

RESULT UPDATE

LARGE CAP

Share Data

Reuters code	BRTLBO
Bloomberg code	BHARTIIN
Market cap. (US\$ mn)	28,114
6M avg. daily turnover (US\$ mn)	48.2
Issued shares (mn)	3,798
Target price (Rs)	356

Performance (%) 1M 3M 12M

Absolute	(7)	1	12
Relative	(10)	(12)	(12)

Valuation ratios (Consolidated)

Yr to 31 Mar	FY11E	FY12E
EPS (Rs)	17.6	20.3
+/- (%)	(25.6)	15.4
PER (x)	18.7	16.2
PBV (x)	2.6	2.2
Dividend/Yield (%)	0.3	0.3
EV/Sales (x)	2.1	1.7
EV/EBITDA (x)	6.2	5.1

Major shareholders (%)

Promoters	68
FII's	18
MF's	4
BFST's	5
Public & Others	5

Financial highlights (Consolidated)

(Rs mn)	2QFY10	2QFY11	YoY (%)	1QFY11	QoQ (%)	FY10	YoY (%)	FY11E	YoY (%)	FY12E	YoY (%)
Net Sales	103,785	152,150	46.6	122,308	24.4	418,472	13.2	605,508	44.7	736,066	21.6
EBITDA	43,007	51,212	19.1	44,140	16.0	167,452	10.6	206,009	23.0	251,357	22.0
EBITDA margin (%)	41.4	33.7	-	36.1	-	40.0	-	34.0	-	34.1	-
Depreciation	(15,246)	(25,790)	69.2	(19,467)	32.5	(62,835)	32.1	(99,442)	58.3	(121,608)	22.3
Other Income	190	169	(11.1)	548	(69.2)	649	(19.8)	735	13.3	100	(86.4)
Interest	(2,085)	(3,319)	59.2	(4,198)	(20.9)	(181)	(98.4)	(20,382)	11160.7	(24,796)	21.7
PBT	25,866	22,272	(13.9)	21,023	5.9	105,085	12.9	86,920	(17.3)	105,053	20.9
Tax	(2,753)	(5,678)	106.2	(3,750)	51.4	(13,453)	103.4	(20,034)	48.9	(27,735)	38.4
PAT	22,627	16,612	(26.6)	16,815	(1.2)	89,762	6.0	66,803	(25.6)	77,098	15.4
PAT margin (%)	21.8	10.9	-	13.7	-	21.4	-	11.0	-	10.5	-
EPS (Rs)	6.0	4.4	(26.6)	4.4	(1.2)	23.6	33.9	17.6	(25.6)	20.3	15.4

Bharti Airtel

Maintain Outperformer

Price: Rs 328

BSE Index: 20,876

10 November 2010

2QFY11 Result – Africa margins under pressure, India stabilising...

India and South Asia: Bharti's Minutes on Network (MoN) growth at 0.2% QoQ versus our estimate of a 5.4% growth (and Idea's 3% growth, Vodafone's 1.6% and TTML's 1% QoQ) was below market expectation. Bharti has the maximum number of rural subscribers (in absolute terms) and hence the seasonality seems to be marked in its case versus peers. However, Bharti's average revenue per minute (ARPM) declined by just 0.7% to Re 0.45 (against B&K estimate of a 2% decline) which was far better than peers at Idea's 3.4% decline, Vodafone's 2.6% decline and TTML's decline of 1.2% QoQ.

India and South Asia revenues grew by 0.5% QoQ (mobile revenues remained flat QoQ, broadband grew by 1.8%, enterprise by 2.3% and passive infra by 3.7% QoQ). EBITDA margin fell by 30 bps to 37.6% (versus our expectation of 36.9%) because of increased network expenses (higher sites rolled out and higher diesel costs) and full impact of salary hike. PAT at Rs 20.4 bn was higher than our expectation of Rs 19.2 bn because of forex gain of Rs 1.7 bn (we did not account for any forex gain/loss).

