

India

Wireless Communications

**12-month rating** **Buy**  
**Unchanged**
**12m price target** Rs450.00/US\$9.70  
**Unchanged**
**Price** Rs314.40/US\$6.78

RIC: BRTI.BO BBG: BHARTI IB

**15 February 2010**
**Trading data (local/US\$)**

52-wk range	Rs468.80-275.15/US\$9.80-5.31
Market cap.	Rs1,193bn/US\$25.7bn
Shares o/s	3,795m (ORD)
Free float	32%
Avg. daily volume ('000)	1,317
Avg. daily value (Rsm)	410.6

**Balance sheet data 03/10E**

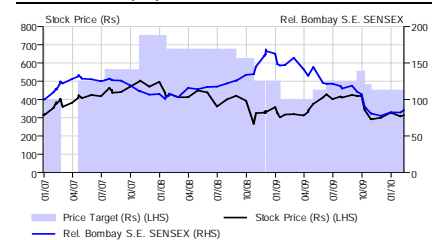
Shareholders' equity	Rs385bn
P/BV (UBS)	3.1x
Net Cash (debt)	Rs1.70bn

**Forecast returns**

Forecast price appreciation	+43.1%
Forecast dividend yield	0.9%
Forecast stock return	+44.0%
Market return assumption	12.4%
Forecast excess return	+31.6%

**EPS (UBS, Rs)**

	03/10E		03/09
	UBS	Cons.	Actual
Q1E	6.64	6.98	5.37
Q2E	6.12	-	5.42
Q3E	5.83	-	5.82
Q4E	5.12	-	5.92
03/10E	23.71	24.04	
03/11E	21.22	21.91	

**Performance (Rs)**

[www.ubs.com/investmentresearch](http://www.ubs.com/investmentresearch)
**Bharti-Zain deal: Short term weakness**
**■ Bharti likely to buy Zain's African assets at US\$10.7b**

Bharti management confirmed that it is in exclusive talks with Zain for buying the African assets of Zain (15 countries excluding Sudan & Morocco) for US\$10.7b. Bharti and Zain are likely to be in exclusive talks till March 25, 2010.

**■ UBS View: ST negative; Potential to be long term positive**

We believe that Bharti's Zain acquisition is likely to lead to weakness in Bharti's share price in the short term. Our valuation estimate (Zain is covered by John Slettevold) for 80% of Zain's African assets is around US\$5b. However, given Africa is characterized by low minutes of usage currently; Bharti is likely to transport its low cost model to Africa which has the potential to improve usage significantly. There may also be synergies in terms of network equipment procurement, transfer of best practices from Indian mobile market.

**■ Vital stats for Zain in Africa**

Zain's African assets had a subscriber base of 41.9m (Sep09), revenue of \$2.7b, and EBITDA of \$900m during 9MCY09. In Africa, Zain operates in the following: Zambia, Niger, Malawi, Burkina Faso, Tanzania, Chad, Congo Brazzaville, Gabon, Uganda, Sierra Leone, DRC, Kenya, Ghana, Nigeria and Madagascar.

**■ Valuation: ST weakness an attractive opportunity to accumulate**

We believe the current ST weakness on the Bharti stock provides an attractive opportunity for long term investors to buy Bharti as we believe that the Indian mobile market is likely to consolidate in the next 18-24 months. Bharti is likely to emerge stronger post-consolidation. Our price target is based on a SoTP analysis.

Highlights (Rsm)	03/08	03/09	03/10E	03/11E	03/12E
Revenues	270,250	369,615	394,799	417,625	449,218
EBIT (UBS)	76,455	104,097	100,473	91,075	93,002
Net Income (UBS)	67,008	85,412	89,879	80,410	82,551
EPS (UBS, Rs)	17.68	22.54	23.71	21.22	21.78
Net DPS (UBS, Rs)	0.00	2.00	2.37	6.36	13.07

