

BSE SENSEX	S&P CNX	CMP: INR398	TP: INR515	Buy
17,563	5,284			
Bloomberg	BHARTI IN			
Equity Shares (m)	3,793.9			
52-Week Range (INR)	445/304			
1,6,12 Rel. Perf. (%)	-3/15/38			
M.Cap. (INR b)	1,509.8			
M.Cap. (USD b)	30.7			

- Bharti's PAT for 2QFY12 declined 38% YoY and 16% QoQ to INR10.3b v/s our estimate of INR10.5b. While consolidated revenue and EBITDA were in-line, higher tax rate dragged down PAT. Revenue and EBITDA for India and South Asia (SA) remained largely flat QoQ (up 8-12% YoY) due to weak seasonality, in line with estimates.
- While India mobile traffic declined 2% QoQ, management commentary indicated improvement in monthly traffic trends during September and October, implying robust QoQ growth in 3QFY12. Indian mobile RPM grew ~1% QoQ to 43.2paise. While Bharti has hiked tariffs on a pan-India basis, only a small percentage of its overall subscriber base has migrated to new tariff plans, implying room for RPM expansion. 2QFY12 RPM could have been supported by interconnect revenue accruing from 3G roaming agreements with Idea and Vodafone.
- We maintain our FY13 EBITDA estimate of ~INR250b for Bharti's India and SA business, implying an EBITDA CAGR of 20% over FY11-13 v/s ~2% growth in FY11.
- Africa business EBITDA grew 10% QoQ to USD270m (5% below our estimate), driven by 5% QoQ revenue growth (~10% traffic growth, ~5% RPM decline) and ~110bp EBITDA margin expansion. Our FY12/13 EBITDA estimate for Africa business is USD1.2b/1.5b. While India and SA capex guidance for FY12 remains broadly unchanged at ~USD1.9b, the management has revised its Africa capex guidance to USD1.4b-1.5b v/s USD1b-1.2b earlier.
- Our revenue and EBITDA estimates are largely unchanged. We are downgrading our FY12 PAT estimate by ~4% to factor in higher tax rate. Our FY13 earnings estimates are largely unchanged.
- We expect 24% proforma EBITDA CAGR and 38% PAT CAGR over FY11-13, driven by inflection in tariffs along with continued voice traffic and data growth in India, and margin inflection in Africa.
- The stock trades at proportionate EV/EBITDA of 8.6x FY12E and 6.4x FY13E.
- Maintain **Buy** with a revised target price of INR515 (INR530 earlier) based on an EV of 8.5x FY13E EBITDA for India and SA business and 6x proportionate (~90% stake) EBITDA for Africa business. Our target incorporates INR67b (INR18/share) outlay for regulatory risks (~50% of potential liability based on TRAI Expert Committee valuation).

Quarterly Performance (Consolidated)

Y/E MARCH	(INR Million)									
	FY11				FY12				FY11	FY12E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue	122,308	152,150	157,560	162,654	169,749	172,698	185,668	195,313	594,672	723,428
YoY Growth (%)	17.4	46.6	52.9	51.3	38.8	13.5	17.8	20.1	42.1	21.7
QoQ Growth (%)	13.8	24.4	3.6	3.2	4.4	1.7	7.5	5.2		
Total Operating Expenses	78,168	100,938	107,743	108,158	112,691	114,547	120,585	123,664	395,007	470,228
EBITDA	44,140	51,212	49,816	54,496	57,058	58,151	65,083	71,649	199,664	253,199
YoY Growth (%)	2.7	19.1	22.0	33.5	29.3	13.5	30.6	31.5	19.1	26.8
QoQ Growth (%)	8.1	16.0	-2.7	9.4	4.7	1.9	11.9	10.1		
Margin (%)	36.1	33.7	31.6	33.5	33.6	33.7	35.1	36.7	33.6	35.0
Net Finance Costs	4,198	3,319	7,470	6,826	8,551	11,186	7,515	7,250	21,813	34,501
Non-Operating Income	244	164	256	334	0	0	13	13	998	27
Depreciation & Amortization	19,467	25,790	27,107	29,702	31,314	31,839	32,991	33,528	102,066	129,671
Profit before Tax	20,719	22,267	15,495	18,302	17,195	15,126	24,590	30,885	76,783	89,053
Income Tax Expense / (Income)	3,750	5,678	3,366	4,996	5,141	4,900	5,758	6,966	17,790	22,765
Profit after Tax	16,969	16,589	12,129	13,306	12,054	10,226	18,832	23,919	58,993	66,288
Minority interest	-153	23	904	701	98	44	-30	-147	1,475	-35
Reported Net Profit / (Loss)	16,816	16,612	13,033	14,007	12,152	10,270	18,800	23,771	60,468	66,253
YoY Growth (%)	-32.0	-26.6	-40.6	-31.5	-27.7	-38.2	44.3	69.7	-32.6	9.6

