share, for an aggregate consideration of Rs. 19.1 billion to Vodafone Group entities on a preferential basis. Cumulatively, during the year, the Company has raised equity of ~Rs. 614 billion, which comprised of FPO of Rs. 180 billion, preferential issue of ~Rs. 40 billion to promoters being Aditya Birla Group Rs. 21 billion and Vodafone Group Rs. 19 billion, ~Rs. 25 billion to vendors Nokia and Ericsson, and Rs. 369 billion to the Government of India.

Let me now talk about our strategic initiatives.

Our first strategic initiative is our focused investment approach

Our Capex investments are continuing to gather significant momentum. Before I move to the regular update, I would like to mention that we initiated the rollout of 5G in March 2025 and as we speak, our 5G services are now available in cities of Mumbai, Delhi, Chandigarh and Patna. Our expansion efforts are underway to offer 5G services in all the 17 circles where we have 5G spectrum by August 2025.

For Q4FY25, we invested Rs. 42.8 billion highest quarterly capex since merger. This brings the total Capex for FY25 to Rs. 96.2 billion.

During the quarter, we made substantial strides in expanding our network footprint, adding over 6,900 unique broadband towers, the largest quarterly addition since our merger. We continue to strengthen our network on sub GHz 900 band across all the 16 circles where we have 900 MHz spectrum and during the quarter, we added ~18,400 sites, enhancing overall coverage and significantly improving indoor connectivity. Further, we added ~14,500 sites in the 1800 MHz and 2100 MHz bands primarily to boost network capacity, enabling faster data speeds on the Vi GIGAnet network. Our overall broadband site count stood at ~494,600 as of March 31, 2025 vs ~430,700 as of March 31, 2024.

With our investments during the year, we have added net ~14,100 broadband towers vs net cumulative addition of ~14,900 BB towers in last 5 years, from FY20 to FY24. I am very pleased



to share that we expanded our 4G population coverage by 73 million, reaching ~83% of the population, up from ~77% in March 2024. During the same period, our 4G data capacity grew by around 31%, which contributed to an improvement of 28% in 4G speeds. I must remind you that this is just the start of our larger investment cycle. As mentioned earlier, we plan to take 4G tower count to approx. 215-220,000 i.e. an increase of over 45,000 4G towers vs Mar'24, which will improve our 4G population coverage to ~90%.

With these initial investments which have resulted in increased coverage and capacity, and as a result offering better customer experience, we are witnessing a significant reduction in our subscriber loss. We are confident that these trends will improve further as the capex investment continues. Further, the progressive launch of 5G services should further support the subscriber traction. This capex and network expansion will enable company to participate in the Industry growth.

Moving on to market initiatives

We remain dedicated to offering more than just seamless connectivity—our focus is on enhancing our consumers' digital lifestyles through experiences that go beyond traditional voice and data services.

In our postpaid segment, performance continues to improve and remains a key priority. As noted last quarter, our postpaid subscriber base has shown consistent growth both quarter-on-quarter and year-on-year. While much of this growth stems from the M2M segment, we've also seen a steady rise in individual postpaid users over the past year. To cater to the diverse needs of our postpaid customers, we continue to deliver a well-curated portfolio of feature-rich plans.

Last quarter, we introduced Easy+ an innovative solution for corporate postpaid users which allows the corporate subscribers to directly purchase add-on services—such as international roaming, OTT subscriptions, and data packs—for personal use within their existing corporate plans, fulfilling a long felt need of corporate customers. Available through the Vi App, Easy+ is a first-of-its-kind offering that simplifies the process of buying additional services, giving users greater flexibility and enhancing the overall customer experience.

During the quarter, we launched the Vi Max Limitless Postpaid Data Plans in nine markets, offering truly unlimited high-speed data. These plans also include premium benefits such as exclusive access to entertainment content and other value-added services.

On the prepaid front, last quarter saw the launch of two innovative plans. The Super Hero Plan, available in 12 key markets, offers unlimited data from midnight to noon along with 2GB/day. Meanwhile, the Non-Stop Hero Plan, rolled out in 16 markets, provides truly unlimited data access



24x7. Both plans have received a positive uptick from consumers, driving growth in ARPU and subscriber base across major markets.

