Vodafone Idea Limited

November 27, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	-	-	Upgraded to CARE BBB+; Positive and withdrawn
Long-term bank facilities	RBI	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has upgraded, and simultaneously withdrawn, the outstanding ratings assigned to bank facilities of Vodafone Idea Limited (VIL) with immediate effect. The rating withdrawal has been undertaken at the request of VIL following the receipt of No Dues Certificates (NDC) for fund-based bank facilities and No Objection Certificates (NOC) for non-fund-based facilities from the lenders to the facilities rated by CareEdge Ratings.

The rating upgrade factors in the net addition of 1.65 million subscribers in H1FY27, supported by expansion and densification of VIL's 4G network. The upgrade also considers the infusion of ₹1,182 crore by Aditya Birla Group (ABG) entity and a member of the promoter group through warrant subscriptions of the total capital raise of ₹4,730 crore in Q1FY27, with the balance ₹3,548 crore to be infused by December 2027, supporting VIL's planned capital expenditure (capex) programme of ₹45,000 crore over FY27-FY29. The company has also tied up part debt funding from foreign and domestic lenders to maintain its planned capex programme. The appointment of Kumar Mangalam Birla as Non-Executive Chairman further reinforces VIL's strategic importance within ABG and is expected to support the company's long-term funding plans. CareEdge Ratings expects the tie-up of entire long-term debt in the near term, facilitating the timely execution of network expansion investments and supporting improved operating performance. Consequently, the rating continues to carry a Positive Outlook.

In April 2026, the Department of Telecommunications (DoT) reduced the Adjusted Gross Revenue (AGR) dues to ₹64,046 crore from ₹87,695 crore as on December 31, 2025. The liability crystallised under the regulatory support package involving minimal payments until FY35 and no interest accrual in the deferment period, followed by six equal annual instalments in FY36-FY41. The AGR relief and the earlier conversion of spectrum dues aggregating ₹36,950 crore into equity in March 2025 underscore the strategic importance of the telecom sector and VIL to the Government of India (GoI). It also reflects the government's continued focus on maintaining healthy competition in the sector. Going forward, successful execution of the ₹45,000 crore capex programme, continued subscriber additions, sustained average revenue per user (ARPU) expansion, and timely closure of the balance funding requirements are expected to support improvement in operating performance over the medium term and will remain key rating monitorable.

The rating continues to derive strength from the experienced management team and continued operational control by the promoters, Vodafone Group Plc (VGP) and ABG, which together held 25.64% stake, in addition to GoI being a major shareholder.

The rating strengths continue to be tempered by VIL's lower subscriber market share of ~15% and lower ARPU compared to its peers. However, improving subscriber mix and healthy demand outlook are expected to support ARPU growth across telecom operators, including VIL. Sustained improvement in subscriber trends with increasing market share, continued ARPU expansion reducing the gap with peers and consequent growth in profit before interest, depreciation, lease, rentals, and tax (PBILDT) will remain critical over the medium term.

VIL's financial risk profile remains weak, characterised by high leverage driven by statutory liabilities relating to spectrum and AGR. As on September 30, 2026, total bank/financial institution (FI) debt stood at ₹4,240 crore. Its obligations towards GoI in the form of spectrum and AGR liabilities remained substantial at ~₹1.50 lakh crore. While the AGR restructuring has meaningfully reduced near-term payout obligations, spectrum repayments are expected to increase materially from FY29 onwards. Accordingly, VIL's ability to execute its planned capex programme, achieve sustained subscriber growth and significant ARPU expansion, and generate adequate operating cash flows over the medium term will remain critical from a credit perspective.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Analytical approach: Consolidated

CareEdge Ratings has considered a consolidated approach to analyse VIL considering common management, shared brand name and operational linkages between the company, its subsidiaries and joint venture. VIL has also extended corporate guarantee to the debt raised by its subsidiary. Entities consolidated with VIL per its audited results are listed under Annexure-5.

Outlook: Positive

The 'Positive' outlook reflects CareEdge Ratings' expectation of improvement in VIL's operating performance, supported by promoter fund infusion, incremental debt tie-ups and the balance funding arrangements being at an advanced stage as articulated by management. These are expected to support timely network capex roll-out and strengthen subscriber metrics and ARPU over the medium term. Outlook may be revised to 'Stable' if funding tie-ups are delayed or the envisaged improvement in operating performance do not materialise.

Detailed description of key rating drivers

Key strengths

Continued support from promoter groups

VIL is promoted by Aditya Birla Group (ABG), one of India's largest diversified business groups with FY26 revenue of ~US$72 billion and operations across 40 countries, and VGP, a leading global telecommunications company with operations across multiple international markets. Earlier, in May 2024, ABG infused ₹2,075 crore in equity funds, and VGP infused equity of ₹1,980 crore in January 2025.

