Vodafone Idea

Operator: Ladies and gentlemen, good day and welcome to Vodafone Idea Limited Q4 FY26 and FY26 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 star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Akshat Kishore, Chief Executive Officer of Vodafone Idea Limited. Thank you and over to you.

Management: Thank you, Yashasvi. Good afternoon and a very warm welcome to all of you. Thank you for making the time to be here today. On May 16, 2026, our board of directors adopted the audited results for the quarter and year ending March 31, 2026. All the results-related documents are available on our website, and I hope you have had a chance to go through them. 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 hand it over to Tejas, our CFO, who will share the 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 taken over 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 4,730 crores. These developments reaffirm the strong and continued commitment of the promoter group to our long-term growth. Mr. Ravinder Takkar, who served as the non-executive Chairman, continues on the board as the 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 honorable Supreme Court's direction permitting the government to reassess our AGR liability, a DOT-constituted committee completed its review and communicated its decision on April 30, 2026. Our AGR dues have been finalized as 64,046 crores as of December 31, 2025—a reduction from the earlier frozen figure of 87,695 crores. The structured repayment schedule provides significant long-term clarity for the cash flow. The payment schedule till FY35 remains unchanged. The balance AGR dues have to be paid in six equal annual installments of 10,608 crores from March 2036 to March 2041.

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 ambition.

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 a 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 Q4 FY26 and full year FY26 operating and financial performance marks a decisive step forward in our journey. As you would recall, we had introduced the seven KPIs that we benchmark our performance against. I am happy to share that we have delivered against all seven of these parameters. Let me briefly highlight our performance across each of these.

I am particularly pleased to share that during the quarter, we were able to stabilize our subscriber base to 192.8 million customers vis-a-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.

Our revenue for Q4 FY26 was 11,332 crores, a 2.9% growth on a year-over-year basis. Revenue for the full year grew by 3% to 44,873 crores in FY26 from 43,571 crores in FY25. The cash EBITDA for FY26 was 9,217 crores versus 9,198 crores in FY25.

We also saw a healthy expansion of our customer ARPU from 175 in Q4 FY25 to 190 in Q4 FY26, a growth of 8.3% year-on-year. The customer ARPU has now been increasing for the 19th consecutive quarter. 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 Q4 FY26, up from 63.8% in Q4 FY25. We closed the quarter with 128.9 million 4G/5G subscribers, up from 126.4 million in Q4 FY25.

Our data usage in Q4 FY26 has also increased year-on-year by over 30% to 83 petabytes per day from 63.8 petabytes per day in Q4 FY25. 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 5G and 4G subscriber improved 27.2% year-on-year to 20.2 GB in Q4 FY26.

Moving on, let me update you on our network initiatives. Over the last six quarters, we have deployed over 16,000 crores and added approximately 30,000 unique broadband towers and expanded capacity by adding over 1,26,000 new broadband layers. We also expanded 4G capacity by over 27% and improved our 4G population coverage over 86% on a 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 the last three quarters.

In the postpaid segment, we continue to register sequential positive net-adds for eight consecutive quarters. For our Easy Plus offering, designed specifically to cater to the needs of enterprise postpaid customers, we expanded the portfolio with the addition of personal loans. We upgraded our Vi App offering and also supercharged its AI capability. 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 2 billion calls and SMSes 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 brand affinity across all customer segments in the country. We continue to make extensive progress on the marketing front by communicating key differentiators to customers, entering into alliances, and introducing various innovative products and services. This quarter, we also entered into a strategic partnership with Chennai Super Kings as their official communications partner, giving us strong salience during this IPL. The Vi Number Rakshak campaign at Kumbh was recognized at the London International Award and the Clio Award this quarter.

On the enterprise side, during the quarter, offerings across connectivity, cloud, IoT, business communication, mobility, and cybersecurity demonstrated strong momentum with increasing enterprise adoption across key sectors including BFSI, manufacturing, utilities, logistics, and government. We are also developing a dedicated enterprise corridor by strengthening the fixed-line capabilities with the addition of 1.3 Terabyte network capacity across data centers, enhancing scalability, resilience, and high-speed connectivity for enterprise customers. We earned multiple prestigious recognitions, including Innovative Connectivity Solution of the Year at the Asian Telecom Awards 2026 for our CPaaS offering and the Aegis Graham Bell Award for innovation in IoT.

The telecom industry is well-positioned for growth as the need for connectivity is driven by a fast-growing economy, a growing and young population, rising technology adoption across all age groups, lower rural density, and increasing smartphone penetration. Collectively, these improving trends and developments give us increased confidence in our ability to participate in the industry's growth story.

