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Financial Performance Analysis of Bharti Airtel in the Context of Pre and Post Acquisition of Zain Group (A Kuwait Basis Telecommunication Company)

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***Abstract**: From the last few decades 'MERGERS/ACQUISITIONS' a common phenomenon of corporate firms' globalization strategies. Generally organizational aims are based on their time of establishment, industry in which they are operating, its operating conditions like competitiveness, inflationary condition, geographical area in which they are established and finally life cycle. It directs towards focus on operational efficiency of the organization that adopts such strategy of going globally. This paper evaluates the financial performance of the BHARTI AIRTEL such as, profitability ratio, liquidity ratios, leverage ratios, growth ratios. Under a wider span evaluation Net profit margin, Return on Equity, Return on Investment, Debt equity ratio, current ratio, quick ratio, super quick ratio, debt ratio, interest coverage ratio etc are analyzed. The main objective of the study is to disclose some theoretical concepts of Mergers & Acquisitions and their impact on pre and post-acquisition financial performance of BHARTI AIRTEL and to examine the profitability ratio analysis of pre and post-acquisition financial performance in BHARTI AIRTEL and to study the liquidity ratio analysis of pre and post-acquisition in BHARTI AIRTEL. Finally, this study assesses the leverage ratios and growth ratio analysis of pre and post-acquisition financial performance in BHARTI AIRTEL. In this article data has been collected from secondary sources and to measure the reliability of data applied group or descriptive statistics and for financial ratios of pre-acquisition data and post-acquisition data T-test has been applied, therefore the study has been finds out there is no significant difference between pre and post-acquisition financial performance of BHARTI AIRTEL and there is no definite relationship between profitability ratio, liquidity ratio, leverage ratio, growth ratio performance of BHARTI AIRTEL. Therefore, the null hypothesis is accepted and alternative hypotheses are rejected. Therefore, finally this study concludes that the post-acquisition financial performance is not much better than the pre-acquisition financial performance of BHARTI AIRTEL.*

Key words: Ratios, Pre-acquisition, Post-acquisition, Mergers, Conglomerates, vertical, Horizontal.

INTRODUCTION:

M&A's create a new social category by combining two previously separate organizational identities. The M&A market is historically a recent phenomenon, which has been linked to a certain form of economic development based in particular on fungible shares easily negotiable on markets. The M&A market's evolution show a globalization of this tool as a leading business transformation mechanism. However, this mechanism of ownership changes and corporate value transformation has ups and downs and there are still some major differences between countries in terms of how cross-border M&A's are accepted and treated. Moreover, the analysis of these different M&A waves over a long period of time has yielded some details about the rationale for such transactions. A wide number of parameters have been connected to cross-border deals. We try here to provide an overview of the types of factors at play (both internally in the firm and externally), with the view that most of these factors play at different geographical levels (local, national, and global). To understand the cross-border mergers and acquisitions (M&A) phenomenon, one has to look back to get some perspectives.

Emergence of M&As in BUSINESS WORLD:

The concept of M&A has grown greatly over the past half century. At one-time M&A was mainly a U.S. phenomenon but starting in the fifth acquisition wave of the 1990s, M&A volume in Europe rivaled that of the United States. When we say that the United States was for many years the leader in M&A, this should not be construed to be as a good thing necessarily. While some M&A deals are great, there are all too many that are outright terrible. By the 2000s, M&A had become a commonly used corporate expansion strategy for companies worldwide. By the 2000s, Asia, including rapidly growing China and India, had joined the ranks of the major participants in M&A. They have also been joined by South and Central American as well as Australian companies. Indeed, M&A is truly a global phenomenon.

DEFINITIONS of Mergers:

According to Ottorino Morresi & Alberto Pezzi (2014), "Mergers and acquisitions (M&As) can conventionally be defined as the owning of entire company or its specific assets by another company."

According to researcher (Ganghan, 2002) Defines "mergers/acquisitions" as the comparison of two or more companies in creation of a new entity or formation of a holding company. Acquisition is the purchase of shares or assets of another company to achieve a managerial influence not necessarily by mutual agreement".

According to Ramaiya (1977) defines "A merger or Amalgamation results in the combination of two or more companies in to one, where in the merging entities lose their identities by being absorbed into the acquisition entity.

Forms of M&A

The different forms of M&A described above are only based on whether any of the parties

involved is giving up its legal and/or economic autonomy.

Looking at M&A in to the light of the operating context of the involved companies makes it possible to differentiate between horizontal and vertical mergers or conglomerates. **Conglomerates** exist between firms that are not directly competing with each other as they have different products or operate in different geographical markets. Vertical or horizontal mergers only exist between firms that act in the same industry. Although these definitions are very clear, the occurrence of M&A in practice might not be quite so distinct.

