Vodafone Idea Limited

April 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	9,968.42	CARE BBB-; Stable	Upgraded from CARE BB+; Stable
Short-term bank facilities	1,001.00	CARE A3	Upgraded from CARE A4+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

For arriving at ratings of Vodafone Idea Limited (VIL), CARE Ratings Limited (CARE Ratings) has considered consolidated financials of VIL and its subsidiaries due to strong business and financial linkages. Revision in ratings assigned to long-term and short-term bank facilities of VIL considers favourable developments encompassing - conversion of spectrum dues of ₹36,950 crore into equity and waiver of bank guarantee requirement by Government of India (GoI) for spectrum dues by telecom players thus substantially reducing payout obligations for VIL in FY26, FY27 and FY28. This move also reinforces the strategic importance of telecom sector for GoI besides the philosophy of promoting healthy competition by allowing four telecom service providers to continue operations. Post conversion, GoI emerged as the single largest public shareholder in VIL with stake of 48.99% as on April 10, 2025, while the management control continues with the existing promoters- Vodafone UK group and Aditya Birla group.

CareEdge Ratings notes the VIL's ongoing capex to expand 4G coverage and roll out of 5G across priority circles in India to arrest relatively high churn of subscriber base. VIL has planned capex of around ₹50,000-55,000 crore over next three years ending FY28. In FY25 (refers to April 1 to March 31), the company is expected to incur capex of around ₹10,000 crore from equity proceeds. Completion of the capex shall be pertinent in arresting churn in sub-scriber base and expand average revenue per user (ARPU) with migration of customers to better platform/technologies. VIL has received cash inflow of around ₹26,000 crore from equity proceeds including ₹4,000 crore from vendors in the past 12 months from March 2024 to February 2025. Simultaneously VIL is pursuing tying up bank finance for ₹35,000 crore (including ₹10,000 crore of non-fund based credit). CARE Ratings expects no repayments in the near to medium term on the proposed bank debt. Completion of equity raising in FY25 for part funding of capex, conversion of slated spectrum dues into equity by GoI and marked reduction in creditor dues augur well for achieving debt tie-up. Going forward, timely achievement of complete financial closure within envisaged timelines is key rating monitorable.

Ratings continue to factor experienced management team, pan-India telecom presence with subscriber share of 18% and strong promoter groups (the Aditya Birla group [ABG] and the Vodafone group Plc [VGP]) as credit positives.

Above ratings strengths continued to be tempered by modest operating performance marked by steady decline in sub-scriber base and relatively lower ARPU in the industry and high indebtedness related to large spectrum and adjusted gross revenue (AGR) liabilities. Subscriber base significantly reduced from 215 million as of December 2023 to 200 million as of December 2024 due to lack of capex for 4G/5G. However, churn rate in subscribers is expected to be arrested in the near term due to benefit from completed capex and VIL expects net addition in subscriber base in FY26. VIL's ARPU expanded from ₹146 in Q1FY25 to ₹163 in Q3FY25 primarily led by tariff hike undertaken in July 2024. The Indian telecom sector is likely to witness another tariff hike in FY26, which with better subscriber mix, and robust demand outlook is expected to contribute to a substantial improvement in the ARPU of all players including VIL. Going forward, achievement of envisaged subscriber base and ARPU is critical rating sensitivity.

Since its merger in 2018, there has been substantial reduction in VIL's bank debt. As of December 31, 2024, total bank debt stood at ~₹2,330 crore, while the GoI obligations towards spectrum and Adjusted Gross Revenue (AGR) liabilities payable over time were substantially large at ~₹2.15 lakh crore (excluding interest accrued). Post moratorium as per 2021 telecom reform package, larger repayment obligations pertaining to spectrum and AGR liabilities were to commence from October 2025 onwards. However, with recent conversion, aggregate payout towards spectrum and AGR dues stand at ~₹19,000 crore in FY26, ~₹23,000 crore in FY27 and ~₹32,000 crore in FY28;out of which 66% is AGR dues. In a bid to revive its business, CareEdge Ratings expects GoI to extend continued relief to VIL towards aforementioned dues in the near to medium term. Thus, timely and continued support from GoI is key rating sensitivity. The company's exposure to inherent regulatory and technological risks of the industry, apart from intensely competitive business environment, are other credit weaknesses.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant scale-up of operations and improvement in profitability post completion of capex

Negative factors

- Change in stance or delays in extending support by GoI for maturing AGR and Spectrum obligations
- Delay in debt tie up beyond October 2025
- Lower than envisaged growth in subscriber base and inability to improve annual ARPU by 18-20%

Analytical approach: Consolidated
CARE Ratings has considered a consolidated approach to analyse VIL due to common management, shared brand name and operational linkages between the company, its subsidiaries and joint venture. Entities consolidated with VIL per its audited results is listed under Annexure-6.

