Czech University of Life Sciences

Prague

Faculty of Economics and Management

Master's Thesis

Analysis of the impact of the merger of Vodafone Ltd. and Idea Cellular

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

Bc. Yogiraj Bhavsar

Economics and Management

Thesis title

Analysis of the impact of the merger of Vodafone Ltd. and Idea Cellular

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Objectives of thesis

In this section we will try to understand the concept of financial analysis of the corporate restructuring on the bases of the merger of the two multinational giant group of company which is Vodafone and Idea. Wecan make a futuristic approach on the bases of the financial analysis. We follow further by motives behindthe merger and synergies from the merger.

1. Financial analysis of the Vodafone Idea Ltd. to identify the company's financial position.

2. Post-merger analysis of the Vodafone Idea Ltd. on the bases of company's financial statements.

3. Synergy effect of merger and cash flow analysis of the Vodafone Idea Ltd. to measure the performanceof the company.

Methodology

Motivation of the merger following the financial analysis is the primary way that companies are able to pro- vide returns to owners and investors. The vision of the company is "Create world class digital experiencesto connect and inspire every Indian to build a better tomorrow."

Methodology of the literature review is based on the financial statements of the Vodafone Idea Ltd. collected from the published on official website.

For the additional study for the merger is from various books, publications, journals and literature relevant to merger.

Practical part of the thesis is based on the available annual reports of the chosen company. Profitability ratios are to access a firm's ability to generate earnings relative to its revenue, operating cost, balance sheet assets of the period from 2017 to 2022. Financial ratios are used for the purpose of the evaluate their performance and compare with the similar businesses of the same industries. Moreover, financial ratios are used for generating the ability of the wealth. Ratios are used to determine the relationship between two or more financial statement components. When comparing outcomes over the time periods between2017 to 2022.

Here stated that the effects from merger date to the 2022 of the financial data which are included from the company’s annual reports. Motives and theories are based on the financial statements and the com-pany’s financial position. To generate the effects of the merger of selected company’s financial position and competitors are taken into consideration. In this section discussion of the various motives along withthe original data are varied. However, focus on the how merger works as a growth strategy. From this datavarious classes of growth opportunities developed.

Furthermore, various theories are derived from the merger. Synergies varied with the relevant merger mo- tives. There is also description as per the merger of the company affects to the product directly investigates thesynergies to the telecom industries.

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Merger, Idea and Vodafone, impact of merger, VI, synergy effect, impact on telecom sector, financial analysis

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Declaration

I declare that I have worked on my master's thesis titled "Analysis of the impact of the merger of Vodafone Ltd. and Idea Cellular." by myself and I have used only the sourcesmentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on DATE________30/11/2022________________________

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Abstract

This study expresses about Impact of the merger of the Vodafone ltd. and Idea cellular.As they have always been one of the strategies to expansion in the global market. The mergerbrings together Vodafone India and Idea cellular, two India’s premier carriers are adaptable, digitally savvy, and prepared for the future it’s unique situation. Here the paper showing the financial analysis with the bases on the financial ratios. The financial performance of the company and how it creates synergies in the international market. Vodafone acquired Hutch to enter the Indian Telecom Sector. Afterwards, the Indian company Idea Cellular and Vodafone India Ltd are merged in to compete with the Reliance Jio came into existence with their new and attractive plan to cater the needs of subscribers of the market. As we all know about the telecom market leaders come up with the highest subscriber of the country or globally. To cover market and implementation of the strategies are very much important for both the company Idea and Vodafone. This study is also highlighting about different synergies of the Merger. Moreover, the analysis of the financial statements are shows that how the company make tough competition to the competitors and make more stability in the telecom market. Post-merger analysis on the bases of the consolidated balance sheet, Consolidated income statement, Consolidation cash flow statement. Synergy effect of the merger and cash flow analysis on thebases of the cash flow statement.

Keywords: Merger, Idea and Vodafone, impact of merger, VI, synergy effect, impact on telecom sector, financial analysis

Abstrakt

Tato studie se zabývá dopadem fúze společností Vodafone s.r.o. a Idea cellular. Fúze byly a jsou vždy jednou z oblíbených strategií expanze na globálním trhu. Práce analyzuje fúzi společností Vodafone India a Idea cellular, jakožto dvou předních indických operátorů, kteří jsou vysoce adaptabilní, digitálně vybavení a připraveni na budoucnost, tato fúze představuje jedinečnou situaci. V práci je provedena finanční analýza na základě relevantních finančních poměrových ukazatelů. Soustředíme se na finanční výkonnost společnosti a na to, jaké vytváří synergie na mezinárodním trhu. Vodafone získala nejprve společnost Hutch, což jí umožnilo vstoupit do indického telekomunikačního sektoru. Poté se se sloučily indické společnosti cellular a Vodafone India Ltd, aby byly schopni konkurovat Reliance Jio s jejich novým a atraktivním plánem přilákat předplatitele trhu. Jak je známo o vůdci telekomunikačního trhu přicházejí s nejvyšším předplatným v zemi nebo na celém světě. Pokrytí trhu a implementace strategií jsou pro společnost Idea i Vodafone velmi důležité. Tato studie také zdůrazňuje různé synergie, které fúzí vznikly. Analýza účetních výkazů navíc ukazuje, jak společnost tvrdě bojuje s konkurencí a zvyšuje stabilitu celého telekomunikačním trhu. V práci je provedena analýza konsolidované rozvahy po fúzi na základě, konsolidovaného výkazu zisku a ztráty, konsolidovaného výkazu peněžních toků. Na základě analýzy peněžních toků je představen synergický efekt fúze je identifikován pomocí a rozboru výkazu peněžních toků.

Klíčová slova: Fúze, Idea a Vodafone, dopad fúze, VI, synergický efekt, dopad na telekomunikační sektor, finanční analýza

Table of content

List of pictures

List of tables

List of abbreviations

VI: Vodafone Idea Ltd.

M&As: Merger and Acquisitions

EBIT: Earnings Before Interest and Taxes.

VoLTE: Voice over Long-Term Evolution

VoWiFi: Voice over Wi-Fi

Ind AS: Indian Accounting Standards

IFRS: International Financial Reporting

StandardsEPS: Earnings Per Share

PE ratio: Price to Earning Ratio

CFO: Chief Financial Officer

CEO: Chief Executive Officer

COO: Chief Operating Officer

CAGR: Compound Annual Growth Rate

1. Introduction

Mergers and acquisitions are a vital part of any healthy economy and importantly, the primaryway that companies are able to provide returns to owners and investors. Vodafone Idea Ltd. (Vi) is the company of the merger of two powerful entities which is Aditya Birla group and Vodafone group. The headquarter is based in Mumbai and Gandhinagar. It is the leading network provider brand in the telecom sector. The company provides the pan India services and data services across 2G, 3G, and 4G, VoLTE and VoWiFi network. Vodafone India and Idea cellular is very famous network provider as it is among one of the world biggest telecom brands. In the year of 2020 Vodafone idea Ltd Awarded with the Red Hat Innovator of the yearfor its service and contributions in the telecommunications sector. Moreover, its remarkable achievements with one of the world's largest post-paid migrations awarded by innovation at the core awards.

Vision of the Company: Create world class digital experiences to connect and inspire every Indian to build a better tomorrow

Idea Cellular Ltd. had been the flagship company of the Aditya Birla Group. Aditya Birla groupis an Indian multinational conglomerate company headquarter in Worli, Mumbai in India. Aditya Birla group is in the league of fortune 500. It had the extraordinary force of over the 140000 employees among the 100 nationalities. It is the India's first global company establish by Aditya Vikram Birla who is the visionary leader of this Group. Furthermore, over 50% of group revenues flow from overseas operations that span 36 countries in North and South America, Africa, Asia and Europe.

Vodafone is the one of the largest telecommunication services providing company among the telecom sectors. It has more than 300 million customer bases. Vodafone trusted by the 6 millionorganizations around the world. It has expertise not only network but also energy and utilities,logistic and transport, insurance, automotive, retail and manufacturing as well.

2 Objectives and Methodology

2.1 Objectives

In this section we will try to understand the concept of financial analysis of the corporate restructuring on the bases of the merger of the two multinational giant group of companywhich is Vodafone India and Idea cellular. We can make a futuristic approach on the bases of the financial analysis. We follow further by motives behind the merger and synergies from the merger.

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Furthermore, various theories are derived from the merger. Synergies varied with the relevant merger motives. There is also description as per the merger of the company affects to the product directly investigates the synergies to the telecom industries.

3. Literature Review

In the literature review the theoretical part of for the thesis is include the impact of the merger on the bases of the company act 2013. Numerous research studies have been conducted on the motives for M&As (Trautwein, 1990; Matsusaka, 1993; Caprio et al., 2011). Many scholars have proposed and developed various theories and stretegies of the motives for M&As (Ansoff, 1965; Manne, 1965; Gort, 1969; Roll, 1986; Jensen, 1988), and other scholars have conducted relevant empirical studies based on these theories and motives.

3.1 Company Act 2013:

The Ministry of Corporate Affairs (MCA) is principally responsible for theadministration of the Companies Act 2013, the Companies Act 1956, the Limited Liability Partnership Act, 2008, and other related Acts, rules, and regulations enacted toensure that the corporate sector operates legally. In order to simplify the compliance procedures and provide consolidated information on applicable Acts, Rules and Regulations to the stakeholders. Where an application is made to the Tribunal under section 230 for the sanctioning of a compromise or an arrangement proposed between acompany and any such persons as are mentioned in that section. There are some level and understanding of the merger that merger by absorption, merger by formation of new company.

Subject to the provisions of any other law for the time being in force, a foreign company,may with the prior approval of the Reserve Bank of India, merge into a company registered under the section of 234 undersection (2) of the Company Act or vice versa and the terms and conditions of the scheme of merger may provide, among other things, for the payment of consideration to the shareholders of the merging company in cash, orin Depository Receipts, or partly in cash and partly in Depository Receipts, as the case may be, as per the scheme to be drawn up for the purpose.

Provided that the Central Government may make rules, in consultation with the ReserveBank of India, in connection with mergers and amalgamations provided. (under the section of Company Act 234(1)).

3.2 Merger and Acquisition:

Concept of merger is If a company wants to merge with another company that time conduct the meeting with the mediator or intermediary like investment bankers with thereference of target company. On the bases of the process of merger both the company benefit and this effect call synergy effects. As the value of a company's products and services is recognized, it may expand over time. It can also expand through an inorganicprocess, which is reflected by an immediate growth in the number of employees, customers, and infrastructure resources, as well as an increase in the entity's total sales and earnings. Mergers and acquisitions are inorganic growth processes in action. While mergers refer to the merging of two parties into a single entity, acquisitions refer to circumstances in which one player buys out the other in order to merge the bought firm with itself. It can take the form of a purchase, in which one company acquires another, or a management buyout, in which the company's management buys the company from its owners.

With the growth of global trade, there has been a continuous increase in cross-border mergers. When such mergers and acquisitions are complemented by policies that promote competition and better corporate governance, they can have long-term advantages.

3.3 Indian Accounting Standard:

The Indian Accounting Standards (Ind AS), which were notified under section 133 of the Companies Act 2013, were formulated with the Indian economic and legal following aims and with the purpose of converge with the International Financial Reporting Standards (IFRS), which were issued by the IFRS Foundation and for which thecopyright is held by the IFRS Foundation. Accounting standards are the written statements consisting of rules and guidelines, issued by the accounting institutions, for the preparation of uniform and consistent financial statements and also for other disclosures affecting the different users of accounting information. Accounting standardslay down the terms and conditions of accounting policies and practices by way of guidelines and adjustments for making the interpretation of the items appearing in the financial statements easy and even their treatment in the books of account. Accounting standards are required to bring uniformity in accounting methods by proposing standard treatments to the accounting issue.

Moreover, Accounting standards provide a concrete theory base to the process ofaccounting. They provide uniformity in accounting which makes the financial statements of different business units, for different years comparable and again facilitate decision making.

3.4 Capital Restructuring:

Mergers in the Indian telecom industry are not uncommon. The merger phenomenon has grown in the industry since the past few decades. The famous mergers seen in the industry are Vodafone and Hutchison Essar in 2007, Idea and Spice Telecom, Telenor and Unitech, Reliance and Aircel, etc.

3.5 Opportunity to growth of company by M&A:

Diversification growth was viewed as a different class of possibilities, with concentric diversification, horizontal diversification, and conglomerate diversification being the three forms of growth prospects. Backward integration, forward integration, and horizontal integration are all part of integrative growth. Before that need to investigate intensive growth. Intensive growth contains Market Penetration, Market Development, Product Development. Market Penetration refers to a company's efforts to improve salesof its current items in current markets by more aggressive marketing. It entails activitiessuch as extending the dealer and retailer network, obtaining larger and premium shelf space for retailers, establishing appealing dealer and customer incentive programs, and conducting extensive advertising campaigns. To sustain their leadership position, companies that are currently market leaders must maintain and, if feasible, enhance theirlevel of market penetration. Market Development consists of a corporation aiming to improve revenue by expanding into new areas with current items. Market development plan is used when a regional firm launches its products in another region or when a company that previously only operated in the domestic market begins to export its products. Here need to mention as an example the acquisition of Hutchison Essar by Vodafone. Product development is made up of a corporation that is looking to enhance sales by generating better items for its current markets.