Horizontal mergers occur between firms that are operating at the same point on the industrial value chain. Since horizontally merging companies usually intend to increase their economic power, these transactions are carefully monitored by antitrust offices. They distinguish horizontal mergers by the accompanying possibility of expanding the product portfolio. This possibility exists in the case of mergers between two companies that operate in contiguous market segments within the same industry.

Vertical mergers occur between firms that are operating at consecutive stages of the industrial value chain. Backward integration is the term used when a company acquires one of its suppliers, while forward integration applies when it acquires a former customer. Vertical mergers tend to be used for relationships along the value chain that can produce cost synergies and R&D advantages.

Since conglomerates include only companies that are not competing against each other, they make it possible to enter new business segments. This makes conglomerates an instrument for diversification and enables companies to realize their expansion policies.

Review of Literature

Neelam Rani(2014), during her study she used a sample of size of 155 firms, which were announced to go for merging strategy in between the time period of January 2003 to December 2008. In her paper she tried to find out the relationship between corporate governance and the abnormal returns of merging company during merger and post merger scenario. Standard event methodology has been used to measure short-term abnormal returns. Corporate Governance Index (CGI) is framed on the basis of total scores obtained from questionnaire of sixty seven attributed questions. Primary data are used to prepare Corporate Governance Index (CGI). Cross-sectional regression analysis has been conducted in the third part of analysis to ascertain the impact of corporate governance score on abnormal returns. The results reveal a positive relationship between corporate governance standards and the performance of the acquiring firms in short-run as well as long-run.

Melanie Scheiwiller (1998), in his article highlighted that when company likes to go for a merger/acquisition strategy, before implementation, motto of the organisation should be explained to employees clearly for adoption of change positively. She narrated that goals after merger/acquisition should be divided in small interval missions, so that employees can't be frustrated if any problem aroused. Explain the stake holders that only risk taking behaviour will yield fruits in future. Again, the objectives of new company after merger/acquisition may be a entirely new one and little complex one. To go with new approaches to achieve these new goals mistakes by the employees should be allowed until get perfection in their works so that everyone is expected to be action oriented.

Saw-Imm Song (2011), carried out performance measurement of the firm before and after merger through accounting based measure and market based measure. He concluded that by the way of accounting based measure one can calculate realistic changes in fundamental value and by marked based measure perceived value by the investor. This study adapted the event study methodology employed by Scholes and Williams (1977) and for the accounting-based performance; various key financial ratios have been used. A comparison of the performance of the target firms and the control firms pre- and post-CBMAs was done using liquidity, leverage, profitability and market ratios. From her analysis she found that, not all countries exert equal adoption of the merging strategy. Share holder's wealth increased in some countries and some countries showed no change in their wealth concept.

Gwaya Ondieki Joash (2015), has studied about Kenyan banks performance analysis after merger and before merger. His objective of the study was about impact on shareholder's value during merger/acquisition and to examine the influence of merger/acquisition on its profitability. The study used descriptive survey design. This study was a census and therefore, there was no need to use sample that all the elements in the population targeted were studied. Data was collected by use of questionnaires with open ended and closed ended questions. By his analysis he concluded that the capital which will be going to use in merging other firms should not be borrowed but owned by the firm and observed that shareholders do not have necessary skills to manage their companies, so that they appoint managers and these managers will use their skills at the expense of the shareholders. He used different ratios like return on equity, earnings per share, and return on investment. Finally he concluded that most of the firms merge with others to increase their profitability, next preference will be given to shareholders value and followed by reason of lowering the cost of operations.

Neelam Rani (2013), analyzed the long-term financial performance of companies involved in M&A in India. Data were collected from secondary sources like CMIE, NSE etc. The data were collected for a period of 10 years. The 14 ratios, namely, return on capital employed (ROCE), returns on equity funds (ROE), operating profit margin based on sales (OPMS) net profit margin (NPM), operating profit ratio based on assets (OPMA), cost of goods sold ratio (COGR), labour-related expense ratio (LRE), selling, general and administration expense ratio (SRE) and research and development expense ratio (RDE), total assets turnover ratio (TATR), fixed assets turnover ratio (FATR) and current assets turnover ratio (CATR), total debt over total assets ratio (DA) and current ratio (CR) were calculated. To determine the significant differences over pre- and post-M&A, a two-sample paired *t*-test was conducted for each measure used in the study. The null hypothesis for each test is that the mean level for the post-M&A period is not significantly different from the mean of pre-M&A period. A positive *t*-value indicates a higher mean value for post-M&A period and vice-versa. The empirical evidence validates the hypothesis that Indian acquirers have performed financially better after M&A, compared to their performance in the pre-M&A period. She observed that long run performance will be improved in case of M & A.

