Bharti Airtel

Performance highlights

(₹ cr)	1QFY13	4QFY12	% chg (qoq)	1QFY12	% chg (yoy)
Net sales	19,362	18,739	3.3	16,983	14.0
EBITDA	5,849	6,233	(6.2)	5,706	2.5
EBITDA margin (%)	*30.2*	*33.3*	*(305)bp*	*33.6*	*(339)bp*
PAT	776	1,006	(22.8)	1,215	(36.1)

Source: Company, Angel Research

Bharti Airtel (Bharti) reported a disappointing performance for 1QFY2013, with net profit declining for the fifth straight quarter due to higher operating costs. Telecom revenues in India have been depressed due to hyper-competition and recent regulatory and tax developments while the African business got hit due to adverse macro factors. A decline in the operating margin was the key disappointing factor. We believe that regulatory uncertainties as well as muted margin outlook for the near-term would continue to remain an overhang on the stock. **We maintain our Neutral rating on the stock.**

Result highlights: For 1QFY2013, Bharti's consolidated revenue stood at ₹19,362cr, up 3.3% qoq. The revenue from Mobile-India and South Asia grew merely by 1.7% qoq which the company attributed to two significant changes, viz change in TRAI guidelines with regards processing fees and hike in service tax from 10.3% to 12.36%. The EBITDA margin of Bharti's India and Africa mobile businesses was lower than estimated at 30.3% (34.0% in 4QFY2012) and 25.8% (27.8% in 4QFY2012) due to high network operating and selling, general and administrative (SG&A) expenses. The consolidated EBITDA margin of the company declined by 305bp qoq to 30.2%. The PAT came in much lower than expected at ₹776cr, down 22.8% qoq.

Outlook and valuation: On the domestic business front, Bharti's management indicated that the business environment remains very challenging and the company will remain committed to its strategy of protecting revenue market share. The management also opined that the factors adversely affecting the margin are likely to continue in the short term but would reverse in the medium to long term. The company has been consistently adding above 2.0mn subscribers plus per quarter in its Africa business. But the EBITDA margin of Africa operations scaling down substantially during 1QFY2013 was a big negative surprise. The management indicted that going ahead the company will strive to improve its EBITDA margin substantially. We expect Bharti's Indian and African mobile subscriber base to post a CAGR of 11.9% and 13.6% over FY2012–14E to 226.9mn and 68.6mn subscribers respectively. **We continue to remain Neutral on the stock.**

Key financials (Consolidated, IFRS)

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Net sales	41,847	59,467	71,475	79,542	87,535
% chg	*13.2*	*42.1*	*20.2*	*11.3*	*10.0*
Net profit	9,108	6,035	4,261	3,907	5,708
% chg	*5.7*	*(33.7)*	*(29.4)*	*(8.3)*	*46.1*
EBITDA margin (%)	40.3	33.7	33.2	30.9	32.2
EPS (₹)	24.0	15.9	11.2	10.3	15.0
P/E (x)	11.4	17.3	24.5	26.7	18.3
P/BV (x)	2.5	2.1	2.1	1.9	1.8
RoE (%)	21.6	12.4	8.4	7.2	9.6
RoCE (%)	17.6	8.2	8.1	8.1	10.5
EV/Sales (x)	2.5	2.8	2.4	2.0	1.7
EV/EBITDA (x)	6.3	8.2	7.1	6.5	5.2

Source: Company, Angel Research

NEUTRAL

CMP	₹274
Target Price	-
Investment Period	-

Stock Info	
Sector	Telecom
Market Cap (₹ cr)	104,206
Net debt (₹ cr)	68,298
Beta	0.8
52 Week High / Low	329/295
Avg. Daily Volume	354,495
Face Value (₹)	5
BSE Sensex	17,601
Nifty	5,338
Reuters Code	BRTI.BO
Bloomberg Code	BHARTI.IN

Shareholding Pattern (%)	
Promoters	68.5
MF / Banks / Indian FIs	8.4
FII / NRIs / OCBs	16.9
Indian Public / Others	6.2

Abs. (%)	3m	1yr	3yr
Sensex	6.4	3.6	16.1
Bharti Airtel	(12.9)	(32.8)	(28.5)

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Exhibit 1: 1QFY2013 – Financial performance (Standalone, Indian GAAP)

