Vodafone Idea Limited
Q1 FY'26 Earnings Conference Call

August 18, 2025

Moderator: Ladies and gentlemen, good day, and welcome to Vodafone Idea Limited Q1 FY '26 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Akshaya Moondra – CEO of Vodafone Idea. Thank you, and over to you, Mr. Moondra.

Akshaya Moondra Thank you, Renju.

A warm welcome to all participants to this earnings call. Last week, our Board of Directors adopted the unaudited results for the quarter ending June 30, 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.

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

1st July marks 10 years of the Digital India mission—a decade of transformative growth and empowerment. The aim was simple, to use technology to make life easier for every Indian. India's journey under the Digital India mission has been significantly fueled by the telecom sector, which has laid the foundational digital infrastructure across the length and breadth of the country. As a telecom company, we have a first-hand view of how widespread wireless broadband coverage has empowered millions—bringing seamless internet access to remote villages, enabling e-governance, and enhancing digital literacy. Additionally, robust spectrum investments, expanding fiber connectivity and other factors have together transformed India into one of the world's largest and fastest-growing digital economies. According to the State of India's Digital Economy Report 2024, released by ICRIER, India now ranks third in the world for digitalisation of the economy. By 2030, India's digital economy is projected to contribute nearly one-fifth of the country's overall economy.

The telecom industry is not only connecting people but also serving as a backbone for national priorities like digital health, online education, fintech inclusion, and smart governance. From farmers using mobile apps to get crop updates to students in Tier 3 towns attending virtual classrooms, telecom-led broadband access is powering an inclusive digital and societal transformation.

With collaborative policy frameworks and sustained innovation, the telecom industry stands as a critical enabler of Digital India—ensuring every citizen, business, and institution can participate in and benefit from the country's digital revolution. The Digital India story is, at its core, a story of connectivity—and we're proud to be the backbone that supports this national mission.

Let me now talk about our strategic initiatives.

<u>Our first strategic initiative is our focused investment approach</u>

I am glad to inform that post launch of 5G services in Mumbai in Mar'25, this quarter has witnessed expansion of our 5G services. Our 5G services are now available in 22 cities across 13 circles. Further expansion to additional key cities across all our 17 priority circles is planned by September 2025.

We continue to invest towards expanding our high-speed broadband network's coverage and capacity by adding new 4G sites, upgrading our core and transmission network. In Q1FY26, we invested Rs. 24.4 billion capex. We added over 4,800 new unique 4G towers during the quarter, reinforcing our focus to deliver superior connectivity. Parallelly, our network densification efforts have also yielded results with a ratio of 2.7x 4G sites per 4G location as of June, 2025 – highest since merger and improved from 2.3x 4G sites per 4G location as of March, 2024. We increased our 4G population coverage by ~7% to ~84% as of June, 2025 compared to ~77% as of March, 2024. During the same period, our 4G data capacity expanded by ~36%, driving a ~24% improvement in 4G speeds. As of June, 2025, Vi's total broadband site count stood at ~516,200. Additionally, we have also deployed ~13,100 Massive MIMO sites and more than 12,300 small cells.

With these initial investments which have resulted in increased coverage and capacity, and as a result offering better customer experience, the subscriber decline was restricted to 0.5 million during the quarter i.e. ~90% lower compared to ~5 million each in Q2 and Q3 of last financial year, marking our strongest performance since merger. We are confident that these trends will improve further as the investment continues. Further, the progressive launch of 5G services will further support the subscriber traction. This capex and network expansion will enable the company to participate in the industry growth.

With a goal to bridge the digital divide in remote rural and underserved regions, we announced a strategic collaboration with AST SpaceMobile to deliver satellite-based mobile broadband to all smartphones. This partnership will enable us to extend our coverage reach in conjunction with AST's space-based cellular system, delivering seamless voice and data access without the need for separate specialised devices.

Moving on to market initiatives

Our commitment is steadfast in providing more than merely seamless connectivity; we are focused on enriching the digital lifestyles of our consumers through experiences that go further than the usual voice and data services.

Our portfolio of digital-first offerings for prepaid users gained momentum, with the Non-Stop Hero Plan offering Unlimited Data 24x7 now active pan India. You would recall that, we had Vi Guarantee Program for 4G and 5G subscribers which provides 130 GB of additional data over the year, with 10 GB delivered every 28 days for 13 cycles. During the quarter, we expanded it to unlimited voice users through 24 days of extra validity distributed over 12 months, with 2-day extra validity credited on every unlimited voice recharge @ Rs.199.

With these propositions, Vi won an award for 'Best Use of Influencers on Instagram' at Afaqs for the promotion of Vi Data Guarantee and Superhero and Nonstop Hero products.