After that investigate about the integrative growth of the company by M&A. Here corporation pursuing ownership or improved control of its supply system is referred to as backward integration. A corporation pursuing ownership or expanded control of its distribution system is referred to as forward integration. A firm pursuing ownership or expanded control of its competitors is known as horizontal integration.

3.6 Merger Model:

In Merger model combination of the financial statement of buyer and seller in an acquisition, it reflects the effects of the acquisition, such as an interest paid on new debtand new shares issued, and calculation of combined Earning per share (EPS) to see if the deal is viable. There might be the realizing significant number of synergies throughthe combined operation.

The majority of M&As are amicable transactions in which two corporations discuss thedeal's conditions. Depending on the scale of the deal, this normally include conversations between the two firms' top management teams, who try to work out the pricing and other aspects of the agreement. When it comes to public corporations, oncethe terms of the deal have been agreed upon, they are presented to the target stockholderfor certification. Larger transactions may need the consent of both firms' shareholders.The procedure continues forward to a closure once the agreement has been approved by the shareholders. Major business events necessitate public filings by public firms, and the sale of the company is clearly one such event that necessitates such a disclosureby the target.

3.6.1 Friedrich Trautwein's Merger Motive Model:

In this model there are seven major theories or motives of M&A.

1) **Monopoly theory:** This idea outlined how mergers and acquisitions are planned and carried out in order to gain market share and market dominance, which can sometimes include pricing power. In practice, it helps market leaders consolidate their positions, profitable and cash-rich enterprises obtain market leadership, and market entrance strategy, among other things.

2) **Efficiency theory:** This theory discusses M&A as a strategy for achieving synergies and increasing the value of a company. It refers to the synergies which are classified below.

3) **Raider theory:** Raider theory explains M&A activity in the context of PE funds, where the

acquirer acquires controlling stakes in cash-strapped companies at much lower valuations than potential or even present valuations, simply to transfer wealth from existing shareholders to themselves, with no strategic intent of running these companies themselves.

4) **Valuation theory:** According to valuation theory, mergers are planned and performed by managers who have better knowledge about the target firm (Ravenscraft and Scherer 1987). Market participants are unable to properly examine the facts on which the bid is based.

5) **Empire Building theory:** Empire building is the process through which an individual or entity expands the breadth of its influence and authority. Empire building in the business sector refers to the thorough measures and actions that either an individual or a firm takes to increase their power and reach. It is done largely to increase an individual's or company's earnings and, in the case of businesses, to improve their possibilities of continued expansion, which eventually increases their bottom line.

6) **Process theory:** According to process theory, merger and acquisition decisions are the result of a complicated process. In general, managers have limited knowledge as a result of an inefficient market, and they make judgments based on partial information.

7) **Distribution theory:** In this theory the complete population of enterprises, our study demonstrates that mergers and acquisitions have no effect on the size distribution. When we concentrate on the firms participating in an M&A transaction, we notice a change in the firm size distribution toward bigger sizes. Firm size distribution becomes more concentrated around the mean, less skewed to the right, and thinner overall near the tails.

3.7 Synergies:

Synergy refers to the ability of two firms to achieve greater success when they work together than they could on their own. This means that the merged company will be able to provide greater outcomes while also increasing value. Synergy is the idea that the combined potential and performance of two firms is greater than the sum of their individual parts. We can refer the equation that 1 plus 1 will be greater than 2.

We can broadly classify synergies into two:

Revenue generating synergies: The concept behind revenue synergies is that the merged firms can create higher cash flows than if their individual cash flowswere combined.

Cost reduction synergies: Following a merger of two firms, cost synergy is thelowering of costs due to enhanced efficiency.

Assumption of Synergy theory:

- Revenue-generating synergies are much harder to create than cost saving synergies.
- In some cases, the estimated synergies fail to materialize.
- In order to justify the substantial control premium, it pays or intends to pay forthe purchase, acquirer management frequently overestimates synergies.

There are mainly five types of synergies

1) Manufacturing synergy: It refers to the areas of manufacturing, technology, design and development, procurement etc. of the target company and acquirer company involves combining the core competencies.

2) Operations synergy: Operating synergy occurs when the combined value and performance of two businesses exceeds the sum of their individual value and performance, allowing the firms to enhance their operating income and achievehigher growth.

3) Marketing synergy: Putting the marketing mix variables together in a way thatgenerates maximum effect, the concept in marketing that the whole is greater than the sum of the parts. It includes using either the common sales force or distribution channel.

4) Financial synergy: It entails integrating the balance sheets of the acquirer andthe target company in order to reduce the weighted average cost of capital, enhance the gearing ratio, or improve other profitability determinants.

5) Tax synergy: It entails combining a loss-making company with a lucrative onefor the profitable firm to receive tax benefits by writing down the loss-making company's cumulative losses against the profits of the profitable company.

3.8 Classification of Merger and Acquisition:

Horizontal: Horizontal mergers are combinations between two competitors. Vodafone and Idea in 2017, this combination of the two gaint companies are in the telecom industies it is the horizontal deal. The transaction is a good indication of how mergers may add a lot of value. Sometimes the merger provided the clear benefit in the form of economies of scale that we will discuss in the practical part.

Vertical: Vertical mergers are mergers between firms that have a buyer-seller relationship. In a vertical transaction, a corporation acquires a supplier or another company that is closer to customers in the distribution chain.

Conglomerate: Conglomerate deals are mergers and acquisitions between firms that do not have a commercial relationship. That is, they are not opponents and do not havea buyer-seller relationship. There are no synergies, no relationship, no strategical advantage those company because of diversification.

Congeneric merger: It is very similar to horizontal and vertical merger when they arein extension of activities in the same industries but at an of extension stage. In 2015 thecomputer making company DELL acquired EMC which is the online data storage company. That deal was congeneric merger. Simply to takes place higher in the productthat we are producing.

Reverse merger: Reverse merger occurs when a profit-making firm merges with a loss-making company in order to obtain a tax benefit for losses carried forward and set off.A large private entity acquires the public entity. The reason behind that is to get accessto IPO market. In 2002 ICICI bank has been acquire by ICICI. It is call reverse merger.

4. Financial Analysis of the selected company:

Focus of this financial analysis is selection, evaluation, and interpretation of financial data and other pertinent information to assist in the operational activity and the performance after the merger. Below stated the financial statements showing that the company’s financial position in the current market and its evaluation of the last few years of the records.

4.1 Financial Statements:

Financial statement which are available of the official website of the relevant company. Basically, the compulsory financial statements are companies Balance sheet, income statement or called profit and loss statement, cash flow statement and other financial statement following comprise to the company’s financial position. After merger of company the consolidated balance sheet, consolidated income statement and consolidated cash flow statement shows the financial position of two combined enterprises.

4.1.1 Balance sheet:

The balance sheet of an enterprise is made up of assets, liabilities, and equity. Assets are valuable items that a corporation owns and has in its possession, or something that will be received and can be objectively quantified. It depicts a company's primary assets, such as land and equipment, as well as its financial leverage, or debt. To create a combined balance sheet, just put each company's balance sheet elements together, just as we did with the income statement. The shareholder equity and goodwill line items, on the other hand, need quite complicated computations. The portion of the corporation held by investors is referred to as shareholder equity. If each business has made a previous purchase, goodwill will include the excess amount paid over book value for the transaction. The estimations for these things are based on the kind of merger and each company's book value. To ensure proper computations of these things, consult an accounting specialist.

4.1.2 Income statement:

An income statement indicates a company's financial performance. The income statement's revenue line depicts the firm's top-line momentum, while the costs demonstrate whether the organization is making good use of its resources. To demonstrate the income statement of the merged firm, combine the income statements of both companies. To integrate the financials of each firm, we may use basic addition for most items on the income statement. Particular attention should be paid to the tax and income expense lines. The tax rate is calculated using a complicated formula that considers factors like as size, tax havens, grants, and credits. Meanwhile, income expenditure is calculated using interest rates on debt. Banks set interest rates based on a company's leverage and liquidity. Because of the intricacies of these line items, it is important to seek advice from an accountant to determine the exact tax rate and interest rate for the combined firm.

4.1.3 Cash flow statement:

Combining both companies' statements together to get the consolidated cash flow statement. When evaluating the income statement after this, go through any modifications we made to the tax rate or interest rate. If these rates change after the merger, need to update the Tax and Interest Expense to reflect the new rates.

4.1.4 Statement of changes in Equity:

A statement of change in equity also knownas retained earnings is a financial statement used by businesses to reflect progress in their owners' equity over time. It follows the Net profit or loss and the dividend payments. After merger of two companies, there must be the consolidated statement of changes in equity which represent each component of equity in SoCE. Each component of equity a reconciliation between the openingamount and closing amount at the end of the period.

4.2 TRAI (Telecom Regulatory Authority of India):

Mobile service providers, device manufacturers, infrastructure providers, and Internet companies have built a digital world for us to live, work, and play. Thanks to TRAI's initiatives over the last two decades. The industry has emerged as a key enabler of digital transformation. Digital payments, Aadhar, e-governance, ecommerce, e-health, e-education, and e-trade are just a few of the new services and applications available in India. Telecom services are the backbone that allows these things to happen. Applications and for a variety of important service sectors of the economy, including banking, health, education, and government and a variety of other services that contribute to the country's overall economic growth.

There is the Market share according to TRAI in percentage for the year 2020 for all of network provider. After launch Reliance Jio intercom Ltd. their commercial services in the 2016 they cover the market and Second side the Vodafone and Idea which were targeting their subscriber regarding the price war they have good amount of subscriber which describe in the chart.

Market Share of Wireless Service Providers (as on 31 March, 2021)

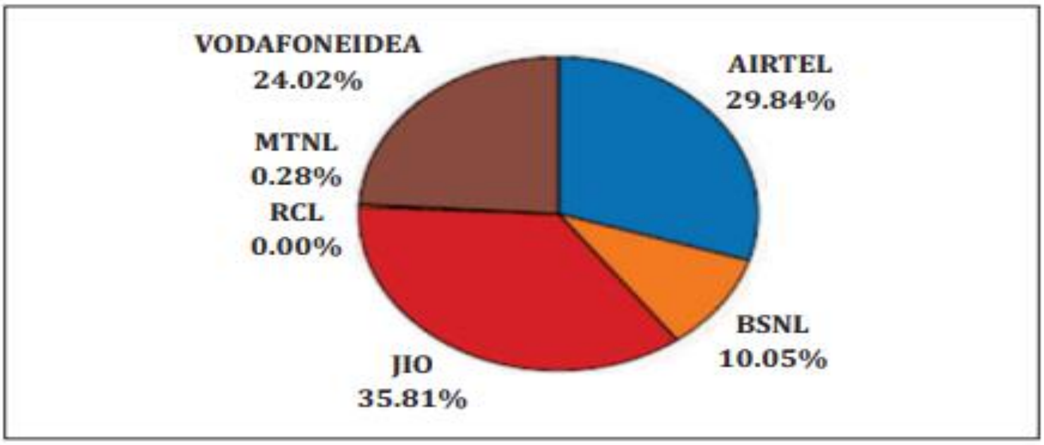

Figure 01: Market share of wireless service providers.

Source: Market share of wireless service providers (as on 31 March, 2021) Annual Report Of TRAI 2021. Available online : https://www.trai.gov.in/release-publication/reports/financial-reports (accessed on 25 November 2021)

During price war there are the loss of the subscriber, but the company make a decision for the merger, and they recover the market as on 2018 to 2020. During the price war the year 2016 they make a competitive terrif for the subscriber.

Sl. No.	Service Providers	Service Areas	Licensed Service Area
1	Bharti Airtel Group	22	All India
2	Reliance Communications Ltd., / Reliance Telecom Ltd.		All India (except Assam & Northeast) / Kolkata, Madhya Pradesh, West Bengal, Himachal Pradesh, Bihar, Odisha, Assam & North East
3	Vodafone Idea Ltd	22	All India
4	BSNL	20	All India except Delhi & Mumbai
5	MTNL	2	Delhi, Mumbai
6	Reliance Jio Infocomm Ltd	22	All India

Source: Service Areal of Network Providers. Annual Report. TRAI, 2021. Available online :

https://www.trai.gov.in/release-publication/reports/financial-reports (accessed on 25 November 2021)

Here, this table is showing that the various service areas given who provide their services who have been licensed for the stated service provider. It shows the competition with the Bharti Airtel Group and Reliance Jio Infocom Ltd of the Vodafone idea Ltd is also proven to positive sign of the service provides by them.

The subscriber base of Wireless services from the year 2016-17 to 2020-21.

Service Providers	2016-17	2017-18	2018-19	2019-20	2020-21	%age growth/ reduction over FY 2019-20
Reliance JIO (*)	108.68	186.56	306.72	387.52	422.92	9.14%
Bharti	273.65	304.19	325.18	327.81($)	352.39	7.50%
Vodafone	209.06	222.70	394.84(^)	319.17(^)	283.71(^)	-11.11%
Idea	195.37	211.21				
BSNL	100.99	111.68	115.74(~)	119.87(~)	118.63(~)	-1.03%
MTNL	3.63	3.56	3.45	3.36	3.30	-1.79%
RCOM/RTL (#)	83.50	0.19	0.02	0.0178	0.01	-43.82%
Aircel(+)	90.90	74.15	--	--		-
Tata	48.99	31.19	15.85	--		
Telenor	50.49	37.98	0.00($)	--		
Sistema(&)	4.91	-	-			
Videocon(@)	-	-	-			
Quadrant(@)	-	-	-			
Total	**1170.18**	**1183.41**	**1161.81**	**1157.75**	**1180.96**	**2.00%**
Source: Service Providers						

Figure 02: The subscriber base of Wireless services

Source: The subscriber base of Wireless services. Annual Report. TRAI, 2021. Available online : https://www.trai.gov.in/release-publication/reports/financial-reports (accessed on 25 November 2021)

The Wireless Subscriber base is 1180.96 million as on 31 March, 2021 in comparison to the st subscriber base of 1157.75 million as on 31 March, 2020. The subscriber base increased by 23.21 million subscribers during the financial year 2020-21.

