ISSUES INVOLVED IN SUSTAINABILITY REPORTING

Sustainability reporting combines long term profitability with soc justice and environmental concerns. It covers three aspects i.e. econom environmental and social performance of an organization Busines increasingly want a second pair of eye to verify their corporate sustainabil reporting, why? It's important to give stakeholders comfort that the informat is credible and to uncover areas for performance improvement. Sustainabi reporting continues to be one of the most challenging issues for C executives. Still just like CSR, reporting become more focused, strate and smart and there is even a continuous search after its business value. T journey of sustainability reporting is still a long one but now compan understand the significance of reporting more than ever and try to figure how to utilize it in the best possible way. In Responsible Business Summ following issues dominated the conversation about Sustainability reportir

4.1. From one time event to an ongoing communication.

4:2. No supplier left behind.

4.3. Regulators are pushing for more disclosure.

4.4. Bloomberg makes a difference.

4.5. Check list effort or value creator?

The Ceres Roadmap for Sustainability (Ceres Conferenc~,201 contains 20 specific expectations / issues for corporate performance broad divided into four areas of activity - governance, stakeholder's engageme disclosure and performance (including the areas of operations, supp chain, transportation and logistics, products and services and employee

The above issues in some detail are as follows:

Governance Companies will embed sustainability into core building blo management and board structure, goal setting and strategic decision maki

Stake Holder Engagement: Companies will proactively engage robust dialogue with stakeholders across the whole value chain, and v integrate stakeholder feedback into strategic planning and operatio decision making..Disclosure: Company will regularly report on sustainabi strategies and performance. Disclosure will include credible, standardiz independently verified matrices. Encompassing all material stakehold concerns and detailed goals and plans for future action.

Performance Companies will routinely and systematically impr environmental and social matrices. across their operations, supply ch and their products including reduced water and energy use, lower footpr for carbon emission and waste and respect for human right.

Sustainability Reporting in India and it's Constraints:

In India sustainability reporting practices are growing. According to K.P. Mitra, sustainability reporting initiative was taken in 2001 but the pace of growth was quite slow. India has only a handful reporting on sustainability strategies, vision, performance or governance) Very few Indian reporters have sustainability strategy with well defined objectives and specific measurable, achievable, realistic and time bound targets. This clearly indicates that although many companies have started reporting their sustainability performance, they have not channelled their efforts under a well defined sustainability strategY0nergy, climate, labour, water; waste, community, people and culture are main impact areas of sustainability reporting. For these, aims, targets, and commitments are not clearly and specifically defined, hence it is main constraint towards the sustainability reporting development.

CONCLUSION

Sustainability reporting is an all encompassing paradigm in the shape corporate social responsibility is going to assume The various policy initiatives taken by the ministries of central government has underlined the importance of not only measuring and monitoring performance on environmental, social and governance issues and also made reporting central to efforts. Sustainability reporting in India is in an early stage Indian companies are becoming increasingly attentive to corporate sustainability issues. Thus based on growing current practices and recent trends, there is much possibility of sustainability reporting becoming mandatory in the future in India.

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Merger: A Quest For Financial Viability (A Case of Hutchison Essar – Vodafone)

Vinamra Nayak

ABSTRACT

Indian Telecommunications industry is one of the most profitable and rapidly developing industries in the world and it is regarded as an indispensable component of the worldwide utility and services sector. As the effects of liberalization, privatization and globalization more and more firms are joining hands to increase size not merely to stay in competition but to extend their dominance to new geographical areas. The Merger and Acquisitions in the telecommunication industry help the telecommunications service providers to cut down on their costs, achieve greater market share and accomplish market control. With more than 933 million subscribers and around 15 Telecom Service Providers, India is the second largest mobile phone market in the world after China. Indian Telecom sector has played a crucial role in the economy and has undergone major reforms and restructuring for better financial viability in recent years. In the wake of economic reforms, Indian industries have also started restructuring their operations around their core business activities through mergers and acquisition because of their increasing exposure to competition both domestically and internationally.

This research paper aims to study the impact on the performance of biggest merger in the Indian Telecom industry between Hutchison Essar and Vodafone Plc, by examining some pre and post-merger key performance variables. The research is based on only publically available information which has been taken into account.

Keyword: Merger & Acquisition, Indian Telecommunication Industry

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INTRODUCTION

In recent years, the cellular industry all over the world has been witnessing very high growth rates in subscriber base. Telecommunications industry is one of the most profitable and rapidly developing industries in the world and it is regarded as an indispensable component of the worldwide utility and services sector. India is going through a telecom revolution, especially in the wireless telephony segment. The adoption of mobile telephony remains unparallel in scope, as users from diverse segments increasingly choose to exercise the option of personal mobility. As the effects of liberalization, privatisation and globalisation more and more firms are joining hands to increase size not merely to stay in competition but to extend their dominance to new geographical areas. The user base has been adding 4 - 5 million subscribers per month (on an average) and recently the mobile subscriber base crossed The 900 million mark.

