JOHNSON
Cornell University

June 7, 2010

INDIA DIALS AFRICA:
BHARTI AIRTEL ACQUIRES ZAIN'S AFRICAN ASSETS[1]

Going by the headlines on the March 30, 2010 front page of *The Economic Times*, Sam Turner at the Sage Stanley Fund knew that he would have to cancel his evening flight to Macau. Bharti Airtel, India's largest cellular service provider, had announced that it had entered into a legally binding definitive agreement with Zain Group ("Zain") to acquire Zain Africa BV for $10.7 billion – making it the largest ever telecom takeover by an Indian firm.

The deal was now official. The markets seemed displeased to date; over the past two weeks since both parties had confirmed that they were in exclusive discussions on the deal, Bharti's stock had declined by over 14%. Given the underlying implications and uncertainties in this deal, Turner had an important decision to make: should the Sage Stanley Fund hold, increase or possibly sell off its existing shareholdings in Bharti Airtel?

Bharti Airtel

Bharti Airtel, headed by Sunil Bharti Mittal, is India's largest and the world's third largest cellular service provider, with more than 131 million subscribers. Bharti Airtel's mobile telecom business provides wireless services in India, Sri Lanka, and Bangladesh with second and third generation voice and data, fixed line, broadband and wireless media services, making it the world's sixth largest integrated telecom player. It is structured into three strategic business units – Mobile, Tele-media, and Enterprise. Bharti also acts as the largest carrier for national and international long distance communications in India. Bharti is known for being the first mobile phone company in the world to outsource everything except marketing and sales. Ericsson provides Bharti with network operations, IBM provides business support and another company provides transmission towers. In partnership with Bharti, Ericsson agreed for the first time in its history to be paid by the minute for installation and maintenance of its equipment rather than being paid up front. This enables Bharti to provide pan-India phone call rates of 1 INR (Indian Rupee) per minute (US$0.02 per minute).

Sunil Bharti Mittal

> *"There are 50 million drivers [chauffeurs] in India. We want to sell a mobile [phone] to every driver – a reasonable aim."* – Sunil Bharti Mittal, chairman and group managing director, Bharti Airtel

Sunil Bharti Mittal had been awarded "Transforming India Leader" by NDTV Business Leader Awards in 2008, "Asia Businessman of the Year" by Fortune Magazine in 2006 and "Best CEO" of India by Institutional Investor Magazine in 2005, just to name a few of the accolades bestowed upon the

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[1] This case was prepared by Anuj Jain, Chiropriya Dasgupta, and Saurabh Arora, under the supervision of Professors Glen Dowell and Andrew Karolyi. It was written as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. Original version is dated June 7, 2010; current version is dated March 22, 2015.

founder and CEO of Bharti Airtel. The man at the center of the company had overcome great odds to build Bharti into a leader in the Indian telecom market. The son of an Indian politician, Sunil Bharti Mittal had been an entrepreneur since setting up a small bicycle shop in the 1970's, and eventually moved into the telephone business by first manufacturing handsets in an alliance with Siemens.[2] His personality and business philosophy defined the company's strategy.

Mittal built Bharti from a start-up cellular company in 1995 into a full service provider with 25,000 employees and revenues of about US$7.25 billion in the fiscal year of 2009 ended in March. Over the years, Bharti had attracted over $1.67 billion in foreign equity, more than any other Indian telecom firm. Bharti's major partners were British firm, Vodafone, and Asia's leading operator, Singapore-based Singtel, making Bharti the largest telecom company listed on the Bombay Stock Exchange. Bharti had achieved all this against tremendous odds. Building the largest private sector telecom company in terms of number of customers had pitted them against former state owned telecom providers and a host of competitors backed by major Indian business groups. Mittal had relied on speed and instinct to win the first round and achieve the largest market share in India. However, during the past three quarters, the revenues had started to plateau (**Exhibit 1**) with competitors undercutting each other in a price war. Furthermore, the global economic environment had brought in offshore growth opportunities at attractive valuations. **Exhibit 2** shows select 2009 financial statements for Bharti.

The Indian promoter, Bharti Telecom Ltd, holds 45.3% of the total shares of Bharti Airtel Ltd. (**Exhibit 3**). Foreign promoters, Pastel Ltd (a holding of Singapore Telecom) and Indian Continent Investment Ltd, hold 15.6% and 6.3%, respectively. Private corporations that hold more than 1% of the total shares of Bharti Airtel include the Life Insurance Corporation of India (3.4%) and the Euro Pacific Growth Fund (1.5%) of the American Funds family of the Capital Group.

> *"Speed is our greatest asset. We move like a bullet. The risks are high, but then so are the returns."* – Sunil Bharti Mittal

Bharti was known for successfully acquiring and integrating new geographic circles to its operations, as and when it gained cellular licenses, and this was a crucial driver to its fast organic growth. It reorganized management on a regional basis to better capture synergies of the combined operations and installed a new centralized billing system. Between April and August 2002, Bharti acquired eight new circles and had them up and running in 4 months. Mittal credited Bharti's decentralized management structure in facilitating efficient rollouts, a new Indian standard.

Bharti considered transparent disclosure to be of utmost importance in establishing its reputation in international financial markets, while it tried to attract foreign equity. Over the years, Bharti had acquired a total of $1.2 billion in foreign equity, more than any other Indian telecom firm. "Our quarterly report is, I believe, one of the most transparent financial reports in the telecom sector in the world, and we put this on our Web site each quarter followed by an international analyst call."

