



## FPO NOTE

## VODAFONE IDEA LIMITED



Rating:  
**NEUTRAL**



## ISSUE OFFER

Issue Opens on	APRIL 18, 2024
Issue Close on	APRIL 22, 2024
Total IPO size (cr)	₹18,000.00
Fresh issue (cr)	₹18,000.00
Offer For Sale (cr)	NIL
Price Band (INR)	10-11
Market Lot	1298
Face Value (INR)	10
Retail Allocation	35%
Listing On	NSE, BSE

## ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 50%;"></div>	50%
NII Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 35%;"></div>	35%

## SHAREHOLDING (No. of Shares)

<b>Pre Issue</b>	<b>Post Issue</b>
50,119,820,375	66,483,456,738

## INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	23-04-2024
Refunds/Unblocking ASBA Fund	24-04-2024
Credit of equity shares to DP A/c	24-04-2024
Trading commences	25-04-2024

Vodafone Idea Limited is the third largest telecommunications service provider in India based on subscriber base. According to the GSMA Intelligence Database, it is the sixth largest cellular operator globally in terms of number of subscribers in a single country of operations. Through its pan India network, it offers voice, data, enterprise, and other value-added services (“VAS”), including short messaging services and digital services across 2G, 3G, and 4G technologies.

## OBJECTS OF THE ISSUE

- Purchase of equipment for the expansion of the network infrastructure.
- Payment of certain deferred payments for spectrum to the DoT and the GST.

## OUTLOOK &amp; VALUATION

Vodafone Idea's (VI) FPO is a fresh issue of shares, meaning the company will raise new capital. The primary purpose of this fundraising is to bolster VI's network infrastructure. This includes deploying new 4G and 5G towers, crucial for enhancing network coverage and capacity to compete more effectively with market leaders Jio and Airtel. Additionally, some of the proceeds will be directed toward debt reduction, potentially improving VI's financial health.

However, VI's financial situation presents challenges for potential investors. Unlike its competitors, VI has experienced a consistent user base decline. Furthermore, a potential financial crunch looms in 2026 when significant spectrum and AGR (Adjusted Gross Revenue) dues of up to \$4 billion become payable. Despite the attractive 15-17% discount offered through the FPO, VI's path to a near-term revival seems uncertain. Therefore, investors should carefully consider these factors, particularly VI's financial health and future liabilities, before participating in the FPO.



## KEY MANAGERIAL PERSONNEL

01

### Ravinder Takkar

Non-Executive Chairman of the Company. Prior to his current role as the Non-Executive Chairman of the Company, he served as the managing director and chief executive officer until August 18, 2022. He also serves as a director on the boards of Indus Towers Limited and Cable and Wireless Global (India) Private Limited.

02

### Akshaya Moondra

Chief Executive Officer of the Company.

03

### Jagbir Singh

Chief Technology Officer of the Company.

04

### Murthy GVAS

Chief Financial Officer of the Company.

05

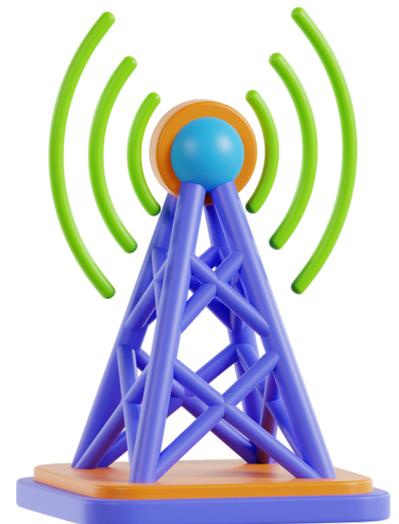
### Suvamoy Roy Choudhury

Chief Human Resources Officer of the Company.

06

### Pankaj Kapdeo

General Counsel, Company Secretary of the Company.



## COMPANY PROFILE

- Its promoters are part of the Aditya Birla group and the Vodafone group. The Aditya Birla group is one of the largest business groups in India and a leading global conglomerate. The Vodafone group is the largest pan-European and African telecommunications company
- It has an aggregate of 8,005.2 MHz of spectrum holdings across different frequency bands, of which 7,975.2 MHz spectrum is liberalized and can be used towards deployment of any technology.
- Its mobile network also reaches a vast number of communities across more than 487,000 towns and villages in India, with broadband services in more than 342,200 towns and villages, each as of December 31, 2023.
- As of December 31, 2023, the company had over 223.0 million subscribers and a subscriber market share of 19.3%.

## COMPETITIVE STRENGTHS

- Large Subscriber Base.
- Extensive Telecommunication Network.
- Existing Network Built on 5G-Ready Architecture.
- Large Enterprise Customer Base with Longstanding Relationships.
- Extensive Distribution and Service Network.
- Trusted Brand with Strong Proposition.
- Strong Promoter Support.
- Experienced Management Team.

## KEY STRATEGIES

- Focused Investments to Drive Coverage and Capacity Expansion.
- Initiatives to Improve its Average Revenue Per User and Customer Retention.
- Focus on Business Services through Telco to Techco Transformation.
- Strategic Collaborations to Monetize Digital Opportunities.

## KEY CONCERNS

- If the company is unable to modify its networks and equipment on a timely and cost-effective basis, it may lose subscribers.
- It requires significant capital to fund its capital expenditure and working capital requirements.
- The company has incurred significant indebtedness and has not complied with certain covenants under its financing agreements.
- Its telecommunication licenses and spectrum allocations are subject to the terms and conditions contained in the licenses, ongoing review, and other approvals by the relevant authorities.
- The company faces intense competition that may have an impact on its market share and profitability.
- It has incurred losses during recent periods and it may not achieve or sustain profitability in the future.
- Further downgrade in its credit ratings could increase the borrowing costs.

## COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company	EPS (Basic)	NAV	P/E	Total Income (Million)	RoNW (%)
Vodafone Idea	(8.43)	(15.28)	NA	421,772	NA
<b>Peer Group</b>					
Bharti Airtel Limited	14.80	136.72	84.37	1,391,448	15.84
Bharti Hexacom Limited	10.98	84.19	51.91	65,790	13.83
Reliance Jio Infocomm Limited	1.07	48.00	NA	907,860	8.43

## FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLION)	DEC 2023	FY 2023	FY 2022
Equity Share Capital	486,797	486,797	321,188
Other Equity	(1,466,116)	(1,230,388)	(940,836)
Net Worth	(979,319)	(743,591)	(619,648)
Total Borrowings	2,034,257	2,015,860	1,909,177
Revenue from Operations	320,449	421,772	385,155
EBITDA	127,902	168,170	160,361
Profit/loss before Tax	(227,439)	(292,976)	(282,341)
Net Profit/Loss of the Year	(235,638)	(293,011)	(282,454)



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