E: MOSL Estimates

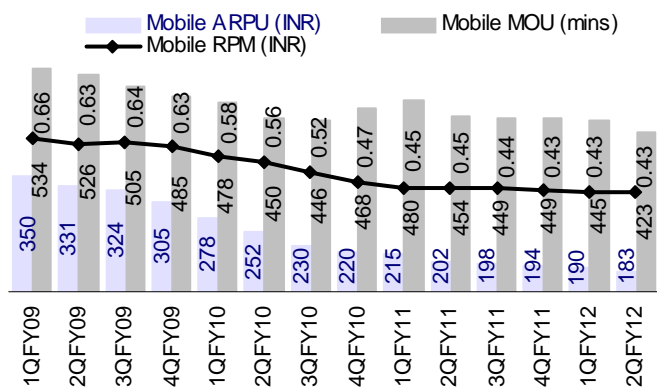
2QFY12 results highlights

- Traffic for India mobile business declined 1.8% QoQ to 217b minutes, 2% below our estimate.
- Bharti's India mobile RPM grew 1% QoQ to 43.2paise, broadly in line with our estimate.
- Traffic in Africa grew 10% QoQ to 17.9b minutes.
- Margin expanded ~110bp in Africa to 26.1%, below our estimate of 27.9%.
- Bharti Africa added 2.1m subscribers in 2QFY12, flat QoQ.
- The management mentioned that FY13 capex guidance for Africa operations is USD1.4b-1.5b (USD1.2b earlier). Capex guidance for India and SA remains at USD1.9b-2b.
- Net debt increased 7% QoQ to ~INR645b, largely due to mark-to-market exchange rate impact on forex loan component.

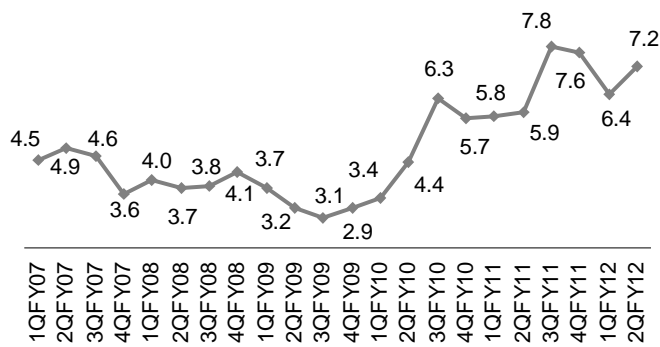
India and South Asia revenue and EBITDA broadly in-line

- India and South Asia revenue grew 12% YoY but remained flat on QoQ basis to INR126.8b (v/s our estimate of INR128.3b).
- EBITDA grew ~8% YoY but declined ~1% QoQ to INR45.7b (v/s our estimate of INR45.5b).
- EBITDA margin declined ~120bp YoY and ~35bp QoQ to 36.1% (v/s our estimate of 35.5%).
- PAT of INR14.5b was 5% above our estimate of INR13.8b due to lower-than-expected finance costs.

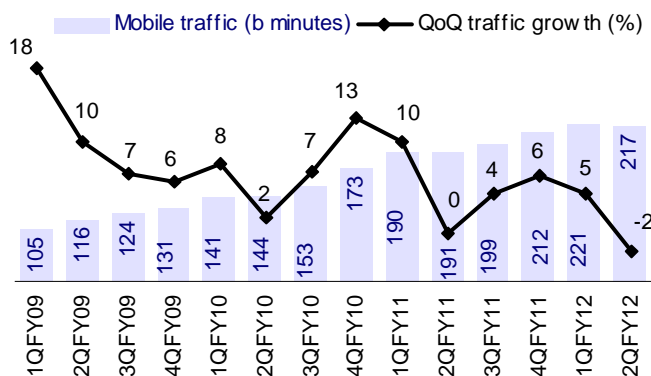
KPI performance: MOU lower than estimated