Indian Telecom sector has played a crucial role in the economy and has undergone major reforms and restructuring for better financial viability in recent years. Indian the waves of Mergers & Acquisitions, resulting from globalization, have tremendous impact on the economies of both industrialized and newly industrialized nations. M&A activities are driving both profit and non-profit organizations from all sectors of the economy toward consolidation. At the macro level, consolidations are motivated by the changing financial landscape brought by the force of globalization and liberalization.

In simple terms, a merger means blending of two or more existing undertakings into one, consequent to which each undertaking would lose their separate identity. The most common reasons for mergers are, operating synergies, market expansion, diversification, growth, consolidation of production capacities and tax savings. However, these are just some of the illustrations and not the exhaustive benefits.

TRAI Quarterly Report 2014 highlights Indian Telecom Sector has more than 933 million subscribers and around 15 Telecom Service Providers, India is the second largest mobile phone market in the world after China. Undoubtedly, the Indian telecom industry is at an inflexion point and everyone wants to have a slice of this lucrative market, given the under-penetrated market and untapped potential. In the wake of economic reforms, Indian industries have also started restructuring their operations around their core business activities through mergers and acquisition because of their increasing exposure to competition both domestically and internationally.

A set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and

operational goals. KPIs vary between companies and industries, dependin on their priorities or performance criteria.

The Vodafone-Hutch deal is one of the largest M&A deal execute by overseas firm in Indian subcontinent. Today Vodafone business i India has been successfully integrated into the group and recorde with an increase in revenues by 50 per cent during the years driven b rapid expansion of the customer base (over 166.6 million subscriber in June 2014) with an average of 1.5 million net additions per mont since acquisition making Vodafone second largest service provider i Indian market.

The paper aims to analyse the pre and post-merger performance of th biggest merger in the Indian Telecom industry between Hutchison Essa and Vodafone Plc, by examining some key performance variables. Th study only considers basic ***key performance indicators ('KPIs')*** used t monitor and measure the performance of a telecom industry. The researc is based on secondary data and only publically available information ha been taken into account from Annual Reports of Hutchison Essar (yea 2005 & 2006) & Vodafone Plc (year 2008 to 2014).

LITERATURE REVIEW

With the process of liberalization initiated in many hitherto closed economies, an increasing number of firms from developed markets have sought growth in emerging markets. Firms hailing from emerging markets have also shown interest in acquiring firms in developed markets mainly to develop new resources and capabilities (Hoskisson, et al, 2005).

According to Ghosh & Das (2003), Growth can be achieved by introducing new products and services or by expanding with its present operations on its existing products. Internal growth can be achieved by introducing new products however external growth can be achieved by entering into mergers and acquisition.

The measure to evaluate success or failure is the degree to which the merger has moved the combined firm toward achieving its strategic goals and objectives. It is important to understand that merger is no a strategy, but a means of implementing strategy (Smith, Hildebrand press room, 11 September, 1999). Some goals are easily quantified (improvement in market share, revenues, earnings) and other goal can be shown to have occurred (acquiring a capability, repositionin the company, building foundation for future growth) but the difficul

ng is to calculate that how effectively and efficiently they have been rsued (Nayak, 2011).

The academic literature is somewhat contradictory about the effect M&A. Some authors have concluded that M&A destroys value for e shareholders of acquiring companies while others show that M&A ve positive consequences for acquiring firms. Still others argue that has a zero effect. Despite of such an extensive and wide academic ndings the general view towards M&A is negative (Sudarsanam et ., 1996).

Cartwright and cooper (1993) suggest that failure or success can e measured by managerial assessment in order to evaluate to what tent merged company has achieved the predicted level of profitability. Merger failure" is a highly complex question. Teams of researchers roughout the world have been investigating for decades and have not ome up with a consistent set of answer to define it. But there research as given us clusters of answers which acts like a prism to measure erformance of the companies engaged in merger and acquisition activity Nayak, 2011).

According to Dillavou (2002) and Kee (2003), it is very important or an acquiring company to recognise the major synergies (opportunities) hile screening the targeted company and more crucial thing is to execute ifferent plans to get maximum out of it.

Ramakrishnan (2008) investigated that whether mergers in India have esulted in improved long term post merger firm operating performance rough enhanced efficiency or not with the help of hypotheses and indicated at in long run, mergers emerge to have been financially beneficial for rms in the Indian industry.

According to Nalwaya & Vyas (2014) Mergers and Acquisitions have merged as a natural process of business restructuring and represents the ost dynamic facet of corporate strategy resulting in the improved financial erformance vis-a-vis Value Creation of Indian companies. Furthermore has gued that the Indian Telecom companies have now learnt that inorganic owth is the faster mechanism to gain competitive advantages.

Reddy and Mantravadi (2007) in their study tested whether the relative ze of target and acquiring firms has an impact on the post-merger operating rformance in India. The analysis of pre and post merger operating rformance ratios for the acquiring small size firms has indicated that lative size does make difference to post-merger performance.