4.3 List of subsidiary companies:

1) Vodafone Idea Manpower Services Limited (VIMSL): VIMSL is engaged in the business of providing manpower services to the Company.
2) Vodafone M-pesa Limited (VMPL): VMPL was in the business of Prepaid Payment Instruments (PPI) and Business Correspondence and provided customers with a mobile wallet and money transfer services in the form of M-pesa.
3) Vodafone Idea Business Services Limited (VIBSL): VIBSL is an outsourcing hub for backend IT support, data centre operations and hosting services to the Companyand its subsidiaries.
4) Vodafone Idea Communication Systems Limited (VICSL): VICSL is engaged in the business of trading of Mobile handsets, data card and related accessories and services.
5) Connect (India) Mobile Technologies Private Limited (CIMTPL): CIMTPL is a wholly owned subsidiary of VICSL. For the Financial Year 2020-21.
6) Vodafone Foundation (VF): VF is an implementing agency and carries out Corporate Social Responsibility ('CSR') activities for the Company.
7) Vodafone Idea Telecom Infrastructure Limited (VITIL): VITIL is engaged in providing the fibre infrastructure services.
8) Vodafone Idea Shared Services Limited (VISSL): VISSL is an outsourcing hub forFinance & Accounts, Human Resources, Supply Chain Management, Credit & Collection Support, Customer Support and catering to the Information Technology (IT) needs for data consolidation, back end IT support for Vodafone Idea Limited and its Subsidiary Companies.
9) Vodafone Idea Technology Solutions Limited (VITSL): VITSL has commenced E-Sim business in the current year.
10) You Broadband India Limited (YBIL): YBIL is engaged in providing high speed broadband internet access through cable network, high bandwidth internet broadband services to enterprise segment, infrastructure support to licensed telecommunication service providers.
11) You System Integration Private Limited (YSIPL): YSIPL, a wholly-owned subsidiary of YBIL had amalgamated with You Broadband India Limited.

Join venture company

1) Indus Towers Limited (Indus): Pursuant to aforesaid, Indus was dissolved without being wound up and got merged with Bharti Infratel Limited

2) Firefly Networks Limited(‘FireFly’): The main objective of Firefly is to conductthe business of site acquisition, installation, commissioning, operations and maintenance of Infrastructures at the Hotspots to enable telecommunication andinternet service providers, to offer customers Wi-Fi access across the territory.

Associate Company

Aditya Birla Idea Payments Bank Limited (ABIPBL): Aditya Birla Idea Payments BankLimited provides payments bank services. The Company offers services to accept deposits from individuals and small businesses. Aditya Birla Payments Bank Limited (ABPB) was a payments bank started as a joint venture by Aditya Birla Nuvo Ltd. and Idea Cellular.

4.4 Impact of merger between Vodafone India and Idea cellular:

India'slarge subscriber base has made it the world's fastest expanding market, and the mergerof major telecom giants would give the sector new vitality and energy. The merger helped Idea Cellular, and Vodafone India overcome their debt, and a considerable amount of financing would be invested into the joint venture. In the telecom sector, theimpact of mergers on service quality may be seen among diverse service providers. Thiseffect was also seen in savings, synergies, and the spectrum of rapid expansion.

4.5 Analysis of Merger:

On 20th March 2017 Vodafone and idea decided to mergeand their chairman would be Kumar Mangalam Birla. First, we will review about the idea cellular which is an Indian telecommunication company and it's an Indian mobilenetwork operator it was founded in 1995, it is based in Mumbai Maharashtra. Idea cellular provides 2G, 3G and 4G mobile services in the Indian region; the major competitors of Idea Cellular are Airtel, Vodafone, BSNL, Reliance, Telenor and Tata DoCoMo, now as we know that the idea and Vodafone are merged so the competitors list is shortened.

Vodafone limited company is a UK based telecommunication company, and it has their headquarters in Mumbai they are also providing prepaid and postpaid SIM cards similarto Idea and other telecommunication providers. They started their 4G services in December 2015 in Kochi, Kerala.

Before the merger of Idea Cellular and Vodafone India limited, the first number of the telecommunication provider was Airtel second one was Vodafone and Idea was at thirdnumber so after the merger between Vodafone and Idea it has become the number onenetwork providers in India.

In 2017, it was decided that Idea will join their forces with Vodafone India over the span of 2 years. In their merger documentation, it was stated that Vodafone will hold 45.1% of shares where as Idea cellular will hold 26% of total shares and the remainingshares will be under public share holders. Vodafone India transferred a stake of 4.9% to the Aditya Birla Group (Idea Cellular) for 3900 Crores in cash concurrent with completion of the merger within 2 years of time. Merger documents included that therewill be 12 directors of the merged company where in 3 will be appointed by Aditya Birla group and 3 will be appointed by Vodafone, here the 3 directors from Vodafone will be appointed by the parent comany Vodafone not be mistaken as Vodafone India as soon a the merger starts Vodafone India was deconsolidated.

Some Major decisions:

Idea – Right to appoint Chairman

Vodafone – Right to appoint Chief Finance Officer (CFO)

CEO and COO – Require approval from promoters of Idea and Vodafone.

Also, it is clearly mentioned in the merger documentations; at the end if Merger in 2 years of time both the companies will have equal shareholdings, initially it was as follows:

Vodafone – 45.1%

Idea – 26%

The story was about how Vodafone Group, based in the United Kingdom, amalgamated its Indian business with Idea Cellular to form India's largest telecom company. They stated that the merged firm will speed up the spread of wireless broadband services across India, as well as enhance financial inclusion through mobile money services. Since the merger, the network has reached 92 percent of India's population. The Indian telecommunications market has 1.20 billion subscribers and is continually expanding. Wireless subscribers in the nation grew at a compound annual growth rate (CAGR) of 19.62 percent in 2018, reaching 1,183.41 million. More has seen that the share price of Idea Cellular has fluctuated throughout the last few years, from the announcement of the merger to the declaration of completion of the merger. Though

Idea's subscriber base is approximately 400 million, and sales increased by 53.5 percent in the third quarter of FY 2018–2019, the company's stock price has fallen by an average of 14%.

4.6 STP Marketing strategy:

Segmentation, Targeting, and Positioning (STP) is a three-step marketing strategy that analyses your products or services as well as how you communicate their benefits to distinct client segments.

Idea uses a combination of segmentation tactics to segment its mobile network services, enterprise services, and broadband services. It takes use of geographic, demographic, and psychographic segmentation. Different parts of society are targeted by Idea's numerous offers. As a result, it adopts a targeted approach that is both selective and differentiated.

Idea's advertising strategy was successful in building brand awareness among communication service providers around the world. It uses positioning methods that are basedon value.

4.7 Marketing mix:

The marketing mix refers to the seven areas of emphasis through which a firm sells its brand or product in the market: product, price, promotion, place, process,people, and physical evidence.

Product: Idea Cellular, formerly VI, is one of India's largest telecommunications companies. Voice service, mobile Internet, and value-added services are the company's main products. Voice services are further categorized into prepaid and postpaid.

Post-paid plans start at a modest price. VI Cellular offers a variety of value packs to help in customer acquisition. Ultimate plans, per-minute plans, per-second plans, and combo plans are all integrated with post-paid plans. In the prepaid category, plans like start-up kits are highly enticing, as they help to attract new clients.

Price: In India's competitive telecom business, VI Cellular focuses heavily on competition strategy. In the fierce competitiveness of India's telecoms market, price is the whip hand. The Idea, now VI, offers its clients compelling ISD packages for postpaid services at prices that are competitive with other providers. As a result, they can profit from the willingness of their customers to pay. In this approach, VI may maximize its revenues. Only those seeking luxury services are willing to pay a premium for value-added services, which are exorbitantly priced.

Place: VI has a massive audience. services are used by people in practically every corner of the country. In today's world, being able to give immediate customer assistance is crucial. VI does this by being available to customers at all times through customer care. Customers can report problems via VI cellular's internet portal. Customers can also use this platform to look for different packages, pay bills, and conveniently recharge their phones. The company has outlets in all of India's main cities and states.

Promotion: VI spends a significant amount of their income on marketing and advertising. VI promotes its brand with the slogan "Together for Tomorrow." Television advertisements make up the majority of promotional VI's endeavors. Over the years, they've also sponsored different sports events, such as cricket and football matches, to assist market their brand. VIuses a range of platforms for advertising, including television, the internet, print, billboards, and so on.

VI is a service marketing brand, thus it has three more Ps: people, process, and physical evidence. So, let's take a look at the other three P's in VI marketing mix.

Customers can learn and experience more about a company or a product through advertising methods. These are some of the attempts made by the company to influence customers.

The country's newest telecom provider, Vodafone Idea, has planned a large-scale advertising campaign to promote its entrance. The corporation planned to start its branding effort with broadcast and internet ads. So, over the course of a few weeks, Vodafone Idea began a multi-media campaign to establish itself in a crowded market.

According to industry sources, the corporation planned a large promotional effort to progressively establish its new image. Due to scheduling restrictions, they held a virtual event to introduce the world to their newly renovated and merged identity, 'VI'.

Furthermore, 'VI' initially marketed itself on multimedia channels such as television and internet platforms, in accordance with the present scenario. In order to resonate with the brand's beliefs and ambitions while also building a major legacy, the firm planned to follow up with ahigh-decibel marketing approach.

Customers can readily browse your portfolio if you have a digital presence. It allows you to communicate with your consumers while also allowing you to stay ahead of your rivals. Vodafone Idea uses a variety of social media sites extensively. Customers can readily browse your portfolio if you have a digital presence. It allows you to communicate with yourconsumers while also allowing you to stay ahead of your rivals. Vodafone Idea uses a variety of social media sites extensively.

VI, the newly combined firm, has become synonymous with integration. The business is trying everything it can to establish itself, and it has had some success so far. VI campaigns have also been quite successful. Vodafone and Idea cellular users have merged to produce a vast subscriber base, which is proving to be a substantial competitive advantage in times when every advantage counts.

To equal the amount of shares it was decided that Vodafone will transfer 9.5% of theirholdings to Idea Cellular over the period of 2 years to equalize the amount of shares.

5 Practical Part

5.1 Financial Analysis

Effective planning and financial management are critical to every business's long-term viability, and organizations must evaluate their financial performance on a regular basis. Managers use ratios to identify strengths and weaknesses and develop plans and initiatives,whereas funders use ratios to assess the organization's financial performance and compareit to that of other organizations, as well as to examine management effectiveness and mission impact.

5.2 Financial Ratio:

Financial ratios are calculated using numerical data from a company's financial statement**,** balance sheet and cash flow statement - to perform quantitative analysis and measure a company's liquidity, leverage, growth, margins, profitability, rates of return valuation, and other factors. To be helpful and relevant, the ratios must be computed consistently, the financial data must be reliable, and the results must be understood in the right perspective, considering other indicators used in the performance evaluation.

5.3 Liquidity Ratio

The study's dependability is determined by the accuracy of the data obtained. Because the current analysis is based on publicly available data, the limitations of public financial statements may apply to this research as well. Working capital management is essential for any company's success. Because the way a large corporation manages its working capital and liquidity has an impact on its performance.

Working capital ratio: Working capital ratio shows the company's ability to pay the current liability with the current asset. It is also known as current ratio.
Current ratio: current assets ÷ current liabilities

Quick ratio: Quick ratio indicates company's short-term liquidity position.

