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India | Equity Research | Results Update

## Vodafone Idea

Telecom

### Ambitious turnaround plan; execution holds the key

Post resolution of the AGR matter, Vodafone Idea (VIL) has shared a turnaround plan that is to be executed over the next three years. VIL aims to invest INR 450bn in network deployment along with a strong marketing push, which should result in double-digit revenue growth and EBITDA trebling over FY26–29E. VIL will likely be able to meet its cashflow requirement of INR 950bn over the same period through borrowing of INR 350bn, CLAM settlement of INR 60bn and internal accrual; it does not see an immediate need for equity funding. The plan appears ambitious, with revenue CAGR ask rate of 17.5% over FY26–29E (1.5x of industry growth), but critical for the turnaround. We reduce FY26/27E EBITDA by 10–15%; TP is unchanged at INR 10, as we raise the EV/EBITDA multiple to 17x (vs. 16x) and knock-off AGR dues from net debt. Maintain **HOLD**.

### Key points from VIL analyst meet

- **Key deliverables for next three years:** 1) Sustained subscriber net addition. 2) Double-digit revenue growth. 3) Trebling cash EBITDA.

We estimate VIL to end FY26 with revenue of INR 450bn, and cash EBITDA at INR 91bn. If we work with VIL's guidance, it aims to reach EBITDA of INR 270bn and with 65% incremental EBITDA margin assumption, the revenue ask is INR 730bn. VIL would need a revenue CAGR of 17.5% over FY26–29E, viz. 1.5x of industry revenue growth rate. The target appears ambitious, but critical for its turnaround.

- **Driver for revenue growth:** VIL has seen healthy growth in ARPU, but was unable to transfer that into revenue due to continuous subs decline. Subs were exiting its network due to two key reasons – 1) perception in the market on VIL's services continuity, pending AGR resolution; and 2) under-investment in 4G/5G network.

The company intends to fix both aggressively via investments in marketing and network. It still sees a significant gap in ARPU vs. peers (Bharti/RJio), and plans to work on premiumisation, and converting second SIM to primary; thereby, bridging the gap. The focus would shift to quality subs net adds, keep growing postpaid subs and upgrading customers from 2G to 4G, and then to 5G. Previously, tariff hikes did not result in revenue growth due to subs loss, which should also get addressed.

### Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	4,35,713	4,50,011	5,14,775	5,62,606
EBITDA	1,81,266	1,88,824	2,43,411	2,72,838
EBITDA Margin (%)	41.6	42.0	47.3	48.5
Net Profit	(2,73,834)	(2,41,741)	(1,43,149)	(1,30,292)
EPS (INR)	(3.8)	(2.2)	(1.3)	(1.2)
EPS % Chg YoY	(38.5)	(0.4)	(0.8)	2.0
P/E (x)	(2.6)	(4.4)	(24.7)	(8.2)
EV/EBITDA (x)	14.1	16.6	13.1	11.9
RoCE (%)	(3.4)	(2.6)	2.0	3.9
RoE (%)	31.4	29.3	4.5	12.4

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### Market Data

Market Cap (INR)	1,065bn
Market Cap (USD)	11,611mn
Bloomberg Code	IDEA IN
Reuters Code	VODA BO
52-week Range (INR)	13 /6
Free Float (%)	25.0
ADTV-3M (mn) (USD)	132.2

Price Performance (%)	3m	6m	12m
Absolute	(1.4)	36.5	10.6
Relative to Sensex	2.0	36.0	2.0

ESG Score	2024	2025	Change
ESG score	69.9	69.6	(0.3)
Environment	51.2	49.9	(1.3)
Social	74.9	73.5	(1.4)
Governance	79.0	79.9	0.9

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

### Earnings Revisions FY26E FY27E FY28E (%)

Revenue	(3.7)	(7.5)	(7.4)
EBITDA	(10.2)	(14.6)	(14.3)
EPS		(25.5)	(7.9)

### Previous Reports

12-11-2025: [Q2FY26 results review](#)

13-02-2025: [Q3FY25 results review](#)

