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The cycle of Mergers happens because of the outrageous contests, an innovation of innovation, vital corporate embarrassments, and bouncing of securities exchanges instability gave tension to the corporate organizations to give better benefits to their investors.

#### ❖ **Introduction**

This case discusses the merger of India's third-largest mobile communication company, Idea Cellular (Idea), with the country's second-largest mobile provider, Vodafone India Limited (Vodafone). The deal was valued at roughly US \$23 billion when it was announced in March 2017. The consolidation came as a result of the Indian telecom scene's unprecedented transformation following the launch of Reliance Jio Info COMM Limited (Jio) in September 2016. Much of the company, which was facing financial difficulties at the time due to huge foundation costs and a high liability issue, faced further problems with the massive migration of customers to Jio. To deal with Jio's onslaught, telecom administrators went into solidification mode, gaining reach, small players, frames, etc. With Jio constantly developing with offers like free phones and another contender, Airtel, as well as taking a look at combining through acquisitions, Idea and Vodafone have faced an intense road ahead to determine whether the largest consolidation ever achieved in India's telecommunications existence would end up being a clear advantage in the second-largest telecommunications market on the planet.

#### ❖ **Profile of the company**

Vodafone Idea Limited is India's largest telecommunications manager based in Mumbai, Maharashtra. Thought is an India-based GSM manager that offers 2G, 3G, and 4G (LTE) portable administrations under two brand names called Vodafone and Idea. Support options include mobile tariffs, IoT, advanced enterprise contributions, and entertainment, which are accessible through computerized channels and ground contact, to inspire every Indian to build a better future across the country. It has 745 million backers, making it the largest versatile broadcast communications network in India and the second-largest versatile media communications network in the world. With Vodafone Idea, there is a broadband network of 340,000 locations and a 1.7 million retail store reach. Vodafone India merged with Idea Cellular on August 31, 2018, and was called Vodafone Idea Limited. The merged content continues to use the Idea and Vodafone brands in any event. The Vodafone Group now owns 45.1 percent of the combined substance, while the Aditya Birla Group owns 26 percent, and the remaining shares will be held by the general public. The unified organization is led by Kumar Mangalam Birla as Chairman and Balesh Sharma as CEO.

#### ❖ **History**

On March 20, 2017, Idea and Vodafone India announced that their separate balance sheets had supported a merger of the two companies. In July 2018, the Department of Telecommunications approved the consolidation. The National Company Law Tribunal awarded the final nod to the Vodafone-Idea merger on August 30, 2018. The merger was completed on August 31, 2018, and the newly combined entity is known as Vodafone Idea Ltd. The consolidation made India the largest telecommunications organization by sponsors and revenue. According to the terms of the agreement, Vodafone Group owns 45.2% of the shares of the consolidated entity, Aditya Birla Group owns 26%, and the rest of the agreements are for people in general. He thought he had recently bought Spice Communications Ltd, which operates as Spice Telecom, for more than Rs 2,700 crore.

#### ❖ **Market for product**

##### **About Vodafone India:**

Vodafone India was a provider of broadcast communications services in India, with its operational

administrative center in Mumbai, and was a subsidiary of the UK-based Vodafone Group plc. Vodafone has been operating a 3G network on the 900 and 2100 MHz bands since 2011. Lucknow, Uttar Pradesh, was the first city to receive 3G assistance. In November 2011, M-Pesa was launched in India as a close partnership with HDFC bank. Vodafone released a new international travel bundle on June 28, 2012, under which customers will not be charged for different rentals in the countries they visit. On May 19, 2015, TRAI stated that Vodafone had obtained the degree in 9 circles for 3G inclusion, offering approximately 11,617.86 million (the second-highest amount in barter) for the degree. On December 8, 2015, Vodafone reported that the implementation of its 4G LTE network in India in the 1.8GHz and 2.1GHz bands was starting in Kochi. The aid was opened to customers in general in India in 2017, with plans for further extension. Vodafone currently starts at 2100 MHz and 2500 MHz for 4G, so customers will get a predominant 4G speed than in the past. Vodafone India has begun bringing its 4G VOLTE services to the country under the Vodafone Super Volte moniker. Gujarat was the primary target for getting that help.