As I have stated earlier, we are guided by a simple belief of "employees first, customer always, experience is everything." The progress we have made this year on our network, customer expansion, 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 services and providing innovative options. 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.

Management: Thank you, Abhijit. Good afternoon, everyone. We continue to witness improving trends across key financial metrics. Revenue for the quarter was at 11,332 crores, registering a year-on-year growth of 2.9%. For the full year, this translates to 3% at a revenue of 44,873 crores. Sequentially, on an average daily revenue basis, it grew 2.3%. This quarter actually marks the highest average daily revenue in the last six years.

EBITDA for the quarter was 4,889 crores, improving 4.9% versus the same quarter last year. This translated into an EBITDA margin improvement of 80 basis points to 43.1%. The EBITDA for the full year also grew at 4.8% at 19,003 crores. Cash EBITDA for Q4 also improved by 4.8% to 2,432 crores versus the same quarter last year. Cash EBITDA for the full year ended at 9,270 crores, which showed only a marginal improvement; this is due to the 17,300 sites rollout, which showed our focus on overall cost management.

Investment for the quarter was at 2,294 crores, closing the full year at 8,742 crores of investment. I am also pleased to share that our bank debt has further reduced to only 726 crores as at March 31 from 2,326 crores in March last year, a reduction of 1,600 crores. The cash bank balance stood at 3,715 crores as of March 31, 2026.

Let me briefly explain the accounting impact of the AGR settlement. Regarding the AGR matter, the company received a communication from DOT on April 30 stating that the committee formed for the purpose of reassessment has finalized the AGR dues at 64,046 crores for the years 2006-2007 to 2018-2019. The payments against these AGR dues will be made as follows: first, a minimum of 100 crores annually from March 2032 to March 2035 and subsequently 10,608 crores annually over the next six years, from March 2036 to March 2041. In addition, the company has to pay spectrum usage charges amounting to 609 crores with interest in respect of FY 17-18 and FY 18-19 in six annual installments of 124 crores between March 2026 and March 2031. The company has already paid 124 crores as of March 2026.

Consequently, in accordance with the applicable accounting standards, the financial liability of 80,502 crores as at December 31, 2025, was de-recognized and a revised financial liability of 24,880 crores was recognized, which is the present value of the reduced liability and the future payments stated above. The resulting difference of 55,622 crores along with the 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 51,970 crores in Q4 FY26 and a net profit of 34,552 crores for the full year of FY26.

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 Yashasvi. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain - ICICI Securities: Good afternoon. Thanks for taking my question. A 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, especially given that premiumization seems underwhelming with only 0.4 million customers added on 4G and 5G? Is this better engagement with the customer? Can you help us understand how much more is left in these efforts to drive organic ARPU growth?

Management: Thanks, Sanjesh. I will answer that in two parts. One, obviously, as you rightly said, this is reflected in the data consumption which has grown over 30%. This clearly reflects that customers are now experiencing a very different network across the country. Second, the increase in our unlimited data customers and the differentiated proposition we launched last year, the Non-stop Hero—which gives customers the freedom of using unlimited data 24 hours a day—is pushing growth. Quarter-on-quarter, we see a significant increase of almost 75% on the Non-stop Hero. The combination of investment in the network, addition of sites, increased capacity, and improved population coverage—we have added roughly 48 million more population to our LTE network—is reflected in this strong ARPU growth. We intend to maintain this growth.

Sanjesh Jain – ICICI Securities: How much more is possible? I can see we are at a significant discount on ARPU versus peers. Is there a significant gap we can bridge through these efforts?

Management: There are two parts. We are looking at these differentiated offerings to bridge some of the gap, but the gap will not be bridged only with this. It depends on the mix of customers. Almost 67% of our customers are now on smartphones, while 33% are on feature phones. That is a big lever for us to push, as the opportunity is available to upgrade those customers. Second, looking at our smartphone base, there is a split between customers who are not yet using data with us despite having smartphones on our network. Third, many customers still use a daily data quota of 1.5 GB or 2 GB; moving them into a truly unlimited Non-stop Hero data plan is a major opportunity. Put together, we see a large amount of opportunity remaining in ARPU upgrades.

Sanjesh Jain – ICICI Securities: On subscribers, we have almost reached a flattish level compared to historical declines. Can you help us understand how we are behaving in locations where we have added network versus areas where we have not, to get a sense of how capex translates into subscriber growth?

