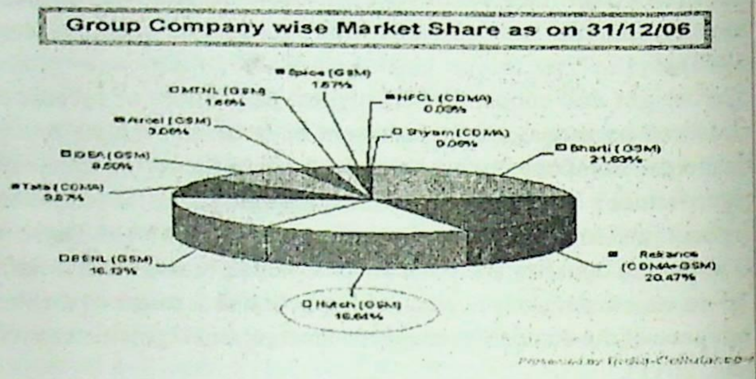
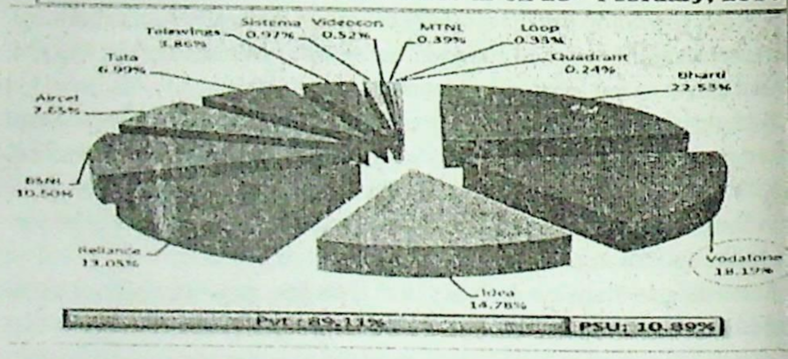
PRE – POST MERGER ANALYSIS

There are number of ***key performance indicators ('KPIs')*** used monitor the performance against budgets and forecasts as well as to meas the progress of a telecom industry. There are number of factors tak into account which has helped to cut down on their costs, achieve grea market share and accomplish market control.





The given chart represents the Market Share of service providers telecommunication market by the end of February 2014. It can be notic that Vodafone India Plc has gained the second position in the Indian mark against the other competitors. Whereas, Hutchison Essar (also know as Hutch) positioned third amongst the mobile operators in the Indi telecommunication industry at the time of merger.

The Key Performance Indicators used to measure the competiti position of company in the telecommunication industry are incorporat to analyse the Pre and Post Merger performance of Vodafone Plc.

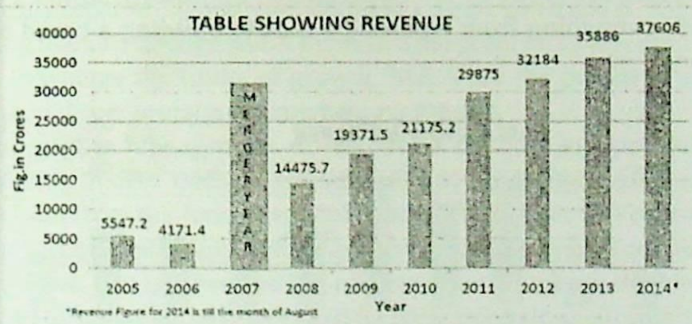
1. Customer Base / Subscribers

Since

merger the company has shown a tremendous growth of 73.5 % in the subscriber's data base from

Since merger the company has shown a tremendous growth of 73.5 % in the subscriber's data base from 44.1 million in 2008 to around 166.6 million in 2014 which has surely helped the company to capture the second largest market share in the span of just eight years.

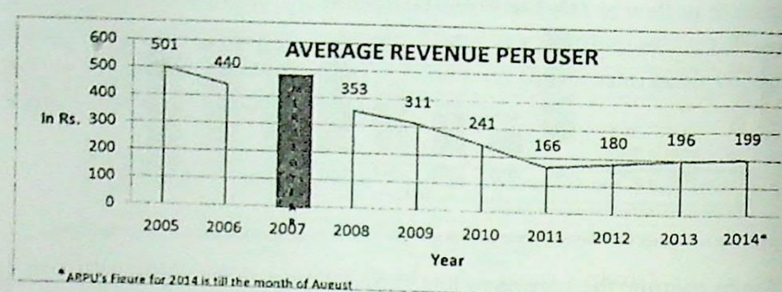
2. **Revenue:** The amount of money that a company actually receives during a specific period, including discounts and deductions for returned merchandise. It is the "top line" or "gross income" figure from which costs are subtracted to determine net income. Revenue is calculated by multiplying the price at which goods or services are sold by the number of units or amount sold.