- **Capex plans:** VIL plans to invest INR 450bn over the next three years on aggressively deploying network. A significant portion of the spend would be done in the next 12–18 months. The capex plan includes 4G network parity with peers in 17 priority circles. This should help grow revenue faster, and enable VIL to gain its fair subscriber share. The company shared the outcomes from its investments in two key circles of Maharashtra and UP east – network investments have resulted in a sharp jump in revenue growth. In 5 other circles, VIL plans to have all 2G towers loaded with 4G BTS. Also, it aims to have 100% 4G coverage on national and state highways, airports and major locations. It is aiming for seamless 5G experience across urban markets, which should also help the company in expanding data capacity as well. The capex would be funded using borrowing of INR 250bn, non-funded facility of INR 100bn and internal accruals.
- **Cashflow:** VIL will likely need total cashflow of INR 450bn for capex, and INR 490bn for spectrum EMI (INR 70bn in FY27; INR 150bn in FY28 and INR 270bn in FY29). CLAM settlement would provide cashflow of INR 60–70bn, borrowing of INR 350bn, and remaining would be internal accrual. The company does not see an immediate requirement of equity funding.
- **FWA & enterprise:** VIL is likely to launch FWA services on its NSA-5G network (similar to Bharti); while it has not shared much details on fixed broadband strategy. Enterprise will likely be another growth area with focus on growing core connectivity services, and IoT offering.
- **AGR matter:** The dues are frozen at INR 877bn, and the company has a payment liability of INR 1–1.2bn p.a. over the next 10 years. The remainder is to be paid in equal instalment between FY36–41. The final dues would be based on a reassessment of AGR dues, wherein the reconciliation work has begun.

### Exhibit 1: Outcome of network investment in Maharashtra circle



Source: I-Sec research, Company data

### Exhibit 2: Similarly, outcome of network investment in UP east circle



Source: I-Sec research, Company data

### Exhibit 3: Key deliverables over next three years



Source: I-Sec research, Company data

### Exhibit 4: Capex plan of INR 450bn over next three years with significant front ended



Source: I-Sec research, Company data

### Q3FY26 result update

#### ARPU rose well YoY, higher subs decline in Q3FY26

VIL's revenue was up 1.1% QoQ/1.9% YoY to INR 113bn. Revenue benefited from ARPU growth of 3% QoQ/5.5% YoY to INR 172; customer ARPU (excl. M2M) improved 3.3% QoQ to INR 186. However, revenue growth was lower due to subs decline of 3.8mn (slipped 1.9% QoQ/3.5% YoY) to 193mn vs. average dip of 2.1mn in the past four quarters; and only a 1mn dip in Q2FY26. VIL has taken a voluntary measure to add only high-quality subs, which has resulted in temporary subs impact. Gross addition was healthy at 22mn (Rjio: 36.5mn) in Q3FY26, and it has been grabbing more gross subs market share. VIL started an aggressive rollout – it had a strong MBB deployment, with 4G/5G-site net add of 21k BTS in Q3FY26, which has helped in increasing data capacity by 43% and population coverage to 86%. VIL aspires to improve data coverage to 90% over next few quarters. Data subs rose 0.2mn to 135mn, while 4G subs rose 0.7mn to 128.5mn. Data subs are only 69.9% of total subs.

ARPU grew 3% QoQ (+5.5% YoY) while ARPU for Rjio was up 1.1%, QoQ in Q3FY26. Post-paid subs have been growing steadily for VIL, up 14.3% YoY (+0.9mn), which is also helping in growing organic ARPU.

#### Cash EBITDA up 4.8% QoQ/ down 3.8% YoY to INR 23.6bn

EBITDA decline was due to an increase in employee cost by 9.8% YoY. Network opex decreased by 0.1% QoQ and YoY each to INR 23.6bn. Network cost is likely to rise with acceleration in 4G and 5G deployment. SGA and other expenses fell 2.3% QoQ/ +3.3% YoY. VIL had net loss of INR 53bn, down from INR 66bn in Q3FY25, due to exceptional gain arising from provisions written back on remeasurement of settlement assets of INR 12.3bn. Finance cost increased to INR 58bn (vs. INR 48bn in Q2FY26, lower due to reversal of provisions). Capex stood at INR 23bn (19.9% of revenue) for Q3FY26.

**Net debt rose to INR 2,028bn**

Net debt increased by INR 30bn QoQ to INR 2,028bn in Q3FY26, of which, government dues were INR 2,054bn, up INR 40bn. Cash and cash equivalent rose by INR 39bn QoQ while debt from banks increased by INR 29bn.

**AGR dues frozen and reassessment started**

In major move for VIL, DoT has frozen the AGR dues of the company (for the period from FY07 to FY19) at INR 877bn. This amount was originally payable in six equal instalments starting FY26, but shall now be payable as – 1) INR 1.2bn to be paid annually over next 6 years i.e. FY26 to FY31; 2) INR 1bn to be paid p.a. over the subsequent 4 years i.e. FY32 to FY35; and 3) remaining re-assessed AGR dues to be paid in equal instalments over 6 years, i.e. FY36 to FY41. A committee has been constituted by DoT and reassessment of the AGR liability has begun.

**Risks**

- **Downside:** 1) Lower-than-expected AGR revenue market share, and 4G subs base. 2) If VIL fails to get more equity capital. 3) Unfavourable regulatory policies or outcome on ongoing litigations.
- **Upside risks:** 1) Higher-than-expected revenue market share. 2) Higher-than-estimated FCF generation.