For postpaid customers, catering to the growing demand for best-in-class OTT experience, we have added a Netflix subscription as a fixed recurring benefit to Vi Max Family Plan. Priced at just Rs 871, the Vi Max Family Plan includes two connections, a primary and a secondary. In this plan, Vi offers the highest data quota in the industry with a massive 120GB monthly data pool shared between the two members. This is the industry's largest data offering, in this price range.

Further, Vi is the only operator that offers Unlimited Night Data and Data Rollover up to 400GB, ensuring a worry free data experience.

On the back of these plans, the data traffic has grown by 10.4% YoY at overall level and 11.2% at per 4G subscriber level. The Consumer ARPU has shown a YoY increase of 14.9% reaching Rs. 177. The number of 4G subscribers has also reached 127.4 mn during the quarter.

We have been working on constantly improving our International Roaming Pack attractiveness for the end-consumer. Our roaming packs are now available in 144 countries worldwide vs 129 earlier. I am very pleased to share that we are the only operator offering truly unlimited data and calls, and with 11 countries added to this category the total count with unlimited data and calls has increased to 40. 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. 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.

At Vi, we're leveraging advanced AI and ML models to proactively detect spam and fraud patterns, safeguarding our customers and ensuring a safer calling experience for them. From Jan - June this year, our AI engine flagged over 450 Mn SMSes as spam, protecting users before any harm could reach them.

In an industry first, we have become the first operator to launch a feature that displays the country of origin for incoming international calls. This feature further enhances our users' safety by empowering them to make informed choices before accepting calls. This is also a protection against cyber frauds which are on the rise.

Vi's creative excellence has also earned industry recognition. Vi's Number Rakshak campaign aimed at re-uniting pilgrims with their loved ones during the Mahakumbh, 2025, won the prestigious Cannes Lions for the Cultural Engagement.

Moving on to Business services

Our ability to serve the enterprise sector is founded on strong, reliable relationships with our clients and the extensive resources of the Vodafone Group. We are transitioning from a conventional telecom provider to a comprehensive Techco, broadening our scope beyond connectivity to deliver sophisticated solutions like hybrid SD-WAN, SIP, IoT, IIoT, and cloud services. We are committed to maintaining this momentum by diversifying our offerings and partnering with strategic allies, ensuring that our services are not only highly relevant but also prepared for the future and impactful for our enterprise clients.

One of the major highlights this quarter is the launch of Vi Business CCaaS, our AI-powered, cloud-based contact centre as a service. Designed to unify customer interactions across channels, Vi Business CCaaS brings intelligence and scalability to customer engagement—enabling businesses to deliver consistent and smart conversations in real-time. Our partnerships with Genesys and Startele underscore our commitment to best-in-class technology.

In cloud and collaboration, the rollout of Google Workspace with Professional Services strengthens our proposition for modern workplace solutions. While Google Workspace provides tools like Gmail, Drive, Docs, and Meet, our Professional Services ensure smooth deployment, data migration, user adoption, and post-deployment support. This holistic offering enables enterprises to fully capitalize on their cloud journey and enhance ROI from their collaboration suite.

We also advanced our capabilities in enterprise networking through a strategic managed services agreement with Hewlett Packard Enterprise. This collaboration enhances our ability to deliver comprehensive managed WLAN and security solutions, positioning us strongly to support digital-first enterprises across varied environments.

Our IoT business witnessed landmark progress. We secured a 10-year contract with Genus Power Infrastructure Ltd for 5 million smart meters—India's largest smart metering win. This is a strong endorsement of our execution capability in critical infrastructure projects. We also enhanced our ESIM strategy through a partnership with Airtel, enabling dual SIM functionality to support resilient, future-ready enterprise deployments. Additionally, our new Device Management System will enable real-time control and lifecycle management across IoT assets, boosting operational efficiency for our clients.

On the MSME day 27th June, 2025, we launched the 4th edition of 'MSME Ready for Next 2025'. This is India's largest digital advisory platform for MSMEs. We also released the MSME Growth Insights Study 2025 which revealed that 76% of small businesses plan to increase investments in cybersecurity, along with growing interest in cloud, automation, and digital payment solutions. These efforts reinforce our long-standing commitment to empowering India's MSMEs through digital enablement.

The Company's leadership in the B2B domain was acknowledged with honors at the ET Trendies Awards and e4m Digital Influencer Awards, recognizing its outstanding impact in the MSME and enterprise segments.

We remain committed to accelerating innovation, delivering exceptional value to our customers, and driving growth across the enterprise ecosystem.

The next strategic initiative is driving partnerships and enhancing digital revenue streams

As emphasized in the earlier calls, our aspiration is to become a fully integrated digital services provider with a distinct goal of enhancing digital engagement with consumers and generating revenue through targeted streams. Our articulated strategy regarding this initiative has been to achieve it through strategic partnerships and to offer the majority of these services via the Vi App.