Customer ARPU excluding M2M has shown a quarter-on-quarter increase of 1% despite a reduction of 2 days during the quarter. 4G subscribers increased from 126 to 126.4 during the quarter. The data traffic growth has also grown by 5.2% in Q4.

We offer international roaming coverage in 198 countries. We continue to enhance our international roaming services, and expanded our roaming packs to 15 more countries in the last quarter alone. Our roaming packs are now available in 144 countries worldwide. I am very pleased to share that we are the only operator offering unlimited data and calls in as many as 29 countries. To further enrich the travel experience, we have partnered with Blue Ribbon Bags, a US-based lost baggage concierge service, to offer baggage protection for our postpaid international roaming customers. Additionally, we have introduced a double data proposition with select international roaming packs, allowing customers to enjoy more data during their travels. This initiative aims to enhance the international travel experience by addressing key concerns and providing a comprehensive and worry-free international travel experience for Vi customers.

To build affinity with youth of India, Vi partnered with Spotify, Yuva and Snapchat to design innovative engagements tailored to the platforms to extend the platform of 'Be Someone's We' and urge everyone to make our world a little less lonely through power of connections. Engagement spiked further with Runmahotsav on the Vi App during IPL. We amplified impact through influencer-led campaigns and digital awareness drives across key propositions. Vi's creative edge was recognised at the afaqs! Awards with wins for Content Marketing and Best Use of Visuals.

The company is taking various initiatives to tackle the growing menace of cyber frauds. We have implemented a nation-wide checking of suspicious SMSs. Currently we are roughly blocking about 0.6 mn SMSs per day and also delivering about 1.8 mn SMSs per day as suspected SPAM messages. We have also implemented identification of Suspected SPAM Calls in Mumbai and Delhi and are currently identifying around 12 mn calls everyday as Suspected SPAM calls. We are also implementing the initiative of identifying the Calling Name Presentation, whereby the name of the calling party will be displayed with each call. In case of international calls, while the name will not be identified, the calls will be identified as International Call. All these initiatives will go a long way in safeguarding the interests of our valued customers.

With a goal to focus on customer experience, we expanded our retail presence by opening more than 100 new flagship stores over the past six months. This expansion brings the total number of



Vi flagship stores to over 500 nationwide, all directly operated by the company in metro and Tier 1 markets. Additionally, our overall physical retail footprint now includes more than 2,500 Vi stores and Mini stores across 600 cities and towns. While a large share of our customer concerns is resolved digitally through Vi App, we serve over 50,000 customers daily across retail touchpoints. Our stores enable us to deliver a distinct and high-quality service experience, as reflected in industry leading Google rating of 4.4 out of 5.

Moving on to Business services

Our strength in serving the enterprise sector is built on deep, trusted relationships with our clients and the global capabilities of the Vodafone Group. We are evolving from a traditional telecom provider into a full-scale Techco, expanding beyond connectivity to offer advanced solutions such as hybrid SD-WAN, SIP, IoT, IIoT, and cloud services. We continue to accelerate this momentum by diversifying our portfolio and collaborating with strategic partners, ensuring our offerings remain highly relevant, future-ready, and impactful for enterprise clients.

Vi Business recently signed an MoU with the West Bengal State Export Promotion Society to drive digital transformation for MSMEs in the state. As a part of the partnership, Vi Business will offer localized digital tools, training modules in Bengali, and conduct training sessions to boost technology adoption among MSMEs in West Bengal.

In parallel with our efforts to digitally empower MSMEs, Vi Business also continued to strengthen its engagement with India's business leadership through the 14th edition of Vi TeeWalk. The event brought together over 250 CXOs and senior business leaders from diverse industries, creating a premium platform for high-value networking and engagement. Beyond the game, Vi TeeWalk facilitated meaningful conversations and strengthened relationships in an exclusive, relaxed setting—reinforcing our commitment to building lasting partnerships with the business community.