Africa: 2QFY11 is the first full quarter of operations for Bharti Africa. African operations have begun to show elasticity although these could be early days to conclude much. ARPM declined by 8.3% QoQ to US\$ 0.06 but this led to the 8.7% increase in average minutes of usage (MoU) per user to 112 minutes. ARPU remained stable on a QoQ basis at US\$ 7.4. Africa reported revenues of Rs 38.8 bn contributing 26% to consolidated Bharti's revenues. EBITDA margins stood at 23.1% (below our 28% expectation) versus the adjusted EBITDA margin of 27.5% for the 23 days of operations in 1QFY11. Net loss at Rs 3.8 bn was almost in line with our expectation of Rs 4.2 bn loss.

Consolidated: Consolidated revenue was in line with our expectation while PAT stood at Rs 16.6 bn, higher than our expectation of Rs 14.9 bn; however, adjusted for the forex gain of Rs 2.5 bn PAT was lower than our expectation.

B&K's view

The competitive intensity in India is rationalizing as there has been no major pricing action on headline tariffs. We expect tariff to decline but at a much lower rate going forward and once 3G services are accepted by the users, tariff decline trend could actually be reversed. Volume growth (minutes on network) will remain healthy for all incumbents as tariff arbitrage is minimal and Bharti's strong exposure to rural and semi-urban areas will drive organic minutes growth. The issue of incremental capex because of security norms is mostly sorted out and over-capacity of cell-sites will be dealt with.

We opine that data services (broadband) will follow the voice path and its growth will be on wireless rather than wireline. 3G, BWA and mobile number portability are events to watch out for.

The brand 'Airtel' will be introduced in Africa by November, post which we expect Bharti Africa (BAF) to initiate the process of tariff cuts (already taken pricing action in 10 out of 16 countries) to drive minutes on network growth as elasticity come in to play. In Africa, BAF's tariffs are as high as ~Rs 3 (versus Indian tariff of Rs 0.44) and the average minutes of usage per user is just 112 minutes (whereas its India MoU is at 454 minutes). Subscriber addition in Africa will be robust and minutes on network growth will far outweigh the decline in ARPM, thus helping BAF to grow its revenues. On the profitability front, BAF will implement Bharti Airtel's minutes factory model by outsourcing even key functions such as network maintenance and drive margins. Cost synergies in equipment procurement and lower outsourcing costs (as contract size increases) will also help. African operations will be EPS dilutive by 16% in FY11E but will add 2% in FY12E; and in FY13E it should add 18% to Bharti's South Asian operations. However, the currency movement could play a big spoilsport and remains a big concern; BAF could report huge forex losses on adverse movement (in 2QFY11 Bharti reported a forex gain of Rs 2.5 bn). We expect Bharti Airtel's share price to be range bound as there are a few short-term risks alive (namely MNP and negative news flow on termination charges and merging of telecom circles); however, we advise to add Bharti at lower levels with a long-term view. Maintain Outperformer.

India and South Asia

Revenues grew by 0.5% QoQ against our expectation of a 2% growth. EBITDA margin fell by 30 bps to 37.6% (versus our expectation of 36.9%). PAT at Rs 20.4 bn was higher than our expectation of Rs 19.2 bn because of forex gain of Rs 1.7 bn (we did not account for any forex gain/loss).

Segmental performance

Mobile: Bharti's Minutes on Network (MoN) growth at 0.2% QoQ versus our estimate of a 5.4% growth (and Idea's 3% growth, Vodafone's 1.6% and TTML's 1% QoQ) was below market expectation. Bharti has the maximum number of rural subscribers (in absolute terms) and hence the seasonality seems to be marked in its case versus peers.

However, Bharti's average rev per minute (ARPM) declined by just 0.7% to Re 0.45 (against B&K estimate of a 2% decline) which was far better than peers at Idea's 3.4% decline, Vodafone's 2.6% decline and TTML's decline of 1.2% QoQ. Consequently, mobile revenue remained almost flat QoQ versus our expectation of a 1.8% growth. EBITDA margin fell by

30 bps to 37.6% (versus our expectation of 36.9%) because of increased network expenses (higher sites rolled out and higher diesel costs) and full impact of salary hike.