Outlook: Stable

The 'Stable' outlook reflects expectation of timely tie-up of long-term debt funds and equity raised from market and promoters, to provide support in strengthening VIL's 4G network and 5G roll out to augment its subscriber base, resulting in scaling up of operations and expansion in operating profitability.

Detailed description of key rating drivers:

Key strengths

Steady support from GoI

On March 29, 2025, Government of India has exercised option of converting part of VIL's spectrum dues totalling to ₹36,950 crore maturing in FY26, FY27 and FY28 into equity. This is aligned with the structural and process reforms and measures towards addressing liquidity requirements of the telecom service providers as set out in telecom reform package announced on September 15, 2021. Earlier, in December 2024, the Department of Telecommunication, extended its support to the telecom industry by dispensing with the requirement of Bank Guarantee (BG) to be submitted for spectrum auctions held prior to 2021 reform package with certain conditions. Prior to this reform, BGs aggregating around ₹ 24,750 crore were required to be provided by VIL for respective spectrum instalments, 13 months prior to each installment falling due. These steps also reinforce the strategic importance of telecom sector for GoI besides the philosophy of promoting healthy competition by allowing four telecom service providers to continue operations. Post conversion, GoI emerged as the single largest public shareholder in VIL with stake of 48.99% as on April 10, 2025, while the management control continues with the existing promoters- Vodafone UK group (VGP) and Aditya Birla group (ABG). CARE Ratings expects GoI to extend continued relief to VIL in the near to medium term to facilitate its business revival.

Established promoter group
VIL is part of ABG and VGP. ABG is one of the largest and oldest corporate houses in India with multinational presence. Led by Kumar Mangalam Birla, ABG has leading presence across several sectors including metals, cement, telecom, financial services, textiles, and other manufacturing industries in the country. Mr. Kumar Mangalam Birla is also on VIL's board. The group's operations span over 40 countries. VGP is one of the world's largest telecommunications companies and provides a range of services including voice, messaging, data and fixed communications. VGP has mobile and fixed network operations in 15 countries and partners with mobile networks in 43 more, and fixed broadband operations across markets. VIL's operations are handled by a team of experienced and qualified professionals.

Successful raising of equity funds from market and promoters
VIL successfully raised ₹18,000 crore from capital markets through follow-on public offer (FPO) in April 2024, which was subscribed by ~7x showing a healthy interest by Institutional investors. In May 2024, ABG infused ₹2,075 crore in equity funds, apart from conversion of (Optionally Convertible Debenture) OCD into equity of ₹160 crore, preferential issue to Nokia and Ericsson of ₹2,458 crore in July 2024, and infusion of ₹1,910 crore by VGP in January 2025. This apart, earlier the company converted ₹1,440 crore of OCD in March 2024, thus taking the total quantum to ₹26,043 crore. The fund raising will aid in implementing its business plan in strengthening 4G coverage and rollout of 5G and capacity additions.

Stable outlook for the telecom sector

The outlook of Indian telecom sector is expected to be stable, supported by an increasing rural penetration, growth in broadband subscribers and roll-out of 5G services, which will lead to improvement in ARPU. The government has also taken major reforms to address structural, process reforms and liquidity issues of the telecom industry, which will provide requisite cashflows to support growth. Large investment in roll out of 5G by major players and steady increase in data usage also augur well for the tariff hike in the industry in the near to medium term.

Key weaknesses

Modest business risk profile marked by steady decline in subscriber base and relatively lower ARPU

According to the data released by the Telecom Regulatory Authority of India (TRAI), VIL has experienced a significant reduction in market share, declining from 34% in the fiscal year 2019 to 19% in financial year 2024. This decrease is reflected in the loss of subscribers, with numbers falling from 395 million to 220 million within the same timeframe. Reported subscriber base steadily reduced from 215 million as of December 2023 to 200 million as of December 2024 due to lack of capex for 4G/5G. VIL has relatively lower ARPU compared to peers. However, churn rate in subscribers is expected to be arrested in the near term due to benefit from completed capex and VIL expects net addition in subscriber base in FY26. VIL's ARPU expanded from ₹146 in Q1FY25 to ₹163 in Q3FY25 primarily led by tariff hike undertaken in July 2024. The Indian telecom sector is likely to witness another tariff hike in FY26, which with better subscriber mix, and robust demand outlook is expected to contribute to a substantial improvement in the ARPU of all players including VIL. ARPU increase in FY26 for VIL is estimated also due to conversion to 4G customers, change in SIM preference from secondary to primary, higher data usage and increase in post-paid customers. Going forward, achievement of envisaged subscriber base and ARPU is a critical rating sensitivity.

Large capex planned to augment 4G coverage and 5G roll out pending debt tie up

VIL has planned capex of around ₹50,000-55,000 crore over next three years ending FY28. In FY25 (refers to April 1 to March 31), the company is expected to incur capex of around ₹10,000 crore from equity proceeds.

