


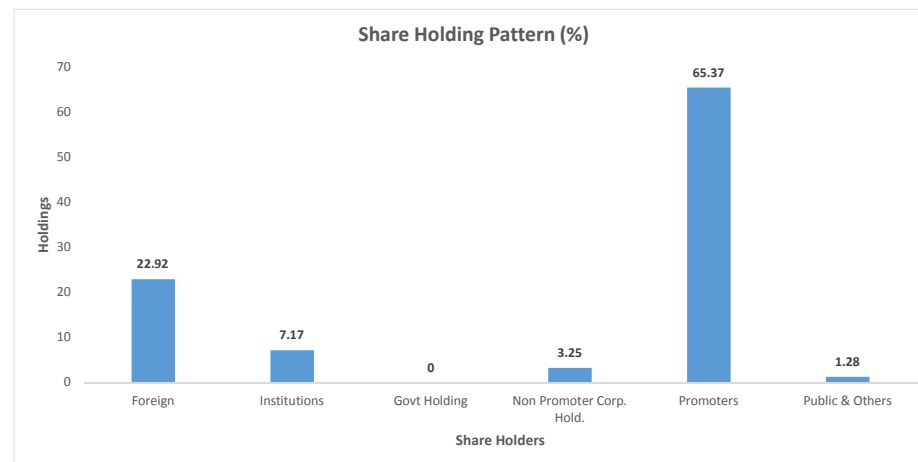
<h2 style="text-align: center;">Research Report</h2>	 <p style="text-align: center;">Spearhead FinServe PRIVATE LIMITED <small>A subsidiary of Spearhead Services Pvt Ltd</small></p>																		
<h3 style="text-align: center;">Bharti Airtel</h3>	<table> <tr> <td>Recommendation</td><td style="text-align: right;">Accumulate</td></tr> <tr> <td>Current Market Price</td><td style="text-align: right;">401</td></tr> <tr> <td>Target</td><td style="text-align: right;">467</td></tr> <tr> <td>Accumulation Price Band</td><td style="text-align: right;">390 - 405</td></tr> <tr> <td>Time Frame</td><td style="text-align: right;">6 Months</td></tr> <tr> <td>Derivative Segment</td><td style="text-align: right;">Yes</td></tr> </table>	Recommendation	Accumulate	Current Market Price	401	Target	467	Accumulation Price Band	390 - 405	Time Frame	6 Months	Derivative Segment	Yes						
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<p style="text-align: center;">Industry : Telecommunication</p>	<table> <tr> <th colspan="2">Quick Glance</th></tr> <tr> <td>Share Capital (Rs Cr)</td><td style="text-align: right;">1,898.80</td></tr> <tr> <td>Market Cap (Rs Cr)</td><td style="text-align: right;">160,055.00</td></tr> <tr> <td>Enterprise Value (Rs Cr)</td><td style="text-align: right;">167,162.90</td></tr> <tr> <td>Face Value (in Rs)</td><td style="text-align: right;">5.00</td></tr> <tr> <td>52 Week High/ Low (in Rs)</td><td style="text-align: right;">408.90/280.50</td></tr> </table>	Quick Glance		Share Capital (Rs Cr)	1,898.80	Market Cap (Rs Cr)	160,055.00	Enterprise Value (Rs Cr)	167,162.90	Face Value (in Rs)	5.00	52 Week High/ Low (in Rs)	408.90/280.50						
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<p style="text-align: center;">Company Overview</p> <ul style="list-style-type: none"> • Incorporated in the year 1995 with the name Bharti Tele-Ventures Ltd, Bharti Airtel is one of the world's leading providers of telecommunication services with presence in 19 countries including India & South Asia and Africa. • Operating through four strategic business units namely Mobile, Tele media, Enterprise and Digital TV, the company is the largest wireless service provider in India, offering an integrated suite of telecom solutions to its enterprise customers, in addition to providing long distance connectivity both nationally and internationally. • The company also deploys, owns and manages the largest passive infrastructure services pertaining to telecom operations in India under their subsidiary Bharti Infratel Ltd. Bharti Infratel Ltd own 42% of Indus Towers Ltd. 	<table> <tr> <th colspan="2">Financials</th></tr> <tr> <td>EPS (Rs)</td><td style="text-align: right;">8.38</td></tr> <tr> <td>Book Value (Rs)</td><td style="text-align: right;">152.21</td></tr> <tr> <td>P/E</td><td style="text-align: right;">44.11</td></tr> <tr> <td>P/BV</td><td style="text-align: right;">2.08</td></tr> <tr> <td>ROE</td><td style="text-align: right;">9.31</td></tr> <tr> <td>ROCE (%)</td><td style="text-align: right;">11.66</td></tr> <tr> <td>Dividend Yield (%)</td><td style="text-align: right;">0.25</td></tr> <tr> <td>Debt - Equity</td><td style="text-align: right;">0.29</td></tr> </table>	Financials		EPS (Rs)	8.38	Book Value (Rs)	152.21	P/E	44.11	P/BV	2.08	ROE	9.31	ROCE (%)	11.66	Dividend Yield (%)	0.25	Debt - Equity	0.29