Current asset – Inventory ÷ Current Liabilities

Liquidity Ratios	Mar '22	Mar-21	Mar-20	Mar-19	Mar-18	Mar-17
Current Ratio	0.44	0.42	0.3	0.56	0.56	0.3
Quick Ratio	0.64	0.42	0.3	0.46	0.47	0.29

Table 01: Liquidity ratio analysis

Source: Liquidity ratio analysis. Available online : https://www.moneycontrol.com/stocks/company_info/print_main.php (Accessed on: 15 October 2022)

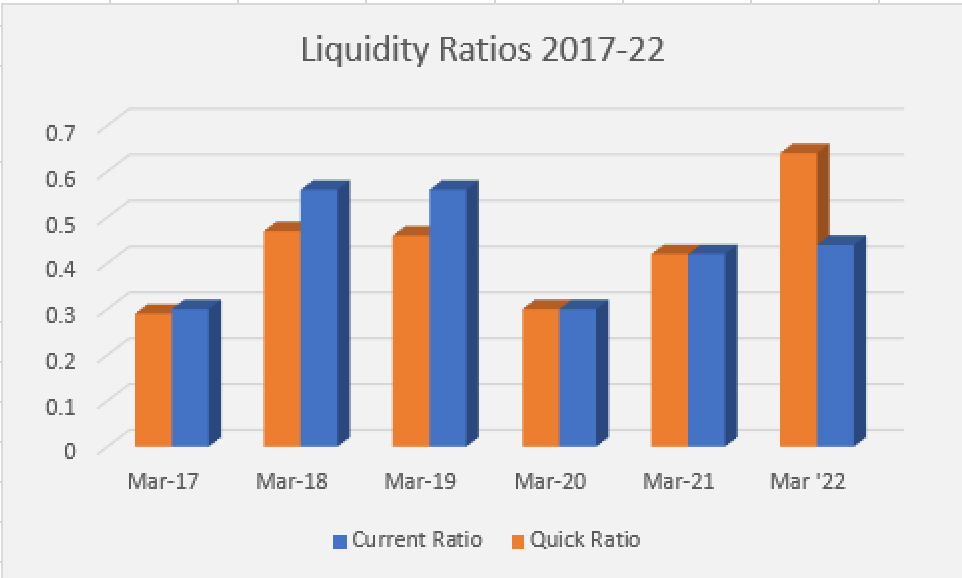

Figure 03: Liquidity Ratio

Source: Liquidity ratio analysis. (Own Presentation) data available online: https://www.moneycontrol.com/stocks/company_info/print_main.php (accessed on 18 October 2022

Activity ratios:

Table 02: Activity ratios

Particular	Mar '22	Mar '21	Mar '20	Mar '19	Mar '18	Mar '17
Inventory Turnover Ratio	127,402.33	69,920.33	17,983.00	8,831.55	771.28	605.06
Debtors Turnover Ratio	15.82	14.98	14.06	17.72	25.69	28.97
Fixed Assets Turnover Ratio	0.3	0.33	0.36	0.41	0.73	1.09
Total Assets Turnover Ratio	1.44	4.53	-2.62	0.91	0.98	1.58

Source: Activity Ratio. Available online:

https://www.moneycontrol.com/stocks/company_info/print_main.php (Accessed on: 15 October 2022)

Inventory turnover ratio: A low inventory turnover ratio is a sign that inventory is moving too slowly and is tying up capital. On the other hand, a company with a high inventory turnover ratio can be moving inventory at a rapid pace. however, if the inventoryturnover is too high, it can lead to shortages and lost sales. Here its growing with the rapidpace it means inventory can be moving also at the fast sales.

Debtors' turnover ratio: The capacity of a business to recover money from its clients is determined by the accounts receivable turnover ratio. For a given period, total credit salesare divided by the average accounts receivable amount. A low ratio indicates a problem with the collecting procedure. There is decreasing in the debtors' turnover ratios over the period but it stable at the year of 2020 and 2021. It means it is at the stage of recover. It is increased in the period of 2022.

Fixed asset turnover ratio: A high ratio indicates that a company may need to invest morein capital expenditures. A low ratio may indicate that too much capital is tied up in fixed assets. Here the fixed asset ratio continuously decreasing it indicates that the sales are not generating on demand. Efficiency of the fixed asset is quite low from this activity in the year of 2018. From that it is also keeping stable and therefore the fixed asset turnover can be reducing the impact of sales.

5.4 Profitability ratio:

Return on Capital Employed (ROCE): The ROCE for the company improved and stoodat -22.1% during FY21, from -45.6% during FY20. The ROCE measures the ability of a firm to generate profits from its total capital (shareholder capital plus debt capital) employed in the company.

Return on Assets (ROA): The ROA of the company improved and stood at -12.9% duringFY21, from -25.9% during FY20. The ROA measures how efficiently the company uses its assets to generate earnings.

Operating Profit Margin: Operating profit margin is the ratio of operating income to netsales. In the below table we can analysis that in the time of merger announcement the ratiois 28.79. following the couple of years, it reduced it means that profit getting down and then in the FY20 it rises due to stability and recover the profit from the previous year.

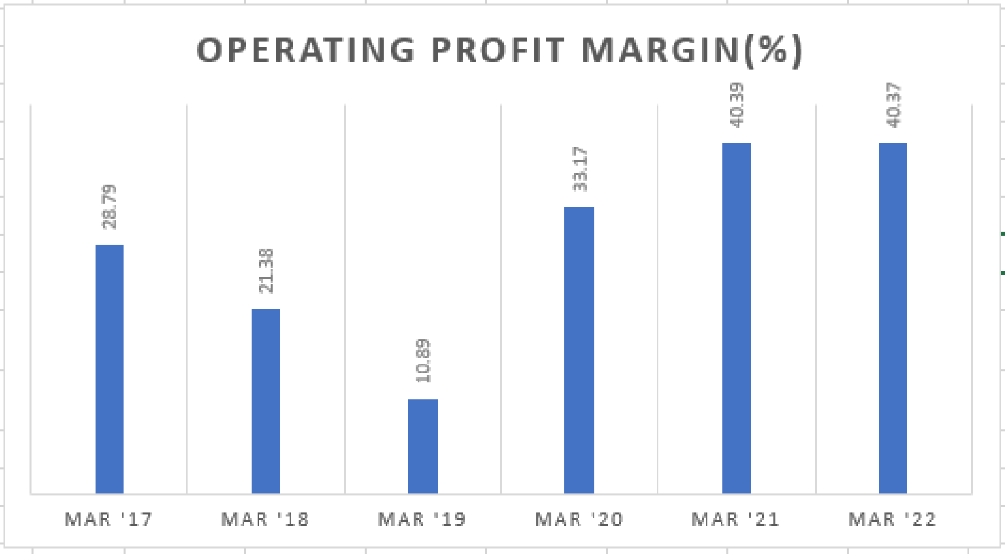

Figure 04: Operating Profit Margin

Source: Operating Profit Margin. (Own Presentation) data available online: https://www.moneycontrol.com/stocks/company_info/print_main.php.(accessed on 18 October 2022)

EBIT: Here the stated ratio is the Profit before interest and tax ratio. To calculate the EBIT by subtracting the income minus all the expenses of the list, except for the financial and taxes. In this below table we can see that at the time of merger the profit margin at the level of 6.73% and after that constantly decrease until three year to sustainthat margin company takes new decision and therefore EBIT make their sustainability and in the FY21 it become good due to the expenses of the company getting down it takes consideration.

Table 03 : EBIT of the year 2017-2022

	Mar '22	Mar '21	Mar '20	Mar '19	Mar '18	Mar '17
Earning Before Interest And Tax(%)	-19.37	-15.88	-20.53	-27.74	-8.24	6.73

Source: EBIT of the year 2017-2022 Available online: https://www.moneycontrol.com/stocks/company_info/print_main.php.(accessed on 18 October 2022

Gross Profit Margin: The gross profit margin is calculated as revenue less cost of goods sold as a percentage of total revenue and is used to evaluate a company's financialhealth. In the chart we can see that the effect after merger of Vodafone and idea createthe negative impact in the

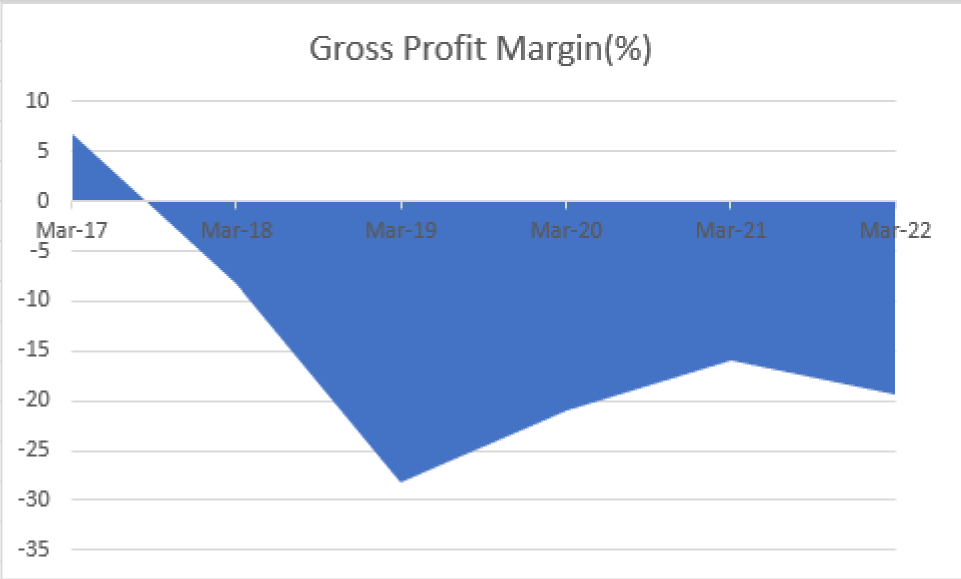

Figure 05: Gross Profit Margin

Source: Gross Profit Margin (Own Presentation) data available online: https://www.moneycontrol.com/stocks/company_info/print_main.php.(accessed on 19 October 2022)

starting due to contain high amount of business and moreoverafter 2019 it works good in the manner of profit sustainability and increase over the year. So it is the good sign of the business growing.

Cash Profit Margin: A cash flow ratio that evaluates cash from operational operationsas a proportion of total sales revenue in a particular time is known as the operating cashflow margin. It, like operating margin, is a reliable indicator of a company's profitabilityand efficiency, as well as the quality of its earnings. In this chart, we can observe the cash profit margin being stated upside from the bottom at the year of 2020. Reason stated that the pandemic affected all over the economy.

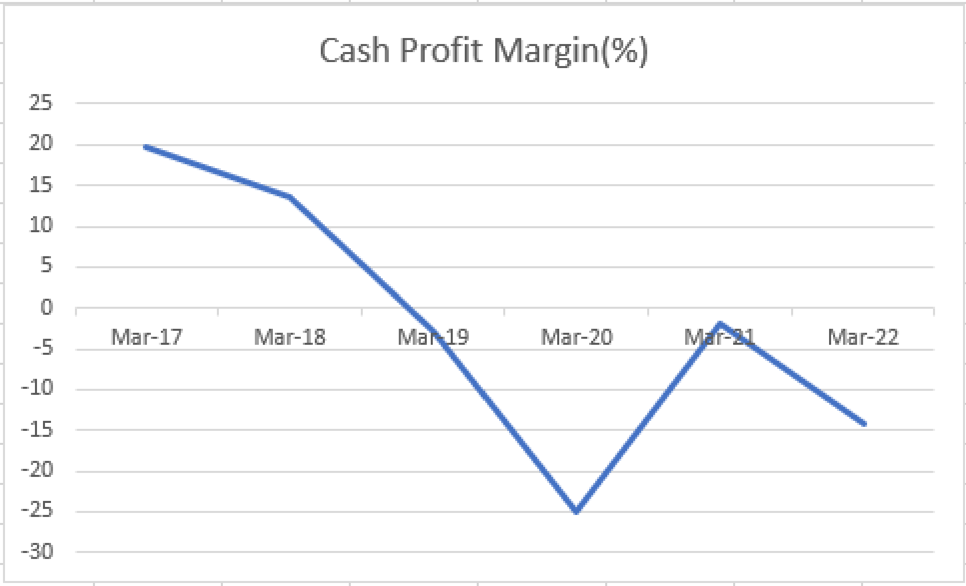

Figure 06: Cash profit Margin

Source: Cash Profit Margin (Own Presentation) data available online: https://www.moneycontrol.com/stocks/company_info/print_main.php.(accessed on 19 October 2022)

Net Profit Margin: It measures how much net income or profit is generated as a percentage of revenue. When manufacturing expenses exceed the revenue for a given period, we have a negative profit margin. This indicates that we are spending more money, which is not a viable for company strategy. Due to external reasons or unforeseen costs, our businesses have negative profit margins. It is shown in the chart below. Here in the year of 2020 due to the pandemic the company needs to provide the service better. Which are highly effective for the company profitability but to consider goodwill company give the services and It is working with the propaganda to provide service as per their vision.

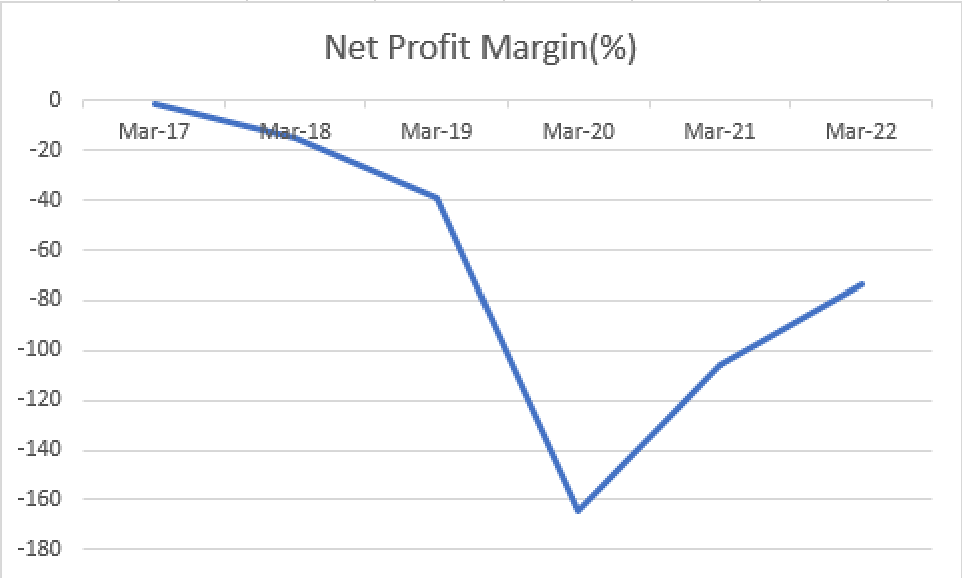

Figure 07: Net Profit Margin

source: Net Profit Margin (Own Presentation) data available online: https://www.moneycontrol.com/stocks/company_info/print_main.php.(accessed on 19 October 2022)

5.6 Advantages the Merger of Vodafone India and Idea cellular:

Among the all the ratio analysis Vodafone Idea Ltd. after merger to overcome from the debt and sustain profit. Given the present spectrum holding revenue and subscriber base both the company need to work on synergy to comply with the rules. Now we are getting the more impacts about the merger of the Vodafone and Idea. Merger and acquisition rules an entity should not hold more than 25% spectrum allocated in the telecom circle and 50% of spectrum allocated in a particular band in a service area the merged an entity should also not have more than 50% revenue and subscriber market share.