Management: If you look at our deployment of 15,000 crores over the last six quarters, that has been done in a graded manner across different circles. In circles like Maharashtra, Gujarat, Kerala, and UP East, where we have invested more depending on customer availability and the gaps we had, we see a very significant change in customer intake. This includes customer acquisition quality and base retention. We clearly see a difference in areas where we have added more layers, providing better experience, capacity, and coverage.

Sanjesh Jain – ICICI Securities: Are you able to provide a specific number for growth in areas where network has been added?

Management: The numbers are significantly better. We do not share circle-wise numbers, but in those specific circles, we have grown significantly better. We are also seeing growth driven by 5G cities, which are now upwards of 80. While I cannot share the exact numbers, it is safe to assume the differential is significant in those circles. Most circles have grown, but those specific circles have grown differentially.

Sanjesh Jain – ICICI Securities: My next questions are on opex and the fundraise. Network operating costs declined sequentially while we continued to add sites. What is driving the efficiency in network opex? Regarding the fundraise, where are we with the debt fundraise we are anticipating? How soon will that come, as it is a key enabler for execution in FY27? Finally, regarding the shareholding pattern, post-adjustment for Vodafone and the Aditya Birla Group preferential issue, the two groups are reaching relatively equal shareholding. Will that change anything in terms of the board structure or the agreement between promoters?

Management: Regarding the debt raise, we have maintained our capex target of 45,000 crores over the next three years. We are looking at a 25,000 crore funded facility and a 10,000 crore non-funded facility. We are deeply engaged with an SBI-led consortium of PSU, private, and foreign banks. We are confident of closing that quickly, though we cannot provide a specific timeline until it is finalized. Our capex intensity is going to intensify toward that 45,000 crore total.

Regarding the shareholding pattern, the current shareholding is 16.07% for Vodafone PLC and 9.57% for the ABG group. Post-conversion of warrants and the preferential allotment, that will stand differently. We are not currently looking at any change in the board structure. On the network opex, I will let Tejas explain.

Management: Quarter-on-quarter, network costs moved from 2,361 crores to 2,345 crores, a small decline. This is due to our cost management efforts. Over the last few years, we have worked on reducing our dependence on diesel and focused on the rectification of our network. Our self-optimized network has also allowed us to keep these costs flattish.

Sanjesh Jain - ICICI Securities: We have added 6% more sites year-over-year and almost 70,000 BTS in the last 12 months, yet network opex growth was only 0.8%. How sustainable is this, and should we expect inflation next year?

Management: We have definitely benefited from efficiency efforts. We have been able to offset the increase that would have otherwise occurred from rollout costs. Regarding future cash costs, you may see some inflation, but our efficiency efforts will remain. We will attempt to offset rollout increases, but since we are already lapping a year of these benefits, some inflation might appear. For this year, it was heartening to see these efforts fructifying.

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

Vivekanand Subbaraman - Ambit: Regarding the seven key metrics you are tracking, which are the highest priority areas for FY27? How do these translate into stepping up outcome metrics like data usage or ARPU?

Management: The seven metrics are revenue, EBITDA, customer addition, broadband customer addition, ARPU, sites, and data usage. Other than data customers and subscribers, most are output-related metrics. Customer addition remains a key priority; we turned positive in February and will build on that momentum. Premiumization for ARPU is also critical. Regarding the rollout of both 4G and 5G, that is essential for closing the gap. From an input perspective, customer addition, site rollout, and broadband customers—our 4G and 5G base—are the three most critical parameters.

Vivekanand Subbaraman - Ambit: Your churn has moderated this quarter, but gross adds seem lower year-on-year. What has helped moderate churn, and is there reduced industry-level rotational churn? Also, how should we think about churn over the next 12 months?

Management: While churn has reduced, it is still high relative to the industry. In areas where we have invested more, we see a clear retentivity delta because customers experience a better network. Regarding gross additions, we made strategic decisions to reduce certain costs of acquisition to ensure better quality. High acquisition costs often translate to market discounting, which we want to avoid. We reduced acquisitions from 21.8 million in Q2 to 19.1 million in Q4 by design to focus on quality rather than quantity. This produces better churn and retentivity.

Regarding MNP, which accounts for 47% of industry acquisition, we only have about a 20% share. We are focusing on this in areas where we are putting our network. There is a focused strategy market-by-market to extract value from the infrastructure we are deploying.