Our IoT Lab is emerging as a vital enabler of interoperability and standardization in the ecosystem. As the Indian telecom industry's first Lab-as-a-Service offering, it has issued 24 certifications this year alone—demonstrating strong adoption and industry confidence. Now evolving into a Center of Excellence, the lab serves as a collaborative hub for co-innovation, where ecosystem partners work together to develop future-ready IoT use cases. Vi Business has recently partnered with Hewlett Packard Enterprise (HPE) to deliver next-generation managed services in India. This collaboration leverages HPE Aruba Networking products to offer advanced wireless LAN, switching, and security solutions, aiming to transform enterprise networking experiences across various sectors, including campus networks, manufacturing facilities, large corporate headquarters, and regional offices.

Vi Business continues to be recognized for its impactful transformation to Enterprises. We were recently recognized by CIO Choice as 'Digital Transformation Enabler' for large enterprises. Our ReadyForNext MSME programme was recognized as the 'Digital Initiative of the Year – India' by Asian Telecom and won 'Best Multi-Influencer (D2C/B2B)' at the e4m Impact Digital Influencer Awards.

The next strategic initiative is driving partnerships and enhancing 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.

We offer our own OTT platform, Vi Movies & TV, accessible across all major operating systems on smartphones, Smart TVs, laptops, PCs, and tablets. The platform provides access to content from 17 leading OTT services through a range of subscription options for both prepaid and postpaid users. Over the past year, Vi Movies & TV has seen strong growth in adoption and content consumption. We remain focused on scaling the platform further, with a strong pipeline of new OTT partnerships and enhanced product features planned to enrich the user experience.

As you would know, 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. I urge you to experience the new Vi App and share your feedback.



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. Our subscribers continue to appreciate these initiatives. Growing engagement on Vi app is showing in the consistently improving Vi app ratings on Playstore.

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

Moving on to capex deployment plans

With the current planned capex, the 4G population coverage will increase to ~84% and 5G will be launched in all 17 circles, where we have 5G spectrum. We remain actively engaged with our lenders for tying up debt funding towards the execution of our long term network expansion plan. The recent conversion of spectrum auction dues into equity has supported these discussions to move forward.

With that, I handover 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 and for FY 25 were Rs. 110.1 billion and Rs. 435.7 billion respectively, growing by 3.8% on a Q4 YoY basis and by 2.2% on an annual basis. Also, this is the highest daily average revenue in the last 5 years.

The EBITDA excluding IndAS116 for the quarter and for the financial year was Rs. 23.2 billion and Rs. 92 billion respectively. The improvement in FY 25 EBITDA excluding IND AS 116 over FY 24 was 9.5%. The reported EBITDA including INDAS 116 effects for the quarter was Rs. 46.6 billion. For FY 25, the reported EBITDA was Rs.181.3 billion as compared to Rs. 171.1 billion in FY 24, an improvement of Rs.10.2 billion.

Further, Depreciation & Amortisation expenses and Net Finance costs for the quarter were Rs. 55.7 billion and Rs. 62.6 billion respectively. Excluding the impact of Ind AS116, the Depreciation & Amortisation expenses and Net Finance costs for the quarter were Rs. 40.7 billion and Rs. 52.7 billion respectively.



The finance cost for the quarter has increased in comparison to last quarter mainly due to forex loss during this quarter and the reversal benefit of vendor related interest in last quarter.

For FY 25, the PAT loss stood at Rs. 273.8 billion, lower by Rs.38.5 billion over FY 24.

Pursuant to the conversion of dues into equity by the Government of India, the Company has derecognised an amount of ₹369.5 billion from its Deferred Payment Obligation towards spectrum. This amount has been reclassified and disclosed as 'Share Application Money Pending Allotment' under Other Equity as at March 31, 2025.

The debt from banks reduced from Rs. 40.4 billion in Mar'24 to Rs. 23.3 billion in Mar'25. The cash and bank balance as of March 31, 2025 stands at Rs. 99.3 billion.

