Vodafone Idea Ltd — May 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Strong Beat **One-line:** Vodafone Idea has reached a definitive structural inflection point, characterized by a massive reduction in AGR liability (□236.49 Billion haircut), the first-ever stabilization of its subscriber base post-merger, and a clear path to tripling Cash EBITDA through a □450 Billion 3-year capex cycle.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Revenue and ARPU ahead of historical run-rates; subscriber stabilization 2 quarters early	□
Earnings Quality	Low (Accounting driven)	Net Profit of □519.70 Billion driven entirely by a □556.22 Billion exceptional gain from AGR reassessment	□
Guidance Confidence	Strong	Management reaffirmed 3x EBITDA and □450 Billion capex targets with specific cash flow math	□
Management Credibility	Strong	Delivered on all 7 internal KPIs; finalized long-pending AGR and funding milestones	□
Business Quality Signal	Improving	4G/5G mix now at 66.9%; ARPU grew for 19th consecutive quarter	□
Key Q&A Exchange	Q5 - Cash Flow math	Mgmt detailed □1,050 Billion cash source plan to cover □1,000 Billion obligations	□
The Street's Primary Anxiety	AGR & Solvency	Resolved by DoT's □640.46 Billion finality and deferred payment schedule until FY36	□
Capital Cycle Stage	Investment	Entering a heavy □450 Billion capex phase over next 3 years	□
Margin / Return Ratio Trajectory	Improving	Targeting 35%+ Cash EBITDA margins from current 20.5%	□
Pricing Power	Expanding	ARPU □190 (+8.3% YoY) despite no major industry tariff hike, driven by premiumization	□
FCF Conversion & Quality	Distorted	Impacted by massive accounting adjustments; underlying cash EBITDA remains lean at □24.32 Billion/qtr	□
Competitive Moat Signals	Stable	Narrowing the 4G coverage gap; launched 5G in 80 cities	□
Balance Sheet Strength	Adequate	Bank debt nearly eliminated (□7.26 Billion left); AGR debt restructured/deferred	□
Working Capital Efficiency	Improving	Focus on high-quality gross adds to lower cost of acquisition	□
Mgmt Guidance Track Record	Reliable	Meeting operational targets (broadband towers, population coverage)	□
Key Vulnerability / Red Flag	AGR Balloon	Massive □106.08 Billion annual payments resume in March 2036	□
Management Tone	Confident	Shift from "survival" to "growth" with KM Birla returning as Chairman	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): Positives: * **Structural De-risking:** The finality of AGR dues at □640.46 Billion (vs. □876.95 Billion previously) and the back-loading of payments to FY36-41 provides a 10-year liquidity runway for operational turnaround. * **Operational Inflection:** For the first time since the merger, the subscriber base stabilized at 192.8 million, with net additions turning positive in February and March 2026. * **Premiumization Engine:** ARPU growth (+8.3% YoY) is being driven by the "Non-stop Hero" proposition and a rising 4G/5G mix (66.9%), proving the business can grow realizations organically. * **Clean Bank Balance Sheet:** Bank debt is now negligible at □7.26 Billion, clearing the path for the □250 Billion SBI-led consortium loan.

Negatives: * **Terminal Value Weight:** Despite the reduction, □640.46 Billion in AGR dues remains a massive long-term liability that will consume nearly all free cash flow from 2036-2041. * **Execution High-Wire Act:** The thesis depends entirely on hitting a 3x EBITDA target within 3 years; any competitive disruption or failure to capture MNP share would jeopardize the FY28 spectrum payment cycle.

