



vodafone

idea

The merger of Vodafone with Idea is in last leg of government approval in which the the British firm is expected to have not more than 47.5 per cent stake. (Reuters)

British telecom major Vodafone plans to invest 1 billion euro or about Rs 8,000 crore in the proposed joint venture with Idea Cellular which is expected to be in place this month, according to its annual report. The British telecom operator will look at monetizing its stake in Indus Towers if it requires to make an additional investment in India in case Aditya Birla group decides to put in an additional fund in the proposed merged entity, Vodafone Idea Limited. "Idea's equity raise of 0.8 billion euro in January 2018, which Vodafone Group will match at the time the merger closes; combined with other adjustments, we currently estimate a net capital injection into India of up to 1 billion euro at closing in June 2018," Vodafone Chief Financial Officer Nick read said in annual report.

The merger of Vodafone with Idea is in last leg of government approval in which the British firm is expected to have not more than 47.5 per cent stake. The merged entity will be largest telecom operator in India with subscriber base of around 430 million. "The company's financial leverage is currently high on a pro-forma basis. In the event that in the future the joint venture partners decided to put in additional funding, the Group would draw upon the value of its stake in Indus Towers," Vodafone said.

The company has 42 per cent stake in India's largest mobile tower firm Indus Towers. Indus Towers paid dividends of 138 million euro to the Vodafone Group during 2017-18. On April 25, 2018, Vodafone, Bharti Airtel Limited and Idea announced the merger of Indus Towers into Bharti Infratel. Bharti Airtel and Vodafone will jointly control the combined company and Vodafone will be issued 783.1 million new shares in the combined company, in exchange for its shareholding in Indus Towers.

The Indus Tower -Bharti Infratel deal has given Idea Group to sell its full 11.15 per cent shareholding in Indus Towers for cash which would be equivalent to a 29.4 per cent shareholding in the combined company.

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