

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Inline **One-line:** Management has successfully pivoted from survival to a capex-led growth cycle with the conclusion of a ₹30,000 Cr equipment deal, though the dismissal of the AGR curative petition maintains a massive long-term liability overhang.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Financial metrics stable; capex rollout delayed until H2FY25.	□
Earnings Quality	High (Core driven)	ARPU growth driven by subscriber mix/upgrades; no one-offs.	□
Guidance Confidence	Neutral	Capex deals finalized; bank funding conclusion expected in 7-8 weeks.	□
Management Credibility	Strong	Delivered on equity raise and equipment deal as promised.	□
Business Quality Signal	Improving	Sustained 4G sub adds for 12 quarters; bank debt significantly reduced.	□
Key Q&A Exchange	Q1 + AGR Relief	Management is pivoting to administrative remedies with the Govt post-SC ruling.	□
The Street's Primary Anxiety	Long-term Cash Solvency	Fears over ₹43,000 Cr annual payout starting FY27; mgmt expects equity conversion.	□
Capital Cycle Stage	Investment	Initiating a massive ₹500-550 Bn three-year capex cycle.	□
Margin / Return Ratio Trajectory	Stable	EBITDA margins holding steady; ROCE remains negative/stressed.	□
Pricing Power	Expanding	Industry-wide tariff hike in July; management calling for more.	□
FCF Conversion & Quality	Distorted	Heavy capex cycle and interest on Govt dues mask core FCF.	□
Competitive Moat Signals	Stable	Network gap remains vs peers, but equipment deal aims to bridge it.	□
Balance Sheet Strength	Stressed	Total debt >₹2,14,000 Cr; net worth eroded.	□
Working Capital Efficiency	Deteriorating	Vendor overdues being cleared but remain a drag on current liquidity.	□
Mgmt Guidance Track Record	Reliable	Execution of FPO and vendor contracts aligns with prior claims.	□
Key Vulnerability / Red Flag	AGR Liability Persistence	SC dismissal means ₹70,000 Cr+ liability remains on books.	□
Management Tone	Confident yet Pragmatic	Bullish on "Vi 2.0" but realistic about Govt dependency.	□

Sentiment: □Neutral (Operational recovery is real, but solvency depends on Govt benevolence).