K. P. RAMASWAMY (2003), in his study tried to analyse the interest factor spread of an employee relies on firm's reward and compensation strategies. He has focussed on the firm's financial performance is influenced by the type of merger/acquisition. He disclosed that it is impossible to clearly conclude about the performance of a company if the merger is a conglomerate one. This study was limited to a period of 1970 to 1995 and sample was selected on the basis of data belongs to only US based, the sectors free from huge regulations were only considered. Regression analysis has done and observed that the firms that acquire larger relative sized firms have poorer post merging performance than the firms which acquired smaller firms. He observed that the firms with long-term incentive plans have better performance after merger than those firms with shorter incentive plans.

Vanitha Swaminathan (2013), in her study tried to focus on both improvements in financial performance after merger and customer satisfaction. Earlier to this study many observations have proved that any one of above two benefits were achieved by the firms which have chosen merging strategy. Data for this research were gathered from multiple sources. Customer satisfaction data were obtained from the ACSI (www.theacsi.org). Firm financial data were obtained from Compustat. Merger data were collected from The Wall Street Journal and SDC Platinum. She used different ratios for financial performance measurement. Form her analysis she suggested that the firms have to understand clearly that these two concepts are context based and related in specific areas of market.

Stephen P. Ferris (2015), during his analysis has observed that most of acquiring firms are under performed for a maximum of 5 years after merger. The study was limited to only period of 1990 to 1993 and sample was selected to those mergers of costing to more than $5 million. From his analysis he concluded that cumulative abnormal returns position was bad during after merger performance. Shareholders were lost their wealth up to 20%. He found that from aggregate sample the acquiring firms underperform their size and industry-matched control firms, larger mergers are more likely to generate economies of scale, mergers between regulated firms will exhibit greater long-run profitability because of the protected profit margins of regulated firms, conglomerate type mergers between firms are less profitable because of managerial inexperience in the target industry and greater difficulty in achieving production economies of scale across different industries.

Dr. Neena Sinha (2010), this empirical study analyses the financial data of selected merging firms in the period 2000-2008. The data were collected from various sources like, CMIE database PROWESS, newspapers, magazines and journals. Firstly, by using the ratio analysis approach, we calculate the change in the financial position of the companies during the period 2000-2008 like Return to Equity Shareholders, Return on Net Worth, Earning Per Share, Current Ratio, Debt-Equity ratio, Profit before tax, Profit before tax to Total income ratio were used to check the financial performance analysis.

Wilcoxon signed rank test (non parametric) was used to check the variations in capability of organisations during and post merger scenario. While we found a significant change in the earnings of the shareholders, there is no significant change in liquidity position of the firms. The result of the study indicate that M&A

cases in India show a significant correlation between financial performance and the M&A deal, in the long run, and the acquiring firms were able to generate value.

OBJECTIVES OF THE STUDY

The major objectives of the study are as follows

1. To highlight the theoretical background of BHARTI AIRTEL by observing its longitudinal strategies and impact of pre and post-acquisition financial performance of BHARTI AIRTEL.
2. To examine the profitability ratio analysis of pre and post-acquisition financial performance in BHARTI AIRTEL.
3. To study the liquidity ratio analysis of pre and post-acquisition financial performance in BHARTI AIRTEL.
4. To assess the leverage ratios and growth ratio analysis of pre and post-acquisition financial performance in BHARTI AIRTEL.
5. To offer findings and suggestions in the light of the study.

RESEARCH METHODOLOGY

Research is considered as journey from darkness to the light or from the light to the root causes of the light. Methodology is the track to facilitate acceleration and control to solve the research problem systematically. The required secondary data constitutes the main source of information, suitable for the purpose of the present study. In this study we have selected BHARTI AIRTEL for analysis of data. The sources of secondary data were collected from Annual reports of BHARTI AIRTEL. The information for this study is gathered for the time of 2007-08 to 2015-16. And also various national and international journals, periodic publications, working papers, books, articles, thesis, and dissertation work on pre and post scenarios of merging companies. For the purpose data analyze applied group or descriptive statistics, independent sample T-test to know the significant relationship between two variables and also to prove the hypotheses of the study to measure the reliability of data.

HYPOTHESES

The study is based on the following hypotheses

Null (H0): There is no significant difference between pre-acquisition and post-acquisition financial performance of BHARTI AIRTEL.

Alternative (H1): There is significant difference between pre-acquisition and post-acquisition financial performance of BHARTI AIRTEL.

Null (H0): There is no relationship between profitability ratio, liquidity ratio, leverage ratio, growth ratio performance of BHARTI AIRTEL.

Alternative (H2): There is relationship between profitability ratio, liquidity ratio, leverage ratio, growth ratio performance of BHARTI AIRTEL.

