

Bharti Airtel

BSE SENSEX	S&P CNX	CMP: INR271	TP: INR265	Neutral						
18,902	5,760									
Bloomberg	BHARTI IN									
Equity Shares (m)	3,793.9									
52-Week Range (INR)	412/239									
1,6,12 Rel. Perf. (%)	-1/-27/-40									
M.Cap. (INR b)	1,028.5									
M.Cap. (USD b)	19.0									
Year End	Net Sales (INR b)	PAT (INR b)	EPS (INR)	EPS Gr. (%)	P/E (X)	P/BV (X)	RoE (%)	RoCE (%)	EV/Sales	EV/EBITDA
3/11A	595	60	15.9	-32.6	-	-	12.6	8.7	-	-
3/12A	715	43	11.2	-29.6	24.1	1.9	8.1	6.2	2.4	7.1
3/13E	808	30	7.9	-29.3	34.2	1.9	5.7	4.8	2.1	6.9
3/14E	884	40	10.5	32.5	25.8	1.8	7.2	5.5	1.9	6.0

- Bharti Airtel reported broadly in-line 2QFY13, excluding the one-time income from favorable judgment in a case related to interconnect payments, which positively impacted reported revenue/EBITDA/PBT/PAT by INR5.9/2.4/3.5/2.4b respectively. However, the positive impact on PAT was partially offset by an INR0.6b one-time tax expense related to dividend distribution tax for Indus Towers.
- Consolidated proforma revenue grew 1.7% QoQ to INR196.9b. Consolidated proforma EBITDA grew 5.1% YoY and 4.5% QoQ to INR61.1b led by better performance in Africa and Indian non-mobile segments.
- Consolidated proforma net profit declined 48% YoY and 29% QoQ to INR5.4b due to higher-than-expected finance cost and tax rate.
- Proforma India and South Asia revenue grew 0.8% QoQ to INR138.3b. Proforma EBITDA grew 2.6% QoQ to INR44.7b largely driven by 13% QoQ growth in non-mobile, while proforma mobile EBITDA declined 1% QoQ.
- India mobile traffic declined 2.1% QoQ (vs 4% decline for Idea); mobile RPM remained flat QoQ at 42.7p
- Africa EBITDA increased 8.4% QoQ to USD298m on a 3% QoQ revenue growth (20% QoQ traffic growth, 15% RPM decline). EBITDA margin improved 140bp QoQ to 27.2%.
- Consolidated net debt declined ~2% QoQ to INR668b on INR appreciation but increased 4.5% QoQ in USD terms to USD12.7b due to consolidation of BWA venture acquired from Qualcomm.1HFY13 capex was USD1.4b.
- Rationalization in channel commissions led to ~150bp improvement in SGA costs for India & SA, lower than the 240bp savings reported by Idea; Bharti has a relatively higher proportion of dongles and post-paid revenues.
- While Africa business and operating performance surprised positively, India mobile business continues to be impacted by hyper-competition, despite recent corrective measures like rationalization of channel commissions. We believe sustained RPM improvement would be imperative for a turnaround in India business.
- We upgrade FY13E EBITDA and EPS estimates by 3-5% to incorporate the one-time interconnect income and better-than-expected proforma results; our FY14E estimates remain largely unchanged.
- We expect 7% EBITDA CAGR over FY12-14E. At CMP of INR271, the stock trades at EV/EBITDA of 6.9x FY13E and 6x FY14E. Maintain **Neutral** with a target price of INR265/sh.

Y/E March	Quarterly Performance (Consolidated)								(INR Million)	
	FY12				FY13				FY12	FY13E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue	169,749	172,698	184,767	187,294	193,501	202,732	202,275	209,063	714,507	807,571
YoY Growth (%)	38.8	13.5	17.3	15.1	14.0	17.4	9.5	11.6	20.2	13.0
EBITDA	57,058	58,151	59,584	62,329	58,487	63,508	62,615	65,806	237,122	250,415
YoY Growth (%)	29.3	13.5	19.6	14.4	2.5	9.2	5.1	5.6	18.8	5.6
Margin (%)	33.6	33.7	32.2	33.3	30.2	31.3	31.0	31.5	33.2	31.0
Net Finance Costs	8,551	11,186	7,877	10,572	8,211	10,219	11,071	11,706	38,185	41,207
Depreciation & Amortization	31,314	31,839	35,845	34,683	37,571	38,560	39,351	40,454	133,680	155,937
Profit before Tax	17,195	15,126	15,807	17,056	12,629	14,729	12,193	13,646	65,184	53,196
Income Tax Expense / (Income)	5,141	4,900	5,585	6,976	4,878	7,714	5,237	5,694	22,602	23,522
Profit after Tax	12,054	10,226	10,222	10,080	7,751	7,015	6,956	7,953	42,582	29,674
Minority interest	98	44	-108	-21	-129	197	197	158	13	423
Reported Net Profit / (Loss)	12,152	10,270	10,113	10,059	7,622	7,212	7,152	8,111	42,595	30,097
YoY Growth (%)	-27.7	-38.2	-22.4	-28.2	-37.3	-29.8	-29.3	-19.4	-29.6	-29.3