Profitability & Valuation	5-yr hist av.	03/09	03/10E	03/11E	03/12E
EBIT margin %	23.7	28.2	25.4	21.8	20.7
ROIC (EBIT) %	26.4	31.9	28.7	27.8	26.8
EV/EBITDA (core) x	14.1	9.6	7.2	7.5	6.5
PE (UBS) x	24.8	16.2	13.3	14.8	14.4
Net dividend yield %	0.0	0.5	0.8	2.0	4.2

Source: Company accounts, Thomson Reuters, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Valuations: based on an average share price that year, (E): based on a share price of Rs314.40 on 12 Feb 2010 23:38 EST

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This report has been prepared by UBS Securities India Private Ltd  
**ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 6.**

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**Table 1: Key financials**

	Rating	Mkt cap PT	EV US\$ m	Revenue (US\$ m)			EBITDA (US\$ m)			EBITDA margin (%)			Net income (US\$ m)			
				2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	
Zain	Buy	1.07 KWD	14,601	23,185	9,241	10,560	11,829	3,881	4,410	4,893	42.0%	41.8%	41.4%	1,296	1,572	1,747
Bharti	Buy	Rs450	25,695	26,709	8,994	9,674	11,052	3,350	3,579	4,270	37.2%	37.0%	38.6%	1,732	1,778	2,186

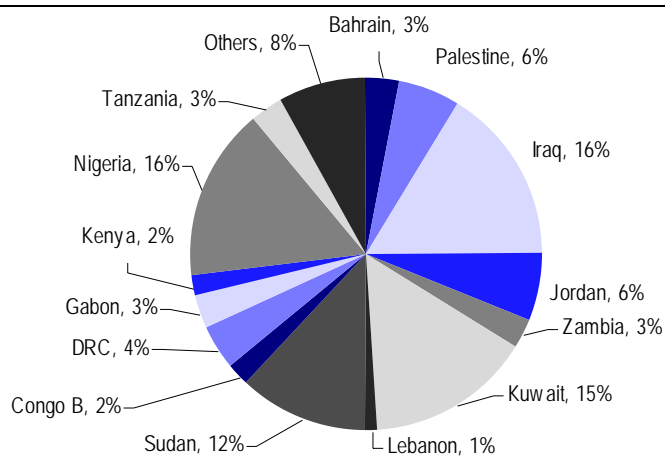
Source: UBS estimates

**Table 2: DCF derived SoTP valuation for Zain**

	Enterprise Value (KWD bn)				Per share (KWD)			Contribution to PT
	Explicit	Terminal	EV	Cash/(debt)	Equity	FV	PT	
Kuwait (100%)	1,042	365	1,406	-	1,406	0.364	0.407	41%
Sudan (100%)	842	227	1,069	-	1,069	0.277	0.317	31%
Other MENA (86%)	311	437	748	-	748	0.194	0.218	22%
Africa (80%)	617	835	1,452	-	1,452	0.376	0.421	43%
Iraq (71.67%)	658	144	802	(311)	491	0.127	0.164	14%
Zain KSA (25%) 20% disc	-	-	-	-	212	0.055	0.055	6%
Zain KSA loans receivables & others	-	-	-	(448)	(448)	-0.116	-0.116	-13%
Debt balance (Dec-08)	-	-	-	(1,534)	(1,534)	-0.397	-0.397	-45%
<b>Total</b>	<b>3,469</b>	<b>2,008</b>	<b>5,477</b>	<b>(2,293)</b>	<b>3,396</b>	<b>0.879</b>	<b>1.069</b>	<b>100%</b>

Source: UBS estimates

**Chart 1: ZAIN revenue breakdown**



Source: Company data

Table 3: ZAIN African assets portfolio

	Population (m)	GDP/capita PPP (\$)	Mobile penetration (%)	ARPU (\$)	Zain's market share (%)
Zambia	12.45	1,397	33%	8	70%
Niger	15.41	691	16%	10	67%
Malawi	14.77	850	17%	8	72%
Burkina Faso	15.77	1,259	23%	7	51%
Tanzania	45.78	1,352	33%	5	39%
Chad	11.48	1,670	19%	10	70%
Congo Brazzaville	3.95	4,044	75%	12	53%
Gabon	1.38	14,747	123%	25	62%
Uganda	33.28	1,148	35%	4	37%
Sierra Leone	6.10	728	39%	7	46%
Democratic Republic of Congo	67.47	340	14%	8	45%
Kenya	39.89	1,735	17%	4	17%
Ghana	24.54	1,513	61%	3	9%
Nigeria	155.77	2,142	45%	7	25%
Madagascar	20.90	995	23%	5	38%