(₹ cr)	1QFY13	4QFY12	% chg (qoq)	1QFY12	% chg (yoy)	FY2012	FY2011	% chg (yoy)
Net sales	10,981	10,757	2.1	10,181	7.9	41,604	38,018	9.4
Access charges	1,650	1,537	7.4	1,349	22.3	5,809	4,987	16.5
License fees and spectrum charges	1,222	1,223	(0.0)	1,162	5.2	4,694	4,290	9.4
Employee costs	364	337	8.2	387	(5.9)	1,392	1,451	(4.1)
Other expenses	4,523	4,152	8.9	3,854	17.4	16,066	13,949	15.2
Total operating expenses	7,759	7,248	7.1	6,752	14.9	27,960	24,677	13.3
as % to sales	*70.7*	*67.4*		*66.3*		*67.2*	*64.9*	
EBITDA	3,221	3,510	(8.2)	3,428	(6.0)	13,644	13,340	2.3
Depreciation and amortization	1,652	1,535	7.6	1,427	15.8	5,916	4,612	28.3
EBIT	1,569	1,974	(20.5)	2,002	(21.6)	7,728	8,729	(11.5)
Interest cost	546	310	76.0	221	147.1	1,396	324	330.8
Other income	642	186		59		625	321	
PBT	1,666	1,850	(10.0)	1,840	(9.5)	6,956	8,726	(20.3)
Tax	196	276	(29.1)	408	(52.0)	1,226	1,009	21.5
PAT	1,470	1,574	(6.6)	1,432	2.6	5,730	7,717	(25.7)
EBITDA margin	29.3	32.6	(329)bp	33.7	(434)bp	32.8	35.1	(229)bp
EBIT margin	14.3	18.4	(406)bp	19.7	(537)bp	18.6	23.0	(438)bp
PAT margin	13.4	14.6	(125)bp	14.1	(68)bp	13.8	20.3	(652)bp

Source: Company, Angel Research

Subdued standalone performance: For 1QFY2013, Bharti reported a revenue growth of 3.3% qoq, with consolidated revenue coming in at ₹19,362.

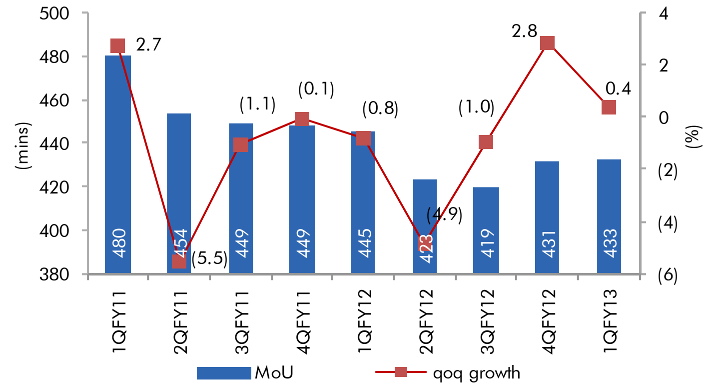
Exhibit 2: Revenue break-up (Business segment wise)

Business segment (₹ cr)	1QFY13	4QFY12	% chg (qoq)	1QFY12	% chg (yoy)
Mobile services – India & South Asia	10,685	10,510	1.7	9,840	8.6
Mobile services – Africa	5,632	5,308	6.1	4,378	28.6
Telemedia services	944	916	3.1	946	(0.2)
Enterprise services	1,191	1,121	6.2	1,041	14.4
Passive infrastructure services	2,405	2,418	(0.6)	2,277	5.6
Others	459	440	4.5	378	21.5
Eliminations	1,954	1,974	(1.0)	1,877	4.1
Net revenue	19,362	18,739	3.3	16,983	14.0

Source: Company, Angel Research

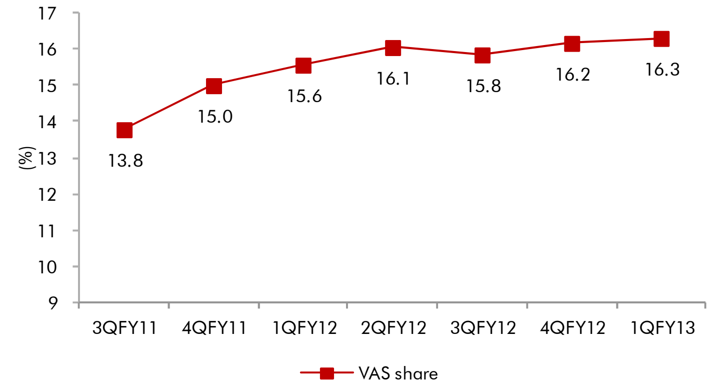
Mobile business – India and South Asia: The revenue of the mobile business in India and South Asia grew by merely 1.7% qoq to ₹10,685cr on the back of 3.7% qoq growth in mobile traffic and 0.4% qoq inch up in minutes of usage (MOU) to 433min. However, the average revenue per user (ARPM) declined by 2.6% qoq to 42.7paise. The company attributed it to two significant changes viz change in TRAI guidelines with regards processing fees which restrict the sale of 'combo packs', and hike in service tax from 10.3% to 12.36%, effective April 1, 2012. These resulted in the domestic revenue growth getting impacted. Churn levels remain elevated at ~9% per month. All this led to a 2.2% qoq decline in average revenue per user (ARPU) to ₹185/month. In 1QFY2013, the company added 6.02mn subscribers in this segment, taking its total subscriber base to 187.3mn. The management indicated that the company is focusing to protect and increase revenue market share.