- Non-voice revenues contributed 12.7% to the mobile revenues up by 90 bps QoQ.
- Bharti covers 85% of India's population and added 4,644 network sites this quarter taking the total sites to 0.11 mn.
- 3G services will be launched in 3QFY11 and Bharti is talking to other operators to be able to offer a pan-India service (Bharti has spectrum in 13 out of 22 circles).
- Customer verification deadline extended by two months.
- MNP launch across pan-India to happen by January 2011 end beginning 22 November 2010 and Bharti feels that it will be a long term opportunity for Bharti.
- Bharti's management is of the view that competitive intensity in India is stabilising. Bharti increased its revenue market share by 60 bps to 31.6% in 1QFY11.
- Bharti incurred a capex of Rs 23.9 bn in its Indian and South Asian operations.
- Bharti has been granted a semi-closed wallet license by the RBI to launch m-commerce services.
- 3Q will be much better than 2Q and Bharti will launch BWA services only after the pan-India launch of 3G services.

Broadband: Revenues grew by 1.8% QoQ, in line with our expectations with ARPU declined by 0.7%. Broadband margins grew by a strong 210 bps to 46.1% on lower drop in ARPUs. Bharti has upgraded the minimum speed of all users to 512 kbps.

Enterprise: Results were far better than our expectations with minutes on enterprise division growing by 1.7% QoQ despite overall flat MoN growth for Bharti hinting that Bharti carried more number of non-captive minutes this quarter. Calculated realisations per minute grew by 0.6% QoQ after a drastic fall of ~12% in 1QFY11. Revenues for enterprise division grew by 2.3% QoQ (versus our expectation of a 5.2% fall). EBITDA margin for this business improved by 20 bps QoQ to 24.7%. It launched a 10,000 km long 1.4 terabit per second capacity submarine cable linking Africa to the rest of the world in consortium with other major players.

Passive Infra: Revenue growth at 3.7% QoQ was in line with our expectation as it continues to improve its tenancies (up 1.73x from 1.7x QoQ, it also added 1,281 towers this quarter) and average revenue per tenant (2.5% improvement QoQ) to Rs 33,898. EBITDA margins improved by 150 bps to 37.1% on improved revenue performance.

Others: Both Sri Lanka and Bangladesh continue to be under losses; however, the management expressed their satisfaction over the progress of these two markets. In the DTH space, Bharti added 0.7 mn subscribers taking the gross subscriber base to 3.9 mn. Bharti maintained an incremental market share of 25% in the DTH space.

Africa results

2QFY11 is the first full quarter of operations for Bharti Africa. African operations have begun to show elasticity although these could be early days to conclude much. Bharti Africa added 3.7 mn subscribers this quarter and the revenue generating subscriber base stood at 40 mn across 16 countries. ARPM declined by 8.3% QoQ to US\$ 0.06 but this led to the

8.7% increase in average minutes of usage (MoU) per user to 112 minutes. Please note that MoU in Africa is far lower than that for India (2QFY11 at 454 minutes). ARPU remained stable on a QoQ basis at US\$ 7.4.

Africa reported Rs 38.8 bn of revenues contributing 26% to consolidated Bharti's revenues. EBITDA margins stood at 23.1% (far below our expectation of a 28% margin) versus the adjusted EBITDA margin of 27.5% for the 23 days of operations in 1QFY11.

Loss before tax at Rs 2.2 bn was far lower than our expectation of a loss of Rs 4.2 bn because of lower than expect depreciation charges and a forex gain of Rs 0.7 bn. However, tax provisioning was higher than our expectation (because of deferred tax and few countries are making profits and tax provisioning there stands at 30-35% of PBT) thus reporting net loss of Rs 3.8 bn almost in line with our expectation of Rs 4.2 bn loss.