Our own OTT platform - Vi Movies & TV, is accessible across all major operating systems on smartphones, Smart TVs, laptops, PCs, and tablets. Vi Movies & TV offers access to 20+ OTTs through various subscription options to our prepaid & postpaid users. The OTTs available on Vi Movies & TV include Zee5, JioHotstar, SonyLiv, Lionsgate, Fancode, SunNxt, Chaupal, Malayalam Manorama, Nammaflix, Playflix & more, and over 350 Live TV channels. We have recently also introduced Amazon MX Player with Vi Movies & TV to bring to our consumers the wide range of content Amazon MX player has in its repertoire. The Vi Movies & TV plans are also bundled with loads of data for allowing our consumers to watch the content without worrying about their data getting over. Vi Movies & TV has grown well in terms of adoption and consumption in the last 15 months since its launch and, our focus is to continue to scale it, ingest more varied content and build distinct features to make it into a destination of choice for more & more consumers.

As you would know, apart from this, 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.

Our constant endeavor is to elevate the experience that the Vi App offers and I am happy to share that we have just rolled out 'Vi Finance' on Vi App where we are now offering Personal Loans, Fixed Deposits and Credit Cards to our users. For loans, we have entered into a strategic partnership with Aditya Birla Capital. We have a roadmap to use their expertise & our customer intelligence to expand our offerings and offer unmatched value to our consumers. Customers will also be able to make fixed deposits on Vi App – choosing from a range of options between banks & NBFCs, and get very attractive interest rates on their savings. I urge you to experience the Vi App, particularly the newly added Vi Finance, and share your feedback.

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 Q1 capex, we have now expanded our 4G population coverage to ~84% and with the ongoing capex we plan to increase it further as well as expand the 5G coverage to all 17 circles. 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 and the credit rating upgrade have supported these discussions to move forward.

Before I conclude my remarks, on my final earnings call for Vodafone Idea, I would like to take a moment to sincerely thank all of you: our investors, analysts, and broader financial community. My first earnings call with all of you was in July, 2008 when I joined as the CFO at Idea Cellular. Post that I have had the pleasure of interacting with you on each of these quarterly calls, except one quarter in 2014 when I was away for my course at Harvard. It has been a true privilege to lead this company and to share our journey with such a thoughtful and engaged group. Over the years, your insights, questions, and even your challenges have not only kept us sharp but have also played a meaningful role in shaping our strategic direction. I've learned a great deal from our interactions — from one-on-one meetings to these quarterly calls — and I deeply appreciate the trust, patience, and accountability you've brought to the table. I'm incredibly proud of what we've accomplished as a team given the headwinds of last few years, and I leave confident in the strength of our leadership team, our strategy, and our commitment to delivering long-term value.

Talking about Abhijit, he has been the Chief Operating Officer of the Company since November 2021. In this role he has created a steady and focused impact on the business, and driven operational rigor. Prior to his current role, he was the Chief Enterprise Business Officer, where he strengthened the B2B side of VIL's business. And in two prior stints, he led our critical markets of Gujarat and Kerala. Abhijit has had 3 decades of experience in telecom industry. Abhijit is also currently serving as the Chairperson of the Cellular Operators Association of India (COAI) and the India Mobile Congress (IMC). I am sure Vodafone Idea will flourish under his able leadership. Abhijit is here on this call with us. Let me handover to him for sharing his initial thoughts.

Abhijit Kishore: Good afternoon, everybody. I take this opportunity to thank Akshaya. Over the last 3 years, despite several challenges, Vodafone Idea has remained resilient, competed effectively and made significant progress under his leadership. My appointment in the new role as CEO of Vodafone Idea comes at an exciting time as VIL is on its turnaround journey. As we move forward, our focus remains on driving revenue growth through subscriber addition and effortless customer experience with intense market execution. I look forward to interacting with the analysts and investor community going forward.

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

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

The revenue for the quarter was Rs. 110.2 billion registering a growth of 4.9% on YoY basis. The cash EBITDA of Rs. 21.8 billion improved by 3.7% on YoY basis. The reported EBIDTA for the quarter was Rs. 46.1 billion as compared to Rs. 42 billion in Q1 FY25.

Depreciation & Amortisation expenses and Net Finance costs for the quarter were Rs. 54.7 billion and Rs. 57.5 billion respectively. Excluding the impact of IndAS116, the Depreciation & Amortisation expenses and Net Finance costs for the quarter were Rs. 39.3 billion and Rs. 46.9 billion respectively.

During the previous quarter, pursuant to the conversion of Spectrum dues into Equity by the Government of India, the Company had derecognised an amount of ₹369.5 billion from its Deferred Payment Obligation. The finance cost for the quarter vs previous quarter has mainly reduced due to the above.

Capex spends for the quarter was Rs. 24.4 billion. The Company continues to invest in network and will accelerate broader capex plans of Rs. 500–550 billion over three years that we have been mentioning previously once we tie up the bank debt. In this regard, we remain engaged with lenders to secure debt financing. The debt from banks has further reduced to Rs. 19.3 billion as on June 30, 2025.