Exhibit 3: Trend in MOU (qoq)



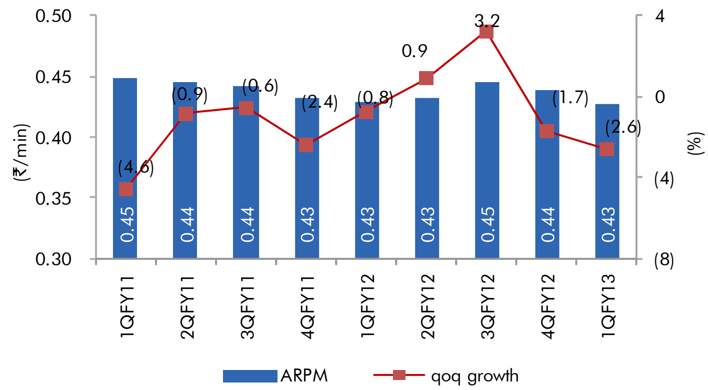
Source: Company, Angel Research

Exhibit 4: Trend in VAS share (qoq)



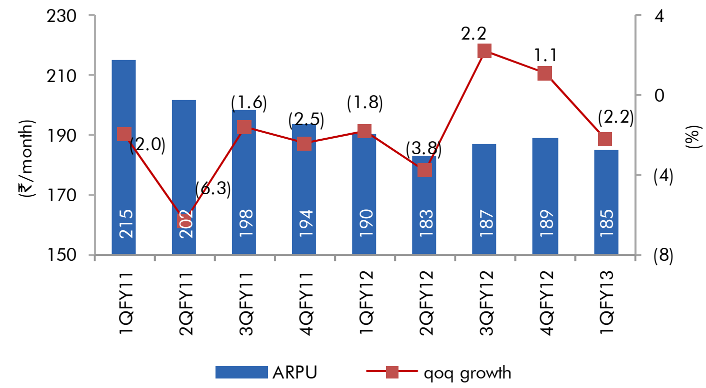
Source: Company, Angel Research

Exhibit 5: Trend in ARPM (qoq)



Source: Company, Angel Research

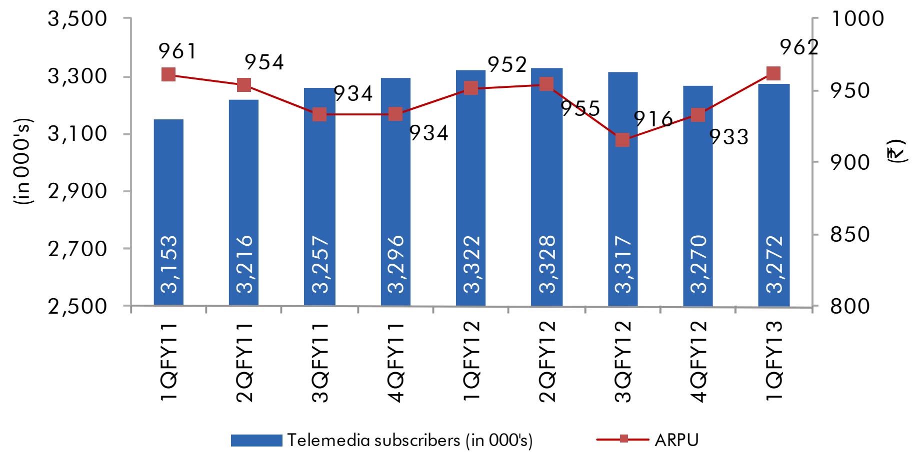
Exhibit 6: Trend in ARPU (qoq)



Source: Company, Angel Research

Telemedia services: The revenue of the telemedia business increased by 3.1% qoq to ₹944cr, led by an improvement in APRU to ₹962/month from ₹933/month in 4QFY2012. Bharti witnessed a net addition of ~2,000 subscribers in this business during the quarter, taking its total subscriber base to 3.27mn.

