

NEW DELHI: The [telecom department](#) is likely to approve on Monday the merger of [Vodafone](#) India and [Idea Cellular](#)

that will create the country's largest mobile service operator with proposed name of Vodafone Idea Ltd.

"DoT (Department of Telecom) is expected to clear the Vodafone-Idea merger on Monday. The certificate will be handed to them," an official source said on Sunday.

The merger, when it comes through, will create India's largest telecom firm worth over \$23 billion with a 35 per cent market share and a subscriber base of around 430 million. The entity is expected to intensify the telecom battle dominated by [Reliance Jio](#) and Bharti [Airtel](#)

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Vodafone is expected to own 45.1 per cent, 26 per cent by [Aditya Birla Group](#)

and Idea shareholders will own 28.9 in the combined entity. The merged entity will have around 43 crore mobile subscribers from Day 1 which translates to about 35 per cent of the market share.

The proposed merger is expected to give breather to both debt-ridden firms Idea and Vodafone, from cut-throat competition in the market where margins have hit rock bottom with free voice calls.

The combined debt of both the companies is estimated to be around Rs 1.15 lakh crore.

The Department of Telecom (DoT) will seek a bank guarantee of around Rs 2,100 crore pertaining to one-time spectrum fee of Idea Cellular and undertaking that the resultant will clear dues pertaining to one-time spectrum fee and other sub-judice matter in accordance with the court's order.

Idea will be asked to replace one-year bank guarantee of Vodafone India submitted for deferred spectrum payment.

Vodafone and Idea will have to give undertaking of clearing dues that are sub-judice as per decision of the courts, the official source said.

Idea will hold extraordinary general meeting on June 26 to change its name to Vodafone Idea Limited following the completion of merger.

In March this year, Kumar Mangalam Birla was named the non-executive chairman of the prospective combine. Balesh Sharma, currently the chief operating officer of Vodafone India, has been named as the CEO of the new entity. Idea's chief financial officer Akshaya Moondra will head the financial operations of the new entity as its CFO.

Shares of Idea Cellular were up nearly 3 per cent at Rs 62.30 on the BSE at 10.48 am on Monday. The broader market was trading flat.

(With agency inputs)