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<p style="text-align: center;">Industry Overview</p> <ul style="list-style-type: none"> • The Indian Telecom Sector added 6.19 million GSM Subscribers in May 2014 increased by 0.85% over month taking the total subscribers base to 733.09 million, accompanied by the total number of Rural GSM subscribers reaching to 300.63 million at the end of May 2014 with 1.2% increase over previous month. • Telecom operators have put out a five-point action plan for the new Government, primarily aimed at reducing levies and improving the financial health of the sector. One of the biggest issues for the Telecom Ministry will be to make available fresh spectrum. • There could be a potential increase in the equipment Capex, with the imposition of basic customs duty at 10% on specified telecommunications products outside the purview of IT act. • Telecom Companies to have a marginal impact due the provision of Excise Duties on Mobile Phones to be 1% without CENVAT credit or 6% with CENVAT credit. • Other Initiatives by the government such as Pan India programme 'Digital India' to ensure broadband connectivity at village level with FY15 outlay of INR5bn, likely to give a boost the sector. 	<table> <tr> <th colspan="2">Highlights</th></tr> <tr> <td>Debt (Rs Cr)</td><td style="text-align: right;">14,218.30</td></tr> <tr> <td>Reserves (Rs Crs)</td><td style="text-align: right;">52,247.40</td></tr> <tr> <td>FII Holdings (%)</td><td style="text-align: right;">17.74</td></tr> <tr> <td>MF Holdings (%)</td><td style="text-align: right;">1.82</td></tr> <tr> <td>Free Float Market Capitalization (Rs Cr)</td><td style="text-align: right;">55,990.00</td></tr> <tr> <td>Beta</td><td style="text-align: right;">1</td></tr> <tr> <td>Avg Volume Per day (no. of shares)</td><td style="text-align: right;">328,453</td></tr> <tr> <td>Avg Volume Per Month (no. of shares)</td><td style="text-align: right;">6,897,513</td></tr> </table>	Highlights		Debt (Rs Cr)	14,218.30	Reserves (Rs Crs)	52,247.40	FII Holdings (%)	17.74	MF Holdings (%)	1.82	Free Float Market Capitalization (Rs Cr)	55,990.00	Beta	1	Avg Volume Per day (no. of shares)	328,453	Avg Volume Per Month (no. of shares)	6,897,513
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<p style="text-align: center;">Key Highlights</p> <ul style="list-style-type: none"> • Bharti Airtel is planning to sell 3100 towers in four African countries to Helios Towers Africa, helping it to bring down debt levels. The company would lease the same towers, which would impact margins. The company plans to reduce its debt by selling towers in Africa, leading to gradual turn - around of its African business operations • Bharti Airtel has signed a comprehensive infrastructure sharing agreement with Reliance JIO which will include optic fiber network, submarine cable networks, towers, and internet broadband services and other opportunities 																			
<p style="text-align: center;">Key Risks</p> <ul style="list-style-type: none"> • Overbidding in upcoming spectrum auctions • Potential market disruption from entry of a well-funded operator like Reliance Industries into the Indian telecom market 																			