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

Moderator: Thank you. The first question comes from the line of Vivekanand S. with AMBIT Capital.

Vivekanand S.: I have 2 questions. The first one is on churn. So, it seems that your churn levels have moderated from the times that we saw the tariff hike, resulting in some subscribers migrating to BSNL. Have these customers returned to the network? And how should we think about churn here on, because you have now expanded your population coverage for broadband to almost 84%? So, I want you to just discuss the interplay between population coverage expansion and churn. And if possible, if you can provide some colour on the population coverage in your relevant 17 circles for 4G, that will be great. That's question 1.

The second question is on the Capex number. So cumulatively, since the FPO, you have done Capex of around INR 120 billion. And you are saying that you are on track to do the INR 500 billion to INR 550 billion Capex predicated on funding. But there seems to be some slippage in the Capex trajectory. So last quarter, you had said some Capex under implementation of INR 50 billion to INR 60 billion. And it seems that you have done much less than that Capex under implementation. So, with the current balance sheet and visibility, how far will you go on Capex? That's my second question.

Akshaya Moondra: Thanks, Vivek. Your first question is relating to churn and how do we see this going forward, and you had a specific question on BSNL. It is difficult to say whether the customers who had gone have come back. But definitely, the immediate fallout of the price increase where all operators saw a significant increase in loss of subscribers to BSNL has turned around. And if we look at the port-in, port-out data, which is available, that has been turning around, since January this year. So definitely, that is behind us as far as the current trends are concerned.

In terms of our own churn levels, they have been coming down continuously. Sometimes it is difficult to draw an exact correlation between population coverage and churn. But as you can see Q2 was impacted by price increase. But if you look at Q3 of last financial year, our subscriber loss was in the ballpark of 5 million, which reduced to 1.6 million in the previous quarter, and which has reduced to 0.5 million in the last reported quarter. As our population coverage has been increasing, we have seen a continuous improvement in the subscriber metrics.

I would say that some of the other interventions, which have still not played out completely are that while the 4G coverage was largely done, in the previous quarter, the 5G rollout has started from March '25, a few cities were rolled out in Q1, but a large part of the new cities have been rolled out in June and July onwards. So that impact is still to reflect in the overall improvement in subscriber metrics.

As we continue to invest, these things take some time to register., As you are aware, we have also come with several attractive pricing propositions, particularly the Non-Stop Hero, which is becoming quite popular. And in some of these circles, Non-Stop Hero has actually been launched in the current quarter, that is Q2. So that will have to play out.

So, with all these interventions in place, we are quite confident that our subscriber metrics will continue to improve and all factors of population coverage, 5G rollout, product interventions, better customer service, which is also a focus area. All these things combined together are letting the subscriber metrics move in the right direction, and that will continue.

If I have answered your first question, then I will move on to the second one.

Vivekanand S.: Yes. Just one follow-up here. So, you are saying that the churn is also due to your network not having 5G coverage. Did I get that correct? And you are now saying that with 5G rollout in more and more cities, churn will come down further. Is that a factor?

Akshaya Moondra: Yes. You see it's like this. As we have said in the past that generally speaking, we have not seen a difference in the trend of subscribers who are churning out between people who have 5G devices or not. However, once you start having a particular offering in our network, definitely, it creates a positive feedback or positive sense in the customers who are wanting to use 5G or who are particularly looking for 5G.

So, while we have said earlier that it did not have a significant impact on churn, as you make these investments, it gives you 2 benefits. One is, of course, people who want to use 5G technology who have 5G devices, they benefit from it, and it has been rolled out in most of the major cities in any circle. Secondly, as we roll out 5G, it is also a means to create more capacity and particularly in congested areas, while bringing in the 5G experience, it also improves the experience on 4G because that gets congested as traffic transfers to 5G.

It is difficult to pin down the churn performance to a single factor. And as I said, it's a combination of all 3 factors, majorly the population coverage, the availability of 5G, the pricing interventions. And of course, there's a lot of execution in the marketplace, which is there. We ourselves find differentials in our different markets.

And as we see more and more and we get into more details, sometimes these also turn out to be execution differences of what are we doing well in some areas, how can we replicate it in other areas. So, as I said, our investments are happening. We are moving in the right direction and the subscriber metrics will continue to improve.

Moving on to your second question about Capex. In the last quarter, we had indicated that we are looking at about INR 50 billion to INR 60 billion of Capex in H1. I had also mentioned that a large part of it should come in Q1. But the 5G rollout has taken a little while, and most of this will be done by this quarter. So that range of INR 50 billion to INR 60 billion, which we had indicated for H1, we should meet that target by September '25. So, we are in line with that target.

