

Vodafone Idea Ltd — 30 Jan 2026 Credit Rating Summary

| Section | Details |
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| Agency | CARE Ratings Ltd. (CareEdge) |
| Rating Change | BBB- (Reaffirmed); Notches moved: 0 (Outlook upgrade from Stable to Positive) |
| Outlook (Current vs Previous) | Positive vs Stable |
| Key Drivers of Change | <ol style="list-style-type: none"> AGR Relief: 10-year deferral of annual instalments (~₹16,428 Cr each) and freezing of ₹87,695 Cr debt with zero interest accrual, drastically easing near-term liquidity. Debt-to-Equity Conversion: Gol converted ₹36,950 Cr spectrum dues into equity in March 2025, becoming the 49% anchor shareholder. Promoter Infusion: ₹5,836 Cr committed via CLAM agreement (₹2,307 Cr cash + ₹3,529 Cr share-sale proceeds) to fund 4G/5G expansion. Operational Pivot: Blended ARPU rose to ₹172 (Q3FY26) from ₹164 (FY25); equity raise of ₹22,000 Cr since March 2024 strengthens the balance sheet. |
| Rated Instruments | 1. Non-fund-based (LT-BG/LC): ₹6,061 Cr |
| Key Observations | <ul style="list-style-type: none"> • (+) Strategic Stake: Gol (49% stake) provides a regulatory safety net and "too big to fail" status. • (+) Capex Roadmap: Planned outlay of ₹45,000 Cr (FY27–FY29) to close the 5G gap with peers. • (+) Liquidity: Adequate for the near term with ₹1,488 Cr unutilised FPO proceeds and ₹3,300 Cr NCD raise. • (-) Subscriber Churn: Base declined from 205M (Mar-25) to 199.7M (Nov-25); network competitiveness remains a lag. • (-) Massive Leverage: Total obligations (Spectrum + AGR) stand at ~₹1.94 Lakh Cr. • (-) High Debt/EBITDA: Forward leverage remains high at 9.5x–10x by FY27-end despite moratoriums. • (-) Funding Gap: Success hinges on achieving ₹35,000 Cr bank debt tie-up. |
| Investor Impact | <ul style="list-style-type: none"> • Growth: Survival risk has transitioned to "Execution Risk" for 5G rollout. • Margins: Heavily dependent on the anticipated FY27 tariff hike and 15% annual ARPU growth. • Leverage: Liquidity is protected until FY28, but a "cliff" exists when spectrum repayments surge thereafter. • Dilution: Gol is the majority holder; further debt-to-equity conversions remain a tool for future deleveraging. |
| Agency / Cross Analysis | <p>Same Agency (CARE): Outlook upgraded from Stable to Positive compared to April 2025 review.</p> <p>Drivers of Shift: The November 2025 Supreme Court/DoT AGR relief package is the primary catalyst. CARE notes that while the P&L is still in loss (-₹17,418 Cr in 9MFY26), the <i>structural</i> liquidity profile has improved via the interest-free freeze on AGR dues.</p> <p>Conclusion: Structural Improvement in solvency, though operational turnaround is still work-in-progress.</p> |
| Final Inference | Real liquidity improvement disguised as a stable rating. The 10-year AGR holiday provides a critical window for VIL to deploy ₹45k Cr capex. For equity, the downside is protected by the Gol, but upside is capped by the ₹1.94 Lakh Cr debt overhang returning in FY28. |