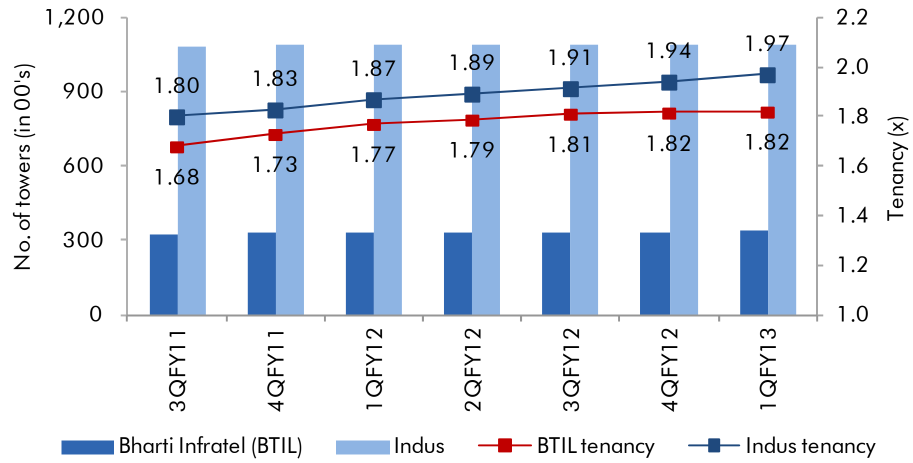
Exhibit 7: Telemedia – Subscriber base and ARPU trend



Source: Company, Angel Research

Passive infrastructure services: The revenues in the passive infrastructure services segment remained almost flat qoq at ₹2,405cr. Revenue pressure was led by volume discounts which led to ~2% and 7% qoq decline in sharing revenue per operator per month for Bharti Infratel and Indus respectively. Bharti Infratel has a portfolio of ~33,600 towers with a tenancy ratio of 1.82x and Indus Towers has a portfolio of ~109,310 towers with a tenancy ratio of 1.97x.

Exhibit 8: Trend in passive infrastructure business (qoq)



Source: Company, Angel Research

Exhibit 9: 1QFY2013 – Financial performance (Consolidated, IFRS)

(₹ cr)	1QFY13	4QFY12	% chg (qoq)	1QFY12	% chg (yoy)	FY2012	FY2011	% chg (yoy)
Net revenue	**19,362**	**18,739**	*3.3*	**16,983**	*14.0*	**71,475**	**59,467**	*20.2*
Operating expenditure	13,513	12,506	*8.1*	11,277	*19.8*	47,762	39,432	*21.1*
EBITDA	**5,849**	**6,233**	*(6.2)*	**5,706**	*2.5*	**23,712**	**20,035**	*18.4*
Depreciation & amortization	3,757	3,468	*8.3*	3,131	*20.0*	13,368	10,206	*31.0*
EBIT	2,092	2,765	*(24.3)*	2,574	*(18.8)*	10,344	9,829	*5.2*
Interest charges	821	1,057	*(22.3)*	855	*(4.0)*	3,819	2,182	*75.0*
Non operating expenditure	-	-	-	-	-	-	111	-
Other income	-	-		-		-	129	
PBT	1,270	1,707	*(25.6)*	1,719	*(26.1)*	6,526	7,666	*(14.9)*
Income tax	488	698	*(30.1)*	514	*(5.1)*	2,260	1,778	*27.1*
PAT	783	1,010	*(22.5)*	1,205	*(35.1)*	4,265	5,887	*(27.5)*
Share in earnings of associate	(8)	(2)		-		(6)	-	
Minority Interest	(1)	2	*(147.6)*	(10)	*(89.8)*	(1)	(148)	*(99.1)*
Adj. PAT	**776**	**1,006**	***(22.8)***	**1,215**	***(36.1)***	**4,261**	**6,035**	***(29.4)***
EPS (₹)	2.0	2.6	*(22.8)*	3.2	*(36.1)*	11.2	15.9	*(29.4)*
EBITDA margin (%)	30.2	33.3	*(305)bp*	33.6	*(339)bp*	33.2	33.7	*(52)bp*
EBIT margin (%)	10.8	14.8	*(395)bp*	15.2	*(436)bp*	14.5	16.5	*(206)bp*
PAT margin (%)	4.0	5.4	*(136)bp*	7.2	*(315)bp*	6.0	10.1	*(416)bp*

Source: Company, Angel Research

Exhibit 10: Actual vs. Angel estimates

(₹ cr)	Actual	Estimate	% Var.
Net sales	19,362	19,358	*0.0*
EBITDA margin (%)	*30.2*	*32.7*	*(254)bp*
PAT	776	1,269	*(38.9)*

Source: Company, Angel Research

Mobile – Africa business: For 1QFY2013, Zain Africa's revenue stood at ₹5,632cr, up 6.1% qoq, aided by INR depreciation. In USD terms, the revenue declined slightly by 0.5% qoq to US$1,066mn, because MOU and ARPU declined by 1.2% and 4.3% qoq to 120min and US$6.5/month respectively. The company witnessed an addition of 2.7mn subscribers, taking its total subscriber base to 55.9mn.