Source: Company data

Table 4: ZAIN financial performance in Africa

	Revenue		EBITDA		EBITDA margin		Net income	
	9M CY08	9M CY09	9M CY08	9M CY09	9M CY08	9M CY09	9M CY08	9M CY09
Zambia	266	213	129	97	48.5%	45.5%	58	42
Niger	95	113	42	53	44.2%	46.9%	25	27
Malawi	93	112	38	47	40.9%	42.0%	19	22
Burkina Faso	99	91	42	38	42.4%	41.8%	18	13
Tanzania	242	207	95	79	39.3%	38.2%	41	11
Chad	92	101	37	44	40.2%	43.6%	9	11
Congo Brazzaville	175	154	68	43	38.9%	27.9%	40	9
Gabon	207	192	97	80	46.9%	41.7%	37	2
Uganda	105	76	19	9	18.1%	11.8%	(8)	(4)
Sierra Leone	37	33	10	2	27.0%	6.1%	2	(16)
Democratic Republic of Congo	280	244	59	51	21.1%	20.9%	(30)	(20)
Kenya	121	118	(10)	14	-8.3%	11.9%	(57)	(28)
Ghana	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Nigeria	1,194	986	399	331	33.4%	33.6%	20	(88)
Madagascar	61	57	10	12	16.4%	21.1%	(4)	(18)
<b>Total</b>	<b>3,067</b>	<b>2,697</b>	<b>1,035</b>	<b>900</b>	<b>33.7%</b>	<b>33.4%</b>	<b>170</b>	<b>(37)</b>