## Exhibit 5: VIL consolidated financials

INR mn	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	QoQ (%)	YoY (%)
<b>Revenue</b>	<b>1,11,173</b>	<b>1,10,135</b>	<b>1,10,225</b>	<b>1,11,947</b>	<b>1,13,230</b>	<b>1.1</b>	<b>1.9</b>
Network operation cost	23,635	23,255	23,493	23,625	23,610	(0.1)	(0.1)
% of revenue	21.3	21.1	21.3	21.1	20.9		
Roaming & access charges	11,808	11,961	11,139	11,357	11,600	2.1	(1.8)
% of revenue	10.6	10.9	10.1	10.1	10.2		
License fees and spect charges	9,443	9,283	9,473	9,595	9,700	1.1	2.7
% of revenue	8.5	8.4	8.6	8.6	8.6		
Employee cost	5,493	5,495	5,435	6,072	6,030	(0.7)	9.8
% of revenue	4.9	5.0	4.9	5.4	5.3		
SGA and other exp	13,670	13,544	14,564	14,447	14,120	(2.3)	3.3
% of revenue	12.3	12.3	13.2	12.9	12.5		
<b>EBITDA</b>	<b>47,124</b>	<b>46,597</b>	<b>46,121</b>	<b>46,851</b>	<b>48,170</b>	<b>2.8</b>	<b>2.2</b>
EBITDA margin (%)	42.4	42.3	41.8	41.9	42.5		
<b>EBITDA (adj. for Ind AS)</b>	<b>24,500</b>	<b>23,207</b>	<b>21,800</b>	<b>22,500</b>	<b>23,580</b>	<b>4.8</b>	<b>(3.8)</b>
EBITDA margin (%)	22.0	21.1	19.8	20.1	20.8		
Depreciation and amortisation	56,288	55,713	54,721	55,675	55,500	(0.3)	(1.4)
<b>EBIT</b>	<b>(9,164)</b>	<b>(9,116)</b>	<b>(8,600)</b>	<b>(8,824)</b>	<b>(7,330)</b>		
Interest	59,399	64,713	58,928	47,844	58,280	21.8	(1.9)
Other income	2,495	2,148	1,417	1,019	1,930		
<b>PBT</b>	<b>(66,068)</b>	<b>(71,681)</b>	<b>(66,111)</b>	<b>(55,649)</b>	<b>(63,680)</b>		
Share of profits(losses) in JV	-	20	-	-	-		
Provision for tax	25	-	(30)	(31)	(40)		
Effective tax rate	(0.0)	-	0.0	0.1	0.1		
Exceptional gain/ (loss)	-	-	-	376	10,780		
<b>Net income (reported)</b>	<b>(66,093)</b>	<b>(71,661)</b>	<b>(66,081)</b>	<b>(55,242)</b>	<b>(52,860)</b>		
<b>EPS (INR)</b>	<b>(0.9)</b>	<b>(1.0)</b>	<b>(0.6)</b>	<b>(0.5)</b>	<b>(0.5)</b>		

Source: I-Sec research, Company data

## Exhibit 6: Subs dip 3.8mn in Q3FY26

	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	QoQ (%)	YoY (%)
Subscribers (mn)	200	198	198	197	193	(1.9)	(3.5)
Net adds (mn)	(5.2)	(1.6)	(0.5)	(1.0)	(3.8)		
Prepaid subs as % of total	87.4	87.1	86.5	85.8	85.1		
Blended churn (%)	4.5	4.1	4.1	4.3	4.4		
ARPU (INR)	163	164	165	167	172	3.0	5.5
Minutes of Use (min/subs)	593	598	590	585	592	1.2	(0.2)
Minutes on Network (mn)	3,60,000	3,57,000	3,50,000	3,46,000	3,45,000	(0.3)	(4.2)
Incremental mins (QoQ, mn)	(5,000)	(3,000)	(7,000)	(4,000)	(1,000)		
2G cell sites	1,87,708	1,95,284	1,97,139	1,98,428	2,03,555	2.6	8.4

