

The Jio effect? Vodafone India gets Rs 47,700-cr war chest

Equity capital infusion is the country's largest-ever FDI

Days before the spectrum auction commences, British telecom major Vodafone Group has infused Rs 47,700 crore fresh equity capital in its Indian arm - the largest-ever foreign direct investment in rupee terms in the country. The money has been received already and Vodafone India, the country's second-largest telecom operator after Bharti Airtel, will use the funds to strengthen its spectrum portfolio, network roll-out and retire debt.

Commenting on the capital infusion, Sunil Sood, chief executive officer of Vodafone India, said: "This reaffirms our commitment to India. With this, we will focus on right-sizing our spectrum portfolio and deployment of 4G and 5G technology."

The company also announced on Thursday that its subscriber base had touched 200 million subscribers. Last November, Vodafone Group had invested Rs 13,000 crore in the Indian arm for network rollout.

The government is putting 2,354.55 megahertz of spectrum at the auction table, giving an opportunity to operators such as Vodafone to strengthen their spectrum holdings. Vodafone is expected to be one of the strongest bidders during the spectrum auction and the company has deposited earnest money deposit (EMD) of Rs 2,740 crore towards spectrum auctions. Idea Cellular's EMD amount is Rs 2,000 crore and Bharti Airtel's is Rs 1,980 crore.

Vodafone's spectrum portfolio will need to be fortified significantly, if the company is serious about its India ambitions, as it lacks broadband spectrum in many of its circles. Currently, Vodafone has spectrum to offer 2G voice in all the 22 circles, but has 3G spectrum in 15 circles and 4G in nine circles. Bharti has 2G, 3G and 4G spectrum in all 22 circles, except Kerala, where it needs 3G spectrum.

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Date	Target	Acquirer	₹ crore
Sep 22, '16	Fresh investment in Vodafone India	Vodafone Group Plc	47,700
Feb 21, '11	Reliance Industries' 21 oil & gas blocks	BP Plc	32,395
Feb 11, '07	Stake in Vodafone India	Vodafone Group Plc	24,095
May 21, '10	Piramal's Healthcare Solutions biz	Abbott Laboratories	17,456
Nov 12, '08	Stake in Tata Teleservices	NTT DoCoMo Inc	13,095

Value converted in ₹ crore, according to the \$ rate on announcement date

Source: Bloomberg

Compiled by BS Research Bureau