"Our corporate governance standards are way above normal Indian standards. We are determined to be on the same front as Infosys," said Sanjay Gupta, head of Bharti's corporate communications, citing India's Infosys Technologies, a global IT services company, as the leader in corporate governance. Bharti benchmarked its performance against India's best in class, citing Wipro, another IT company with global operations, as setting the standard in human resources, and industrial giant Reliance as the best in finance. Within a year of Bharti's public listing, Finance Asia, a leading Asian business magazine, recognized Bharti as India's second-best company (after Infosys) in investor relations, third in corporate governance, fifth in financial management (despite a net loss in income), and third among India's best managed companies.

[2] See http://www.iloveindia.com/indian-heroes/sunil-mittal.html.

India's Mobile Industry

The Indian economy has grown at an average rate of 7% since 1997, and the cellular industry has experienced similar explosive growth. In 2005, there were approximately 51 million cellular subscribers, and, by early 2009, nearly 400 million Indians had cellular subscriptions.[3] Furthermore, there was little end to the growth in sight, and recent projections suggested that India could overtake China as having the world's largest number of subscribers by 2013.[4]

The Indian cellular market differed from those in developed countries, most notably in the lower per-user revenue that Indian operators could obtain. In spite of the fact that Indian mobile operators have significantly lower Average Revenue per User (ARPU) than European and US operators (**Exhibit 4**), they usually post higher EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) margins compared with their western peers. Indian operators have managed to boost mobile penetration and usage without sacrificing margins through employing a number of cost-optimization methods such as network and IT outsourcing and maintaining low subscriber acquisition and retention costs. Additionally, large operators have set up national backbones to avoid paying carriage charges for long distance traffic. These initiatives have boosted the EBITDA margins of large Indian mobile operators to 40%, which is respectable by international standards. Indian operators also offer low-denomination, high-margin recharge vouchers and "lifetime validity" schemes to attract low income pre-paid subscribers and increase overall mobile adoption and usage. Operators in emerging markets have tried to replicate the Indian model to drive profitable growth, whereas operators in developed markets are now looking to adopt some of the cost-optimization initiatives of their Indian counterparts to reduce capital and operational expenditures, and thus enhance margins.

Despite the rapid growth of the Indian market and the efforts to minimize costs to maintain profitability, there were significant pressures on Indian cellular providers. First, an upcoming government auction for licenses to bring data at third-generation speeds was to end within a month. Bharti Airtel, among eleven players, would bid for the in-demand 3G spectrum that would let it operate high-speed mobile data services in India. Getting these licenses is crucial to any firm operating in India and a bidding war is expected. The potential for a "winner's curse" existed, however, and there was concern in the investment community that winners of these licenses won't be able to recoup their investments. Additional internet usage revenue may not be enough to offset the heavy cost of the licenses for providers including Bharti, in a market where monthly phone bills average about $5 per user.

Furthermore, voice revenues have declined as price competition has pushed call rates to lower than a penny per minute. Finally, Bharti recently disclosed that only 5 percent of their subscribers currently use smartphones, which implied that while the company had opportunity to expand this potentially lucrative market, it would need to make a major investment in infrastructure to capture the smartphone business.

In the midst of these competitive changes in its home market, Bharti had turned to international expansion as a means of growth. Its offer to acquire Africa's Zain Group had the potential to transform Bharti and create substantial growth, but also offered numerous challenges.

Zain

Over a decade ago, Africa's telephone lines accounted for only 2% of the world's telephone lines. In 2007, figures show that Africa has the fastest growth of 38% in the mobile phone industry. Liberalization of the telecommunication sector started in the late 1990s in Africa, but it was not until 2004

[3] See http://www.itfacts.biz/3918-mln-mobile-subscribers-in-india-in-march-2009/12961.
[4] See http://www.telecompaper.com.

that any of the African countries had reasonably competitive markets for telecommunications. Now 41 African countries have opened up markets and allowed mobile communications to flourish[5]. Former telecom monopolies in Kenya, Nigeria and Tanzania are under pressure to be profitable. Mobile markets in Africa are turning into a battleground between operators based in Europe, the Middle East, South Africa, and Asia.

Zain is the pioneer of mobile telecommunications in the Middle East, one of the first to introduce Global Systems for Mobile Communications (GSM) in the region, and now a major player on the African continent. It is the dominant brand in African telecommunications industry and is the world's third largest telecom company in terms of geographic coverage. Zain is listed on the Kuwait Stock Exchange, with a market capitalization exceeding US$20 billion as of March 30, 2010. It is the largest publicly traded company on the exchange. The largest shareholder is the Kuwait Investment Authority (24.6%). **Exhibit 5** and **Exhibit 6** show the 2009 financial statements for Zain.

The firm started off operations in Kuwait in 1983. Today it is the leading mobile and data services operator with a commercial footprint in 23 Middle Eastern and African countries with a workforce of over 13,000 providing a comprehensive range of mobile voice and data services to over 72.5 million active individual and business customers. It is the market leader in the Democratic Republic of Congo, Zambia, Malawi, Niger, Congo, Chad and Gabon, and it has a leading presence in Kenya, Tanzania, Madagascar and Burkina Faso, Sierra Leone, and Ghana. Zain's corporate strategy can simply be summarized as "3 × 3 × 3", an ambitious expansion strategy to enable Zain to become a leading mobile services provider globally by the end of the year 2011. Initiated in 2003, the strategy aims to make Zain a global player in three stages: regional, international, and global, with each stage completed in three years. In 2007, Zain launched "ACE," its so-called strategy to "accelerate" growth in Africa, to "consolidate" existing assets and to "expand" into adjacent markets.