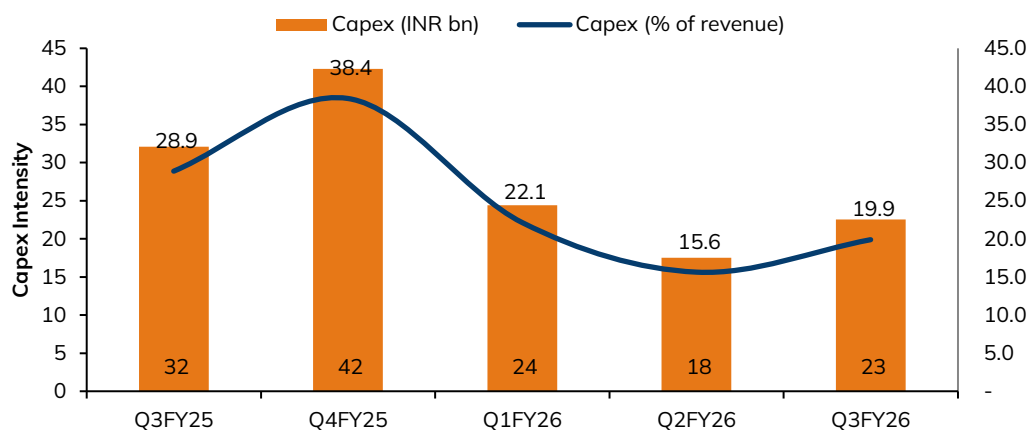
Source: I-Sec research, Company data

## Exhibit 7: Data subs up 0.2mn in Q3FY26

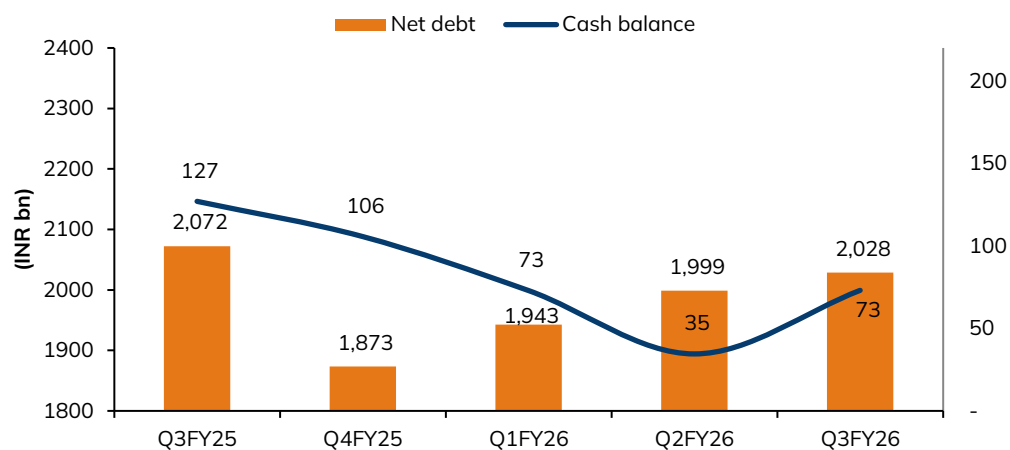
	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	QoQ (%)	YoY (%)
<b>Data (2G+3G+4G)</b>							
Data subs (mn)	134	134	135	135	135	0.1	0.5
Net adds (mn)	(0.7)	(0.1)	0.7	(0.1)	0.2		
As % of total subs	67.2	67.7	68.2	68.5	69.9		
Data volume (mn MB)	58,59,000	61,66,000	67,48,000	72,75,000	75,59,000	3.9	29.0
Data usage per sub (MB)	15,534	16,262	17,744	18,954	19,676	3.8	26.7
4G data subs (mn)	126.0	126.4	127.4	127.8	128.5	0.5	2.0
Net adds (mn)	0.1	0.4	1.0	0.4	0.7		
3G/4G Cell sites	4,60,250	4,94,596	5,16,183	5,27,012	5,48,027	4.0	19.1
Net adds (3G/4G cell sites)	20,651	34,346	21,587	10,829	21,015		

Source: I-Sec research, Company data



**Exhibit 8: Capex intensity rose to 19.9% of revenue**

Source: I-Sec research, Company data

**Exhibit 9: Net debt up QoQ by INR 30bn in Q3FY26**

Source: I-Sec research, Company data

**Exhibit 10: VIL EV/EBITDA-based valuation**

	FY28E
<b>EBITDA (INR mn)</b>	1,46,591
<b>EV/EBITDA multiple</b>	17.0
<b>Enterprise value (INR mn)</b>	24,92,054
<b>Net debt (INR mn)</b>	21,91,531
<b>Less AGR dues</b>	7,50,000
<b>Net debt (excl AGR)</b>	14,41,531
<b>Equity value (INR mn)</b>	10,50,524
<b>No of outstanding shares (mn)</b>	1,08,343
<b>Value per share</b>	10