#### **About Idea Cellular:**

On March 14, 1995, Birla Communications Limited was formed, and on August 11, 1995, a testimony of business beginning was issued. Mumbai, Maharashtra, was the location of our enlisted office. Following the signing of a joint venture agreement between AT & T Corporation and Grasim Industries Limited on December 5, 1995, our name was changed to Birla AT & T Communications Limited on May 30, 1996. The Aditya Birla Group held 51 percent of our equity share capital and the AWS Group held 49 percent. On October 22, 1996, we relocated our registered office from Industry House, First Floor, 159 Church Gate Reclamation, Mumbai, 400 020, Maharashtra to Suman Tower, Plot No. 18, Sector 11, Gandhinagar, 382011, Gujarat. Following our merger with Tata Cellular Limited on January 1, 2001, the joint effort agreement between AT&T Corporation and Grasim Industries Limited dated December 5, 1995, was replaced by an investment agreement dated December 15, 2000, entered into by Grasim Industries Limited for the benefit of Aditya Birla Group, Tata Industries Limited in the interest of Tata Group, and AT & T Wireless Services Inc. for AWS Group, after which our name was changed to AT & T Wireless Services Inc. for AWS Group. Thoughts As a result, our name changed to Idea Cellular Limited on May 1, 2002. On September 28, 2005, the AWS Group quit the company by selling 371,780,740 shares, or half of its investment in AT & T Cellular Private Limited. in our capital stock value, in ABNL, and transferring the excess of 371,780,750 Tata Industries Limited shares. When Tata Industries Limited and Apex Investments (Mauritius) Holding Private Limited (previously known as AT & T Cellular Private Limited) separately made their proposals to the Aditya Birla firm on June 20, 2006, the Tata Group ceased to be an investor in the company group.

#### **❖ Merger Information**

Vodafone Idea Limited is India's largest telecom administrator with its headquarters in Mumbai, Maharashtra. Vodafone Idea is a GSM administrator based in India that offers 2G, 3G, and 4G (LTE) portable administration under the Vodafone and Idea brands. Vodafone Idea also provides services such as mobile payments, advanced venture donations, and diversions, which are available through both advanced channels and on-ground contact centers across the country. The organization's mission is to "provide top-notch advanced experiences to connect and empower every Indian to build a better tomorrow." As of December 2018, Vodafone Idea has 35.61% of the pie in India with 418.745 million followers, making it the largest portable broadcast communications network in India and the world. Vodafone Idea has a bandwidth of 340,000 stores and an appropriation scope of 1.7 million stores. Vodafone India merged with Idea Cellular on August 31, 2018, and was called Vodafone Idea Limited. Be that as it may, the combined entity continues to use the Idea and Vodafone brands. At this time, the Vodafone Group holds a 45.1% stake in the consolidated substance, the Aditya Birla Group holds 26%, and the remaining offers will be in the hands of the general population. Kumar Mangalam Birla heads the joint organization as president, with Balesh Sharma as CEO. On March 20, 2017, Idea and Vodafone India reported that their sheets had

supported the consolidation of the two organizations. The consolidation obtained the support of the Telecommunications Department in July 2018. On August 30, 2018, the National Court of Company Law gave the last gesture to the consolidation of the Vodafone Idea. The consolidation ended on August 31, 2018, and the elements recently united are called Vodafone Idea Ltd. Consolidation has become the largest telecommunications organization in India by the sponsor and by turnover. The Aditya Birla Group retains a 26 percent stake in the consolidated substance, with the remaining offers in the hands of the general public.

#### ❖ **Reason behind the merger of Vodafone and Idea**

The main reason for the Vodafone-Idea merger was to deal with Reliance Jio's growing dominance in the Indian telecom market. This will result in strong value competition between all of the major organizations in this field. While most blending companies are confident in their cooperative energy benefits, most experts agree that the Vodafone-Idea merger has the potential to create significant expense reserve funds. Edges might significantly increase with a larger scope and lower copy costs. In certain circles, the connected element becomes the main cell administration administrator. In several circles, it will dwarf Bharti Airtel as the chief administrator, while in some other circles, it will turn out to be a resounding no. It remains to be seen whether the consolidated element will have an indifferent presence in generally humbler circles, or whether it will raise the stakes and focus on a solid Pan-India hub.

According to the last closeout cost, Idea's range in two circles is valued at roughly Rs 12,000 crore, while Vodafone India's range in seven circles is valued at around Rs 12,000 crore. Both companies' licenses are valid until 2021-22. Because the licenses for Vodafone India and Idea are not in the same circles, there may be opportunities for range capital agreements between the two companies. Before the merger, Vodafone India had 18.16 percent of the market with 20,46,80,000 customers, while Idea Cellular Ltd. had 16.9 percent of the whole industry with 19,05,10,000 customers. The consolidation of Vodafone India and Idea Cellular supported the pie at 35%, making it the largest telecom business in the country, leaving Bharti Airtel out of its leading position.