Key Takeaways: * **Positives:** Concluded ₹30,000 Cr (₹300 Bn) equipment deal with Nokia, Ericsson, and Samsung to bridge the 4G/5G gap. Bank debt reduced by ₹13,700 Cr over two years, leaving the balance sheet leaner for new debt. July tariff hikes provide a much-needed ARPU runway. * **Negatives:** Supreme Court dismissal of the AGR curative petition removes a major potential deleveraging catalyst. The company faces a daunting ₹43,000 Cr annual liability starting FY27, which necessitates further massive tariff hikes or Govt equity conversion. * **Street Concern:** Analysts are hyper-focused on the FY27 "cliff." Management's response relies on the Govt's commitment to a three-player market and the option to convert ₹17,000 Cr of the annual payout into equity. * **Forward Watchpoint:** Conclusion of the ₹25,000 Cr (funded) and ₹10,000 Cr (non-funded) bank facility within the next 8 weeks is the next critical survival milestone.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT used as primary source.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue	₹10,510 Cr	↓ 1.4%	↓ 0.9%	→	Impacted by subscriber churn, offset partially by better mix.
Reported EBITDA	₹4,200 Cr	↑ 1.0%	↓ 3.2%	→	Stability in margins despite lower revenue.
Cash EBITDA (Pre-Ind AS 116)	₹2,100 Cr	↑ 4.0%	↓ 3.7%	↑	Highest EBITDA levels post-merger seen in FY24/Q1FY25.
Capex (Quarterly)	Not in doc	N/A	N/A	N/A	"Quick-win" capex completed; main cycle starts Q3FY25.
Net Debt from Banks	₹4,830 Cr	↓ 47.5%	↓ Not stated	↑	Reduced from ₹9,200 Cr in Q1FY24; provides room for new debt.
Consumer ARPU	₹146	↑ 5.0%	→	↑	Driven by 2G to 4G upgrades; July hike benefit to show next Q.
4G+5G Subscribers	12.67 Cr	↑ 3.1%	↑ 0.3%	↑	12 consecutive quarters of 4G subscriber growth.
Data Usage/cust (GB/mo)	16.0 GB	↑ 2.6%	↑ 1.3%	↑	Data usage per sub up; network capacity increased by 15%.
Network Coverage	1.03 Bn pop	↑ 1.6%	↑ 1.6%	↑	Targeting expansion to 1.2 Bn population over 12-15 months.
Subscriber Net Loss	(25) Lakhs	↓ 44.4%	↓ 3.8%	↑	Churn remains high but pace of loss is moderating.
Total Govt Debt	₹2,09,500 Cr	↑ 7.8%	↑ 3.0%	↓	Increasing due to interest accruals on deferred liabilities.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Consumer Mobility	Not Split	N/A	Not Split	→	Baseline	Focus on 2G to 4G conversion (~40% of base is 2G).
Vi Business (B2B)	Not Split	N/A	Not Split	↑	Above Avg	Focus on IoT, Cloud, and "Telco-to-Techco" services.
Digital Services	Not Split	N/A	Not Split	↑	Growth	Relaunched Vi Movies & TV; growing Vi Ads/Gaming platform.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	4G Pop. Coverage	1.2 Billion People	Needs to add ~170Mn pop coverage in 15 months.	Moderate (Added 16Mn in Q1)	Medium (Vendor lead times)
Guidance	ARPU Growth	Significant Headroom	Needs another ~20-25% hike to reach viability.	Strong (12 Qtrs of growth)	Low (Industry trend)
Guidance	Capex Plan	₹50,000 - 55,000 Cr	₹4,500 Cr / Quarter run-rate for 3 years.	New Cycle (Just starting)	High (Execution speed)
Guidance	Bank Funding	₹25,000 Cr + ₹10,000 Cr	Must close in 7-8 weeks to avoid capex pause.	On Track (SBI TEV complete)	Medium (Banking approvals)
Strategy	5G Rollout	17 Circles	Dependent on 5G device penetration/use cases.	Delayed vs peers	High (Monetization gap)
Balance	Govt Payout (FY27)	₹43,000 Cr / Year	Requires ₹3,583 Cr EBITDA growth per month.	N/A	Critical (Solvency risk)

4. ANALYST Q&A

RELEVANCE SCALE: 5.0 = Thesis-critical | 4.0 = Significant | 3.0 = Useful | 2.5 = Peripheral | Below 2.5 = Excluded
 CREDIBILITY SCALE: 5.0 = Specific, quantified | 4.0 = Directional | 3.0 = Vague | 2.0 = Deflected | 1.0 = Evasive

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	5.0	Sanjesh Jain / ICICI Sec	AGR Liabilities	Financials	"Is there any further possibility to pursue this [AGR relief], or this ends any effort?"	Management believes the court route is exhausted but is pursuing administrative remedies with the Govt regarding calculation errors. If the Govt grants relief on penalties/ interest, it would drastically reduce the ₹70k Cr liability overhang and boost long-term survival odds.	None	4.0	Clear quantitative
1a	4.5	Sanjesh Jain / ICICI Sec	Regulation	Strategy	"Will this require any change in the regulation... or this is possible in the course of the event like relief package?"	Management noted the Govt has many "levers and mechanisms" to address calculation errors but declined to speculate on the specific legal path. This indicates a high dependency on political will rather than a fixed regulatory framework.	Specific mechanism	3.0	Deflective key s
2	4.0	Sanjesh Jain / ICICI Sec	Capex Funding	Capex	"What about the current liabilities... how are we planning that payout?"	Management confirmed that the ₹50k-55k Cr capex is fully funded by equity, new debt, and LC facilities, leaving business cash	None	5.0	Specific timeline given

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						flow to clear vendor overdues. This separates survival liquidity from growth investment, reducing the risk of capex cannibalization.			
3	4.0	Sanjesh Jain / ICICI Sec	Operationalization	Capex	"When should we see supplies coming in actual rollout starting and accelerating?"	Deliveries are expected in the second half of next quarter (Q3FY25) after lead times are cleared. This pushes the visible impact on network quality and subscriber retention into late Q4FY25.	None	4.0	Specimen given
4	3.5	Sanjesh Jain / ICICI Sec	Debt Structuring	Financials	"Why we are looking for ₹10,000 crores of non-funded funding?"	Management clarified this is a revolving LC facility to facilitate vendor credit for equipment, not bank guarantees. This confirms they are maximizing liquidity by using credit cycles rather than upfront cash.	None	5.0	Clear quantity
5	5.0	Sanjesh Jain / ICICI Sec	Cash Outflow	Financials	"What should be the potential annual payout starting FY27 for the government use?"	Starting FY27, the payout is ₹43,000 Cr annually, with ₹17,000 Cr eligible for equity conversion and ₹26,000 Cr	None	5.0	Clear quantity

