

Vi looks to raise ₹18K cr via India's biggest FPO

Priced at ₹10-11 a share, offer opens on Thursday

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Vodafone Idea Limited (VIL) is set to launch a follow-on public offering (FPO) worth ₹18,000 crore next week. The move is an attempt by the beleaguered telecom service provider to bolster its balance sheet and hold its own against formidable rivals, such as Reliance Jio Infocomm and Bharti Airtel.

If successful, this will be the biggest FPO in India, surpassing YES Bank's ₹15,000 crore share sale in July 2020. Notably, Adani Enterprises' ₹20,000 crore FPO was fully subscribed but later cancelled in February 2023 amid the controversy stirred by a report from US-based short seller Hindenburg Research.

The FPO will open for subscription on April 18 and close on April 22. Roadshows will commence on Monday.

According to a *Reuters* report citing

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Launch month	Company	FPO size (₹ cr)
Apr '24	Vodafone Idea	18,000
Jul '20	YES Bank	15,000
Mar '04	ONGC	10,542
Jun '07	ICICI Bank	10,044
Mar '10	NMDC	9,930
Feb '10	NTPC	8,480

Note: Adani Enterprises' fully-subscribed ₹20,000 FPO in Feb 2023 was cancelled Source: primedatabase.com

unnamed sources, US-based GQG Partners plans to invest around ₹4,200 crore in the FPO, while SBI Mutual Fund looks to bet between ₹1,700 crore and ₹2,500 crore. Investment bankers handling the FPO told *Business Standard* that they anticipate it to generate more demand than shares on offer due to the attractive pricing.

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VIL has set the price band for the FPO at ₹10-11 per share. After the pricing was disclosed, VIL's shares fell as much as 5.8 per cent to ₹12.2 apiece during intraday trade on Friday, but later recovered to end at ₹13.2, a gain of 1.54 per cent from its previous day's close. The lower end of the FPO price band is 24 per cent lower than the last close and a 32 per cent discount to the recently approved ₹2,075-crore preferential issue to the promoter Aditya Birla group. In February, the telco's board approved an equity fundraising of ₹20,000 crore and a total of ₹45,000 crore, through a mix of equity and debt. Vodafone Idea is one of the most indebted and financially stressed firms in the country, with a total outstanding debt of ₹2.38 trillion and a negative net worth of ₹74,359 crore (as of March 2023).

Some analysts believe that the fresh capital infusion from the FPO will enable the company to improve subscriber retention. Others question if ₹18,000 crore will be sufficient given the company's accumulated losses of nearly ₹1.4 trillion and the substantial capital required to bridge the growing capability gap between VIL's network and its larger peers.