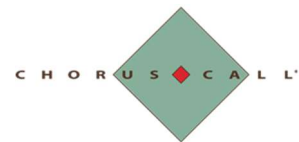




“Vodafone Idea Limited”

Q4 FY '26 and FY '26 Earnings Conference Call”

May 18, 2026



**MANAGEMENT: MR. ABHIJIT KISHORE – CHIEF EXECUTIVE OFFICER –
VODAFONE IDEA LIMITED
MR. TEJAS MEHTA – CHIEF FINANCIAL OFFICER –
VODAFONE IDEA LIMITED**



Moderator:

Ladies and gentlemen, good day and welcome to Vodafone Idea Limited Q4 FY '26 and FY '26 Earnings Conference Call. As a reminder, all participant 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhijit Kishore, Chief Executive Officer, Vodafone Idea Limited. Thank you, and over to you.

Abhijit Kishore:

Thank you, Yashashri. Good afternoon, and a very warm welcome to all of you. Thank you for making the time to be here today. On 16th May, 2026, our Board of Directors adopted the audited results for the quarter and year-ending March 31st, 2026. All the results-related documents are available on our website, and I hope you've had a chance to go through the same.

This has been a quarter and a year of meaningful significance for Vodafone Idea limited. Let me share our progress on the key strategic initiatives. After which, I will handover to Tejas who will share details on the Company's financial performance.

Before moving on to the results:

As you already know Mr. Kumar Mangalam Birla, Chairman of Aditya Birla Group has now taken charge as the Non-Executive Chairman of Vodafone Idea's Board of Directors. In addition, the Aditya Birla Group has also committed to infuse an additional equity of Rs. 4,730 Crore.

These developments reaffirm the strong and continued commitment of the promoter group to our long-term growth. Mr. Ravinder Takkar, who served as Non-Executive Chairman, continues on the Board as Non-Executive Vice Chairman.

I would also like to update you on the AGR matter. This has been an area of close attention for all stakeholders. Following the Hon'ble Supreme Court's direction permitting the Government to reassess our AGR liabilities, a DoT constituted committee completed its review and communicated its decision on April 30, 2026. Our AGR dues have been finalised at Rs 64,046 Crore as of December 31, 2025 — a reduction from the earlier frozen figure of Rs 87,695 Crore. The structured repayment schedule provides significant long-term clarity for the cashflows. The payment schedule till FY35 remains unchanged. The balance AGR dues have to be paid in 6 equal annual installments of Rs. 10,608 Crore from March'36 to March'41. This development meaningfully improves our balance sheet and provides a definitive conclusion to the AGR matter. Tejas will cover the accounting treatment and financial impact of this development.

We are deeply grateful to the Government of India for conclusively resolving the AGR matter. This is not just a resolution for Vodafone Idea as a company, it is a statement in support of India's digital infrastructure ambitions.

I am also delighted to share that our credit rating and outlook was upgraded by ICRA in March 2026. We were assigned an ICRA BBB rating with Positive outlook to the company's long-term



fund-based term loans, even before the recent AGR reassessment exercise concluded. This is a significant milestone and an important enabler for our ongoing engagement with lenders.

Moving on to our performance

Our Q4FY26 and full year FY26 operating and financial performance marks a decisive step forward in our journey. As you would recall, we had introduced the 7 KPIs that we benchmark our performance against. I am happy to share that we have delivered against all 7 of these parameters. Let me briefly highlight our performance across each of these 7 parameters.

I am particularly pleased to share that during the quarter we have been able to stabilise our subscriber base at 192.8 million customers vis-à-vis last quarter, a first since the merger. More importantly, we have registered improvement in subscriber numbers, for the first-time post-merger in the month of February which has continued into March as well.

Next, our revenue for Q4FY26 was Rs. 11,332 Crore, a 2.9% growth on a YoY basis.

Revenue for the full year grew by 3.0% to Rs. 44,873 Crore in FY26 from Rs. 43,571 Crore in FY25. The cash EBITDA for FY26 was Rs. 9,217 Crore vs. Rs. 9,198 Crore in FY25.

We also saw a healthy expansion in our Customer ARPU from Rs. 175 in Q4FY25 to Rs. 190 in Q4FY26, a growth of 8.3% YoY.