Exhibit 11: Operating metrics for Zain Africa

	1QFY13	4QFY12	% chg qoq	1QFY12	% chg yoy
ARPM (US¢/min)	5.4	5.6	*(3.1)*	6.0	*(10.0)*
MOU (min)	120	122	*(1.2)*	121	*(0.5)*
ARPU (US$/month)	6.5	6.8	*(4.3)*	7.3	*(10.5)*
Subscriber base (mn)	55.9	53.1	*5.1*	46.3	*20.6*

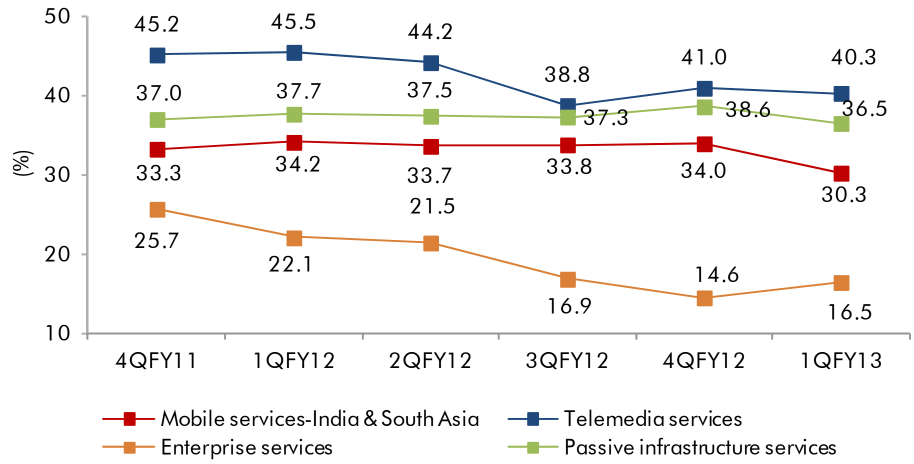
Source: Company, Angel Research

On a consolidated basis, the revenues grew by 3.3% qoq to ₹19,362cr. Telecom revenues in India have been depressed due to hyper-competition and recent regulatory and tax developments. Its African operations have posted a net loss at ~₹670cr, which also impacted consolidated numbers of the company.

Margins decline sharply

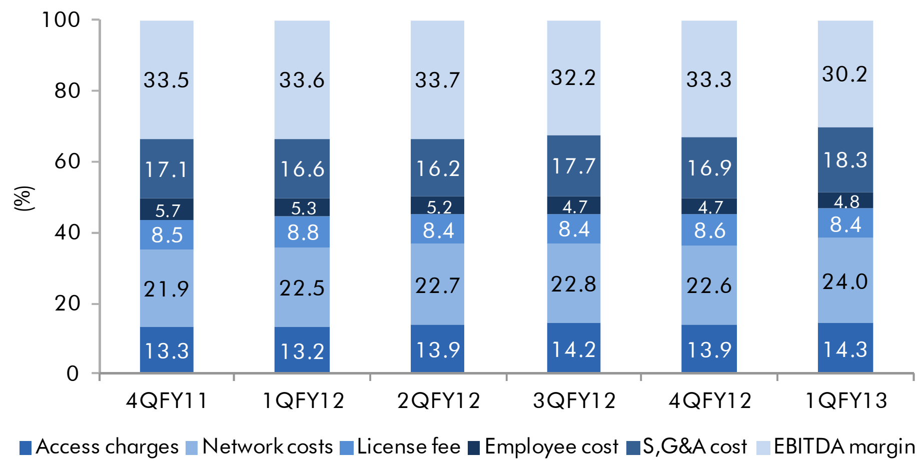
During the quarter, the EBITDA margin of Bharti's India mobile as well as Africa mobile businesses was much lower than estimated at 30.3% (34.0% in 4QFY2012) and 25.8% (27.8% in 4QFY2012) respectively due to high network operating and SG&A expenses. The EBITDA margin of the India mobile business eroded sharply because of Bharti's increased aggression to protect revenue market share, while the performance in Africa was hit largely due to adverse macro factors. The EBITDA margin of Africa operations scaling down substantially was a big negative surprise as the company has been continuously striving to improve it. The EBITDA margin of other business segments such as telemedia services and passive infrastructure services also declined by 65bp and 210bp qoq to 40.3% and 36.5%, respectively. All this led to a 305bp qoq decline in Bharti's consolidated EBITDA margin to 30.2%.

Exhibit 12: Segment-wise EBITDA margin trend (qoq)



Source: Company, Angel Research

Exhibit 13: Opex break-up (qoq)



Source: Company, Angel Research

Outlook and valuation

On the domestic business front, Bharti's management indicated that the business environment remains very challenging and the company will remain committed to its strategy of protecting and increasing revenue market share. The management also opined that the factors adversely affecting the margin are likely to continue in the short term but reverse in the medium to long term. The company substantially reduced the 3G tariffs and also launched various vouchers, which is going to impact the ARPM negatively. We believe it is difficult to see any major improvement in Bharti's domestic business anytime soon as a significant cut has been taken by telecom companies including Bharti on 3G tariffs and as a lot of regulatory uncertainties continue to prevail.