In November 2007, Zain subsidiary, Celtel, extended its "One Network" plan – the world's first borderless mobile network in Africa, offering the possibility of nearly half of Africa's population to make calls at local rates across 12 countries in Africa. In the fiscal year 2007, Zain recorded the highest ever net profit in the history of Kuwait's private sector.

In May 2008, former CEO Saad Al Barrak told *Arabian Business* that Zain had plans to enter each of the top 20 economies in Africa. By Q3 2009, Zain had obtained market leadership in 15 of those countries (**Exhibit 7**). Bharti was not the first company to view Zain as an acquisition target. In 2009, Vivendi, the French media conglomerate and the joint owner of SFR (France's second largest mobile operator) with Vodafone, put in an offer to acquire Zain's African assets. Zain Africa was valued at US$12 billion at the time of the offer.[6] However, Vivendi called off the negotiations saying that the deal did not meet its investment criteria. Since then, Zain had been scouting for suitors for its African assets to improve its cash liquidity.

The Deal

As Zain continued to seek an acquirer, and both firms' strategic objectives aligned, Zain's African assets became an obvious target for Sunil Mittal. After a few corporate releases (**Exhibit 8**), a definitive agreement was signed by both parties on March 30, 2010 (**Exhibit 9**). Per the agreed upon terms, Bharti was to pay Zain $10.7 billion, of which $1.7 billion were to go towards debt payment. Bharti will be obligated to pay $10 billion upon closing and remaining $700 million one year after the conclusion of the deal.

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[5] See http://www.businesswire.com/news/home/20120430005114/en/Research-Markets-Africa---Mobile-Voice-Market#.VRSph1rbLF8.
[6] See http://www.itnewsafrica.com/?p=2857.

To fund the transaction, Bharti formed two special purpose vehicles (SPVs),[7] one in the Netherlands and one in Singapore. The SPVs incurred $8.3 billion in loans provided in syndication by Standard Chartered, Barclays, State Bank of India, Australia & New Zealand Banking Group Ltd., Bank of America Merrill Lynch, BNP Paribas SA, Credit Agricole CIB, DBS Group Holdings Ltd, HSBC Holdings Plc, Bank of Tokyo-Mitsubishi UFJ Ltd, and Sumitomo Mitsui Banking Corp. The U.S. dollar-denominated loan was priced at 174-176 bps above LIBOR. The total cost to the company, including bankers' fee came at a spread of 195 basis points.

> "*With this acquisition, Bharti Airtel will be transformed into a truly global telecom company with operations across 18 countries fulfilling our vision of building a world-class multinational*" – Sunil Bharti Mittal

Once the deal is completed, Bharti will acquire subscribers of Zain across 15 regions in Africa, and increase its user base to 179 million. However, Zain's African business is loss making at the profit after tax level. Africa represents about 62% of Zain's 64.7 million customers, 55.7% of its revenues, but only 15% of the group's net profit. This puts the deal at US$255 per subscriber. Turner realized that Bharti's diversification strategy wasn't without risks. Most of the economies in Africa are still underdeveloped and prone to regulatory risks, as the 15 countries have different regulators. Together with uncertain valuations of 3G licenses, excess pricing, and the lack of clarity towards what tangible assets are being acquired, it made him uncomfortable. On a comparable basis, the deal was priced at 3.6 times its 2009 revenue, and 11.6 times EBITDA, a large premium over Zain's South African-based peer, the MTN Group, which was trading at 4.38 times EV/EBITDA.[8] **Exhibit 10** provides some multiples for select trading and transaction multiples. On the other hand, relative to its peer companies, Bharti seemed to be under-levered, had a strong credit line, had been through several successful mergers and had an entrepreneurial, proven management team. Mittal said that he was looking for a long term play here.

Expansion into Africa appeared to offer significant opportunities for Bharti, albeit with accompanying challenges. The most obvious opportunity lay in the potential market size. Africa combined a large population and a significant growth in GDP, with a relatively low (35%) mobile penetration. Within the 15 countries Zain currently served, there still remained significant room for growth. Furthermore, though Bharti would face competition in these markets, the company felt that it could still enjoy first-mover advantage in replicating its "minute factory" business model in Africa. It expected that networks would roll out faster in Africa than they had in India, providing greater potential for rapid growth, but also increasing the imperative to gain entry.

Further development in the African markets also offered potential for this acquisition. The tariff levels in Africa were currently 10 times higher than those in India, but average monthly usage per customer was only one-fourth of that in India. Bharti expected tariffs to be reduced over time, and that the reduced tariffs would increase usage among subscribers, which would then lead to strong revenue growth after being combined with increased market share.

Finally, Bharti's low-cost strategy, which had worked well in India, could also have significant potential in Africa. Outsourcing of IT systems and realization of capital efficiencies (through network management outsourcing and passive infrastructure sharing) would potentially allow Bharti to derive advantages over the incumbents in the African markets.

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[7] A SPV is a company formed to carry out a specific transaction. These SPVs, whose dealings will be guaranteed by Bharti, will own the African assets of Kuwait's Zain.

[8] Prior to Zain, in 2008, Bharti entered into talks to acquire 51% of MTN, but the talks fell through due to a regulatory hurdle, as the equity swap would have given MTN a greater stake in Bharti than allowed by Indian law: http://www.businessweek.com/globalbiz/content/may2008/gb20080527_247909.htm?campaign_id=rss_as.