The Customer ARPU has now been increasing for 19 consecutive quarters. The Customer ARPU expansion over the last year has been driven primarily by premiumization which is evident from our improving 4G/5G subscriber mix which stood at 66.9% in Q4FY26 up from 63.8% in Q4FY25. We closed the quarter with 128.9 million 4G/5G subscribers, up from 126.4 million in Q4FY25.

Our data usage in Q4FY26 has also increased YoY by over 30% to 83.0 Petabyte/day from 63.8 Petabyte/day in Q4FY25.

We also added over 17,300 new unique broadband towers this year.

Our focused execution has also translated into better customer engagement as reflected in the data usage. The average data usage by a 4G/5G subscriber improved 27.2% YoY to 20.2 GB in Q4FY26.

Moving on, first let me update you on our network initiatives

Over the last 6 quarters we have deployed over Rs. 16,000 Crore and added approximately 30,000 unique broadband towers and expanded capacity by adding over 126,000 new broadband



layers. We also expanded 4G capacity by over 27%, and improved our 4G population coverage over 86% on pan India basis to deliver superior connectivity and experience to our customers.

We have always maintained that consistent and right investment has been key in stemming our subscriber losses and we are now witnessing tangible outcomes as 4G coverage and 5G presence deepens across circles.

On 5G, we have made substantial strides. Since the launch of our 5G services in Mumbai in March 2025, we have expanded our 5G footprint significantly and I am pleased to share that our 5G services are now live in over 80 cities across all our 17 circles where we have 5G spectrum. This expansion underscores our commitment to delivering a superior network experience to our customers.

Next our Differentiated Product Offerings and market initiatives.

Vi has always been a brand known for creating differentiation and we intend to sharpen this differentiation further across consumer and enterprise offerings. Our Non-stop hero proposition, which offers unlimited data to our subscribers continues to witness great traction and has been recording a sequential growth of over 25% for last three quarters. In the postpaid segment we continue to register sequential positive net additions for eighth consecutive quarters.

Our Easy+ offering designed specifically to cater to the needs of enterprise post-paid customers, we expanded the portfolio with the addition of personal loans to its offering.

We upgraded our Vi app offering and also supercharged it with AI capabilities. We launched an AI powered recharge assistant which optimizes value-based selection of recharge plans for our users.

Under the Vi Protect umbrella, we categorized over two billion calls and SMSs as suspected spam this quarter. Additionally, we are currently blocking nearly 250,000 domains as SPAM to secure our network.

The Vi brand continues to garner strong awareness and build brand affinity across all customer segments in the country. We continue to make extensive progress on the marketing front by communicating key differentiators to consumers, entering into alliances and introducing various innovative products and services.

This quarter, we also entered into a strategic partnership with Chennai Super Kings (CSK) as their official communications partner, giving us strong salience during this IPL.

Vi Number Rakshak campaign at Kumbh was recognized at the London International Awards and The Clio Awards this quarter.

Moving on to our Enterprise Business



On the enterprise side, during the quarter, enterprise offerings across Connectivity, Cloud, IoT, Business Communications, Mobility and Cybersecurity demonstrated strong momentum with increasing enterprise adoption across key sectors including BFSI, manufacturing, utilities, logistics, and government.

We are also developing the 'Dedicated Enterprise Corridor', by strengthening the fixed line capabilities with the addition of ~1.3 Tbps network capacity across data centres, enhancing scalability, resilience, and high-speed connectivity for enterprise customers.

We earned multiple prestigious recognitions, including Innovative Connectivity Solution of the Year (India) at the Asian Telecom Awards 2026 for our CCaaS offering, and the Aegis Graham Bell Award for innovation in IoT.

The telecom industry is well positioned for growth as need for connectivity is driven by a fast-growing economy, a growing and young population, rising technology adoption across all age groups, lower rural tele-density and increasing smart phone penetration.

Collectively, these improving trends and developments give us increasing confidence in our ability to participate in the industry's growth story.

Before I hand over, I want to take a moment to acknowledge the people behind these results. As I have stated earlier, we are guided by a simple belief- 'Employees first, customer always, experience is everything'. The progress we have made this year on our network, customer retention and execution has been delivered by a team that has shown remarkable commitment through a challenging period. Our employees have stayed focused working relentlessly to rebuild the brand by delivering differentiated service and providing innovative offerings. These trends across KPIs are a clear reflection that our strategic initiatives and employee efforts are translating into tangible improvement.

With that, I will hand over the call to Tejas, our CFO for the financial commentary. Thank you.