E: MOSL Estimates

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Investors are advised to refer through disclosures made at the end of the Research Report.

India and South Asia EBITDA 2% above estimates

- India and South Asia proforma revenue grew 9.1% YoY and 0.8% QoQ to INR138.3b (v/s estimate of INR136.4b).
- Proforma EBITDA declined 2.3% YoY but grew 2.6% QoQ to INR44.7b (v/s estimate of INR43.7b).
- Proforma EBITDA margin declined 375bp YoY but improved 50bp QoQ to 32.8% (v/s our estimate of 35.4%).
- Margin improvement was led by lower SGA expenses, licence fees and network opex.

Bharti India & South Asia: Margin analysis (INR b)

	2QFY12	1QFY13	2QFY13	YoY%	QoQ%
Revenue	126.8	137.2	144.5	14	5.3
Access charges	14.6	16.9	20.3	39	20.6
Licence fees, rev. share & spectrum charges	12.5	13.9	13.9	11	0.0
Network operations costs	30.7	35.4	36.4	19	2.8
Cost of good sold	0.3	0.3	0.2	-22	-25.5
Employee costs	5.1	5.1	5.2	2	2.3
Selling, general and administration expense	17.9	22.2	21.1	18	-4.7
Operating expenses	81.1	93.7	97.2	20	3.7
EBITDA	45.7	43.5	47.3	4	8.9
% of revenue					
Access charges	11.5	12.3	14.1	257bps	178bps
Licen. fees, rev. share & spectrum charges	9.9	10.1	9.6	-30bps	-51bps
Network operations costs	24.2	25.8	25.2	98bps	-62bps
Cost of good sold	0.2	0.2	0.2	-8bps	-7bps
Employee costs	4.1	3.7	3.6	-44bps	-11bps
Selling, general and administration expense	14.1	16.2	14.6	53bps	-154bps
Operating expenses	64.0	68.3	67.3	326bps	-107bps
EBITDA margin	36.0	31.7	32.7	-326bps	107bps

Source: Company, MOSL

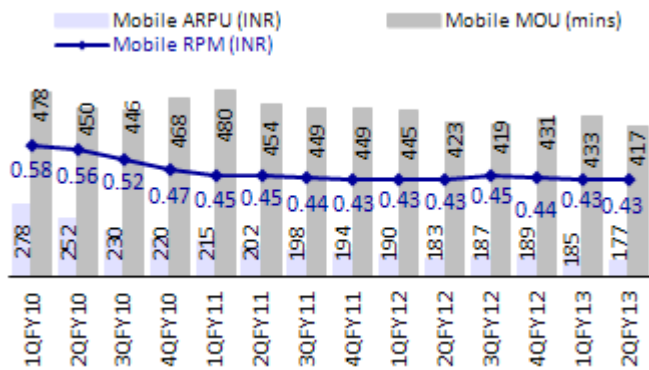
Mobile services (India and South Asia): Proforma EBITDA down 1% QoQ

- Proforma mobile revenue increased 7.6% YoY but declined 1.4% QoQ to INR105.3b (vs est of INR105.9b).
- Proforma EBITDA declined 2.7% YoY and 1% QoQ to INR32b (vs est of INR32.5b).
- Proforma EBITDA margin improved 15bp QoQ to 30.4% (v/s est of 30.6%).
- Mobile traffic (India) grew 8% YoY but declined 2% QoQ to 234b minutes (vs est of 237b min).
- MOU per subscriber declined 3.8% QoQ to 417 mins (vs est of 424 mins).
- RPM declined 0.2% QoQ to 42.6p (in line).
- Mobile ARPU declined 3.9% QoQ to INR177 (vs est of INR181).
- Blended monthly churn remained high at 8.5%.