- Bharti announced its IT operations and BPO outsourcing deals in Africa in 2QFY11.
- Bharti will launch its brand in Africa in 3QFY11 and we expect margins to contract in 3Q before they start showing up from 4QFY11 onwards.
- Bharti has arrested the declining trend in Africa's revenues and now the trend is reversing.
- Bharti changed tariffs in 10 out of 16 countries in Africa.
- Bharti is facing challenges in distribution and logistics in Africa, the availability of skilled manpower is also an issue.
- Non-voice revenue in Africa stood at 7.1% but the churn remains high at 5-6% per month due to strict KYC norms and multi-SIM phenomenon.
- Bharti has revalued its assets in Africa and hence depreciation is on the lower side but amortisation is higher.
- Bharti is in the process of separating its tower assets in Africa in separate tower holding companies for each country.
- Capex for the 1HFY11 remained muted in Africa but Bharti maintained its FY11E guidance of US\$ 800 mn capex for Africa.
- Cost of license and spectrum in Africa ranges from 3-4%.
- Bharti has started concentrating on off-net traffic and hence interconnect charges will remain high in Africa.
- The management re-iterated that it is on target to meet US\$ 5 bn in revenues and US\$ 2 bn in EBITDA from its African operations by FY13E.

Bharti consolidated results

Bharti's 2QFY11 results include African operations for the full quarter; hence numbers are not comparable QoQ. Bharti's 2QFY11 revenue was in line with our estimate. Top line grew by 24.4% QoQ to Rs 152.1 bn (B&K estimate: Rs 152.05 bn). EBITDA at Rs 51 bn (grew by 16%) was slightly below our estimate (B&K: Rs 52.7 bn). EBITDA margin dropped by 240 bps to 33.7% for 2QFY11 versus 36.1% in 1QFY11 (B&K: 34.7%). The drop in margin was largely led by the lower margin performance in Africa.

PAT stood at Rs 16.6 bn, higher than our expectation of Rs 14.9 bn; however, adjusted for the forex gain of Rs 2.5 bn PAT was lower than our expectation.

Comments on Balance sheet

Consolidated net debt stood at Rs 602 bn at an annualised net-debt to EBITDA of 2.93x. 3G interest costs and licence fees are capitalised and will show up post service launch.

Consolidated net – debt and ratios

(Rs mn)	FY11E	FY12E	FY13E
Net debt	579,751	548,474	432,924
Net debt-to-equity	1.21	0.98	0.65
Net debt-to-EBITDA	2.81	2.18	1.47

Snapshot of Projections

India and South Asia

(Rs mn)	FY11E	FY12E	FY13E
Minutes on Network (mn)	803,038	934,106	1,046,199
Growth (%)	31.6	16.3	12.0
ARPM (Re)	0.45	0.43	0.45
Growth (%)	(16.6)	(3.9)	2.5
Revenues	467,742	533,097	606,434
Growth (%)	11.8	14.0	13.8
EBITDA	173,941	194,475	216,497
Growth (%)	3.8	11.8	11.3
Margin (%)	37.2	36.5	35.7
PAT after minority	77,505	75,283	81,629
Growth (%)	(13.7)	(2.9)	8.4
Margin (%)	16.6	14.1	13.5
EPS (Rs)	20.4	19.8	21.5

Africa

(Rs mn)	FY11E	FY12E	FY13E
Minutes on Network (mn)	47,805	86,263	119,816
Growth (%)	NA	80.4	38.9
ARPM (US\$)	0.06	0.05	0.04
Growth (%)	NA	(20.5)	(16.0)
Revenues	137,766	202,969	236,917
Growth (%)	NA	47.3	16.7
EBITDA	32,068	56,882	78,555
Growth (%)	NA	77.4	38.1
Margin (%)	23.3	28.0	33.2
PAT after minority	(10,703)	1,814	17,898
Growth (%)	NA	NA	NA
Margin (%)	NA	NA	14.9
EPS (Rs)	(2.8)	0.5	4.7