With all the positive development during last year, there was an upgrade in credit ratings assigned to long-term and short-term bank facilities of the Company. These upgrades will support our ongoing discussions on debt funding.

With this, I hand over the call back to Dorwin and open the floor for questions.

Moderator: Thank you very much. We have the first question from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain: First, on the 4G net add, it's been more than 4 months, 5 months. We have not seen material uptick in 4G. When should the benefit of this network expansion should start visible in terms of 4G addition accelerating? That's my first question.

Akshaya Moondra: Sanjesh, thanks for the question. 4G net adds that we had in the last quarter was a nominal increase. This quarter, we've added about 0.4 million 4G subscribers. Generally, the 4G subscriber trajectory would also change in line with our overall subscriber trajectory. Also, when I talk about 4G, it includes 5G also, and the proportion of 5G devices on our network is also growing constantly.

As we roll out our 5G network across different circles, that would also enable us in getting more smartphones onto our network. These are the things which are trending in the right direction, especially the subscriber metrics where we have seen a significant reduction in the subscriber loss compared to last quarter and an improvement in the 4G subscriber additions. I would say that with the continuing investment and launch of 5G, we should see a further improvement going forward.



Sanjesh Jain: Very clear. So how has the experience of earlier 5G launches in a few locations where we have done? Have we seen the trend showing that at least early signs of that?

Akshaya Moondra: Yes, yes. In all the 4 cities, I mean, 2 circles and 2 cities, where we have launched 5G, the uptake has been very good. Traffic has quickly started moving to 5G, wherever people have 5G devices. One thing I have been very happy about is that Mumbai, Delhi and also Chandigarh and Patna post the launch, we've not had any complaints with reference to 5G, really speaking.

Sometimes when you roll out a new technology for the first time, you'll find lot of complaints. In fact, there's been a lot of positive feedback, and we've not had anything in terms of complaints, which is technology related. Of course, complaints can come when a customer doesn't have a satisfactory experience. But I would say the launch of 5G and the uptake of 5G, wherever we have launched has been very good.

While 5G is giving a good experience, it is also releasing capacity on the 4G networks wherever it is being implemented, and that is also improving the experience on the 4G itself. So, it's been good in all ways.

Sanjesh Jain: Any 5G subscriber number which you can share? I know it's very small right now, but any 4G penetration, 5G subscriber number we can share?

Akshaya Moondra: I can tell you that in all these four cities, the number of 5G subscribers who are using 5G as a percentage of people who have 5G devices is north of 60%. This means most people who have 5G devices have started using, although our rollout has been just 1.5 months -- or 2.5 months for Mumbai and other cities has been all less than a month. So, the uptake, given the time period which has elapsed, has been very good. And along with the number of users, a large quantum of traffic on these sites has shifted to 5G.

Sanjesh Jain: That's very helpful. And 5G, how tariff is, right? It starts with 2 GB per day plan or we start with 1.5 GB?

Akshaya Moondra: We start at the INR299 plan -- and that is our introductory offer, as we had mentioned. Ultimately, we would also kind of look at addressing that. But since we have just launched 5G, it is the initial phase. So, we've kept it attractive at INR299.

Sanjesh Jain: Very clear. Actually, on the capex side, we did around INR9,500 crores of capex for FY '25. How should we see FY '26 capex? And you did mention in an earlier remark that we are looking at a total site of 220 -225k that we should be able to achieve in FY '26?



Akshaya Moondra: Currently, we have got capex under implementation in the ballpark of about INR5,000 crores to INR6,000 crores. A large part of it would be implemented in the current quarter and some of it may spill over to the next quarter.

In terms of our next round of capex, we have to kind of decide and firm up our plans. It also has some dependence on the funding. So, when we come to the next quarter, we will be able to provide some guidance there. But at least for this quarter and coming quarter, we are on track for kind of incurring a capex of roughly around INR6,000 crores.

Sanjesh Jain: That's very clear. And anything on the fund raise? Any time line we have thought, any instrument, which is in our mind, anything which has firmed up?