Vivekanand Subbaraman - Ambit: Currently, your cash EBITDA margin is 20.5%. Once the capex cycle is completed, where do you see this margin trending? Can you help us understand the levers for this quantitatively?

Management: Our ambition is to significantly uptick revenue and the flow-through to cash EBITDA margin. As we look at the next three to four years, this must increase. If we achieve double-digit revenue growth, the cash EBITDA margin should be north of 35%. The levers are customer growth, ARPU improvements, industry pricing architecture, and reduced churn from capex implementation.

Operator: Thank you. Next question is from the line of Ritwik Agarwal from Three State Investment Management. Please go ahead.

Ritwik Agarwal - Three State Investment Management: With ongoing increases in smartphone prices due to RAM shortages, how are you seeing the 2G to 4G migration? Also, capex this quarter seemed lower than peers. Where do you see this going in coming quarters?

Management: We saw a slight dip in global smartphone sales, but we believe that is temporary. We typically see a 3% to 4% upgrade within our network of customers moving from feature phones to smartphones, and that hasn't slowed. We have 33% of our base on 2G handsets, which is a massive opportunity compared to the rest of the industry. We are focusing network capacity in areas where these customers can upgrade to a better experience.

Regarding capex, we spent 8,700 crores this full year versus 9,600 crores last year. Our three-year 45,000 crore plan remains intact. You will see a far greater intensity of capex starting in Q1 and intensifying throughout this financial year.

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

Gaurav Malhotra - Axis: Your VLR subscriber percentage is lower than peers. Why is that? Also, now that you have launched 5G, what are your plans for FWA?

Management: On FWA, we are evaluating it and conducting pilots. Since launching in Mumbai last year, we are now in over 80 cities. However, our focus is primarily on mobility and connectivity because we have a large gap to close there. FWA will be part of the strategy only in select places.

Regarding VLR, because network experience can sometimes be patchy, it results in higher churn. We have a proportion of customers moving in and out of the network, which lowers the VLR. In some circles, VLR is upwards of 93%, but in others, it drops to 80%, resulting in an average between 87-88%.

Gaurav Malhotra - Axis: To clarify, it is not that these are inactive subscribers, but perhaps multi-SIM users not using the Vi number as frequently?

Management: Primarily, yes. Some fall into inactivity and churn out, but primarily these are customers who are in and out of the network depending on their usage experience. This applies to a mix of 2G and 4G customers depending on the geography.

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

Balaji Subramanian - IIFL: How do you see subscriber growth going forward, especially as competitors have reached a steady state? Is the strategy to churn customers away from them, and will this involve higher marketing spend? Second, how do you plan to handle spectrum payouts from FY28 onwards, particularly if there is no further equity issuance?

Management: There are four levers for subscriber addition. First, reducing our 4.3% churn by 0.5% to 0.6% by improving network capacity. Second, expanding population coverage. We added 125 million covered population over the last six quarters and will add another 125 million over the next 18 months by adding 60,000-70,000 sites. This targets territories where we previously were not present. Third, increasing our participation in the MNP market. Fourth, focusing on the quality of gross acquisitions to match industry standards. We do not expect per-subscriber acquisition costs to be higher, but as volume increases, total costs may rise. We will focus on brand reappraisal now that the AGR overhang is behind us.

Management: Regarding spectrum payouts, for the next three years, we have a capex ambition of 45,000 crores—spending 7,000 crores, 15,000 crores, and 23,000 crores respectively. Adding spectrum payments of 49,000 crores and debt servicing of 5,000-6,000 crores, the total requirement is about 1 lakh crore.

Our cash sources include an opening balance of 3,715 crores. We aim to triple EBITDA, yielding a cumulative cash EBITDA between FY27 and FY29 of about 60,000 crores. Debt provides 25,000 crores in funded facilities plus a rolling LC facility. Combined with income tax refunds and the recent promoter infusion, we are very confident in our ability to fulfill all obligations over the next three years.

Operator: Thank you. That was the last question for today. I now hand the conference over to Mr. Subhajit Kishore for closing comments. Over to you, sir.

Management: Thank you. Let me wrap up by restating our ambition. Our three-year targets are unambiguous: sustained net customer addition, double-digit revenue growth, and tripling the EBITDA. We are backing these targets with 45,000 crores of investment, strong promoter commitment, and a leadership team that has emerged intact from the most challenging conditions. The worst is behind us. The parameters we track are moving in the right direction, and net subscriber addition is narrowing fast. We enter FY27 with a clear strategy and growing confidence.

Thank you all for joining us.

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