BHARTI AIRTEL

BHARTI AIRTEL Industries Limited (BSE: 532454|NSE: BHARTIARTL|ISIN: INE397

D01024|SECTOR: Telecommunications - Service) is an Indian Bharti Tele-Ventures was incorporated on July 7, 1995 as a company with limited liability under the Companies Act, for promoting telecommunications services. Bharti Tele-Ventures received certificate for commencement of business on January 18, 1996. The Company was initially formed as a wholly-owned subsidiary of Bharti Telecom Limited.

Airtel acquires Zain's Africa business for $10.7 billion

In the largest ever telecom takeover by an Indian firm, Bharti Airtel signed a deal with Kuwait-based Zain Telecom to buy its African business for $10.7 billion (about Rs. 48,000 crore). The acquisition, the second largest by an Indian entity after Tatas' Corus deal, would make Sunil Mittal-led Bharti the world's seventh largest mobile operator with a total subscriber base of about 179 million. It would have estimated revenues of $13 billion. Zain has operations in 17 African countries and Bharti has acquired all, but those in Sudan and Morocco. The African business would widen Bharti's reach, which was hitherto restricted to Asia and Indian Ocean region with businesses in Sri Lanka, Bangladesh and Seychelles. Firing up Bharti's global ambitions, the latest acquisition comes in the backdrop of diminishing revenues from its India operations due to hyper competition and rock-bottom tariffs. The Zain deal would also catapult the Indian entity into the league of world's top 10 telecom players. Of the $8.3 billion paid to Zain, Bharti has raised the debt from a consortium of foreign banks and State Bank of India with the lead arranger and lead-advisor Standard Chartered Bank committing the highest amount $1.3 billion followed by $0.9 billion by Barclays. State Bank of India has agreed up to one billion dollar loan in rupee terms.

History

Calendar year & Events

1995

- Bharti Cellular launched cellular services 'Airtel' in Delhi

1996

- STET International Netherlands NV, or STET, a company promoted by Telecom Italia, Italy acquired a 20% equity interest in Bharti Tele-Ventures.
- Bharti Tele net launched cellular services in Himachal Pradesh.

1997

- British Telecom acquired a 21.05% equity interest in Bharti Cellular.
- Bharti Telenet obtained a license for providing fixed-line services in Madhya Pradesh circle.
- Bharti Telecom and British Telecom formed a 51%: 49% joint venture, Bharti BT, for providing VSAT services.

1998

- Bharti Telecom and British Telecom formed a 51%: 49% joint venture, Bharti BT Internet for providing Internet services.
- First Indian private fixed-line services launched in Indore in the Madhya Pradesh circle on June 4, 1998 by Bharti Telenet thereby ending fixed-line services monopoly of DoT (now BSNL).

1999

- Warburg Pincus (through its investment company Brentwood Investment Holdings Limited) acquired a 19.05% equity interest in Bharti Tele-Ventures.
- Bharti Tele-Ventures (by acquiring a 63.45% equity interest in SC Cellular Holdings) acquired an effective 32.36% equity interest in Bharti Mobile (formerly JT Mobiles), the cellular services provider in Karnataka and Andhra Pradesh circles.

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- New York Life Insurance Fund, or NYLIF, acquired a 3% equity interest in Bharti Cellular.

2000

- Bharti Tele-Ventures acquired an effective equity interest of 40.5% in Bharti Mobinet (formerly Skycell Communications), the cellular services provider in Chennai.
- Bharti Tele-Ventures acquired a 30.2% equity interest of Telecom Italia in Bharti Telenet and 18.8% from Bharti Telecom thereby making Bharti Telenet a 100% subsidiary of Bharti Tele-Ventures.
- SingTel (through its investment company Pastel Limited) acquired STET's 15.3% equity interest in Bharti Tele-Ventures.
- Bharti Tele-Ventures acquired an additional effective 41.64% equity interest in Bharti Mobile (by acquiring the remaining 36.55% equity interest in SC Cellular) resulting in Bharti Tele-Ventures holding an effective 74% equity interest in Bharti Mobile.

2001

- Bharti Tele-Ventures acquired NYLIF's 3% equity interest in Bharti Cellular
- Bharti Telesonic entered into a joint venture, Bharti Aquanet, with SingTel for establishing a submarine cable landing station at Chennai.
- Bharti Tele-Ventures issued additional equity for approximately US$ 481.30 million to SingTel, Warburg Pincus, AIF group, IFC, NYLIF, and Seejay Cellular and Bharti Telecom.
- Bharti Cellular acquired a 100% equity interest in Bharti Mobitel (formerly Spice Cell), the cellular services provider in Kolkata.
- Bharti Tele-Ventures acquired 85% and 15% in Bharti Telespatial from Bharti Telecom and Intel, respectively.
- Bharti Tele-Ventures acquired a 44% equity interest in Bharti Cellular from British Telecom, thereby making Bharti Cellular its 100% subsidiary.
- Bharti Tele-Ventures acquired an additional 49% equity interest in Bharti Mobinet from Millicom International and BellSouth International, thereby owning 89.5% equity interest in Bharti Mobinet, which was further increased to 95.3% following an issuance of additional equity shares by way of rights issue.