Akshaya Moondra: No, nothing is closed as yet. What I can tell you is that you would have seen that along with the quarterly results, we have also taken an enabling approval, which we do every year for fundraising. So, our primary source of fundraising remains bank borrowing, which we are working on. The conversion of the government dues to equity along with the upgrade in the credit rating, those are facilitating factors for us to take those discussions forward.

Post the conversion, the engagement has started again seriously. Since we don't want that everything has to come through bank funding, we have also taken an enabling approval because for items other than bank funding and NCDs, you need an enabling approval of shareholders. We are exploring some other possibilities in terms of instruments but the main focus remains on securing the bank funding.

Moderator: Our next question comes from the line of Vivekanand Subbaraman from Ambit Capital.

Vivekanand Subbaraman: So my first question is on the engagement with the government. So you and one other player have been talking about changing the way customers are charged from current 1 GB quasi unlimited packages on a daily basis to usage-linked pricing. Now I just want to understand, is there any engagement that you are having with the government to help you arrive at this because we've been hearing about this from the industry for quite a long time and no progress has been made despite three tariff hikes happening over the last 6 years. So is there anything that you feel that the government needs to do for you to move to that path of linking the tariffs to usage? That is one. Second, on the government front itself, DIPAM now has 49% shareholding. Are they interested or is there any conversation for them to join your Board? That's on the government's front.



And the next question is on the settlement asset. Now your notes to accounts, Note number five mentions that you have postponed the receipt of the settlement asset to September 2025. Now given that your capex depends on funding, I just want to understand why you chose to postpone it instead of get Vodafone PLC to clear this settlement amount on 30th June?

Akshaya Moondra: Thanks, Vivek. Let me answer your three questions.

Your first question was on tariff and our commentary on the change in the tariff structure. This has nothing to do with the government. This is to be decided by industry as to how do they want to take it forward. You are right that while this discussion has been happening or this commentary has been happening for some time, we have not seen this converting to reality. I guess this requires a certain action. Somebody needs to take the lead and others need to also follow. But ultimately, it is not for any single player to be able to make this change. It's an industry thing, which inherent in our commentary is that for the tariffs to increase. We believe that the entry-level tariffs are at a decent level. They do not have room to increase very much because we have a large population who are just using it to having some minimum connectivity. And as I keep on saying that we have moved from an era of zero ARPU to about INR 5,000 ARPU to now between - for a single person if he wants to use for the full month, INR200 to, you can meet all your needs at about INR600. So that has contracted and which is fundamentally that the incremental usage comes at a very low price, which is not the case. So, industry will have to find a solution to this. I don't have any concrete points at this point of time. But we do believe that that's the only way the ARPUs can go up. You cannot increase the price uniformly across board now. It has to be incremental usage, incremental payment. Of course, it has to be telescopic by nature. Your per unit of consumption will be cheaper if you are consuming more as happens in any kind of service or commodity that you may be selling. So that answers your first question.

On the second point, you said that the government is 49% shareholder, which is right. I don't think there is any intent to take up any board seat. Let me just describe it like this, that this is shareholding of the government not with an intent to have the shareholding, but this shareholding is a consequence of their trying to provide support in reducing our dues. Their intent is not to have this holding and the intent is not to have any board seat. Based on the best of my understanding and comment which has also been there from the government themselves is that they have no intent of taking any role in the management of the company.

The third question is relating to settlement assets. We have clarified earlier also that the recovery of settlement assets is dependent on the payment by the company of the AGR dues. So really speaking, the earlier arrangement was that these had to be paid by June '25 for this to be effective.



So, the settlement asset is not receivable unless we ourselves pay the AGR dues. Having said that, we are in discussion with Vodafone Group to see what is the best way to make this arrangement workable. While we are under discussion, we have extended the date from June to September so that there is no strict deadline and we can continue with our discussions.

Vivekanand Subbaraman: Okay. I have a couple of follow-ups. Now you have accelerated the capex as far as population coverage and 5G expansion is concerned. So the 4G population coverage target that you had outlined, say, by March 2026, right, 1.2 billion, are you still on course for that? And I believe Sanjesh was asking you that question with respect to the tower count and network presence. Is that target still on track? Or is that getting postponed due to the fundraising, the current discussions ongoing on fundraising?

