

Estimate changes	↔
TP change	↔
Rating change	↔

Bloomberg	IDEA IN
Equity Shares (m)	108343
M.Cap.(INRb)/(USDb)	761.7 / 8.9
52-Week Range (INR)	19 / 6
1, 6, 12 Rel. Per (%)	-2/-17/-64
12M Avg Val (INR M)	7529

#### Financials & Valuations (INR b)

INR b	FY26E	FY27E	FY28E
Net Sales	451	491	536
EBITDA	182	206	232
Adj. PAT	-319	-312	-274
EBITDA Margin (%)	40.3	41.8	43.3
Adj. EPS (INR)	-23.2	-2.1	-12.1
BV/Sh. (INR)	-20.3	-30.0	-38.6
<b>Ratios</b>			
Net D:E	-2.9	-2.3	-2.0
RoE (%)	NM	NM	NM
RoCE (%)	-3.0	-1.4	1.5
Payout (%)	0.0	0.0	0.0
<b>Valuations</b>			
EV/EBITDA (x)	12.5	12.7	12.0
P/E (x)	-2.4	-2.4	-2.8
P/B (x)	-0.3	-0.2	-0.2
Div. Yield (%)	0.0	0.0	0.0

#### Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	38.8	38.8	48.9
DII	27.5	26.8	34.4
FII	10.1	9.9	2.0
Others	23.6	24.5	14.7

FII includes depository receipts

**CMP: INR7**

**TP: INR6.5 (-8%)**

**Sell**

#### AGR relief and debt raise remain key for LT survival

- Vodafone Idea's (Vi) reported EBITDA declined 1% QoQ (vs. +2% QoQ for RJio/Bharti India wireless), which was above our estimates due to lower network opex (-2% QoQ, energy efficiencies) and SG&A costs (-1% QoQ).
- Operationally, subscriber losses moderated significantly (-1.6m QoQ vs. ~5m+ net losses each in 2Q/3Q). However, data subscriber additions (excl. M2M) remained weak, despite acceleration in 4G/5G rollouts.
- Wireless revenue declined 1% QoQ (vs. 1-2% QoQ uptick for peers) as residual benefits from the tariff hike were partly offset by subscriber declines and two fewer days QoQ in 4Q.
- Vi's capex increased further to INR42b (highest since the merger), with FY25 capex rising to INR96b. However, management indicated that FY26 capex beyond the current commitment of INR50-60b remains dependent on the successful closure of debt fund raise (which has been elusive so far).
- Despite equity infusion and acceleration in capex, Vi continued to lose market share to peers. On our estimates, it lost ~130bp in subscriber market share (SMS) and ~155bp in revenue market share (RMS) in FY25, among the three private telcos.
- Vi's continued subscriber losses and weaker data net adds remain key concerns. Despite potential acceleration in network investments, we believe regaining subscribers will remain a tall ask for Vi, given that peers—with superior free cash flow generation and deeper pockets—can keep customer acquisition costs higher.
- Further, with no relief so far on AGR dues (repayments commence Mar'26) and no breakthrough on the debt raise, we believe Vi is likely to face an annual cash shortfall of ~INR200b and may be unable to meet its capex guidance of INR500-550b over FY25-27E.
- Our revenue and EBITDA estimates for FY26-27E remain broadly unchanged. We **reiterate our SELL rating on Vi with an unchanged TP of INR6.5**, based on DCF implied ~13x Jun'27E EV/EBITDA.

#### 4Q above estimates on lower opex; subs decline moderates

- Vi's wireless ARPU rose ~1% QoQ to INR164 (+12% YoY vs. flat to +1% QoQ for peers) as residual tariff hike benefits were offset by two fewer days.
- Subscriber base at 198.2m declined by ~1.6m QoQ (significant moderation vs. ~5m+ declines in 2Q/3Q), better than our est. of a 3.5m decline.
- Monthly churn declined 40bp QoQ to 4.1% and remains a key monitorable.
- Wireless revenue at INR98b (+4.5% YoY, 1% above) declined 1% sequentially (vs. 1-2% QoQ growth for peers) as residual benefits of the tariff hike were partly offset by a continued decline in the subscriber base.
- Reported EBITDA at INR46.6b (-1% QoQ, +8% YoY, vs ~2% QoQ growth for peers) was ~4% above our estimate, driven by lower SG&A and network expenses.
- Pre-Ind-AS 116 EBITDA at INR23.2b declined ~5% QoQ (+6% YoY) and was ~5% above our estimate, as margin contracted ~90bp QoQ to 21.1% (+50bp YoY and ~75bp higher than our estimate).

- Vi's reported losses widened to INR72b (vs. INR66b QoQ, our estimate of INR73.7b). We note that 3Q benefited from lower interest costs due to settlement with a vendor.
- Vi's reported net debt (excluding leases but including interest accrued and not due) **declined INR302b QoQ to INR1.87t**, following the accounting of ~INR369.5b equity conversion of Gol dues.
- Vi still owes ~INR1.95t to Gol for deferred spectrum and AGR dues. External/banking debt was stable QoQ at ~INR23b (lower vs. INR42b YoY).
- Vi's capex increased **further to INR42b**, the highest since the merger. FY25 capex stood at **~INR96b**.
- Vi has sought an **enabling resolution to raise up to INR200b** and has formed a committee to evaluate potential modes of fund raising.

### Key highlights from the management commentary

- **Subscriber trends:** Management indicated that 4G net adds are improving with the ongoing network rollout. Further, it indicated that the 5G user base on its network continues to improve steadily.
- **Network rollout:** Vi rolled out ~7.6k towers (~8.5k MBB towers) and ~34k net MBB sites in 4Q, boosting 4G population coverage to 83%. 4G coverage is expected to increase to 84-86% in the near term, based on the current visibility of ~INR50-60b capex plans. The company also rolled out 5G in Mumbai, Delhi, Chandigarh, and Patna, with plans to expand 5G to key cities across 17 priority circles by Aug'25.
- **Debt raise:** Vi remains engaged with lenders for a debt raise, with discussions progressing following the ~INR369.5b equity conversion of Gol dues and recent upgrades to credit ratings. Management indicated that debt raise remains crucial for Vi to reach its target of ~215-220k unique tower sites (vs. ~195k currently) and to increase 4G population coverage to ~90% (vs. 83% currently).
- **Network opex:** Management highlighted several cost-saving initiatives, such as energy cost optimization, rental negotiations, and insourcing fiber maintenance, that have helped reduce expenses despite accelerated network rollouts.
- **Tariff construct:** Management continues to make a case for tariff construct to change from unlimited daily data allowance to usage-based plans. However, the company is reluctant to lead this change and prefers to wait for competitors to take the initiative. We note, even Bharti has long supported a move toward usage-based tariff plans.

### Valuation and view

- Vi continues to lose market share to peers due to lower ARPU translation, given its inferior subscriber mix and elevated subscriber churn.
- It plans to embark on a significant capex cycle (INR500-550b over the next 2-3 years) to bridge the network gap with peers.
- Despite the likely capex, we believe regaining subscribers would be a tall ask for Vi, given its peers' superior free cash flow generation and deeper pockets.
- Further, we believe the company's network investments remain contingent on debt raise, which, in turn, is dependent on continued support/AGR relief from Gol (INR200b+ annual cash shortfall over FY26-31E).
- Stabilization of the subscriber base, along with further relief from the Gol, remains imperative for Vi's long-term survival.
- Our revenue and EBITDA estimates for FY26-27E remain broadly unchanged. We **reiterate our SELL rating on Vi with an unchanged TP of INR6.5**, based on DCF implied ~13x Jun'27E EV/EBITDA.

**Consolidated - Quarterly Earnings Model**

Y/E March	(INR b)											
	FY24				FY25				FY24	FY25E	FY25E	Est Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		4QE	(%)	
<b>Revenue</b>	<b>107</b>	<b>107</b>	<b>107</b>	<b>106</b>	<b>105</b>	<b>109</b>	<b>111</b>	<b>110</b>	<b>427</b>	<b>436</b>	<b>109</b>	<b>1.0</b>
YoY Change (%)	2.4	1.0	0.5	0.7	-1.4	2.0	4.2	3.8	1.1	2.2	2.8	
<b>Total Expenditure</b>	<b>65</b>	<b>64</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>255</b>	<b>254</b>	<b>64</b>	<b>-0.8</b>
<b>EBITDA</b>	<b>42</b>	<b>43</b>	<b>44</b>	<b>43</b>	<b>42</b>	<b>45</b>	<b>47</b>	<b>47</b>	<b>171</b>	<b>181</b>	<b>45</b>	<b>3.7</b>
YoY Change (%)	-4.0	4.5	4.1	3.0	1.1	6.2	8.3	7.5	1.8	5.8	-73.5	
Depreciation	56	57	56	58	54	54	56	56	226	220	56	-0.5
Net Finance Costs	64	65	65	62	53	63	57	63	257	235	63	-0.2
<b>PBT before EO expense</b>	<b>-78</b>	<b>-79</b>	<b>-77</b>	<b>-77</b>	<b>-64</b>	<b>-72</b>	<b>-66</b>	<b>-72</b>	<b>-312</b>	<b>-274</b>	<b>-74</b>	<b>-2.7</b>
Extra-Ord expense	0	0	-8	0	0	0	0	0	-8	0	0	
<b>PBT</b>	<b>-78</b>	<b>-79</b>	<b>-70</b>	<b>-77</b>	<b>-64</b>	<b>-72</b>	<b>-66</b>	<b>-72</b>	<b>-304</b>	<b>-274</b>	<b>-74</b>	<b>-2.7</b>
Tax	0.0	8.2	0.0	0.1	0.1	0.1	0.0	0.0	8.3	0.2	0.0	
Rate (%)	0.0	-10.3	0.0	-0.1	-0.1	-0.1	0.0	0.0	-2.7	-0.1	0.0	
<b>Reported PAT</b>	<b>-78</b>	<b>-87</b>	<b>-70</b>	<b>-77</b>	<b>-64</b>	<b>-72</b>	<b>-66</b>	<b>-72</b>	<b>-312</b>	<b>-274</b>	<b>-74</b>	<b>-2.7</b>
<b>Adj PAT</b>	<b>-78</b>	<b>-87</b>	<b>-77</b>	<b>-77</b>	<b>-64</b>	<b>-72</b>	<b>-66</b>	<b>-72</b>	<b>-320</b>	<b>-274</b>	<b>-74</b>	<b>-2.7</b>
YoY Change (%)	7.4	15.0	-3.1	20.0	-18.0	-17.9	-14.6	-6.6	9.3	-14.4	-4.8	

E: MOFSL Estimates

**Exhibit 1: Valuation based on Jun'27E EV/EBITDA**

Methodology	Driver	Multiple	Fair Value (INRb)	Value/sh (INR)
Consol EBITDA	EV/EBITDA	212	13(DCF based)	2,765
Less Net debt			2,064	19
<b>Total Value</b>			<b>701</b>	<b>6.5</b>
Diluted shares o/s*			108.3	
CMP (INR)				7.0
<b>Upside (%)</b>				<b>-8</b>

Source: MOFSL, Company

**Exhibit 2: Summary of our estimate revisions**

	FY26E	FY27E	FY28E
<b>EoP subscribers (m)</b>			
Old	193.5	192.5	-
Actual/New	193.5	196.0	197.0
Change (%)	0.0	1.8	-
<b>ARPU (INR/sub/month)</b>			
Old	172	191	-
Actual/New	171	189	205
Change (%)	-0.4	-1.0	-
<b>Revenue (INRb)</b>			
Old	452	494	-
Actual/New	451	491	536
Change (%)	-0.3	-0.5	-
<b>EBITDA (INRb)</b>			
Old	180	205	-
Actual/New	182	206	232
Change (%)	1.0	0.4	-
<b>EBITDA margin (%)</b>			
Old	39.8	41.4	-
Actual/New	40.3	41.8	43.3
Change (bp)	49bps	38bps	-
<b>Pre IND-AS EBITDA</b>			
Old	84.8	104.5	-
Actual/New	85.7	105.4	127.4
Change (%)	1.1	0.9	-
<b>Net Profit (INRb)</b>			
Old	-303	-283	-
Actual/New	-319	-312	-274
Change (%)	-5.3	-10.3	-

Source: Company, MOFSL



## Detailed takeaways from the earnings call

- **Subscriber trends:** Management indicated that 4G net adds are improving with the ongoing network rollout. Further, it indicated the 5G user base on its network continues to improve.
- **Network rollout:** Vi rolled out ~7.6k towers (~8.5k MBB towers) and ~34k net MBB sites during 4Q, boosting 4G population coverage to 83%. 4G coverage is expected to increase to 84-86% in the near term based on the current visibility of ~INR50-60b capex plan. The company also rolled out 5G in Mumbai, Delhi, Chandigarh, and Patna, with plans to expand 5G to key cities across 17 priority circles by Aug'25.
- **Debt raise:** Vi remains engaged with lenders for a debt raise, with discussions progressing following the ~INR369.5b equity conversion of Gol dues and upgrades to credit ratings. Management indicated that debt raise remains crucial for Vi to reach its target of ~215-220k unique tower sites (vs. ~195k currently) and ~90% 4G population coverage (vs. 83% currently).
- **Network opex:** Management indicated that the company has taken various initiatives such as energy cost optimization, rental negotiations, and insourcing fiber maintenance, that have helped reduce expenses despite accelerated network rollouts.
- **Tariff construct:** Vi's management continues to make a case for tariff construct to change from unlimited daily data allowance to usage-based plans. However, the company is reluctant to lead this change and prefers to wait for competitors to take the initiative. We note, even Bharti has long supported a move toward change in tariff construct to usage-based plans.
- **Pre-merger settlement with Vodafone Plc.:** Vi is entitled to receive ~INR64b from Vodafone Plc to settle liabilities prior to the merger. The companies have mutually agreed to extend the settlement date to Sep'25 (from Jun'25) and expect to realize the amount to clear off a part of AGR dues.
- **Fund raise:** Vi's Board has approved an enabling resolution to raise up to ~INR200b and is exploring various options for fund raise, though nothing has been closed yet.
- **AGR relief:** The company believes that Gol can take a policy decision to waive off/restructure the AGR dues without any intervention from The Supreme Court. The current AGR dues for the company stood at ~INR760b.

## Vi 4Q: Above estimates, driven by lower expenses; network rollout accelerates

- Vodafone Idea's (Vi) overall revenue at INR110b (-1% QoQ, +4% YoY) was **~1% above our estimate**, driven by lower-than-estimated sub declines and slightly higher ARPU.
- Reported EBITDA at INR46.6b (-1% QoQ, +8% YoY, vs. ~2% QoQ for RJio and Bharti-India wireless) was **~4% above** our estimate, due to lower network opex (-2% QoQ, 1% below) and SG&A costs (-1% QoQ, 2% below).
- Reported EBITDA margin contracted ~10bp QoQ to 42.3% (up 145bp YoY, flat/+40bp QoQ for RJio and Bharti-India wireless) and **was ~110bp above** our estimate.
- Pre Ind-AS 116 EBITDA at INR23.2b declined ~5% QoQ (+6% YoY) and was **~5% above** our estimate. Pre Ind-AS 116 EBITDA margin contracted ~90bp QoQ to 21.1% (+50bp YoY and was ~75bp higher than our estimate).

- Vi's reported losses widened to INR72b (vs. INR66b QoQ, our estimate of INR73.7b). We note that 3Q benefitted from the lower interest cost on account of a settlement with a vendor.
- Vi's reported net debt (excluding leases but including interest accrued and not due) **declined by INR302b QoQ to INR1.87t**, as Vi accounted ~INR369.5b equity conversion of Gol dues. The company still owes ~INR1.95t to Gol for deferred spectrum and AGR dues. External/Banking debt was stable QoQ at ~INR23b (lower vs. INR42b YoY).
- Vi's capex increased **further to INR42b**, highest since the merger. FY25 capex stood at **~INR96b**.
- Vi has sought an **enabling resolution for raising up to INR200b** and has formed a committee to evaluate the potential modes of fund raising.

#### Subscriber declines moderate; residual benefits of tariff hike offset by two fewer days

- Wireless ARPU was up ~1% QoQ to INR164 (+12% YoY, vs. flat/+1% QoQ for Bharti/RJio) and was ~1% above our estimate of INR163, driven by residual benefits of the tariff hike.
- Vi indicated that customer ARPU (excluding M2M) was up ~1% QoQ to INR175 (vs. flat QoQ at INR245 for Bharti).
- Vi's overall subscriber base at 198.2m declined 1.6m QoQ (significant moderation vs. 5.2m net declines in 3QFY25 and better than our expectation of a 3.5m QoQ decline) as churn rate moderated.
- Vi's monthly churn declined ~40bp QoQ to 4.1% (vs. a decline of ~20bp QoQ for Bharti) and remains a key monitorable.
- Vi's postpaid subscriber base (including M2M) further improved QoQ (rising by ~0.4m QoQ) to 25.6m, 4G/5G subscriber base inched up by 0.4m QoQ, while data subs declined by ~0.1m QoQ). We believe Vi lost ~0.8m pureplay data subs (excl. M2M subs).
- Wireless revenue at INR98b (+4.5% YoY, 1% above) declined 1% sequentially (vs. 1%/2% QoQ increase for Bharti/RJio) as residual benefits of the tariff hike were partly offset by continued subscriber declines and two fewer days QoQ.

#### Other highlights: Consumer engagement weaker and remains well below peers; trade payables decline

- Enterprise revenue at INR11.6b (-4% QoQ, -4% YoY) was ~4% below our estimate.
- Vi's data volume grew ~5% QoQ (-2% QoQ in 3QFY25) and was in line vs. +5% QoQ growth for Bharti and RJio, including FTTH, albeit on a much lower base.
- Data usage per data subscriber increased to 15.3GB/month (from 14.5GB QoQ) but remains significantly below peers [RJio (33.6GB including FTTH contribution), Bharti 25.1GB].
- Voice usage on Vi network declined ~1% QoQ (vs. -1% QoQ in 3QFY25, weaker vs. +2% QoQ for Bharti and RJio).
- Implied minute of usage per subscriber improved marginally to 598min/month (vs. 593min QoQ) but remained significantly below 1,163mins/1,024mins for Bharti/RJio.
- Vi's trade payables declined further by ~INR10b QoQ to INR107b (vs. INR138b at FY24 end). This primarily comprises dues to tower and network vendors such as Indus Towers.

### Network rollout accelerates in 4Q

- Vi added ~7.6k towers (~8.5k MBB towers) and ~34k net broadband sites in 4Q. This is the largest quarterly rollout for Vi since the merger.
- As a result, Vi's 4G population coverage increased by ~600bp, reaching 83% by Mar'25.
- Management indicated that 4G population coverage would be further ramped up to ~1.2b (or 90% of the overall population).
- Vi has commercially launched 5G services in Mumbai, Delhi, Chandigarh, and Patna, with plans to expand 5G services to key cities in 17 priority circles by Aug'25.

### Bharti the biggest gainer from tariff hikes in FY25

- On our estimates, Bharti was the biggest gainer on revenue market share (RMS) in FY25, gaining ~177bp YoY (+7bp QoQ in 4Q). Rjio lost ~22bp YoY (but gained ~27bp QoQ in 4Q), while Vi lost a further ~155bp in FY25 (and -34bp QoQ in 4Q) among the three private telcos.
- Bharti also gained 23bp QoQ (+108bp YoY) in subscriber market share (SMS), with R-Jio gaining 8bp QoQ (~21bp YoY), while Vi lost further ~30bp QoQ (and ~130bp YoY).

### Exhibit 3: Vi's 4Q results summary

Vodafone Idea (INR m)	4QFY24	3QFY25	4QFY25	YoY	QoQ	4QFY25E	vs. est
<b>Revenue</b>	<b>1,06,068</b>	<b>1,11,173</b>	<b>1,10,135</b>	<b>3.8</b>	<b>(0.9)</b>	<b>1,09,025</b>	<b>1.0</b>
Interconnection costs	10,624	11,808	11,961	13	1	12,000	(0.3)
License fee and spectrum charges	9,044	9,443	9,283	3	(2)	9,256	0.3
Network operating costs	23,648	23,635	23,255	(2)	(2)	23,505	(1.1)
Employee costs	5,441	5,493	5,495	1	0	5,495	(0.0)
SG&A expenses	13,953	13,670	13,544	(3)	(1)	13,813	(2.0)
Total costs	62,710	64,049	63,538	1	(1)	64,070	(0.8)
<b>EBITDA</b>	<b>43,358</b>	<b>47,124</b>	<b>46,597</b>	<b>7.5</b>	<b>(1.1)</b>	<b>44,955</b>	<b>3.7</b>
EBITDA margin (%)	40.9	42.4	42.3	143	(8)	41.2	108
<b>Ind-AS adjusted EBITDA</b>	<b>21,800</b>	<b>24,500</b>	<b>23,200</b>	<b>6.4</b>	<b>(5.3)</b>	<b>22,155</b>	<b>4.7</b>
Ind-AS adjusted EBITDA margin (%)	20.6	22.0	21.1	51	(97)	20.3	74
D&A	57,513	56,288	55,713	(3.1)	(1.0)	55,984	(0.5)
<b>EBIT</b>	<b>(14,155)</b>	<b>(9,164)</b>	<b>(9,116)</b>	<b>35.6</b>	<b>0.5</b>	<b>(11,029)</b>	<b>17.3</b>
Net interest income/(expense)	62,478	56,904	62,565	0.1	9.9	62,673	(0.2)
PBT	(76,633)	(66,068)	(71,681)	6.5	(8.5)	(73,702)	2.7
Taxes	(87)	(25)	-			—	
MI and share of associates	(26)	-	20			—	
<b>PAT</b>	<b>(76,746)</b>	<b>(66,093)</b>	<b>(71,661)</b>	<b>6.6</b>	<b>(8.4)</b>	<b>(73,702)</b>	<b>2.8</b>
Extraordinaries	-	—	—			—	
<b>Reported net income</b>	<b>(76,746)</b>	<b>(66,093)</b>	<b>(71,661)</b>	<b>6.6</b>	<b>(8.4)</b>	<b>(73,702)</b>	<b>2.8</b>
<b>Key performance indicators</b>							
Subscriber base (EoP) (m)	212.6	199.8	198.2	(6.8)	(0.8)	196.3	1.0
Net adds/(declines) (m)	(2.6)	(5.2)	(1.6)			(3.5)	
Data subscribers(EoP) (m)	137.3	134.2	134.1	(2.3)	(0.1)	134.4	(0.2)
<b>Reported ARPU (INR/month)</b>	<b>146</b>	<b>163</b>	<b>164</b>	<b>12.3</b>	<b>0.6</b>	<b>163</b>	<b>0.7</b>
Total minutes of use (b)	402	360	357	(11.2)	(0.8)	355	0.7
Average MoU (min/month)	627	593	598	(4.6)	0.8	597	0.2
Data volume (Petabyte)	6,049	5,859	6,166	1.9	5.2	5,888	4.7
Implied data usage (GB/month)	14.7	14.5	15.3	4.4	5.6	14.6	4.8
<b>Wireless revenue</b>	<b>93,688</b>	<b>98,974</b>	<b>97,908</b>	<b>4.5</b>	<b>(1.1)</b>	<b>96,784</b>	<b>1.2</b>
Enterprise revenue	12,049	12,030	11,575	(3.9)	(3.8)	12,091	(4.3)
Other operating revenue	331	169	652	97.0	285.8	150	334.7

**Exhibit 4: Vi – Key operating metrics**

Key performance indicators	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
<b>Paying subscriber base (EoP) (m)</b>	<b>221.4</b>	<b>220</b>	<b>215</b>	<b>213</b>	<b>210</b>	<b>205</b>	<b>200</b>	<b>198</b>
Paying net adds (m)	(4.5)	(1.6)	(4.6)	(2.6)	(2.5)	(5.1)	(5.2)	(1.6)
<b>VLR subscribers (EoP) (m)</b>	<b>202.7</b>	<b>199.8</b>	<b>196.7</b>	<b>193.3</b>	<b>188.3</b>	<b>179.5</b>	<b>176.5</b>	<b>175.3</b>
Net VLR subscriber addition (m)	(5.1)	(3.0)	(3.1)	(3.4)	(5.0)	(8.8)	(3.0)	(1.2)
Pre-paid subscribers (% of EoP subscribers)	89.7	89.5	89.0	88.8	88.5	88.0	87.4	87.1
Total data subscribers (2G+3G+4G) (m)	135.9	137	137	137	137	135	134	134
<b>4G subscribers (m)</b>	<b>122.9</b>	<b>124.7</b>	<b>125.6</b>	<b>126.3</b>	<b>126.7</b>	<b>125.9</b>	<b>126.0</b>	<b>126.4</b>
Blended monthly churn rate (%)	3.9	4.1	4.3	3.9	4.0	4.5	4.5	4.1
<b>Blended ARPU (INR/month)</b>	<b>139.0</b>	<b>142.0</b>	<b>145.0</b>	<b>146.0</b>	<b>146.0</b>	<b>156.0</b>	<b>163.0</b>	<b>164.0</b>
Total data volume (2G+3G+4G) (b MB)	6,002.0	6,119	6,004	6,049	6,111	5,992	5,859	6,166
<b>Data usage by data subscribers (2G+3G+4G) (MB/month)</b>	<b>14,705</b>	<b>14,937</b>	<b>14,576</b>	<b>14,680</b>	<b>14,858</b>	<b>14,697</b>	<b>14,515</b>	<b>15,321</b>
Voice traffic (b min)	420.0	406	401	402	385	365	360	357
Average MoU (min/subscriber/month)	626	613	615	626	607	586	593	598
Total unique towers (EoP)	1,83,638.0	1,83,565	1,83,358	1,83,758	1,83,323	1,84,245	1,87,708	1,95,284
<b>Total unique broadband towers (EoP)</b>	<b>1,70,411</b>	<b>1,70,423</b>	<b>1,70,351</b>	<b>1,70,530</b>	<b>1,70,813</b>	<b>1,72,103</b>	<b>1,76,133</b>	<b>1,84,644</b>
Total broadband sites (3G+4G)	4,42,062.0	4,40,467	4,38,901	4,30,705	4,17,245	4,39,599	4,60,250	4,94,596

**Exhibit 4: Vi's net debt declined ~INR303b QoQ on equity conversion; while capex rose to a record high since the merger**

	Mar-21	Sep-21	Mar-22	Sep-22	Mar-23	Sep-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
<b>Debt and capex trends (INR b)</b>											
<b>Gross debt</b>	<b>1,803</b>	<b>1,948</b>	<b>1,979</b>	<b>2,203</b>	<b>2,093</b>	<b>2,128</b>	<b>2,156</b>	<b>2,210</b>	<b>2,257</b>	<b>2,297</b>	<b>1,973</b>
External debt	231	228	181	151	114	79	40	46	33	23	23
OCD issuance to ATC					16	16	2	2	-	-	-
<b>Gol debt</b>	<b>1,572</b>	<b>1,720</b>	<b>1,798</b>	<b>2,052</b>	<b>1,963</b>	<b>2,033</b>	<b>2,114</b>	<b>2,162</b>	<b>2,225</b>	<b>2,273</b>	<b>1,949</b>
Deferred spectrum liabilities	963	1,086	1,139	1,367	1,307	1,351	1,411	1,458	1,522	1,570	1,190
AGR dues	610	634	660	686	656	682	703	703	703	703	759
Cash and equivalents	3.5	2.5	14.6	1.9	2.3	1.2	1.7	181.5	136.2	120.9	99.3
<b>Net debt</b>	<b>1,800</b>	<b>1,945</b>	<b>1,964</b>	<b>2,201</b>	<b>2,090</b>	<b>2,127</b>	<b>2,155</b>	<b>2,028</b>	<b>2,121</b>	<b>2,176</b>	<b>1,873</b>
Net debt (ex-leases) to annualized pre Ind-AS EBITDA	26	34	25	26	25	26	25	24	23	22	20
<b>Capex</b>	<b>15.4</b>	<b>13.0</b>	<b>12.1</b>	<b>12.1</b>	<b>5.6</b>	<b>5.2</b>	<b>5.5</b>	<b>7.6</b>	<b>13.6</b>	<b>32.1</b>	<b>42.3</b>
as % of revenue	16.1	13.8	11.8	11.4	5.3	4.9	5.2	7.2	12.4	28.9	38.4

**Exhibit 5: Vi's debt build-up as of 4QFY25 (after INR369.5b equity conversion of Gol's dues)**

<b>Vi debt build-up (INR b)</b>	<b>1,949</b>
External debt (a)	23
<b>Government debt (c)</b>	
Deferred spectrum liabilities	1,190
AGR dues	759
Gross debt (a) + (b) + (c)	1,973
Cash and equivalents (d)	99.3
<b>Net debt (a) + (b) + (c) - (d)</b>	<b>1,873</b>

**Exhibit 6: Despite equity conversions, Vi still has large Gol debt repayments from FY26 and beyond**

	FY26E	FY27E	FY28E	FY29E
<b>Vi debt repayments (INR b)</b>				
External loans	15.8	7.7	—	—
NCDs / OCDs	—	—	—	—
Government dues	187	227	331	435
<b>Total debt repayment</b>	<b>203</b>	<b>235</b>	<b>331</b>	<b>435</b>

**Exhibit 7: Despite equity conversions, Vi likely to face ~INR200b+ annual cash shortfall over FY26-28 on average**

(INR b)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY26-28E
Wireless subs (m)	226	213	198	193	196	197	
Wireless ARPU (INR/month)	132	143	157	171	189	205	
<b>Cash inflows</b>	<b>83</b>	<b>95</b>	<b>308</b>	<b>400</b>	<b>105</b>	<b>132</b>	<b>637</b>
Cash EBITDA	83	84	92	86	105	132	323
Other non-operational cashflows	—	11		64			64
Equity fund raise			216				0
<b>Likely debt fund raise</b>				250			250
<b>Cash outflows</b>	<b>117</b>	<b>121</b>	<b>169</b>	<b>375</b>	<b>386</b>	<b>450</b>	<b>1,211</b>
External dues repayments	67	74	17	16	8	-	23
Gol spectrum repayments	17	19	22	131	270	270	670
<b>Recent Gol equity conversion</b>				(109)	(207)	(103)	(420)
<b>AGR dues</b>				165	165	165	495
Vendor past dues repayments	(20)	(2)	30	-			-
<b>Capex</b>	<b>34</b>	<b>19</b>	<b>96</b>	<b>141</b>	<b>123</b>	<b>90</b>	<b>355</b>
Likely interest on external dues	20	11	5	31	29	29	88
<b>Gross cash surplus / (shortfall)</b>	<b>(34)</b>	<b>(25)</b>	<b>139</b>	<b>25</b>	<b>(281)</b>	<b>(319)</b>	<b>(575)</b>
Change in cash and equivalents	(12)	(1)	98				
<b>Net cash surplus / (shortfall)</b>	<b>(22)</b>	<b>(25)</b>	<b>41</b>	<b>25</b>	<b>(281)</b>	<b>(319)</b>	<b>(575)</b>
<b>Cash surplus/(shortfall) excl. AGR dues</b>	<b>(22)</b>	<b>(25)</b>	<b>41</b>	<b>190</b>	<b>(116)</b>	<b>(154)</b>	<b>(80)</b>

**Exhibit 8: Key assumptions for Vi's wireless business**

	2021	2022	2023	2024	2025	2026E	2027E	2028E
<b>Key assumptions</b>								
<b>Paying subscriber base (EoP) (m)</b>	<b>268</b>	<b>244</b>	<b>226</b>	<b>213</b>	<b>198</b>	<b>193</b>	<b>196</b>	<b>197</b>
Paying net adds (m)	(23.3)	(24.0)	(17.9)	(13.3)	(14.4)	(4.8)	2.5	1.0
VLR subscribers (EoP) (m)	255.7	226.1	207.9	193.3	175.3	169.4	169.7	170.4
Net VLR subscriber addition (m)	(38.0)	(29.6)	(18.2)	(14.6)	(17.9)	(6.0)	0.3	0.7
Pre-paid subscribers (% of EoP subscribers)	92.2	91.8	90.1	88.8	87.1	86.1	85.7	85.3
<b>Total data subscribers (2G+3G+4G) (m)</b>	<b>140</b>	<b>136</b>	<b>136</b>	<b>137</b>	<b>134</b>	<b>135</b>	<b>137</b>	<b>139</b>
4G subscribers (m)	113.9	118.1	122.6	126.3	126.4	128.5	131.0	136.0
<b>Blended ARPU (INR/month)</b>	<b>114</b>	<b>112</b>	<b>132</b>	<b>143</b>	<b>157</b>	<b>171</b>	<b>189</b>	<b>205</b>
Total data volume (2G+3G+4G) (b MB)	18,208	21,493	22,707	24,174	24,128	25,035	25,887	27,581
Data usage by data subscribers (2G+3G+4G) (MB/month)	10,861	12,998	13,919	14,731	14,817	15,494	15,868	16,661
Voice traffic (b min)	2,210	1,901	1,727	1,629	1,467	1,409	1,414	1,441
Average MoU (min/subscriber/month)	659	619	613	619	595	600	605	611
Total unique towers (EoP)	1,80,484	1,84,794	1,84,382	1,83,758	1,95,284	2,11,284	2,21,284	2,25,000
<b>Total unique broadband towers (EoP)</b>	<b>1,65,409</b>	<b>1,69,016</b>	<b>1,70,359</b>	<b>1,70,530</b>	<b>1,84,644</b>	<b>2,07,058</b>	<b>2,21,284</b>	<b>2,25,000</b>
Total broadband sites (3G+4G)	4,52,650	4,55,264	4,43,537	4,30,705	4,94,596	5,48,705	5,86,403	5,97,551

**Exhibit 9: For every INR10 ARPU change, Vi's reported EBITDA changes by ~INR15b (~8-9%)**
**FY26E Wireless ARPU (INR)**

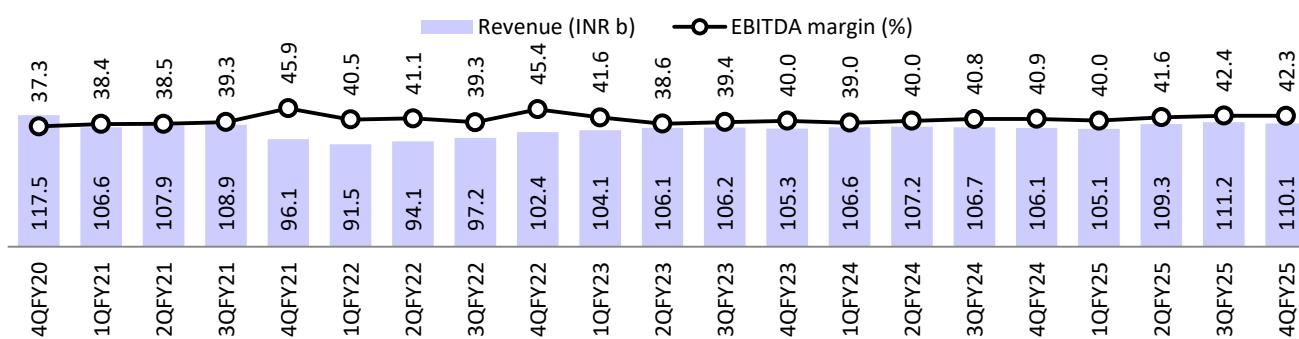
	151	161	171	181	191
<b>FY26E Paying subs (m)</b>	173	139	154	168	183
	183	145	160	175	190
	193	151	167	182	197
	203	157	173	188	204
	213	163	179	195	211

**Exhibit 10: For every INR10 ARPU change, Vi's pre IND-AS EBITDA changes by ~INR15b (~17-18%)**
**FY26E Wireless ARPU (INR)**

	151	161	171	181	191
<b>FY26E Paying subs (m)</b>	173	43	58	72	87
	183	49	64	79	94
	193	55	70	86	101
	203	61	77	92	108
	213	67	83	99	115

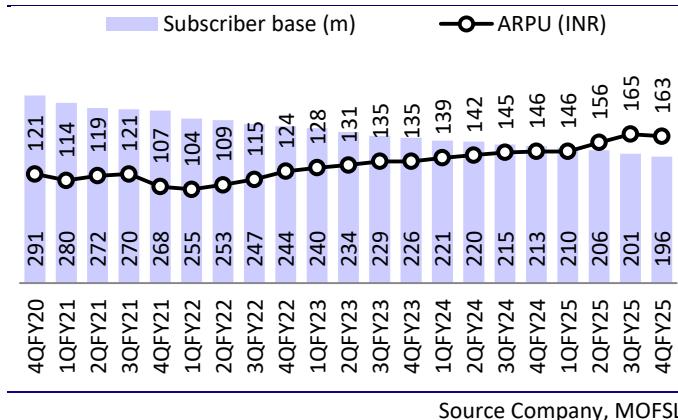
## Story in charts

### Exhibit 11: Revenue declined 1% QoQ



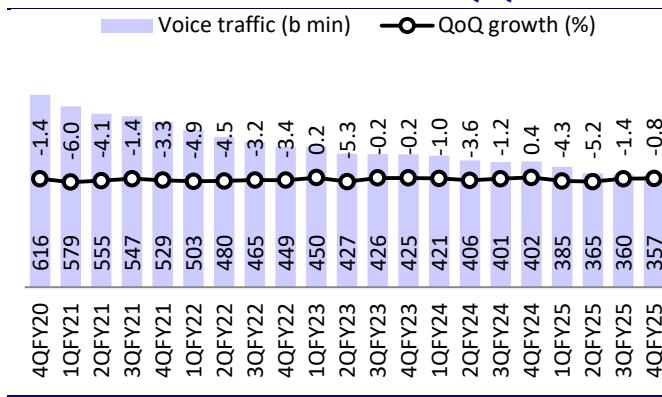
Source: MOFSL, Company

### Exhibit 12: ARPU broadly flat; subscriber decline continued



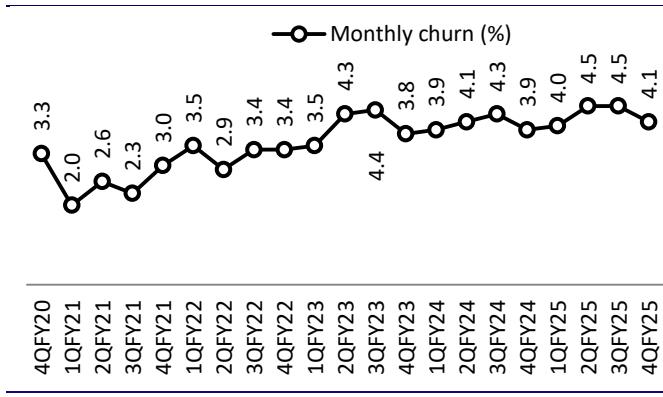
Source Company, MOFSL

### Exhibit 14: Voice traffic further declined QoQ



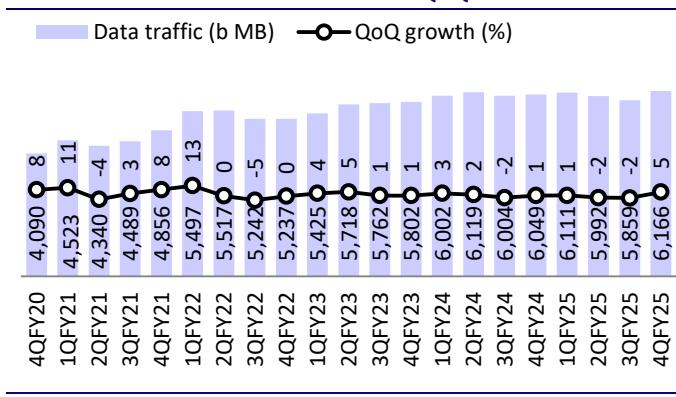
Source Company, MOFSL

### Exhibit 13: Monthly churn cooled off to 4.1%



Source Company, MOFSL

### Exhibit 15: Data traffic increased 5% QoQ



Source: Company, MOFSL

## Financials and valuations

Consolidated - Income Statement								
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	(INR b) FY28E
<b>Total Income from Operations</b>	<b>420</b>	<b>385</b>	<b>422</b>	<b>427</b>	<b>436</b>	<b>451</b>	<b>491</b>	<b>536</b>
Change (%)	-6.7	-8.2	9.5	1.1	2.2	3.5	9.0	9.0
<b>Total Expenditure</b>	<b>250</b>	<b>225</b>	<b>254</b>	<b>255</b>	<b>254</b>	<b>269</b>	<b>286</b>	<b>304</b>
% of Sales	59.6	58.4	60.1	59.8	58.4	59.7	58.2	56.7
<b>EBITDA</b>	<b>169</b>	<b>160</b>	<b>168</b>	<b>171</b>	<b>181</b>	<b>182</b>	<b>206</b>	<b>232</b>
Margin (%)	40.4	41.6	39.9	40.2	41.6	40.3	41.8	43.3
Depreciation	236	236	230	226	220	226	226	212
<b>EBIT</b>	<b>-67</b>	<b>-75</b>	<b>-62</b>	<b>-55</b>	<b>-38</b>	<b>-44</b>	<b>-21</b>	<b>20</b>
Int. and Finance Charges	178	209	230	257	235	275	292	295
<b>PBT bef. EO Exp.</b>	<b>-245</b>	<b>-284</b>	<b>-293</b>	<b>-312</b>	<b>-274</b>	<b>-319</b>	<b>-312</b>	<b>-274</b>
Share of profits of associates	2	0	0	0	0	0	0	0
EO Items	200	-2	0	-8	0	0	0	0
<b>PBT after EO Exp.</b>	<b>-443</b>	<b>-282</b>	<b>-293</b>	<b>-304</b>	<b>-274</b>	<b>-319</b>	<b>-312</b>	<b>-274</b>
Total Tax	0	0	0	8	0	0	0	0
Tax Rate (%)	0.0	0.0	0.0	-2.7	-0.1	0.0	0.0	0.0
Minority Interest	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>-442</b>	<b>-282</b>	<b>-293</b>	<b>-312</b>	<b>-274</b>	<b>-319</b>	<b>-312</b>	<b>-274</b>
<b>Adjusted PAT</b>	<b>-243</b>	<b>-284</b>	<b>-293</b>	<b>-320</b>	<b>-274</b>	<b>-319</b>	<b>-312</b>	<b>-274</b>
Change (%)	11.7	17.1	3.1	9.3	-14.4	16.5	-2.1	-12.1
Margin (%)	-57.8	-73.8	-69.4	-75.0	-62.8	-70.8	-63.5	-51.2

Consolidated - Balance Sheet								
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	(INR b) FY28E
Equity Share Capital	287	321	487	501	714	1,083	1,083	1,083
Total Reserves	-670	-941	-1,230	-1,543	-1,417	-1,736	-2,048	-2,323
<b>Net Worth</b>	<b>-382</b>	<b>-620</b>	<b>-744</b>	<b>-1,042</b>	<b>-703</b>	<b>-653</b>	<b>-965</b>	<b>-1,239</b>
Total Loans	1,660	2,138	2,444	2,511	2,121	2,154	2,380	2,555
Deferred Tax Liabilities	0	0	0	0	0	0	0	0
<b>Capital Employed</b>	<b>1,277</b>	<b>1,518</b>	<b>1,701</b>	<b>1,469</b>	<b>1,418</b>	<b>1,501</b>	<b>1,415</b>	<b>1,316</b>
<b>Net Fixed Assets</b>	<b>1,675</b>	<b>1,568</b>	<b>1,563</b>	<b>1,401</b>	<b>1,413</b>	<b>1,329</b>	<b>1,225</b>	<b>1,104</b>
Goodwill on Consolidation	0	0	0	0	0	0	0	0
Capital WIP	6	4	179	182	182	182	182	182
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>354</b>	<b>368</b>	<b>331</b>	<b>267</b>	<b>383</b>	<b>526</b>	<b>425</b>	<b>453</b>
Inventory	0	0	0	0	0	0	0	0
Account Receivables	25	24	22	22	20	20	21	24
Cash and Bank Balance	22	35	9	5	106	238	117	116
Loans and Advances	307	309	301	239	258	268	287	313
<b>Curr. Liability &amp; Prov.</b>	<b>757</b>	<b>422</b>	<b>372</b>	<b>381</b>	<b>560</b>	<b>536</b>	<b>417</b>	<b>423</b>
Account Payables	757	422	372	380	557	532	414	420
Provisions	1	1	0	0	3	3	3	3
<b>Net Current Assets</b>	<b>-404</b>	<b>-54</b>	<b>-41</b>	<b>-114</b>	<b>-177</b>	<b>-9</b>	<b>8</b>	<b>30</b>
<b>Appl. of Funds</b>	<b>1,277</b>	<b>1,518</b>	<b>1,701</b>	<b>1,469</b>	<b>1,418</b>	<b>1,501</b>	<b>1,415</b>	<b>1,316</b>

## Financials and valuations

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>								
EPS	<b>-8.4</b>	<b>-8.8</b>	<b>-6.0</b>	<b>-6.4</b>	<b>-3.8</b>	<b>-2.9</b>	<b>-2.9</b>	<b>-2.5</b>
Cash EPS	-0.2	-1.7	-2.2	-3.3	-1.9	-3.2	-3.0	-2.2
BV/Share	-13.3	-19.3	-23.2	-32.4	-21.9	-20.3	-30.0	-38.6
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>								
P/E	-0.8	-0.8	-1.2	-1.1	-1.8	-2.4	-2.4	-2.8
Cash P/E	-32.0	-4.2	-3.2	-2.1	-3.7	-2.2	-2.3	-3.2
P/BV	-0.5	-0.4	-0.3	-0.2	-0.3	-0.3	-0.2	-0.2
EV/Sales	4.4	6.0	6.6	6.7	5.4	5.0	5.3	5.2
EV/EBITDA	10.8	14.5	16.5	16.7	13.0	12.5	12.7	12.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Return Ratios (%)</b>								
RoE	NM							
RoCE	-5.5	-5.4	-3.9	-3.6	-2.7	-3.0	-1.4	1.5
RoIC	-5.7	-5.5	-4.2	-4.0	-3.2	-4.0	-1.9	1.9
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	0.2	0.1	0.1	0.1	NA	NA	NA	NA
Asset Turnover (x)	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.4
Inventory (Days)	0	0	0	0	0	0	0	0
Debtor (Days)	22	23	19	19	17	17	16	16
<b>Leverage Ratio (x)</b>								
Current Ratio	0.5	0.9	0.9	0.7	0.7	1.0	1.0	1.1
Interest Cover Ratio	-0.4	-0.4	-0.3	-0.2	-0.2	-0.2	-0.1	0.1
Net Debt/Equity	-4.3	-3.4	-3.3	-2.4	-2.9	-2.9	-2.3	-2.0

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	-443	-282	-293	-304	-274	-319	-312	-274
Depreciation	236	236	230	226	220	226	226	212
Interest & Finance Charges	178	209	234	258	235	275	292	295
Direct Taxes Paid	8	15	-13	0	0	0	0	0
(Inc)/Dec in WC	-14	-3	6	6	-93	6	230	127
<b>CF from Operations</b>	<b>-34</b>	<b>174</b>	<b>164</b>	<b>186</b>	<b>89</b>	<b>188</b>	<b>436</b>	<b>359</b>
Others	191	0	0	0	-129	-61	-66	-127
<b>CF from Operating incl EO</b>	<b>156</b>	<b>174</b>	<b>164</b>	<b>186</b>	<b>-40</b>	<b>127</b>	<b>369</b>	<b>232</b>
(Inc)/Dec in FA	-45	-57	-55	-20	-108	-141	-123	-90
<b>Free Cash Flow</b>	<b>111</b>	<b>117</b>	<b>108</b>	<b>167</b>	<b>-148</b>	<b>-14</b>	<b>246</b>	<b>142</b>
(Pur)/Sale of Investments	42	0	0	0	0	0	0	0
Others	14	0	1	0	-56	61	66	127
<b>CF from Investments</b>	<b>11</b>	<b>-57</b>	<b>-54</b>	<b>-19</b>	<b>-164</b>	<b>-81</b>	<b>-56</b>	<b>37</b>
Issue of Shares	0	45	4	0	241	370	0	0
Inc/(Dec) in Debt	-44	-53	-51	-74	0	-9	-142	25
Interest Paid	-28	-28	-21	-29	-38	-275	-292	-295
Others	-96	-69	-79	-87	0	0	0	0
<b>CF from Fin. Activity</b>	<b>-167</b>	<b>-106</b>	<b>-147</b>	<b>-190</b>	<b>203</b>	<b>85</b>	<b>-434</b>	<b>-270</b>
<b>Inc/Dec of Cash</b>	<b>0</b>	<b>11</b>	<b>-37</b>	<b>-23</b>	<b>-1</b>	<b>132</b>	<b>-121</b>	<b>-1</b>
Opening Balance	4	4	15	2	2	3	135	14
<b>Closing Balance</b>	<b>4</b>	<b>15</b>	<b>-23</b>	<b>-20</b>	<b>1</b>	<b>135</b>	<b>14</b>	<b>13</b>
Other Balances	19	20	31	26	105	103	103	103
<b>Total Balance</b>	<b>22</b>	<b>35</b>	<b>9</b>	<b>5</b>	<b>106</b>	<b>238</b>	<b>117</b>	<b>116</b>

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## NOTES

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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