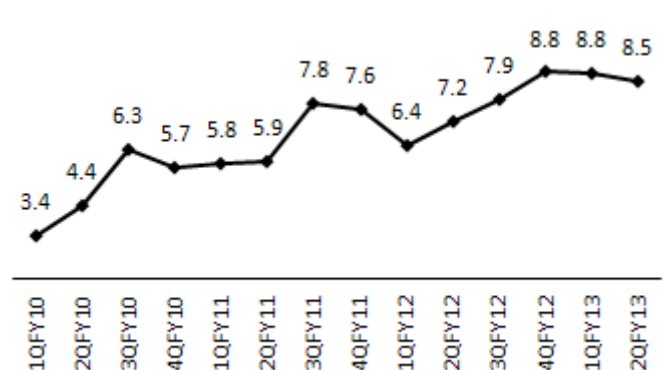
Sharp improvement in telemedia and enterprise

- Telemedia revenue improved 1% QoQ to INR9.5b led by ARPU improvement. EBITDA increased 6% QoQ to INR4b. ARPU improved 1% QoQ to INR971.
- Airtel Business (erstwhile enterprise segment) revenue/EBITDA improved 17/9% QoQ, second consecutive quarter of improved performance in the segment.

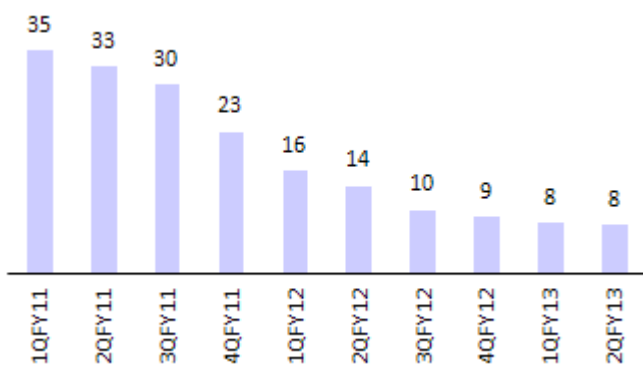
India mobile KPI performance broadly in line



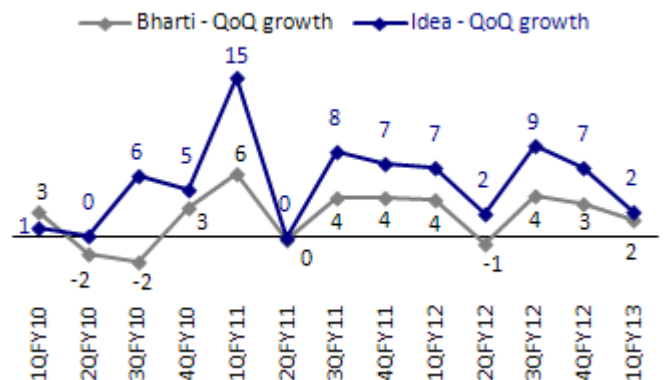
India mobile: Monthly churn remains high (%)



India mobile: YoY traffic growth at 8% (%)



Bharti v/s Idea: QoQ India mobile traffic growth (%)



Source: Company, MOSL

Passive infrastructure: Strong quarter

- Passive infrastructure segment revenue and EBITDA includes standalone operations of Bharti Infratel and proportionate consolidation of 42% stake in Indus Towers.
- Revenue increased 7.6% YoY and 6.3% QoQ to INR25.6b; EBITDA increased 7.6% YoY and 9% QoQ to INR9.6b.
- Bharti Infratel has a portfolio of ~34,200 towers with a tenancy ratio of 1.81x.
- Indus Towers has a portfolio of ~110,600 towers with a tenancy ratio of 1.98x.