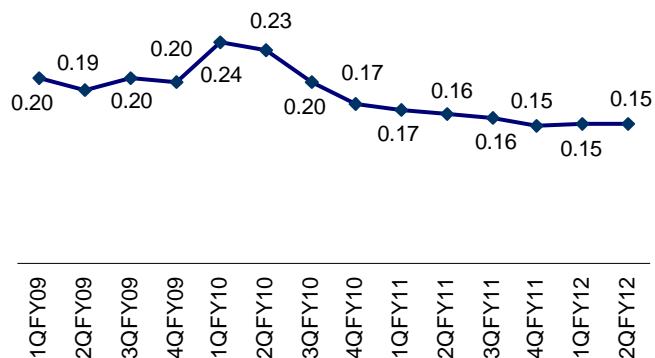
Monthly churn remains at elevated levels (%)



Traffic growth declines on seasonality



Mobile EBITDA per minute stabilizing (INR)



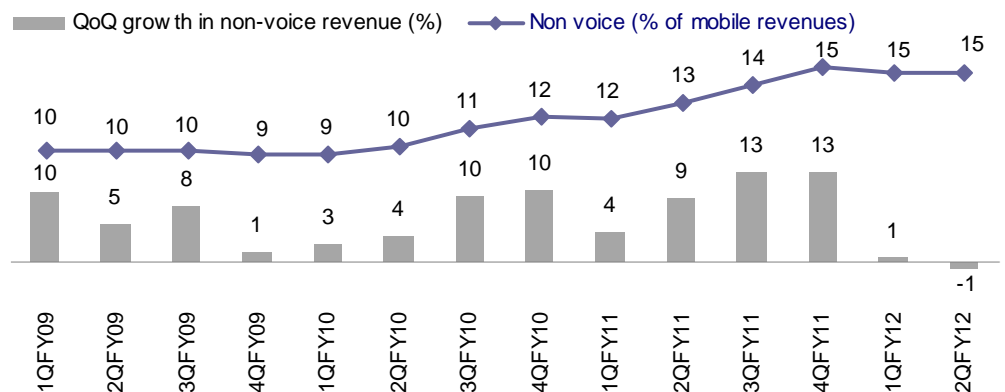
Source: Company/MOSL

- Mobile traffic (India) grew ~14% YoY but declined 2% QoQ to 217b minutes (2% below our estimate).
- MOU per subscriber declined 5% QoQ to 423 minutes (2% below our estimate).
- RPM grew 1% QoQ to 43.2paise (in line).
- Mobile ARPU declined ~9% YoY and ~4% QoQ to INR183 (in line).
- Blended monthly churn increased to 7.2% (v/s 6.4% during 1QFY12).

Mobile services (India and South Asia): Revenue and EBITDA down 1-2% QoQ

- Mobile revenue increased ~11% YoY but declined ~1% QoQ to INR97.8b (~2% below our estimate).
- EBITDA increased ~6% YoY but declined 2% QoQ to INR32.9b (1% above our estimate).
- EBITDA margin declined 50bp QoQ to 33.7% (v/s our estimate of 32.9%).
- Bharti has launched 3G services covering 300 cities, with a 3G subscriber base of ~7m.
- The management mentioned that it would take at least two more quarters for 3G to show some meaningful impact.
- Non-voice business contributed 14.5% to mobile revenue in 2QFY12 (v/s 14.6% in 1QFY12).
- We expect data to be a significant contributor for Bharti, going forward.

Non-voice revenue flat for two consecutive quarters



Source: Company/MOSL

Telemedia performance healthy; margins remain under pressure for enterprise business

- Enterprise revenue grew ~6% QoQ and YoY to INR11b; EBITDA stood at INR2.4b, down ~8% YoY but up 3% QoQ.
- Telemedia revenue was INR9.5b, up ~5% YoY and 1% QoQ; EBITDA declined ~2% QoQ to INR4.2b.
- Telemedia subscribers and ARPU remained flat on QoQ basis at 3.3m and INR955, respectively.

Passive infrastructure: ~4% QoQ revenue and EBITDA growth

- Passive infrastructure segment revenue and EBITDA include standalone operations of Bharti Infratel and proportionate consolidation of 42% stake in Indus Towers.
- Revenue increased ~12% YoY and ~4% QoQ to INR23.8b; EBITDA increased ~13% YoY and ~4% QoQ to INR8.9b.
- Bharti Infratel has a portfolio of ~33,000 towers, with a tenancy ratio of 1.79x.
- Indus Towers has a portfolio of ~109,000 towers, with a tenancy ratio of 1.89x.
- Indus Towers has sharing revenue per operator per month (SRPO) of ~INR31,100 (~16% discount compared to Bharti Infratel).