Tejas Mehta:

Thank you, Abhijit. Good afternoon, everyone. We continue to witness improving trends across key financial metrics.

Let me start with the revenue. Revenue for the quarter was at Rs. 11,332 Crores, registering a year-on-year growth of 2.9%. At the full year growth, this translates to 3% at a revenue of Rs.44,873 Crores.

Sequentially quarter-on-quarter, on an EDB basis, it also grew 2.3%. This quarter actually is the highest average daily revenue in the last six years. Coming to EBITDA. EBITDA for the quarter was Rs. 4,889 Crores, improving 4.9% versus the same quarter last year. This actually translated into an EBITDA margin improvement of 80 basis points to 43.1%. The EBITDA for the full year also grew by 4.8% at Rs. 19,003 Crores.

The cash EBITDA for Quarter 4 also improved by 4.8% to Rs. 2,432 Crores versus the same quarter last year. The cash EBITDA for this full year ended at Rs.9,217 Crores. It showed only



a marginal improvement, and this is due to the 17,300 sites rollout, which actually shows our focus on overall cost management.

Investment for the quarter was at Rs. 2,294 Crores and closing the full year at Rs.8,742 Crores for investment. Also pleased to share that our bank debt has further reduced to only Rs. 726 Crores as at March 31st from Rs.2,326 Crores from the March of last year, a reduction of Rs.1600 Crores. The free cash bank balance stood at Rs.3,715 Crores as of March 31st, 2026.

Let me briefly explain the accounting impact of the AGR settlement. On the AGR matter, the company received a communication from DoT on April 30th stating that the committee formed for the purpose of reassessment has finalized the AGR dues at Rs.64,046 Crores for the year 2006-2007 to 2018-2019. The payments against these AGR dues of Rs.64,046 Crores will be made as, first, a minimum of Rs.100 Crores annually from March 2032 to March 2035, and subsequently Rs. 10,608 Crores annually for the next six years, i.e., from March 2036 to March 2041.

In addition, the company also has to pay spectrum usage charges amounting to Rs. 609 Crores with interest in respect of FY 2017-2018 and FY 2018-2019 in six annual installments of Rs. 124 Crores between March 2026 and March 2031. And hence the company has already paid Rs. 124 Crores as of March 2026.

Consequently, in accordance with the applicable accounting standards, the financial liability of Rs. 80,502 Crores as at 31st December 2025 was derecognized, and a revised financial liability of Rs. 24,880 Crores was recognized, which is the present value of the reduced liability and the future payments as I stated above.

The resulting difference of Rs. 55,622 Crores, along with net impact of other related provisions, has been credited to the P&L as an exceptional item in the quarter and the full year financials ended March 31, 2026. With this one-time benefit in exceptional items, we recorded a net profit of Rs. 51,970 Crores in Q4 FY 2026 and a net profit of Rs. 34,552 Crores for the full year of FY 2026.

To summarize, this quarter reflects the continued improvement in our operational and financial performance. In line with our stated strategy and ambition, we continue to make progress, including securing funding for future capex and the capital infusion from the promoters is a significant step in that direction.

With that, I hand over the call back to Yashashri. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. Participants connected on the audio may please press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

We'll take our first question from the line of Sanjesh Jain from ICICI Securities. Please go ahead.



Sanjesh Jain:

Yes, good afternoon. Thanks for taking my questions. Couple of them. First on the ARPU, if I adjust the days, it appears that ARPU has grown over 3.2% sequentially. What is driving this strong growth, because premiumization still underwhelming, we have added only 0.4 million customers on 4G and 5G. So, what is driving such a strong ARPU improvement? Is it better engagement with the customer? Can you help us understand and how much more is left in these efforts to drive organic ARPU growth for us?

Abhijit Kishore:

Yes, thanks Sanjesh. So, I'll answer that in two parts. One, obviously, as you rightly said and which is also reflected in the data consumption that you saw, which has grown over 30%, which clearly reflects that the customers are now experiencing a very different network across the country.

Second, the increase that we see in our unlimited data customers and the proposition which is a differentiated proposition that we launched last year, which is the Nonstop Hero, which gives the customer the freedom of using unlimited data for 24 hours, that is pushing. And as I said that quarter-on-quarter we see a significant increase of almost 25% on the Nonstop Hero. So, both of these; investment on network, addition of sites, increase in capacity, increase in population, we've also added roughly around 48 million more population to our kitty, which was not able to experience our services. So, all of that put together is reflected in the ARPU growth which is very strong and we intend to keep growing this way.

