Vodafone Idea Ltd — Aug 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Strong Beat **One-line:** Vodafone Idea (Vi) has successfully transitioned from "survival" to "operational offensive," delivering its first full quarter of positive net subscriber additions since the merger and securing the first □64.00 Billion of its funding plan.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	ARPU at □195 and positive net sub adds exceed internal and street timelines	□
Earnings Quality	High (Core driven)	Cash EBITDA growth (+13.5% YoY) is outpacing revenue growth (+6.0% YoY)	□
Guidance Confidence	Strong	Management reiterated 3x Cash EBITDA target with specific site-rollout math (3.5k/month)	□
Management Credibility	Strong	Delivered on all 7 "critical parameters" promised last quarter; bank debt nearly eliminated	□
Business Quality Signal	Improving	4G/5G mix improved to 67.4%; 20th consecutive quarter of ARPU expansion	□
Key Q&A Exchange	Q10 - ARPU Arbitrage	Mgmt quantified the 2G-to-4G upgrade value at □230-240 vs □195 blended	□
The Street's Primary Anxiety	Funding & Capex	Addressed via □64.00 Bn first tranche raise and □91.00 Bn orders placed	□
Capital Cycle Stage	Heavy Investment	Entering a □450.00 Billion 3-year capex ramp-up phase	□
Margin / Return Ratio Trajectory	Improving	EBITDA margins up 120 bps YoY; Cash EBITDA trajectory is the key valuation lever	□
Pricing Power	Expanding	Organic ARPU growth (+10.2% YoY) driven by premiumization/usage, not just tariff hikes	□
FCF Conversion & Quality	Weak (Planned)	FCF is negative due to high capex intensity, but bank debt reduction is exceptional	□
Competitive Moat Signals	Stable	Narrowing the 4G gap; 5G now in 200+ cities vs 80 in prior quarter	□
Balance Sheet Strength	Adequate	Bank debt down to □2.11 Billion; focus shifted to PSU bank consortium closure	□
Working Capital Efficiency	Improving	Focus on high-quality gross adds (M2M/Postpaid) lowering churn (down 24bps YoY)	□
Mgmt Guidance Track Record	Reliable	Meeting technical rollout targets despite geopolitical supply headwinds	□
Key Vulnerability / Red Flag	Supply Chain	Geopolitical headwinds impaired Q1 capex deployment; requires 2H catch-up	□
Management Tone	Confident	Shifted from "engaged with lenders" to "orders placed and supplies commenced"	□

Sentiment: Positive

Key Takeaways (Positives & Negatives):

Positives: * **Subscriber Inflection:** The thesis of "arresting churn through network investment" is now proven. For the first time since the merger, Vi reported positive net subscriber additions, a massive psychological and operational milestone. * **Organic ARPU Engine:** ARPU grew to ₹195 (vs ₹190 prior). Crucially, this is driven by "premiumization" (4G/5G mix at 67.4%) and data usage (21.7 GB/user), providing a margin buffer even in the absence of industry-wide tariff hikes. * **Balance Sheet Cleanup:** Bank debt has been practically liquidated (reduced from ₹19.26 Bn to ₹2.11 Bn YoY), leaving the balance sheet "clean" for the upcoming SBI-led ₹250.00 Bn funding consortium. * **Execution Velocity:** Despite low Q1 capex (₹19.30 Bn) due to supply issues, management has already committed ₹91.00 Bn in orders to Nokia/Ericsson/Samsung, indicating a massive ramp-up in H2.

Negatives: * **Capex Bottleneck:** Geopolitical headwinds caused a Q1 capex miss (only ₹19.30 Bn deployed). While orders are placed, the physical rollout of 3,500 towers per month is a high execution bar that must be met to avoid further market share loss. * **Postpaid Competition:** While management denies an impact, Bharti's "Fast Lane" and 5G priority plans remain a threat to Vi’s high-margin postpaid base, which is increasingly reliant on M2M (Machine-to-Machine) for growth.