Benefit for all the stakeholder: It's the sustained and efficient investment to create a world class Indian telecom infrastructure. The company (VI) has stronger financial inclusion through mobile payment. Moreover, the company grow geographically improved mass-market digital services in urban and rural areas. The company have a stronger, listed asset in India. Moreover, VI has now a deep spectrum position to deliverthe capacity for the competition.

Infrastructure: At the time of merger, they have a good amount of the business whichare compete with the Reliance Jio. After came into existence of Reliance Jio with the free data services for the almost 7 months, Vodafone and Idea had capable infrastructure with the standalone tower of Vodafone 10926 within the 15846 tenancies and Idea has8886 towers within the 15418 tenancies. Moreover, idea has 11.15% stake in Indus. The company has their own payment bank like Idea Money and Vodafone M-Pesa.

Industrial revolution: The Indian telecom business has come a long way since it wasprivatized in the early 1990s, and it has experienced phenomenal development over thelast three decades. Despite a substantial downturn in the early 2010s, the business has seen exponential increase in the number of users and internet penetration in the previousfive years, with over 560 million Indians having internet access. To maintain the sectormoving forward on the digital path, telecom operators are developing with solid marketshare and consumer acquisition plans. According to a media article, the industry has become critical to India's ambition of attaining $5 trillion in GDP by 2024. Even thoughthe smart device industry is already supporting 5G services, India is still dominated bylow-cost smartphones. People are happy with the speed of 4G services, which are nowavailable at a reasonable price. There will be a slow shift from 4G to 5G in the middle of this, primarily in tier 2 and 3 cities. This is where the government could step in and give incentives for telecoms to build infrastructure outside of urban areas. In India's telecom market, a few things have changed recently. There has been a recalculation ofpricing, which has impacted the outlook for corporations like Vodafone Idea Ltd., among others. Reliance Jio's move to start charging subscribers for its services might enhance the trading climate. The corporation stands a fighting chance of regaining financial health thanks to the moratorium and the conversion of government dues into equity. If this is the case, the government is entitled to keep the net present value.

Benefit to shareholder: The government must decide whether preference equity orcommon equity will be converted into equity. So far, all indicators point to the governmentbeing granted common stock. The corporation also stated that the government has not requested a seat on the board of directors or any managerial privileges. This would imply that the promoters would retain effective managerial control and decision-making authority.

Largest Customer base:

In the year of 2017 VIL has a largest customer base as shown in the below chart. Impact of merger VIL has 395 million subscribers in the year of 2017. It is also to be noted that post the Hon'ble Supreme Court judgement allowing the payment of AGR dues over a period of 10 years and more importantly, the announcement of Telecom Relief Package in September 2021 addressing the liquidity challenges faced by the Industry, the Company has started to witness improvement in various operating KPIs including leading the league tables of Voice and Data experiences it offers to the customers.

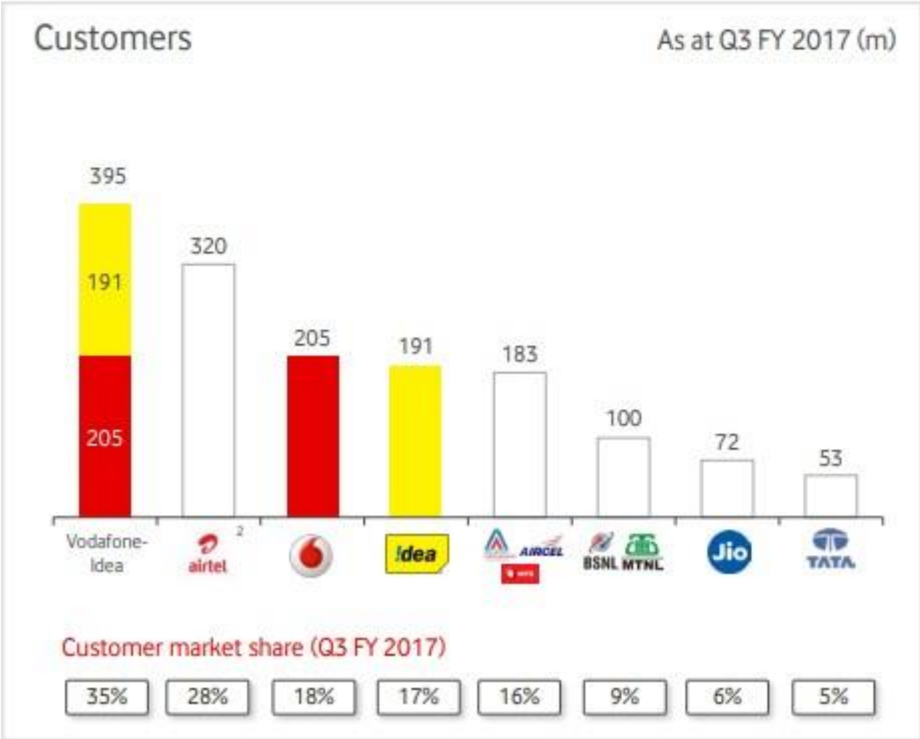

Figure 08: Customer base 2017
Source: Customer base 2017.available online: https://www.trai.gov.in/release-publication/reports/financial-reports.(accessed on 10 October 2021)

5.7 Substantial Cost and Capex Synergies:

In the field Network and IT there are combine site requirement more than 20% of the rationalization following network consolidation. After merger avoidance of duplicative 4G network expansion and upgrades, re-development of over-lapping equipment. One more IT related impact of the merger is material longer term IT savings due to scale benefits, infrastructure sharing and system combination.

Development of several services about the service centers, back office and distribution efficiencies. Availability of such synergies in the operational processes helps the Company in providing improved quality of services and maintaining consistent high service standards across the business

Company continues to have a focused approach to investments, biased towards the profitable areas, to utilize capex effectively while ensuring that it offers superior customer experience in these areas. VI has been driving incremental 4G investments in the 17 priority circles, which contribute 98% of The Company revenue and 93% of industry revenue. The company continues to focus on driving 4G penetration to increase Average revenue per user.

Balance sheet of Vodafone Idea Ltd of the year from 2017 to 2022

Particulars	Mar-17	Mar-18	Change in %	Mar-19	Change in %	Mar-20	Change in %	Mar-21	Change in %	Mar-22	Change in %
Total Current Assets	7,632.53	10,234.56	34.09	18,381.20	79.60	16,686.10	-9.22	14,099.50	-15.50	16,835.50	19.40
Total Non-Current Assets	89,072.17	88,342.61	-0.82	211,318.30	139.20	210,233.50	-0.51	189,381.10	-9.92	177,193.60	-6.44
Total Assets	96,704.69	98,577.17	1.94	229,699.50	133.01	226,919.60	-1.21	203,480.60	-10.33	194,029.10	-4.64
Total Current Liabilities	17,061.46	10,830.93	-36.52	54,238.40	400.77	95,779.00	76.59	66,402.50	-30.67	61,133.90	-7.93
Total Non-Current Liabilities	54,910.99	60,483.77	10.15	115,826.30	91.50	125,160.70	8.06	175,306.10	40.06	194,860.00	11.15
Total Liabilities	71,972.45	71,314.70	-0.91	170,064.70	138.47	220,939.70	29.92	241,708.60	9.40	255,993.90	5.91
Total Shareholders Funds	24,732.24	27,262.46	10.23	59,634.80	118.74	5,979.90	-89.97	-38,228.00	-739.27	-61,964.80	62.09
Total Capital And Liabilities	96,704.69	98,577.17	1.94	229,699.50	133.01	226,919.60	-1.21	203,480.60	-10.33	194,029.10	-4.64

Table 04: Balance sheet Analysis of Vodafone Idea Ltd of the Year from 2017-2022(Own Calculation)

Source: Balance sheet of Vodafone idea Ltd. data available online:https://www.moneycontrol.com/stocks/company_info/print_main.php.(accessed on 20 November2022)

5.8. Balance sheet Analysis:

The merger of Vodafone India and your company, which took effect on August 31, 2018, resulted in the formation of Vodafone Idea Limited, a joint venture between two powerful promoters, the Aditya Birla Group and the Vodafone Group. Here From the balance sheet, we can observe that the company has lower the current ratio over the five years. Over the five year the debt-to-equity ratio is negative.

Current assets increased by the 19.40% in the FY2022 compare to the FY2021 which is 14099.50 Cr stood at 16835.56Cr. In the year of 2019 the current asset is highest increased and stood at 18199.70 Cr with the percentage of 79.60 compare with the FY2018. Other Assets increased by primarily due to increase in Capital advances, GST recoverable and Costs to obtain a contract with the customer which is offset byreduction in advance tax.

Total borrowings increased by 65314.8 Cr and stood at 180310 Cr as on March 31, 2021 primarily due to re-classification of AGR liability from Other Liabilities and Provision, annual accrued interest addition on spectrum obligation which is offset by loan repayment during the year. current liabilities decreased by 66,402.50 Cr and stood at 61,133.90Cr for Financial Year ended March 31, 2022 primarily due to decrease in lease liabilities by -7.93%.

The company's current liabilities in FY21 were Rs 66402.50 Cr, down from Rs 95779 Cr in FY20, representing a -30.7 percent decrease. Long-term debt was Rs 157400 Cr in FY20, up from Rs 96300 Cr in FY20, a 63.5 percent increase. In FY21, while fixed assets decreased by 10% to Rs 189400 Cr. Overall, total assets and liabilities for FY21 totaled Rs 203478.40 Cr, down 10% from Rs 226917.60 Cr in FY20. Company’s current liability decreased by down rated at around 8% in 2022.

Non-current liability is increased by 40% in FY2021, compare with the FY2020 respectively 175306.10 Cr from 125160.70 Cr. In the non-current liability is all the year increased by the years of year and sustain the amount of flow in the FY2020 has impacted. Due to that impact the total liability also impacted on the current year at 2022 around 11%.

Income Statement Analysis of Vodafone Idea Ltd. Of FY2017 to FY2021											
Particulars	Mar-17	Mar-18	Change in %	Mar-19	Change in %	Mar-20	Change in %	Mar-21	Change in %	Mar-22	Change in %
Total Revenue	35,882.67	28,631.87	-20.21	37,823.60	32.10	45,996.80	21.61	42,126.40	-8.41	38,644.90	-8.26
PBIT	-1,256.05	-6,821.58	443.10	-19,224.30	181.82	-23,796.60	23.78	-24,516.70	3.03	-28,399.60	15.84
Profit/Loss Before Tax	-1,285.06	-6,821.58	430.84	-18,372.20	169.32	-62,152.30	238.30	-44,484.80	-28.43	-28,235.30	-36.53
Profit/Loss For The Period	-821.52	-4,490.51	446.61	-14,800.70	229.60	-74,233.40	401.55	-44,464.50	-40.10	-28,246.60	-36.47
EPS	421.83	322.35	-23.58	196.80	-38.95	355.30	80.54	231.40	-34.87	1.20	-99.48

Table 05: Income statement of Vodafone Idea Ltd. of the Year from 2017-2022 (Own Calculation)

Source: Income statement of Vodafone idea Ltd. data available online: https://www.moneycontrol.com/stocks/company_info/print_main.php.(accessed on 20 November2022)

5.9 Income Statement Analysis:

Over the past few years, the telecom as an essential service industry remained under significant pressure and witnessed heavy turbulence in form of ARPU contraction and industry consolidation. The verdict on the long pending industry issue of Adjusted Gross Revenue (AGR) in Financial Year 2019-20 added to the financial woes of telecom operators. These coupled with COVID-19 related restrictions during the last two years has resulted in various restrictions impacting the operations adversely. This has resulted in liquidity challenges due to which our capex has been subdued for last 2 years, thus impacting our performance on subscriber addition. These factors led to subscriber base declining from 267.8 Mn in March 2021 to 243.8 Mn in March 2022.

The consolidation of the industry to three large private operators and one government operator positions the surviving operators well to benefit from the growth opportunities on the back of India’s digitalization trend. The overall tele-density for India as of March 2022 stood at 83.1% suggesting there is still a proportion of population, yet to start using mobility services. This holds true especially for rural areas where tele-density is still low at 57.9%, which remains a significant opportunity for the Indian telecom operators. The Company is taking appropriate steps to grow its revenues further and thus reduce losses/earn profits by following a well-defined strategy

Over the last few year average the revenue growth has averaged 6.18%. which is higher than industry revenue growth. Over the last five year the net income has averaged -334.73% whichis also higher than industrial net income. The total revenue is decreased by 4.13% compared tothe FY 2020 and stood at the 44646.30 Cr in the FY 2021. Cause of the operating revenue affected in the financial year 2021. Primarily due to decrease in IUC rates effective January 1,2021 and reduction in Postpaid Revenue. Other Income comprising of Interest Income, Gain on investments in mutual funds and others stood at 17.42 Cr for Financial Year ended March 31, 2021 as compared to 103.93 Cr for Financial Year ended March 31, 2020. Total operatingexpenditure for the Financial Year ended March 31, 2021 decreased by 5038.5 Cr to 25006.5 Cr from 30045.0 Cr incurred for Financial Year ended March 31, 2020.