Bharti is on its way to turnaround its Africa business by bringing down its network operating expenditure by outsourcing various network-related developments. The company has been consistently adding above 2.0mn subscribers plus per quarter in its Africa business. But during 1QFY2013, the EBITDA margin of Africa operations scaled down substantially and the same was a big negative surprise as the company is continuously striving to improve it. The management indicated that going ahead the company will strive to improve its EBITDA margin substantially. This looks feasible to some extent as MTN, which is one of the largest telecom operators in that region, is currently operating at 40%+ EBITDA margin. We do not expect the EBITDA margin of Bharti's Africa business to reach the level at which MTN is operating (as MTN is the largest telecom player in that region) but still Bharti has got ample headroom to scale it up.

Exhibit 14: MTN vs. Bharti - Zain

	Revenue (US$mn)		EBITDA margin	
	MTN	Bharti - Zain	MTN	Bharti - Zain
FY2011	15705	2878*	41.4	25.3
FY2012	16875	4137	43.0	26.5
FY2013E	16762	4520	43.3	26.6
FY2014E	17805	5187	43.2	28.0

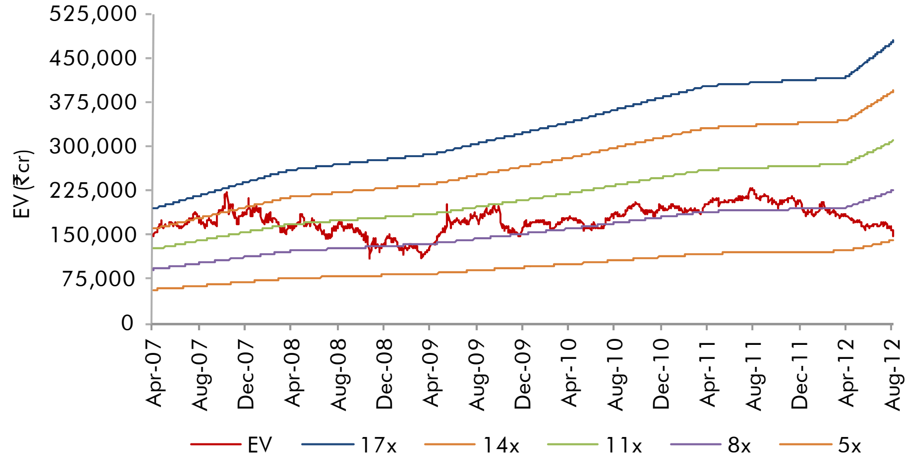
*Source: Company, Bloomberg, Angel Research; Note: * Exclude revenue from April 1, 2010-7June, 2011*

The key performance indicators (KPIs) in Africa are expected to remain stable going ahead. Thus, we expect the combination of stable KPIs and cost efficiencies to drive EBITDA margin of the Africa business to 26.6% in FY2013 and 28.1% in FY2014 from 26.5% in FY2012 and 25.3% in FY2011.

We expect Bharti's Indian and African mobile subscriber base to post a CAGR of 11.9% and 13.6% over FY2012–14E to 226.9mn and 68.6mn subscribers respectively. In addition, we expect value added services' (VAS) share to inch up due to surging demand for non-SMS data services; this would further comfort the company's ARPM. But weak 1QFY2013 performance and muted outlook on margins in the near term is leading to downgrade in our estimates.

Key downside risks such as 1) uncertainty in regulatory outcome; 2) pricing scenario in Africa operations; and 3) delay in return on investments made in 3G launches, still loom. The stock is currently trading at 5.2x FY2014E EV/EBITDA and 18.3x FY2014E EPS. **We continue to remain Neutral on the stock.**

Exhibit 15: One-year forward EV/EBITDA (x)



Source: Company, Angel Research

Exhibit 16: Change in estimates

	FY2012			FY2013		
Parameter (₹ cr)	Earlier estimates	Revised estimates	*Variation (%)*	Earlier estimates	Revised estimates	*Variation (%)*
Net revenue	80,076	79,542	*(0.7)*	86,613	87,535	*1.1*
EBITDA	26,265	24,553	*(6.5)*	29,031	28,200	*(2.9)*
PBT	8,750	5,937	*(32.1)*	11,238	8,520	*(24.2)*
Tax	2,888	2,032	*(29.6)*	3,709	2,812	*(24.2)*
PAT	5,867	3,907	*(33.4)*	7,534	5,708	*(24.2)*