Despite management's optimism over the deal, the reaction from outside was decidedly mixed. Motilal Oswal of Motilal Oswal Securities Ltd., a leading financial services firm in India, reported:

> *"We believe that Zain's Africa unit is an attractive acquisition candidate for Bharti, given relatively low penetration in its footprint and high ARPU, which could enable Bharti to export its 'minute factory'-based business model…Only three out of 15 countries in the Zain Africa portfolio have a mobile penetration in excess of 50%. Moreover, Zain is a market leader in most of its operations, with 50%-75% market share in seven countries and 25%-50% share in six countries…. The balance sheet position appears comfortable for funding the deal."*

Business daily *The Economic Times* looked at the acquisition along another dimension:

> *"Bharti will be paying Zain US$252 per subscriber. In September 2009, when Bharti was trying to strike a deal with MTN, the two sides had valued each customer of the South African firm at US$394. Vodafone paid US$743 per user when it acquired Hutchison's India operations in February 2007. Deals a few years ago have attracted even higher valuations in the US$361 to US$1,050 range. What needs to be noted is that these higher valuations of the past were out of expectations of a stupendous growth in India's subscriber base."*

Turner decided to consult some of his analyst friends at Karvy Brothers, India's largest brokerage house, to run some numbers of his own: Zain had 42 million subscribers in Africa (September 2009) while Bharti had 121.7 million in India (December 2009). Customer growth rates varied from as low as -14% in Kenya and -6% in Nigeria to as high as 51% in Niger. Telephone penetration rates in African markets ranged from 14% in the Democratic Republic of the Congo to 123% in Gabon, though most are in the low double digits. The average revenue per user (ARPU) was US$3 in Ghana and US$25 in Gabon. The ARPU, a frequently used yardstick in the telecom industry, was an average of US$6 for Zain's African operations against US$5 for Bharti in India.

Turner thought one could paint an optimistic or a pessimistic picture with these numbers. For instance, low mobile penetration rates could mean either a huge upside opportunity or lack of demand requiring several years of expensive market development. Similarly, low ARPUs could imply meager revenue streams or future growth potential. But if Bharti can successfully transpose its high minutes of use model – described as a "minute-factory" – to Africa, it could be highly profitable even at these low ARPUs. Besides, some operations are showing losses because of mismanagement. Bharti argues that it would change all that.

Is the acquisition of Zain really worth US$10.7 billion?

With Zain currently losing money in several of the key markets, Turner believed that the acquisition would reduce Bharti's earnings in the short term. Moreover, the all-debt deal would increase in Bharti's leverage for funding the deal. Bharti had agreed upon a price of $10.7 billion, of which $1.7 billion was debt that Bharti would assume. In September 2009, Zain Africa collectively reported an annual net loss of US$112 million against a profit of US$169 million in the corresponding period of the previous year. Seven of the 15 countries reported losses. The highest revenue earner, Nigeria, which was optimistically pushing the US$1 billion mark, lost US$88 million[9].

India's complicated and opaque disclosure requirements further complicated Turner's decision. Indian requirements for formal submissions of information in the case of acquisitions were limited, and there were a variety of legislative actions involved in determining whether an acquisition would be approved. Bharti, therefore, had yet to provide information regarding the value of assets acquired or the

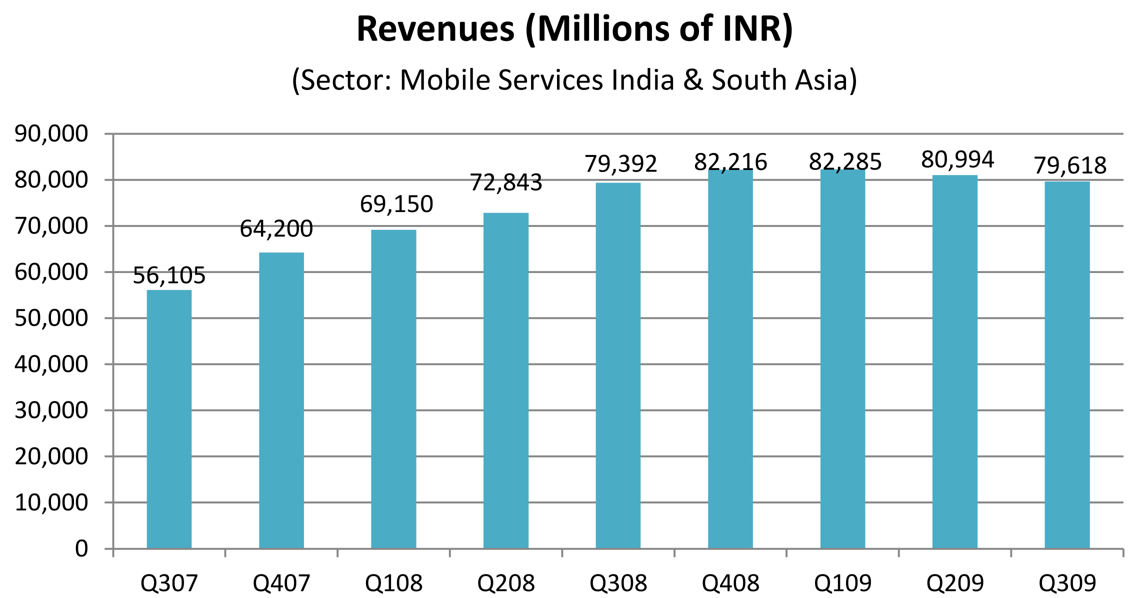
[9] See http://knowledge.wharton.upenn.edu/article/african-venture-promises-and-pitfalls-of-bhartis-deal-with-zain/.

quality of their earnings. Turner was torn. Should Turner trust Sunil Mittal's track record and hold or increase its position in Bharti? Was the deal tantamount to empire building aspirations of an aggressive entrepreneur or was it a bold strategic move that had potential to add significant shareholder value?

