

Vodafone India's shares plunge almost 40%, future in doubt

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Vodafone entered the huge Indian market in 2007

Shares in Vodafone's Indian unit plunged almost 40 percent on Friday after officials rejected its appeal against paying \$4 billion in back fees, raising questions about the British giant's future in the country.

Vodafone's chief executive had in November already cast doubt about its continued presence in India after its local joint venture Vodafone Idea posted a record quarterly loss.

The same month Vodafone Idea and other firms in the beleaguered Indian telecom sector were ordered to pay a combined \$13 billion in past spectrum and licence fees.

An appeal by Vodafone and Bharti Airtel, which was told to pay \$3 billion, was rejected on Thursday, with the Supreme Court also refusing to allow the payments to be staggered.

The news saw Vodafone's share price collapse 39 percent to 3.65 rupees before they recovered to 4.60 rupees, though the firm has warned the huge bill may force it to cease operations. However, Bharti Airtel, which has managed to raise the necessary cash, gained about six percent.

The only beneficiary is seen as Reliance Jio, the operator owned by Asia's richest man Mukesh Ambani whose 2016 launch sparked a brutal price war and which escaped with a relatively light \$1.8 billion bill.

"Experience in India suggests it is unwise to talk of uncertainties, but it is very hard to see how Vodafone Idea survives," New Street Research said.

Vodafone, which entered the huge Indian market in 2007, is the biggest shareholder in Vodafone Idea with a stake of around 48 percent. It has long been dogged by multiple regulatory difficulties.

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