

## 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

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