Financial Highlights

Income Statement (Annual)					
Particulars (Rs. Cr)	2013	2012	2011	2010	2009
Net Sales	45,350.90	41,603.80	38,017.70	35,609.50	34,014.29
EBITDA	14,933.80	14,268.40	13,661.50	13,925.20	13,516.19
EBITDA Margin	32.93	34.30	35.93	39.11	39.74
Depreciation	6,826.70	5,916.00	4,611.60	3,793.90	3,206.28
Interest	1,652.30	1,396.20	324.10	(568.00)	2,148.38
Other Income	1,463.10	624.70	321.20	377.30	525.14
PBT	6,454.80	6,956.20	8,725.80	10,699.30	8,161.53
APAT	5,042.45	5,689.43	7,620.22	9,295.44	7,531.38
PAT Margin (%)	11.24	13.77	20.30	26.47	22.77
Earnings Per Share	13.25	14.93	20.16	24.65	40.45

Balance Sheet					
Particulars (Rs. Cr)	2013	2012	2011	2010	2009
Equity Share Capital	1,898.80	1,898.80	1,898.80	1,898.80	1,898.24
Reserves and Surplus	52,247.40	47,530.80	42,212.80	34,652.30	25,745.43
Tangible Net Worth	2,507.60	5,626.60	3,093.10	4,086.30	6,646.61
Deferred Tax Liability :	2,514.60	1,914.70	1,308.50	799.60	590.20
Long Term Debt	7,107.90	5,130.40	5,917.40	2,359.70	4,316.33
ShortTerm Debt	7,110.40	10,171.00	5,980.10	2,679.20	3,397.32
Total Debt	14,218.30	15,301.40	11,897.50	5,038.90	7,713.65
Current Liabilities	14,502.10	11,540.10	11,905.10	12,284.80	13,117.98
Total Provisions	546.10	557.00	527.40	658.70	634.40
Total Liabilities	71,684.70	67,389.90	58,622.50	41,776.10	35,357.61
Gross Block	76,206.10	66,906.80	61,437.40	44,212.50	37,266.70
Net Fixed Assets	43,182.60	40,440.80	40,700.70	28,025.00	25,013.36
Investments	28,199.10	12,337.80	11,813.00	15,773.30	11,777.76
Current Assets	5,123.80	13,509.90	5,202.60	9,329.90	9,425.01
Deferred Tax Asset :	1,364.30	1,078.00	780.90	796.30	917.31
Receivables	2,246.80	2,134.50	1,461.90	2,105.00	2,550.05
Inventories	2.10	32.10	34.40	27.20	62.15
Cash	362.70	481.20	133.20	816.70	2,251.60
Total Assets	71,684.70	67,389.90	58,622.50	41,776.10	35,357.61

Income Statement (Quarterly)								
Particulars (Rs. Cr)	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	13,627.80	12,936.50	12,514.20	12,243.40	12,224.40	11,548.30	11,299.00	11,523.00
EBITDA	4,964.20	4,825.00	4,407.80	4,266.90	3,445.40	3,580.60	3,220.50	4,269.10
EBITDA Margin	36.43	37.30	35.22	34.85	28.18	31.01	28.50	37.05
Depreciation	1,878.60	1,828.10	1,790.80	1,797.70	1,814.70	1,756.80	1,738.00	1,680.00
Interest	271.60	391.00	217.50	268.20	459.70	280.80	489.70	335.90
Other Income	176.30	156.20	98.00	539.00	83.00	91.80	45.00	795.60
PBT	2,814.00	2,605.90	2,399.50	2,201.00	1,171.00	1,543.00	992.80	2,253.20
APAT	2,160.40	2,059.90	1,780.02	1,784.40	1,147.04	1,084.40	750.30	1,791.60
PAT Margin (%)	15.85	15.92	14.36	14.57	7.84	9.39	6.64	15.55
Earnings Per Share	5.41	5.15	4.50	4.46	2.51	2.86	1.98	4.72