Source: Company, Angel Research

Exhibit 17: Recommendation summary

Company	Reco.	CMP (₹)	Tgt. price (₹)	*Upside (%)*	FY2014E P/BV (x)	FY2014E P/E (x)	FY2011-14E EPS CAGR (%)	FY2014E RoCE (%)	FY2014E RoE (%)
Bharti Airtel	Neutral	274	-	-	1.8	18.3	(1.9)	10.5	9.6
Idea Cellular	Neutral	76	-	-	1.6	15.6	21.5	12.2	10.2
RCom	Neutral	56	-	-	0.3	9.6	(3.3)	4.4	3.1

Source: Company, Angel Research

Company Background

Bharti Airtel is India's leading telecommunication service provider, offering mobile services in all the 22 circles of the country and having a subscriber base of 187mn. In 2010, Bharti acquired Zain's telecom business in 15 countries of Africa and is currently present in 17 African countries (48.4mn subscribers). The company also has a presence in Sri Lanka (1.5mn subscribers) and Bangladesh (4.3mn subscribers). Bharti also holds a 42% stake in Indus Towers, a JV between Bharti, Vodafone and Idea Cellular.

Profit and Loss account (Consolidated, IFRS)

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Net sales	**41,847**	**59,467**	**71,475**	**79,542**	**87,535**
Roaming and access charges	4,481	7,499	9,869	11,331	12,298
% of net sales	*10.7*	*12.6*	*13.8*	*14.2*	*14.0*
Network operating exp.	8,912	12,993	16,180	18,821	20,150
% of net sales	*21.3*	*21.8*	*22.6*	*23.7*	*23.0*
License fee	4,088	5,166	6,112	6,547	7,015
% of net sales	*9.8*	*8.7*	*8.6*	*8.2*	*8.0*
Other expenses	7,513	13,774	15,602	18,290	19,871
Total expenditure	24,993	39,432	47,762	54,989	59,335
% of net sales	*59.7*	*66.3*	*66.8*	*69.1*	*67.8*
EBITDA	**16,854**	**20,035**	**23,712**	**24,553**	**28,200**
% of net sales	*40.3*	*33.7*	*33.2*	*30.9*	*32.2*
Dep. and amortization	6,284	10,206	13,368	14,990	16,194
Non operating expenses	(18)	111	-	-	-
EBIT	**10,589**	**9,719**	**10,344**	**9,563**	**12,006**
Interest charges	18	2,182	3,819	3,626	3,486
Other income, net	70	129	-	-	-
Profit before tax	10,640	7,666	6,526	5,937	8,520
Provision for tax	1,345	1,778	2,260	2,032	2,812
% of PBT	*12.6*	*23.2*	*34.6*	*34.2*	*33.0*
PAT	**9,295**	**5,887**	**4,265**	**3,906**	**5,708**
Share in earnings of associate	-	-	(6)	-	-
Minority interest	187	(148)	(1)	(1)	-
Adj. PAT	**9,108**	**6,035**	**4,261**	**3,907**	**5,708**
EPS (₹)	24.0	15.9	11.2	10.3	15.0

Balance sheet (Consolidated, IFRS)

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Liabilities					
Share capital	1,899	1,899	1,899	1,899	1,899
Reserves and surplus	40,295	46,868	48,713	52,175	57,439
Tot. shareholders' funds	**42,194**	**48,767**	**50,611**	**54,074**	**59,338**
Minority interest	2,529	2,856	2,770	2,770	2,770
Secured loans	8,147	53,234	49,715	42,317	35,500
Unsecured loans	2,042	8,437	19,308	15,414	12,931
Total debt	**10,190**	**61,671**	**69,023**	**57,731**	**48,431**
Other liabilities	5,300	4,665	5,078	4,035	3,771
Total liabilities	**60,212**	**117,959**	**127,482**	**118,608**	**114,309**
Assets					
Gross block	69,725	96,810	112,529	122,529	131,529
Acc. depreciation	21,462	31,668	45,036	60,026	76,220
Net block	48,263	65,142	67,493	62,503	55,309
Goodwill	5,989	63,732	66,089	66,089	66,089
Oth. non-current assets	1,825	1,918	3,543	3,543	3,543
Investments	5,236	622	1,813	1,315	1,315
Inventories	48	214	131	131	131
Sundry debtors	3,571	5,493	6,374	7,409	8,154
Cash and equivalents	2,532	958	2,030	601	3,374
Other current asst	2,381	3,921	4,461	5,561	6,794
Total current assets	**8,532**	**10,585**	**12,995**	**13,702**	**18,453**
Less: - current liab.	10,841	28,430	29,450	36,157	39,015
Less:- provisions	41	118	129	153	153
Net current assets	**(2,350)**	**(17,962)**	**(16,584)**	**(22,609)**	**(20,714)**
Net deferred tax	1,249	4,506	5,128	7,767	8,767
Miscellaneous exp.	-	-	-	-	-
Total assets	**60,212**	**117,959**	**127,482**	**118,608**	**114,309**

