

## Bharti Airtel

### Performance highlights

(₹ cr)	2QFY13	1QFY13	% chg (qoq)	2QFY12	% chg (yoy)
<b>Net sales</b>	<b>20,283</b>	<b>19,362</b>	<b>4.8</b>	<b>17,276</b>	<b>17.4</b>
EBITDA	6,351	5,849	8.6	5,815	9.2
EBITDA margin (%)	31.3	30.2	110bp	33.7	(235)bp
<b>PAT</b>	<b>721</b>	<b>791</b>	<b>(8.9)</b>	<b>1,027</b>	<b>(29.8)</b>

Source: Company, Angel Research

For 2QFY2013, Bharti Airtel's (Bharti) revenue as well as operating margins came in-line with our as well as the street's estimates, however its bottom-line disappointed because of higher tax paid. Telecom revenues in India have been depressed due to subdued subscriber addition and stable pricing. The EBITDA margin of Africa came in as a positive surprise, growing by 137bp qoq. We maintain our Neutral view on the stock reiterating cautious stance on the telecom sector as the regulatory challenges such as one-time payout, re-farming of spectrum and upcoming 2G spectrum auction continue.

**Result highlights:** For 2QFY2013, Bharti's consolidated revenue stood at ₹20,283cr, up 4.8% qoq. This was majorly on the back of one-time revenue flow of ~₹586cr because of a favorable judgment of TDSAT. Adjusting for this, revenues grew by merely 1.7% qoq, largely in line with expectations. The consolidated EBITDA margin of Bharti grew by 110bp qoq to 31.3%, however, excluding the one-off impact EBITDA came in at ₹6,100cr, up 4.3% qoq. The PAT came in at ₹721cr, down 8.9% qoq, hit by one time tax expense related to dividend distribution tax for Indus Towers.

**Outlook and valuation:** On the domestic business front, Bharti's management indicated that the business environment remains very challenging. We believe it is difficult to see any major improvement in Bharti's domestic business any time soon as a significant cut has been taken by telecom companies including Bharti on 3G tariffs, subscriber growth has become muted and lot of regulatory uncertainties continue to prevail. We believe sustained RPM improvement would be imperative for a turnaround in the India mobile business as mobile traffic growth is already subdued and data revenue is yet to contribute significantly. Bharti is on its way to turnaround its Africa business and the management indicated that they would be implementing various minutes growth schemes across the continent by December, 2012. This would continue to drive traffic growth in the coming quarter. 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 5.3x FY2014E EV/EBITDA and 21.1x FY2014E EPS. **We continue to remain Neutral on the stock.**

### Key financials (Consolidated, IFRS)

Y/E March (₹ cr)	FY2010	FY2011	FY2012	FY2013E	FY2014E
<b>Net sales</b>	<b>41,847</b>	<b>59,467</b>	<b>71,475</b>	<b>79,842</b>	<b>86,098</b>
% chg	13.2	42.1	20.2	11.7	7.8
<b>Net profit</b>	<b>9,108</b>	<b>6,035</b>	<b>4,261</b>	<b>3,458</b>	<b>4,887</b>
% chg	5.7	(33.7)	(29.4)	(18.9)	41.3
EBITDA margin (%)	40.3	33.7	33.2	31.2	32.0
<b>EPS (₹)</b>	<b>24.0</b>	<b>15.9</b>	<b>11.2</b>	<b>9.1</b>	<b>12.9</b>
P/E (x)	11.3	17.1	24.2	29.8	21.1
P/BV (x)	2.4	2.1	2.0	1.9	1.8
RoE (%)	21.6	12.4	8.4	6.4	8.4
RoCE (%)	17.6	8.2	8.1	8.1	9.9
EV/Sales (x)	2.5	2.7	2.4	2.0	1.7
EV/EBITDA (x)	6.3	8.1	7.1	6.4	5.3

Source: Company, Angel Research

## NEUTRAL

CMP	₹271
Target Price	-

Investment Period	-
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### Stock Info

Sector	Telecom
Market Cap (₹ cr)	102,953
Net debt (₹ cr)	66,760
Beta	1.0
52 Week High / Low	412/238
Avg. Daily Volume	454,430
Face Value (₹)	5
BSE Sensex	18,902
Nifty	5,760
Reuters Code	BRTI.BO
Bloomberg Code	BHARTI.IN