Operating metrics

	2QFY11	1QFY11	QoQ (%)	2QFY10	YoY (%)
Wireless India					
Subs Base-period end (mn)	143.29	136.62	–	110.51	23.6
Market share-cop (%)	20.8	21.5	–	23.4	–
Net Adds market share (%)	12.8	17.6	–	18.3	–
SMS as % of mobile revenue	0.0	0.0	–	4.9	–
Non-voice as % of mobile revenue	12.7	11.6	–	9.8	–
prepaid % in net adds	0.0	0.0	–	100.4	–
Prepaid customer base (% of total subs)	96.1	96.0	–	95.2	–
Postpaid Churn (%)	0.0	0.0	–	1.0	–
Prepaid Churn (%)	0.0	0.0	–	4.6	–
Total minutes (mn min)	190,767	190,396	0.2	143,680	32.8
ARPU (Rs/subs/month)	202	215	(6.0)	252	(19.8)
MOU (min/subs/month)	454	480	(5.4)	450	0.9
ARPM (Rs/min)	0.44	0.45	(0.7)	0.56	(20.5)
EBITDA/subs/month (Rs/subs/month)	74	80	(7.8)	104	(29.3)
EBITDA/min (Rs/min)	0.17	0.16	2.2	0.23	(28.3)
Population coverage (%)	85	84	–	83	–
Wireless Africa					
Subs Base-period end (mn)	40	36.4	–	–	–
Net adds market share (%)	4	36.4	–	–	–
Non-voice as % of mobile revenue	7.1	7.9	–	–	–
prepaid % in net adds	99.3	99.3	–	–	–
Churn (%)	5.8	5.6	–	–	–
Total minutes (mn min)	12,782	3695.0	–	–	–
ARPU (US\$/subs/month)	7	7.4	–	–	–
MOU (min/subs/month)	112	103.0	–	–	–
ARPM (US\$/min)	0.07	0.07	–	–	–
Bharti Infratel					
Tower base (Nos.)	31,831	31,196	2.0	29,112	9.3
Average monthly tower rentals (Nos.)	38,041	36,290	4.8	36,696	3.7
Tenancy ratio (x)	1.65	1.65	–	1.49	–
Indus Towers					
Tower base (Nos.)	106,438	104,901	1.5	100,728	5.7
Tenancy ratio (x)	1.78	1.75	–	1.61	–
Telemedia					
Subscribers ('000s)	3,216	3,153	2.0	2928	9.8
ARPU (Rs/subs/month)	954	961	(0.7)	989	(3.5)
Minutes on network (mn min)	4,791	4,696	2.0	4,796	(0.1)
Enterprise-Carrier					
Optical fibre length (RKms)	134,026	129,244	3.7	113,326	18.3
NLD minutes on network (mn)	17,689	17,333	2.1	12,417	42.5
ILD minutes on network (mn)	3,034	3,044	(0.3)	3,181	(4.6)

Segmental break-up

(Rs mn)	2QFY11	1QFY11	QoQ (%)	2QFY10	YoY (%)
Mobile revenue	88,045	88,237	(0.2)	82,902	6.2
Contribution to consolidated revenue (%)	57.9	72.0	–	79.9	–
EBITDA	30,964	31,710	(2.4)	33,310	(7.0)
EBITDA margin (%)	35.2	35.9		40.2	–
EBIT	21,152	22,236	(4.9)	25,087	(15.7)
EBIT margin (%)	24.0	25.2	–	30.3	–
Total Africa revenue	38,838	9,583	–	–	–
Contribution to consolidated revenue (%)	25.5	7.8	–	–	–
EBITDA	8,990	1,726	–	–	–
EBITDA margin (%)	23.1	18.0	–	–	–
EBIT	(322)	(919)	–	–	–
EBIT margin (%)	(0.8)	(9.6)	–	–	–
Telemedia revenue	9,118	8,960	1.8	8,543	6.7
Contribution to consolidated revenue (%)	6.0	7.3	–	8.2	–
EBITDA	4,200	3,938	6.7	3,646	15.2
EBITDA margin (%)	46.1	44.0	–	42.7	–
EBIT	2,245	1,910	17.5	1,878	19.5
EBIT margin (%)	24.6	21.3	–	22.0	–
Enterprise revenue	10,424	10,186	2.3	11,355	(8.2)
Contribution to consolidated revenue (%)	6.9	8.3	–	10.9	–
EBITDA	2,571	2,497	3.0	3,141	(18.1)
EBITDA margin (%)	24.7	24.5	–	27.7	–
EBIT	1,478	1,450	1.9	2,351	(37.1)
EBIT margin (%)	14.2	14.2	–	20.7	–
Passive Infrastructure revenue	21,161	20,412	3.7	17,049	24.1
Contribution to consolidated revenue (%)	13.9	16.7	–	16.4	–
EBITDA	7,858	7,240	8.5	5,831	34.8
EBITDA margin (%)	37.1	35.5	–	34.2	–
EBIT	2,886	2,572	12.2	1,538	87.6
EBIT margin (%)	13.6	12.6	–	9.0	–
Eliminations & Others – revenue	(15,436)	(15,070)	2.4	(16,064)	(3.9)
Contribution to consolidated revenue (%)	(10.1)	(12.3)	–	(15.5)	–
Total Consolidated revenues	152,150	122,308	24.4	103,785	46.6