Akshaya Moondra: The capex, which is already under execution, we should be reaching a level of 84% of population coverage, 1.2 billion roughly translates to 90% of 4G population coverage. I believe we will move up to 84%, but to get to 90%, it has got linkage with bank funding. But Vivek, let me just tell you one thing that it is not only that we have increased the population coverage, we've also rolled out a lot of infill sites.

So what we are rolling out is a mix of coverage expansion and infill sites to improve the experience of the customers. Now I would say that compared to where we were a year ago, today, we've come to a point that wherever we had congestion in our network, that has been completely addressed. So wherever our customers were, while we were providing a good experience earlier also, but what has changed is that there were pockets where there was congestion where we could not invest earlier, we've addressed all that.

Population coverage has also grown significantly. And a large part of the areas which we wanted to cover are covered. And of course, 5G is also being rolled out. I would say that while getting from 84% to 90% is important, and we have to continue with our capex plans but we have come to a point where our overall offering, with the completion of this 5G in the remaining circles, is competitive in the market, and we can continue to invest more.

But the challenges which we had earlier where we were not able to address some of the customer experience issues, they have been fully addressed. Now it's a question of getting to further population coverage, which, as I said, there's some linkage to funding, which we'll continue to work on.

Moderator: The next question is from the line of Saurabh Handa from Citigroup.



Saurabh Handa: I had two questions. Firstly, on the AGR issue. Now following this dismissal of the latest review petition, our understanding, at least as per media reports is that the Supreme Court did observe that if you do seek any relief from the government, then they won't come in the way. Could you give some more clarity or thoughts on this?

Is our understanding correct based on the press reports? And in your view, if the government does look to provide any further relief, do they -- can they just go ahead? Or do they need any specific clarity from the courts?

Akshaya Moondra: Saurabh, thanks for your question. Given the sensitivities around the court proceedings, I'm not allowed to comment on what was said. But what media has reported is a factual reporting of what happened in the court. There are, of course, transcripts and recordings available of the court proceeding. So I believe what media has reported is a correct reflection of what happened in the court.

As far as the government relief is concerned, we are engaged with the government. Whether or what the government will do, I cannot comment on behalf of the government. But definitely, post the judgment, we continue with our engagement with the government to find a solution to the AGR matter.

Saurabh Handa: Okay. So I mean, is it fair to say that in your view, the government can proceed now without it I mean, the general view was that beyond what is there in the relief package, if the government were to do something, then it could be against the previous court verdict. But does this now appear that it could pave the way for the government to go ahead? I mean, your view, I know what the government eventually does is in their hands. But is that your understanding?

Akshaya Moondra: Yes, our view is that the government can do. And in fact, just to put things in perspective, even when the reforms package was announced in 2021, there was some PIL, which was filed in the Supreme Court. And that time the Supreme Court in their final order, they had stated to the effect that this is a policy matter, which is within the purview of the government, and they would not interfere in it.

In some ways, if you look at the reforms package of September 2021, government had taken the initiative. And I see no reason why the government should be constrained in any way to offer relief, which it decides to do.

Saurabh Handa: Okay. That's very clear. And the second question was on the debt funding now despite the spectrum conversion to equity and also these credit rating upgrades, clearly, I guess, I know you started reengaging with banks, but the debt raising isn't going through. So is it fair to



assume that it's again dependent on AGR. They're still seeking relief or clarity on AGR, even though the rating agencies seem to be okay giving you investment grade?

Akshaya Moondra: What the rating agency has done is somewhat different. One is that after the conversion, we have started reengaging with the banks. There are some activities which we have to finish, which are currently in progress. We will get to again a point of discussion with the banks somewhere in this month on some of the prerequisites in terms of those actions and activities are completed.

Generally, our discussions, part discussions with the banks showed that they needed some more clarity on AGR. Conversion, of course, has been a big step forward. So, I would say that the banks would want some clarity on the AGR dues. While that is happening, it is not preventing the discussions to go forward. Discussions are still continuing.