Source: I-Sec research, Company data

**Exhibit 11: Earnings revision**

	Revised			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Subs (mn)	194	202	207	202	210	215	(4.0)	(3.8)	(3.7)
ARPU (INR)	170	194	207	173	203	216	(1.8)	(4.3)	(4.3)
<b>Financial (INR mn)</b>									
Revenue	4,50,011	5,14,775	5,62,606	4,67,167	5,56,695	6,07,872	(3.7)	(7.5)	(7.4)
EBITDA	1,88,824	2,43,411	2,72,838	2,10,200	2,84,967	3,18,382	(10.2)	(14.6)	(14.3)
EBITDA margin (%)	42.0	47.3	48.5	45.0	51.2	52.4			
PAT	(2,41,741)	(43,149)	(1,30,292)	1,36,608	(57,893)	(1,41,518)			
EPS (INR)	(2.2)	(0.4)	(1.2)	1.3	(0.5)	(1.3)		(25.5)	(7.9)

Source: I-Sec research, Company data

## Financials

### Exhibit 12: Consolidated P&L

INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%) FY25-28E
<b>Revenues</b>	<b>4,19,522</b>	<b>3,85,155</b>	<b>4,21,772</b>	<b>4,26,517</b>	<b>4,35,713</b>	<b>4,50,011</b>	<b>5,14,775</b>	<b>5,62,606</b>	<b>8.9</b>
Growth (%)	(6.7)	(8.2)	9.5	1.1	2.2	3.3	14.4	9.3	
Network opex	95,938	98,182	1,00,783	98,104	94,391	94,216	1,00,966	1,09,342	5.0
Other expenses	1,54,127	1,26,612	1,52,819	1,57,153	1,60,056	1,66,971	1,70,398	1,80,426	4.1
<b>Total expenses</b>	<b>2,50,065</b>	<b>2,24,794</b>	<b>2,53,602</b>	<b>2,55,257</b>	<b>2,54,447</b>	<b>2,61,187</b>	<b>2,71,364</b>	<b>2,89,769</b>	<b>4.4</b>
Growth (%)	(16.8)	(10.1)	12.8	0.7	(0.3)	2.6	3.9	6.8	
EBITDA (reported)	1,69,457	1,60,361	1,68,170	1,71,260	1,81,266	1,88,824	2,43,411	2,72,838	14.6
<b>EBITDA (adj. Ind AS)</b>	<b>86,789</b>	<b>77,908</b>	<b>82,967</b>	<b>84,000</b>	<b>91,907</b>	<b>82,426</b>	<b>1,27,439</b>	<b>1,46,591</b>	<b>16.8</b>
EBITDA margin (%)	20.7	20.2	19.7	19.7	21.1	18.3	24.8	26.1	
Inc. EBITDA (%)	(95.4)	25.8	13.8	21.8	86.0	(66.3)	69.5	40.0	
Growth (%)	49.3	(10.2)	6.5	1.2	9.4	(10.3)	54.6	15.0	
Depreciation	2,36,385	2,35,843	2,30,497	2,26,335	2,19,732	2,20,213	2,20,518	2,29,155	1.4
<b>EBIT</b>	<b>(66,928)</b>	<b>(75,482)</b>	<b>(62,327)</b>	<b>(55,075)</b>	<b>(38,466)</b>	<b>(31,389)</b>	<b>22,893</b>	<b>43,683</b>	
Other income	1,742	1,294	3,113	1,132	10,206	5,103	2,552	2,679	
Finance cost	1,79,981	2,09,808	2,33,543	2,57,655	2,45,434	2,15,455	1,68,594	1,76,654	
<b>PBT</b>	<b>(2,42,853)</b>	<b>(2,83,984)</b>	<b>(2,92,752)</b>	<b>(3,11,653)</b>	<b>(2,73,676)</b>	<b>(2,41,741)</b>	<b>(1,43,149)</b>	<b>(1,30,292)</b>	<b>(21.9)</b>
Tax	-203	113	35	8,286	158	-	-	-	
Exceptional item	(1,99,681)	1,643	(224)	7,555	-	-	1,00,000	-	
<b>Adj. PAT</b>	<b>(2,42,650)</b>	<b>(2,84,097)</b>	<b>(2,92,787)</b>	<b>(3,19,939)</b>	<b>(2,73,834)</b>	<b>(2,41,741)</b>	<b>(1,43,149)</b>	<b>(1,30,292)</b>	<b>(21.9)</b>
<b>Adj. EPS</b>	<b>(8.4)</b>	<b>(8.8)</b>	<b>(6.0)</b>	<b>(6.4)</b>	<b>(3.8)</b>	<b>(2.2)</b>	<b>(1.3)</b>	<b>(1.2)</b>	<b>(32.1)</b>
Growth (%)	(31.7)	4.7	(32.0)	6.1	(39.9)	(41.8)	(40.8)	(9.0)	