Forward-looking watchpoint: Monitor the closure of the PSU bank debt (SBI-led). This is the final fuel required for the ₹450.00 Bn 3-year capex engine.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT not available — all numbers sourced from concall transcript.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	11,689	+6.0%	+3.2% (EDB)	↑	Driven by ARPU expansion and premiumization.
Reported EBITDA (□Cr)	5,034	+9.1%	Not in doc	↑	Margin improved 120 bps YoY to 43.1%.
Cash EBITDA (□Cr)	2,475	+13.5%	Not in doc	↑	Adjusted for Ind AS 116; reflects cost efficiency.
Capex (□Cr)	1,930	Not in doc	-15.9% (vs Q4)	↓	Impacted by geopolitical supply chain constraints.
Net Bank Debt (□Cr)	211	-89.0%	-71.0%	↑	Drastic reduction from □1,926 Cr in Q1FY26.
Consumer ARPU (□)	195	+10.2%	+2.6%	↑	20 consecutive quarters of growth; usage driven.
4G+5G Subscribers (Mn)	130.1	+2.1%	+0.9%	↑	Mix now at 67.4% of total base.
Data Usage/cust (GB/month)	21.7	+25.2%	Not in doc	↑	Total data usage increased 28% YoY to 88 PB/day.
Network Coverage (Broadband)	3,000 added	+15,600 (LTM)	Not in doc	↑	Pan-India 4G coverage expanded to 87.0%.
Subscriber Net Adds	Positive	Improved	Improved	↑	First full quarter of positive net adds post-merger.
PAT (□Cr)	Not stated	NM	NM	→	Note: Q4 was distorted by □55k Cr AGR gain.
Interest Coverage (x)	Not in doc	Not in doc	Not in doc	—	Bank debt is negligible; NCD/Debt at □3,489 Cr.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□Cr)	YoY Growth	ARPU	Trend	vs Company Avg	Key Development
Mobility (Consumer)	Not stated	+6.0%	□195	↑	In-line	5G live in 200+ cities; 16,000 5G sites deployed.
Postpaid / M2M	Not stated	"Tracking well"	Not stated	↑	Outperforming	M2M additions doubled YoY; leading in connected cars.
Enterprise	Not stated	Not stated	Not stated	↑	Outperforming	Signed MoU with APMSMEDC for 100k MSMEs.
2G Base	Not stated	Not stated	~□100 (Est)	↓	Underperforming	34% of base remains on 2G; target for 4G migration.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	Double-digit growth CAGR	Needs ARPU to reach ~₹225-230 over 2 years.	**Delivered**: ARPU grew 10% YoY.	Medium
Guidance	Margins	3x Cash EBITDA in 3 years	Current run-rate ₹9,900 Cr; target ~₹27,000 Cr. Feasible with tariff hike + 4G mix.	**Delivered**: Cash EBITDA up 13.5%.	High
Guidance	Capex Plan	₹450.00 Billion over 3 years	Needs ₹150.00 Bn/year. Q1 (₹19.30 Bn) is far behind; needs 2H spike.	**Missed**: Q1 capex low due to geopolitics.	High
Guidance	4G Rollout	3,500 sites per month	Total 55k-57k new 4G sites target. Feasible once equipment supply stabilizes.	**In Progress**: 15.6k sites added in LTM.	Medium
Strategy	Funding	₹1,050.00 Bn Sources plan	Reaffirmed mix of internal accruals, debt, and CLAM liquidation.	**Delivered**: Secured first ₹64.00 Bn.	Low
Strategy	Competitive	Brand Differentiator	"Everyone is Priority" campaign to arrest churn.	**Delivered**: Churn reduced by 24bps YoY.	Low
Balance	Debt Target	PSU Bank Closure	Finalizing SBI-led consortium loan.	**In Progress**: Bank debt down to ₹2.11 Bn.	Low

4. ANALYST Q&A

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
1	5.0	Sanjesh Jain, ICICI Sec	Sub Performance	Business Overview	Have circles with new capex turned positive in net additions?	Management confirmed that circles where 4G/5G sites were deployed show a "significant delta" in retentivity and acquisition quality. This validates that the ₹450.00 Bn capex plan will lead to market share recovery, not just survival.	Specific names of positive circles	4.0	Directional evidence
2	4.5	Sanjesh Jain, ICICI Sec	ARPU Ceiling	Financials	How much more ARPU growth is possible before the next tariff hike?	Management highlighted 2G-to-4G migration and "Non-stop Hero" (unlimited data) plans as organic drivers adding ₹20-35 per user. High organic growth potential reduces the company's binary dependence on regulatory tariff interventions for margin expansion.	None	4.5	Clear and quantified
3	4.0	Sanjesh Jain, ICICI Sec	Capex Capacity	Capex and Allocation	Where do we see network capacity after spending the current	Management targets deploying 3,500 sites/ month on 4G to reach	Specific capacity in Petabytes	3.5	Vague but consistent

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					□91.00 Bn orders?	parity in 17 focus circles within 18 months. Reaching network parity is the primary catalyst for a long-term re-rating of the stock vs peers.			
4	4.5	Aditya Suresh, Macquarie	Cash EBITDA	Financials	Can you reiterate the 3x Cash EBITDA ambition and its components?	Management reaffirmed the 16.8% revenue CAGR and 3x EBITDA target based on organic growth and price corrections. This specific CAGR guidance provides a clear model benchmark for analysts to track execution success.	Breakdown of margin vs volume	4.0	Specific guidance
5	5.0	Aditya Suresh, Macquarie	Debt Position	Financials	What is the current net debt position including M2M subscriber split?	Management clarified bank debt is □2.11 Bn and NCDs are □33.00 Bn, totaling □34.89 Bn of non-govt debt. Low non-govt leverage makes the company highly "bankable" for the upcoming	M2M subscriber count	3.0	Deflected on M2M