Sanjesh Jain:

Got it. Got it. So how much more do you think is possible? Because I can see we are at a significant discount on an ARPU versus the peers. So, is there a significant gap which we can bridge through these efforts?

Abhijit Kishore:

So, three parts to this, Sanjesh. One is, obviously, we are looking at these differentiated offering to bridge some part of the gap, but I don't think the gap will be bridged only with this. The way to understand this is the mix of the customers that we have. As I said, we have almost 67% of our customers now on the smartphone and 33% of them being on a feature phone. That is a big lever for us to push and this opportunity is available with us to upgrade our customers. So that's one.

Second opportunity is, when we look at our smartphone base and the split between the customers who are still not using data with us, though they are using smartphone on our network. The third opportunity is that there are a lot of customers who are still using a data quota, which is a 1.5 GB a day or a 2 GB a day for them to move into a truly unlimited the Non-Stop Hero data. So, all of these things put together, we see a large opportunity for ARPU upgrade.

Sanjesh Jain:

Got it. My second question is on the subscriber. We have almost reached to a flattish versus a decline historically. Can you help us understand how are we behaving in the areas or in the locations where we have added the network versus the areas we have not added the network to just get a sense what does it means in terms of capex and that translating into a subscriber growth?

Abhijit Kishore:

Yes, Sanjesh. So, if you see our deployment of Rs. 16,000 Crores over the last six quarters that has been deployed in a graded manner in different circles depending upon the number of



customers that we had in that circle. And I'll just pick up one circle for example, say, Maharashtra. So, we have circles like Maharashtra, Gujarat, Kerala, UP East, some of these circles where we have invested a little more than the other circle depending upon the customer availability that we had and the gap that we had.

We see a significant change in three things: one, customer acquisition; second, the quality of customer being acquired; and the third is on the base retention. So, we clearly see a difference in the circles and in the areas within those circles where we have been able to add more layers, providing better experience, better capacity, and better coverage to the customers.

Sanjesh Jain:

So, any number you want to put where we have put the network, how much we have grown just to understand the intensity of benefit we can get?

Abhijit Kishore:

I'll say that the numbers are significantly better. We don't share the numbers circle-wise, but we can tell you that the circles that I named, have significantly grown better. One of the things that we are also seeing, which is helping both upgrading the customers as well as subscriber addition is the number of 5G cities that we have been able to launch over the last one year, which is upwards of 80 now.

So, we can't share the numbers, but you can safely assume that these are some of the circles that I named, the difference is significant compared to others. Most of the circles have grown, but these circles have grown better than the other circles.

Sanjesh Jain:

Got it. Very clear. My next set of question is on the opex and the fundraise. Network operating cost declined sequentially while we continue to add these sites. What's driving the efficiency in the network opex? Number two, on the fundraise, where are we in terms of debt fundraise that we are anticipating to come? How soon, because that will be key enabler in FY '27 in terms of the execution of our plan?

And one related question on the shareholding pattern. Both the promoter, probably post-CLAM adjustment for Vodafone and Aditya Birla Group taking the preferential issue, now reaches probably first time an equal shareholding in the Vodafone and Idea. Will that change anything in terms of the Board structure or the agreement between the promoters?

Abhijit Kishore:

Okay. So, you've asked three questions. One is on the opex, network opex, which I'll let Tejas to answer. But before that, I'll give you an answer on the debt raise and the second was on the promoter shareholding pattern. So, on the debt raise, we've maintained our capex for the over the next three years for Rs. 45,000 Crores. We are looking at a funded facility of Rs. 25,000 Crores and a non-funded facility of Rs. 10,000 Crores.

We are deeply engaged, as we have said, it's an SBI-led consortium which is looking into this, the consortium is composed of PSU banks, private banks as well as the foreign banks. And we are confident of closing that very fast. We don't want to put a timeline, unless and until its closed.

So that's on the debt, but we are very confident that our capex intensity and what we have spent in the last quarter or last year is only going to intensify towards the Rs. 45,000 Crores capex target that we have laid for ourselves over the next three years.



As far as the shareholding pattern is concerned the current shareholding pattern is 16.07% for Vodafone plc and 9.57% for the ABG Group. That, post the conversion of the warrants as well as the CLAM, will stand differently, but that is only after they completely converted. So that's where we stand right now.

