

Stock Update

Vodafone Idea Ltd.

March 10, 2026



Industry	LTP	Recommendation	Fair Value	Red Flag	Time Horizon
Telecom	Rs 9.90	Buy and add on dips in the band of Rs 8-9	Rs 12	Rs 5.7	4 quarters

BSE Code	532822
NSE Code	IDEA
Bloomberg	IDEA IN
CMP March 09, 2026	9.90
Equity Capital (Rs Cr)	108343
Face Value (Rs)	10.0
Equity Share O/S (Cr)	10834.3
Market Cap (Rs Cr)	107,368
Book Value (Rs)	-7.61
Avg. 52 Wk Volumes	807,578,248
52 Week High	12.8
52 Week Low	6.12

Share holding Pattern % (Dec, 2025)	
Promoters	25.6
Institutions	11.6
Non Institutions	62.8
Total	100



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

Abdul Karim

abdul.karim@hdfcsec.com

Our Take:

VIL is one of the largest telecom operators providing voice, data, enterprise, and other value-added services across 22 service areas. The company provides pan-India voice and data services across the 2G, 3G and/or 4G platforms. VIL (Vodafone Idea Limited) is a joint venture partnership between the Aditya Birla Group (ABG) and Vodafone Group Plc (VGP), wherein Vodafone Group Plc held a 16.07% stake and the Aditya Birla Group held a 9.50% stake in the company as on December 31, 2025. Department of Investment and Public Asset Management, GoI is the single-largest public shareholder with a 49% stake as on December 31, 2025. With pan-India operations, ABG is one of India's largest conglomerates with presence across 40 countries. VGP is one of the world's largest telecommunications companies, with mobile and fixed network operations in 17 countries and partners with mobile networks in 46 other countries and fixed broadband operations across markets.

Easing VIL's medium-term payment obligation- The Government of India provided relief to VIL on adjusted gross revenue (AGR) dues, which materially eases its medium-term payment obligations. As per the revised assessment, the company is required to pay an AGR amount of ~Rs 124 crore per annum during FY26–FY31, followed by annual payments of approx. Rs 100 crore between March 2032 and March 2035. The telecom department has completed the reassessment of Vodafone Idea's licence fee dues. Officials across all Controllers of Communication Accounts (CCA) offices have finalised the review process; the final report has not yet been published. Post reassessment, the finalised amount will be payable over a six-year period, from 2036 to 2041 in six equal annual instalments. With this announcement, the Government has frozen the AGR liability as of December 31, 2025, which provides improved visibility on the company's future liabilities and it could strengthen its cash flow efficiency. After converting spectrum liabilities into equity and AGR Relief, the company is expected to raise bank debt to fund capex to strengthen its 4G network and roll out the 5G network.

The company has been actively exploring opportunities to bring in fresh capital through new strategic or financial investors, which could provide the much-needed liquidity to stabilise its operations and fund its 4G and 5G network expansion plans.

Expectations of tariff hike: VIL's average revenue per user (ARPU) remains the lowest in the industry, it has been increasing, rising to Rs 186 in Q3FY26 from Rs 166 in Q3FY25 following the tariff hikes undertaken by all the telcos in July 2024. The Indian telecom sector is likely to witness another round of tariff hike in H1FY27 and the expectations of tariff hikes in the future, is likely raise the ARPU levels. which, along with an expansion of the subscriber base on the back of network improvement undertaken by VIL is expected to boost the profit generation.

Plans to undertake capex of Rs 50-55,000 crore in the next three years: VIL reported a phased capex program to expand 4G coverage and roll out 5G services across priority circles to address higher subscriber churn. The company incurred capex of ~Rs 9,570 crore in FY25, funded largely through equity proceeds, and guided for capex of ~Rs 7500-8,000 crore in FY26. VIL plans to undertake a capex of Rs 50,000 –55,000 crore over the next three years of which the company has already incurred ~Rs 6450 crore till 9MFY26. The rest of the capex would be funded by the proposed term debt of Rs 25,000 crore and the balance through internal accruals. The company has set targets for next three years, first year for sustained subscribers addition, second year for double digit revenue growth and third year for thrice cash EBITDA.

Q3FY26 Result Update:

- VIL's numbers were operationally above the expectations in Q3FY26 supported by ARPU uptick, its consolidated revenue was up ~2% YoY to Rs 11,323 crore in Q3FY26. ARPU grew 3% QoQ
- The company's EBITDA rose 2.2% YoY to Rs 4,817 crore, and the company reported EBITDA margin at 42.6%, expanded by 70bp QoQ and 10bps YoY. Its net loss declined to Rs 5286 crore from Rs 6,609 crore in Q3FY25.
- VIL's overall subscriber base stood at 192.9 mn declined 3.8m QoQ vs. 1 mn net declines in Q2FY26 and wireless ARPU rose 3% QoQ and +7% YoY to Rs 172. Monthly churn inched up QoQ to 4.4%.