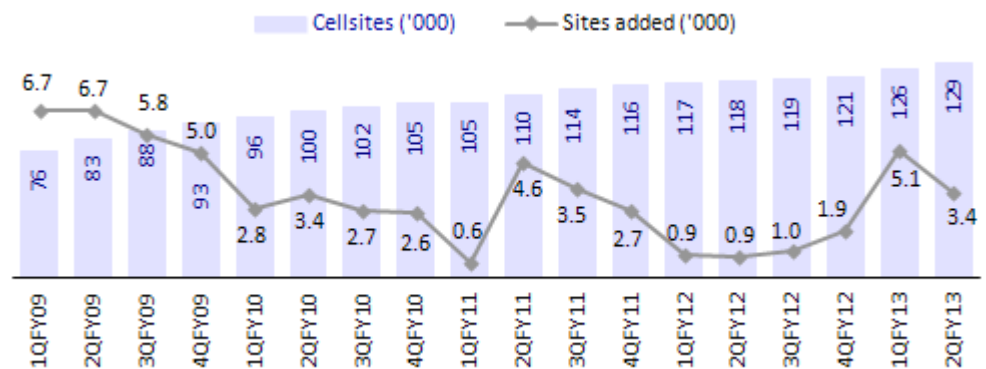
Africa: Strong traction led by 20% QoQ traffic growth

- Africa revenue increased 2.9% QoQ to USD1,097m (v/s est of USD1,100m). RPM decline of 14.5% QoQ was offset by 20.3% traffic growth.
- EBITDA increased 8.4% QoQ to USD298m implying EBITDA margin of 27.2% (v/s 25.8% in 1QFY13), ~100bp above our estimate.
- Net loss declined from ~USD126m in 1QFY13 to ~USD97m in 2QFY13 (v/s our estimate of USD84m net loss).
- Total minutes grew ~20% QoQ to 23.6b; RPM declined ~15% QoQ to 4.6 US cents.
- ARPU declined 2.4% QoQ to USD6.4.
- Total subscriber base increased to 58.7m in 2QFY13 (v/s 55.9m in 1QFY13).

Net debt at INR668b; site addition momentum continues

- Bharti's net debt declined 2% QoQ to INR668b, implying net debt/ proforma annualised EBITDA of 2.73x.
- FY13 consolidated capex guidance remains largely unchanged at USD3-3.2b.
- Site addition momentum continues with an addition of ~3,400 2G cell-sites during the quarter for Bharti India.

Bharti has added 8,500 sites during 1HFY13 vs 4,600 added in FY12



Source: Company, MOSL

Sustained RPM improvement imperative for turnaround; maintaining FY14 estimates; Neutral

- We believe sustained RPM improvement would be imperative for a turnaround in the India business as mobile traffic growth is already down to single-digits and data revenue is yet to contribute significantly (currently ~5%) despite sharp acceleration.
- We upgrade FY13 EBITDA and EPS estimates by 3-5% to incorporate one-time interconnect income and better-than-expected proforma results; our FY14 estimates remain largely unchanged.
- We expect 7% EBITDA CAGR over FY12-14E. At CMP of INR271, the stock trades at EV/EBITDA of 6.9x FY13E and 6x FY14E. Maintain Neutral with a target price of INR265/sh based on 7x FY14 EV/EBITDA for India & SA, 5x FY14 EV/EBITDA for Africa and potential INR142b outlay incorporated into SOTP for spectrum related payments.

Summary of estimate change

Consolidated

	FY13E	FY14E
Revenue (INR b)		
Old	796	870
New/Actual	808	884
Change (%)	1.5	1.6
EBITDA (INR b)		
Old	244	271
New/Actual	250	274
Change (%)	2.8	0.9
Net Profit (INR b)		
Old	29	40
New/Actual	30	40
Change (%)	4.5	0.0
EPS (INR)		
Old	7.6	10.5
New/Actual	7.9	10.5
Change (%)	4.5	0.0

India & SA

	FY13E	FY14E
Revenue (INR b)		
Old	559	608
New/Actual	572	623
Change (%)	2.3	2.4
EBITDA (INR b)		
Old	180	201
New/Actual	184	201
Change (%)	2.6	0.1
Mobile traffic (b min)		
Old	973	1,055
New/Actual	960	1,042
Change (%)	-1.3	-1.3
RPM (p)		
Old	43.0	44.1
New/Actual	43.0	44.2
Change (%)	0.0	0.1

Africa

	FY13E	FY14E
Revenue (USD b)		
Old	4.5	5.0
New/Actual	4.5	5.0
Change (%)	-0.2	-0.2
EBITDA (USD b)		
Old	1.2	1.3
New/Actual	1.2	1.4
Change (%)	3.4	3.4
Subscribers (m)		
Old	64	78
New/Actual	64	78
Change (%)	0.1	0.1
ARPU (USD)		
Old	6.3	5.8
New/Actual	6.3	5.8
Change (%)	-0.3	-0.3