Africa: Strong traffic growth; margin improvement continues; ARPU stable

- Africa revenue grew ~5% QoQ to USD1030m (v/s our estimate of USD1,015m).
- EBITDA increased ~10% QoQ to USD270m, implying EBITDA margin of 26.2% (v/s 25.1% in 1QFY12), ~165bp below our estimate.
- Net loss increased from USD68m in 1QFY12 to USD93m in 2QFY12 (v/s our estimate of USD74m net loss) mainly due to forex loss.
- Total minutes grew ~10% QoQ to 17.9b.
- RPM declined ~5% QoQ to 5.7cents.
- ARPU remained flat QoQ at USD7.3.
- Total subscriber base increased to 48.4m in 2QFY12 (v/s 46.3m in 1QFY12).

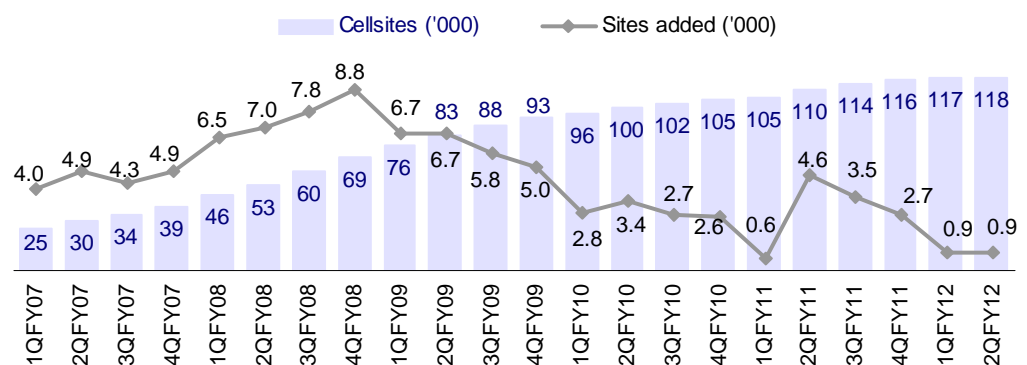
Net debt at INR645b; forex loss of ~INR2.5b

- Bharti's net debt increased 7% QoQ to ~INR645b, implying net debt/ annualized EBITDA of 2.77x.
- During the quarter, Bharti reported a forex loss of INR2.5b v/s INR1.7b loss in 1QFY12.
- There was a forex gain in India and SA segment because of shareholder loan given to the subsidiaries.

Capex guidance unchanged for India & SA; revised upwards for Africa operations

- FY12 capex guidance for India and SA remains unchanged at USD1.9b-2b, in line with our estimate.
- The management has revised its capex guidance for Africa operations to USD1.4b-1.5b (v/s USD1.2b earlier).
- Bharti added 867 cell-sites during the quarter v/s 883 in the previous quarter.

Site rollouts sharply down



Source: Company/MOSL

Revenue/EBITDA estimates largely unchanged; 24% proforma EBITDA CAGR; Buy

- Our revenue and EBITDA estimates are largely unchanged. We are downgrading our FY12 PAT estimate by ~4% to factor in higher tax rate. Our FY13 earnings estimates are largely unchanged.
- We expect 24% proforma EBITDA CAGR and 38% PAT CAGR over FY11-13, driven by inflection in tariffs along with continued voice traffic and data growth in India, and margin inflection in Africa.
- The stock trades at proportionate EV/EBITDA of 8.6x FY12E and 6.4x FY13E.
- Maintain **Buy** with a revised target price of INR515 (INR530 earlier) based on an EV of 8.5x FY13E EBITDA for India and SA business and 6x proportionate (~90% stake) EBITDA for Africa business. Our target incorporates INR67b (INR18/share) outlay for regulatory risks (~50% of potential liability based on TRAI Expert Committee valuation).

FY13 Basis

SOTP Valuation	FY13 EBITDA (INR B)	Ownership (%)	Proportionate EBITDA (INR b)	EV/EBITDA	Fair value (INR b)	Value/Sh (INR)
India business (incl. towers)	246	100	246	8.5	2,093	556
Africa business	70	90	63	6.0	379	101
Less FY13 net debt					478	124
Less 50% of potential spectrum liability					67	18
Total Value					1,926	515
Shares o/s (b)	3.79					
GMP						398
Upside (%)						29