The last part on the question that you said that will there be any change -- I don't think there is any change in the Board structure. Now I'll hand it over to Tejas for the opex on the network.

Tejas Mehta:

Thanks. Thanks for the question. Actually, if you're looking at quarter-on-quarter numbers, we spent Rs. 2,361 Crores on network cost in the prior quarter, vs. Rs. 2,345 Crores this quarter, so a small decline. I spoke about the cost management efforts as well. Secondly, broadly over the last few years we've worked on reducing our dependence on diesel and working on electrification of our network. So, Abhijit has also spoken about our self-optimized network. Both of them put together have kept the network cost flattish.

Sanjesh Jain:

No, no, Tejas, I was referring that we have added 6% more site on a Y-o-Y basis. On the number of sites, if I add the loading, it is much higher. We have added almost 70,000 BTS in last 12 months, while the growth on the network opex is just 0.8%. Obviously, it appears very heartening, but how sustainable is this and should we see inflation coming from next year or there's more scope?

Tejas Mehta:

No, I think, both, I'll answer for both the quarter and the full year. You'll see the same trend on quarter and on full year. We've definitely benefited with the efficiency efforts that we have spoken about in the past. So, you are right, we have been able to offset the increase that you would have otherwise seen on the rollout cost. That one is totally aligned.

But if you look at the cash cost, or look at the cash EBITDA, in the future you will see a little bit of inflation, but our efforts on efficiency will not go away. So, we will attempt to offset increase of the rollout, but yes, we would be lapping a year of this benefit already and hence you might see some inflation going forward as well. But for this year and this quarter, as you are saying, it was heartening to see the efforts fructifying and offset the rollout cost with efficiency.

Sanjesh Jain:

Got it. Thanks Abhijit, thanks Tejas for all those answers and best of luck for the coming quarters.

Abhijit Kishore:

Thank you, Sanjesh.

Tejas Mehta:

Thank you.

Moderator:

Thank you. Next question is from the line of Vivekanand Subbaraman from Ambit. Please go ahead.

Vivekanand Subbaraman:

Yes. Thanks for the opportunity. Abhijit, I wanted an update on the seven-key metrics that you are tracking. Now my understanding is that there are certain input metrics and the remainder are output metrics.



So, of the KPIs that you're tracking which are input related, what are the highest priority areas for FY '27 and is there any thought process that you can share with us to help us understand this better and how this translates into you being able to step up outcome metrics like data usage per customer or even the customer ARPU number that you are talking about? Thank you.

Abhijit Kishore:

Yes, Vivekanand, thanks for the question. So, those seven metrics that I spoke of that we track is basically revenue, cash EBITDA, customer addition, then the broadband customer addition, ARPU, site and the data usage. So, if you look at it other than the data customers and the subscribers, most of them are the output related metrics.

All of these seven are critical for us. But one of the metrics, we have always been asked about subscribers because, while we will have three pillars of growth that we look at, which is one is on the ARPU upgrade, which is whether it is from a base or the upgrade, second is on the customer addition.

So, customer addition remains a key priority focus for us and has turned positive from February 2026 onwards and we will continue that momentum. As far as the output is concerned, on ARPU I spoke about premiumization, which is also critical agenda. The other critical agenda for us, looking at the gap that we have, is the rollout and deployment on network for both 4G and 5G, which is again part of the seven metrics.

So, in a manner all seven are critical, but from an input point of view, customer addition, site rollout, and broadband customer, which is a 4G/5G customer, these three remain critical from an input parameter point of view.

Vivekananda Subbaraman: Okay, very helpful. Just one follow-up on the customer addition question. So, your churn has moderated quite a bit this quarter and if I look at the gross adds, they seem to be lower on a year-on-year basis, most likely because of your churn getting moderated. So, what has helped you in terms of moderating subscriber churn and the related question is, is there any moderation in the market activity at an industry level to reduce the rotational churn?

Are there any initiatives that you want to call out and how should we think about the churn for you, let's say, in the next 12 months? The direction as well as any numeric thought process that you want to share. Thank you.

Abhijit Kishore:

Thanks, Vivekanand, for asking that question. I think, while yes, the answer is that we have reduced the churn percentage, but if you were to look at the industry our churn percentage is higher. So that is one area that we are still working on. And as I was telling Sanjesh that the areas where we have invested relatively more we clearly see a delta of our retentivity.