Bharti Airtel - Proforma consolidated segment wise summary as per IFRS (INR m)

	2QFY12	1QFY13	2QFY13	YoY%	QoQ%	2QFY13E	v/s Est (%)
Revenue							
Mobile (adjusted)	97,827	106,848	105,309	7.6	-1.4	105,931	-0.6
Telemedia	9,528	9,442	9,529	0.0	0.9	9,454	0.8
Enterprise	11,042	11,906	13,934	26.2	17.0	11,906	17.0
Passive Infrastructure	23,766	24,048	25,567	7.6	6.3	23,991	6.6
Others	3,994	4,475	4,883	22.2	9.1	4,593	6.3
Africa	47,032	57,586	60,512	28.7	5.1	60,483	0.0
Eliminations	-20,492	-20,803	-22,863	11.6	9.9	-20,698	10.5
Consolidated Revenue (adj)	172,698	193,501	196,871	14.0	1.7	195,659	0.6
EBITDA							
Mobile (adjusted)	32,926	32,350	32,037	-2.7	-1.0	32,466	-1.3
Telemedia	4,213	3,809	4,039	-4.1	6.0	3,821	5.7
Enterprise	2,371	1,963	2,148	-9.4	9.4	2,024	6.1
Passive Infrastructure	8,902	8,788	9,577	7.6	9.0	8,578	11.6
Others	-1,853	-2,518	-2,216	19.6	-12.0	-2,400	-7.7
Africa	12,403	14,924	16,413	32.3	10.0	15,857	3.5
Consolidated EBITDA (adj)	58,151	58,487	61,108	5.1	4.5	59,536	2.6
EBITDA margin (%)							
Mobile	33.7	30.3	30.4	-324bps	15bps	30.6	-23bps
Telemedia	44.2	40.3	42.4	-183bps	204bps	40.4	197bps
Enterprise	21.5	16.5	15.4	-606bps	-107bps	17.0	-158bps
Passive Infrastructure	37.5	36.5	37.5	0bps	91bps	35.8	170bps
Africa	26.4	25.9	27.1	75bps	121bps	26.2	91bps
Consolidated EBITDA	33.7	30.2	31.0	-263bps	81bps	30.4	61bps
Depreciation and amortization	31,839	37,571	38,560	21.1	2.6	38,335	0.6
Operating income	26,312	20,915	22,548	-14.3	7.8	21,201	6.4
Net finance cost	11,186	8,211	11,267	0.7	37.2	9,561	17.8
Profit Before Taxes	15,126	12,629	11,281	-25.4	-10.7	11,592	-2.7
Tax (adjusted)	4,900	4,878	5,995	22.3	22.9	4,985	20.3
Effective Tax Rate (%)	32.4	38.6	53.1	2075bps	1452bps	43.0	10bps
Profit After Tax	10,226	7,751	5,286	-48.3	-31.8	6,607	-20.0
Minority Interest	-44	129	-106	142.6	-182.2	44	-340.5
Net Profit	10,270	7,622	5,392	-47.5	-29.3	6,563	-17.8

Source: Company, MOSL

Bharti Africa - Quarterly performance (USD m)

	FY12				FY13		YoY%	QoQ%	2Q FY13E	v/s Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q				
Revenue	979	1,030	1,057	1,071	1,066	1,097	6.5	2.9	1,100	-0.2
EBITDA	246	270	282	298	275	298	10.4	8.4	288	3.4
EBITDA margin (%)	25.1	26.2	26.7	27.8	25.8	27.2	95bps	139bps	26.2	95bps
Depreciation and amortization	196	189	224	196	213	218	15.3	2.3	219	-0.3
EBIT	50	81	58	102	62	80	-1.0	29.6	70	14.9
Net finance cost	134	168	84	132	171	172	2.3	0.9	133	29.3
Pre operating and others	1	2	0	-1	-1	0	-	-	-1	-
Profit Before Taxes	-83	-85	-26	-31	-109	-92	7.8	-16.0	-64	43.5
Total Tax	-2	18	28	46	21	15	-17.0	-29.3	25	-39.9
Profit After Tax (before minorities)	-80	-103	-54	-77	-131	-107	3.5	-18.2	-89	20.1
Minority Interest	-12	-10	-2	-9	-5	-10	1.1	102.2	-5	102.2
Net Profit	-68	-93	-52	-68	-126	-97	3.7	-23.0	-84	15.2
Bharti Africa: KPIs										
Mobile Subs (m)	46.3	48.4	50.9	53.1	55.9	58.7	21.1	5.0	58.6	0.1
Mobile ARPU (USD/month)	7.3	7.3	7.1	6.8	6.5	6.4	-12.5	-2.4	6.4	-0.4
Total Minutes of Use (b mins)	16.3	17.9	18.5	19.1	19.7	23.6	31.7	20.3	20.7	14.4
Minutes of Use/Sub/Month	121	128	125	122	120	138	7.7	14.2	120	14.2
Effective Mobile RPM (US Cents)	6.0	5.7	5.7	5.6	5.4	4.6	-18.8	-14.5	5.3	-12.8