Exhibit 1

INDIA DIALS AFRICA: BHARTI AIRTEL ACQUIRES ZAIN'S AFRICAN ASSETS

Bharti Telecom's Annual Revenue growth (INR millions)



Note: 1 Indian rupee (INR) = US0.022 (March 31, 2010)
Source: Capital IQ

Exhibit 2

INDIA DIALS AFRICA: BHARTI AIRTEL ACQUIRES ZAIN'S AFRICAN ASSETS

Select Financials for Bharti Telecom

Income Statement		
	2009	**2010**
Currency	***INR***	***INR***
Revenue	369,615.5	418,472.0
Other Revenue	-	-
Total Revenue	**369,615.5**	**418,472.0**
Cost Of Goods Sold	214,951.3	194,244.0
Gross Profit	**154,664.2**	**224,228.0**
Selling General & Admin Exp.	50,567.6	56,595.0
R & D Exp.	-	-
Depreciation & Amort.	-	62,832.0
Other Operating Expense/(Income)	-	-
Other Operating Exp., Total	**50,567.6**	**119,427.0**
Operating Income	**104,096.7**	**104,801.0**
Interest Expense	(27,617.9)	(7,626.0)
Interest and Invest. Income	16,005.3	1,816.0
Net Interest Exp.	**(11,612.7)**	**(5,810.0)**
Income/(Loss) from Affiliates	(713.2)	(48.0)
Currency Exchange Gains (Loss)	-	13,123.0
Other Non-Operating Inc. (Exp.)	1,302.1	(9,417.0)
EBT Excl. Unusual Items	**93,073.0**	**102,649.0**
Impairment of Goodwill	-	-
Gain (Loss) On Sale Of Invest.	-	2,442.0
Other Unusual Items	-	-
EBT Incl. Unusual Items	**93,073.0**	**105,091.0**
Income Tax Expense	6,614.6	13,453.0
Earnings from Cont. Ops.	**86,458.3**	**91,638.0**
Earnings of Discontinued Ops.	-	-
Extraord. Item & Account. Change	-	-
Net Income to Company	**86,458.3**	**91,638.0**
Minority Int. in Earnings	(1,759.2)	(1,870.0)
Net Income	**84,699.1**	**89,768.0**
Pref. Dividends and Other Adj.	-	-
NI to Common Incl Extra Items	**84,699.1**	**89,768.0**
NI to Common Excl. Extra Items	**84,699.1**	**89,768.0**
Per Share Items		
Basic EPS	22.34	23.67
Diluted EPS	22.32	23.66

Note: 1 Indian rupee (INR) = US$0.022 (March 31, 2010)
Source: Capital IQ

Exhibit 2 (continued)

INDIA DIALS AFRICA: BHARTI AIRTEL ACQUIRES ZAIN'S AFRICAN ASSETS

Select Financials for Bharti Telecom

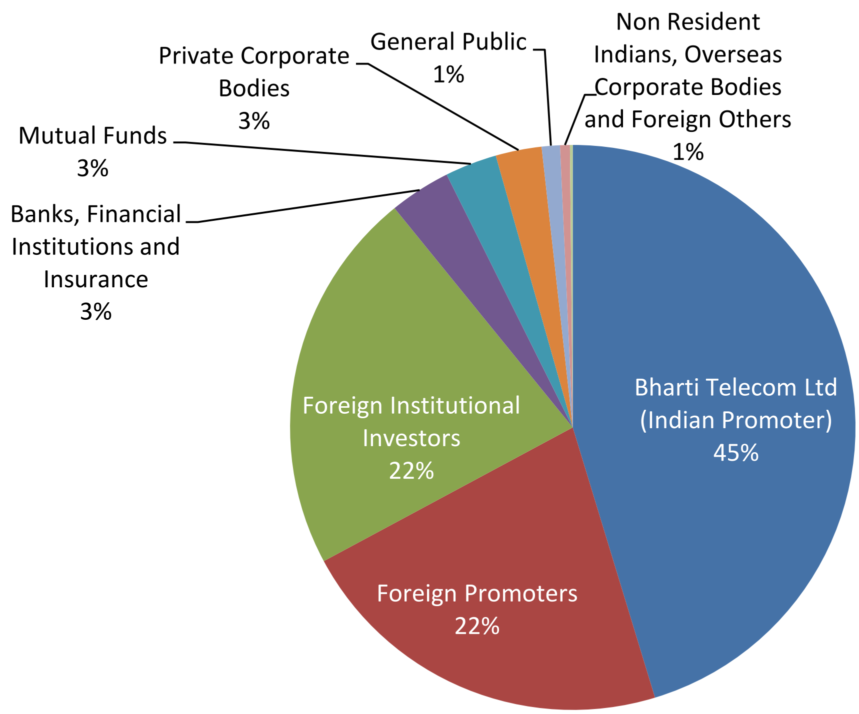
Balance Sheet		
	Mar-31-2009	Mar-31-2010
Currency	*INR*	*INR*
ASSETS		
Cash & ST Investments	49,075.8	77,587.0
Total Receivables	55,805.3	49,668.0
Inventory	962.7	484.0
Prepaid Exp.	11,856.0	5,282.0
Deferred Tax Assets, Curr.	8,810.4	-
Restricted Cash	84.3	98.0
Other Current Assets	17,484.3	4,566.0
Total Current Assets	**144,078.7**	**137,685.0**
Gross Property, Plant & Equipment	549,810.3	653,445.0
Accumulated Depreciation	(140,674.6)	(195,493.0)
Long-term Investments	127.7	1,024.0
Goodwill	27,054.1	42,240.0
Other Intangibles	13,309.5	17,650.0
Deferred Tax Assets, LT	-	12,489.0
Deferred Charges, LT	805.4	-
Other Long-Term Assets	9,436.4	41,900.0
Total Assets	**603,947.5**	**710,940.0**
LIABILITIES		
Total Payables	22,778.6	21,123.0
Accrued Exp.	35,498.3	43,131.0
Short-term Borrowings	9,639.7	10,029.0
Curr. Port. of LT Debt	55,395.1	10,579.0
Curr. Port. of Cap. Leases	-	36.0
Unearned Revenue, Current	31,203.1	19,027.0
Other Current Liabilities	62,670.3	44,517.0
Total Current Liabilities	**217,185.2**	**148,442.0**
Long-Term Debt	53,992.5	81,354.0
Capital Leases	-	183.0
Unearned Revenue, Non-Current	3,330.5	11,222.0
Pension & Other Post-Retire. Benefits	1,015.1	1,726.0
Def. Tax Liability, Non-Curr.	7,556.1	3,737.0
Other Non-Current Liabilities	6,219.0	17,051.0
Total Liabilities	**289,298.4**	**263,715.0**
Common Stock	18,982.4	18,988.0
Additional Paid In Capital	74,102.8	56,499.0
Retained Earnings	210,663.5	301,342.0
Treasury Stock	(107.4)	(81.0)
Comprehensive Inc. and Other	303.6	45,192.0
Minority Interest	10,704.1	25,285.0
Total Equity	**314,649.1**	**447,225.0**
Total Liabilities And Equity	**603,947.5**	**710,940.0**