That is pretty much the Capex that we can incur out of new funding. As you are aware, currently, we also generate some positive cash from operations post servicing of debt. And we will have some capability to incur Capex beyond that. But the larger quantum of Capex, which is a part of our plan will require new funding to come, for which we have mentioned that we are engaged with the banks and also looking at some other sources of funding, so that we can maintain the continuity of our Capex.

However, I must add here that with whatever Capex we have incurred and what we will incur by end of September, we have got to a point where our 4G coverage is very competitive where we are present in terms of capacity utilization, experience, speeds, they are all very good. And 5G also wherever we have rolled out, we have a very competitive offering in terms of speeds or performance.

So, while we look at a significant round of next Capex coming from new funding, it is very clear that what we have already invested puts us in a much better competitive position, and we will continue to leverage that as we move forward.

Vivekanand S.: Okay. Akshaya, that's very helpful. As far as Capex is concerned, you are saying that the Capex that is coming out of fundraising in the FPO and other events last year, that will be done by September. And then beyond September, you will only spend what you are earning as cash EBITDA, so around INR 21 billion or INR 22 billion per quarter. Is that the right way to infer your Capex trajectory?

Akshaya Moondra: Broadly, yes, there are other pluses and minuses. But yes, directionally, yes.

Vivekanand S.: Okay. Thank you.

Akshaya Moondra: Thanks, Vivek.

Moderator: Thank you. Our next question comes from the line of Sanjesh Jain with ICICI Securities. Please go ahead.

Sanjesh Jain: Hi. Good afternoon. Thanks Akshaya for taking the question. And best of luck for your next journey, and I welcome Abhijit. So, my question first around the 5G subs. I know it's too early for us to call, but can you help us understand how much percentage of a customer in our coverage area have the 5G phone and how many of them have opted for the subscription? Because 5G is only beyond 2 GB per day plan. Can you help us with 5G?

Akshaya Moondra: So firstly, I will not be able to give you a number of 5G devices per se, but all that I can say is that since the launch of Mumbai in March '25, based on some data which is reported, we have actually seen an increase in our device market share as far as 5G is concerned. One important point to be understood is that in the overall thing, once we have launched 5G, the 5G device share is increasing, and our device market share has increased on our network.

Number two is that we see that wherever we have launched 5G, we have seen 60% to 70% of subscribers who have got a 5G device actually adopting 5G and starting to use it. So that is the other thing. As we launch and about 2 months or a little plus-minus here and there, we get to the 60% to 70%. Of course, our effort is to see how do we get to that balance 35%, 30% to get to use 5G. But as you would know that some people are happy with 4G. 5G sometimes results in a higher battery drain. They don't want to use it. So sometimes it is also driven by the consumer choice.

The third point is we are offering this on INR 299 plan as an introductory offer, which is the 1.5 GB. So, it is not linked to the 2 GB plan. Our introductory offers on 5G with unlimited data or on the INR 299 plan, which is 1.5 GB per day. Of course, in Mumbai, we have withdrawn that introductory offer. So, all these are meant to be introductory offers. When we find that the introductory offer has served its purpose, as we have withdrawn in Mumbai, ultimately, that's the plan for the remaining markets, but our introductory offer is at a price point of INR 299 with 1.5 GB per day.

Sanjesh Jain: Clear. Second question.

Akshaya Moondra: Thanks for your good wishes. Sorry, I forgot to mention that.

Sanjesh Jain: Thank you. Second question on the subscriber again, though we have significantly restricted our total subscriber loss. But if I look at the 4G addition, which should have ideally resulted in a better 4G addition, there appears to be a lag between our total subscriber loss and the acceleration on 4G. How are we going to fix it? And what is causing this lag effect?

Akshaya Moondra: I would not describe it as a lag effect. If you see, after the price increase, we had lost 4G subscribers, which were otherwise increasing till then. In the last quarter, meaning Q4, we added about 0.4 million 4G subscribers. This quarter, we have added 1 million 4G subscribers, despite losing 0.5 million on an overall basis. So definitely, the 4G trends are better than the overall subscriber trends. They are moving better than that, and they will continue to do better than that.

But yes, post the price increase, there was a period of decline and from which over the last 2 quarters, we have seen a positive trend and an improving positive trend. So, I wouldn't call it that there's a lag or anything there.

Sanjesh Jain: No, because I think when we are losing 3 million, that is pre-tariff increase, we were still able to add 1 million customers, right? Now we are losing just 0.5 million, but our addition run rate remains still 1 million. I can understand the tariff increase and the consolidation impact had in the last few quarters. But I am just looking at the data before we got into the tariff increase, I think that trend should have accelerated, right?

Akshaya Moondra: Acceleration, you will have to see largely with reference to what have been the most recent trends. Whether when we were losing 3 million subscribers, the 4G was increasing by 1 million, I cannot specifically answer that question. We have to look at these as 2 independent trends, not necessarily correlated with each other. Most important is that are we adding 4G subscribers that trend is improving.