Source: Company data

# Bharti Airtel Ltd.

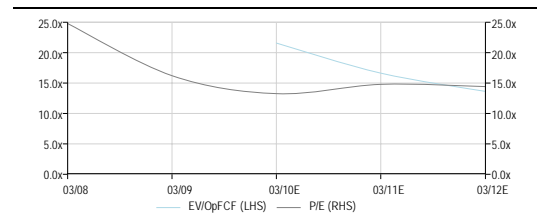
Income statement (Rsm)	03/05	03/06	03/07	03/08	03/09	03/10E	% ch	03/11E	% ch	03/12E	% ch
Revenues	80,028	116,633	185,196	270,250	369,615	394,799	6.8	417,625	5.8	449,218	7.6
Operating expenses (ex deprn)	-	-	-	-	-	-	-	-	-	-	-
EBITDA (UBS)	29,531	43,571	74,509	113,715	151,678	160,673	5.9	155,539	-3.2	166,170	6.8
Depreciation	(11,341)	(15,829)	(25,209)	(37,261)	(47,581)	(60,200)	26.5	(64,464)	7.1	(73,167)	13.5
Operating income (EBIT, UBS)	18,190	27,742	49,300	76,455	104,097	100,473	-3.5	91,075	-9.4	93,002	2.1
Other income & associates	410	484	1,011	2,422	1,302	1,381	6.0	3,286	138.1	4,517	37.4
Net interest	(1,996)	(2,651)	(1,439)	(2,341)	(11,613)	3,350	-	1,364	-59.3	3,320	143.4
Abnormal items (pre-tax)	0	0	0	0	0	0	-	0	-	0	-
Profit before tax	16,604	25,575	48,872	76,536	93,786	105,203	12.2	95,725	-9.0	100,840	5.3
Tax	(1,528)	(2,736)	(5,822)	(8,378)	(6,615)	(13,472)	103.7	(13,402)	-0.5	(16,134)	20.4
Profit after tax	15,076	22,839	43,050	68,158	87,171	91,731	5.2	82,324	-10.3	84,705	2.9
Abnormal items (post-tax)	0	0	0	0	0	0	-	0	-	0	-
Minorities / pref dividends	(98)	(254)	(467)	(1,150)	(1,759)	(1,852)	5.3	(1,914)	3.3	(2,154)	12.5
Net income (local GAAP)	14,978	22,585	42,583	67,008	85,412	89,879	5.2	80,410	-10.5	82,551	2.7
Net Income (UBS)	14,978	22,585	42,583	67,008	85,412	89,879	5.2	80,410	-10.5	82,551	2.7
Tax rate (%)	9	11	12	11	7	13	81.6	14	9.3	16	14.3
Pre-abnormal tax rate (%)	9	11	12	11	7	13	82.5	14	11.4	17	15.4
Per share (Rs)	03/05	03/06	03/07	03/08	03/09	03/10E	% ch	03/11E	% ch	03/12E	% ch
EPS (local GAAP)	4.04	5.96	11.23	17.68	22.54	23.71	5.2	21.22	-10.5	21.78	2.7
EPS (UBS)	4.04	5.96	11.23	17.68	22.54	23.71	5.2	21.22	-10.5	21.78	2.7
Net DPS	0.00	0.00	0.00	0.00	2.00	2.37	18.6	6.36	168.4	13.07	105.3
Cash EPS	7.10	10.14	17.88	27.51	35.09	39.60	12.8	38.23	-3.5	41.09	7.5
BVPS	15.96	24.56	36.12	58.64	80.08	101.55	26.8	116.40	14.6	125.11	7.5
Balance sheet (Rsm)	03/05	03/06	03/07	03/08	03/09	03/10E	% ch	03/11E	% ch	03/12E	% ch
Net tangible fixed assets	92,597	142,411	210,604	313,408	409,134	354,700	-13.3	380,611	7.3	397,886	4.5
Net intangible fixed assets	39,211	38,560	37,800	40,247	40,364	40,364	0.0	40,364	0.0	40,364	0.0
Net working capital (incl. other assets)	(19,184)	(34,598)	(55,914)	(70,769)	(47,128)	(59,091)	25.4	(63,575)	7.6	(67,085)	5.5
Other liabilities	(10,520)	(11,210)	(12,349)	(15,195)	(18,120)	(19,370)	6.9	(18,140)	-6.3	(17,071)	-5.9
Operating invested capital	102,105	135,163	180,141	267,691	384,250	316,603	-17.6	339,260	7.2	354,094	4.4
Investments	671	190	182	108	128	79,128	61718.8	79,128	0.0	79,128	0.0
Total capital employed	102,775	135,353	180,323	267,799	384,378	395,731	3.0	418,388	5.7	433,222	3.5
Shareholders' equity	59,160	92,177	135,529	222,586	303,943	384,875	26.6	441,162	14.6	474,182	7.5
Minority interests	749	957	1,801	3,013	10,704	12,556	17.3	14,470	15.2	16,624	14.9
Total equity	59,910	93,134	137,330	225,599	314,647	397,431	26.3	455,632	14.6	490,806	7.7
Net debt / (cash)	42,865	42,219	42,993	42,200	69,731	(1,700)	-	(37,244)	2090.9	(57,584)	54.6
Debt deemed provisions	0	0	0	0	0	0	-	0	-	0	-
Total capital employed	102,775	135,353	180,323	267,799	384,378	395,731	3.0	418,388	5.7	433,222	3.5
Cash flow (Rsm)	03/05	03/06	03/07	03/08	03/09	03/10E	% ch	03/11E	% ch	03/12E	% ch
Operating income (EBIT, UBS)	18,190	27,742	49,300	76,455	104,097	100,473	-3.5	91,075	-9.4	93,002	2.1
Depreciation	11,341	15,829	25,209	37,261	47,581	60,200	26.5	64,464	7.1	73,167	13.5
Net change in working capital	1,029	19,184	22,487	(30,550)	(8,339)	(22,162)	165.8	4,579	-	3,606	-21.3
Other (operating)	5,235	(3,149)	(3,145)	42,855	(2,227)	1,923	-	(1,325)	-	(1,165)	-12.1
Operating cash flow	35,795	59,606	93,851	126,020	141,112	140,434	-0.5	158,793	13.1	168,611	6.2
Net interest received / (paid)	(1,996)	(2,651)	(1,439)	(2,341)	(11,613)	3,350	-	1,364	-59.3	3,320	143.4
Dividends paid	0	0	0	0	(7,580)	(8,988)	18.6	(24,123)	168.4	(49,531)	105.3
Tax paid	(1,528)	(2,736)	(5,822)	(8,378)	(6,615)	(13,472)	103.7	(13,402)	-0.5	(16,134)	20.4
Capital expenditure	(26,451)	(63,337)	(89,271)	(121,259)	(140,171)	(84,759)	-39.5	(90,374)	6.6	(90,443)	0.1
Net (acquisitions) / disposals	0	0	0	0	0	0	-	0	-	0	-
Other	(3,763)	837	(343)	74	7,691	1,852	-75.9	1,914	3.3	2,154	12.5
Share issues	103	8,445	1,647	21,237	0	39	-	0	-	0	-
Cash flow (inc)/dec in net debt	2,471	394	(833)	16,625	(17,633)	37,434	-	33,283	-11.1	17,022	-48.9
FX / non cash items	(917)	252	59	(15,832)	(9,898)	33,997	-	2,261	-93.3	3,317	46.7
Balance sheet (inc)/dec in net debt	1,554	646	(774)	793	(27,531)	71,431	-	35,544	-50.2	20,340	-42.8
Core EBITDA	29,531	43,571	74,509	113,715	151,678	160,673	5.9	155,539	-3.2	166,170	6.8
Maintenance capital expenditure	(26,451)	(63,337)	(89,271)	(121,259)	(140,171)	(84,759)	-39.5	(90,374)	6.6	(90,443)	0.1
Maintenance net working capital	1,028	19,183	22,486	(30,549)	(8,338)	(22,161)	165.8	4,578	-	3,605	-21.3
Operating free cash flow, pre-tax	4,108	(583)	7,724	(38,093)	3,169	53,752	1596.2	69,743	29.7	79,332	13.7