Income Statement (Consolidated)

Yr end 31 Mar (Rs mn)	FY09	FY10	FY11E	FY12E
Net sales	369,615	418,472	605,508	736,066
<i>Growth (%)</i>	<i>36.8</i>	<i>13.2</i>	<i>44.7</i>	<i>21.6</i>
Operating expenses	(218,155)	(251,020)	(399,499)	(484,709)
Operating profit	151,460	167,452	206,009	251,357
EBITDA	151,460	167,452	206,009	251,357
<i>Growth (%)</i>	<i>33.6</i>	<i>10.6</i>	<i>23.0</i>	<i>22.0</i>
Depreciation	(47,583)	(62,835)	(99,442)	(121,608)
Other income	809	649	735	100
EBIT	104,686	105,266	107,302	129,849
Interest paid	(11,613)	(181)	(20,382)	(24,796)
Pre-tax profit (before non-recurring)	93,073	105,085	86,920	105,053
Pre-tax profit (after non-recurring)	93,073	105,085	86,920	105,053
Tax (current + deferred)	(6,615)	(13,453)	(20,034)	(27,735)
Net profit (before Minority Interest, Pref. Dividend, etc.)	86,458	91,632	66,887	77,318
Minority interests	(1,759)	(1,870)	(84)	(220)
Reported PAT	84,699	89,762	66,803	77,098
Adjusted net profit	84,699	89,762	66,803	77,098
<i>Growth (%)</i>	<i>26.4</i>	<i>6.0</i>	<i>(25.6)</i>	<i>15.4</i>

Balance Sheet (Consolidated)

Yr end 31 Mar (Rs mn)	FY09	FY10	FY11E	FY12E
Cash and Marketable sec.	49,154	77,685	51,981	75,000
Other current assets	94,925	60,000	90,695	103,677
Investments	128	7,542	9,532	11,328
Net fixed assets	422,445	542,519	1,228,173	1,282,012
Other non-current assets	37,296	23,194	47,225	55,447
Total assets	603,948	710,940	1,427,605	1,527,464
Current liabilities	152,377	108,819	244,663	269,526
Total debt	118,801	101,898	631,732	623,474
Other non-current liabilities	18,121	52,998	72,000	74,600
Total liabilities	289,298	263,715	948,395	967,600
Share capital	18,982	18,988	18,988	18,988
Reserves & surplus	284,963	402,952	420,223	492,877
Shareholders' funds	303,945	421,940	439,211	511,865
Minorities interests	10,704	25,285	40,000	48,000
Total equity & liab.	603,948	710,940	1,427,605	1,527,464
Capital employed	451,571	602,121	1,182,943	1,257,939

Cash Flow Statement (Consolidated)