Employee Benefit Expenses: Employee benefit expenses for the Financial Year ended March 31, 2021 decreased by 134.3 Cr to 2030 Cr from 2164.3 Cr incurred for Financial Year endedMarch 31, 2020 due to reduction in head count.

Finance Charges for Financial Year ended March 31, 2021 increased by 2606.1 Cr from 15392Cr to 17998.1 Cr, primarily due to increase in interest on deferred payment obligation pursuantto AGR judgement during the year by 3376.3 Cr and increase in interest on deferred payment liability towards spectrum due to moratorium by approximately 700 Cr partially offset by decrease in forex loss by 1009.5 Cr and decrease in interest on lease liability by 534.6Cr.

PBIT is 15% increase in the financial year 2022 in compare to financial year 2021. perhaps in previous year it was poor from the last three year to increase and stood at (-24516.70Cr) in the financial year 2021.

PBT is decreased by 36.53% in the financial year of 2022 and Stood (-28,235.30Cr). in the previous year it thoroughly increased by 238.30% and stood at the (-62,152.30Cr) in the financial year of 2020. Then PBT is also Decreased by the 28.43% in the financial year of and stated (-44,484.80Cr).

Net income also Decreased by the around 40% in the financial year of the 2022 compared to financial year 2021 from (-44,464.50Cr) and stood at (-28,246.60Cr).

The earnings considered in ascertaining the Group's Earnings per share (EPS) is the net loss after tax. EPS is disclosed on basic and diluted basis. Basic EPS is computed by dividing the loss for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

Cash Flow Statement:

Cash flow statement of Vodafone Idea Ltd. of FY2017 to FY2022						
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Net Change in Cash	-573.89	-45.9	758.2	-388.9	-16.6	1102.9
Changes in Working Capital	20.94	-836.8	3,082.50	-6,839.10	-654.2	1128.8
Capital Expenditures	5,331.28	8,650.80	7,651.90	7,966.20	5,284.40	6008.9

Table 06: Cash flow statement of Vodafone Idea Ltd. of FY2017 to FY2022

Source: Cash flow statement of Vodafone Idea Ltd. of FY2017 to FY2022. Available online: https://www.moneycontrol.com/stocks/company_info/print_main.php.(accessed on 20 November 2022)

5.10 Cash Flow Analysis:

Over the last five years free cash flow growth has been 22.05% and industry growth rate average of 21.27%. Here the net cash flow is -16.6 in FY2021 increased from the -388.9 Cr inthe year of FY2020. Still its improvement from the year 2017 to the 2021 is good. Changes inworking capital decrease in FY2018 but then it takes rapid speed and reach at the 3082.50 Cr in the FY2019. Capex is 5284.40 Cr in the year of 2021 decrease from the financial year 2020which was 7966.20 Cr. Performance of the free cash flow is very food in the year of 2021 which is the 10355.30 Cr increased from the -638.7 Cr in the year of 2020. After that in 2022 it increased 6008.9 Cr. It is the totally positive sign of the powerful infrastructure.

Quarterly Result of the financial year of 2022

Rs. Cr.	Q1FY2022	Q2FY2022
Revenue	9150	9410
EBITDA (Pre-Ind AS)	1380	1560
Capex	940	1300
Net Debt	190670	194530

Table 07: Quarterly Result of the financial year of 2022

Source: Quarterly Result of the financial year of 2022.available online:https://economictimes.indiatimes.com/vodafone-idea-ltd/profitandlose/companyid-3154.cms.(accessed on 10 Oct.2022)

Q2FY2022 revenue grew by 2.8% Supported by the gradual resumption of economic activity post severe second wave of COVID, which had negatively impacted in Q1.

EBITDA for the quarter improved by increase in revenue which was partially offset by increasein customer acquisition costs due to higher gross additions during the quarter and other inflationary cost increases.

Q1FY2020 EBITDA had one-off Rs 100 Cr in network % It costs and employee expenses. Q2FY22 EBITDA had one-off of Rs 150 Cr in other expenses. Gross debt as per the 30, 2021was 194780 Cr, comprising of differed spectrum payment obligations of Rs 108610 Cr and AGR liability of Rs 63400 Cr. That are due to Government and debt from banks and financial institutions of Rs 22770 Cr.

6. Synergies of Merger:

During a tariff war sparked by Reliance Jio Infocomm Ltd, India's largest telecom operatorhopes to reap the benefits of the merger sooner than expected. Most of these benefits are expected to come from lower costs related to network and IT, subscriber acquisition, and customer services, according to Vodafone Idea Ltd., which cut the merger synergy timelinefrom four to two years. The Vodafone Group, based in the United Kingdom, and the Aditya Birla Group-controlled company estimated annual savings of Rs 14,000 Cr when they announced the merger. 60 percent would come from operational synergies, while the rest would come from capital spending.

Vodafone Idea reported a net loss of about Rs 5,000 crore in its first quarter following themerger. The company intends to raise approximately Rs 25,000 Cr. It also intends to sell its stake in Indus Towers Ltd. and monetize its fiber assets in order to reduce its debt. Operational synergies, possible fundraising, and the sale of a stake in Indus Towers could all help the company reduce its leverage ratio.

Investments were concentrated in the most profitable and appealing areas. In key areas, increase 4G coverage and capacity. Simplification, rationalization, and upselling— persuade a customer to buy something extra—increase average revenue per user. In comparison to Bharti Airtel and the recent entry of Reliance Jio, Vodafone India and Idea had a very low market share. The telecom industry was rocked by the arrival of Reliance Jio. The combined company would gain 400 million subscribers, a 35 percent customer market share, and a 40 percent revenue market share.

The merger ratio was one-to-one. The price of Idea at 72.5 per unit was used to calculate this ratio. Idea and Vodafone's implied enterprise values were INR 72 thousand crores andINR 82 thousand crores, respectively. A Rs 3,300 crore break fee was included in the agreement, which was payable if certain conditions were met.

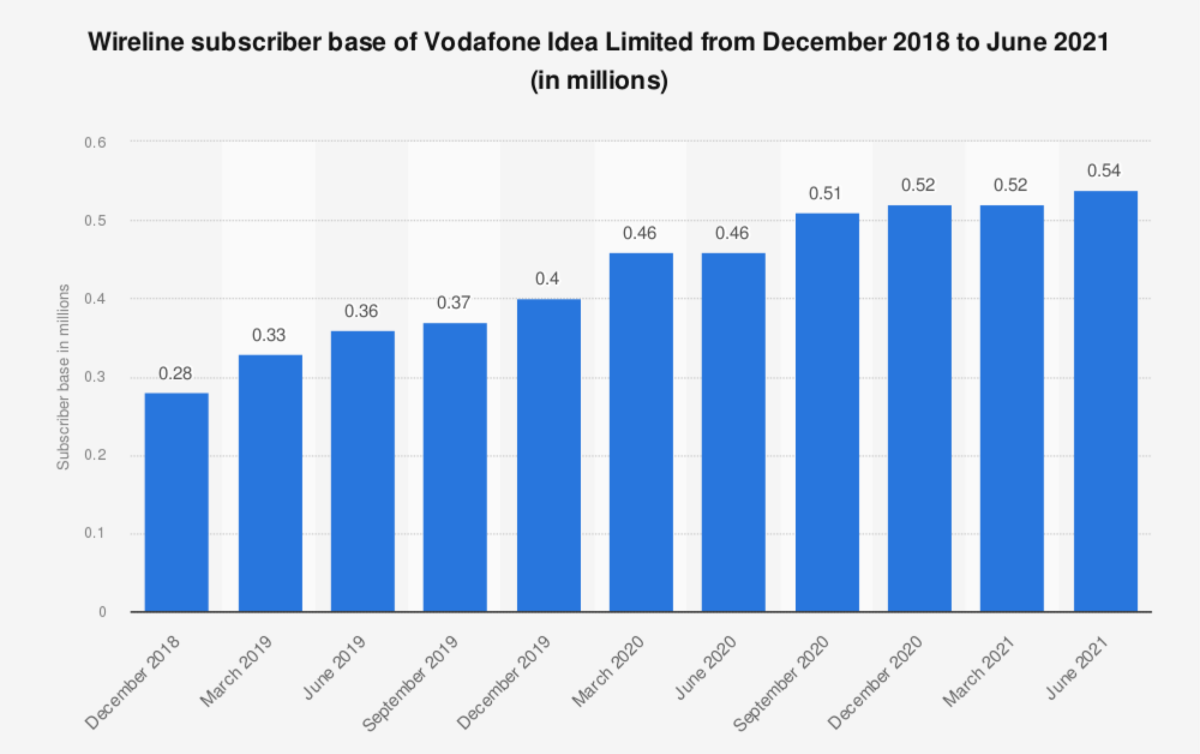

Figure 09: Wireline subscriber base of Vodafone Idea Limited from December 2018to June 2021

Source: Available online: https://www.statista.com/statistics/916193/india-wireline-subscriber-base-of-vodafone.(accessed on 10 November 2022)

Here the data is available for the December 2018 there are 0.28 million subscribers based on the statistical data. When the Reliance Jio come into existence with the free plans for the customer that time market were down and then Vodafone idea has also take a decisionon the bases of the covering the subscriber and therefor the market getting up and the subscriber base was 0.33 million in the March 2019 and with the higher ratio the subscribercan make more stability of the performance of the business.

The people architecture of your company is based on the principles of being a customer- centric company with technology as the foundation. The company has set itself up for highchange agility, put trust at the heart of its people agenda, and made digital the first port of call for all solution development.

If Aditya Birla Group fails to purchase any stakeout of the additional 9.5 percent stake afterthree years, they will be given one final chance to purchase the stake at the current marketprice for the purpose of share equalization.

Employees at both companies suffered as a result of the merger. The employees were metwith a great deal of apprehension. Companies failed to boost or maintain company moraleat some point. Prior to the merger, Vodafone – Idea had to lay off 5000 employees. Employees who scored in the bottom quartile on the performance evaluation were asked toleave. Aside from that, there was a significant cultural divide that impacted the remaining employees. In terms of salary levels and human resource processes, the businesses differed. According to a few employees, the new structure that was implemented following the merger resulted in demotions. Many of the Idea employees who were asked to leave were placed in various Aditya Birla Group companies.

In comparison to any global merger, your Company completed the integration exercise andfully realized the targeted synergies at a record pace in FY20, especially given the size, scale, and complexity of the integration.

The Vodafone-Idea merger is an excellent example of a market that primarily benefits customers. The telecom industry was relieved of the pressures of high prices and tariffs asa result of this agreement. Reliance Jio's entry into the telecom industry had a significant impact. Because Reliance Jio had launched free voice calling and data at discounted rates,it forced other companies to lower their prices. As a result of the merger, there will be morecompetition, resulting in lower prices for consumers. Their reach was expanded as a resultof the merger. It now offers a wider range of 4G services as a group. Both companies' assetswere also combined, resulting in improved services, airwaves, and workforce.

While Vodafone and Idea shared control over the CEO and COO appointments, Vodafonehad sole authority over the Chief Financial Officer (CFO). Increasing Vodafone's financialrights. Vodafone appointed Akshaya Moondra as the CFO. Both the companies jointly appointed Balesh Sharma as the CEO and Ambrish Jain as COO.

Vodafone – Idea underwent surgery a rebranding in September 2020. The company renamed itself 'Vi' after the initials. The rebranding came almost two years after the merger,but it exemplifies the spirit of cooperation. The name 'Vi' is pronounced as 'we,' accordingto the company's statement. To commemorate the merger's final lapse, the long-overdue rebranding was completed. After three years of merger talks and execution, the two companies were finally merged. The rebranding sparked a lot of discussion on social media.In a statement, the company said that the pronunciation of 'Vi' reflected the brands' origins and collective nature. The 'Vi' has been advertised on a number of different digitalplatforms. The Hon'ble Supreme Court of India, on the other hand, was the driving force behind the rebranding, ordering Vodafone Idea to pay back government debts. Vodafone Idea owes INR 504 billion in debt. The company will need to raise $3.41 billion to pay offthese debts. The company intends to raise funds using a combination of debt and equity. Ithas been approved by the Board of Directors. It also intends to focus on entering India's 5Gservice sector.

For starters, initiatives based on the renewal of price discipline may be considered, as Jio's disruptive entry has resulted in some serious imbalances. Second, the telecom sector's poor financial health can be seen, and such mergers will bring infusions of health and life, as India is the fastest growing market in terms of subscriber base. Vodafone and Idea will beable to pay off their debts as a result of the merger, and a large amount of credit will be injected into the system. The agreement has also prevented both telecom companies from selling their businesses as planned, which would have had a direct impact on the quality ofservices provided by different players in the industry. The merger will undoubtedlyaccelerate the pace of the telecom industry. Savings, synergies, and the spectrum have all been discovered to have a significant impact on the escalating growth. Over 60% of the operating costs will be saved, which will help to improve the quality and performance of the service through investments made with the money saved. Improvements in network infrastructure will be monitored, while operational efficiencies will have a chance to improve. Furthermore, the revenue market share for all locations is expected to increase, and the entity's scope will exceed the initial caps.