2002

Comes out with issue of 18.53 crore equity shares through book building route with a floor price of Rs. 45 per share, received bid for 18.55 crore shares. Through the issue, it becomes the first company in India to come out with 100% book building issue.

- Issue price fixed at Rs 45 per share, floor price fixed by the company. Raises Rs. 834 Crore.
- Shares listed on BSE, NSE and DSE, opens at 11% premium to its issue price of Rs 45
- Enters into a 5-year agreement with Escotel and ETL of the Escorts group to contract leased line connectivity for its cellular operations.

- DoT grants ILD Telephony License to Bharti Telesonic, subsidiary of the company
- Signs MoU with Telia AB to buy out their 26% stake in Bharti Mobile.

2003

- Company accorded its approval for amalgamation of its subsidiary companies viz: Bharti Telenet Ltd, Bharti Telesonic Ltd, Bharti Broadband Networks Ltd and Bharti Comtel Ltd through scheme of Amalgamation. The merged entity would be renamed as Bharti Infotel Ltd.
- Bharti TeleVentures announces the completion of acquisition with Bharti Mobitel
- Bharti cellular, wholly owned subsidiary of Bharti Tele-Ventures, increases its stake to 100% in Bharti Mobile.
- Iinks distribution pact with Hathway Cable. With this alliance, Bharti is said to be the first telecom firm to step into television distribution services.
- AirTel launches InnoWest for the western region
- Bharti Tele-Ventures enters into an agreement with Telesystem (Mauritius) Pvt. Ltd

2004

- Bharti Tele-Ventures enters into a three year service agreement with Ericsson
- Bharti Tele-Ventures Ltd signed an information technology outsourcing deal with infotech major IBM, estimated to be in the range of 0-750 million for a ten-year period.
- Signs MoU to join the South East Asia - Middle East - Western Europe 4 (SEA-ME-WE-4) consortiums along with 15 other global telecom operators.

2005

- Airtel launches video services for its GPRS customers on February 22, 2005
- Bharti Tele Ventures - Airtel introduces BlackBerry Connect in India
- Bharti Tele Ventures announces agreement with Vodafone
- Bharti Tele-Ventures launches under sea cable system

2006

- Cellebrum join hands with Airtel
- Airtel joins hand with Microsoft
- Bharti Airtel Ltd has informed that Microsoft and the Company announced a strategic partnership that will offer a range of software and services for small and medium businesses (SMBs) in India.

2007

- Bharti Airtel, telecom major, has come out with a slew of initiatives including buying out SingTel's 50 per cent stake in joint venture undersea cable company Network i2i for 0 million.
- Bharti Airtel Ltd has announced the following changes in the operational leadership structure and roles in the Company effective April 01, 2007.
- Airtel signs agreement with HTC for touch screen mobile.

2008

- Bharti Airtel Ltd on February 13, 2008 has announced that it has achieved the 60 million customer mark. This landmark has catapulted Bharti Airtel into the club of top mobile operators in the world interms of subscriber base. The 60 million customer base covers mobile as well as fixed line and broadband customers.
- Bharti Airtel tied up with US-based Apple Inc to bring the popular GSM-based iPhone in the country.
- Bharti Airtel Ltd has forged a technology alliance with Infosys Technologies Ltd to launch its Direct-to-Home (DTH) television services.

2009

- Bharti Airtel - Airtel and mChek announce milestone of One Million users; introduce a broad range of new mCommerce services.
- Company has splits its Face value of Shares from Rs 10 to Rs 5

2010

- Bharti Airtel has partnered with US-based software maker Vmware Inc. It has done this in order to focus on the cloud-based managed computer services market.
- Gearing up for the roll out its 3G services soon, Bharti Airtel on Monday said it has chosen Ericsson India, Nokia Siemens Networks and Huawei Technologies as network partners to launch the third generation mobile services. All the three partners will plan, design, deploy and maintain a state-of-the-art 3G HSPA (high speed packet access) network in 13 telecom circles of the total 22 for which Bharti Airtel has bagged the licences for over Rs.12,000 crore.

2011

- Bharti Airtel, which brought Kuwait-based Zain, African cellular operations, last year, eyes big revenue from the 15 African nations it operates in. The company had paid billion (Rs 40,000 crore) for the acquisition. It is aiming to touch revenues worth billion (Rs 22,000 crore) and reach 100 million subscribers by the end of March, 2013. Zain was making revenues of .9 billion (Rs 13,200 crore) per year at that point of time and had 44.2 million subscribers.