Sanjesh Jain: Got it. Got it. A follow-up again on the total subscriber base. So, we went from 183,000 sites to now 197,000. How has been the trend where we have added the capacity in the subscriber versus where we have not added to understand the benefit, where the network is coming, how is the growth panning out? Are we hitting the industry growth rate of 2% in the areas where we are now equal to the peers in terms of 4G coverage?

Akshaya Moondra: Generally, the answer to that question is yes. But as I mentioned a little while ago, when we look at our different markets, there are differentials in performances. There are markets where we have seen that as we have rolled out new sites, there is a rub-off effect on the existing network and sites. While the revenue is growing on the new sites, it is also growing equally well on the existing sites, which is what really should the result be all the time, and which is what our expectation is.

We have seen some markets where we are seeing that where we have rolled out new sites, we are seeing an improvement performance, but where we have not made investments in particular geographies within a market, those are not showing the kind of growth which some other markets are showing. So, we are currently at a point of time where we are getting into details of seeing what is happening in each market, taking corrective action.

And that is how as we look at, because ultimately, there's a significant investment which has been made. We monitor the result of that investment. The results may not be uniform across. Some places, the invested area and the areas where the existing sites, both are showing an equal increase in metrics and revenues, which is what we want it to be, some markets or some geographies, part of markets, that is not true. And that is what we are constantly working to improve upon.

So that's the point I was making that we have constantly seen improving subscriber metrics. And as we look into these details and take actions in the marketplace, in terms of what do we need to do in terms of distribution, what do we do in terms of focusing on different areas where we find there is a gap, we are finding constantly improving performances across.

So, with this round of Capex, 5G will make a significant difference. The recent pricing interventions will make a significant difference. But along with that, we also have to see the differential performance in markets, take learnings from there, and then take action so that the collective benefit of investment in a market is felt across the market.

Sanjesh Jain: That's clear. Now touching upon the Capex, we earlier mentioned that we are looking at moving to a total site of 215,000 to 220,000. We are at 197,000. By end of September, where are we looking at? Are we looking at reaching to 2,05,000? And then beyond that, I think we will need capital to keep up the pace. Will that be a right assumption to look into it?

Akshaya Moondra: In this quarter, what we are primarily doing is deploying 5G and redeploying some of the equipment, because we have had to swap some of the sites, where it is more an enhancement of capacity on existing sites. So, in this quarter, we are not expecting any significant change in the number of sites. It will not be anywhere close to the figure you are mentioning. And any significant increase in the new sites would depend largely on the new funding.

But as I said, we will have some cash generation, which will be invested and so we will see some increase in this quarter. However, in Q3 and Q4, as we deploy some of our internal cash generation for Capex, we will see some growth. But to get to a figure 2,05,000 or 2,15,000, we will need new funding, not bank funding necessarily, new funding.

Sanjesh Jain: Got it. One question on the balance sheet side. I was just looking at the change in the net debt from Q4 to Q1, it's broadly gone up by INR 7,000 crores. So, we generated broadly INR 2,200 crores of EBITDA and another other income of INR 150 crores, and we have spent broadly the same number in the Capex. So, what explains this increase in the net debt by INR

7,000 crores? If you can help us understand the bridge. I know there is some interest accrued, but not paid, but that doesn't completely explain the remaining part.

Murthy GVAS: So Sanjesh, Murthy here. So, if I can just understand your question again. So, you are talking about net debt. Now net debt, an increase that you are talking about, which is basically less of cash and cash equivalent. My understanding is that it has gone up by about INR 3 billion, right?

Sanjesh Jain: No, no, not gross debt. I am talking about net debt. So, your cash has also depleted. So, your total net debt has gone up by INR 6,900-something crores.

Akshaya Moondra: Sanjesh, rather than looking at net debt, let's look at 3 parts. One is the bank debt, which has reduced from INR 23.3 billion to INR 19.3 billion.

Sanjesh Jain: Correct.

Akshaya Moondra: So that is one part. The government, really speaking, there is no change. There was a conversion at which time some adjustments were done in terms of accrued interest and all. There is no cash implication of the government debt that exists today. The spectrum payments will all come in this quarter. So, there is no payment in Q1 as such. And then there is the cash, which is largely remaining out of the FPO funding. Now there is a time differential between when the Capex is booked in books and when the payout happens. So, it may not always match the cash flow.

The easier way to understand is that you look at the government debt as nothing having changed really from the last quarter. Bank debt reduced by INR 400 crores or INR 4 billion, and FPO funds largely being used for Capex. There could be a time differential between when Capex is recorded and when the cash outflow happens. So just look at the 3 parts independently. Otherwise, trying to combine the 3, then that requires a more offline discussion for clarity.