Source: Company/MOSL

Summary of estimate change

Consolidated

	FY12E	FY13E
Revenue (INR b)		
Old	719	817
New/Actual	723	811
Change (%)	0.7	-0.7
EBITDA (INR b)		
Old	253	315
New/Actual	253	316
Change (%)	0.1	0.4
Net Profit (INR b)		
Old	69	111
New/Actual	66	110
Change (%)	-3.6	-0.1
EPS (INR)		
Old	18.1	29.1
New/Actual	17.5	29.1
Change (%)	-3.6	-0.1

India & South Asia

	FY12E	FY13E
Revenue (INR b)		
Old	534	611
New/Actual	529	606
Change (%)	-0.8	-0.7
EBITDA (INR b)		
Old	198	246
New/Actual	198	246
Change (%)	0.0	-0.1
Mobile traffic (b min)		
Old	917	1,005
New/Actual	907	997
Change (%)	-1	-1
RPM (p)		
Old	43.7	47.0
New/Actual	43.8	47.1
Change (%)	0.2	0.2

Africa

	FY12E	FY13E
Revenue (USD b)		
Old	4.1	4.6
New/Actual	4.2	4.5
Change (%)	1.6	-2.9
EBITDA (USD b)		
Old	1.2	1.5
New/Actual	1.2	1.5
Change (%)	-5.7	0.0
Subscribers (m)		
Old	56	74
New/Actual	54	68
Change (%)	-3.7	-7.7
ARPU (USD)		
Old	7.0	5.9
New/Actual	7.2	6.1
Change (%)	3.2	3.2

India and South Asia - Segmentwise Summary as per IFRS (INR m)

	2QFY11	1QFY12	2QFY12	YoY %	QoQ %	2QFY12E	vs Est (%)
Revenue							
Mobile	88,045	98,404	97,827	11.1	-0.6	99,298	-1.5
Telemedia	9,118	9,457	9,528	4.5	0.8	9,437	1.0
Enterprise	10,424	10,410	11,042	5.9	6.1	10,722	3.0
Passive Infrastructure	21,161	22,767	23,766	12.3	4.4	23,637	0.5
Others	2,260	3,700	3,994	76.7	7.9	3,955	1.0
Eliminations	-17,696	-18,432	-19,367	9.4	5.1	-18,726	3.4
Consolidated Revenue	113,312	126,306	126,790	11.9	0.4	128,323	-1.2
EBITDA							
Mobile	30,964	33,614	32,926	6.3	-2.0	32,649	0.8
Telemedia	4,200	4,304	4,213	0.3	-2.1	4,182	0.7
Enterprise	2,571	2,303	2,371	-7.8	3.0	2,466	-3.9
Passive Infrastructure	7,858	8,585	8,902	13.3	3.7	8,901	0.0
Others	-2,714	-2,017	-1,853	-31.7	-8.1	-1,900	-2.5
Eliminations	-657	-783	-831	26.5	6.1	-775	7.3
Consolidated EBITDA	42,222	46,006	45,728	8.3	-0.6	45,523	0.5
EBITDA margin (%)							
Mobile	35.2	34.2	33.7	-151bp	-50bp	32.9	78bp
Telemedia	46.1	45.5	44.2	-185bp	-130bp	44.3	-9bp
Enterprise	24.7	22.1	21.5	-319bp	-65bp	23.0	-153bp
Passive Infrastructure	37.1	37.7	37.5	32bp	-25bp	37.7	-20bp
Consolidated EBITDA	37.3	36.4	36.1	-120bp	-36bp	35.5	59bp
Depn. and amortization	18,239	22,532	23,205	27.2	3.0	22,821	1.7
Operating income	23,983	23,474	22,523	-6.1	-4.1	22,702	-0.8
Pre-operating and others	231	-4	5	-97.8	-225.0	-4	-225.0
Net finance cost	-255	2,569	3,523	-1,481.6	37.2	5,314	-33.7
Profit before Taxes	24,469	20,902	19,005	-22.3	-9.1	17,384	9.3
Total Tax	3,802	5,246	4,079	7.3	-22.2	3,129	30.4
Effective Tax Rate (%)	15.5	25.1	21.5	592bp	-364bp	18.0	3bp
Profit after Tax	20,667	15,656	14,926	-27.8	-4.7	14,255	4.7
Minority Interest	269	489	407	51.3	-16.8	445	-8.6
Net Profit	20,398	15,167	14,519	-28.8	-4.3	13,809	5.1