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Note: For some companies, the data represents an extract of the full company accounts.

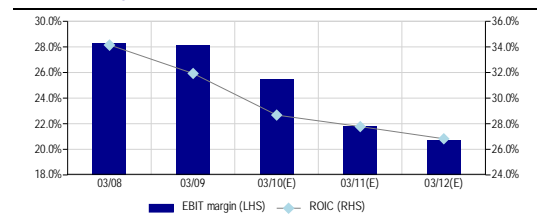
## Company profile

Bharti Airtel is one of India's leading telcos. The company's revenue market share is around 25%. The mobile services group provides GSM mobile services across India in 23 telecom circles. The broadband & telephone business group provides broadband and telephone services in 100 cities. The enterprise services group has two sub-units: carriers (long-distance services) and corporate services. All these services are provided under the Airtel brand. Singapore Telecom owns around 31% of Bharti Airtel.

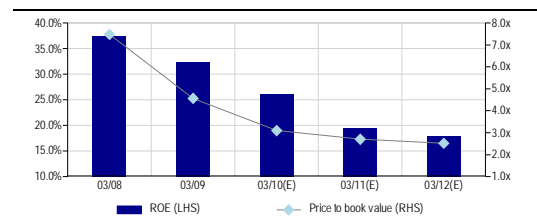
## Value (EV/OpFCF & P/E)