In H1FY27, ABG infused ₹1,183 crore through warrant subscriptions, representing 25% of the committed ₹4,730 crore, while the balance ₹3,547 crore is expected to be infused by December 2027. The appointment of Kumar Mangalam Birla as Chairman of VIL further underscores the company's strategic importance within the group.

The revised Contingent Liability Adjustment Mechanism (CLAM) arrangement with VGP, VIL is entitled to receive a cash component of ₹2,307 crore and a share-linked component represented by 328 crore VIL shares earmarked by VGP, which can be monetised at VIL's discretion over the next five years. Of the cash component, ₹310 crore has already been received, while the balance ~₹1,997 crore is expected by the end of FY27. Any upside arising from appreciation in VIL's share price would accrue to the company. Given VIL's sizeable funding requirements and ongoing network expansion plans, continued support from the promoter groups is expected to enhance financial flexibility, facilitate timely capex execution and support improvement in the company's operating performance over the medium term.

Strong policy and regulatory support from the GoI

GoI has demonstrated substantive support for VIL through structural interventions aimed at alleviating the company's financial stress and preserving competition in the Indian telecom sector. In FY25, GoI converted spectrum liabilities of ₹36,950 crore into equity, increasing its shareholding to 49%, while operational control continued with the promoters, VGP and ABG.

Subsequently in April, 2026, under the AGR relief measures, VIL's AGR liability reduced to ₹64,046 crore from ₹87,695 crore, with major repayments deferred until FY35 and spread over an extended tenure thereafter. These measures have materially reduced near-to-medium term payment obligations and improved liquidity visibility. They also underscore GoI's commitment to maintaining sector stability and competition, and are expected to support VIL's funding flexibility, network investments, and operating performance over the medium term.

Addition of subscriber supported by network expansion

Per Telecom Regulatory Authority of India (TRAI) data, VIL reported net subscriber additions in H1FY27 for the first time since the Vodafone India-Idea Cellular merger, supported by expansion and densification of its 4G network. By September 30, 2026, total subscriber base stood at 200.1 million (198.5 million as on March 31, 2026). Data subscribers accounted for 70% of the total base, while average data consumption per user stood at 23.00 GB, reflecting improving metrics.

VIL has planned a capex outlay of ₹45,000 crore over FY27-FY29 to expand 4G coverage and roll out 5G services across priority circles. By September 30, 2026, the company had incurred capex of ₹5,876 crore, while purchase orders aggregating ₹13,200 crore had been placed. CareEdge Ratings expects annual capex of ~₹13,000 crore in FY27 against its earlier estimate of ₹17,000

crore. To support the programme, ABG infused ₹1,182 crore in Q1FY27, while the balance committed amount is expected by December 2027. The company has also tied up part of incremental debt from domestic and foreign lenders and is at an advanced stage of arranging additional long-term funding as articulated by management. Timely funding tie-ups and execution of the planned capex programme are expected to improve network competitiveness, reduce subscriber churn and support growth in subscriber base and average revenue per user (ARPU) over the medium term. These remain critical precursors from credit perspective.

Stable outlook for the telecom sector

The outlook of the 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. The GoI took major reforms to address structural and process-related issues and liquidity challenges of the telecom industry, which provide requisite cash flows to support growth. Large investment in rollout of 5G by major players and steady increase in data usage also augur well for tariff hike in the industry in the near-to-medium term. However, VIL continues to face intense competition from the other two large industry players.

Key weaknesses

Modest market position and lower ARPU

Per TRAI data, VIL's subscriber market share declined significantly from ~34% in FY19 to ~15% as of September 2026, reflecting sustained subscriber attrition amid delayed network investments and weaker network coverage relative to larger peers. However, supported by network expansion in the last three years ending FY26, with the funds raised through the Follow-on Public Offer (FPO) and promoter infusion, the company reported net addition in subscriber base in H1FY27.

VIL's ARPU remains lower than that of its larger peers, reflecting a weaker subscriber mix and lower share of premium data subscribers. Blended ARPU improved to ₹178 in Q2FY27 from ₹164 in Q4FY25, supported by tariff hikes, plan upgrades and an improving subscriber mix. The ongoing network expansion programme is expected to support gradual improvement in subscriber quality, customer retention, and ARPU over the medium term.

Timely capex execution, improvement in network competitiveness and sustained subscriber growth remain key rating monitorable. While ARPU is expected to improve, narrowing the gap with larger peers remains critical.

Continued overhang of high indebtedness pertaining spectrum and AGR dues

VIL's financial risk profile remains weak due to sizeable spectrum and AGR liabilities payable to the GoI. While recent regulatory support has reduced near-term repayment obligations and improved financial flexibility, sizeable deferred obligations continue to weigh on its capital structure.

As on September 30, 2026, VIL's bank borrowings and non-convertible debentures (NCDs) stood at ~₹940 crore and ₹3,300 crore, respectively. However, spectrum and AGR remained elevated at ~₹1.50 lakh crore. While AGR deferment has eased near-term cash outflows, spectrum repayments are expected to increase materially from FY28 onwards.