Forward-looking watchpoint: Monitor the "Net Subscriber Additions" in Q1FY27. If the positive momentum from Feb/March stalls, the 3x EBITDA target becomes mathematically improbable.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

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

Metric	Current Qtr (Q4 FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Billion)	113.32	+2.9%	+2.3% (EDB)	↑	Highest average daily revenue in 6 years.
Reported EBITDA (□ Billion)	48.89	+4.9%	Not in doc	↑	Margin improved 80 bps to 43.1%.
Cash EBITDA (□Billion)	24.32	+4.8%	Not in doc	↑	Focus on cost management despite 17,300 new sites.
Capex (□Billion)	22.94	Not in doc	Not in doc	↑	FY26 total capex at □87.42 Billion.
Net Debt from banks (□ Billion)	7.26	-68.8%	Not in doc	↑	Significant reduction from □23.26 Billion in FY25.
Consumer ARPU (□)	190	+8.3%	+3.2% (adj)	↑	19 consecutive quarters of growth; driven by mix.
4G+5G Subscribers (Mn)	128.9	+1.98%	+0.4%	↑	Mix improved to 66.9% of total base.
Data Usage/cust (GB/ month)	20.2	+27.2%	Not in doc	↑	Daily usage at 83 Petabytes; 30% YoY data growth.
Network Coverage (Broadband)	17,300 added	Not in doc	Not in doc	↑	30,000 unique broadband towers added in 6 quarters.
Subscriber Net Adds / Loss	0.0 (Stable)	Improved	Improved	↑	First stabilization since merger; positive in Feb/March.
PAT (□Billion)	519.70	NM	NM	↑	Driven by □556.22 Billion AGR reassessment gain.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Billion)	YoY Growth	ARPU	Trend	vs Company Avg	Key Development
Consumer (Mobility)	Not stated	+2.9%	₹190	↑	In-line	Stabilization of total base; 5G live in 80 cities.
Enterprise	Not stated	"Strong"	Not stated	↑	Outperforming	Launched Dedicated Enterprise Corridor; ~1.3 Tbps cap added.
Postpaid	Not stated	Not stated	Not stated	↑	Outperforming	8th consecutive quarter of positive net additions.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	Double-digit revenue growth	Requires ~12-15% CAGR; currently at 3%. Needs major tariff hike + sub growth.	**Improved**: Rev at 6-year high.	Medium
Guidance	Margins	3x Cash EBITDA in 3 years	Targets ~35%+ Cash EBITDA margin. Needs massive flow-through from capex.	**In Progress**: 80bps margin expansion.	High
Guidance	Volume / Capacity	₹450 Billion capex over 3 years	₹150 Billion/year run-rate. Currently at ₹87 Billion/year; needs 70% step-up.	**On Track**: Investing ₹160 Billion in 6 qtrs.	Low
Guidance	Capex Plan	60k-70k new 4G sites	Aiming to cover 125M additional population in 18 months.	**Delivered**: 30k unique towers added.	Low
Strategy	Capital Allocation	Bank Debt Reduction	Reaching near-zero bank debt to facilitate new ₹250 Billion loan.	**Delivered**: Debt down to ₹7.26 Billion.	Low
Strategy	Competitive Positioning	Brand Reappraisal	Shift from "survival" perception to "quality" choice post-AGR resolution.	**In Progress**: IPL partnership with CSK.	Medium
Macro	Industry Headwinds	AGR Liability Resolution	Finalized at ₹640.46 Billion dues.	**Delivered**: DoT committee concluded review.	Low
Balance	Debt / Leverage Target	₹1,050 Billion Cash Sources	Needs ₹600 Billion Cumulative Cash EBITDA over 3 years to meet all dues.	**New Target**: Ambitious but articulated.	High

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	4.5	Sanjesh Jain, ICICI Sec	ARPU Drivers	Financials	What is driving the 3.2% sequential ARPU growth despite low 4G additions?	Management cited the "Non-stop Hero" proposition (25% sequential growth) and increased data consumption (30% YoY) as key organic drivers. High growth here implies that Vi can expand realizations through usage even before the next industry tariff hike, aiding margin expansion.	None	4.5	Clear and quantified
2	4.0	Sanjesh Jain, ICICI Sec	Subscriber Geographies	Business Overview	How is subscriber behavior different in circles with new network vs. those without?	Management highlighted that circles like Maharashtra, Gujarat, and UP East (where investment was higher) show significant improvement in acquisition quality and base retention. This validates the thesis that capex directly arrests churn, justifying the	Specific numbers by circle	4.0	Directional evidence