Yr end 31 Mar (Rs mn)	FY09	FY10	FY11E	FY12E
Pre-tax profit	93,073	105,085	86,920	105,053
Depreciation	47,583	62,835	99,442	121,608
Change in working capital	(22,983)	44,165	91,857	5,658
Total tax paid	(4,360)	(17,272)	(11,771)	(27,135)
Cash flow from oper. (a)	113,314	194,813	266,449	205,184
Capital expenditure	(143,418)	(182,909)	(785,096)	(175,447)
Change in investments	10,141	(21,851)	25,372	(1,796)
Cash flow from inv. (b)	(131,156)	(203,250)	(759,724)	(177,244)
Free cash flow (a+b)	(17,842)	(8,437)	(493,275)	27,941
Equity raised/(repaid)	1,904	(17,598)	0	0
Debt raised/(repaid)	21,737	(16,903)	529,834	(8,258)
Dividend (incl. tax)	(4,441)	(4,441)	(4,443)	(4,443)
Others	3,009	11,027	(30,458)	7,780
Cash flow from fin. (c)	22,210	(27,915)	494,933	(4,921)
Net chg in cash (a+b+c)	4,367	(36,352)	1,658	23,020

Key Ratios (Consolidated)

Yr end 31 Mar (%)	FY09	FY10	FY11E	FY12E
Adjusted EPS (Rs)	22.3	23.6	17.6	20.3
Growth	26.3	6.0	(25.6)	15.4
Book NAV/share (Rs)	82.9	117.8	126.2	147.4
Dividend/share (Rs)	1.0	1.0	1.0	1.0
Dividend payout ratio	5.2	4.9	6.7	5.8
Tax	7.1	12.8	23.0	26.4
EBITDA margin	41.0	40.0	34.0	34.1
EBIT margin	28.3	25.2	17.7	17.6
RoCE	26.5	20.0	12.0	10.6
Net debt/Equity	22.1	5.4	121.0	98.0

Valuations (Consolidated)

Yr end 31 Mar (x)	FY09	FY10	FY11E	FY12E
PER	14.7	13.9	18.7	16.2
PCE	9.4	8.2	7.5	6.3
Price/Book	4.0	2.8	2.6	2.2
Yield (%)	0.3	0.3	0.3	0.3
EV/Net sales	3.4	3.0	2.1	1.7
EV/EBITDA	8.4	7.6	6.2	5.1

Du Pont Analysis – ROE (Consolidated)

Yr end 31 Mar (x)	FY09	FY10	FY11E	FY12E
Net margin (%)	22.9	21.4	11.0	10.5
Asset turnover	0.7	0.6	0.6	0.5
Leverage factor	2.0	1.7	2.3	2.8
Return on equity (%)	31.4	23.6	14.4	14.8

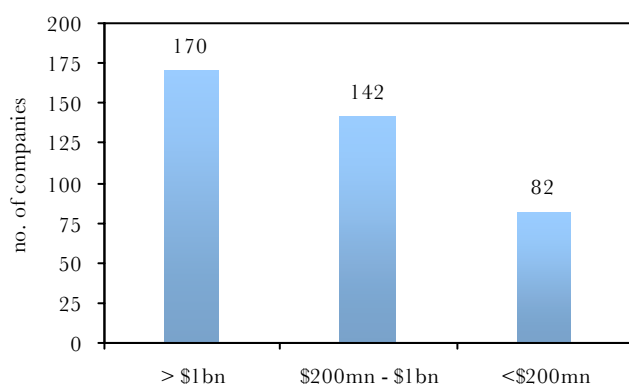
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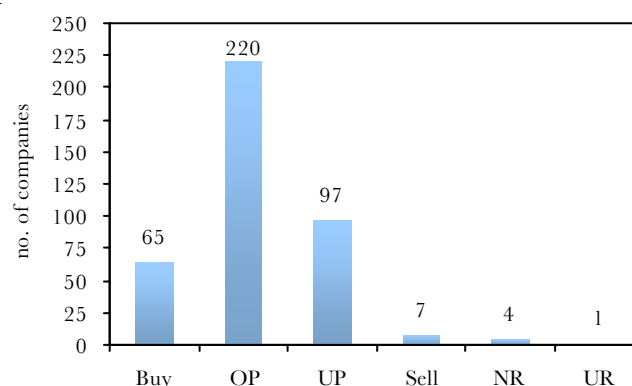
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B&K Universe Profile

By Market Cap (US\$ mn)



By Recommendation



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2. **OUTPERFORMER:** 0 to +25%
3. **UNDERPERFORMER:** 0 to -25%
4. **SELL:** Potential downside of < -25% (absolute returns)

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