



Vodafone Idea

BSE SENSEX
84,929

S&P CNX
25,939



Bloomberg	IDEA IN
Equity Shares (m)	67879
M.Cap.(INRb)/(USDb)	736.2 / 8.8
52-Week Range (INR)	19 / 10
1,6,12 Rel. Per (%)	-36/-36/-36
12M Avg Val (INR M)	10378

Financials & Valuations (INR b)

INR b	FY24	FY25E	FY26E
Net Sales	427	453	525
EBITDA	171	187	227
Adj. PAT	-320	-290	-280
EBITDA Margin (%)	40.2	41.4	43.3
Adj. EPS (INR)	-11.1	-10.1	-9.7
EPS Gr. (%)	9.3	-9.3	-3.7
BV/Sh. (INR)	-32.4	-34.9	-43.6

Ratios

Net D:E	-2.4	-2.3	-2.0
RoE (%)	NM	NM	NM
RoCE (%)	-3.6	-2.4	-1.0
Payout (%)	0.0	0.0	0.0

Valuations

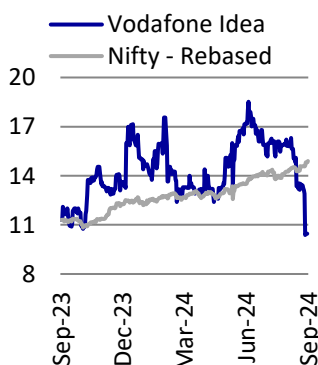
EV/EBITDA (x)	17.8	16.7	14.9
P/E (x)	-1.0	-1.1	-1.1
P/B (x)	-0.3	-0.3	-0.2

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	38.2	48.9	50.4
DII	31.3	34.4	33.9
FII	12.7	2.0	2.3
Others	17.9	14.7	13.4

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR11

TP: INR12 (+11%)

Neutral

Initiation of the capex cycle

Vodafone Idea (VIL) conducted a call to discuss the key developments. It expects: a) the subscriber churn to reduce from 4Q onwards, since the capex rollout is expected to commence from 3Q, b) debt fundraising of INR350b to conclude in 7-8 weeks, and c) another tariff hike of ~20% next year.

Expect another tariff hike

- The management expects another tariff hike of ~20% (similar quantum of rate hike in Jul'24) between 2QFY26 and 3QFY26.
- It also expects equity conversion to commence once the moratorium ends (i.e. FY26/27).

Progress toward the capex plan – subscriber metrics could improve from 4QFY25

- The company has finalized a deal valued at INR300b with Nokia, Ericsson, and Samsung to supply network equipment. The delivery of the radio equipment is expected to begin in the second half of the upcoming quarter (Nov/Dec'24), followed by the deployment.
- Its radio equipment capex is critical and a substantial part of the capex rollout, which includes expanding 4G coverage and launching 5G.
- This is part of a three-year capex plan worth INR500-550b, where the remaining INR200-250b will be allocated to core and fiber. The company will deploy core and fiber coverage capacity on a need basis.
- Hence, we expect the long pending capex rollout to commence from 3QFY25 onwards and the subscriber metrics to improve from 4QFY25 onwards.
- In order to increase 4G coverage, the company plans to add 215-220k sites, up from the existing total of 170k sites.

Update on the debt fundraising – should conclude in 7-8 weeks

- The company has updated that it is in the advanced stages of discussions to secure loans worth INR350b (INR250b loan + INR100b LC facility).
- The LC facility of INR100b will be used to cover vendor credit for a year.
- SBI Bank has received an evaluation report, allowing banks to proceed with internal processes. Funding is expected to conclude in 7-8 weeks.

Supreme court dismissed the curative petition – VIL engaging with senior government officials

- While the dismissal of the curative petition was the final outcome of the court, the company is engaging with senior government officials to consider remedies.
- The company is in the process of putting together a comprehensive view of the calculation error and will engage with the government again in the coming days regarding those requests.