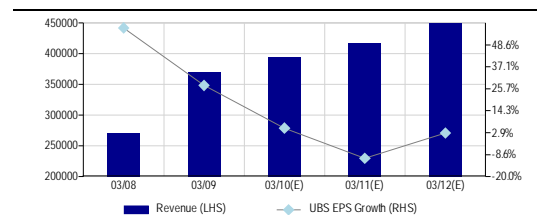
## Profitability



## ROE v Price to book value



## Growth (UBS EPS)



Valuation (x)	5Yr Avg	03/08	03/09	03/10E	03/11E	03/12E
P/E (local GAAP)	24.8	24.8	16.2	13.3	14.8	14.4
P/E (UBS)	24.8	24.8	16.2	13.3	14.8	14.4
P/CEPS	13.9	15.9	10.4	7.9	8.2	7.7
Net dividend yield (%)	0.0	0.0	0.5	0.8	2.0	4.2
P/BV	5.9	7.5	4.6	3.1	2.7	2.5
EV/revenue (core)	5.6	6.3	3.9	2.9	2.8	2.4
EV/EBITDA (core)	14.1	15.0	9.6	7.2	7.5	6.5
EV/EBIT (core)	21.7	22.3	13.9	11.5	12.8	11.6
EV/OpFCF (core)	NM	NM	NM	21.6	16.7	13.6
EV/op. invested capital	5.7	7.6	4.4	3.3	3.5	3.1

Enterprise value (Rsm)	03/08	03/09	03/10E	03/11E	03/12E
Average market cap	1,662,667	1,387,684	1,193,148	1,193,148	1,193,148
+ minority interests	2,407	6,859	11,630	13,513	15,547
+ average net debt (cash)	42,597	55,966	34,016	34,016	(47,414)
+ pension obligations and other	0	0	0	0	0
- non-core asset value	(108)	(128)	(79,128)	(79,128)	(79,128)
Core enterprise value	1,707,562	1,450,380	1,159,666	1,161,549	1,082,153

Growth (%)	5Yr Avg	03/08	03/09	03/10E	03/11E	03/12E
Revenue	53.8	45.9	36.8	6.8	5.8	7.6
EBITDA (UBS)	63.6	52.6	33.4	5.9	-3.2	6.8
EBIT (UBS)	75.0	55.1	36.2	-3.5	-9.4	2.1
EPS (UBS)	89.6	57.4	27.5	5.2	-10.5	2.7
Cash EPS	68.0	53.9	27.5	12.8	-3.5	7.5
Net DPS	-	-	-	18.6	168.4	105.3
BVPS	47.1	62.4	36.6	26.8	14.6	7.5

Margins (%)	5Yr Avg	03/08	03/09	03/10E	03/11E	03/12E
EBITDA / revenue	37.9	42.1	41.0	40.7	37.2	37.0
EBIT / revenue	23.7	28.3	28.2	25.4	21.8	20.7
Net profit (UBS) / revenue	19.3	24.8	23.1	22.8	19.3	18.4

Return on capital (%)	5Yr Avg	03/08	03/09	03/10E	03/11E	03/12E
EBIT ROIC (UBS)	26.4	34.1	31.9	28.7	27.8	26.8
ROIC post tax	-	30.4	29.7	25.0	23.8	22.4
Net ROE	28.8	37.4	32.4	26.1	19.5	18.0

Coverage ratios (x)	5Yr Avg	03/08	03/09	03/10E	03/11E	03/12E
EBIT / net interest	18.4	NM	9.1	-	-	-
Dividend cover (UBS EPS)	-	-	11.3	10.0	3.3	1.7
Div. payout ratio (% , UBS EPS)	-	-	8.9	10.0	30.0	60.0
Net debt / EBITDA	0.8	0.4	0.5	NM	NM	NM

Efficiency ratios (x)	5Yr Avg	03/08	03/09	03/10E	03/11E	03/12E
Revenue / op. invested capital	1.0	1.2	1.1	1.1	1.3	1.3
Revenue / fixed assets	0.8	0.9	0.9	0.9	1.0	1.0
Revenue / net working capital	NM	NM	NM	NM	NM	NM

Investment ratios (x)	5Yr Avg	03/08	03/09	03/10E	03/11E	03/12E
OpFCF / EBIT	NM	NM	0.0	0.5	0.8	0.9
Capex / revenue (%)	NM	NM	NM	21.5	21.6	20.1
Capex / depreciation	3.3	3.3	2.9	1.4	1.4	1.2

Capital structure (%)	5Yr Avg	03/08	03/09	03/10E	03/11E	03/12E
Net debt / total equity	38.6	19.0	22.9	(0.4)	(8.4)	(12.1)
Net debt / (net debt + equity)	27.9	15.9	18.7	(0.4)	(9.2)	(13.8)
Net debt (core) / EV	5.4	2.5	3.9	2.9	2.9	(4.4)

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items.