VIL's ability to improve subscriber metrics and average revenue per user (ARPU), generate adequate operating cash flows and meet its future spectrum obligations remains a key rating monitorable. Continued funding support and regulatory support from GoI remain critical for strengthening its financial profile over the medium term.

Liquidity: Adequate

Liquidity of VIL remains adequate with free cash and bank balance of ~₹5,328 crore as on September 30, 2026, supported by improving cash accruals. Near-term debt obligations remain limited, with bank borrowings and NCDs of ₹940 crore and ₹3,300 crore, respectively, outstanding as on September 30, 2026, and are expected to be comfortably met through internal cash accruals.

Over the medium term, liquidity will depend on timely execution of the planned network capex programme, resulting in sustained improvement in subscriber metrics, ARPU, and operating cash flows.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Environment	VIL has undertaken measures to reduce the environmental impact of its operations through energy efficiency initiatives and increased use of renewable energy across network sites and data centres. The company follows regulatory requirements for environmentally sound disposal of e-waste through authorised recyclers.
Social	The company has implemented occupational health and safety practices for employees and field staff and undertakes training and skill development initiatives. VIL carries out CSR activities in line with statutory requirements, with focus areas including education, healthcare, and community development.
Governance	VIL's Board of Directors, through its committees, oversees governance and risk management practices. Independent directors chair key committees such as the audit committee, and the company has established mechanisms for stakeholder grievance redressal and whistle-blower protection.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Mobile Service Providers
Financial Ratios – Non financial Sector
Withdrawal Policy
Infrastructure Sector Ratings

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Telecommunication	Telecommunication	Telecom - Services	Telecom - Cellular & Fixed line services

VIL is an ABG and VGP partnership, where VGP held 16.07% stake and ABG held 9.57% stake as on September 30, 2026. Department of Investment and Public Asset Management, GoI is the single-largest public shareholder with a 49% stake as on September 30, 2026. With pan-India operations, the company is one of the largest telecom operators providing voice, data, enterprise and other value-added services across 22 service areas. 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.

Brief Financials (₹ crore) - Consolidated	March 31, 2025 (A)	March 31, 2026 (A)	H1FY27 (UA)
Total operating income	43,461	44,829	23,254
PBILDT	17,938	18,815	9,539
Profit after tax (PAT)	-27,383	34,552	-9,657
Overall gearing (x)	NM	NM	NM
Interest coverage (x)	0.73	0.88	0.93

A: Audited; UA: Unaudited; NM: Not meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Non-fund-based - LT-BG/LC	RBI	Not applicable	-		-	-	0.00	Withdrawn
Term Loan-Long Term	RBI	Not applicable	-		-	05-10-2026	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Non-fund-based - LT-BG/LC	LT	-	-	1)CARE BBB+; Positive (27-Nov-2026)	1)CARE BBB-; Positive (30-Jan-26) 2)CARE BBB-; Stable (21-Apr-25)	1)CARE BB+; Stable (26-Dec-24) 2)CARE BB+; Stable (04-Jun-24)	1)CARE B+; Stable (01-Nov-23) 2)CARE B+; Stable (24-Aug-23)
2	Term Loan-Long Term	LT	-	-	-	1)CARE BBB-; Positive (30-Jan-26) 2)CARE BBB-; Stable (21-Apr-25)	1)CARE BB+; Stable (26-Dec-24) 2)CARE BB+; Stable (04-Jun-24)	1)CARE B+; Stable (01-Nov-23) 2)CARE B+; Stable (24-Aug-23)
3	Debentures-Non-convertible debentures	LT	-	-	-	-	-	1)Withdrawn (01-Nov-23) 2)CARE B+; Stable (24-Aug-23)
4	Fund-based - ST-Term loan	ST	-	-	-	1)Withdrawn (30-Jan-26) 2)CARE A3 (21-Apr-25)	1)CARE A4+ (26-Dec-24) 2)CARE A4+ (04-Jun-24)	1)CARE A4 (01-Nov-23) 2)CARE A4 (24-Aug-23)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Vodafone Idea Manpower Services Limited	Full	Subsidiary
2	Vodafone Idea Business Services Limited	Full	Subsidiary
3	Vodafone Idea Communication Systems Limited	Full	Subsidiary
4	Vodafone Idea Shared Services Limited	Full	Subsidiary
5	You Broadband India Limited	Full	Subsidiary
6	Vodafone Foundation	Full	Subsidiary
7	Vodafone Idea Telecom Infrastructure Limited	Full	Subsidiary
8	Vodafone Idea Technology Solutions Limited	Full	Subsidiary
9	Vodafone Idea Next-Gen Solutions Limited (Formerly known as "Vodafone M-Pesa Limited")	Full	Subsidiary
10.	Sangli Wind Energy Private Limited	Partial	Associate
11.	Aditya Birla Renewables SPV 3 Limited	Partial	Associate

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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