Saurabh Handa: Okay. And just my last question, just to clarify, the AGR outstanding right now is around -- is that INR703 billion because there were some different numbers which have been floating around, and I think you aren't mentioning this in your press release anymore.

Murthy GVAS: So Saurabh, the figures, including accrued interest on 31st March is about INR760 billion.

Saurabh Handa: 7-6-0?

Akshaya Moondra: It's simply last year's figure, plus 8% interest. That's the only change.

Moderator: The next question is from the line of Gaurav Malhotra from Axis.

Gaurav Malhotra: Just a few questions. So Akshaya, you mentioned the 224,000 site number. So that was a number which was there, if I'm not incorrect in the QIP document, SPA document also, and you are at 184. So that 184 journey to 224 is premised on the bank debt funding as well. Is my understanding correct?

Akshaya Moondra: Our unique towers are already at 1,95,000. And of course, some of these are getting converted from not being broadband to broadband. So when we say a figure of about 220,000, that is a figure of the total number of sites. Of course, in the end result, everything will be a 4G site. So there will be no difference between the unique sites and the 4G broadband sites.

Currently, there is some gap there. So ultimately, our target is to get to about 220,000 sites. In terms of that being dependent on bank funding, as I said, with our current capex in progress, we



should get to 84% population coverage. With some more capex during the year independent of funding, we could still get to around 85%, 86%.

But to get to the entire target of 220,000, that would be requiring bank funding for sure. And just to be clear, 220,000 was an end target. It need not necessarily have been done in 2 years. It was a little dynamic. It could have been done in 2 years, 2.5 years also. So that was where we said that whatever we had planned for a 3-year capex, of course, coverage was a priority, but it could have happened anywhere between 2 to 3 years' time frame.

Gaurav Malhotra: Understood. The next question is on your network opex. Obviously, your capex has moved up quite sharply. The sites have moved up, but your network opex has essentially remained flattish in the last 2, 3 quarters. So how should we sort of think about that?

Akshaya Moondra: Let me just give you an overall holistic view and then Murthy can add if required. While some costs are going up, we are very focused on managing our costs in a better manner. So what you are saying and ultimately, that is reflected that the costs are not going up as our costs are being maintained and they are not going up as much as they should by rolling out of new sites. So we have taken a number of actions.

Some of these, I can qualitatively tell you is that negotiation of rentals has been done over the year where they were very high. Biggest saving is coming from energy cost optimization. A lot of initiatives have been taken that we can operate on a lesser energy cost. Of course, just to be clear, if you look at on a year-on-year basis, it is comparable. But on a quarter-on-quarter basis, Q4 is the best energy cost quarter. So quarter-on-quarter comparison. But year-on-year also, we've had significant savings in energy cost.

Then there have been activities and initiatives like we have in-sourced fiber management and also managed services for some of the radio networks that we had. And I can tell you, particularly on fiber, it was a major, major activity whereby we in-sourced everything. We also had our concerns. But the end result has been good on both directions. Firstly, we have actually been able to reduce cost. But more importantly, the incidents that we used to have when the fiber was being managed through outsourcing was quite bad, and we've been able to reduce what we call as P1 incidents compared to when it was outsourced by 75%. A significant improvement has been done both on the cost front and also operationally, we are much better off with the in-sourcing. So that was one area.

And the last area to be highlighted is that IT cost, we were continuing with many legacy contracts. We have revisited them. And in the last year, IT costs have also come down and probably the



benefit of some of that IT cost contracts which have been renegotiated in the second half of the year would also spill over and give a higher benefit in the coming year.

In general, we have a strong focus on managing the cost. And while new rollouts are resulting in newer costs, we are trying to see how we can best manage the existing cost. Murthy, you want to add something?

Murthy GVAS: Yes. So Gaurav, network costs, as you would know, do not include rentals because rentals are accounted for below the EBITDA. From that perspective, since most of the rollout has happened largely in the last quarter, 1.5 quarters, hence, next year would have some impact on the rollout on an annualized basis. But at the same time, as Akshaya said, our focus would be to reign in cost as much as possible.