### Shareholding Pattern (%)

Promoters	68.5
MF / Banks / Indian Fls	8.5
FII / NRIs / OCBs	16.4
Indian Public / Others	6.6

Abs. (%)	3m	1yr	3yr
Sensex	7.4	7.6	17.0
Bharti Airtel	(7.7)	(31.9)	(15.3)

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**Exhibit 1: 2QFY2013 – Financial performance (Standalone, Indian GAAP)**

(₹ cr)	2QFY13	1QFY13	% chg (qoq)	2QFY12	% chg (yoy)	1HFY13	1HFY12	% chg (yoy)
<b>Net sales</b>	<b>11,523</b>	<b>10,981</b>	<b>4.9</b>	<b>10,165</b>	<b>13.4</b>	<b>22,504</b>	<b>20,346</b>	<b>10.6</b>
Access charges	1,990	1,650	20.6	1,424	39.8	3,640	2,773	31.3
License fees and spectrum charges	1,221	1,222	(0.1)	1,117	9.3	2,443	2,280	7.2
Employee costs	356	364	(2.1)	362	(1.4)	720	749	(3.8)
Other expenses	4,482	4,523	(0.9)	3,931	14.0	9,005	7,761	16.0
Total operating expenses	8,050	7,759	3.7	6,834	17.8	15,809	13,562	16.6
as % to sales	69.9	70.7		67.2		70.3	66.7	
<b>EBITDA</b>	<b>3,474</b>	<b>3,221</b>	<b>7.8</b>	<b>3,331</b>	<b>4.3</b>	<b>6,695</b>	<b>6,783</b>	<b>(1.3)</b>
Depreciation and amortization	1,680	1,652	1.7	1,426	17.8	3,332	2,852	16.8
EBIT	1,794	1,569	14.3	1,905	(5.9)	3,363	3,931	(14.5)
Interest cost	336	546	(38.5)	469	(28.4)	882	690	27.8
Other income	796	642		147		1,438	182	
PBT	2,253	1,666	35.3	1,583	42.3	3,919	3,423	14.5
Tax	462	196	135.8	276	67.4	657	683	(3.8)
<b>PAT</b>	<b>1,792</b>	<b>1,470</b>	<b>21.9</b>	<b>1,308</b>	<b>37.0</b>	<b>3,262</b>	<b>2,740</b>	<b>19.0</b>
EBITDA margin	30.1	29.3	81bp	32.8	262bp	29.7	33.3	(359)bp
EBIT margin	15.6	14.3	127bp	18.7	318bp	14.9	19.3	(438)bp
PAT margin	15.5	13.4	216bp	12.9	268bp	14.5	13.5	103bp

Source: Company, Angel Research

**Subdued performance:** For 2QFY2013, Bharti reported a revenue growth of 4.8% qoq, with consolidated revenue coming in at ₹20,283. This was majorly on the back of one-time revenue flow of ~₹586cr because of a favorable judgment of TDSAT. Adjusting for this, revenues grew by merely 1.7% qoq, largely in line with expectations.

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

Business segment (₹ cr)	2QFY13	1QFY13	% chg (qoq)	2QFY12	% chg (yoy)
Mobile services – India & South Asia	11,117	10,685	4.0	9,783	13.6
Mobile services – Africa	5,854	5,632	3.9	4,591	27.5
Telemedia services	953	944	0.9	953	0.0
Enterprise services	1,393	1,191	17.0	1,104	26.2
Passive infrastructure services	2,557	2,405	6.3	2,377	7.6
Others	498	459	8.4	406	22.7
Eliminations	2,090	1,954	6.9	1,937	7.9
<b>Net revenue</b>	<b>20,283</b>	<b>19,362</b>	<b>4.8</b>	<b>17,276</b>	<b>17.4</b>