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
						□250.00 Bn PSU loan.			
6	3.0	Gaurav, Axis	Opex Efficiency	Financials	Why has network opex remained stable despite adding 15,600 sites?	Management cited internal cost efficiencies and energy management as offsets to diesel inflation. Sustainable opex despite site expansion suggests significant operating leverage as the network grows.	None	4.0	Directional evidence
7	4.0	Balaji S, IIFL	Postpaid Risk	Business Overview	Is Airtel's "Fast Lane" 5G priority plan causing a dip in Vi's postpaid base?	Management denied any dip, claiming 6-8 quarters of consistent positive postpaid additions despite competition. If Vi maintains postpaid leadership, it protects the highest-margin segment of its cash flow.	None	3.5	Contradicts TRAI data
8	4.5	Saurabh Handa, Citigroup	Funding Sources	Financials	Can you clarify the □52.00 Bn incremental funding beyond the promoter warrants?	Management explained this is a mix of ECB and Indian private bank debt/ non-fund facilities. Diversifying away from just PSU	Split of debt vs non-fund	3.0	Vague on split

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
						banks into ECBs indicates improving global credit confidence in the Vi turnaround.			
9	4.0	Saurabh Handa, Citigroup	M2M Accounting	Business Overview	TRAI shows M2M up 2M, but your postpaid is only up 1.8M; is there a decline elsewhere?	Management attributed the delta to "bootstrap" business timing gaps and reaffirmed no structural challenges in retail postpaid. This suggests M2M is now the primary engine of postpaid growth, which may have lower ARPU than retail.	Precise retail vs M2M split	2.5	Hedged response
10	5.0	Kishan, DAM Capital	ARPU Drivers	Financials	Can you bifurcate the ARPU growth between 2G-4G upgrades and usage?	Management quantified that 2G-to-4G migration offers a □230-240 ARPU value, and migration to unlimited data adds □20-35. This is the "holy grail" data point for the thesis, showing that 34% of the base (2G) is a massive coiled spring	None	5.0	Specific, quantified

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
						for ARPU growth.			

PATTERN FLAGS & SENTIMENT

- **Subscriber Quality vs. Quantity:** Multiple analysts (IIFL, Citi, Axis) cross-examined the subscriber data, specifically comparing Vi's reported numbers with TRAI data. The anxiety is whether "positive net adds" are purely M2M-driven while high-value retail postpaid slips to Airtel/Jio. Management remained defensive but firm that retail is stable.
- **Capex Catch-up:** Analysts were wary of the low Q1 capex (₹19.30 Bn). Management's posture was confident, using the "₹91.00 Bn orders placed" figure to signal that the slowdown was a temporary supply chain blip, not a funding or strategy issue.
- **ARPU Math:** Management's uncharacteristic transparency regarding the "arbitrage" values (₹240 for 4G migration) appeared to satisfy analysts. This shifted the focus from "Will ARPU grow?" to "How fast can you migrate the 2G base?"

Analyst Sentiment Verdict: Cautiously Optimistic. The transition to positive net adds is the "proof of concept" analysts were waiting for. However, friction remains regarding the exact quality of the postpaid base (Retail vs. M2M). Credibility has improved significantly as management moved from "promises" to "orders placed."

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Opening Statement)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
Capex Timing	Capex deployment is accelerating.	Q1 deployment was actually muted at ₹19.30 Bn.	Supply chain/geopolitics caused a ~20-30% deployment delay in Q1.	H2 must now deliver ~₹60-70 Bn to stay on track.
Postpaid Growth	Postpaid is at a multi-quarter high.	Growth is heavily skewed toward M2M.	Retail postpaid may be flat or slightly declining when M2M is stripped out.	Retail postpaid is the ARPU anchor; if lost, 3x EBITDA target is at risk.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4FY26)	This Quarter (Q1FY27)	Direction
Subscriber Momentum	Stabilized in Feb/March	First full quarter of **Positive Net Adds**	↑ Improving
Consumer ARPU	₹190	**₹195**	↑ Improving
Bank Debt	₹726 Crore	**₹211 Crore**	↑ Improving
5G Cities	80 cities	**200+ cities**	↑ Improving
Funding Status	"Deep engagement"	**₹64.00 Bn secured** (Tranche 1)	↑ Improving
Capex Intensity	₹22.94 Bn	**₹19.30 Bn**	↓ Deteriorating
Network Orders	Discussions ongoing	**₹91.00 Bn orders placed**	↑ Improving
Credit Rating	BBB (Positive)	**A- (Stable)**	↑ Improving

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