And which is obvious from the fact that the customers when they are getting the experience they tend to stay with us. And obviously there are a certain percentage of customers which keeps migrating from either a feature phone to a smartphone. And then they have an opportunity of upgrading it within our network, that adds to our retentivity exercise.



The other part of the thing that I'd like to address is the gross addition which you said and your observation is absolutely correct. We have taken some strategic decisions for reducing cost of acquisition, which effectively means a better-quality customer.

Because, in this industry the cost of acquisition willingly and unwillingly gets translated into a discount in the market. So, we are cognizant of that and as and when we are launch the network, both 4G and 5G, we are conscious that we are reducing the cost of acquisition and also spreading our business through the distribution channel to start focusing more on the quality of customer acquisitions rather than the quantity of customer acquisition.

And that is one of the reasons why in the last call, earnings call, I had said that if you look at our acquisition, in quarter 2 it was 21.8 million, which dropped to 19.3 million in quarter 3 and which we have maintained at 19.1 million in quarter 4 was by design to ensure that we are able to get a better-quality customer. And that obviously reflects in better churn and retentivity as well.

The second part is on the MNP, which is a large industry as you would imagine in the Indian context, 47% of the customer acquisition happens where the customer is moving from one operator to another. We have been a small player in that with around 20%-odd share, and that's something that we are focusing on again, in the areas where we are putting a network. So, there is a focused strategy market by market to look at how we extract value from the infrastructure that we are putting on both 4G and 5G.

Vivekananda Subbaraman: Thanks Abhijit for the detailed explanation. My last question is not just to you but to Tejas as well. So currently your cash EBITDA margin is 20.5%. I want to understand from you the capex cycle, after you complete it, where do you see this EBITDA margin trend towards? Because we know that the gap between your EBITDA margin and that of the peers is very significant.

If you can help us think this through better quantitatively and also any levers that you want to point out, I think some of them you discussed already, which is your cost curtailment program on network and SG&A, but if you can help us think this through better, because last year we didn't see any incremental EBITDA margin because revenue got added but cash EBITDA didn't flow through.

Tejas Mehta: No, thanks for the question, Vivekananda. as you have heard us before and look at the ambition that Abhijit has shared at the investor call we had, we are looking to significantly uptick our revenue and hence the flow through to cash EBITDA margin.

If you see where we are today, we are at 20%, and you are absolutely right because in the next three-four years this has to increase. If you use the numbers we've shared before they translate to a double-digit revenue growth and the cash EBITDA number will be north of 35%. We don't want to share in which year that will happen but that should be our ambition for EBITDA margin. If we do what we have said in the past on our revenue growth and our cash EBITDA growth.

There are largely three levers of growth which is customer, Abhijit has spoken about ARPU. The industry pricing architecture over the next two-three years as that plays through and our own confidence on decreasing churn in circles where we have deployed incremental capex.



Those are all the levers we will use and leverage as we look at flowing this revenue into the bottom line.

Vivekananda Subbaraman: Thank you, Tejas. Appreciate the color. All the very best.

Tejas Mehta: Thanks Vivekananda. Thank you.

Moderator: Thank you. Next question is from the line of Ritvik Agrawal from 3P Investment Managers. Please go ahead.

Ritvik Agrawal: Hi, thanks for the opportunity. Just wanted to understand with the ongoing increase in smartphone prices due to RAM shortage, how are we seeing this migration from 2G to 4G? And a second question on capex, I feel this quarter the capex was lower as compared to some of our peers. Where do you think this can go in the coming quarters?

Abhijit Kishore: Yes, thanks Ritvik for asking that question from a smartphone penetration point of view, yes, there's a little bit of a dip that we saw in the smartphone being sold in the country, but I think to my mind that's more temporary and it's not something that will stay.

And we typically see between a 3% to 4% upgrade within our network for customers who are upgrading from a feature phone to a smartphone. And that doesn't seem to be coming down at least in the last few months that we have noticed. We are keeping a close eye. I don't think that to be honest a concern. So that's point number one.

Point number two is the way we look at this opportunity and the headroom available. As I said, we have 33% of our base using a 2G handset, which is a large opportunity as compared to anybody else in the industry. We are focusing on this opportunity and starting to put network in those areas and capacities in areas where we have customers who will upgrade and need to have a much better experience. So, I don't think that to be honest it is a concern.