Note: 1 Indian rupee (INR) = US$0.022 (March 31, 2010)
Source: Capital IQ

Exhibit 3

INDIA DIALS AFRICA: BHARTI AIRTEL ACQUIRES ZAIN'S AFRICAN ASSETS

Bharti's ownership structure

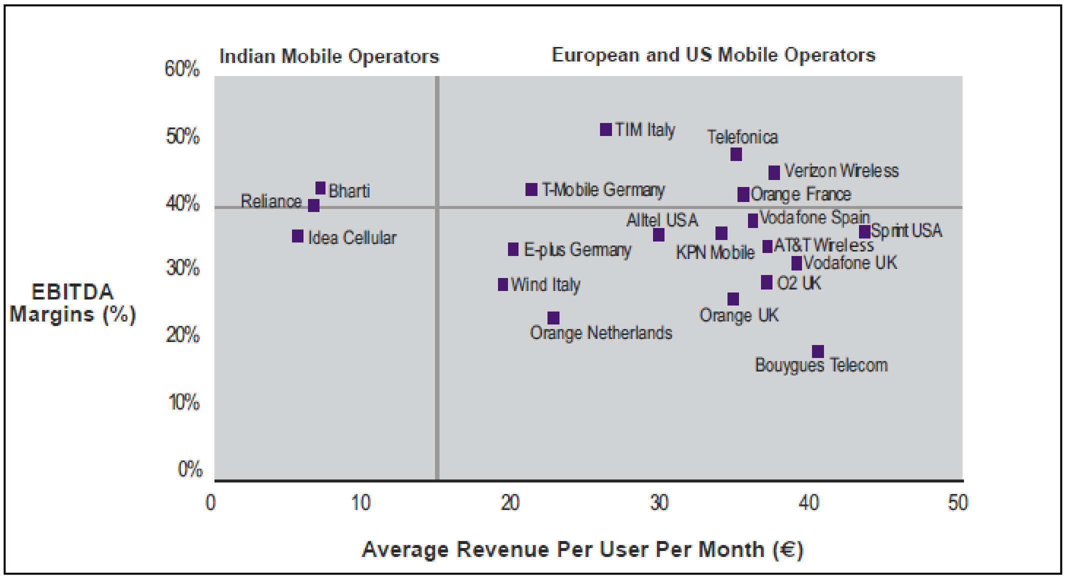


Source: www.bharti.com

Exhibit 4

INDIA DIALS AFRICA: BHARTI AIRTEL ACQUIRES ZAIN'S AFRICAN ASSETS

ARPUs (€) and EBITDA margins (%) of Selected Indian, European and US Mobile Operators



Source: Lessons from the Indian Mobile Market. https://www.capgemini-consulting.com/resource-file-access/resource/pdf/tl_Lessons_from_the_Indian_Mobile_Market.pdf.

Exhibit 5

INDIA DIALS AFRICA: BHARTI AIRTEL ACQUIRES ZAIN'S AFRICAN ASSETS

Zain Balance Sheet 2008-2009 (in millions)

	2008	**2009**
Currency	***KWD***	***KWD***
ASSETS		
Cash And Equivalents	367.9	267.2
Trading Asset Securities	16.7	7.5
Accounts Receivable	145.1	157.8
Other Receivables	82.9	57.2
Notes Receivable	79.7	-
Inventory	30.4	32.6
Prepaid Exp.	127.3	190.5
Total Current Assets	**850.0**	**712.6**
Gross Property, Plant & Equipment	3,134.7	3,582.3
Accumulated Depreciation	(1,107.9)	(1,430.5)
Net Property, Plant & Equipment	**2,026.8**	**2,151.8**
Long-term Investments	313.3	308.3
Goodwill	1,658.8	1,704.3
Other Intangibles	575.6	541.1
Loans Receivable Long-Term	-	142.0
Deferred Tax Assets, LT	88.8	134.0
Other Long-Term Assets	2.4	2.5
Total Assets	**5,515.7**	**5,696.8**
LIABILITIES		
Trade and other payables	970.2	939.9
Due to banks	231.1	536.5
Total Current Liabilities	**1,201.3**	**1,476.4**
Long-Term Debt	1,731.2	1,665.3
Pension & Other Post-Retire. Benefits	13.7	19.4
Def. Tax Liability, Non-Curr.	30.3	38.7
Other Non-Current Liabilities	138.0	18.5
Total Liabilities	**3,114.5**	**3,218.3**
Common Stock	427.2	428.3
Additional Paid In Capital	1,690.8	1,691.1
Retained Earnings	815.9	804.7
Treasury Stock	(567.8)	(567.8)
Comprehensive Inc. and Other	(146.7)	(59.7)
Total Common Equity	**2,219.4**	**2,296.6**
Minority Interest	181.7	181.9
Total Equity	**2,401.1**	**2,478.5**
Total Liabilities And Equity	**5,515.7**	**5,696.8**