#### ❖ **Financial result**

For the quarter ending in December 2018, Vodafone Idea reported a combined loss of Rs 5,005.7 crore. The telco had a loss of Rs 4,973.80 crore in the third quarter, which ended on September 30. This was the first quarterly loss declared by the combined substance. During the same quarter, the total remuneration amounted to Rs 11,982.8 crore. Remuneration increased by 52 percent in comparison to the previous quarter's Rs 7,878.6 crore.

#### ❖ **Marketing strategies**

Vodafone Idea, the country's most recent telecom administrator, has organized a comprehensive publicity operation to announce its arrival. The company aims to begin its marketing efforts using television and other modern advertising options. As a result, Vodafone Idea will carry out its planned media campaign to establish itself in the serious market over the next few weeks.

#### ❖ **Aftermath of the merger of both company**

According to industry sources, the company is ready to embark on a massive limited-time campaign to reposition itself. Due to the constraints of current events, they planned a virtual event yesterday to introduce their redesigned and merged persona, "Vi," to the world. In addition, in light of the current situation, "Vi" will promote itself first on media stages such as television and computerized stages.

The company intends to follow up with a high-decibel advertising campaign to echo the brand's qualities and points while also establishing a significant legacy. Since the brand's release, which began two years earlier, the organization has sought to incorporate two of the country's most select telecommunications administrations: Vodafone and Idea. Through this monstrous consolidation, the brand wants to review the way Indians use it. The CEO and CEO of Vodafone Idea further said the consolidation worked to support themselves to make premium computer administrations accessible

to one billion Indians. keep abreast of changing customer demands.

❖ **Problem association with Vodafone after the merger**

Vodafone Idea has brought a few points of contention to the Supreme Court's attention in its appeal on the payment of altered gross income (AGR) duty. It claims that the Department of Telecommunications has not reflected the payments it has made (DoT).

Similarly, several income items were included twice in the AGR request, and the division provided no allowance due to wandering charges paid by the administrator. This comes only days after Bharti Airtel filed a court petition to have the DoT's AGR duty estimate reevaluated. It has said the installments it has made have not been represented by the Department of Telecommunications (DoT).

Likewise, there have been twofold, including some income items in the AGR request, and no allowance has been made by the office for wandering charges paid by the administrator. This comes days after Bharti Airtel requested the court to reconsider the DoT's computation of the AGR levy.

❖ **Impact of the merger**

More mergers and acquisitions of other telecom companies have resulted as a result of this consolidation. Bharti Airtel purchased the assets of Telenor India and Reliance Communication. Clients of Goodbye Teleservices have begun migrating to the Airtel network via Intra Circle Roaming (ICR). The consolidation element has pursued several goals, such as cost restoration following the vexing passing of Reliance Jio, which created genuine annoyance. India's massive supporter base has made it the fastest-growing commercial sector in the world, and the convergence of major telecom operators would give the industry new energy and vitality. The consolidation has helped break the commitment of Idea Cellular and Vodafone India, and large credits will be invested in the joint effort to see the rapid development of the reserve fund, cooperative energies and scope, cooperative cost, and capital expenditures as well. Power is provided for both organizations, with an estimated value of around US \$10 billion after compensation costs. The consolidation has reduced the activity costs incurred by around 60% of the total cost, which will help to improve the quality and delivery of the assistance provided by the organization.

Bharti Airtel will be abandoned by Vodafone Idea Ltd. after the merger, and the combined entity will win the top position in the Indian telecom business, with a revenue share of 40% versus 32% for Bharti Airtel. The commencement of the value struggle in the Indian telecom market began with the problematic segment of Reliance Jio. Dependence According to Jio, at least prices with a dispatch offer of first-quarter free for all users. Because the merged element had sufficient assets, it resulted in an asset combination that benefited the buyer. As there aren't many organizations in the area, there was a greater chance of cost solidity. Examiners are anticipating an amendment to the telecom valuation market, and the nation can see organizations collaborating to build costs, all other things being equal. Remaining players: Idea, Vodafone, Airtel, BSNL, and Jio (Airtel consolidated Airtel, bought Telenor, and can converge with Tata). The pace of these administrations would be something that could be discussed without problems.

Large offices cannot be cheap since they provide a better buyer experience. If we're talking about the telecom sector, then it's better for business in general. Because of joint execution and shared usage of the foundation, the current obligation of the combined substance is staggering at Rs 1.07 lakh crore, and Idea has effectively claimed that they will save close to Rs 14,000 crore per year from reserve funds. Because there are fewer unfulfilled duties, businesses may focus more on enhancing the present framework, resulting in a higher level of service quality for customers.

