

## **Bharti - AirTel Group**

In 1975, the group had a small scale manufacturing unit for bicycle components. In 1980, the Bharti Overseas Trading Corporation was set up. Later in 1984, Bharti Health care was set up. In 1985, the seed of today's core telecom business of the group was sown through the incorporation of Bharti Telecom with a technical tie-up with Siemens AG.

The company has grown in several ways since then. It has advanced with several collaborations and tie-ups across the world in Japan, Korea, USA, France, etc. In 1995, Bharti Televentures was incorporated. With this, the company went nation-wide in mobile telephony, with a catchy pricing policy that helped it capture the huge market in India. Beginning with its operation in Delhi, and Himanchal Pradesh, it has spread to the length and breadth of India.

By 1997, it also obtained license for land line telephone in Madhya Pradesh. By 2001, it obtained a series of license from the Department of Telecommunication to operate in several circles in the country. In 1997 Bharti Telecom and British Telecom formed a 51%: 49% joint venture, Bharti BT, for providing VSAT services.

In 1999, 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. In the year 2000, 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. In 2001, Bharti Cellular acquired a 100% equity interest in Bharti Mobitel (formerly Spice Cell), the cellular services provider in Kolkata. The path of acquisition, alliance and partnership continued for the group.

By 2004, it Bharti-AirTel joined the 1 billion USD revenue club. It enrolled over 25,000 customers for its mobile service every month. It received unified access service license to provide GSM services in five circles including Uttar Pradesh (East),

West Bengal & Andaman Nicobar, Orissa, Bihar and Jammu & Kashmir. The license has been granted to Bharti Cellular Ltd (BCL), the cellular arm and subsidiary of BTVL. In this year, it signed a three year service agreement with Ericsson and received a one million dollar contract for equipment supplies to Ericsson. In 2005, Bharti Tele Ventures announced its agreement with Vodafone.

In 2007, Bharti Airtel Ltd developed strategic partnership with Microsoft and Cellebrum in order to offer a range of software and services for small and medium businesses (SMBs) in India. It also planned to start 2G & 3G mobile services in Sri Lanka that is already underway today.

For its various mergers, acquisitions and green field investment, the company has used various modes of raising capital; not only domestic capital but also capital from other countries. In 1996, it let STET International Netherlands NV (company promoted by Telecom Italia, Italy) to acquire a 20% equity interest in Bharti Tele-Ventures. In 1997, it let British Telecom acquire a 21.05% equity interest in Bharti Cellular. In 2002, it came out with issue of 18.53 crore equity shares through book building route with a floor price of INR 45/share, received bid for 18.55 crore shares. Through the issue, it became the first company in India to come out with 100% book building issue and raised INR 834 crores. Subsequently, in 2005, it raised US\$ 100 million through foreign currency convertible bonds.

Over a period of 11 years, the total asset of the company has risen from Rs. 216 cores in 1997 to Rs. 41,171 crores in 2008. The sales figure has risen from 0.33 crores to Rs. 25,704 crores. The profit after tax has risen from Rs. 9.24 crores in 1997 to Rs. 6244 crores.

The company's investment has risen from Rs. 28 crores in 1996 to Rs. 10953 crores in 2008. Its investment in foreign countries has risen from Rs. 4 crores in 2005 to Rs 605 crores in 2008. And, its foreign exchange earning has risen from Rs 986 crores to 1546 crores during the period 2005-08.

## Questions for Discussion

1. How has the business group/firm performed in the domestic market?
2. How has the group/firm performed in the foreign markets?
3. How has the group acquired resources and capabilities in the home country?
4. How have the group exploited the various factor endowments of business operations in the home country to grow?
5. How has the characteristic of the domestic market supported the growth of the firm?
6. How have the various industry policies and incentive structure (LPG policies) of the Govt. of India been formulated that advance the growth objectives of the group?
7. How did the firm generate capital from the masses/retail investors in India?
8. How did the group acquire state run public enterprises from the Government of India?
9. How has the group developed its large subsidiary and associate network and how does it leverage on this network?
10. How has the firm gained access, if at all in advancing the free market economy and privatization policies in the country?
11. How has the regulatory framework of the WTO helped the firm to grow globally?

### References:

1. Company Annual Reports
2. SANSCO Data Base
3. CMIE Data Base
4. ISI Emerging Markets
5. IPO Prospectus of Bharti-Airtel