Source: Company/MOSL

India - Revenue Drivers

	2QFY11	1QFY12	2QFY12	YoY %	QoQ %	2QFY12E	vs Est (%)
Mobile							
Mobile Subs (m)	143	169	173	20.6	2.1	173	0.0
Mobile ARPU (INR/month)	202	190	183	-9.3	-4.0	185	-1.4
Total Minutes of Use (b)	191	221	217	14.1	-1.8	222	-1.9
Minutes of Use/Sub/Month	454	445	423	-6.7	-5.0	431	-1.7
Effective Mobile RPM (p)	44.4	42.8	43.2	-2.8	1.0	43.0	0.3

Source: Company/MOSL

Bharti Africa: Quarterly Performance (USD m)

	FY11				FY12		YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q		
Revenue	205	838	911	924	979	1,030	22.9	5.2
EBITDA (before re-branding)	56	194	212	224	246	270	39.2	9.8
EBITDA margin (%)	27.3	23.1	23.3	24.2	25.1	26.2	307bp	109bp
Depreciation and amortization	42	164	181	189	196	189	14.9	-3.6
EBIT	14	29	31	35	50	81	174.8	62.0
Net finance cost	41	79	134	114	134	168	113.9	25.9
Pre operating and others	-22	2	-39	1	1	2		
Profit before Taxes	-49	-47	-141	-78	-83	-85	80.8	3.2
Total Tax	1	40	6	36	-2	18	-54.7	-930.0
PAT (before minorities)	-50	-87	-147	-114	-80	-103	18.6	28.5
Minority Interest	-2	-5	-29	-22	-12	-10	100.0	-16.7
Net Profit	-48	-82	-118	-92	-68	-93	13.6	36.4
Bharti Africa: KPIs								
Mobile Subs (m)	36.4	40.1	42.1	44.2	46.3	48.4	20.8	4.6
Mobile ARPU (USD/month)	7.4	7.4	7.3	7.2	7.3	7.3	-1.5	0.2
Total Minutes of Use (b mins)	3.7	12.8	14.9	14.9	16.3	17.9	40.4	9.9
Minutes of Use/Sub/Month	103	112	120	115	121	128	14.0	5.2
Effective Mobile RPM (US Cents)	7.2	6.6	6.1	6.2	6.0	5.7	-13.6	-4.7

Source: MOSL

Bharti: Key assumptions and value drivers

	FY10	FY11	FY12E	FY13E
Mobile - India				
Subs (m)	128	162	180	194
YoY (%)	36	27	11	8
Average subs (m)	111	145	171	187
YoY (%)	42	31	18	9
Netadds per month (m)	2.8	2.9	1.5	1.2
YoY (%)	6	3	-49	-19
Total mobile traffic (b min)	610	792	907	997
YoY (%)	28	30	15	10
ARPU (INR/month)	243	201	193	209
YoY (%)	-25	-17	-4	8
MOU	459	455	442	444
YoY (%)	-10	-1	-3	0
Mobile RPM (INR)	0.53	0.44	0.44	0.47
YoY (%)	-17	-17	-1	8
Mobile EBITDA margin (%)	38.7	34.7	35.4	38.6
Mobile Capex (INR b)	34	59	48	32
Mobile Capex/sales (%)	10	16	12	6
Mobile - Africa				
Subs (m)		44	54	68
YoY (%)		5	21	27
Netadds per month (m)		0.2	0.8	1.2
ARPU (USD/month)		7.3	7.2	6.1
YoY (%)			-1	-15
Capex (USD b)		0.85	1.54	1.34
Capex/Sales (%)		24	37	30
EBITDA margin (%)		25	27	34
Passive Infrastructure				
Indus Towers				
Towers (000s)	103	109	109	109
Cellsites (000s)	176	201	205	207
Tenancy ratio (x)	1.71	1.85	1.88	1.90
Sharing revenue per operator per month (INR 000s)		29.5	32.0	31.1
EBITDA margin (%)		26.6	28.5	27.8
Bharti Infratel				
Towers (000s)	31	33	33	33
Cellsites (000s)	50	58	59	59
Tenancy ratio (x)	1.62	1.76	1.78	1.80
Sharing revenue per operator per month (INR 000s)	37.2	37.0	36.2	37.1
EBITDA margin (%)	46.2	48.1	47.7	47.6
Business Mix				
Revenue mix (%)				
Mobile (India & SA)	68	54	51	54
Telemedia	7	5	5	4
Enterprise	9	6	6	5
Passive infrastructure	15	13	12	12
Others	1	2	2	2
Africa	0	20	24	23
EBITDA mix (%)				
Mobile (India & SA)	75	62	57	59
Telemedia	9	8	6	5
Enterprise	7	5	4	4
Passive infrastructure	14	16	14	12
Others/Eliminations	-6	-5	-3	-2
Africa	0	14	22	22

Source: Company/MOSL

Bharti Airtel: an investment profile

Company description

Bharti Airtel is an integrated telecom operator, with presence in wireless, fixed-line and broadband, long distance, enterprise, and passive infrastructure services across India, Sri Lanka, Bangladesh and Africa. It is the largest Indian wireless operator, with revenue market share of ~32% and population coverage of 86%. Post its acquisition of Zain's Africa business, Bharti has become the fifth largest wireless company globally by subscribers.

