January 20, 2026

Vodafone Idea Limited: Update on entity

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding
Long term – Fund-based – Term loans	2,327.00	2,327.00	[ICRA]BBB- (Stable)
Total	**2,327.00**	**2,327.00**	

**Instrument details are provided in Annexure I*

Rationale

ICRA takes note of the relief provided by the Government of India on adjusted gross revenue (AGR) dues, which materially eases Vodafone Idea Limited's (VIL) medium-term payment obligations. As per the revised dispensation, the company is required to pay an AGR amount of ~Rs.124 crore per annum during FY2026–FY2031, followed by annual payments of approximately Rs.100 crore between March 2032 and March 2035. The Government has further indicated that the residual AGR dues will be reassessed by a duly constituted committee of the Department of Telecommunications (DoT). Post reassessment, the finalised amount will be payable over a six-year period, from 2036 to 2041 in six equal annual instalments.

With this announcement, the Government has frozen the AGR liability as of 31st December 2025, which provides improved visibility on the company's future liabilities and supports its cash flow profile. After the conversion of the spectrum liabilities into equity and AGR Relief, the company is expected to raise bank debt to help it undertake capex to strengthen its 4G network and rollout the 5G network. This, in turn, should help curtail the subscriber churn, which along with expectations of tariff hikes in the future, is likely raise the ARPU levels and, thus, improve the OPBDITA generation. ICRA takes note of this development and views the same as a credit positive. ICRA will continue to monitor any further developments in this regard.

ICRA also takes into account the recently revised contingent liability adjustment mechanism (CLAM) agreement between VIL and Vodafone Group PLC. Under the agreement, VIL will receive Rs. 5,836 crore[1] from the Vodafone Group promoters in the form of cash infusion of Rs. 2,307 crore in the next 12 months and the remaining in the form of shares that have been set aside for the purpose of this settlement and will be exercised as per Vodafone's discretion in the next 5 years. Any upside on account of increase in share price will accrue to VIL. This development bodes well for the company's capex plans that have been deferred until now due to uncertainty regarding the AGR dues.

While VIL's ARPU remains the lowest among the private operators, it has been increasing, rising to Rs. 167 in Q2 FY2026 from Rs. 156 in Q2 FY2025 following the tariff hikes undertaken by all the telcos in July 2024. The Indian telecom sector is likely to witness another round of tariff hike in FY2027, which, along with an expansion of the subscriber base on the back of network improvement undertaken by VIL, is expected to boost the profit generation.

VIL plans to undertake a capex of Rs. 50,000 – 55,000 crore over the next three years of which the company has already incurred ~Rs. 14,000 crore till H1FY2026. The rest of the capex would be funded by the proposed term debt of Rs. 25,000 crore and the balance through internal accruals.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities: Click here.

[1]Based on the closing market price of Rs. 10.76 per share as quoted on NSE on 31.12.2025

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#) [Telecom Services](#)
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has considered the consolidated financials of the entity for arriving at the rating

About the company

Vodafone Idea Limited is a pan-India telecom service provider, which is promoted by the Aditya Birla Group (ABG) and Vodafone Group Plc (VGP). The company provides pan-India voice and data services across the 2G, 3G and/or 4G platforms. As of December 2024, the company had around 200 million subscribers and reported a blended ARPU of ~Rs. 163. ABG is a large Indian conglomerate with presence across various industries and geographies. VGP is a large telecommunications service provider, having mobile and fixed network operations across various geographies internationally.

Key financial indicators (Audited)

Vodafone Idea Limited	FY2024	FY2025	H1FY2026*
Operating income	42,625.2	43,510.5	22,217.2
PAT	-31,232.9	-27,385.2	-12,132.3
OPBDITA/OI	39.9%	41.2%	41.8%
PAT/OI	-73.3%	-62.9%	-54.6%
Total outside liabilities/Tangible net worth (times)	-2.8	-3.8	-3.3
Total debt/OPBDITA (times)	14.3	13.0	11.9
Interest coverage (times)	0.7	0.7	0.9

*Source: Company, ICRA Research; * Unaudited numbers; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years							
	Type	Amount rated (Rs. crore)	Jan 20, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	2,327.00	[ICRA]BBB- (Stable)	Apr 11, 2025	[ICRA]BBB- (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund-based – Term loans	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysi ng an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loans	NA	NA	FY2027	2,327.00	[ICRA]BBB- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA]

Annexure II: List of entities considered for consolidated analysis:

Company name*	VIL ownership*	Consolidation approach*
Vodafone Idea Manpower Services Limited	100.00	Full
Vodafone Idea Business Services Limited	100.00	Full
Vodafone Idea Communication Systems Limited	74.00	Full
Vodafone Idea Shared Services Limited	100.00	Full
You Broadband India Limited	100.00	Full
Vodafone Foundation	100.00	Full
Vodafone Idea Telecom Infrastructure Limited	100.00	Full
Vodafone Idea Technology Solutions Limited	100.00	Full
Vodafone Idea Next – Gen Solutions Limited	100.00	Full

**- Details are as on March 31, 2025*

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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