Source: I-Sec research, Company data

### Exhibit 13: KPIs

INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%) FY25-28E
<b>Mobile business</b>									
Subs (mn)	268	244	226	213	198	194	202	207	1.5
Net add (mn)	(23)	(24)	(18)	(13)	(15)	(4)	8	5	
Data subs (mn)	140	136	135	137	134	147	160	172	8.7
Net add (mn)	0.4	(4.2)	(0.7)	2.3	(3.2)	13.3	13.0	12.0	
% of total	52.2	55.7	59.8	64.5	67.7	75.9	79.3	83.2	
ARPU (Rs)	114	112	132	143	157	170	194	207	9.6
Growth (%)	(0.8)	(1.8)	18.4	8.0	9.9	8.4	14.4	6.3	

Source: I-Sec research, Company data



## Exhibit 14: Balance sheet parameters

INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%) FY25-28E
<b>Capital productivity</b>									
Fixed assets	16,74,967	15,68,590	17,38,313	15,76,751	15,70,602	13,40,128	13,44,367	12,98,181	(6.2)
FA turnover (x)	0.3	0.2	0.2	0.3	0.3	0.3	0.4	0.4	
Capex	47,097	60,089	39,422	16,139	1,00,050	80,000	1,50,000	1,00,000	(0.0)
Intensity (% of rev)	11.2	15.6	9.3	3.8	23.0	17.8	29.1	17.8	
Capex/ dep (ex-lease)	0.3	0.3	0.2	0.1	0.6	0.5	1.0	0.7	
CWIP	6,059	3,643	1,78,764	1,81,891	1,82,122	1,82,122	1,82,122	1,82,122	-
Capital employed	14,20,823	12,89,529	12,72,269	10,34,630	12,59,760	11,28,019	11,34,870	11,04,578	(4.3)
Pre-tax ROCE (%)	(5.1)	(5.6)	(4.9)	(4.8)	(3.4)	(2.6)	2.0	3.9	
<b>Leverage</b>									
Gross debt	18,03,103	19,09,177	20,15,860	20,76,298	19,62,962	20,72,962	21,22,962	22,22,962	4.2
of which govt. dues	15,09,309	17,31,145	18,83,550	20,28,962	19,39,702				
Net debt	17,80,938	18,74,211	20,07,306	20,70,934	18,57,277	20,69,234	21,13,229	21,91,531	5.7
ND/EBITDA (x)	10.5	11.7	11.9	12.1	10.2	11.0	8.7	8.0	
<b>Working capital (days)</b>									
Inventory	0	0	0	0	0	0	0	0	
Receivables	22	23	19	19	17	16	15	14	
Payable	116	125	117	115	90	75	65	60	
Deferred revenue	26	32	27	27	29	-	-	-	
Cash conversion	(119)	(133)	(125)	(123)	(102)	(59)	(50)	(46)	

Source: I-Sec research, Company data

## Exhibit 15: Concise cashflow statement

INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%) FY25-28E
<b>Cashflow</b>									
Operations cashflow	1,70,842	1,77,277	1,82,412	2,01,836	1,85,462	1,88,824	3,43,411	2,72,838	13.7
% of EBITDA	100.8	110.5	108.5	117.9	102.3	100.0	141.1	100.0	
Chg in WC	(14,445)	(3,407)	6,275	6,425	(92,556)	(43,284)	3,392	5,806	
Repayment lease	(95,555)	(69,397)	(79,039)	(87,138)	(1,32,889)	(67,144)	(74,756)	(82,970)	
CFO	60,842	1,04,473	1,09,648	1,21,123	(39,983)	78,395	2,72,047	1,95,674	
% of revenue	14.5	27.1	26.0	28.4	(9.2)	17.4	52.8	34.8	
Capex	(47,097)	(60,089)	(39,422)	(16,139)	(1,00,050)	(80,000)	(1,50,000)	(1,00,000)	(0.0)
FCF	1,03,553	1,12,746	1,32,465	1,87,639	(15,496)	65,540	1,96,803	1,78,643	
Finance cost	(28,256)	(27,997)	(20,940)	(28,678)	(20,902)	(2,15,455)	(1,68,594)	(1,76,654)	103.7
FCF (after int)	75,297	84,749	1,11,525	1,58,961	(36,398)	(1,49,915)	28,209	1,989	
Spectrum payment	(5,747)	(1,035)	(16,800)	(4,483)	(8,352)				
<b>Ratios</b>									
Dividend (INR/sh)	-	-	-	-	-	-	-	-	
Payout (%)	-	-	-	-	-	-	-	-	
Pre-tax ROIC (%)	(5.2)	(5.7)	(4.9)	(4.8)	(3.5)	(2.8)	2.0	4.0	