Source: Company, MOSL

Bharti: Key assumptions and value drivers

Mobile segment	FY10	FY11	FY12	FY13E	FY14E
Mobile - India					
Subs (m)	128	162	181	189	201
YoY (%)	36	27	12	4	6
Average subs (m)	111	145	172	185	195
YoY (%)	42	31	19	8	5
Netadds per month (m)	2.8	2.9	1.6	0.6	1.0
YoY (%)	6	3	-45	-60	57
Total mobile traffic (b min)	610	792	889	960	1,042
YoY (%)	28	30	12	8	8
ARPU (INR/month)	243	201	188	186	197
YoY (%)	-25	-17	-6	-1	6
MOU	459	455	431	432	445
YoY (%)	-10	-1	-5	0	3
Mobile RPM (INR)	0.53	0.44	0.44	0.43	0.44
YoY (%)	-17	-17	-1	-1	3
Mobile EBITDA margin (%)	38.7	34.7	33.9	30.6	30.6
Mobile Capex (INR b)	34	59	32	75	40
Mobile Capex/sales (%)	10	16	8	17	8
Mobile - Africa					
Subs (m)		44	53	64	78
YoY (%)		5	20	21	20
Netadds per month (m)		0.2	0.7	0.9	1.1
ARPU (USD/month)		7.3	7.1	6.3	5.8
YoY (%)			-2	-11	-8
Capex (USD b)		0.9	1.5	0.8	1.0
Capex/Sales (%)		24	37	19	20
EBITDA margin (%)		25	27	27	27

Passive Infrastructure	FY10	FY11	FY12	FY13E	FY14E
Indus Towers					
Towers (000s)	103	109	109	112	113
Cellsites (000s)	176	201	214	229	242
Tenancy ratio (x)	1.7	1.9	2.0	2.1	2.2
Sharing rev. per operator/mth (INR 000s)		29.5	31.3	30.7	29.8
EBITDA margin (%)		26.6	28.5	27.6	26.6
Bharti Infratel					
Towers (000s)	31	33	33	35	37
Cellsites (000s)	50	58	60	66	73
Tenancy ratio (x)	1.6	1.8	1.8	1.9	2.0
Sharing rev. per operator/mth (INR 000s)	37.2	37.0	37.3	38.3	36.9
EBITDA margin (%)	46.2	48.1	47.8	48.0	47.6

Source: Company, MOSL

Business Mix

Revenue (INR b)	FY10	FY11	FY12	FY13E	FY14E
Mobile	331	363	403	440	483
Telemedia	34	36	37	38	38
Enterprise	45	41	45	54	65
Passive Infrastructure	71	86	95	102	107
Others	6	10	16	19	22
Africa	0	131	198	242	263
Total revenue	487	667	794	895	978
Eliminations and others	-68	-72	-80	-88	-94
Consolidated revenue	418	595	715	808	884
YoY%	13	42	20	13	9
EBITDA (INR b)					
Mobile	128	126	137	134	148
Telemedia	15	16	16	15	14
Enterprise	13	10	8	9	11
Passive Infrastructure	25	32	36	39	40
Others	-10	-10	-9	-9	-8
Total India & SA	168	171	184	184	201
Africa	0	29	53	66	72
Total EBITDA	170	202	240	254	277
Eliminations and others	-2	-3	-3	-3	-4
Consolidated EBITDA	168	200	237	250	274
YoY%	11	19	19	6	9
Capex (INR b)					
Mobile	34	59	32	75	40
Telemedia	10	8	8	6	5
Enterprise	12	4	2	1	1
Others	16	14	9	15	15
Passive infrastructure	12	23	14	14	7
Africa	0	36	76	45	53
Consolidated capex	83	143	140	156	122
YoY%	-41	71	-2	11	-22
Capex/Sales (%)	20	24	20	19	14

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. Bharti is the largest Indian wireless operator with revenue market share of ~30% and population coverage of 86%. Bharti is the third largest wireless company globally by subscribers.