On the second question is on the capex, as I said, we've spent Rs. 8,700 Crores in the last full year versus an Rs. 9,600 Crores of the previous year. Our capex intensity, as we have laid out our plan for the next three years is Rs. 45,000 Crores that absolutely remains intact and we are on track. So, you will see a far greater intensity of capex starting from quarter 1 and further intensifying in subsequent quarters of this financial year.

Ritvik Agrawal: Understood. Thank you.

Abhijit Kishore: Thanks.

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

Gaurav Malhotra: Yes. Hi. Thanks for the opportunity. Just a couple of questions, so one, when I look at the VLR subscriber number percentage, it's still lower than peers. So just wanted to get a sense on why this should be still lower than competitors. And the second question is now that you have launched 5G, any sense on FWA plans? Thanks.



Abhijit Kishore:

Yes. Gaurav, thanks for the question. So, I'll answer the second one first. So, on the FWA yes, we are looking at some of the pilots. As we said that we launched 5G in Mumbai last year and now we are at upwards of 80 cities. We are evaluating FWA, but right now the focus largely on the mobility, because we have a large gap on the mobility front on both 4G and 5G.

So, the focus will definitely be on mobility and the connectivity. FWA will be a part of the strategy, but only on a select basis. So that's the strategy and what we guided last time.

On the VLR question, we have a mix of customers who because their network experience is patchy at times, tend to churn. That's the only reason why we see a fairly decent proportion of customers who keep moving in and out of the network, which impacts the VLR.

So, this VLR percentage, if I look at some of the circles are upwards of 93%-92%, but in certain circles it pulls us down to 80% and hence the average range lied between 88%-87%. So that's the answer to VLR.

Gaurav Malhotra:

So, if I understand correctly, it's not that these are inactive subscribers, it is just that they may be multi-simmers, who are not using the Vi number as frequently to fall within the VLR ambit is that correct?

Abhijit Kishore:

Primarily yes, Gaurav. That could be because, obviously some of them will fall into inactivity and hence they churn out and lead to a larger churn optically. But primarily these are not the inactive customers; they are the customers who move in and out of the network, depending upon their experience and their usage.

Gaurav Malhotra:

And just a follow-up, so these shifting customers, they would be 4G or more 2G customers?

Abhijit Kishore:

It will be a mix of both actually, 2G and 4G, so depending upon, which geography and circle, are we looking at.

Gaurav Malhotra:

Okay.

Abhijit Kishore:

Depending upon how the experience is there.

Gaurav Malhotra:

Understood. Thank you.

Abhijit Kishore:

Thanks, Gaurav.

Moderator:

Thank you. Next question is from the line of Balaji Subramanian from IIFL. Please go ahead.

Balaji Subramanian:

Hi. Good afternoon. Thanks for taking my questions. I have two questions. The first one is on the subscriber growth side. While, we can see and understand the different levers that you have for ARPU and you have clearly articulated them as well, how do you see the subscriber growth going forward?

The context is that we have, two strong operators who have reached fairly close to their steady-state subscriber market share and from there on what is your strategy to grow the subscriber



base? Is it going to be churning customers away from them, does that mean that we are going to see a higher marketing spend than the industry?

And the second question would be that how do you plan to make the spectrum payouts from FY '28 onwards? FY '27 looks fairly manageable because based on whatever plan commitment you might end up receiving and the promoter equity infusion, but going forward, especially in case there is no further equity issuance and no meaningful conversion of any spectrum debt into government equity, how do you plan to tackle those? Thank you.

Abhijit Kishore:

Okay. Thanks, Balaji. I'll take the first one on the subscribers. So, four clear levers on the subscriber addition, the first lever has been covered in response to the questions of your colleagues which is churn. Our churn is approximately 4%, which is significantly higher than the other operators. The moment we start adding network and capacity, we clearly see the churn arresting. We are targeting a 0.5% - 0.6% reduction in churn. So that's one lever on the customer addition for which we don't have to compete with other operators.

Second part on the subscriber addition is the new population that I'm adding. Over the last six quarters, we have added 125 million incremental population in the areas where we have expanded our coverage. Over the next year or year and a half, we will add another 60,000 to 70,000 4G sites so that is another 125 million population being brought under the fold. So that's a second lever of growth, which is territory where I'm not present today.