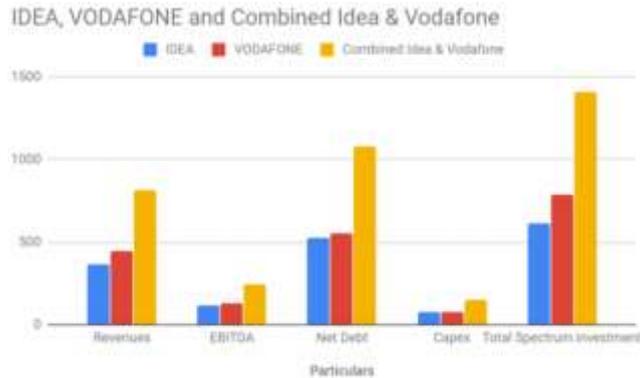
The Vodafone Idea merger resulted in a duplication of assets across the country, necessitating job losses as well. As the chairman of the new consolidation, Kumar Mangalam Birla had successfully pointed out, the combined substance required them to lay off their workers to an enormous extent. When the primary goal of both telecom corporations was to reduce their debt through merging, the reductions were essentially expected. Even though Vodafone's CEO had made no mention of layoffs, investigators predicted that 5–10% of the combined element's workforce would be asked to quit. Consolidation has led to the pooling of essential assets and frameworks,

which has certainly led to a superior quality of service and customer experience. This combined substance also eased monetary difficulties, prompting him to contribute more to the nature of administration.

❖ **Takeaway**

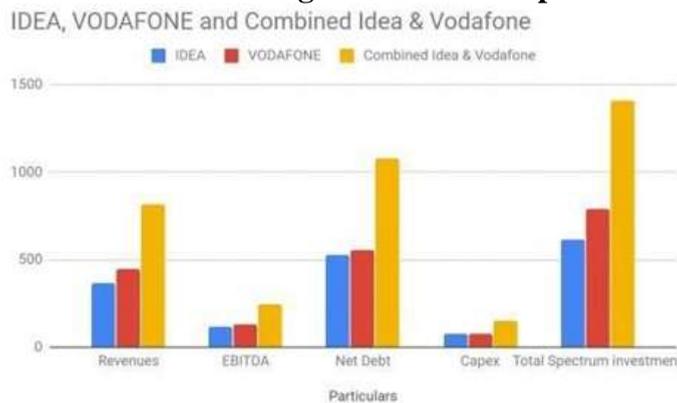
Vi's main mission is to give Indian citizens and enterprises a better business experience, better customer service, and cutting-edge products and services. With the rebranding, the company has ensured a more robust, better, faster, and future-ready organization based on various 5G design standards.

**Exhibits -1 - Financial consolidation**



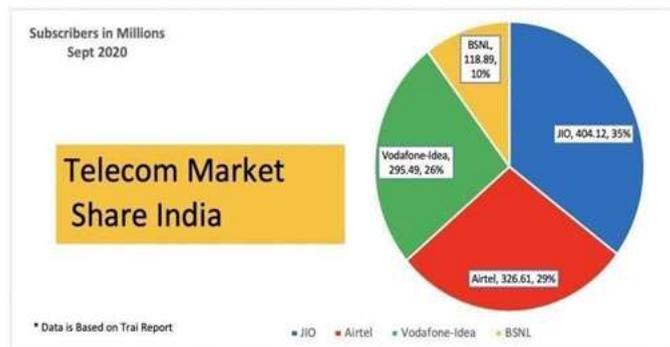
Source: mnacritique.mergersindia.com

**Exhibits-2--:Leading Indian mobile operators**



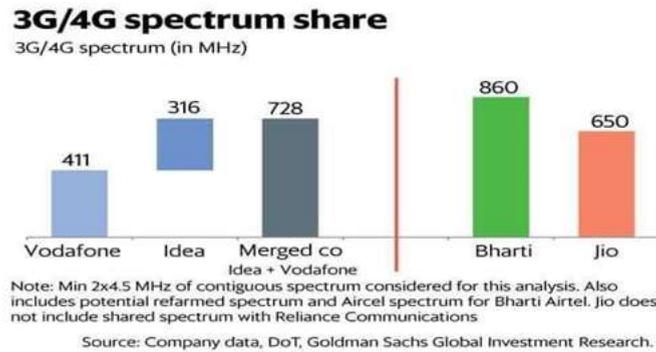
Source: mnacritique.mergersindia.com

• **Exhibits-3 Subscriber market share of telecom**



Telecom Subscribers and Operator Wise Market Share of Telecom Companies in India (2020-21) - discount.clearanceonline2021.ru

Exhibits-4 3G/4G Spectrum share



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