Key investment arguments

- Bharti continues to maintain its wireless leadership in India with a wireless subscriber share of ~20% and adjusted 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 and BWA spectrum in 4 circles for a total outlay of INR156b, which will support voice decongestion as well as development of new revenue streams from data services in the maturing urban market.
- We expect 11% revenue CAGR and 7% EBITDA CAGR over FY12-14E.

Key investment risks

- Significant outlay towards spectrum renewal/re-farming if spectrum pricing remains at current government determined level of INR140b for a 5Mhz pan-India spectrum block in 1800MHz band
- High forex risk given exposure to significant USD denominated debt

Recent developments

- Bharti has filed DRHP for tower subsidiary Bharti Infratel's IPO and is currently awaiting regulatory approvals.

Valuation and view

- We upgrade FY13 EBITDA and EPS estimates by 3-5% to incorporate one-time interconnect income and better-than-expected proforma results; our FY14 estimates remain largely unchanged.
- We expect 7% EBITDA CAGR over FY12-14E. At CMP of INR271, the stock trades at EV/EBITDA of 6.9x FY13E and 6x FY14E. Maintain **Neutral** with a target price of INR265/sh based on 7x FY14 EV/EBITDA for India & SA, 5x FY14 EV/EBITDA for Africa and potential INR142b outlay incorporated into SOTP for spectrum related payments.

Comparative valuations

		Bharti	Idea	RCOM
P/E (x)	FY13E	34.2	27.2	15.9
	FY14E	25.8	15.3	9.9
EV/EBITDA (x)	FY13E	6.9	6.8	7.0
	FY14E	6.0	5.3	6.2
EV/Sales (x)	FY13E	2.1	1.8	2.2
	FY14E	1.9	1.5	1.9
P/BV (x)	FY13E	1.9	2.1	0.4
	FY14E	1.8	1.8	0.4

Shareholding pattern (%)

	Sep-12	Jun-12	Sep-11
Promoter	45.7	45.7	45.5
Domestic Inst	8.5	8.4	8.7
Foreign	39.5	39.9	40.2
Others	6.4	6.0	5.6

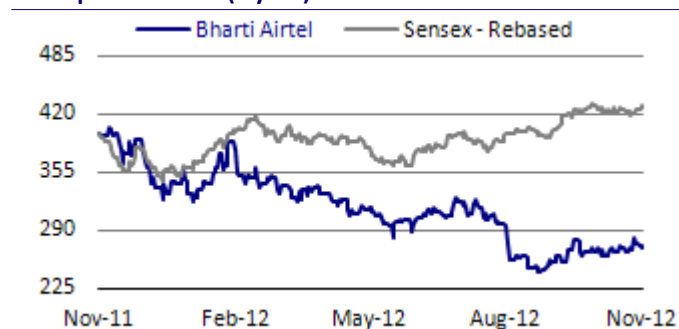
EPS: MOSL forecast v/s Consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY13	7.9	11.5	-31.5
FY14	10.5	16.6	-36.8

Target Price and Recommendation

Current Price (INR)	Target Price (INR)	Upside (%)	Reco.
271	265	-2	Neutral

Stock performance (1 year)



Financials and Valuation

Income Statement		(INR Million)			
Y/E March	2011	2012	2013E	2014E	
Revenues	594,672	714,507	807,571	884,137	
Change (%)	42.1	20.2	13.0	9.5	
Total Expenses	395,007	477,385	557,156	610,615	
EBITDA	199,664	237,122	250,415	273,522	
% of Gross Sales	33.6	33.2	31.0	30.9	
Depn. & Amortization	102,066	133,680	155,937	161,339	
EBIT	97,598	103,442	94,478	112,183	
Net finance cost	21,813	38,185	41,207	42,284	
Other Income	998	-73	-75	0	
PBT	76,783	65,184	53,196	69,899	
Tax	17,790	22,602	23,522	24,430	
Rate (%)	23.2	34.7	44.2	35.0	
Minority Interest	-1,475	-13	-423	5,598	
Adjusted PAT	60,468	42,595	30,097	39,871	