2012

- Bharti Airtel mulls expansion in Malawi; may invest up to Millions
- Walmart likely to stay with Bharti for new Indian multi-brand retail Joint Venture

2013

- Bharti Airtel - Acquisition of 100% equity shares of Wireless Business Services Private Limited.

2014

- Mi India announces Redmi Note 4G in partnership with Airtel

2015

- Bharti Airtel has entered into a strategic collaboration with China Mobile, to jointly foster the growth of 4G
- Bharti Airtel has selected Swedish telecom gear maker Ericsson as its supplier for deployment of a new LTE network in African nation Gabon
- Bharti Airtel board approves acquisition of Augere Wireless Broadband India Private Limited

2016

- Bharti Airtel - Axiata and Bharti Airtel Agree to Merge Operations in Bangladesh
- Airtel acquires 20 MHZ spectrum rights from Aircel
- Airtel offers free incoming, lower data rates on International Roaming
- Airtel acquires 173.8 Mhz spectrum in telecom auction
- Bharti Airtel enters into an exclusive agreement with Orascom to acquire Middle East North Africa Submarine Cable System (MENA-SCS)

ANALYSIS AND INTERPRETATION

Pre and Post Acquisition Performance measurement though Profitability ratios

Table 1 Pre and Post Acquisition Performance through Profitability ratios

Profitability Ratios	Net Profit Margin	Return on Assets	Return on Equity
PRE ACQUISITION			
2007-08	23.43	222.7	3.29
2008-09	22.76	224.8	4.07
2009-10	29.97	242.7	4.96
2010-11	20.23	128.2	4.06
TOTAL(A)	**96.39**	**818.4**	**16.38**
AVERAGE	**24.09**	**204.6**	**4.09**
POST ACQUISITION			
2011-12	13.77	130.16	11.59
2012-13	11.23	142.58	9.41
2013-14	13.22	166.93	9.89
2014-15	23.78	195.81	16.86
2015-16	12.51	211.25	8.93
TOTAL(B)	**74.51**	**846.73**	**56.68**
AVERAGE	**14.90**	**169.34**	**11.33**
GRAND TOTAL(A+B)	**170.9**	**1665.13**	**73.06**

Source: Annual Reports of BHARTI AIRTEL & Deon Global Solutions

The highest pre acquisition performance of return on equity was recorded 4.96:1 in the year 2009-10 as against lowest return on equity was recorded 3.29:1 in the year 2007-08. Further, in the post acquisition performance, the highest return on equity was recorded 16.86:1 in the year 2014-15 as against lowest return on equity was recorded 8.93:1 in the year 2015-16.To be conclude that pre acquisition financial performance are high or better compared to the post acquisition financial performance of average profitability ratios in Bharti Airtel. From the ratios of return on equity of post acquisition performance was far better than pre acquisition of Bharti Airtel as the firm focused on to expand the equity share capital of total capital.

Pre and Post Acquisition Performance Measurement through Liquidity Ratios

Table 2 Pre and Post Acquisition Performance through Liquidity ratios

Liquidity Ratios	Current Ratio	Acid test Ratio	Super quick Ratio
PRE-ACQUISITION			
2007-08	0.52	0.50	0.04
2008-09	0.78	0.37	0.19
2009-10	0.75	0.24	0.06
2010-11	0.87	0.69	0.01
TOTAL(A)	**2.94**	**1.82**	**0.32**
AVERAGE	**0.73**	**0.45**	**0.08**
POST-ACQUISITION			
2011-12	1.02	1.37	0.21
2012-13	0.65	0.75	0.05
2013-14	0.93	0.98	0.04
2014-15	0.73	0.75	0.06
2015-16	0.65	0.66	0.05
TOTAL(B)	**3.29**	**4.51**	**0.42**
AVERAGE	**0.65**	**0.90**	**0.08**
GRAND TOTAL(A+B)	**6.23**	**6.33**	**0.74**

Source: Annual Reports of BHARTI AIRTEL & Deon Global Solutions

Table No.2 represents that liquidity ratio analysis of pre and post acquisition financial performance of Bharti Airtel. The liquidity ratios are further divided into three types such as, current ratio, acid test ratio and super quick ratio. In the context of current ratio the average pre acquisition performance was recorded 0.73 times and post acquisition performance was recorded 0.65 times this shows that there is no huge difference between the post acquisition performance compared to pre acquisition performance in Bharti Airtel. In the context of pre acquisition financial performance the highest current ratio was recorded 0.8751 times in the year 2010-11 as against lowest current ratio was recorded 0.52 times in the year 2007-08.Further the post acquisition performance the highest current ratio was recorded 1.0 times in the year 2011-12, as against lowest current ratio was recorded 0.65 times in the year 2012-13 & 2015-16.In the context of acid test ratio the average pre-acquisition and post-acquisition performance was recorded 0.45 times and 0.90 times respectively. The highest pre acquisition performance of acid test ratio was recorded 0.69 times in the year 2010-11 as against