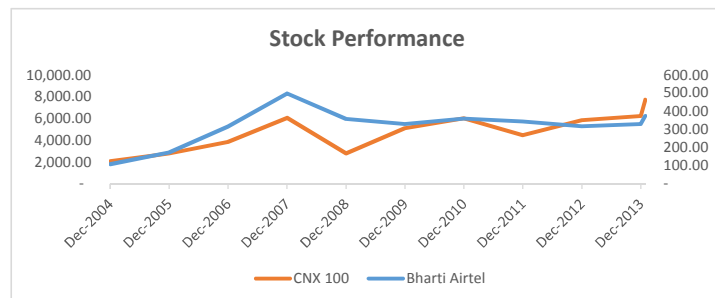


Key Financial Indicators						
Particulars	Units	2013	2012	2011	2010	2009
Revenue	Crs	45,350.90	41,603.80	38,017.70	35,609.50	34,014.29
EBITDA Margins	%	32.93	34.30	35.93	39.11	39.74
PAT	Crs	5,042.45	5,689.43	7,620.22	9,295.44	7,531.38
PAT Margins	%	11.24	13.77	20.30	26.47	22.77
Revenue Growth	%	9.01	9.43	6.76	4.69	32.33
EBITDA Growth	%	4.66	4.44	(1.89)	3.03	25.77
PAT Growth	%	(11.06)	(25.75)	(18.13)	21.73	24.02
Debt - Equity	times	0.29	0.29	0.21	0.20	0.30
ROCE	%	11.66	13.26	18.03	26.27	33.17
ROE	%	9.31	11.51	17.28	25.30	27.25

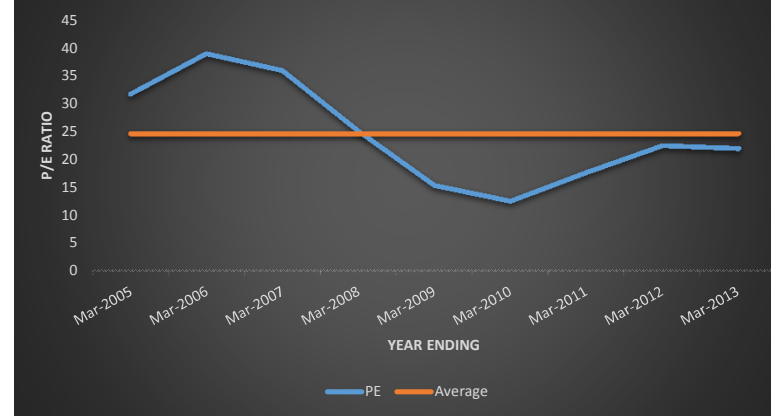
Peer Comparison				
Particulars	Units	Bharti Airtel	Idea Cellular	Reliance Comm.
Revenue	Rs Cr	45,350.90	26,110.40	12,627.00
EBITDA Margins	%	32.93	28.94	33.90
PAT	Rs Cr	5,042.45	1,617.30	646.00
PAT Margins	%	11.24	6.47	4.94
Debt - Equity	%	0.29	1.09	0.80
EPS	Rs / Share	8.38	6.21	4.36
PE	times	44.11	26.06	26.63
P/BV	times	2.08	2.80	0.73
ROCE	%	11.66	10.73	3.48
ROE	%	9.31	0.10	1.95
EV/EBITDA	times	8.35	8.58	10.12

Stock Performance vis-a-vis Index

Particulars	Return	
	YTD	QTD
Bharti Airtel	22%	20%
CNX 100	30%	7%



Valuation Chart



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