This plan aims to strengthen existing 4G coverage, capacity additions to enhance user experience and rollout of 5G across priority circles of India. VIL plans to reach upto 1.2 billion people with 4G coverage. They have already achieved 80% coverage till December 2024 and plan to reach 90%.

Completion of the capex shall be pertinent in arresting churn in sub-scriber base and expand average revenue per user (ARPU) with migration of customers to better platform/technologies. VIL has received cash inflow of around ₹26,000 crore from equity proceeds including ₹4,000 crore from vendors in the past 12 months from March 2024 to February 2025. Simultaneously VIL is pursuing tying up bank finance for ₹35,000 crore (including ₹10,000 crore of non-fund based credit). CARE Ratings expects no repayments in the near to medium term on the proposed bank debt. Completion of equity raising in FY25 for part funding of capex, conversion of slated spectrum dues into equity by GoI and marked reduction in creditor dues augur well for achieving debt tie-up. Going forward, timely achievement of complete financial closure within envisaged timelines is key rating monitorable.

High indebtedness pertaining to spectrum and AGR dues

Since its merger in 2018, there has been substantial reduction in VIL's bank debt. As of December 31, 2024, total bank debt stood at ~₹2,330 crore, while the GoI obligations towards spectrum and Adjusted Gross Revenue (AGR) liabilities payable over time were substantially large at ~₹2.15 lakh crore (excluding interest accrued). Post moratorium as per 2021 telecom reform package, larger repayment obligations pertaining to spectrum and AGR liabilities were to commence from October 2025 onwards. However, with recent conversion, aggregate payout towards spectrum and AGR dues stand at ~₹19,000 crore in FY26, ~₹23,000 crore in FY27 and ~₹32,000 crore in FY28; out of which 66% is AGR dues. In a bid to revive VIL's business, CareEdge Ratings expects GoI to extend continued relief to VIL in the near to medium term. Thus, timely and continued support from GoI is key rating sensitivity. Stock price of VIL declined sharply from ₹19.2 to ₹6.6 per share. However, it recovered to ₹8.22 per share post announcement of increase in stake of GOI. Market capitalisation of VIL stood at ₹78,765 crore as on April 16, 2025, against negative neworth due to past losses.

Liquidity: Stretched

VIL has cash and bank balance of ₹12,090 crore as on December 31,2024, which is largely earmarked for capex. With expected increase in repayment obligations from H2FY26, liquidity is expected to remain stretched. Hence, timely support from GoI especially for relief in AGR dues and favourable payment terms of capex creditors is crucial.

Assumptions/Covenants
Not applicable

Environment, social, and governance (ESG) risks
Not applicable

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](#)
[Infrastructure Sector Ratings](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

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

Vodafone Idea Limited (VIL) is an Aditya Birla Group (ABG) and Vodafone Group Plc (VGP) partnership, where VGP owns 16.07% stake and ABG owns 9.50% stake as on April 09, 2025. Department of Investment and Public Asset Management, GoI is the single largest public shareholder with 48.99% stake as on April 09, 2025. 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 having its presence across 40 countries. VGP is one of the world's largest telecommunications companies, having mobile and fixed network operations in 15 countries and, partners with mobile networks in 43 more and fixed broadband operations across markets.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25(UA)
Total operating income	42,177	42,652	32,558
PBILDT	16,817	17,126	14,273
PAT	-29,308	-31,238	-20,202
Overall gearing (times)	NM	NM	NM
Interest coverage (times)	0.72	0.66	0.79

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

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

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - ST-Term loan		-	-	31-08-2025	1001.00	CARE A3
Non-fund-based - LT-BG/LC		-	-	-	6067.22	CARE BBB-; Stable
Term Loan-Long Term		-	-	30-06-2026	3901.20	CARE BBB-; Stable

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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - LT-BG/LC	LT	6067.22	CARE BBB-; Stable	-	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)	1)CARE B+; Positive (16-Mar-23) 2)CARE B+; Stable (31-Jan-23)
2	Term Loan-Long Term	LT	3901.20	CARE BBB-; Stable	-	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)	1)CARE B+; Positive (16-Mar-23) 2)CARE B+; Stable (31-Jan-23)
3	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (01-Nov-23) 2)CARE B+; Stable (24-Aug-23)	1)CARE B+; Positive (16-Mar-23) 2)CARE B+; Stable (31-Jan-23)
4	Fund-based - ST-Term loan	ST	1001.00	CARE A3	-	1)CARE A4+ (26-Dec-24) 2)CARE A4+ (04-Jun-24)	1)CARE A4 (01-Nov-23) 2)CARE A4 (24-Aug-23)	1)CARE A4 (16-Mar-23) 2)CARE A4 (31-Jan-23)

LT: Long term; ST: Short term;

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - ST-Term loan	Simple
2	Non-fund-based - LT-BG/LC	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated as on December 31,2024

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

Note on complexity levels of rated instruments: CARE 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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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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