Source: Company, Angel Research

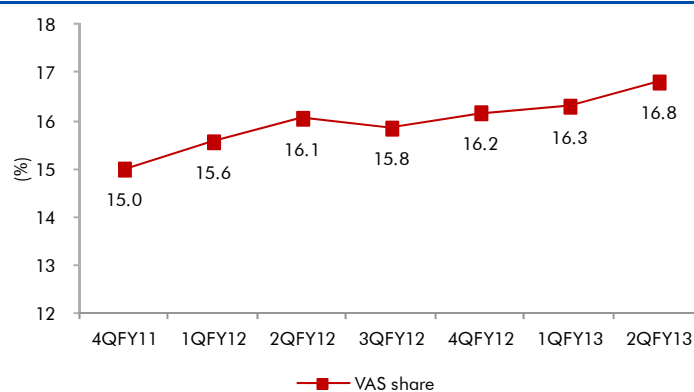
**Mobile business – India and South Asia:** The revenue of the mobile business in India and South Asia grew by 4.0% qoq to ₹11,117cr, majorly led by the above mentioned one-off. The Indian mobility business came up with a de growth in almost all its KPIs owing to the seasonally weak second quarter. Mobile traffic declined by 2.1% qoq to 243bn min. The subscriber base fell to 185.9mn from 187.3mn and minutes of usage (MOU) fell by 3.8% to 417min from 433min in 1QFY2013. Average revenue per minute (ARPM) remained flat qoq at ₹0.43/min. Consequently, the average revenue per user (ARPU) declined to ₹177/month from ₹185/month in 1QFY2013. Churn levels remain elevated at 8.5% per month. VAS as a percentage of mobility revenues improved to 16.8% from 16.3% during 1QFY2013. The growth in non-voice revenues was led by growth in data revenue, which grew from 4.3% to 5.2% of total revenues. Data ARPU increased to ₹43 from ₹40 in 1QFY2013.

**Exhibit 3: Trend in MOU (qoq)**



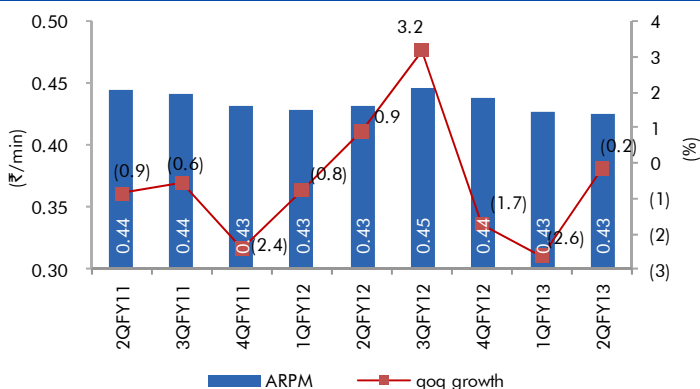
Source: Company, Angel Research

**Exhibit 4: Trend in VAS share (qoq)**



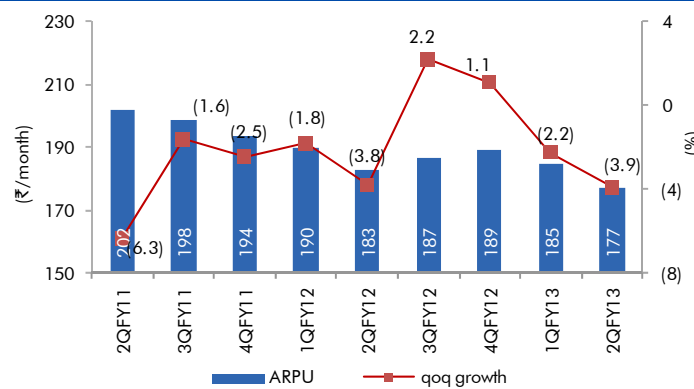
Source: Company, Angel Research

**Exhibit 5: Trend in ARPM (qoq)**



Source: Company, Angel Research

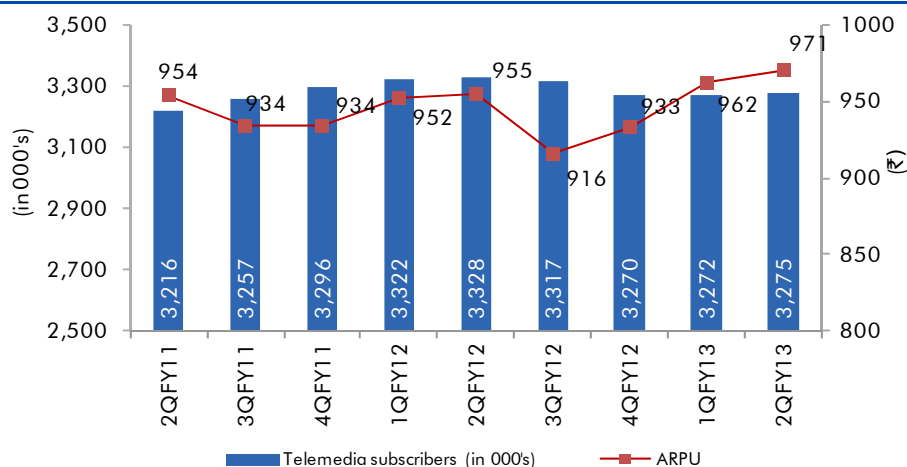
**Exhibit 6: Trend in ARPU (qoq)**



Source: Company, Angel Research

**Telemedia services:** The revenue of the telemedia business increased by 0.9% qoq to ₹953cr, led by an improvement in APRU to ₹971/month from ₹962/month in 1QFY2013. Bharti's subscriber base in this business remained almost stable qoq.

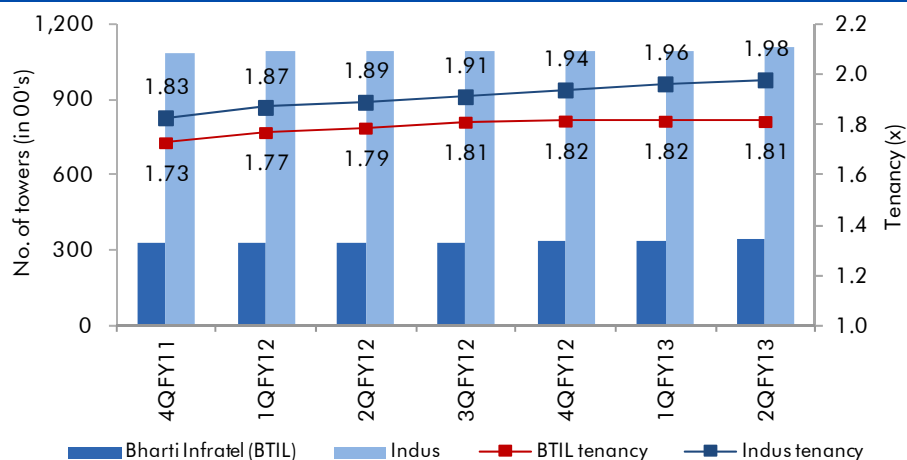
**Exhibit 7: Telemedia – Subscriber base and ARPU trend**



Source: Company, Angel Research

**Passive infrastructure services:** The revenues in the passive infrastructure services segment grew by 6.3% to ₹2,557cr. Bharti Infratel has a portfolio of ~34,449 towers with a tenancy ratio of 1.81x and Indus Towers has a portfolio of ~110,561 (109,318 in 1QFY2013) towers with a tenancy ratio of 1.98x.

**Exhibit 8: Trend in passive infrastructure business (qoq)**



Source: Company, Angel Research

**Exhibit 9: 2QFY2013 – Financial performance (Consolidated, IFRS)**

(₹ cr)	2QFY13	1QFY13	% chg (qoq)	2QFY12	% chg (yoy)	1HFY13	1HFY12	% chg (yoy)
<b>Net revenue</b>	<b>20,283</b>	<b>19,362</b>	<b>4.8</b>	<b>17,276</b>	<b>17.4</b>	<b>39,645</b>	<b>34,259</b>	<b>15.7</b>
Operating expenditure	13,932	13,513	3.1	11,461	21.6	27,445	22,738	20.7
<b>EBITDA</b>	<b>6,351</b>	<b>5,849</b>	<b>8.6</b>	<b>5,815</b>	<b>9.2</b>	<b>12,200</b>	<b>11,521</b>	<b>5.9</b>
Depreciation & amortization	3,856	3,757	2.6	3,184	21.1	7,613	6,315	20.5
EBIT	2,495	2,092	19.3	2,631	(5.2)	4,586	5,206	(11.9)
Interest charges	1,022	821	24.5	1,119	(8.6)	1,843	1,974	(6.6)
Non operating expenditure	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
PBT	1,473	1,270	15.9	1,513	(2.6)	2,743	3,232	(15.1)
Income tax	771	488	58.1	490	57.4	1,259	1,004	25.4
PAT	701	783	(10.4)	1,023	(31.4)	1,484	2,228	(33.4)
Share in earnings of associate	-	8	-	-	-	8	-	-
Minority Interest	(20)	(1)	1870.0	(4)	347.7	(21)	(14)	45.8
<b>Adj. PAT</b>	<b>721</b>	<b>791</b>	<b>(8.9)</b>	<b>1,027</b>	<b>(29.8)</b>	<b>1,512</b>	<b>2,242</b>	<b>(32.5)</b>
EPS (₹)	1.9	2.0	(7.1)	2.7	(29.8)	3.9	5.9	(33.2)
EBITDA margin (%)	31.3	30.2	110bp	33.7	(235)bp	30.8	33.6	(286)bp
EBIT margin (%)	12.3	10.8	150bp	15.2	(293)bp	11.6	15.2	(363)bp
PAT margin (%)	3.6	4.1	(53)bp	5.9	(239)bp	3.8	6.5	(273)bp

Source: Company, Angel Research

**Exhibit 10: Actual vs Angel estimates**

(₹ cr)	Actual	Estimate	% Var.
Net sales	20,283	19,382	4.7
EBITDA margin (%)	31.3	30.9	40bp
PAT	721	862	(16.3)

Source: Company, Angel Research

**Mobile – Africa business:** For 2QFY2013, Zain Africa's revenue stood at ₹5,854cr, up 3.9% qoq. In USD terms, the revenue increased by 2.9% qoq to US\$1,097mn, because MOU increased by 14% qoq to 138min. The ARPU, however, declined by 2.4% qoq to US\$6.4/month. ARPM declined substantially by 14.5% qoq to 4.6US¢/min, as traffic growth was driven on the back of discounted on-net minutes.

**Exhibit 11: Operating metrics for Zain Africa**

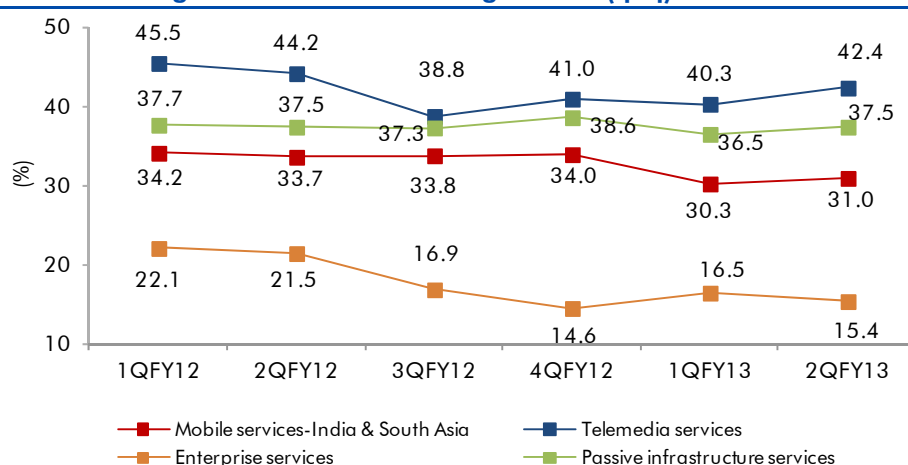
	1QFY13	4QFY12	% chg qoq	1QFY12	% chg yoy
ARPM (US¢/min)	4.6	5.4	(14.5)	5.7	(18.8)
MOU (min)	138	120	14.2	128	7.7
ARPU (US\$/month)	6.4	6.5	(2.4)	7.3	(12.5)
Subscriber base (mn)	58.7	55.9	5.0	48.4	21.1

Source: Company, Angel Research

## Margins move up slightly

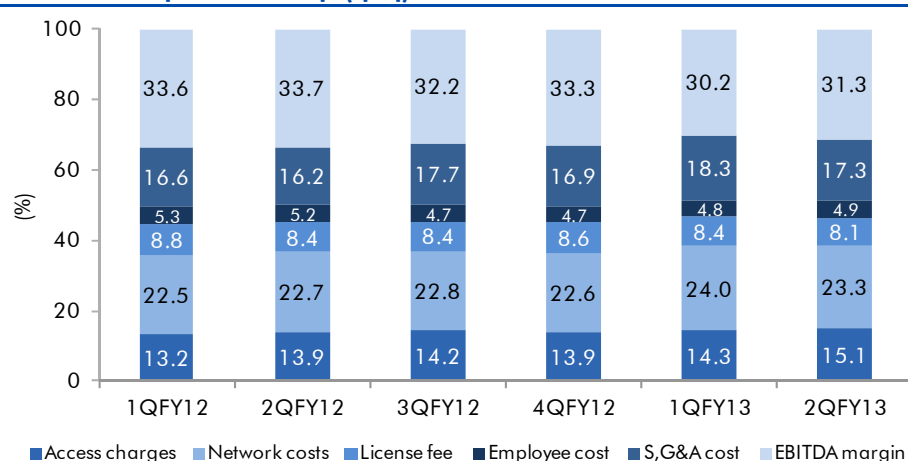
During the quarter, Bharti's consolidated EBITDA margin grew by 110bp qoq to 31.3% led by lower SG&A and network operating expenses. This includes a one-time impact of ~250cr; excluding the one-time impact, the EBITDA came in at ₹6,100cr, up 4.3% qoq. The EBITDA margin of Bharti's India mobile business (including South Asia) grew by 70bp qoq to 31.0%. The EBITDA margin of the Africa mobile business surprised positively, growing by 137bp qoq to 27.2%. The EBITDA margin of other business segments such as telemedia services and passive infrastructure services also grew by 205bp and 91bp qoq to 42.4% and 37.5%, respectively. While Africa business and operating performance surprised positively, the India mobile business continues to be impacted by hyper-competition despite recent corrective measures like rationalization of channel commissions.

**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

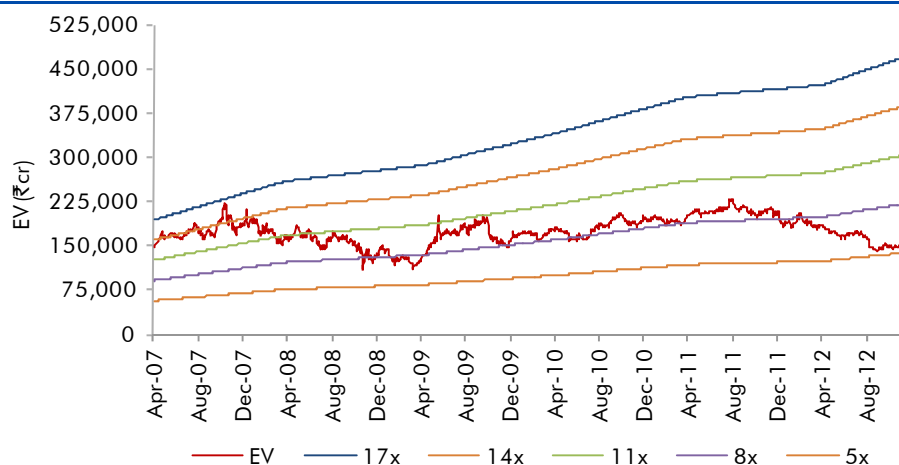
On the domestic business front, Bharti's management indicated that the business environment remains very challenging and the company will remain committed to its strategy of protecting and increasing revenue market share. We believe it is difficult to see any major improvement in Bharti's domestic business any time soon as a significant cut has been taken by telecom companies including Bharti on 3G tariffs, subscriber growth has become muted and lot of regulatory uncertainties continue to prevail. We believe sustained RPM improvement would be imperative for a turnaround in the India mobile business as mobile traffic growth is already subdued and data revenue is yet to contribute significantly.

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. Also, during 2QFY2013, the company increased its EBITDA margin considerably. The management indicated that they would be implementing various minutes growth schemes across the continent by December, 2012. This would continue to drive traffic growth in the coming quarter. Going ahead the company will strive to improve its EBITDA margin. 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.

The 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 28.0% 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 8.8% and 14.0% over FY2012-14E to 214mn and 69mn subscribers respectively. In addition, we expect VAS share to inch up due to surging demand for non-SMS data services; this would further comfort the company's ARPM. 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 5.3x FY2014E EV/EBITDA and 21.1x FY2014E EPS.

**We continue to remain Neutral on the stock.**

**Exhibit 14: One-year forward EV/EBITDA (x)**


Source: Company, Angel Research

**Exhibit 15: Change in estimates**

Parameter (₹ cr)	FY2012			FY2013		
	Earlier estimates	Revised estimates	Variation (%)	Earlier estimates	Revised estimates	Variation (%)
Net revenue	79,147	79,842	0.9	86,745	86,098	(0.7)
EBITDA	24,607	24,891	1.2	28,215	27,583	(2.2)
PBT	5,802	5,583	(3.8)	8,669	7,405	(14.6)
Tax	2,033	2,146	5.6	2,947	2,518	(14.6)
PAT	3,771	3,458	(8.3)	5,721	4,887	(14.6)

Source: Company, Angel Research

**Exhibit 16: 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	271	271	-	1.8	21.1	(6.9)	9.9	8.4
Idea Cellular	Neutral	87	87	-	1.8	17.7	21.9	12.2	10.3
RCom	Neutral	58	58	-	0.3	10.1	(3.8)	4.6	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
<b>Net sales</b>	<b>41,847</b>	<b>59,467</b>	<b>71,475</b>	<b>79,842</b>	<b>86,098</b>
Roaming and access charges	4,481	7,499	9,869	11,251	11,879
% of net sales	10.7	12.6	13.8	14.1	13.8
Network operating exp.	8,912	12,993	16,180	19,016	20,299
% of net sales	21.3	21.8	22.6	23.8	23.6
License fee	4,088	5,166	6,112	6,508	6,792
% of net sales	9.8	8.7	8.6	8.2	7.9
Other expenses	7,513	13,774	15,602	18,175	19,546
Total expenditure	24,993	39,432	47,762	54,951	58,515
% of net sales	59.7	66.3	66.8	68.8	68.0
<b>EBITDA</b>	<b>16,854</b>	<b>20,035</b>	<b>23,712</b>	<b>24,891</b>	<b>27,583</b>
% of net sales	40.3	33.7	33.2	31.2	32.0
Dep. and amortization	6,284	10,206	13,368	15,355	16,359
Non operating expenses	(18)	111	-	-	-
<b>EBIT</b>	<b>10,589</b>	<b>9,719</b>	<b>10,344</b>	<b>9,536</b>	<b>11,225</b>
Interest charges	18	2,182	3,819	3,953	3,820
Other income, net	70	129	-	-	-
Profit before tax	10,640	7,666	6,526	5,583	7,405
Provision for tax	1,345	1,778	2,260	2,146	2,518
% of PBT	12.6	23.2	34.6	38.4	34.0
<b>PAT</b>	<b>9,295</b>	<b>5,887</b>	<b>4,265</b>	<b>3,437</b>	<b>4,887</b>
Share in earnings of associate	-	-	(6)	-	-
Minority interest	187	(148)	(1)	(21)	-
<b>Adj. PAT</b>	<b>9,108</b>	<b>6,035</b>	<b>4,261</b>	<b>3,458</b>	<b>4,887</b>
EPS (₹)	24.0	15.9	11.2	9.1	12.9

**Balance sheet (Consolidated, IFRS)**

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E	FY2014E
<b>Liabilities</b>					
Share capital	1,899	1,899	1,899	1,899	1,899
Reserves and surplus	40,295	46,868	48,713	51,726	56,169
<b>Tot. shareholders' funds</b>	<b>42,194</b>	<b>48,767</b>	<b>50,611</b>	<b>53,625</b>	<b>58,067</b>
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
<b>Total debt</b>	<b>10,190</b>	<b>61,671</b>	<b>69,023</b>	<b>57,731</b>	<b>48,431</b>
Other liabilities	5,300	4,665	5,078	4,120	4,386
<b>Total liabilities</b>	<b>60,212</b>	<b>117,959</b>	<b>127,482</b>	<b>118,245</b>	<b>113,653</b>
<b>Assets</b>					
Gross block	69,725	96,810	112,529	122,529	131,529
Acc. depreciation	21,462	31,668	45,036	60,391	76,749
Net block	48,263	65,142	67,493	62,138	54,779
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	7,437	8,020
Cash and equivalents	2,532	958	2,030	549	2,844
Other current asst	2,381	3,921	4,461	5,561	6,794
<b>Total current assets</b>	<b>8,532</b>	<b>10,585</b>	<b>12,995</b>	<b>13,678</b>	<b>17,789</b>
Less: - current liab.	10,841	28,430	29,450	36,132	38,476
Less:- provisions	41	118	129	153	153
<b>Net current assets</b>	<b>(2,350)</b>	<b>(17,962)</b>	<b>(16,584)</b>	<b>(22,607)</b>	<b>(20,840)</b>
Net deferred tax	1,249	4,506	5,128	7,767	8,767
Miscellaneous exp.	-	-	-	-	-
<b>Total assets</b>	<b>60,212</b>	<b>117,959</b>	<b>127,482</b>	<b>118,245</b>	<b>113,653</b>

**Cash flow statement (Consolidated, IFRS)**

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Pretax profit from operations	10,571	7,536	6,526	5,583	7,405
Depreciation	6,284	10,206	13,368	15,355	16,359
Expenses (deferred)/written off	-	-	-	-	-
Pre tax cash from operations	16,854	17,742	19,894	20,938	23,763
Other income/prior period ad	70	129	-	-	-
Net cash from operations	16,924	17,872	19,894	20,938	23,763
Tax	(1,345)	(1,778)	(2,260)	(2,146)	(2,518)
<b>Cash profits</b>	<b>15,584</b>	<b>16,093</b>	<b>17,633</b>	<b>18,792</b>	<b>21,246</b>
(Inc)/Dec in					
Current assets	3,501	(3,628)	(1,337)	(2,164)	(1,816)
Current liabilities	(4,352)	17,666	1,032	6,706	2,343
Net trade working capital	(851)	14,038	(305)	4,542	527
<b>Cash flow from oper. actv.</b>	<b>14,733</b>	<b>30,131</b>	<b>17,328</b>	<b>23,334</b>	<b>21,773</b>
(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	-
<b>Cash flow from investing actv.</b>	<b>(17,608)</b>	<b>(83,237)</b>	<b>(21,606)</b>	<b>(12,139)</b>	<b>(10,000)</b>
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	(958)	266
Dividends	444	444	444	444	444
<b>Cash flow from financing actv.</b>	<b>4,293</b>	<b>51,532</b>	<b>5,351</b>	<b>(12,695)</b>	<b>(9,479)</b>
<b>Cash generated/(utilized)</b>	<b>1,418</b>	<b>(1,575)</b>	<b>1,072</b>	<b>(1,500)</b>	<b>2,294</b>
Cash at start of the year	1,115	2,532	958	2,030	549
Cash at end of the year	2,532	958	2,030	549	2,844

**Key ratios**

Y/E March	FY2010	FY2011	FY2012E	FY2013E	FY2014E
<b>Valuation ratio (x)</b>					
P/E (on FDEPS)	11.3	17.1	24.2	29.8	21.1
P/CEPS	6.7	6.3	5.8	5.5	4.8
P/BVPS	2.4	2.1	2.0	1.9	1.8
Dividend yield	0.4	0.4	0.4	0.4	0.4
EV/Sales	2.5	2.7	2.4	2.0	1.7
EV/EBITDA	6.3	8.1	7.1	6.4	5.3
EV/Total assets	1.7	1.4	1.3	1.3	1.3
<b>Per share data (₹)</b>					
EPS	24.0	15.9	11.2	9.1	12.9
Cash EPS	40.6	42.8	46.4	49.6	56.0
Dividend	1.0	1.0	1.0	1.0	1.0
Book value	111.2	128.5	133.3	141.2	152.9
<b>DuPont analysis</b>					
Tax retention ratio (PAT/PBT)	0.9	0.8	0.7	0.6	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	2.0
Operating ROE	21.6	12.4	8.4	6.4	8.4
<b>Return ratios (%)</b>					
RoCE (pre-tax)	17.6	8.2	8.1	8.1	9.9
Angel RoIC	22.8	18.5	18.0	19.0	25.9
RoE	21.6	12.4	8.4	6.4	8.4
<b>Turnover ratios (x)</b>					
Asset turnover (fixed assets)	0.8	0.7	0.6	0.6	0.7
Receivables days	28	34	33	34	34
Payable days	158	263	225	240	240

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### 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 (&gt; 15%)

Reduce (-5% to 15%)

Accumulate (5% to 15%)

Sell (&lt; -15%)

Neutral (-5 to 5%)