Comparison with the Competitors:

Jio v/s VI : Reliance Jio posted a sales growth of nearly one-third, to approximately $2.3 billion, relative to the previous year, though profits (before interest, tax, depletion, and amortization) increased by 49 per cent, to even more than $1 billion. The net profit increased by 185 per cent to $402 million.

Vodafone Idea, but on the other side, is also struggling with declining sales and a shrinking subscription base. It reported revenue of approximately $1.4 billion, a 0.5 per cent decrease year over year. For the September-ending year, profits were $558.6 million.

Porting of Network : As Jio has entered the Market it poses as a challenge first and then threat to other network companies so basically the challenge is to retain their customers and keep them happy which can only done by lowering the prices which if not done threatens the Operation of such companies. The challenge therefore results in competition between all companies among each other irrespective of Jio as Idea will not want people shifting to Airtel or Airtel won't like people shifting Idea or Vodafone etc.

Advantages of Jio:

1. Has only 4G network as result, smartphone dont change to 3g or 2g and thus saves the battery in some amounts.
2. Has voLTE : you will be surprised to know that there is no way to make a call over 4G and except jio every 4G network goes to 3g or 2g to make call. Reliance jio was the first company to introduce voice over LTE(voLTE) in which 4G calls goes over internet and thus can make Hd calls(only jio to jio) other call quality will be standard.
3. Now also supports vo-WIFI over all ISP.
4. No difference in price of plans : jio has made several plans which are same to all users.
5. Topper in terms of internet speed. (As per TRAI reports).

Advantages of Airtel :

1. Average Internet speed is fast in day to day usage as compared to jio
2. Now supports voLTE.
3. First to introduce vo-WIFI call in indian telecom and supported by all indian ISP.

Advantages of VI:

1. VI has a very attractive plan for users with the OTT Platform. VI has postpaid plan with the Free subscription of the SonyLIV, Amazon Prime and Hotstar.
2. In partnership with MakeMyTrip, Vodafone Idea is offering discounts on flight and hotel bookings to its customers on Vi Max plans. On the new REDX 1101 Plan, it offers benefits such as seven days international roaming pack worth Rs 2,999 per year and complimentary access to airport lounges
3. Priority customer services.

7. Results and Discussion

7.1 Consolidated Balance sheet:

At each balance sheet date, provisions and contingent liabilities are reviewed and adjustedto reflect the most recent best estimates. Evaluations of uncertain provisions, contingent liabilities, and assets necessitate judgment and assumptions about the likelihood of realization, as well as the timing and amount that may be incurred in the end. The outbreakof Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slow down of economic activity. Adjustments include accelerated depreciation charge of 571.6 Cr on account of network re-alignment and integration cost and disclosed under exceptional items. Non-current assets that are no longer classified as held for sale are valued at the lower and its carrying amount prior to being classified as heldfor sale, adjusted for depreciation that would have been recognized if the asset had not beenclassified as held for sale, and their recoverable amount at the time the disposal group is nolonger classified as held for sale. Intangible assets acquired separately are valued at cost when they are first recognized. All direct costs associated with the acquisition of intangible assets, as well as borrowing costs associated with qualifying assets, are included in the cost. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services on the transaction date. In compared to any worldwide merger, Vodafone idea limited completed the integration exercise and completely realized the planned synergies at a record speed in FY20, especially considering the size, scope, and complexity of the integration. Due to unsustainable pricing and hyper competitiveness, theoperating climate remained difficult. The decision on the long-awaited industry problem ofAdjusted Gross Revenue (AGR) has only contributed to telecom operators' financial troubles. The Honourable Supreme Court has supported the Government of India's efforts to ease the financial strain by advising payment in instalments. The Indian telecom providers are still operating in difficult market conditions, as competitive pressures have led them to offer the world's cheapest pricing options. Following the balance sheet date, on 2020, the Company pledged 132,868 Indus equity shares as security against certain non-fund based facilities in the type of bank guarantees totaling 1935 Cr, with the opportunity to have the pledge removed by providing other security. The Company executes this pledge as a first-rank exclusive charge in favor of the Security trustee for the benefit of the lenderand its successor.

Balance sheet of the Vodafone Idea Ltd of the Financial Year of 2017 to 2022

Particulars	**Mar-22**	**Mar-21**	**Mar-20**	**Mar-19**	**Mar-18**	**Mar-17**
EQUITIES AND LIABILITIES						
SHAREHOLDER'S FUNDS						
Equity Share Capital	32,118.80	28,735.40	28,735.40	8,735.60	4,359.32	3,605.33
Total Share Capital	**32,118.80**	**28,735.40**	**28,735.40**	**8,735.60**	**4,359.32**	**3,605.33**
Reserves and Surplus	-94,088.60	-66,999.50	-22,821.10	50,832.30	22,822.94	20,992.78
Total Reserves and Surplus	**-94,088.60**	**-66,999.50**	**-22,821.10**	**50,832.30**	**22,822.94**	**20,992.78**
Employees Stock Options	5	36.1	65.6	66.9	80.2	134.13
Total Shareholders Funds	**-61,964.80**	**-38,228.00**	**5,979.90**	**59,634.80**	**27,262.46**	**24,732.24**
NON-CURRENT LIABILITIES						
Long Term Borrowings	175,950.80	157,415.50	96,280.40	104,402.90	56,940.80	51,637.83
Deferred Tax Liabilities [Net]	0	2.2	3.8	47.1	65.94	1,358.71
Other Long Term Liabilities	18,870.80	17,846.80	28,534.40	11,029.60	3,166.29	1,530.23
Long Term Provisions	38.4	41.6	342.1	346.7	310.75	384.23
Total Non-Current Liabilities	**194,860.00**	**175,306.10**	**125,160.70**	**115,826.30**	**60,483.77**	**54,910.99**
CURRENT LIABILITIES						
Short Term Borrowings	14966.9	0	32.2	4,120.70	21.69	34.71
Trade Payables	13,169.90	13,275.70	11,763.40	12,648.60	3,547.91	4,077.67
Other Current Liabilities	32,973.30	53,081.00	83,934.10	37,431.20	7,238.96	12,929.22
Short Term Provisions	23.8	45.8	49.3	37.9	22.37	19.86
Total Current Liabilities	**61,133.90**	**66,402.50**	**95,779.00**	**54,238.40**	**10,830.93**	**17,061.46**
Total Capital And Liabilities	**194,029.10**	**203,480.60**	**226,919.60**	**229,699.50**	**98,577.17**	**96,704.69**
ASSETS						
NON-CURRENT ASSETS						
Tangible Assets	53,632.70	57,570.40	66,377.30	50,319.80	24,454.93	22,844.30
Intangible Assets	103,185.90	109,920.00	119,459.20	127,476.70	55,230.86	53,912.83
Capital Work-In-Progress	323.9	599.6	1,041.50	2,358.70	651.3	1,330.30
Intangible Assets Under Development	40.4	6.3	96.6	2,744.30	2,933.99	6,204.80
Fixed Assets	**157,182.90**	**168,096.30**	**186,974.60**	**182,899.50**	**83,271.08**	**84,292.22**
Non-Current Investments	5.3	4.1	1,524.40	1,529.80	1,660.11	1,478.48
Deferred Tax Assets [Net]	6	2.3	2	10,338.50	1,205.16	36.9
Long Term Loans And Advances	0	0	0	0.8	2.4	2.59
Other Non-Current Assets	19,999.40	21,278.40	21,732.50	16,546.10	2,197.74	3,255.86
Total Non-Current Assets	**177,193.60**	**189,381.10**	**210,233.50**	**211,318.30**	**88,342.61**	**89,072.17**

CURRENT ASSETS						
Current Investments	0	0	454.8	6,708.80	5,630.43	4,899.75
Inventories	2.3	0.6	2.5	4.2	36.67	58.8
Trade Receivables	2,443.90	2,507.00	3,094.30	3,300.00	887.39	1,313.92
Cash And Cash Equivalents	3,496.60	2,216.50	2,663.00	990.8	29.13	82.74
Short Term Loans And Advances	0	0.9	0.9	1.9	2.02	2.08
OtherCurrentAssets	10,892.70	9,374.50	10,470.60	7,375.50	3,648.93	1,275.24
Total Current Assets	**16,835.50**	**14,099.50**	**16,686.10**	**18,381.20**	**10,234.56**	**7,632.53**
Total Assets	**194,029.10**	**203,480.60**	**226,919.60**	**229,699.50**	**98,577.17**	**96,704.69**

Table 08: Consolidated Balance sheet of the year 2017-2022
Source: Consolidated Balance sheet of VI. 2022. Available online: https://www.moneycontrol.com/stocks/company_info/print_main.php.(accessed on 20 November 2022)

7.2 Consolidated Income statement:

EBITDA margins have been projected based on the Company's prior experience, synergy realization, and other cost-cutting measures, as well as incremental revenues from existingand new customers across all revenue streams. The capital expenditure cash flow predictions are based on extra expected capital expenditure. Coverage and capacity enhancements are required on a case-by-case basis. capital refers to the total amount of issued equity capital, share premium, and other equity reserves attributable to equity holders. The major goal of the Group's capital management is to increase shareholder value.

Particulars	**Mar-22**	**Mar-21**	**Mar-20**	**Mar-19**	**Mar-18**	**Mar-17**
INCOME						
Revenue From Operations [Gross]	**38,498.40**	**41,938.20**	**44,916.70**	**37,005.60**	**28,247.12**	**35,552.66**
Revenue From Operations [Net]	**38,498.40**	**41,938.20**	**44,916.70**	**37,005.60**	**28,247.12**	**35,552.66**
Other Operating Revenues	17.1	14	40.8	86.9	31.82	23.08
Total Operating Revenues	**38,515.50**	**41,952.20**	**44,957.50**	**37,092.50**	**28,278.94**	**35,575.74**
Other Income	129.4	174.2	1,039.30	731.1	352.93	306.94
Total Revenue	**38,644.90**	**42,126.40**	**45,996.80**	**37,823.60**	**28,631.87**	**35,882.67**
EXPENSES						
Purchase Of Stock-In Trade	7	3	12.9	26	7.26	27.92
Operating And Direct Expenses	18,903.60	20,781.60	24,766.50	28,951.90	19,744.84	22,478.10
Employee Benefit Expenses	1,735.10	2,030.00	2,164.30	2,294.40	1,543.04	1,797.65
Finance Costs	20,980.80	17,998.10	15,392.00	9,462.80	4,812.97	3,979.44
Depreciation And Amortisation Expenses	23,584.30	23,638.50	24,356.40	14,535.60	8,409.10	7,827.20

Other Expenses	1,833.70	2,191.90	3,101.30	1,777.20	936.24	1,028.41
Total Expenses	**67,044.50**	**66,643.10**	**69,793.40**	**57,047.90**	**35,453.45**	**37,138.72**
Profit/Loss Before Exceptional, ExtraOrdinary Items And Tax	**-28,399.60**	**-24,516.70**	**-23,796.60**	**-19,224.30**	**-6,821.58**	**-1,256.05**
Exceptional Items	164.30	-19,968.10	-38,355.70	852.1	0	-29.02
Profit/Loss Before Tax	**-28,235.30**	**-44,484.80**	**-62,152.30**	**-18,372.20**	**-6,821.58**	**-1,285.06**
Tax Expenses-Continued Operations						
Current Tax	17.3	-18	0.4	18.2	123.39	99.01
Deferred Tax	-6	-2.3	12,080.70	-3,589.70	-2,454.46	-562.55
Total Tax Expenses	**11.3**	**-20.3**	**12,081.10**	**-3,571.50**	**-2,331.07**	**-463.54**
Profit loss after tax and before extraordinary item	**-28,246.60**	**-44,464.50**	**-74,233.40**	**-14,800.70**	**-4,490.51**	**-821.52**
Profit /loss from continuing operation	**-28,246.60**	**-44,464.50**	**-74,233.40**	**-14,800.70**	**-4,490.51**	**-821.52**
Profit/Loss For The Period	**-28,246.60**	**-44,464.50**	**-74,233.40**	**-14,800.70**	**-4,490.51**	**-821.52**
Share Of Profit/Loss Of Associates	1.2	231.4	355.3	196.8	322.35	421.83
Consolidated Profit/Loss After MI And Associates	**-28,245.40**	**-44,233.10**	**-73,878.10**	**-14,603.90**	**-4,168.16**	**-399.7**

Table 09: Consolidated Income statement of the year 2017-2022

Source: Consolidated Income statement of the year 2017-2022. Available online: https://www.moneycontrol.com/stocks/company_info/print_main.php.(accessed on 22 November 2022)

7.3 Consolidated Cash flow:

Particulars	**Mar '22**	**Mar '21**	**Mar '20**	**Mar '19**	**Mar '18**	**Mar '17**
Net Profit Before Tax	**-28234.1**	**-44253.4**	**-61797**	**-18175.4**	**-6499.23**	**-863.24**
Net Cash From Operating Activities	17387	15639.7	7327.5	5268.1	5332.36	10475.67
Net Cash (used in)/from Investing Activities	-5730.3	1075.1	-2789.8	-7378.8	-9271.67	-15555.7
Net Cash (used in)/from Financing Activities	-10553.8	-16731.4	-5018.7	-2869.7	3924.87	4506.13
Net decrease/increase In Cash and Cash Equivalents	**1102.9**	**-16.6**	**-481**	**-4980.4**	**-14.44**	**-573.89**
Opening Cash & Cash Equivalents	350.3	366.9	847.9	5736.2	43.54	617.43
Closing Cash & Cash Equivalents	1453.2	350.3	366.9	755.8	29.1	43.54

Table 10: Consolidated cash flow of the year 2017-2022
Source: Consolidated cash flow of the year 2017-2022. Available online : https://www.moneycontrol.com/india/stockpricequote/telecommunications-service/vodafoneidealimited/IC8.(accessed on 22 November 2022)

The Cash flow Statements, with a focus on the Company's financial status as of March 31, 2022, as well as its debt and AGR commitments due in the coming year which has hampered the Company's capacity to generate revenue. Create the cash flow necessary to settle/refinance its debts obligations and guarantees when they become due, which are accompanied by Its financial situation is causing significant uncertainty. Take it on serious doubt on the Company's ability to meet the deadline payments referred to therein, and continue to operate as a going concern. Cash flow from the operating expenses are factor affecting to devidend payout. Here the cash generated from the operation 15639.7 Cr with respect of AGR matter, cash realized of sale of current investment amounting to 1075.1 Cr., Payment towards Spectrum and Licenses-Upfront payment of 574.7 Cr. Consequently, cash and cash equivalents as at March 31, 2021 stood at 240.2 Cr.