Balance Sheet		(INR Million)			
Y/E March	2011	2012	2013E	2014E	
Share Capital	18,988	18,988	18,988	18,988	
Add. Paid up Capital	56,499	56,499	56,499	56,499	
Reserves	412,181	430,626	429,249	465,143	
Net Worth	487,668	506,113	504,735	540,492	
Loans	616,708	690,232	794,836	902,905	
Minority Interest	28,563	27,695	25,674	31,313	
Other Liabilities	28,078	31,920	37,888	38,776	
Deferred Tax Liability	18,572	18,861	22,585	23,174	
Capital Employed	1,179,589	1,274,821	1,385,719	1,536,660	
Gross Block	1,599,377	1,776,560	1,932,906	2,054,910	
Less : Depreciation	310,634	440,740	529,855	703,789	
Net Block	1,288,743	1,335,820	1,403,051	1,351,121	
Other Non-Current Assets	64,244	86,711	95,755	101,281	
Curr. Assets	112,077	148,084	221,309	421,563	
Inventories	2,139	1,308	1,304	1,422	
Debtors	54,929	63,735	78,150	85,180	
Cash & Bank Balance	9,575	20,300	38,133	127,927	
Short-term investments	6,968	18,934	57,156	157,024	
Other Current Assets	38,466	43,807	46,566	50,009	
Curr. Liab. & Prov.	285,475	295,795	334,396	337,305	
Creditors	249,737	243,461	293,222	296,590	
Other Current Liabilities	35,738	52,334	41,174	40,715	
Net Curr. Assets	-173,398	-147,710	-113,087	84,257	
Appl. of Funds	1,179,589	1,274,821	1,385,719	1,536,660	

E: MOSL Estimates

Ratios					
Y/E March	2011	2012	2013E	2014E	
Basic (INR)					
EPS	15.9	11.2	7.9	10.5	
Cash EPS	42.8	46.5	49.0	53.0	
Book Value	136.1	140.7	139.8	150.8	
DPS	1.0	1.1	0.8	1.1	
Payout %(Incl.Div.Taxes)	6.3	10.0	10.0	10.0	
Valuation (x)					
P/E		24.1	34.2	25.8	
Cash P/E		5.8	5.5	5.1	
EV/EBITDA		7.1	6.9	6.0	
EV/Sales		2.4	2.1	1.9	
Price/Book Value		1.9	1.9	1.8	
Dividend Yield (%)		0.4	0.3	0.4	
Profitability Ratios (%)					
RoE	12.6	8.1	5.7	7.2	
RoCE	8.7	6.2	4.8	5.5	
Turnover Ratios					
Debtors (Days)	34	33	35	35	
Asset Turnover (x)	0.78	0.65	0.71	0.78	
Leverage Ratio					
Net Debt/Equity (x)	1.2	1.2	1.3	1.1	

Cash Flow Statement		(INR Million)			
Y/E March	2011	2012	2013E	2014E	
Op.Profit/(Loss) bef Tax	199,664	237,122	250,415	273,522	
Other Income	998	-73	-75	0	
Interest Paid	-21,813	-38,185	-41,207	-42,284	
Direct Taxes Paid	-37,970	-25,730	-29,551	-24,121	
(Inc)/Dec in Wkg. Cap.	120,819	-18,280	22,130	-12,689	
CF from Op.Activity	261,699	154,854	201,712	194,428	
(inc)/Dec in FA + CWIP	-848,290	-180,757	-223,167	-109,409	
(Pur)/Sale of Investmen	45,451	-11,990	-38,198	-99,867	
CF from Inv.Activity	-802,839	-192,748	-261,365	-209,277	
Issue of Shares	9,624	-19,791	-22,509	522	
Inc/(Dec) in Debt	514,810	73,524	104,604	108,069	
Other Financing Activiti	961	-5,113	-4,606	-3,947	
CF from Fin.Activity	525,395	48,620	77,489	104,644	
Inc/(Dec) in Cash	-15,748	10,725	17,833	89,794	
Add: Opening Balance	25,323	9,575	20,300	38,133	
Closing Balance	9,575	20,300	38,133	127,927	

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Bharti Airtel

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2. Group/Directors ownership of the stock	Yes
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