Valuations: based on an average share price that year, (E): based on a share price of Rs314.40 on 12 Feb 2010 23:38 EST Market cap(E) may include forecast share issues/buybacks.

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## ■ **Bharti Airtel Ltd.**

Bharti Airtel is one of India's leading telcos. The company's revenue market share is around 25%. The mobile services group provides GSM mobile services across India in 23 telecom circles. The broadband & telephone business group provides broadband and telephone services in 100 cities. The enterprise services group has two sub-units: carriers (long-distance services) and corporate services. All these services are provided under the Airtel brand. Singapore Telecom owns around 31% of Bharti Airtel.

## ■ **Statement of Risk**

Irrational competition among the operators, the shortage of frequency spectrum and over-bidding during the 3G spectrum auction are the key risks facing all the operators at the industry level.

We believe Bharti faces execution risk in light of the rapid growth of India's mobile subscriber base. The company recently announced a shift in strategy and will focus on overseas acquisitions as another means of creating shareholder value. While Bharti's management has historically had good discipline when it comes to investing capital, we believe there is a risk of Bharti overpaying for acquisitions, given that there are typically multiple bidders in most transactions.

## ■ **Analyst Certification**

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### UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage <sup>1</sup>	IB Services <sup>2</sup>
Buy	Buy	48%	40%
Neutral	Hold/Neutral	40%	35%
Sell	Sell	13%	26%
UBS Short-Term Rating	Rating Category	Coverage <sup>3</sup>	IB Services <sup>4</sup>
Buy	Buy	less than 1%	17%
Sell	Sell	less than 1%	67%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 31 December 2009.

### UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

**KEY DEFINITIONS**

**Forecast Stock Return (FSR)** is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

**Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

**Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

**Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.

**Equity Price Targets** have an investment horizon of 12 months.

**EXCEPTIONS AND SPECIAL CASES**

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**UBS Securities India Private Ltd:** Suresh A Mahadevan, CFA; Nupur Agarwal.

**Company Disclosures**

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
<b>Bharti Airtel Ltd.</b> <sup>3</sup>	BRTI.BO	Buy	N/A	Rs314.40	11 Feb 2010
<b>Mobile Telecommunications Company KSC</b> <sup>3,4</sup>	ZAIN.KW	Buy	N/A	KD0.98	12 Feb 2010

Source: UBS. All prices as of local market close.

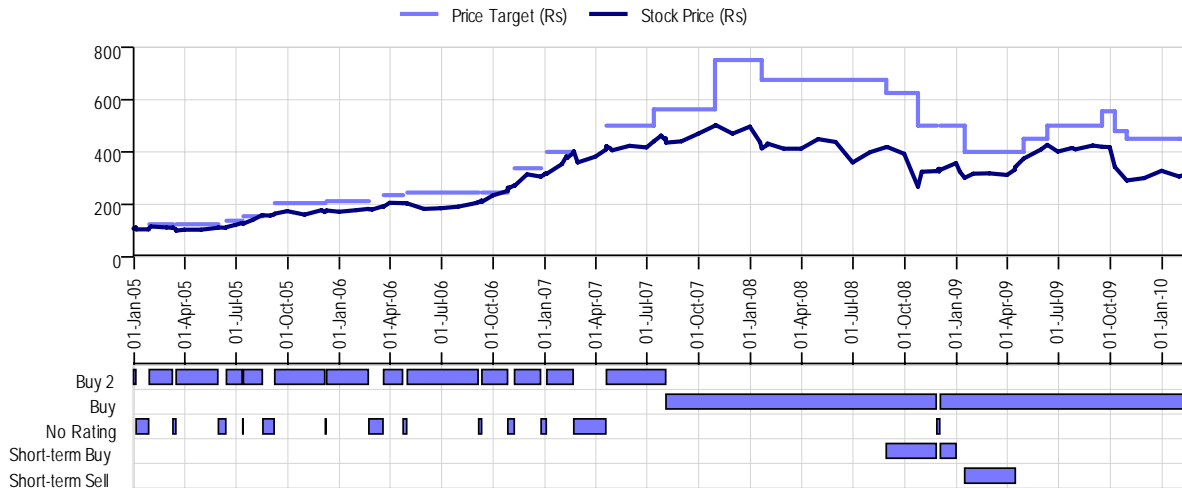
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