Third, I spoke about the MNP, which is a market that I am participating in but I am not fairly, represented in that market. This lever links to your question about competing with other operators. There are roughly around 1.4 odd Crore customer every month which come in the MNP segment to be acquired. I think we play a very small part there with some 3-odd million customers. There are 1.1 Crores customers who shift between only two operators. We will provide a viable third option to this segment.

And the last one is wherever we are going to put network or where we already have network, we have been over-leveraging the network on the gross acquisition, which I touched upon briefly, which means that the quality of customer that you acquire is not as good as probably the other operators. We are now focusing very clearly on making sure that our quality of customer is as per the industry standards, which we see as an opportunity. So, these four things put together is what the strategy is on the customer acquisition.

As far as higher spend because of the customer acquisition is considered, the answer is no. We will rather have a per-sub cost of acquisition lower than this year. But yes, if there is a volume variance as compared to this year then, those costs will go up.

I will rather be focusing more, on one of our stated strategy which is brand reappraisal. And I think that's one area and opportunity to explore, now that the vicious cycle of losing customer confidence because of the AGR overhang, is conclusively behind us, we see a clear opportunity and the gap in the market to reappraise our brand and its positioning.

So, you will see some heightened activity on that front, but definitely not in the market where I'm not getting quality customers.



- Moderator:** Balaji...
- Balaji Subramanian:** That answers my first question. If I can have a quick follow-up, so when you said the second point on expanding population coverage, so I would presume that there would be at least one of the other two large competitors there, right? So that also would entail, some bit of, churning away from them assuming that or MNP-led gains there. So, is that a fair statement?
- Abhijit Kishore:** Yes, there will be some part of that in those areas. Because obviously if there are only two players available or one player available and the market is large, I'll be able to participate in that area.
- Balaji Subramanian:** Yes, that answers my first question. On the second, yes?
- Tejas Mehta:** Yes. So, on your question on the spectrum payout, right now we are not looking at any kind of change or adjustment in the spectrum payout. To your question regarding how are we looking to pay this, I can simply articulate it let's say over the next three years, these are numbers discussions that we've had probably in the past as well so if you look at our capex ambition, we want to spend Rs. 45,000 Crores of capex over the next three years.
- Rs. 7,000 Crores, Rs. 15,000 Crores and Rs. 27,000 Crores is the spectrum I have to pay over next three years, that makes it Rs. 49,000 Crores. Then I have to also service my debt, so let's say another say Rs. 5,000-6,000 odd crore if you add that up it's about Rs. 100,000 Crores. I'm starting this year with a cash balance of more than Rs. 3,500 Crores.
- Now let me look at the cash sources for the next three years: as we've shared we want to look at tripling our EBITDA, and we spoke about the levers as well, that gives me a cumulative cash EBITDA between FY'27, '28 and '29 of about Rs. 60,000 Crores. We've spoken about the debt of Rs. 25,000 Crores funded and a rolling LC facility which we will keep utilizing for the next three years, so that gives me another Rs. 35,000 Crores.
- On top of that, we have the CLAM settlement and we have confidence in our income tax refunds that we've seen in the past the combined amount will be another Rs. 10,000 Crores in totality with the CLAM and the IT refund. So that gives you Rs. 105,000 Crores plus the opening balance.
- And the promoter infusion, will add to an already positive cash flow. In that sense we are very confident that with the bank loan for the capex and for the EBITDA, we'll be able to fulfill our all obligations across the next three years and the infusion will only add to this. Hope that helps, Balaji.
- Balaji Subramanian:** Okay, thanks. This is very clear and super helpful. All the best.
- Tejas Mehta:** Thank you, Balaji.
- Moderator:** Thank you. Ladies and gentlemen, we'll take that as the last question for today. I now hand the conference over to Mr. Abhijit Kishore for closing comments. Over to you, sir.



Abhijit Kishore:

Thank you. Let me wrap up by restating our ambition. As you heard Tejas say, our three-year targets are unambiguous: sustained net customer addition, double-digit revenue growth, and 3x EBITDA. We are backing these targets with Rs. 45,000 Cr of investment, strong promoter commitment and a leadership team that has managed through some of the most challenging conditions in Indian telecom and emerged intact.

The worst is behind us. The seven key parameters that we track are already moving in the right direction. The seventh, net subscriber addition, is narrowing fast.

We enter FY27 with a clear strategy, improving operational momentum and growing confidence in the trajectory ahead. Thank you all for joining in.

Moderator:

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