8. Conclusion

Following the telecom sector's poor financial health, most of the industry's players were consolidating. Anil Ambani's Reliance Communications, Aircel, and MTS are discussinga possible merger, while Bharati Airtel recently announced that it would take over Telenor's India business. Until the launch of Reliance Jio Infocom in in September 2016, neither Idea nor Vodafone had experienced a loss in terms of market revenue or market share since their entry into the Indian market in 2007. Though the merger plans appear to be as attractive as the icing on a cake, putting them into action will be no easy task, as the proposed new organization will have to overcome a number of obstacles, most notably in the form of regulatory clearances, in order to complete the operation properly.

It is also believed that the merger will prompt more mergers in the telecom sector soon.Though the merger will make the new entity the country's number one telecom operatorand the world's second after China Mobile, it is expected to lead to more price wars in the near future, with the newly merged Idea-Vodafone entity, Reliance Jio, Bharati Airtel, and BSNL dominating the emerging Indian market. The action has been greeted as a welcome relief for both Idea Cellular and Vodafone, which have been shaken by Jio's disruptive arrival into the telecom sector, especially for Vodafone, which is currently pursuing a Rupees 20,000 crore tax dispute with Indian authorities. Improvements in network infrastructure, operating economies, streamlining of tele-dataservices, distributional centers, and systems are among the other benefits and advantages that would trickle down to users via the telecom sector.

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10. Appendix

CONSOLIDATED BALANCE SHEET

as at March 31, 2022

₹ Mn

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment (including RoU Assets)	7	536,327	575,704
Capital work-in-progress	7	3,239	5,996
Investment property	8	-	-
Intangible assets	9	1,031,859	1,099,200
Intangible assets under development	9	404	63
Investments accounted for using the equity method	10	53	41
Financial assets			
Other non-current financial assets	11	88,492	77,323
Deferred tax assets (net)	55	60	23
Other non-current assets	12	111,502	135,461
Total non-current assets (A)		**1,771,936**	**1,893,811**
Current assets			
Inventories	13	23	6
Financial assets			
Trade receivables	14	24,439	25,070
Cash and cash equivalents	15	14,532	3,503
Bank balance other than cash and cash equivalents	16	20,434	18,662
Loans to joint venture and others	17	-	9
Other current financial assets	18	756	2,117
Current tax assets		6,031	-
Other current assets	19	102,140	90,975
Total current assets (B)		**168,355**	**140,342**
Assets classified as held for sale (AHFS) (C)	20	-	653
Total Assets (A+B+C)		**1,940,291**	**2,034,806**

Figure 10: Consolidated Balance sheet

Sources: Annual Reports 2022. Available online: *https://www.myvi.in/investors/annual-reports.* (accessed on 20 Oct 2022)

CONSOLIDATED BALANCE SHEET

as at March 31, 2022

₹ Mn

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
EQUITY AND LIABILITIES			
Equity			
Equity share capital	21	321,188	287,354
Other equity	22	(940,836)	(669,634)
Total equity (A)		**(619,648)**	**(382,280)**
Liabilities			
Non-current liabilities			
Financial liabilities			
Long term borrowings			
Loans from banks and others	23 (A)	28,363	64,846
Deferred payment obligations	23 (B)	1,731,145	1,509,309
Lease Liabilities	47	114,325	109,544
Trade payables	28	852	1,268
Other non-current financial liabilities	24	68,461	63,275
Long term provisions	25	384	416
Deferred tax liabilities (net)	55	-	22
Other non-current liabilities	26	5,070	4,381
Total non-current liabilities (B)		**1,948,600**	**1,753,061**
Current liabilities			
Financial liabilities			
Short term borrowings	27	149,669	228,948
Lease Liabilities	47	114,109	104,555
Trade payables	28	131,699	132,757
Other current financial liabilities	29	139,606	133,316
Other current liabilities	30	76,018	63,991
Short term provisions	31	238	458
Total current liabilities (C)		**611,339**	**664,025**
Total Equity and Liabilities (A+B+C)		**1,940,291**	**2,034,806**

The accompanying notes are an integral part of the Financial Statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

For and on behalf of the Board of Directors of **Vodafone Idea Limited**

Nilangshu Katriar
Partner
Membership No.: 58814

Himanshu Kapania
Non-Executive Chairman
(DIN : 03387441)

Ravinder Takkar
Managing Director & Chief Executive Officer
(DIN : 01719511)

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Place: Mumbai
Date : May 10, 2022

Figure 11: Consolidated Balance sheet

Sources: Annual Reports 2022. Available online: [https://www.myvi.in/investors/annual-reports. (accessed](https://www.myvi.in/investors/annual-reports) on 20 Oct 2022)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

₹ Mn

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
INCOME			
Service revenue		384,895	419,331
Sale of trading goods		89	51
Other operating income	32	171	140
Revenue from operations		**385,155**	**419,522**
Other income	33	1,294	1,742
Total income		**386,449**	**421,264**
EXPENSES			
Cost of trading goods		70	30
Employee benefit expenses	34	17,351	20,300
Network expenses and IT outsourcing cost	35	98,182	95,938
License fees and spectrum usage charges	36	41,988	41,295
Roaming and access charges	37	29,155	52,906
Subscriber acquisition and servicing expenditure	38	19,711	17,677
Advertisement, business promotion expenditure and content cost	39	9,791	7,875
Other expenses	40	8,546	14,044
		224,794	**250,065**
Profit / (Loss) before finance costs, depreciation, amortisation, share of net profit of joint ventures, exceptional items and tax		**161,655**	**171,199**
Finance costs	41	209,808	179,981
Depreciation	7 & 8	146,569	145,013
Amortisation	9	89,274	91,372

Figure 12: Consolidated Statement of Profit and Loss
Sources: Annual Reports 2022. Available online: *https://www.myvi.in/investors/annual-reports.* (accessed on 20 Oct 2022)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

₹ Mn

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit / (Loss) before share of profit of joint ventures, exceptional items and tax		**(283,996)**	**(245,167)**
Add : Share in profit of joint ventures	62	12	2,314
Profit/(Loss) before exceptional items and tax		**(283,984)**	**(242,853)**
Exceptional items (net)	42	1,643	(199,681)
Profit/(Loss) before tax		**(282,341)**	**(442,534)**
Tax expense:			
- Current tax	54	173	(180)
- Deferred tax	54 & 55	(60)	(23)
Profit/(Loss) after tax		**(282,454)**	**(442,331)**
Other comprehensive income/(loss)			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(loss) on defined benefit plans	53	90	374
Income tax effect	54 & 55	(1)	(4)
Group's share in other comprehensive income / (loss) of joint ventures and associate (net of taxes)		-	(2)
Other comprehensive income/(loss) for the year, net of tax		**89**	**368**
Total comprehensive income/(loss) for the year		**(282,365)**	**(441,963)**
Earnings/(loss) per equity share of ₹ 10 each:	56		
Basic (₹)		**(9.83)**	**(15.40)**
Diluted (₹)		**(9.83)**	**(15.40)**

The accompanying notes are an integral part of the Financial Statements

Figure 13: Consolidated statement of Profit and Loss

Sources: Annual Reports 2022. Available online: *https://www.myvi.in/investors/annual-reports.* (accessed on 20 Oct 2022)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

A. **Equity share capital:**

Equity shares of ₹ 10 each issued, subscribed and fully paid

	Numbers	Amount (₹ Mn)
As at April 1, 2020	28,735,389,240	287,354
Issue of Share capital	-	-
As at March 31, 2021	**28,735,389,240**	**287,354**
Issue of Share capital (refer note 43(i))	3,383,458,645	33,834
As at March 31, 2022	**32,118,847,885**	**321,188**

Figure 14: Consolidated statement of Change in Equity

Sources: Annual Reports 2022. Available online: *https://www.myvi.in/investors/annual-reports.* (accessed on 20 Oct 2022)

STATEMENT OF CONSOLIDATED CASH FLOWS

for the year ended March 31, 2022

₹ Mn

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
OPERATING ACTIVITIES		
Loss before tax	(282,341)	(442,534)
Adjustments to reconcile loss before tax to net cash flows		
Share in profit of joint ventures and associate (net)	(12)	(2,314)
Depreciation of property, plant and equipment (including RoU Assets) and investment property	146,569	145,013
Amortisation of intangible assets	89,274	91,372
Share-based payment expense (ESOS)	(16)	35
(Gain) / Loss on disposal of property, plant and equipment and intangible assets (net)	(679)	5
Gain on Investment property (leasehold land) (refer note 42)	(1,266)	-
Gain on sale of stake in Indus (Joint Venture) (refer note 42)	-	(21,189)
Impact due to cancellation of lease contract on network re-alignment (refer note 42)	-	(1,696)
Accelerated depreciation on account of network re-alignment/re-farming (refer note 42)	137	5,745
License fees and SUC on AGR (refer note 42)	-	194,405
One Time Spectrum Charges (refer note 42)	-	5,027
Impairment of Brand (refer note 42)	-	7,246
Finance costs (including fair value change in financial instruments)	209,808	179,981
Bad debts / advances written off	1,756	3,873
Allowance for doubtful debts / advances	479	(437)
Liabilities / provisions no longer required written back	(70)	(46)
Other income	(1,057)	(1,636)
Working capital adjustments		
(Increase)/Decrease in trade receivables	(383)	3,136
(Increase)/Decrease in inventories	(17)	19
(Increase) in other financial and non-financial assets	(30,051)	(6,836)
(Decrease)/Increase in trade payables	(3,432)	5,522
Increase/(Decrease) in other financial and non-financial liabilities	30,476	(16,197)
Cash flows from operating activities	**159,175**	**148,494**
Income tax refund (including TDS) (net)	14,695	7,903
Net cash flows from operating activities	**173,870**	**156,397**

Figure 15: Statement of Consolidated Cash Flows

Sources: Annual Reports 2022. Available online: *https://www.myvi.in/investors/annual-reports.* (accessed on 20 Oct 2022)

STATEMENT OF CONSOLIDATED CASH FLOWS
for the year ended March 31, 2022

₹ Mn

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (including CWIP and intangible assets under development)	(60,089)	(47,097)
Payment towards Spectrum and Licenses - Upfront payment	(1,035)	(5,747)
Proceeds from sale of property, plant and equipment and intangible assets	1,207	1,782
Proceeds from sale of Investment property (leasehold land) (net of expenses)	1,870	-
Proceeds from sale of stake in Indus (Joint Venture) (net of expenses related to sale of ₹ 170 Mn) (refer note 43(iii))	-	37,472
Net sale of current investments	180	4,952
Repayment of loan given to joint venture	8	-
Interest received	586	1,797
Maturity/(Placement) for Fixed deposits with banks having maturity of 3 to 12 months	(30)	16,477
Dividend received from joint venture (Indus)	-	1,115
Net cash flows (used in) / from investing activities	**(57,303)**	**10,751**
FINANCING ACTIVITIES		
Proceeds from allotment of equity shares under Prefential Issue (net of share issue expenses of ₹ 3 Mn) (refer note 43(i))	44,997	-
Payment of interest and finance charges[1]	(27,997)	(28,256)
Proceeds from long term borrowings	5,000	-
Repayment of long term borrowings	(80,641)	(43,220)
Proceeds from short term borrowings	22,500	-
Repayment of short term borrowings	-	(283)
Payment of lease liabilities (refer note 47)	(69,397)	(95,555)
Net cash flows (used in) financing activities	**(105,538)**	**(167,314)**
Net increase / (decrease) in cash and cash equivalents during the year	**11,029**	**(166)**
Cash and cash equivalents at the beginning of the year	**3,503**	**3,669**
Cash and cash equivalents at the end of the year	**14,532**	**3,503**

[1] includes interest payment on deferred payment liabilities forming part of long term borrowings

1. Cash and Cash Equivalents include the following Balance Sheet amounts

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash on hand	32	30
Cheques on hand	68	181
Balances with banks		
In current accounts	14,141	2,770
In deposit accounts	291	522
	14,532	**3,503**

Figure 16: Consolidated statement of Cash flow

Sources: Annual Reports 2022. Available online: https://www.myvi.in/investors/annual-reports. (accessed on 20 Oct 2022)