Note: 1 Kuwaiti dinar (KD) = US$3.42 (March 31, 2010)
Source: Capital IQ

Exhibit 6

INDIA DIALS AFRICA: BHARTI AIRTEL ACQUIRES ZAIN'S AFRICAN ASSETS

Zain Income Statement 2008-2009 (in millions)

Income Statement		
For the Fiscal Period Ending	Reclassified 12 months Dec-31-2008	Reclassified 12 months Dec-31-2009
Currency	*KWD*	*KWD*
Revenue	2,003.1	1,263.0
Cost Of Goods Sold	571.1	325.5
Gross Profit	**1,432.0**	**937.5**
Selling General & Admin Exp.	678.1	351.0
Provision for Bad Debts	6.6	3.1
Depreciation & Amort.	303.4	149.7
Other Operating Expense/(Income)	5.9	7.7
Other Operating Exp., Total	**993.9**	**511.4**
Operating Income	**438.1**	**426.1**
Interest Expense	(128.0)	(93.7)
Interest and Invest. Income	31.5	11.2
Net Interest Exp.	**(96.5)**	**(82.6)**
Income/(Loss) from Affiliates	(20.7)	(65.4)
Currency Exchange Gains (Loss)	(37.1)	0
Other Non-Operating Inc. (Exp.)	18.5	12.5
EBT Excl. Unusual Items	**302.3**	**290.6**
Impairment of Goodwill	(63.3)	-
Gain (Loss) On Sale Of Invest.	151.8	(8.2)
EBT Incl. Unusual Items	**390.8**	**282.4**
Income Tax Expense	53.7	36.8
Earnings from Cont. Ops.	**337.1**	**245.6**
Earnings of Discontinued Ops.	-	(34.4)
Net Income to Company	**337.1**	**211.2**
Per Share Items		
Basic EPS	0.09	0.05
Diluted EPS	0.09	0.05

Note: 1 Kuwaiti dinar (KD) = US$3.42 (March 31, 2010)
Source: Capital IQ

Exhibit 7

INDIA DIALS AFRICA: BHARTI AIRTEL ACQUIRES ZAIN'S AFRICAN ASSETS

Zain customer breakdown and market positioning

As of September 30, 2009	Ownership (%)	Active Customers (000s) September 30, 2009	Active Customers (000s) September 30, 2008	Growth (%)	Prepaid (%) Q3-2009	Market Positioning
MIDDLE EAST						
Bahrain	56.25%	693	603	15%	81.2%	1
Iraq	71.67%	10,063	8,522	18%	99.5%	1
Jordan	56.53%	2,625	2,253	17%	89.1%	1
Kuwait	100%	1,808	1,711	6%	66.0%	1
Lebanon	MC [1]	1,273	761	67%	83.7%	-
KSA	25%	4,401	966	356%	90.1%	3
Palestine	56.53%	1,731	-	-	85.0%	1
Sudan	100%	7,335	4,530	62%	98.6%	1
Middle East Total	-	**29,929**	**19,347**	**55%**	**93.0%**	-
AFRICA						
Burkina Faso	100%	1,444	1,236	17%	99.9%	1
Chad	100%	1,194	880	36%	99.8%	1
Congo Brazzaville	90%	1,415	1,246	14%	99.8%	1
DRC	98.5%	3,569	3,023	18%	99.7%	1
Gabon	90%	870	761	14%	99.4%	1
Ghana	75%	1,208	-	-	99.8%	4
Kenya	95%	2,191	2,558	(14%)	97.1%	2
Madagascar	100%	1,425	1,087	31%	98.5%	2
Malawi	100%	1,711	1,170	46%	99.4%	1
Niger	90%	1,432	948	51%	99.9%	1
Nigeria	65.7%	14,936	15,905	(6%)	99.4%	2
Sierra Leone	100%	555	444	25%	98.9%	1
Tanzania	60%	4,764	3,285	45%	99.8%	1
Uganda	100%	2,243	1,865	20%	99.7%	2
Zambia	78.88%	2,940	2,520	17%	99.6%	1
Africa Total	-	**41,897**	**36,929**	**13%**	**99.4%**	-
Zain Group Total	-	**71,826**	**56,276**	**28%**	**96.8%**	-

1- MC = Management Contract

Source: Earnings Release from Zain 2009

Exhibit 8

INDIA DIALS AFRICA: BHARTI AIRTEL ACQUIRES ZAIN'S AFRICAN ASSETS

Bharti Airtel Press Release

Bharti enters into exclusive discussions with Zain for the acquisition of Zain Africa BV

Category: Recent Highlights, FY 2009-2010

New Delhi, February 15, 2010: Bharti Airtel Limited ("Bharti") and Zain have agreed to enter into exclusive discussions until 25 March 2010 for the acquisition of Zain's African unit (Zain Africa BV) based on an enterprise value of USD 10.7 billion. This potential transaction does not include Zain's operations in Morocco and Sudan and remains subject to due diligence, customary regulatory approvals and signing of final transaction documentation. There can be no assurance that a transaction will be consummated. Further announcements will be made in due course.