Source: I-Sec research, Company data

## Peer Comparison

### Exhibit 16: Telecom valuation snapshot

	CMP (INR)	MCap INR bn	Revenue (INR bn)			CAGR (%) FY26-28E	Cash EBITDA (INR bn)			CAGR (%) FY26-28E
			FY26E	FY27E	FY28E		FY26E	FY27E	FY28E	
Bharti Airtel	1,958	11,263	2,063	2,354	2,556	11.3	924	1,123	1,244	16.0
Bharti Hexacom	1,535	768	95	113	123	14.2	42	55	61	21.1
Reliance Jio	-	-	1,285	1,539	1,699	15.0	653	844	951	20.7
Vodafone Idea	9.9	710	467	557	608	14.1	101	164	187	35.9
Tata Comm	1,529	436	246	268	292	9.0	48	55	64	15.7
Indus Towers	425	1,146	333	357	378	6.6	132	139	147	5.7
Railtel Corp	347	111	42	48	56	15.8	6	7	8	11.0

Source: I-Sec research, Company data

### Exhibit 17: Telecom valuation snapshot

	PE (x)		EV/EBITDA (x)		ROCE (pre-tax, %)		ND/ cash EBITDA (x)		Capex (% of revenue)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Bharti Airtel	30.6	25.5	10.5	9.2	28.8	33.2	0.5	0.2	16.8	15.0
Bharti Hexacom	28.6	24.5	13.9	12.2	38.4	40.6	0.0	(0.3)	13.9	13.4
Reliance Jio					13.0	14.5	1.8	1.4	18.8	16.1
Vodafone Idea			15.7	14.1	3.5	5.3	11.4	10.3	35.9	13.2
Tata Comm	24.8	17.4	9.5	8.1	18.3	23.6	1.5	1.2	10.4	10.0
Indus Towers	14.8	13.7	7.7	7.1	18.1	18.8	(0.6)	(0.6)	10.1	8.5
Railtel Corp	26.0	22.5	15.3	13.6	20.5	21.1	(0.8)	(0.6)	8.2	7.8

Source: I-Sec research, Company data

### Exhibit 18: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	25.6	25.6	25.6
Institutional investors	10.1	10.8	11.5
MFs and others	3.9	4.6	5.3
FIs/Banks, Insurance	0	0	0
Insurance	0.2	0.2	0.2
FIIIs	6.0	6.0	6.0
Government of India	49.0	49.0	49.0
Others	15.3	14.6	13.9

Source: Bloomberg, I-Sec research

### Exhibit 19: Price chart



Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 20: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	4,35,713	4,50,011	5,14,775	5,62,606
<b>Operating Expenses</b>	<b>2,54,447</b>	<b>2,61,187</b>	<b>2,71,364</b>	<b>2,89,769</b>
EBITDA	1,81,266	1,88,824	2,43,411	2,72,838
<b>EBITDA Margin (%)</b>	<b>41.6</b>	<b>42.0</b>	<b>47.3</b>	<b>48.5</b>
Depreciation & Amortization	2,19,732	2,20,213	2,20,518	2,29,155
EBIT	(38,466)	(31,389)	22,893	43,683
Interest expenditure	2,45,434	2,15,455	1,68,594	1,76,654
Other Non-operating Income	-	-	-	-
Recurring PBT	(2,73,676)	(2,41,741)	(1,43,149)	(1,30,292)
<b>Profit / (Loss) from Associates</b>	<b>18</b>	-	-	-
<b>Less: Taxes</b>	<b>158</b>	-	-	-
PAT	(2,73,834)	(2,41,741)	(43,149)	(1,30,292)
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	1,00,000	-
Net Income (Reported)	(2,73,834)	(2,41,741)	(43,149)	(1,30,292)
<b>Net Income (Adjusted)</b>	<b>(2,73,834)</b>	<b>(2,41,741)</b>	<b>(1,43,149)</b>	<b>(1,30,292)</b>

Source Company data, I-Sec research

### Exhibit 21: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	3,10,395	2,04,922	2,28,175	2,57,376
of which cash & cash eqv.	1,05,685	3,728	9,733	31,431
Total Current Liabilities & Provisions	5,56,139	5,10,955	5,14,883	5,08,691
<b>Net Current Assets</b>	<b>(2,45,744)</b>	<b>(3,06,032)</b>	<b>(2,86,708)</b>	<b>(2,51,315)</b>
Investments	-	-	-	-
Net Fixed Assets	15,95,318	15,22,250	15,26,489	14,80,304
ROU Assets	-	-	-	-
Capital Work-in-Progress	1,82,122	1,82,122	1,82,122	1,82,122
Total Intangible Assets	-	-	-	-
Other assets	72,953	48,342	29,544	6,961
Deferred Tax Assets	116	116	116	116
<b>Total Assets</b>	<b>19,78,666</b>	<b>17,75,515</b>	<b>17,84,208</b>	<b>17,44,641</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>19,62,962</b>	<b>20,72,962</b>	<b>21,22,962</b>	<b>22,22,962</b>
<b>Deferred Tax Liability</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>
Provisions	50	52	59	65
Other Liabilities	2,97,832	2,71,604	2,69,511	2,66,423
Equity Share Capital	7,13,930	10,83,430	10,83,430	10,83,430
Reserves & Surplus	(14,17,132)	(20,28,373)	(20,71,522)	(22,01,814)
<b>Total Net Worth</b>	<b>(7,03,202)</b>	<b>(9,44,943)</b>	<b>(9,88,092)</b>	<b>(11,18,384)</b>
Minority Interest	-	-	-	-
<b>Total Liabilities</b>	<b>19,78,666</b>	<b>17,75,515</b>	<b>17,84,208</b>	<b>17,44,641</b>