Valuation & Recommendation:

Indian telecom sector is expected to be stable, supported by increasing rural penetration, growth in broadband subscribers, and rollout of 5G services, leading to improvement in ARPU. Large investments in the rollout of 5G by major players and a steady increase in data usage also augur well for a tariff hike in the industry in the near-to-medium term. VIL has set the targets to continue subscriber additions, deliver double-digit revenue and improve cash EBITDA to 3x over the next three years. We think achieving the double-digit revenue growth and increasing Cash EBITDA to 3x could be a challenging task. Factors like the tariff hike on a regular basis, closure of a major part of debt, stable subscribers and continuation of a favourable regulatory regime could help to achieve the targets in the next 3 years.

With the Indian government showing signs of potential relief on AGR (Adjusted Gross Revenue) dues and the possibility of fresh capital infusion from new strategic investors, Vodafone Idea stands at a critical inflection point that could fundamentally alter its financial trajectory and long-term viability.

For high-risk, long-term investors seeking meaningful exposure to India's rapidly expanding telecom sector, the potential reduction in AGR dues — combined with VIL's deeply depressed stock valuation — presents a compelling, albeit speculative, high-risk, high-reward entry point. **Investors can buy the stock at CMP and on dips in the band of Rs 8-9 for a fair value of Rs 12 (17.15x TTM EV/EBITDA) over the next four quarters. At the LTP of Rs 9.90, the stock is trading at 16x TTM EV/EBITDA. Given the highly uncertain and speculative nature of this investment, risk-conscious investors should treat Rs 5.70 as a clear red flag trigger for exit — should the anticipated catalysts fail to materialise and the investment thesis not play out as expected.**

Key Risks:

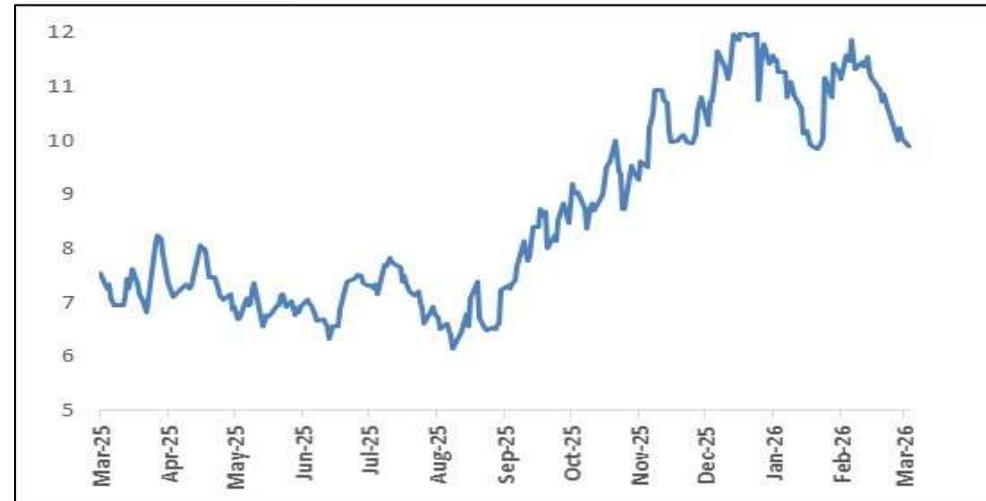
- VIL's fall in market share by losing subscribers post Jio entry, month after month, resulting in weaker revenue generation. As per TRAI data, VIL's subscriber market share declined materially over the years, from ~34% in FY19 to ~17% as of September 2025
- VIL has relatively lower ARPU in the industry, however VIL's blended ARPU reportedly expanded from Rs 164 in FY25 to Rs 186 in Q3FY26 led by plan upgrades besides improvement in the subscriber base mix.
- Significant delay in debt tie-up impairing planned growth capex. Completion of the capex will be critical in arresting churn in subscriber base and expand ARPU with migration of customers to better platforms/technologies.
- Continued overhang of high indebtedness pertaining to spectrum and AGR due, marked by high leverage primarily due to substantial deferred spectrum and AGR liabilities payable to the Government of India.

Financial Summary:

Particulars (Rs cr)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	FY22	FY23	FY24	FY25	TTM
Total Operating Income	11323	11117	1.9	11195	1.1	38,516	42,177	42,652	43,571	44,554
EBITDA	4817	4712	2.2	4684	2.8	16,036	16,795	17,121	18,127	18,773
Reported PAT	-6364	-6609	-3.7	-5563	14.4	-28,245	-29,301	-31,238	-27,383	-25,701
Adjusted PAT	-5286	-6609	-20.0	-5525	-4.3	-28,410	-29,279	-31,973	-27,383	-24,586
Diluted EPS (Rs)						-2.6	-2.7	-3.0	-2.5	-2.3
RoE-%						-	-	-	-	-
P/E (x)						-	-	-	-	-
EV/EBITDA (x)						19.8	20.5	20.6	18.3	15.9

(Source: Company, HDFC sec)

One-Year Price Chart



(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions.

These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

Buy - > 15%+ return potential

Add - +5% to +15% return potential

Reduce - -10% to +5% return potential

Sell - >10% downside return potential

Disclosure:

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Any holding in stock – No

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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

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