Key investment arguments

- Bharti continues to consolidate its wireless leadership in India, with a wireless subscriber share of ~27% and adjusted gross revenue share of 30%+.
- Bharti is well positioned to capture rural growth by leveraging its deep coverage and favorable frequency allocation - a significant competitive advantage in low-density regions.
- Bharti has won 3G spectrum in 13 circles, which will support voice decongestion as well as development of new revenue streams from data services in the maturing urban market. We expect incremental 3G revenue to contribute 3-4% of wireless revenue in FY13.
- We expect 24% proforma EBITDA CAGR and 38% PAT CAGR over FY11-13.

Key investment risks

- Uncertainty on potential outlay related to pricing of 2G spectrum.

Comparative valuations

		Bharti	Idea	RCOM
P/E (x)	FY12E	22.8	44.9	22.2
	FY13E	13.7	16.0	11.5
EV/EBITDA (x)	FY12E	8.4	8.7	7.1
	FY13E	6.3	6.1	5.5
EV/Sales (x)	FY12E	2.9	2.3	2.3
	FY13E	2.5	1.9	1.9
P/BV (x)	FY12E	2.7	2.5	0.5
	FY13E	2.3	2.1	0.4

Shareholding pattern (%)

	Sep-11	Jun-11	Sep-10
Promoter	45.5	45.5	45.4
Domestic Inst	8.7	8.5	9.0
Foreign	40.2	40.6	40.3
Others	5.6	5.4	5.3

- Upcoming rollout of 4G network-based services by Reliance Industries.

Recent developments

- Bharti has launched 3G services in 300 cities.
- It has entered into bilateral roaming agreements with Vodafone and Idea to offer 3G services in circles where it did not win 3G spectrum.

Valuation and view

- Our revenue and EBITDA estimates are largely unchanged. We are downgrading our FY12 PAT estimate by ~4% to factor in higher tax rate. Our FY13 earnings estimates are largely unchanged.
- We expect 24% proforma EBITDA CAGR and 38% PAT CAGR over FY11-13, driven by inflection in tariffs along with continued voice traffic and data growth in India, and margin inflection in Africa.
- The stock trades at proportionate EV/EBITDA of 8.6x FY12E and 6.4x FY13E.
- Maintain **Buy** with a revised target price of INR515 (INR530 earlier) based on an EV of 8.5x FY13E EBITDA for India and SA business and 6x proportionate (~90% stake) EBITDA for Africa business. Our target incorporates INR67b (INR18/share) outlay for regulatory risks (~50% of potential liability based on TRAI Expert Committee valuation).

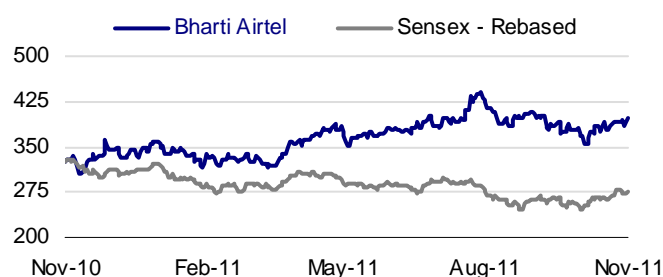
EPS: MOSL forecast v/s Consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY12	17.5	18.3	-4.6
FY13	29.1	27.5	5.8

Target Price and Recommendation

Current Price (INR)	Target Price (INR)	Upside (%)	Reco.
398	515	29.4	Buy

Stock performance (1 year)



Financials and Valuation

Income Statement		(INR Million)			
Y/E March	2010	2011	2012E	2013E	
Revenues	418,472	594,672	723,428	810,546	
Change (%)	13.2	42.1	21.7	12.0	
Total Expenses	250,839	395,007	470,228	494,219	
EBITDA	167,633	199,664	253,199	316,327	
% of Gross Sales	40.1	33.6	35.0	39.0	
Deprn. & Amortization	62,832	102,066	129,671	137,233	
EBIT	104,800	97,598	123,528	179,094	
Net finance cost	178	21,813	34,501	29,649	
Other Income	468	998	27	19	
PBT	105,090	76,783	89,053	149,465	
Tax	13,453	17,790	22,765	37,188	
Rate (%)	12.8	23.2	25.6	24.9	
Minority Interest	1,870	-1,475	35	1,803	
Adjusted PAT	89,767	60,468	66,253	110,474	