Source Company data, I-Sec research

### Exhibit 22: Quarterly trend

(INR mn, year ending March)

	Mar-25	Jun-25	Sep-25	Dec-25
Net Sales	1,10,135	1,10,225	1,11,947	1,13,230
% growth (YOY)	3.8	4.9	2.4	1.9
EBITDA	46,597	46,121	46,851	48,170
Margin %	42.3	41.8	41.9	42.5
Other Income	2,148	1,417	1,019	1,930
Extraordinaries	-	-	376	10,780
Adjusted Net Profit	(71,661)	(66,081)	(55,242)	(52,860)

Source Company data, I-Sec research

### Exhibit 23: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Operating Cashflow</b>	<b>1,85,462</b>	<b>1,88,824</b>	<b>3,43,411</b>	<b>2,72,838</b>
Working Capital Changes	(92,556)	(43,284)	3,392	5,806
Capital Commitments	(1,08,402)	(80,000)	(1,50,000)	(1,00,000)
<b>Free Cashflow</b>	<b>(15,496)</b>	<b>65,540</b>	<b>1,96,803</b>	<b>1,78,643</b>
<b>Other investing cashflow</b>	<b>(54,081)</b>	<b>5,103</b>	<b>2,552</b>	<b>2,679</b>
Cashflow from Investing Activities	(54,081)	5,103	2,552	2,679
Issue of Share Capital	2,41,372	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(17,114)	1,10,000	50,000	1,00,000
Dividend paid	-	-	-	-
Others	(1,32,889)	(67,144)	(74,756)	(82,970)
Cash flow from Financing Activities	70,467	(1,72,599)	(1,93,350)	(1,59,624)
<b>Chg. in Cash &amp; Bank balance</b>	<b>890</b>	<b>(1,01,957)</b>	<b>6,004</b>	<b>21,698</b>
Closing cash & balance	2,568	3,728	9,733	31,431

Source Company data, I-Sec research

### Exhibit 24: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Per Share Data (INR)</b>				
Reported EPS	(3.8)	(2.2)	(0.4)	(1.2)
Adjusted EPS (Diluted)	(3.8)	(2.2)	(1.3)	(1.2)
Cash EPS	(0.8)	(0.2)	0.7	0.9
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	(9.8)	(8.7)	(9.1)	(10.3)
Dividend Payout (%)	-	-	-	-
<b>Growth (%)</b>				
Net Sales	2.2	0.0	0.1	0.1
EBITDA	5.8	0.0	0.3	0.1
EPS (INR)	(38.5)	(0.4)	(0.8)	2.0
<b>Valuation Ratios (x)</b>				
P/E	(2.6)	(4.4)	(24.7)	(8.2)
P/CEPS	(13.0)	(49.5)	13.8	10.8
P/BV	(1.0)	(1.1)	(1.1)	(1.0)
EV / EBITDA	14.1	16.6	13.1	11.9
EV / Sales	5.9	7.0	6.2	5.8
Dividend Yield (%)	-	-	-	-
<b>Operating Ratios</b>				
Gross Profit Margins (%)	-	-	-	-
EBITDA Margins (%)	41.6	42.0	47.3	48.5
Effective Tax Rate (%)	(0.1)	(0.1)	(0.1)	(0.1)
Net Profit Margins (%)	(62.8)	(53.7)	(8.4)	(23.2)
NWC / Total Assets (%)	(12.4)	(17.2)	(16.1)	(14.4)
Net Debt / Equity (x)	(2.6)	(2.2)	(2.1)	(2.0)
Net Debt / EBITDA (x)	10.2	11.0	8.7	8.0
<b>Profitability Ratios</b>				
RoCE (%)	(3.4)	(2.6)	2.0	3.9
RoE (%)	31.4	29.3	4.5	12.4
RoIC (%)	(3.5)	(2.8)	2.0	4.0
Fixed Asset Turnover (x)	0.1	0.1	0.1	0.2
Inventory Turnover Days	0.0	0.0	0.0	0.0
Receivables Days	16.8	15.8	14.8	13.8
Payables Days	90.0	75.0	65.0	60.0

Source Company data, I-Sec research

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