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lowest acid test ratio was recorded 0.24 times in the year 2009-10. Further the post acquisition performance, the highest acid test ratio was recorded 1.37 times in the year 2011-12, as against the lowest acid test ratio was recorded 0.66 times in the year 2015-16.In the context of super quick ratio the average pre acquisition and post acquisition performance was recorded 0.08 times and 0.08 times respectively. The highest pre acquisition performance of super quick ratio was recorded 0.19 times in the year 2008-09 as against super quick ratio was recorded 0.04 times in the year 2013-14. Further the post acquisition performance, the highest super quick ratio was recorded 0.21 times in the year 2011-12 as against lowest super quick ratio was recorded 0.05 times in the year 2012-13 & 2015-16. The average of super quick ratios before acquisition is 0.08 and the average of super quick ratios after acquisition is 0.08 and it is clear that there is no much difference between the performance of the firm before and after acquisition.

Pre and Post Acquisition calibration through Leverage Ratios

Table 3 Pre and Post Acquisition Performance through Leverage ratios

Leverage Ratios	Debt Ratio	Debt Equity Ratio	Interest Coverage Ratio
PRE ACQUISITION			
2007-08	0.25	3.46	34.55
2008-09	0.22	4.06	39.78
2009-10	0.13	2.65	100.50
2010-11	0.22	6.26	88.69
TOTAL(A)	**0.82**	**16.43**	**263.53**
AVERAGE	**0.20**	**4.10**	**65.88**
POST ACQUISITION			
2011-12	0.23	0.29	5.98
2012-13	0.18	0.24	4.91
2013-14	0.15	0.13	7.42
2014-15	0.18	0.26	12.11
2015-16	0.21	0.50	4.01
TOTAL(B)	**0.95**	**1.42**	**34.33**
AVERAGE	**0.19**	**0.28**	**6.86**
GRAND TOTAL(A+B)	**1.77**	**17.85**	**297.96**

Source: Annual Reports of BHARTI AIRTEL & Deon Global Solutions

Table No.3 shows that leverage ratio analysis of pre and post acquisition financial performance of Bharti Airtel. The leverage ratios are further divided into three types such as debt ratio, debt-equity ratio and interest coverage ratio. In the context of debt ratio the average pre acquisition performance was recorded 0.20 times and post acquisition performance was recorded 0.19 times this shows that there is no much difference between pre and post acquisition performance of Bharti Airtel. In the context of pre acquisition financial performance the highest debt ratio was recorded 0.25 times in the year 2007-08 as against lowest debt ratio was recorded 0.13 times in the year 2009-10. Further the post acquisition performance the highest debt ratio was recorded 0.23 times in the year 2011-12, as against lowest debt ratio was recorded 0.18 times in the year 2012-13 & 2014-15.In the context of debt equity ratio the overall pre acquisition and post acquisition performance was recorded 16.43:1 and 1.42:1 respectively. The highest pre acquisition performance of debt equity ratio was recorded 6.26:1 in the year 2008-09 as against lowest debt equity ratio was recorded 2.65:1 in the year 2009-10.Further the post acquisition performance, the highest debt equity ratio was recorded 0.5:1 in the year 2015-16, as against the lowest debt equity ratio was recorded 0.13:1 in the year 2013-14 and the average debt equity ratio of post merger performance of Bharti Airtel is much betterthan pre merger performance. The firm had been concentrated to lower their debt compared to equity financing. In the context of interest coverage ratio the overall pre acquisition and post acquisition performance was recorded 263.53:1 and 34.33:1 respectively. The highest pre acquisition performance of interest coverage ratio was recorded 100.50:1 in the year 2009-10 as against lowest interest coverage ratio was recorded 34.88:1 in the year 2007-08. Further the post acquisition performance, the highest interest coverage ratio was recorded 12.11:1 in the year 2014-15 as against lowest interest coverage ratio was recorded 4.01:1 in the year 2015-16.To be conclude that post acquisition financial performance are high or better compared to the pre acquisition financial performance of leverage ratios of Bharti Airtel.