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						required in cash. This is a critical solvency data point: the company must generate ₹26,000 Cr+ in cash profit just to meet Govt dues.			
6	3.5	Vivekanand / Ambit	Capex Scope	Capex	"What part of the three goals... gets covered in the current contract [₹300 Bn]?"	The radio equipment order covers the majority of 4G expansion, 5G launch, and capacity; fiber and core capex will follow on a need basis. This ensures the most critical hardware is secured while maintaining modularity for the rest of the spend.	None	4.0	Directed with evidence
7	4.0	Vivekanand / Ambit	Churn Strategy	Business Overview	"At what pace do you think it is logistically possible to roll out?"	Management is targeting 215k-220k sites (up from 183k) and claims no logistics bottleneck as peak industry deployment has passed. If they can ramp up to 40k+ sites/year, they may bridge the coverage gap with Bharti/Jio faster than currently priced in.	None	4.0	Directed with evidence
8	4.5		Business Plan	Financials			None	4.5	

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Aditya
Suresh /
Macquarie

"Is there any contours... in terms of underlying assumptions on the cash flow generation or tariff?"

The plan assumes another tariff hike ~15 months after the July hike and assumes Govt will convert ₹29,000 Cr of deferred installments to equity in FY26-27. This reveals the "base case" for the SBI loan approval depends heavily on both consumer pricing power and Govt support.

Spec
assu
share

9 3.0

Varatharajan
S / Antique

5G Strategy

Strategy

"Do you have any kind of a target... for 5G?"

Management admitted 5G monetization is currently "discounting" and will roll out 5G selectively based on traffic and device penetration rather than a mindless pan-India race. This prudent approach preserves cash but risks further perception-based churn among high-value users.

Number of
5G sites

3.0

Vagu
cons

10 4.0

Aditya
Bansal /
Kotak

Bank Guarantees

Governance

"Update on the bank guarantee discussions... would that be a bottleneck?"

Management expects the Govt to waive the legacy bank guarantee requirement

None

3.0

Vagu
cons

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						entirely as it "adds no value." If the waiver happens, it removes a major hurdle for future spectrum renewals and bank financing.			

PATTERN FLAGS & SENTIMENT

- **The "FY27 Cliff" Anxiety:** Analysts repeatedly questioned the math for the FY27 payout (₹43,000 Cr). Management was confident but essentially admitted that survival hinges on the Govt's willingness to convert nearly 40% of that into equity and the consumer's willingness to accept another major price hike in 15 months. This remains the live, existential risk for the thesis.
- **The Churn Diagnosis:** Management is betting entirely on "coverage" as the cure for churn. Their logic is that their gross additions are healthy, meaning the brand is okay, but they lose people because of 4G "dark spots." If the ₹30,000 Cr capex doesn't fix churn by Q4FY25, the growth thesis fails.
- **Analyst Sentiment Verdict:** The tone was cautiously optimistic. Analysts were satisfied with the specificity of the capex and bank funding timelines (7-8 weeks for SBI loan). However, a deep skepticism remains regarding the Supreme Court's AGR finality. The most significant unresolved friction is whether the Govt can legally provide administrative relief on AGR after a Supreme Court curative dismissal.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (PPT/Opening)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
5G Rollout Speed	"Rollout of 5G... in line with evolving customer needs."	"5G monetization is still not happening... [it's] a means of discounting."	Shift from "aggressive launch" to "demand-driven selective rollout."	May lose premium "early adopter" segment to Jio/Airtel.
AGR Relief	Not mentioned in long-term plan assumptions.	Payout cliff in FY27 is ₹43,000 Cr/year.	The lack of AGR relief makes the cash flow requirement in FY27 much tighter than bulls hoped.	High risk of dilution in FY27 to meet dues.

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction