

Vodafone Idea | ADD

Earnings largely in line; long-term sustainability contingent on govt support

Vodafone-Idea's (VIL) net subscriber (subs) loss was 1mn in 2QFY26, slightly higher than JMFe of 0.5mn net subs loss (vs. 0.5mn net loss in 1QFY26) and 4G/5G subs gain was also lower than JMFe at 0.4mn. However, ARPU (excluding M2M subs) was slightly better and up 1.7% QoQ at INR 180 (vs. JMFe of INR 179) due to 1 more day in the quarter and aided by upgrades and improved subs mix. Access charges and license fees/SUC were higher than JMFe; these were partly offset by lower network costs while SG&A and other costs access charges were in line. Hence, reported EBITDA was marginally better than JMFe/consensus at INR 46.9bn (up 1.6% QoQ) while Pre-Ind AS EBITDA was also up 3% QoQ to INR 22.5bn in 2QFY26. Capex was lower QoQ at INR 17.5bn in 2QFY26 probably due to moderation in 4G network expansion and 5G rollouts amidst delay in INR 250bn debt fundraise. Net debt (excluding lease liability) rose by INR 56bn QoQ to INR 1,999bn at end-2QFY26. We have raised our TP to INR 11 (from INR 9.5) assuming ~INR 160bn relief from the government in relation to VIL's AGR dues. We maintain ADD on VIL. Sharper-than-expected tariff hikes, strong subscriber growth and significant debt waiver from government and VIL's subscriber growth being significantly above our assumption are upside risks to our estimates and valuation. However, there could be downside risk to our estimates/valuation if a) government provides lower AGR relief/waiver; b) VIL is not able to arrest its subscriber decline; and/or c) tariff hikes are lower than expected.

- **Wireless revenue in line with JMFe at INR 98.8bn with ARPU slightly better at INR 180 while 4G/5G subs gain slightly lower (0.4mn):** VIL's net overall subs loss (inclusive of M2M subs) was slightly higher at 1mn in 2QFY26, vs. JMFe of 0.5mn (vs. 0.5mn in 1QFY26) – management attributed this to seasonality. Further, adjusted for M2M subs gain of 0.7mn (as per TRAI subs data for Jul-Sep'25), VIL's net wireless subs loss could be even higher at ~1.7mn in 2QFY26. This compares to Jio's LFL wireless subs addition of ~3.1mn (Jio reported overall subs addition of 8.3mn including Home and M2M subs; TRAI subs data for Jul-Sep'25 suggests that Jio added ~3.1mn wireless subs, ~2.6mn M2M subs and ~2.7mn homes subs) and Bharti's wireless subs addition of 1.4mn in 2QFY26. Further, VIL's 4G/5G subs gain was also slightly lower at 0.4mn (vs. JMFe of 1mn). Further, VIL's ARPU (including M2M subs) was in line with JMFe at INR 167 in 2QFY26 while ARPU (excluding M2M subs) was slightly better at INR 180 in 2QFY26 vs. JMFe of INR 179 (up 1.7% QoQ due to 1 more day QoQ in 2QFY26 and aided by upgrades and improved subs mix). This compares to Jio's 2QFY26 ARPU being up 1.2% QoQ at INR 211.4 (including FTTH) and ~INR 200 (excluding FTTH) and Bharti Airtel's ARPU, which grew by 2.4% QoQ to INR 256, and Bharti Hexacom's ARPU, which grew by 2% QoQ to INR 251 in 2QFY26. Further, VIL's data usage per subscriber grew 6.8% QoQ to 18.5GB/month in 2QFY26. Hence, VIL's wireless revenue was largely in line with JMFe at INR 98.8bn.
- **Reported EBITDA marginally better than JMFe/consensus at INR 46.9bn (up 1.6% QoQ) while Pre-Ind AS EBITDA also up 3% QoQ to INR 22.5bn in 2QFY26:** VIL's total revenue was marginally higher than JMFe/consensus at INR 112bn (up 1.6% QoQ) aided by higher implied revenue from the enterprise segment at INR 13.2bn (vs. JMFe of INR 12.2bn and INR 12.2bn in 1QFY26) while wireless revenue was largely in line with JMFe at INR 98.8bn. Further, access charges were higher at INR 11.4bn (vs. JMFe of INR 11.2bn) and license fees/SUC were also slightly higher at INR 9.6bn (vs. JMFe of INR 9.5bn); these were partly offset by lower network costs at INR 23.6bn (vs. JMFe of INR 23.9bn and INR 23.5bn in 1QFY26) while SG&A and other costs were in line with JMFe at INR 14.4bn (vs. INR 14.6bn in 1QFY26). Hence, reported EBITDA at INR 46.9bn (up 1.6% QoQ) was also marginally better than JMFe/consensus; EBITDA margin



Dayanand Mittal

dayanand.mittal@jmfl.com | Tel: (91 22) 66303063

Shivam Gupta

shivam.gupta@jmfl.com | Tel: (91 22) 66303082

Anupam Jakhotia

anupam.jakhotia@jmfl.com | Tel: (91 22) 69703686

Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	11
Upside/(Downside)	7.5%
Previous Price Target	9.5
Change	15.6%

Key Data – IDEA IN

Current Market Price	INR10
Market cap (bn)	INR1,109.4/US\$12.5
Free Float	33%
Shares in issue (mn)	71,393.0
Diluted share (mn)	1,08,343.0
3-mon avg daily val (mn)	INR8,643.2/US\$97.6
52-week range	11/6
Sensex/Nifty	83,871/25,695
INR/US\$	88.6

Price Performance

%	1M	6M	12M
Absolute	13.3	52.8	30.8
Relative*	11.4	44.8	24.0

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	4,26,517	4,35,713	4,86,475	5,50,478	6,10,554
Sales Growth (%)	1.1	2.2	11.7	13.2	10.9
EBITDA	1,71,260	1,81,266	2,22,666	2,61,437	2,97,189
EBITDA Margin (%)	40.2	41.6	45.8	47.5	48.7
Adjusted Net Profit	-3,19,939	-2,73,834	-2,43,272	-1,66,746	-1,46,554
Diluted EPS (INR)	-6.4	-3.8	-2.2	-1.5	-1.4
Diluted EPS Growth (%)	0.0	0.0	0.0	0.0	0.0
ROIC (%)	-6.9	-4.4	-0.6	3.1	6.9
ROE (%)	0.0	0.0	0.0	0.0	0.0
P/E (x)	-1.6	-2.6	-4.5	-6.5	-7.4
P/B (x)	-0.5	-1.0	-1.4	-1.1	-1.0
EV/EBITDA (x)	16.3	14.8	12.2	10.8	9.6
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 11/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

improved marginally to 41.9% in 2QFY26 (vs. 41.8% in 1QFY26). Pre-Ind AS EBITDA (or cash EBITDA) was at INR 22.5bn (up 3% QoQ, but down 3.4% YoY).

- **Capex lower QoQ at INR 17.5bn in 2QFY26 probably due to moderation in 4G network expansion and 5G rollouts amidst delay in INR 250bn debt fundraise:** Capex for 2QFY26 was lower QoQ at INR 17.5bn (vs. INR 24.4bn in 1QFY26), probably on moderation in 4G network expansion and 5G rollouts given funding constraint due to continued delay in INR 250bn debt raise. The management guided for capex at INR 75bn-80bn in FY26, independent of any external fundraise as it will be met from internal accruals. Capex will be mix of coverage, capacity, transmission etc. but would prioritise towards expanding network coverage (through 4G and 5G rollouts). It added that the ongoing capex has led to 4G population coverage reaching 84% at end Sep'25 (vs. 77% at end Mar'24) and reiterated its target to reach 90% in the next few quarters (involving incremental capex of ~INR 40bn).
- **Net debt (excluding lease liability) rose by INR 56bn QoQ to INR 1,999bn at end-2QFY26:** Gross debt (excluding lease liability) rose to INR 2,030bn at the end of 2QFY26 (vs INR 2,011bn at the end of 1QFY26) comprising: a) Govt dues of INR 2,014bn related to deferred spectrum liability of INR 1,223bn and AGR liability of INR 791bn; and b) bank debt of INR 15bn. Further, cash outstanding declined QoQ to INR 31bn (vs. INR 68bn at end 1QFY26) as 4G network expansion and 5G rollout capex continued during the quarter. Net debt-to-EBITDA is currently at 10.7x (annualised) – **Exhibit 3**. The management shared that it has to meet debt payment obligation of INR 164bn in respect of AGR instalment by end-Mar'26; further, it has to pay spectrum dues of INR 25.6bn and bank debt of INR 14.4bn over the next 1 year by Sep'26.
- **Maintain ADD:** Following the recent Supreme Court order allowing the government flexibility to decide on VIL's past AGR dues of ~INR 785bn at end-2QFY26, we have assumed that the government would provide **a)** partial AGR relief/waiver of ~INR 160bn before end-FY26; and **b)** extension of moratorium for AGR dues beyond Mar'26, as VIL is not in a financial position to meet AGR dues instalment of ~INR 160bn scheduled by end-Mar'26. However, we have kept our operational estimates unchanged. Hence, our TP has been revised upwards to INR 11 (from INR 9.5). We maintain ADD on VIL. Key monitorables that can pose upside risks to our estimates/valuation are: **a)** relief from government dues either via higher waiver of AGR dues and/or allowing surrender of pre-2022 spectrum, conversion of more dues to equity and extension of moratorium; **b)** multiple sharp tariff hikes that can result in VIL's blended ARPU being significantly above our estimate of INR 183/207/229 in FY26/27/28 vs. INR 167 in 2QFY26; and **c)** VIL's subscriber growth being significantly above our assumption of 1% growth p.a. at 200/202/204mn in FY26/27/28 vs. 197mn in 2QFY26. However, there could be downside risk to our estimates/valuation if **a)** government provides lower AGR relief/waiver; **b)** VIL is not able to arrest its subscriber decline; and/or **c)** tariff hikes are lower than expected.

2QFY26 concall takeaways

1) Reiterated that the company is **engaged with lenders (both banks and NBFCs) for upto INR 250bn debt raise as part of its planned network expansion capex of INR 500bn-550bn over the next 3 years.**

2) Guided for FY26 capex at INR 75bn-80bn (vs. INR 42bn incurred in 1H FY26), independent of any external fundraise as it will be met from internal accruals. Capex will be mix of coverage, capacity, transmission, etc. but **would prioritise towards expanding network coverage (through 4G and 5G rollouts).** The ongoing capex has led to **4G population coverage reaching 84% at end-Sep'25** (vs. 77% at end-Mar'24); reiterated it is **targeting to reach 90% in the next few quarters (involving incremental capex of ~INR 40bn).**

3) **Welcomed the Supreme Court's recent judgement** allowing the Govt of India (GoI) to a) reconsider and take an appropriate decision with reference to the additional AGR demand raised for the period up to FY17; and b) comprehensively reassessing and reconciling all AGR dues, including interest and penalty up to FY17. The company is **in discussions with the DoT for next steps on this matter** but **didn't comment on likely timeline by which this relief is likely; hopes that it will get resolved soon.**

4) Attributed **QoQ increase in net subs loss (from 0.5mn in 1QFY26 to 1mn in 2QFY26) to seasonality** and clarified that the company is **witnessing very limited subs churn to BSNL. Witnessing better traction in areas where it has invested in network.**

It continues to **expect net addition in overall subs and also for 4G (and 5G) subs to grow in future as it executes its capex plans**, but **didn't share any timeline for the same**; however, it is witnessing better customer engagement/traction with customers in areas where it has done capex.

5) Will **continue to roll out 5G services on NSA mode** but can consider SA mode in the future if required. Further, its **5G services are now live in 29 cities across all 17 priority circles (which contributes 99% of its total revenue)** and the company **will continue to expand to more cities based on customer demand and 5G handset penetration.**

6) Attributed the **QoQ decline in finance costs to forex fluctuations** and guided that steady-state run-rate for finance costs would be similar to that reported in prior 2 quarters (1QFY26 and 4QFY25).

2QFY26 results

Exhibit 1. VIL – Quarterly snapshot

Consolidated, INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	QoQ (%)	YoY (%)
Revenue	105,083	109,322	111,173	110,135	110,225	111,947	1.6%	2.4%
-Implied Wireless Revenue	92,571	97,133	98,974	97,908	97,985	98,797	0.8%	1.7%
-Implied Enterprise Revenue (balancing figure)	12,512	12,189	12,199	12,227	12,240	13,150	7.4%	7.9%
Operating costs	63,036	63,824	64,049	63,538	64,104	65,096	1.5%	2.0%
-Network costs	23,935	23,566	23,635	23,255	23,493	23,625	0.6%	0.3%
-License fees, SUC and other revenue share	8,924	9,312	9,443	9,283	9,473	9,595	1.3%	3.0%
-Access Charges	10,852	11,353	11,808	11,961	11,139	11,357	2.0%	0.0%
-Employee Costs	5,467	5,854	5,493	5,495	5,435	6,072	11.7%	3.7%
-SG&A and other costs	13,858	13,739	13,670	13,544	14,564	14,447	-0.8%	5.2%
Reported EBITDA	42,047	45,498	47,124	46,597	46,121	46,851	1.6%	3.0%
EBITDA margin (%)	40.0%	41.6%	42.4%	42.3%	41.8%	41.9%		
Incremental EBITDA margin (%)	133.1%	81.4%	87.8%	50.8%	-528.9%	42.4%		
Pre-IND AS EBITDA	21,000	23,239	24,497	23,207	21,807	22,459	3.0%	-3.4%
Depreciation & Amortization	53,691	54,040	56,288	55,713	54,721	55,675	1.7%	3.0%
EBIT	-11,644	-8,542	-9,164	-9,116	-8,600	-8,824		
Associates	1	-3	0	20	0	0		
Net interest cost	55,186	66,136	59,399	64,713	58,928	47,844	-18.8%	-27.7%
Reported PBT	-64,266	-71,681	-66,068	-71,661	-66,111	-55,273		
Tax	-55	-78	-25	0	30	31		
Reported PAT	-64,321	-71,759	-66,093	-71,661	-66,081	-55,242		
Reported EPS (INR)	-0.95	-1.03	-0.95	-1.00	-0.61	-0.51		
Tax/PBT (%)	NM	NM	NM	NM	NM	NM		

Source: Company, JM Financial.

Exhibit 2. VIL – Operational details

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	QoQ (%)	YoY (%)
EoP Total subscribers (mn)	210	205	200	198	198	197	-0.5%	-4.0%
Net subscriber addition (mn)	-2.5	-5.1	-5.2	-1.6	-0.5	-1.0		
EoP Postpaid subs (including IoT) (mn)	24.1	24.5	25.2	25.6	26.6	27.9	4.9%	13.9%
Net postpaid subs (including IoT) addition (mn)	0.2	0.4	0.7	0.4	1.0	1.3		
Postpaid subs (including IoT) as % of total subs	11.5%	12.0%	12.6%	12.9%	13.5%	14.2%	5.4%	18.7%
EoP Total Data subscribers (mn)	136.9	134.9	134.2	134.1	134.8	134.7	-0.1%	-0.1%
Net data subscriber addition (mn)	-0.4	-2.0	-0.7	-0.1	0.7	-0.1		
Data subs as % of total subs	65%	66%	67%	68%	68%	68%		
EoP Total 4G/5G subscribers (mn)	126.7	125.9	126.0	126.4	127.4	127.8	0.3%	1.5%
Net 4G/5G subscriber addition (mn)	0.4	-0.8	0.1	0.4	1.0	0.4		
4G/5G subs as % of total subs	60%	61%	63%	64%	64%	65%		
Churn (%)	4.0%	4.5%	4.5%	4.1%	4.1%	4.3%		
Implied Gross subscriber addition (mn)	22.9	22.9	22.1	22.9	23.8	24.4		
AMDU (Monthly data usage ,GB)	15.6	15.4	15.2	15.9	17.3	18.5	6.8%	20.3%
Blended ARPU including M2M subs (INR)	146	156	163	164	165	167	1.2%	7.1%
ARPU (excluding M2M subs) (INR)	154	166	173	175	177	180	1.7%	8.4%

Source: Company, JM Financial.

Exhibit 3. VIL – Debt break-up

INR bn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	QoQ (%)	YoY (%)
Gross debt (excluding lease liability)	2,157	2,184	2,296	1,972	2,011	2,030	0.9%	-7.1%
Govt debt	2,109	2,151	2,273	1,949	1,991	2,014		
Spectrum debt	1,392	1,419	1,527	1,189	1,216	1,229	1.1%	-13.4%
AGR debt	717	732	746	760	775	785		
Bank debt	48	33	23	23	19	15	-20.7%	-52.6%
Cash and cash equivalents	182	136	121	99	68	31		
Net debt (excluding lease liability)	1,976	2,047	2,176	1,873	1,943	1,999		
Net Debt (excl Lease liability) to reported EBITDA (x)	11.7	11.2	11.5	10.0	10.5	10.7		
Net Debt (excl Lease liability) to cash or pre-Ind AS EBITD	23.5	22.0	22.2	20.2	22.3	22.2		
Capex	7.6	13.6	32.1	42.3	24.4	17.5	-28.3%	28.7%

Source: Company, JM Financial. *Debt reporting norms have changed from 4QFY24 onwards and it no longer includes 'interest accrued but not due'

Assumptions and Estimates

Exhibit 4. VIL – Key assumptions and estimates

Particulars (INR mn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Key operational assumptions											
EoP Subscribers (mn)	291	268	244	226	213	198	200	202	204	206	208
Subs growth YoY (%)		-8%	-9%	-7%	-6%	-7%	1%	1%	1%	1%	1%
Net Subs Adds (mn)	-43.0	-23.3	-24.0	-17.9	-13.3	-14.4	2.0	2.0	2.0	2.0	2.0
Data subscribers (mn)	140	140	136	136	137	134	136	139	141	144	146
Data subs as % of total subs	48%	52%	56%	60%	65%	68%	68%	69%	69%	70%	70%
AMDU(GB/month)	10.7	11.2	12.7	13.6	14.4	14.5	14.9	15.4	15.8	16.1	16.5
Blended ARPU including M2M subs (INR/month)	120	125	112	132	143	157	183	207	229	248	269
ARPU Growth YoY (%)		4%	-11%	18%	8%	10%	16%	13%	11%	8%	8%
Key financials											
Revenue	449,575	419,522	385,155	421,772	426,517	435,713	486,475	550,478	610,554	664,213	722,787
EBITDA	148,462	169,476	160,361	168,170	171,260	181,266	222,666	261,437	297,189	330,452	367,312
YoY Growth (%)		14%	-5%	5%	2%	6%	23%	17%	14%	11%	11%
EBITDA margin	33.0%	40.4%	41.6%	39.9%	40.2%	41.6%	45.8%	47.5%	48.7%	49.8%	50.8%
Pre-IND AS EBITDA (i.e. cash EBITDA)	57,356	74,500	65,800	83,000	84,000	91,943	133,343	172,114	207,866	241,129	277,989
Net interest cost	142,864	178,239	208,514	230,430	256,523	235,228	237,277	195,355	205,374	201,986	190,618
Capex	101,300	61,434	45,000	33,600	18,500	95,600	121,619	137,620	67,771	73,728	80,229
Capex as % of revenue	23%	15%	12%	8%	4%	22%	25%	25%	11%	11%	11%
pre-IND AS FCF*	-160,970	-138,915	-161,008	-156,143	-161,855	-211,891	-191,466	-126,773	-31,192	-498	41,229

Source: Company, JM Financial. *FCF defined as EBITDA-interest-capex

Exhibit 5. Change in estimates

	New	Old	Divergence
TP (INR)	11.0	9.5	16%
Rating	ADD	ADD	
Revenue (INR mn)			
FY26	486,475	486,475	0.0%
FY27	550,478	550,478	0.0%
FY28	610,554	610,554	0.0%
Post Ind AS EBITDA (INR mn)			
FY26	222,666	222,666	0.0%
FY27	261,437	261,437	0.0%
FY28	297,189	297,189	0.0%
PAT (INR mn)			
FY26	-86,272	-243,272	-64.5%
FY27	-166,746	-178,618	-6.6%
FY28	-146,554	-157,774	-7.1%
EPS (INR)			
FY26	-0.8	-2.2	-64.5%
FY27	-1.5	-1.6	-6.6%
FY28	-1	-1.5	-7.1%

Source: JM Financial

Valuation

Exhibit 6. VIL - Base case DCF implies FV of INR 11/share

Particulars, INR bn unless mentioned	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
Assumptions									
EoP Subscribers (mn)	202	204	206	208	210	212	214	216	218
Subs growth YoY (%)		1%	1%	1%	1%	1%	1%	1%	1%
Net Subs Adds (mn)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Blended ARPU including M2M subs (INR/month)	207	229	248	269	291	316	342	371	402
ARPU Growth YoY (%)	13%	11%	8%	8%	8%	8%	8%	8%	8%
DCF									
EBIT X (1-tax rate)	-2,586	27,614	59,745	94,840	133,584	176,420	223,842	276,392	334,669
Depreciation & Amortization	174,700	180,253	181,385	183,149	185,567	188,663	192,466	197,012	202,338
Changes in net working capital	8,749	8,545	6,941	7,290	7,476	7,641	7,776	7,876	7,932
Capex	-137,620	-67,771	-73,728	-80,229	-87,327	-95,074	-103,532	-112,764	-122,842
Free cash flow to the firm [FCFF]	43,243	148,640	174,342	205,050	239,300	277,650	320,553	368,516	422,098
FCFF growth (%)		244%	17%	18%	17%	16%	15%	15%	15%
WACC	12%								
PV of cash flows (FY26E-35E)	1,124								
PV of terminal value	2,183								
Terminal value as % of Enterprise Value	66%								
Total Enterprise Value	3,307								
Less: Net debt/(cash)	2,113								
Total Equity value	1,193								
VIL number of shares (mn)	108,343								
Equity Value for VIL (INR/share)	11.0								

Source: Company, JM Financial.

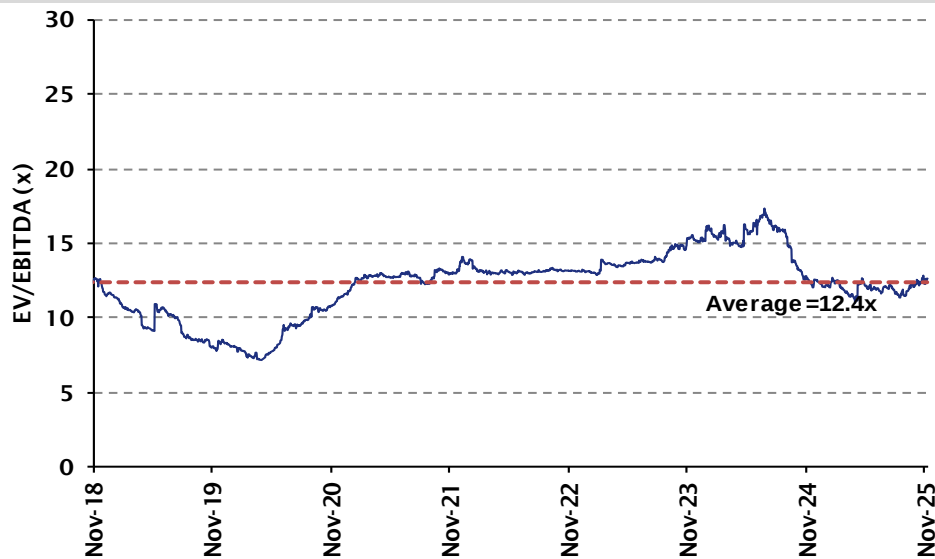
Every increase/decrease in ARPU by INR 10 results in increase/decrease in VIL's consolidated FY27 EBITDA by ~3% and (Base Case) valuation by INR 0.9/share. Similarly, every increase/decrease in subscribers by 5m results in increase/decrease in VIL's consolidated FY27 EBITDA by ~0.8% and (Base Case) valuation by INR 0.7/share.

Exhibit 7. VIL - Sensitivity of FY27 consolidated reported EBITDA (INR 261bn in base case) & Valuation (INR 11/share in base case) to FY27E ARPU and subscriber base (mn)

		Subscriber base (mn)									Subscriber base (mn)						
ARPU (INR)		187	192	197	202	207	212	217	ARPU (INR)		187	192	197	202	207	212	217
	177	233	235	236	238	240	242	243		177	6.5	7.1	7.8	8.4	9.1	9.8	10.4
	187	241	242	244	246	248	250	251		187	7.3	7.9	8.6	9.3	10.0	10.7	11.3
	197	248	250	252	254	256	257	259		197	8.1	8.8	9.5	10.2	10.9	11.6	12.3
	207	255	257	259	261	263	265	267		207	8.9	9.6	10.3	11.0	11.7	12.5	13.2
	217	263	265	267	269	271	273	275		217	9.7	10.4	11.1	11.9	12.6	13.4	14.1
	227	270	273	275	277	279	281	283		227	10.5	11.2	12.0	12.7	13.5	14.3	15.0
	237	278	280	282	285	287	289	292		237	11.3	12.0	12.8	13.6	14.4	15.2	15.9

Source: JM Financial

Exhibit 8. VIL – one-year forward EV/EBITDA



Source: JM Financial, Bloomberg

Exhibit 9. Global telecom valuation snapshot

Company	EV/EBITDA (x)			P/E (x)			P/B (x)			EBITDA Margins (%)			ROE (%)		
	CY24/FY25	CY25/FY26	CY26/FY27	CY24/FY25	CY25/FY26	CY26/FY27	CY24/FY25	CY25/FY26	CY26/FY27	CY24/FY25	CY25/FY26	CY26/FY27	CY24/FY25	CY25/FY26	CY26/FY27
Bharti Airtel	14.0	12.2	10.6	29.9	42.0	29.5	9.3	9.1	7.5	53.9	56.7	57.5	34.3	22.4	27.7
Bharti Hexacom	19.2	18.9	15.6	49.0	46.9	32.5	12.3	12.9	10.5	49.1	53.1	55.0	28.3	29.2	35.3
Jio (JioFe)	19.6	15.7	12.7	41.9	33.2	23.0	4.3	3.8	3.3	53.2	54.6	55.3	10.4	12.2	15.3
Vodafone Idea	15.0	17.0	14.0	NM	NM	NM	NM	NM	NM	41.7	43.3	46.6	NM	NM	NM
Indian telcos average	16.9	15.9	13.2	40.3	40.7	28.3	8.6	8.6	7.1	49.5	51.9	53.6	24.3	21.2	26.1
AT&T	7.1	6.8	6.6	10.2	12.0	11.1	1.6	1.5	1.4	37.1	37.0	37.6	10.3	13.9	13.2
T-Mobile	10.1	9.4	8.5	22.3	20.3	17.4	4.1	3.9	4.0	43.9	38.4	39.4	17.9	19.5	23.6
Verizon	6.4	6.8	6.0	8.4	12.0	8.3	1.7	1.5	1.5	38.6	36.5	36.7	18.3	13.9	17.9
US telcos average	7.9	7.6	7.0	13.6	14.8	12.3	2.5	2.3	2.3	39.8	37.3	37.9	15.5	15.8	18.2
Deutsche Telekom	6.2	6.5	6.0	12.7	13.3	11.9	2.2	2.1	2.0	43.3	37.4	39.5	18.5	14.2	14.8
Orange	4.7	6.2	5.7	13.0	19.0	11.5	1.0	1.2	1.2	33.7	30.9	32.5	8.1	6.3	9.7
Telefonica	6.2	5.0	5.0	NM	10.9	10.3	1.9	1.1	1.1	27.1	33.6	33.0	(2.4)	4.3	10.2
Telenor	7.5	8.2	8.1	9.4	17.4	15.1	2.3	3.1	3.0	44.5	44.5	45.2	26.1	16.3	19.3
Vodafone Plc	5.6	5.4	5.2	12.5	11.5	10.5	0.4	0.5	0.5	27.8	28.7	28.9	(7.4)	3.5	4.0
BT Group	4.2	4.8	4.8	12.6	9.5	9.7	0.9	1.4	1.4	36.6	40.4	41.1	6.3	13.2	12.8
Europe telcos average	5.7	6.0	5.8	12.1	13.6	11.5	1.4	1.6	1.5	35.5	35.9	36.7	8.2	9.6	11.8
China Mobile	3.7	6.1	4.5	11.2	8.5	11.5	1.1	1.6	1.2	32.1	32.5	32.4	10.1	18.9	10.4
China Telecom	2.7	3.8	3.7	12.7	14.2	13.4	0.9	1.1	1.0	26.6	27.4	27.4	7.4	7.5	7.8
China Unicom	1.9	2.6	2.5	10.4	12.7	11.9	0.6	0.7	0.7	25.5	25.3	25.0	5.8	5.8	6.1
China telcos average	2.8	4.2	3.6	11.4	11.8	12.3	0.9	1.1	1.0	28.1	28.4	28.3	7.8	10.8	8.1
KT Corp	4.1	2.6	3.5	23.0	12.7	8.1	0.7	0.7	0.7	17.7	22.5	21.3	2.8	5.8	8.3
LG Uplus	3.1	3.3	3.2	11.9	6.9	8.7	0.5	0.7	0.7	24.1	23.4	23.8	4.4	10.4	8.3
SK Telecom	3.7	4.2	3.8	9.6	24.3	10.1	1.0	1.0	1.0	30.8	27.7	29.9	10.7	4.1	9.6
Korea telcos average	3.6	3.4	3.5	14.8	14.6	9.0	0.7	0.8	0.8	24.2	24.5	25.0	6.0	6.8	8.7
Celcom Digi	9.9	9.5	9.3	30.9	24.9	22.3	2.6	2.7	2.7	44.0	45.9	46.6	8.5	11.1	12.4
Telekom Malaysia	6.2	6.6	6.5	12.6	16.6	15.8	2.5	2.6	2.5	38.1	38.7	38.6	20.9	16.2	15.8
Malaysia telcos average	8.1	8.1	7.9	21.8	20.7	19.1	2.6	2.7	2.6	41.0	42.3	42.6	14.7	13.6	14.1
Advanced Info	9.4	9.4	9.1	24.3	21.5	19.7	8.8	9.1	8.6	52.3	53.5	54.4	37.4	43.8	45.2
Chungwa Telecom	11.1	11.7	11.4	25.7	26.7	25.8	2.5	2.7	2.7	37.6	37.7	37.8	9.7	10.2	10.5
Converge ICT	6.4	4.0	3.6	10.8	7.4	6.6	2.3	1.4	1.2	57.9	58.9	59.1	20.9	20.2	19.6
Globe Telecom	7.5	6.4	6.3	13.8	10.0	9.1	1.9	1.2	1.2	49.1	48.2	48.1	14.1	13.2	14.2
Indosat	5.1	4.7	4.5	16.3	14.9	13.0	2.4	2.0	1.9	47.3	47.6	48.1	15.3	13.6	14.1
MTN Group	5.1	4.5	3.9	93.9	12.9	10.8	1.3	2.0	1.7	31.3	45.2	46.3	NM	NM	NM
Singtel	14.0	21.8	20.4	14.1	25.8	22.9	2.3	2.8	2.8	33.7	27.5	28.3	16.5	13.4	12.1
Taiwan Mobile	10.4	11.3	11.0	24.8	22.8	21.5	4.0	3.8	3.8	21.3	21.2	21.0	16.2	17.2	17.9
Telecom Indonesia	4.4	5.5	5.3	11.4	15.4	14.7	1.9	2.4	2.3	50.3	49.9	50.1	17.0	15.0	15.4
XL Axiata	4.1	5.8	5.1	16.2	NM	32.5	1.1	1.3	1.3	53.0	45.7	48.3	6.9	(2.3)	3.8
Other regional telcos average	7.7	8.5	8.1	25.1	17.5	17.7	2.9	2.9	2.8	43.4	43.5	44.2	17.1	16.0	17.0
Global telcos average	7.8	8.1	7.4	20.8	18.5	15.9	2.7	2.8	2.5	38.9	39.1	39.8	13.8	13.6	15.1

Source: JM Financial, Bloomberg

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	4,26,517	4,35,713	4,86,475	5,50,478	6,10,554
Sales Growth	1.1%	2.2%	11.7%	13.2%	10.9%
Other Operating Income	0	0	0	0	0
Total Revenue	4,26,517	4,35,713	4,86,475	5,50,478	6,10,554
Cost of Goods Sold/Op. Exp	1,76,007	1,77,327	1,82,058	2,01,799	2,22,165
Personnel Cost	21,224	22,309	23,663	25,437	26,802
Other Expenses	58,026	54,811	58,089	61,804	64,397
EBITDA	1,71,260	1,81,266	2,22,666	2,61,437	2,97,189
EBITDA Margin	40.2%	41.6%	45.8%	47.5%	48.7%
EBITDA Growth	1.8%	5.8%	22.8%	17.4%	13.7%
Depn. & Amort.	2,26,335	2,19,732	2,28,520	2,32,732	2,38,285
EBIT	-55,075	-38,466	-5,854	28,705	58,905
Other Income	0	0	0	0	0
Finance Cost	2,56,523	2,35,228	2,37,277	1,95,355	2,05,374
PBT before Excep. & Forex	-3,11,598	-2,73,694	-2,43,131	-1,66,650	-1,46,469
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	-3,11,598	-2,73,694	-2,43,131	-1,66,650	-1,46,469
Taxes	8,286	158	140	96	85
Extraordinary Inc./Loss(-)	7,555	0	1,57,000	0	0
Assoc. Profit/Min. Int.(-)	-55	18	0	0	0
Reported Net Profit	-3,12,384	-2,73,834	-86,272	-1,66,746	-1,46,554
Adjusted Net Profit	-3,19,939	-2,73,834	-2,43,272	-1,66,746	-1,46,554
Net Margin	-75.0%	-62.8%	-50.0%	-30.3%	-24.0%
Diluted Share Cap. (mn)	50,119.8	71,393.0	1,08,343.0	1,08,343.0	1,08,343.0
Diluted EPS (INR)	-6.4	-3.8	-2.2	-1.5	-1.4
Diluted EPS Growth	0.0%	0.0%	0.0%	0.0%	0.0%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	-3,11,653	-2,73,676	-2,43,131	-1,66,650	-1,46,469
Depn. & Amort.	2,26,335	2,19,732	2,28,520	2,32,732	2,38,285
Net Interest Exp. / Inc. (-)	7,555	0	1,57,000	0	0
Inc (-) / Dec in WCap.	20,849	-2,50,935	16,527	8,749	8,545
Others	0	0	0	0	0
Taxes Paid	-8,282	5	-140	-96	-85
Operating Cash Flow	-65,196	-3,04,874	1,58,776	74,735	1,00,276
Capex	-68,416	-2,50,008	-1,79,651	-1,95,652	-1,25,803
Free Cash Flow	-1,33,612	-5,54,882	-20,875	-1,20,916	-25,528
Inc (-) / Dec in Investments	54,600	82,884	0	0	0
Others	-1,624	-23,384	0	0	0
Investing Cash Flow	-15,440	-1,90,508	-1,79,651	-1,95,652	-1,25,803
Inc / Dec (-) in Capital	14,401	2,12,732	3,69,500	0	0
Dividend + Tax thereon	-94	3,99,568	-3,78,178	0	0
Inc / Dec (-) in Loans	65,719	-1,16,028	31,986	1,20,916	25,528
Others	0	0	0	0	0
Financing Cash Flow	80,026	4,96,272	23,308	1,20,916	25,528
Inc / Dec (-) in Cash	-610	890	2,432	0	0
Opening Cash Balance	2,288	1,678	2,568	5,000	5,000
Closing Cash Balance	1,678	2,568	5,000	5,000	5,000