3. UBS Limited is advising Zain KSC on a strategic review of its assets. BHARTI AIRTEL LTD has announced that it is in talks with Zain KSC regarding the purchase of its African assets.
4. Within the past 12 months, UBS AG, its affiliates or subsidiaries has received compensation for investment banking services from this company/entity.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

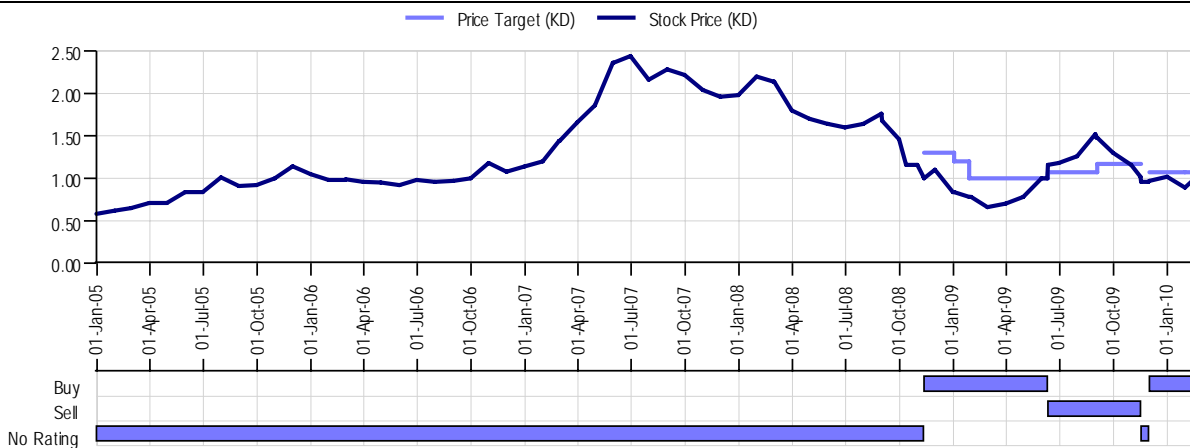


**Bharti Airtel Ltd. (Rs)**



Source: UBS; as of 11 Feb 2010

**Mobile Telecommunications Company KSC (KD)**



Source: UBS; as of 14 Feb 2010

Note: On August 4, 2007 UBS revised its rating system. (See 'UBS Investment Research: Global Equity Rating Definitions' table for details). From September 9, 2006 through August 3, 2007 the UBS ratings and their definitions were: Buy 1 = FSR is > 6% above the MRA, higher degree of predictability; Buy 2 = FSR is > 6% above the MRA, lower degree of predictability; Neutral 1 = FSR is between -6% and 6% of the MRA, higher degree of predictability; Neutral 2 = FSR is between -6% and 6% of the MRA, lower degree of predictability; Reduce 1 = FSR is > 6% below the MRA, higher degree of predictability; Reduce 2 = FSR is > 6% below the MRA, lower degree of predictability. The predictability level indicates an analyst's conviction in the FSR. A predictability level of '1' means that the analyst's estimate of FSR is in the middle of a narrower, or smaller, range of possibilities. A predictability level of '2' means that the analyst's estimate of FSR is in the middle of a broader, or larger, range of possibilities. From October 13, 2003 through September 8, 2006 the percentage band criteria used in the rating system was 10%.

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