Murthy GVAS: Yes. Just to add, Sanjesh, the spectrum or the AGR debt remains the same as last quarter and the external debt has gone down. The cash and cash equivalent has gone down on account of Capex. So therefore, if you take a net debt figure, that movement is slightly there as Akshaya explained.

Sanjesh Jain: That's clear. That's clear. Thanks Akshaya for all those explanation and Murthy. And best of luck for the coming quarters.

Moderator: Next question comes from the line of Hemang Kotadia with Anvil. Please go ahead.

Hemang Kotadia: Good afternoon. Sir, just wanted to ask on the postpaid gross adds. So, what will be the broad percentage between the M2M and mobile customer on the addition side?

And on the second question, what will be the AGR and deferred spectrum liability at the quarter end figure?

Akshaya Moondra: Let me address the postpaid question and the AGR will be answered by Murthy. As far as the postpaid subscribers are concerned, we have a growth of about 1.1 million quarter-on-quarter. Large part of this comes from the M2M, which is a fast-growing stream, but it also has positive additions on the consumer postpaid side. I will not be able to give you the breakup here.

Akshaya Moondra: What was your question? Could you repeat the second question?

Hemang Kotadia: Yes, yes. I am asking outstanding on June quarter, AGR and deferred spectrum liability both.

Murthy GVAS: The outstanding as of end of June is about INR 119,000 crores for deferred payment towards spectrum, and about INR 76,000 crore for the AGR. So, totalling up to about INR 195,000 crores.

Hemang Kotadia: Okay. Thank you. Thank you Mr. Akshaya for your future endeavours.

Akshaya Moondra: Thank you.

Moderator: Thank you. Next question comes from the line of Mitul Jani from GM Enterprises. Please go ahead.

Mitul Jani: Good afternoon. Thank you, Mr. Moondra for your leadership during your tenure. And congratulations to Mr. Kishore for the post. My question is about the government stake. It's more of a clarification. If the Company performs well, will it be feasible and viable for the Company to repurchase shares by settling the government stake somewhere in the future?

Akshaya Moondra: Firstly, technically, a Company cannot purchase its stake. So, it is basically, if at all that was to be thought of, it is promoters who have to buy a stake. A Company cannot buy back its stake, unless you get into a complicated process of reduction of capital.

today, we are focused on investing. So whatever capital is available to the Company, the focus is not in trying to do anything with the government holding. The focus will be in using any funding and cash generation for investments, which will give the best returns for the business.

Mitul Jani: Okay. Because that thing is like the dues are not being paid, so hence, it has been converted. So somewhere down the line, if the cash flow is somewhat additionally piled up in a sense, so the Company can just adjust for the dues, which have been like in the equity portion, that's why.

Akshaya Moondra: That's not a relevant question for today.

Mitul Jani: Thank you. All the best with your future endeavours.

Akshaya Moondra: Thanks Mitul.

Moderator: Next question comes from the line of Vivekanand S. with AMBIT Capital. Please go ahead.

V. Subbaraman: Hello, thank you for the opportunity. Akshaya, congratulations on the completion of a great term and career in Vodafone Idea. Thanks for your service. And Abhijit, congratulations and wish you the very best for your assignment.

My question, Abhijit, is to you. You have worked in the Vodafone Group. You have also handled enterprise roles in the past. So, from your vantage point, when you look at the Company now and the Enterprise business in India, how are you thinking about the ability of Vodafone Idea to leverage on the market opportunity, considering the capital constraints that the Company faces? And it's unlikely that the constraints are going to go away or disappear anytime soon. So, would want to understand thoughts on the enterprise side and what your plans would be?

Akshaya Moondra: Vivek, before Abhijit answers the question, let me just thank you for your wishes, and then I will leave it to Abhijit to answer the question which you asked.

Abhijit Kishore: Thanks, Vivek, for your wishes. I will keep it brief, and will get into detail from the next quarter onwards. But I clearly see an opportunity on the enterprise question since you are asking it specific to the enterprise. And as Akshaya said, we have moved in this journey from being a telco to a techco with the addition of many value-added services, which is more relevant for the enterprise, basis the cloud services.

I see a pretty bullish scenario as far as the enterprise is concerned. Also, Vodafone as a group has pretty deep entrenchment as far as the Enterprise business is concerned, including the IoT part of the business. So, it's a pretty good space to be in, and Vodafone Idea will be absolutely participating in the space.

V. Subbaraman: Okay. Do you have any kind of target in mind from a revenue contribution or say revenue opportunity perspective in terms of, let's say, revenue pool available to Voda Idea for the next 3 years, 5 years and areas that you are targeting? Because you have enlisted many things in past presentations linked to public, private cloud, IoT and other forms of communication like SD-WAN. So, is there a target opportunity set in mind, given the kind of investment restrictions or constraints you may have?