Moderator: Our next question is from the line of Rishab from HSBC.

Rishabh: Firstly, a clarification on the discussion on Vodafone Group recoverables. So on the settlement, is it dependent on the payment of entire AGR dues or part of AGR dues payment will also help us to the settlement with Vodafone Group?

Akshaya Moondra: That is a very limited part of the overall AGR dues, which we have to pay to be able to claim that amount, not the entire AGR dues.

Rishabh: And secondly, on the launch of Nonstop Hero plan, what is the key strategy here as it offers unlimited data? And how does it help to boost ARPU?

Akshaya Moondra: Let me put it a little holistically. Nonstop Hero is a part of our strategy. As you are aware that we had been losing a number of subscribers over a fairly long period of time because we had not made investments. As we have made investments, our offering has become very competitive.

And as I said, we're also launching 5G now, where we will have a very, very competitive offering in the market. Now to leverage that, we have created a lot of capacity in the process. And the subscriber metrics is improving, but let's say, we need to have an improvement, which is faster than what we have seen until now.

To do that, as anybody needs to do that if you have had a significant loss of subscribers over a longer period of time, we need to have attractive propositions for our customers so as to get them back be able to experience our network, which they've not experienced for a long period of time.



And I'm sure that once they experience that with some incentives for getting them back to network, they will then continue to stay.

So right now, now there are products which are meant for ARPU upgrade, and we have seen that both with Superhero and Nonstop Hero. Some nonstop Heroes earlier were at a price point of INR365. Very recently, we have in the stronger circles also launched a Nonstop Hero at INR398.

In overall terms, we are currently focused on letting more and more subscribers experience our much improved and competitive network. And once we make some progress, ultimately, we would be having pricing, which is more in line with the market. But these are interventions and initiatives meant to get our subscriber base moving in the right direction.

Moderator: The next question comes from the line of Prashant P. R. from Jana Small Finance.

Prashant P. R.: So yes, my question is regarding the brand recognition that the company is going -- the advertisements that the company is doing. So I was just wondering whether there are any chances of we going back to the old ZooZoo ads or the PUB-G ads that we had. So because India, I believe, is a market where there is a lot of value which comes -- when it comes to nostalgia, right?

So we have seen the releases of old movies, which were super hits -- which actually connects with the masses. So the current brand management of the company, the current advertisements that the company is coming up with. So I'm not sure whether it is connecting with the masses, right?

So if we -- can we just go back to the previous heads, say, run those campaigns, ask people to come back to Vi, just touch the nostalgia of the people. So is there any thought that is going in that direction for the company to connect with the masses? So that's my question.

Akshaya Moondra: Prashant, this is a complicated subject. I'm not an expert on the matter, but what I'm told is that old movies and reconnecting with the old brand while you are trying -- where you have established a new brand are two different things. However, I've heard you, I'll pass on your suggestions to our brand experts and let them give a thought to this.

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

Akshaya Moondra: Thank you, Dorwin. Friends as discussed during the call, our initial investments have led to improved coverage and enhanced customer experience, resulting in significant reduction in subscriber loss. 5G launch is underway in key geographies. With our intensifying investments, we are confident of improving subscriber metrics going forward.



FY '26 is going to be an important year for VIL and the company has taken critical steps towards the transformation journey. During the past year, the company has raised equity of INR614 billion, including FPO of INR180 billion, preferential issue of INR40 billion to promoters, around INR25 billion to vendors, Nokia and Ericsson and finally, INR369 billion to the Government of India.

The government has also shown their support to the industry by waiving the BG requirement for the past spectrum auctions. We are working towards tying up debt funding for the execution of our long-term network expansion plans. And as I mentioned that as we have made the investments, we are also taking various actions to make our offering and proposition more attractive to our customers and prospective customers. With this, I would like to thank you for joining this call. Have a good day.

Moderator: Thank you. On behalf of Vodafone Idea Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.