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	-10,41,668	-7,03,202	-7,98,152	-9,64,897	-11,11,451
Share Capital	5,01,198	7,13,930	10,83,430	10,83,430	10,83,430
Reserves & Surplus	-15,42,866	-14,17,132	-18,81,582	-20,48,327	-21,94,881
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	20,81,579	19,65,551	19,97,537	21,18,453	21,43,981
Def. Tax Liab. / Assets (-)	4	167	167	167	167
Total - Equity & Liab.	10,39,915	12,62,516	11,99,552	11,53,723	10,32,697
Net Fixed Assets	14,07,636	14,37,912	13,89,043	13,51,962	12,39,481
Gross Fixed Assets	15,31,399	16,72,694	17,94,313	19,31,932	19,99,704
Intangible Assets	8,79,488	8,51,240	7,92,585	7,37,972	6,87,122
Less: Depn. & Amort.	10,09,639	11,10,738	12,22,571	13,42,658	14,72,060
Capital WIP	6,388	24,716	24,716	24,716	24,716
Investments	3,13,243	2,30,359	2,30,359	2,30,359	2,30,359
Current Assets	1,29,098	3,10,395	3,26,146	3,30,531	3,34,647
Inventories	12	11	12	14	15
Sundry Debtors	21,948	20,003	33,320	37,704	41,819
Cash & Bank Balances	1,678	2,568	5,000	5,000	5,000
Loans & Advances	4,279	1,72,379	1,72,379	1,72,379	1,72,379
Other Current Assets	1,01,181	1,15,434	1,15,434	1,15,434	1,15,434
Current Liab. & Prov.	8,10,062	7,16,150	7,45,995	7,59,130	7,71,791
Current Liabilities	4,58,578	4,05,362	4,35,207	4,48,342	4,61,003
Provisions & Others	3,51,484	3,10,788	3,10,788	3,10,788	3,10,788
Net Current Assets	-6,80,964	-4,05,755	-4,19,850	-4,28,599	-4,37,144
Total - Assets	10,39,915	12,62,516	11,99,552	11,53,722	10,32,696

Source: Company, JM Financial

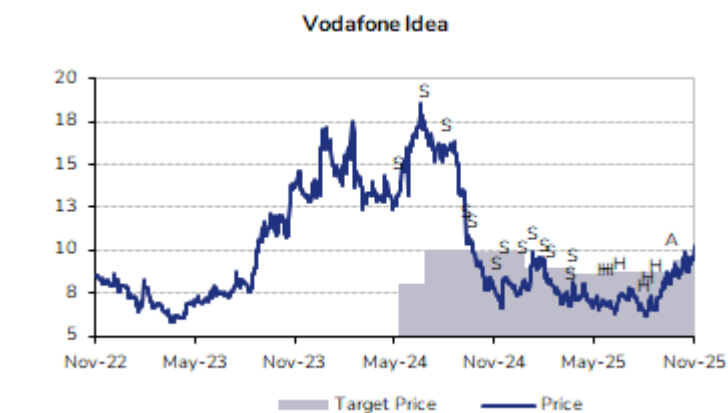
Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	-75.0%	-62.8%	-50.0%	-30.3%	-24.0%
Asset Turnover (x)	0.3	0.3	0.3	0.4	0.4
Leverage Factor (x)	0.0	0.0	0.0	0.0	0.0
RoE	0.0%	0.0%	0.0%	0.0%	0.0%
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	-20.8	-9.8	-7.4	-8.9	-10.3
ROIC	-6.9%	-4.4%	-0.6%	3.1%	6.9%
ROE	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0
P/E (x)	-1.6	-2.6	-4.5	-6.5	-7.4
P/B (x)	-0.5	-1.0	-1.4	-1.1	-1.0
EV/EBITDA (x)	16.3	14.8	12.2	10.8	9.6
EV/Sales (x)	6.6	6.1	5.6	5.1	4.7
Debtor days	19	17	25	25	25
Inventory days	0	0	0	0	0
Creditor days	196	154	190	190	190

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
17-May-24	Sell	8	
4-Jul-24	Sell	10	24.8
13-Aug-24	Sell	10	0.0
19-Sep-24	Sell	10	0.0
3-Oct-24	Sell	10	-0.6
14-Nov-24	Sell	10	0.0
29-Nov-24	Sell	10	0.0
3-Jan-25	Sell	9	-9.8
19-Jan-25	Sell	9	0.0
12-Feb-25	Sell	9	0.0
23-Feb-25	Sell	9	0.0
31-Mar-25	Sell	9	0.0
4-Apr-25	Sell	9	-3.8
2-Jun-25	Hold	9	1.4
9-Jun-25	Hold	9	0.0
1-Jul-25	Hold	9	0.0
14-Aug-25	Hold	9	0.0
19-Aug-25	Hold	9	0.0
5-Sep-25	Hold	9	0.0
3-Oct-25	Add	10	8.4

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfirancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: ashley.johnson@jmfl.com

Grievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: instcompliance@jmfl.com

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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