Abhijit Kishore: I will try and explain that in the next one, Vivek. Too early for me to get into the details at this point in time, but we will definitely pick it up in the next one

Akshaya Moondra: Vivek, if I can give a broad reply to your question. One is, many of these businesses are in nascent stages. They are all coming up from a very small base. So, it is not necessary that there aren't internal targets, but nothing that I can talk about right now.

One thing which is growing very rapidly right now in the IoT space is the metering deals, which I alluded to. And you will see that us and also all operators are adding significant additions to the IoT space. PoS machines, are growing, but this is a bit of a fluctuating business, but automatic metering is something which is picking up.

As far as Enterprise business is concerned, there is a direct correlation between investment and return sometimes. So, if you find a good opportunity, it is not so much a question of capital constraints, which will hinder in any way the growth of the Enterprise business really.

Enterprise investments can be easily made if there's a clear opportunity. So, Enterprise business, we are very focused, and it is not constrained by capital, which tends to be much smaller compared to the larger Mobility business, and opportunities in these new revenue streams is quite large. Some of they pick up at different times, as I can say that the automatic metering is picking up at real great speed. And others are also picking up, and you will get to hear about it as we progress.

V. Subbaraman: Great. Appreciate the colour. Thank you and all the best.

Moderator: Thank you. Next question comes from the line of Piyush Choudhary with HSBC. Please go ahead.

Piyush Choudhary: Yes. Hi. Thanks a lot for the opportunity. And Congratulations, Akshaya, and all the best for your next move. I have 2 questions. Firstly, on VLR subscriber base, which is down 2.6 million quarter-on-quarter, while that was down 1.2 million in the last quarter. Like what's explaining an acceleration on VLR subscriber being dropping? And as a percentage also, that number has been trending down. So, if you can share any colour on this?

Second question is on the funding. Can you discuss on the progress and key milestones to watch? What are the bottlenecks based on your discussion with banks? Any colour which you can share over here?

Akshaya Moondra: Okay. Piyush, on the VLR subscribers, I will not be able to give you very specific reply. All that I can say is that generally Q1 is a seasonally weak quarter. So, if you look at historical data from a quarter-on-quarter variance, Q1 is actually a weaker performance compared to Q4 generally across the industry.

In that context, the VLR trend may appear to be in a direction. And sometimes there is also this challenge about migrant labour, moving from one part of the country to another that creates some of these distortions. I don't have a specific reply, but I would say that the reported subscribers, which are showing a consistent trend of reduction of subscriber loss from 5 million to 1.6 million to 0.5 million, that is representative of the business performance, and that should be taken into account.

In terms of funding, as we have said multiple times, we are engaged with banks. Those discussions have again started moving forward, once the conversion happened and the credit rating upgrade happened. The banks are currently looking for some clarity on the AGR front. So that is where we are engaged with the government.

Given that the government has made the conversion, they are today the largest stakeholder in the Company, whether as an equity holder or any dues which are route to any external party, we are quite confident that there will be a solution to AGR.

Nevertheless, given the fact that we are keen on maintaining a continuity of our Capex, which has been going on since last year, we are looking at nonbanking sources of funding also, not the full amount of INR 25,000 crores that we have talked about, but a lesser amount so that we can continue with the Capex cycle. So, banking things are progressing, but they may take a little while, and we are trying to look at other sources of funding, which will be available in a shorter timeframe.

Piyush Choudhary: So, in a scenario of delay in any kind of new funding from the bank, the 2H network Capex could be slower. But like in terms let's say, the banks, whatever clarity they want on the AGR dues, you feel that by March 2026, those should be resolved?

Akshaya Moondra: In the past, we have always seen that government has been supportive. You look at 2019 deferment of spectrum instalments, 2021 Reforms Package, 2023 conversion of government dues to equity, 2025 again, conversion of government dues to equity. Generally, these actions have happened.

Generally, they happen closer to the time when it is essentially needed. Our request to the government has been that let us resolve this earlier than before the deadline of March, so that banks get clarity and we can proceed with bank funding. And that is our continuing effort today also.

Piyush Choudhary: Thank you, Akshaya.

Akshaya Moondra: Thanks Piyush.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to Akshaya Moondra for closing comments.

Akshaya Moondra: Thanks, Renju. As discussed during the call, our investments have led to improved coverage and enhanced customer experience, resulting in best subscriber metrics since merger. 5G services has been expanded to 22 cities in 13 circles and more are underway. Our data usage has increased significantly by 9.4% quarter-on-fourth quarter, showing increased engagement with our subscribers.

With all these developments, we are confident of continuing improvement in subscriber metrics, which has been demonstrated for the last 2 quarters. We are also working towards tying up debt funding for the execution of our long-term network expansion plan.

Thank you all once again for your support and engagement throughout my tenure. I look forward to watching the Company's continued success, this time from the other side of the call. Thank you very much.

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