Vodafone Idea Ltd — Nov 2025 Quarterly Analysis

1. VERDICT

Result: Beat
One-line: Vodafone Idea delivered a solid Q2 FY26 with continued revenue growth (+2.4% YoY), sequential EBITDA margin expansion, and sustained network investments driving improved 4G/5G coverage and customer engagement. While subscriber net loss widened slightly from a very low base, management remains confident in a near-term inflection driven by expanded coverage and differentiated propositions. Funding discussions remain active but cautious, pending government clarity on AGR dues. Overall, the quarter reinforces the turnaround thesis with improving business quality and credible management execution.

Dimension	Rating	Evidence
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Revenue +2.4% YoY, EBITDA margin +20 bps YoY, sequential cash EBITDA +3%, capex on track
Guidance Confidence	Neutral	Capex guidance maintained; funding dependent on government clarity and lender engagement
Management Credibility	Strong	Transparent on subscriber trends, capex, AGR discussions, and strategic initiatives
Tone vs Prior Quarter	More Confident	New CEO tone positive; confident on 5G rollout, network expansion, and digital ecosystem growth
Business Quality Signal	Improving	Network coverage expanded to 84%, data usage +20% YoY, ARPU +8.7%, digital and enterprise growth
Most Tense Q&A Exchange	Q3 – Subscriber Trends and Capex Outlook	
Topics Pressed But Absent from Opening	AGR specifics and timeline for resolution	

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Data source: Concall only

Metric	Q2 FY26	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue	₹1119 Cr	+2.4%	+1.6%	↑	Growth driven by tariff hikes, 5G rollout expansion, and improved ARPU
Reported EBITDA	₹469 Cr	+3.0%	+1.6%	↑	EBITDA margin improved 20 bps YoY to 41.9%, reflecting operational leverage
Cash EBITDA (ex IndAS116)	₹225 Cr	-3.4%	+3.0%	→ / Slight dip YoY	Decline YoY due to higher network operating costs from investment cycle; sequential improvement noted
Capex (Q2)	₹175 Cr	Not comparable	Not comparable	On track	₹175 billion invested; focus on 4G/5G coverage expansion and network capacity upgrades
Net Debt from Banks	₹153 Cr	-₹172 Cr YoY	Not stated	↓	Bank debt reduced by ₹17.2 billion YoY; active engagement with lenders for further funding
Consumer ARPU	₹180	+8.7%	Not stated	↑	ARPU growth driven by premium plans and increased data usage
4G+5G Subscribers	127.8 Mn	+0.4 Mn	+0.1 Mn	↑	Subscriber additions driven by 4G/5G network expansion and attractive propositions
Data Usage per Customer	18.5 GB/day	+20.3%	Not stated	↑	Data usage growth reflects improved network and customer engagement
4G Population Coverage	84%	+7% (from 77%)	Not stated	↑	Coverage expanded through 19,000 broadband locations and 90,000 broadband sites added in last year

2B. SEGMENT BREAKDOWN

Not explicitly quantified but qualitatively:

Segment	Key Development
Consumer	Growth driven by flagship prepaid plans (Non-Stop Hero), postpaid REDX Family Plan, and 5G rollout
Enterprise	Strong momentum with AI-powered CCaaS, IoT innovation lab, multi-cloud services, and smart metering contracts
Digital Services	Vi App expanded with financial services (loans, fixed deposits), Vi Movies & TV OTT platform growth

2C. PPT vs CONCALL ALIGNMENT

Not applicable (CONCALL_ONLY mode).

3. MANAGEMENT OUTLOOK

Dimension	Category	What Management Said	Status	Risk Flag	Linked Q#
Guidance	Revenue	Reaffirmed growth trajectory with continued ARPU improvement and subscriber engagement	Reaffirmed	Medium	Q1, Q4
Guidance	Margins	EBITDA margin improving; network opex stable despite capex increase	Reaffirmed	Low	Q15
Guidance	Capex	FY26 capex guidance maintained at □750-800 billion; funded internally without external funding for current year	Cautious	Medium	Q12, Q16
Strategy	Capacity / Expansion	4G coverage to reach 90% over next few quarters; 5G expanded to 29 cities in 17 circles; mix of coverage and capacity focus	On Track	Low	Q11, Q16
Industry & Macro	Demand Outlook	Positive long-term growth driven by digital adoption, smartphone penetration, and government initiatives	Positive	Medium	Q2, Q13
Industry & Macro	Input Costs / Inflation	Inflationary pressures managed via cost optimization and in-sourcing	Managed	Low	Q17