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						□450 Billion plan.			
3	4.5	Sanjesh Jain, ICICI Sec	Debt Raise	Financials	What is the status of the bank debt fundraise and its timeline?	Management is in deep engagement with an SBI-led consortium for □250 Billion (funded) and □100 Billion (non-funded) and is "confident" of closing fast. Closure of this loan is the primary catalyst for the FY27 capex ramp-up.	Specific timeline for closure	3.5	Vague but consistent
4	4.0	Vivekanand Subbaraman, Ambit	Churn & Acquisition	Business Overview	Churn has moderated but gross adds are lower YoY; why?	Management explained that they deliberately reduced acquisition volume (19.1M vs 21.8M prior) to focus on higher-quality customers and lower acquisition costs. A shift from "quantity to quality" suggests better long-term ARPU stability but may slow market share recovery.	None	4.5	Specific strategy given
5	5.0	Balaji Subramanian, IIFL	Solvency Math	Financials	How will the company	Management provided a math-based	None	4.0	Quantification provided

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					pay massive spectrum/ AGR dues from FY28 onwards?	outlook: □1,000 Billion in obligations vs. □1,050 Billion in sources (□600B EBITDA + □350B Debt + □100B CLAM/Tax refunds). This is the most crucial disclosure for long-term investors, as it provides a theoretical bridge to solvency through FY29.			
6	3.5	Gaurav Malhotra, Axis	VLR Quality	Business Overview	Why is the VLR subscriber percentage still lower than peers?	Management attributed it to "patchy" network experience in certain circles causing customers to move in and out (multi-SIM behavior). Improving VLR is a direct function of the capex rollout; once parity is reached, this metric should converge with peers.	None	4.0	Directional with evidence

PATTERN FLAGS & SENTIMENT Analyst anxiety was clearly focused on two fronts: the **feasibility of the 3-year cash flow bridge** and the **quality of subscriber additions**. Management responded with uncharacteristic precision, providing a specific □1.05 Trillion (□1,050 Billion) roadmap to cover upcoming spectrum and debt obligations. The defensive posture of previous years has been replaced by an aggressive "Execution Tracker" mentality. Concerns regarding the ARPU gap vs. peers remain, but analysts seemed partially mollified by the organic growth from usage-based plans.

Analyst Sentiment Verdict: Analysts were cautiously optimistic but highly focused on the math of the □250 Billion bank loan. The sentiment has shifted from "Will they survive?" to "Can they execute the turnaround fast enough?" Management's credibility has improved significantly due to the finalized AGR reassessment and KM Birla’s return.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Opening Statement) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | Capex Ramp-up | □450 Billion over 3 years | Intensity increases only from Q1FY27 | Execution is contingent on bank loan closure which is still "in process." | Timing risk; 5G parity could be delayed if bank loan takes >1 quarter. | | Sub Addition | Net addition turned positive | Gross additions are actually declining | Positive net adds are being driven more by lower churn (higher quality) than faster acquisition. | Growth might be slower than peers; relies heavily on MNP share. |

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (FY25 Exit)	This Quarter (Q4 FY26)	Direction
AGR Liability	Frozen at □876.95 Billion	Finalized at □640.46 Billion	↑ (Improved)
Subscriber Trend	Sequential decline	Base Stabilized (Positive in Feb/Mar)	↑ (Improved)
Bank Debt	□23.26 Billion	□7.26 Billion	↑ (Improved)
Credit Rating	BB category	ICRA BBB (Positive)	↑ (Improved)
Board Leadership	Ravinder Takkar (Chairman)	KM Birla (Chairman)	↑ (Confidence)
5G Footprint	Mumbai launch (Pilot)	Live in 80 cities	↑ (Expanded)
Profitability	Recurring Net Loss	Record Net Profit (Exceptional Gain)	↑ (Accounting)
ARPU	□175 (YoY)	□190 (YoY)	↑ (Improved)

STOP HERE.