

Credit update – Vodafone Idea Limited

January 07, 2026

Updates

Vodafone Idea Limited (VIL; rated CARE BBB-; Stable / CARE A3) is in the process of tying up long-term debt financing to support its planned capital expenditure programme aimed at strengthening 4G coverage and enabling phased 5G rollout. Timely completion of this funding was earlier envisaged by October 2025, and has been a key rating monitorable, as the capex programme is critical to arrest subscriber churn and support average revenue per user (ARPU) improvement through migration of customers to superior technologies.

CARE Ratings Limited (CareEdge Ratings) notes that the company has experienced delays in achieving financial closure for the proposed debt funding. In December 2025, the company announced fund raise of ₹3,300 crore through issuance of Non-Convertible Debentures (NCDs) issued by Vodafone Idea Telecom Infrastructure Limited (VITIL), its subsidiary entity, to support its capex. While VIL is continuing discussions with lenders for fund raising, in the interim, it is funding its capex through a combination of internal cash accruals, proceeds from the follow-on public offer (FPO), and NCDs as mentioned above.

In another important development, the Hon'ble Supreme Court on October 27, 2025, and November 03, 2025, allowed the Government of India to reconsider and reassess VIL's adjusted gross revenue (AGR) dues, including interest and penalties. This judicial permission provides a policy pathway for potential relief, subject to further deliberations and formal approval by the Government of India (GoI). VIL's management indicated that it remains in active discussions with the GoI and expects policy support towards a resolution of the AGR matter in the near term. CareEdge Ratings expects GoI to extend continued relief to VIL towards aforementioned dues in the near term. Thus, timely and continued support from GoI remains a key rating sensitivity.

As on December 31, 2025, the outstanding external standalone debt stood at ₹1,126 crore, with scheduled repayments in the next 12 months. In addition, the NCD issued by VITIL of ₹3,300 crore are outstanding as on December 31, 2025.

Given these developments, CareEdge Ratings will continue to closely monitor progress on VIL's debt funding plans, update on AGR relief measures, and the consequent impact on the company's liquidity position, leverage, and overall credit profile.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and rating sensitivities [Click here](#).

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