Balance Sheet		(INR Million)			
Y/E March	2010	2011	2012E	2013E	
Share Capital	18,988	18,988	18,988	18,988	
Additional Paid up Capital	56,499	56,499	56,499	56,499	
Reserves	346,453	412,181	449,806	550,778	
Net Worth	421,940	487,668	525,293	626,265	
Loans	101,898	616,708	674,758	682,876	
Minority Interest	25,285	28,563	28,302	30,120	
Other Liabilities	45,018	28,078	35,915	38,636	
Deferred Tax Liability	7,980	18,572	19,477	19,997	
Capital Employed	602,121	1,179,589	1,283,745	1,397,894	
Gross Block	761,040	1,599,377	1,759,712	1,886,434	
Less : Depreciation	218,521	310,634	396,846	560,739	
Net Block	542,519	1,288,743	1,362,866	1,325,696	
Other Non-Current Assets	30,736	64,244	71,013	70,822	
Curr. Assets	137,685	112,077	188,239	346,082	
Inventories	484	2,139	2,739	2,861	
Debtors	35,711	54,929	67,907	78,738	
Cash & Bank Balance	25,323	9,575	40,643	101,313	
Short-term investments	52,362	6,968	23,012	103,104	
Other Current Assets	23,805	38,466	53,938	60,066	
Curr. Liab. & Prov.	108,819	285,475	338,373	344,705	
Creditors	107,702	249,737	296,766	304,507	
Other Current Liabilities	1,117	35,738	41,606	40,198	
Net Curr. Assets	28,866	-173,398	-150,134	1,377	
Appl. of Funds	602,121	1,179,589	1,283,746	1,397,894	

E: MOSL Estimates

Ratios					
Y/E March	2010	2011	2012E	2013E	
Basic (INR)					
EPS	23.7	15.9	17.5	29.1	
Cash EPS	40.2	42.8	51.6	65.3	
Book Value	117.9	136.1	145.9	173.0	
DPS	1.0	1.0	1.7	2.9	
Payout %(Incl.Div.Taxes)	4.2	6.3	10.0	10.0	
Valuation (x)					
P/E		25.0	22.8	13.7	
Cash P/E		9.3	7.7	6.1	
EV/EBITDA		10.6	8.4	6.3	
EV/Sales		3.5	2.9	2.5	
Price/Book Value		2.9	2.7	2.3	
Dividend Yield (%)		0.3	0.4	0.7	
Profitability Ratios (%)					
RoE	23.6	12.6	12.4	18.3	
RoCE	18.9	8.7	8.0	11.2	
Turnover Ratios					
Debtors (Days)	31	34	34	35	
Asset Turnover (x)	1.01	0.78	0.66	0.73	
Leverage Ratio					
Net Debt/Equity (x)	0.1	1.2	1.1	0.7	

Cash Flow Statement		(INR Million)			
Y/E March	2010	2011	2012E	2013E	
Op.Profit/(Loss) bef Tax	167,633	199,664	253,199	316,327	
Other Income	468	998	27	19	
Interest Paid	-178	-21,813	-34,501	-29,649	
Direct Taxes Paid	-29,761	-37,970	-23,916	-36,949	
(Inc)/Dec in Wkg. Cap.	26,518	120,819	26,206	-6,310	
CF from Op.Activity	164,680	261,699	221,014	243,438	
(inc)/Dec in FA + CWMP	-155,852	-848,290	-203,794	-100,062	
(Pur)/Sale of Investments	-14,282	45,451	-16,043	-80,093	
CF from Inv.Activity	-170,134	-802,839	-219,838	-180,155	
Issue of Shares	27,617	9,624	-21,574	323	
Inc/(Dec) in Debt	-16,903	514,810	58,050	8,118	
Other Financing Activities	8,917	961	-6,582	-11,052	
CF from Fin.Activity	19,632	525,395	29,894	-2,611	
Inc/(Dec) in Cash	14,178	-15,748	31,068	60,670	
Add: Opening Balance	11,145	25,323	9,575	40,643	
Closing Balance	25,323	9,575	40,643	101,313	

N O T E S

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Bharti Airtel

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