The graph shows that Vodafone Essar Plc performed well since acquisition and has registered its growth in revenue of 55% in the year 2008, this further increased by 33% in 2009, and reflected the rise to whooping 48.5 % growth since then. This shows the tremendous improvement reflecting the capitalization of Indian market to fuller extent by the company.

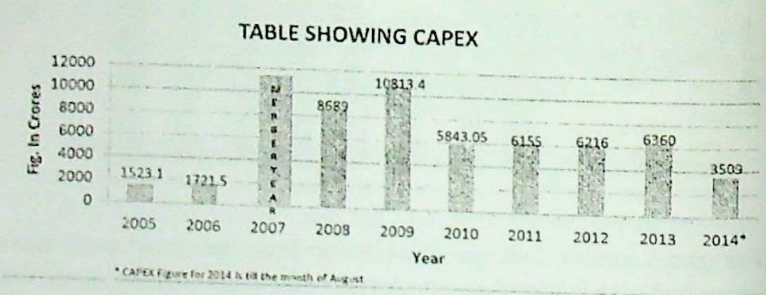
3. **Average Revenue Per User (ARPU):** A measure of the revenue generated per user or unit. Average revenue per unit allows for the analysis of a company's revenue generation and growth at the per-unit

level, which can help investors to identify which products are hi
or low revenue generators.

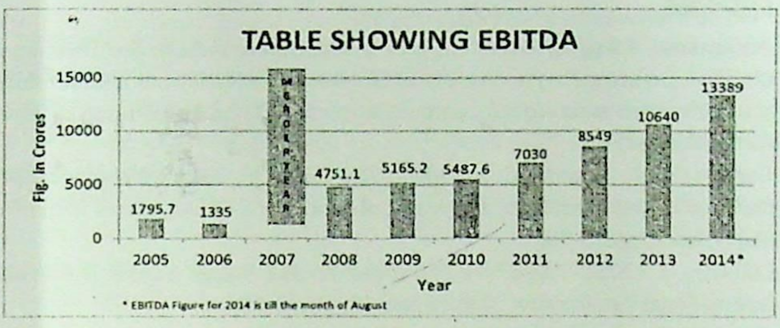


The graph above shows a decline in ARPU, impacted by the mobil termination rate cut, Lifetime validation of SIM and regular decrease i tariffs. Post merger ARPU from the year 2008 - 2011 registered a fallin trend down to Rs. 166 but has shown a sluggish increase ever since 2012 Though Vodafone Plc has done extremely well by keeping its ARPU comparatively higher than the industry average of Rs. 105.

4. **Capital Expenditure (CAPEX):** Funds used by a company to acquir or upgrade physical assets such as property, industrial buildings o equipment. This type of outlay is made by companies to maintai or increase the scope of their operations. These expenditures ca include everything from repairing a roof to building a brand ne factory.



5. **Earnings before Interest, Taxes, Depreciation, Amortisatio (EBITDA):** EBITDA is essentially net income with interest taxes, depreciation, and amortization added back to it, and ca be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.



Due to the Group's rapid network expansion in the Indian market ogether with improvements in operating expense efficiency, particularly n customer care EBITDA graph is showing continuous improvement ince merger from Rs 4751.1 Crores in 2008 to Rs 13389 Crores in 2014 n increase of 64.5 %.

ONCLUSION

Merger and Acquisition is a strategic movement of leading companies nto the emerging markets. Emerging markets are growing rapidly; so are oss-border M&A involving western and emerging market firms. This tends o create global oligopolistic structures. Notable leading companies that ad already secured oligopoly structures in Europe and the U.S. entered the merging markets through M&A to resolve the problem of low profitability nd to overcome the limits of growth. M&A are the preferred strategy ther than direct investment in emerging market.

The higher management of Vodafone noticed an opportunity in e booming Indian telecom market and acquired Hutch after a tough ompetition from the foreign and local players. Merger of Vodafone and utch is an outstanding example of good strategic plans and foreseeing the pportunities. Though there are lots of companies which are showing scars M&A but Vodafone has integrated its India operations successfully. As alyzed there is a continuous growth in its customer base and revenue so can be predicted that Vodafone Plc can achieve the highest rank in the dian Telecommunication Industry with increasing profits in the near future. ccording to the study and analysis done on Merger and Acquisition- A ecific case on Hutch and Vodafone it is noticed that there is a continuous ke in *Key Performance Indicators* such as revenue, customer base etc nce the acquisition which helps to conclude that Vodafone is profited the acquisition over Hutch.

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