Cash flow statement (Consolidated, IFRS)

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Pretax profit from operations	10,571	7,536	6,526	5,937	8,520
Depreciation	6,284	10,206	13,368	14,990	16,194
Expenses (deferred)/written off	-	-	-	-	-
Pre tax cash from operations	16,854	17,742	19,894	20,927	24,714
Other income/prior period ad	70	129	-	-	-
Net cash from operations	16,924	17,872	19,894	20,927	24,714
Tax	(1,345)	(1,778)	(2,260)	(2,032)	(2,812)
Cash profits	**15,584**	**16,093**	**17,633**	**18,895**	**21,902**
(Inc)/Dec in					
Current assets	3,501	(3,628)	(1,337)	(2,136)	(1,978)
Current liabilities	(4,352)	17,666	1,032	6,731	2,857
Net trade working capital	(851)	14,038	(305)	4,595	879
Cash flow from oper. actv.	**14,733**	**30,131**	**17,328**	**23,490**	**22,781**
(Inc)/Dec in fixed assets	(13,633)	(27,085)	(15,719)	(10,000)	(9,000)
(Inc)/Dec in intangibles	(1,953)	(57,743)	(2,357)	-	-
(Inc)/Dec in investments	(1,431)	4,614	(1,191)	499	-
(Inc)/Dec in net dfr. tax asset	(1,249)	(3,257)	(622)	(2,639)	(1,000)
(Inc)/Dec in minority interest	1,458	328	(87)	-	-
(Inc)/Dec in oth. non-curr. ast.	(801)	(94)	(1,631)	1	-
Cash flow from investing actv.	**(17,608)**	**(83,237)**	**(21,606)**	**(12,139)**	**(10,000)**
Inc/(Dec) in debt	(1,690)	51,481	7,352	(11,293)	(9,300)
Inc/(Dec) in equity/premium	2,944	1,130	(1,970)	-	-
Others	3,484	(635)	413	(1,044)	(264)
Dividends	444	444	444	444	444
Cash flow from financing actv.	**4,293**	**51,532**	**5,351**	**(12,780)**	**(10,008)**
Cash generated/(utilized)	**1,418**	**(1,575)**	**1,072**	**(1,429)**	**2,774**
Cash at start of the year	1,115	2,532	958	2,030	601
Cash at end of the year	2,532	958	2,030	601	3,374

Key ratios

Y/E March	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Valuation ratio (x)					
P/E (on FDEPS)	11.4	17.3	24.5	26.7	18.3
P/CEPS	6.8	6.4	5.9	5.5	4.8
P/BVPS	2.5	2.1	2.1	1.9	1.8
Dividend yield	0.4	0.4	0.4	0.4	0.4
EV/Sales	2.5	2.8	2.4	2.0	1.7
EV/EBITDA	6.3	8.2	7.1	6.5	5.2
EV/Total assets	1.8	1.4	1.3	1.3	1.3
Per share data (₹)					
EPS	24.0	15.9	11.2	10.3	15.0
Cash EPS	40.6	42.8	46.4	49.8	57.7
Dividend	1.0	1.0	1.0	1.0	1.0
Book value	111.2	128.5	133.3	142.4	156.3
DuPont analysis					
Tax retention ratio (PAT/PBT)	0.9	0.8	0.7	0.7	0.7
Cost of debt (PBT/EBIT)	1.0	0.8	0.6	0.6	0.7
EBIT margin (EBIT/Sales)	0.3	0.2	0.1	0.1	0.1
Asset turnover ratio (Sales/Assets)	0.7	0.5	0.6	0.7	0.8
Leverage ratio (Assets/Equity)	1.4	2.4	2.5	2.2	1.9
Operating ROE	21.6	12.4	8.4	7.2	9.6
Return ratios (%)					
RoCE (pre-tax)	17.6	8.2	8.1	8.1	10.5
Angel RoIC	22.8	18.5	18.0	18.9	27.6
RoE	21.6	12.4	8.4	7.2	9.6
Turnover ratios (x)					
Asset turnover (fixed assets)	0.8	0.7	0.6	0.6	0.8
Receivables days	28	34	33	34	34
Payable days	158	263	225	240	240

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DISCLAIMER

Disclosure of Interest Statement	Bharti Airtel
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors

Ratings (Returns):	*Buy (> 15%)*	*Accumulate (5% to 15%)*	*Neutral (-5 to 5%)*
	Reduce (-5% to 15%)	Sell (< -15%)	