Source: www.bharti.com.

Exhibit 9

INDIA DIALS AFRICA: BHARTI AIRTEL ACQUIRES ZAIN'S AFRICAN ASSETS

Deal Announcement

Bharti set to acquire Zain Africa BV

Category: Recent Highlights, FY 2009-2010

Set to Enter Africa – one of the few remaining global high growth markets

- Bharti Airtel is set to become world's fifth largest wireless company with operations across 18 countries
- Bharti's total customer base to be around 179 million and includes Zain Africa's mobile operations in 15 countries with over 42 million customers
- Bharti's telecom footprint to cover 1.8 billion people across Asia and Africa – second largest among telcos

Amsterdam, March 30, 2010: Bharti Airtel Limited ("Bharti"), Asia's leading telecommunications service provider, today announced that it has entered into a legally binding definitive agreement with Zain Group ("Zain") to acquire Zain Africa BV based on an enterprise valuation of USD 10.7 billion.

Under the agreement, Bharti will acquire Zain's African mobile services operations in 15 countries with a total customer base of over 42 million. Zain is the market leader in ten of these countries and ranks second in four countries. With this acquisition, Bharti Airtel will be the world's fifth largest wireless company with operations across 18 countries. Bharti group's global telecom footprint will expand to 21 countries along with the operations in Seychelles, Jersey, and Guernsey. The company's network will now cover over 1.8 billion people - the second largest population coverage among Telcos globally.

Mr. Sunil Bharti Mittal, Chairman and Managing Director, Bharti Airtel said, "This agreement is a landmark for global telecom industry and game changer for Bharti. More importantly, this transaction is a pioneering step towards South -South cooperation and strengthening of ties between India and Africa. With this acquisition, Bharti Airtel will be transformed into a truly global telecom company with operations across 18 countries fulfilling our vision of building a world-class multinational.

We are excited at the growth opportunities in Africa, the continent of hope and opportunity. We believe that the strength of our brand and the historical Indian connect with Africa coupled with our unique business model will allow us to unlock the potential of these emerging markets. We are committed to partnering with the governments in these countries in taking affordable telecom services to the remotest geographies and bridging the digital divide. I would also like to compliment the Zain group for building world-class operations in Africa and we have enjoyed working with them on this transaction."

Mr Mittal further added, "The extremely tight time lines and the enormity of the task posed a real challenge. Bharti was able to achieve this important milestone through much hard work and support from SingTel and the external advisors. Appreciation is in order for all the team members involved in this transaction."

Mr. Asaad Al Banwan, Chairman, Zain Group said, "Since we acquired Celtel in 2005, we have grown substantially to become one of Africa's leading mobile operators, and we are proud of the contribution Zain Africa has made to the development of telecommunications across the continent."

He added, "Bharti Airtel has a fantastic track record in running successful operations in the emerging markets and we are delighted that the African telecom asset that we so assiduously built is becoming part of such a committed and reputable telecom powerhouse. We wish Bharti Airtel all the very best for their future success in Africa."

Exhibit 9 (continued)

INDIA DIALS AFRICA: BHARTI AIRTEL ACQUIRES ZAIN'S AFRICAN ASSETS

Deal Announcement

Zain Africa BV has mobile operations in the following 15 countries - Burkina Faso, Chad, Congo Brazzaville, Democratic Republic of Congo, Gabon, Ghana, Kenya, Madagascar, Malawi, Niger, Nigeria, Sierra Leone, Tanzania, Uganda, and Zambia. The total population of these 15 countries stands at over 450 million with telecom penetration of approximately 32%.

With this acquisition Bharti's total customer base will increase to around 179 million in 18 countries. Bharti launched mobile services in India in 1995, Sri Lanka in 2009 and acquired Warid in Bangladesh in January 2010.

Standard Chartered Bank is the Lead Advisor to Bharti on this transaction. Barclays Capital is the Joint Lead Advisor and SBI Group is the Lead Onshore Advisor. Global Investment House KSCC is the Regional Advisor to Bharti on this transaction.

Source: www.bharti.com.

Exhibit 10

INDIA DIALS AFRICA: BHARTI AIRTEL ACQUIRES ZAIN'S AFRICAN ASSETS

Basic Valuation Analysis for Zain Africa BV

By Trading Comparables

Peer Company	*Stock Price (3/31/2010)*	*Enterprise Value*	*2009 EV/Revenue*	*2009 EV/EBITDA*	*2009 P/E*
MTN Group (South Africa)[1]	US$13.54	US$26.61 billion	1.80×	4.38×	13.11×
Kuwaitis Stock Exchange[2]			1.87×	9.40×	21.00×
Bloomberg GCC 200 Index[3]			1.59×	8.69×	16.90×

By Acquisition Transaction Comparable

Target Firm	*Acquirer Firm*	*Stake*	*Bid Value*	*Enterprise Value (EV)*	*2008 EV/EBITDA*
MTN (South Africa)	Bharti (India)[4]	49%	US$24 million	US$26 million	10.95×

[1] Source: www.mtn.com/InvestorRelations.
[2] Source: www.kuwaitse.com.
[3] The Bloomberg GCC 200 Index is a capitalization weighted index of the top 200 equities in the Gulf Cooperation Council (GCC) region based on market capitalization and liquidity. Source: CapitalIQ, Bloomberg.
[4] Source: Zain Annual Report: Notes to the Consolidated Financial Statements 12/31/2009.