

M&A Lab

June 05, 2009

BHARTI-MTN: RINGING THE BELL FROM ASIA TO AFRICA

Bharti Airtel Limited's ("**Bharti Airtel**") announcement of intent to forge a strategic merger with MTN Group Limited ("**MTN**"), the South African cellular mobile operator with a pan African and Middle East subscriber base, comes as a shot in the arm to the already in vogue blitzkrieg of Indian outbound acquisitions. Bharti Airtel and MTN have agreed to discuss the potential strategic merger ("**Transaction**") exclusively with each other until July 31, 2009.

Terming the Bharti Airtel-MTN combine as an "emerging market telecom powerhouse", Sunil Bharti Mittal, Chairman and MD of Bharti Airtel in the media statement ("**Media Statement**") issued on May 25, 2009, said, "Both companies would stand to gain significant benefits from sharing each other's best practices in addition to savings emanating from enhanced scale. We see real power in the combination and we will work hard to unleash it for all our shareholders. This opportunity also represents a first of its kind in developing an Indian-African initiative that would serve as a shining example of South-South cooperation."

The 'Runaway Bride' MTN, which in the past dumped several leading cellular operators making "strategic merger" offers including Bharti Airtel and Reliance Communications, has now agreed to explore the possibility of a "strategic merger" with Bharti Airtel until July 31, 2009. The Transaction, if consummated, will catapult the Bharti-MTN combine as the fourth largest telecom operator in terms of subscriber base outshining AT&T, France Telecom and Verizon with more than 200 million subscribers, and revenues in excess of USD 20 billion.

In the attached M&A Lab, we attempt to anatomize the creation of Bharti – MTN, world's 4th largest telecom provider and in the process analyze the legal and regulatory implications that the deal is likely to encounter until its consummation, based on the set of facts which are currently in public domain. In keeping with our tradition to analyze international legal and regulatory regimes, we have, in this lab also attempted to ascertain and analyze the potential issues under the South African laws that the deal may encounter in South Africa to provide more fullness to the dissection. Post consummation of the Transaction, we will send Bharti-MTN - Part II to dissect the Transaction as it happened.

However as Business India beautifully puts it, "*Whether the African lady and the Indian suitor believe in 'till death do us part' or not, only time will tell. All this, however, depends on the bride first saying 'I do'.*"

For a detailed analysis of the commercial, legal, regulatory & tax considerations, please click here for the document.

As you would be aware, we have been providing regular information on latest legal developments. M&A Lab is our latest initiative to provide you in depth and knowledge based analysis of latest M&A deals. We will be happy to have your views / comments on our initiative. Please read the disclaimer carefully.

– Shikhar Kacker, Ruchir Sinha, [Nishchal Joshipura](#) & Siddharth Shah
You can direct your queries or comments to Team M&A

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Handbook on New Labour Codes

April 29, 2024

Compendium of Research Papers

April 11, 2024

Third-Party Funding for Dispute Resolution in India

April 02, 2024

Research Articles

Private Client Insights - Sustainable Success: How Family Constitutions can Shape Corporate Governance, Business Succession and Familial Legacy

January 25, 2024

Private Equity and M&A in India: What to Expect in 2024?

January 23, 2024

Emerging Legal Issues with use of Generative AI

October 27, 2023

Audio

Third-Party Funding: India & the World

April 27, 2024

IBC allows automatic release of ED attachments: Bombay HC reaffirms

April 15, 2024

The Midnight Clause

February 29, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

Q&A 2024 Protocol to the Mauritius India Tax Treaty

April 22, 2024

Boost to India's Space Potential: India Liberalizes Foreign Direct