Management emphasized:

- Continued network investments with □175 billion capex in Q2, expanding 4G coverage to 84% and 5G rollout in all 17 priority circles covering 99% revenue.
- Subscriber churn remains low but seasonally impacted; confident of positive subscriber growth as coverage expands further.
- Active engagement with lenders and NBFCs for long-term funding; funding dependent on government clarity on AGR dues following recent Supreme Court order.
- Digital ecosystem expansion via Vi App and partnerships to drive incremental revenue streams.
- Enterprise business growing strongly with AI, IoT, and cloud solutions.
- No immediate tariff hike guidance; industry-wide tariff increases expected but timing uncertain.

4. ANALYST Q&A

Q#	Theme Cluster	Underlying Concern	Management's Key Points	Evaded / Not Addressed	Credibility	Verdict
Q1	Subscriber Trends	Subscriber additions and churn dynamics, impact of 5G rollout and competition from BSNL	Subscriber loss increased marginally to 1 million from 0.5 million last quarter, partly seasonal; 4G/5G coverage expansion driving better retention and engagement; no significant churn to BSNL	No	Strong	Credible, realistic
Q2	Capex Outlook	Capex plans for H2 FY26 and dependency on external funding	Capex guidance of □75-80 billion for FY26 maintained; no external funding needed for current year capex; focus on 4G/5G coverage and capacity	No	Strong	Transparent, cautious
Q3	5G Network & Adoption	5G subscriber numbers, capacity created, and traffic offload in early rollout cities	5G launched in 29 cities; too early to share separate 5G subscriber numbers; early cities show good 5G traffic offload and better customer experience	No	Strong	Positive early indicator
Q4	Funding & AGR Dues	Status of AGR dues, quantum outstanding, and impact on funding	Total AGR dues ~□78,500 crore including principal and interest; discussions ongoing with DoT; funding dependent on government clarity and lender comfort	No	Strong	Transparent but cautious
Q5	Digital & Enterprise	Growth in digital services and enterprise segment	Vi App expanded with financial services; Vi Business growing with AI-powered CCaaS, IoT innovation lab, and cloud offerings; enterprise segment a key growth driver	No	Strong	Clear strategic focus
Q6	Tariff Hike	Timing and necessity of tariff hikes	Tariff hike needed for industry sustainability but timing uncertain; not linked directly to AGR resolution	No	Strong	Balanced, realistic
Q7	Network Costs	Stability of network operating costs despite increased capex	Network costs largely stable quarter-on-quarter; slight YoY increase due to investments; cost optimization ongoing	No	Strong	Credible explanation
Q8	Alternative Vendors	Media reports on trials with domestic vendors and intra-circle roaming (ICR) with BSNL	No official comment on media reports; evaluation ongoing but no firm plans; no current ICR discussions with BSNL	No	Strong	Cautious, appropriate

Pattern Flags:
- Subscriber growth and churn (Q1, Q3, Q5) consistently addressed with credible, data-backed responses.
- Funding and AGR (Q4) discussed openly but with cautious tone reflecting external dependencies.
- 5G rollout and digital ecosystem (Q3, Q5) emphasized as key growth drivers.
- No evasions or contradictions noted.

5. INVESTOR NOTES — BUSINESS QUALITY ASSESSMENT

Dimension	This Quarter's Read	Trajectory Signal
Management Credibility	Strong	Improving
Margin / Return Ratio Trajectory	Improving EBITDA margin (41.9%) with sequential cash EBITDA growth	Improving
Pricing Power	Moderate improvement in ARPU (+8.7% YoY) supported by premium plans	Improving
Capital Allocation Quality	Focused capex on coverage and capacity; capex on track without external funding	Improving
Competitive Moat Signals	Network coverage expansion, 5G rollout, differentiated digital ecosystem	Improving
FCF Conversion	Cash EBITDA down YoY due to investment cycle but improving sequentially	Improving
Red Flags (if any)	AGR dues remain a key overhang; funding dependent on government clarity	Stable but watch closely

Overall Thesis Verdict:
- Conviction Increasing
- The quarter’s strong operational performance, network expansion, and digital initiatives reinforce the turnaround thesis. Management’s transparent communication and execution credibility have improved.
- Prior quarter’s cautious optimism is now supported by tangible progress in coverage and subscriber engagement, though funding and AGR resolution remain key watchpoints.
- Forward-looking watchpoint: Monitor subscriber churn trajectory and timing of AGR resolution/funding clarity next quarter.