

Vodafone's Indian telecom unit merges with local company

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British telecom company Vodafone's Indian unit on Monday announced a merger with Idea Cellular, a local company, creating India's largest telecom operator, with around 400 million customers.

Vodafone will own 45.1 percent of the combined [company](#) and Idea will have a 26 percent stake, while the rest will be owned by public shareholders after the merger, which is expected to be completed next year, the companies said in a joint statement.

At present, Bharti Airtel is India's biggest telecom player, with a market share of 23.6 percent and a customer base of 265.9 million. The entry of Reliance Jio has led to a consolidation in the Indian telecom sector.

The merger values Vodafone India at 828 billion rupees (\$12.4 billion) and Idea at 722 billion rupees (\$10.8 billion), the statement said. The [merger](#) will not include Vodafone's 42 percent stake in Indus Towers Ltd., another local company.

Idea Cellular is owned by India's Aditya Birla Group.

Vodafone's [market share](#) was 18.16 percent, with 204.68 million mobile customers, while Idea's was 16.9 percent, with 190.51 million, according to data provided by the government-run Telecom Regulatory Authority of India.

Vodafone Group Plc. entered India in 2007 through a subsidiary based

in the Netherlands.

Vodafone is involved in a \$2.5 billion tax dispute with Indian authorities over its purchase of Hutchison Essar Telecom services in April 2007.

Indian tax authorities say the transaction involved the purchase of assets of an Indian company and was therefore liable for taxes in India.

Vodafone has challenged the tax claim in an Indian court.

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