Pre and Post Acquisition Performance through Growth ratios

Table 4 Pre and Post Acquisition Performance through Growth ratios

GROWTH RATIOS	EARNINGS PER SHARE(EPS)	DIVIDEND PER SHARE(DPS)
Pre-Acquisition		
2007-08	34.23	1.0
2008-09	41.40	1.6
2009-10	24.13	1.0
2010-11	20.32	1.0
Total (A)	**120.08**	**4.6**
AVERAGE	**30.02**	**1.15**
Post-Acquisition		
2011-12	21.59	1.0
2012-13	29.41	1.0
2013-14	45.89	1.8
2014-15	43.86	3.85
2015-16	38.93	1.36
Total (B)	**179.68**	**9.01**
AVERAGE	**35.93**	**2.25**
Grand Total (A+B)	**299.76**	**13.61**

Source: Annual Reports of BHARTI AIRTEL & Deon Global Solutions

Table No.4 depicts that growth ratio analysis of pre and post acquisition financial performance of Bharti Airtel. The growth ratios are further divided into two types such as, Earning per Share (EPS) and Dividend per Share (DPS) etc. In the context of earning per share the overall pre acquisition performance was recorded 120.08 and post acquisition performance was recorded Rs 179.68, this shows that the post acquisition performance was high compared to pre acquisition performance in Bharti Airtel. In the context of pre-acquisition financial performance the highest earning per share amounts to Rs.41.40 in the year 2008-09 as against lowest earning per share amounts to Rs.20.32 in the year 2010-11.Further the post acquisition performance the highest earning per share amounts to Rs.45.89 in the year 2013-14 as against lowest earning per share amounts to Rs.21.59 in the year 2011- 12.In the context of Dividend Per Share (DPS) the overall pre acquisition and post acquisition performance amounts to Rs.4.6 and Rs.9.01 respectively. The highest pre acquisition performance of dividend per share amounts to Rs.1.6 in the year 2008-09 as against lowest dividend per share amounts to Rs.1.00 in the rest of all accounting years. Further the post acquisition performance, the highest dividend per share amounts to Rs.3.85 in the year 2014-15, as against the lowest dividend per share amounts to Rs.1.00 in the year 2011-12 & 2012-13.To be conclude that post acquisition financial performance are high or better compared to the pre acquisition financial performance of growth ratios of Bharti Airtel.

FINDINGS OF THE STUDY

The following are the major findings of the study

- In the context of net profit margin ratio the average pre-acquisition performance was recorded 24.09 billion and post-acquisition performance was recorded 14.90 billion. This shows the post acquisition performance was low compared to pre-acquisition performance in Bharti Airtel.
- Further the return on assets the average pre acquisition and post acquisition performance was recorded 204.6 times and 169.34 times respectively.
- The average overall return on equity ratio of pre-acquisition and post-acquisition performance was recorded 4.09 and 11.33 respectively.
- In the context of current ratio the average pre acquisition performance was recorded 0.73 times and post-acquisition performance was recorded 0.65 times this shows the post-acquisition performance was low compared to pre-acquisition performance in Bharti Airtel.
- The average acid test ratio of pre-acquisition and post-acquisition performance was recorded 0.45 times and 0.92 times respectively.
- The average super quick ratio of pre-acquisition and post-acquisition performance was recorded 0.08 times and 0.08 times respectively. This shows that post-acquisition performance is equal to pre-acquisition performance in this consideration.
- From the above all ratios it is clear that post acquisition performance is better than pre acquisition performance of Bharti Airtel in long term position.
- In the context of earnings per share the average EPS after acquisition was better than pre acquisition performance.
- From the above analysis it is clear that Bharti Airtel has focused on increasing shareholder’s wealth rather than other aspects.

SUGGESTIONS FROM THE STUDY

The following are the suggestions from the study

- Government of India and RBI to liberalize their policies in connection with Mergers and Acquisitions to increase number of deals between the similar firms, it leads to stregnthen the particular sector.
- Firms should create awareness related to merger and acquisition; intensify training and retraining programs for all staff, particularly the management staff, to improve management efficiency.
- Insure firm’s post merger legal battles in India. Even mergers happen between two entities or firms can attract Income tax in India if there is a remote link with Indian entities before or after mergers.

- The firms should concentrate on liquidity management competencies after post merger acquisition and sketch out the proper strategies to maintain liquidity position of the merging.
- The risk of improper management of receivables management constitutes the greatest threat to existence of merging firms. So the government should analyze pre merger and post merger financial performance of the firms to facilitate feasibility in their existence and operations.

CONCLUSION

- It is the time to going globally for finding the new opportunities and to expand the base of the businesses by the Indian firms to promote all-round balanced growth in the Indian economy. Mergers and acquisitions are considered as one of the most useful strategies for faster and safer developmental strategy if through analysis has done before and after merger/acquisition. M&A, in Indian corporate sector has provided evidence that it is a useful tool for survival of weak firms by merging in to larger firms. The present study focused on overall nine years of performance data, out of that four years considered as pre-merger performance (2008-2011) and remaining five years considered as post-merger performance (2012-2016). For the purpose of evaluation the performance of Bharti Airtel, I used different ratios such as, profitability ratios, liquidity ratios, leverage ratios and growth ratio. This result shows that firms are able to performance better after merger when all extraneous factors suit the firm policies. Finally in this study post merger performance standards are not effective in all aspects compared to the pre merger performance standards.

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