

connectivity has come on the back of investments of over \$500 million made on building cable capacity, network infrastructure and international points of presence, it said. The launch is another step in our journey of becoming a global network solutions provider. From being a regional partner for foreign carriers, Bharti is now uniquely poised to serve global carriers to and from any part of the globe. This step will help Bharti Airtel to maintain its leadership position and continue to grow much ahead of its competition.

Technicals :

The 21 day moving average is about Rs 404. The stock has a very good support at Rs 392 and then at Rs 370. Unless these levels are broken, the stock could move higher. We expect a move



to Rs 433 soon once the Bharti-MTN deal is signed and thereafter it could move to Rs 500 levels, once it closes above the Rs 433 levels. The stock is an index component and carries a good weightage. Telecom is the only sector that has been a laggard in last few months and it is time that the sector catches up with the market. The floating stock with public is quite low.



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August 27, 2009

Bharti Airtel Limited

Cmp. 405 Target 500

Stock Details	
Current Market Price	405
Face Value	Rs 5
Book Value Proj 09-10	Rs 100
EPS ** Proj.09-10	Rs 30
P/E	13.5
52 Week H/L	500/275
P/BV	4
Shareholding Pattern	%
Promoters	67.41
Institutions/FII's	27.47
Public	1.78
Body Corporates	3.34

Background :

Bharti Airtel is the leading private sector telecom service provider of the country and has a subscriber base same as that of state run BSNL. The company has done extremely well in the last few years and is the market leader of the segment. It has a current subscriber base of around 100 million customers. The mobile business provides mobile & fixed wireless services using GSM technology across 23 telecom circles while the Airtel Telemedia Services business offers broadband & telephone services in 95 cities and has recently launched India's best Direct-to-Home (DTH) service, Airtel digital TV. It also has operation in Sri Lanka besides India. The company also has a JV with AXA of France for life, general insurance and asset

management. Bharti Retail, the 100% subsidiary of Bharti Enterprises operates multiple format consumer friendly stores. Bharti Wal-Mart, is a B2B JV with Wal-Mart for wholesale cash-and-carry and back-end supply chain management operations.

Future Growth Triggers :

The Company is in talks with MTN of South Africa, which has a presence in close to 20 countries, most of them in the developing markets, for a tie-up. The Company could build a partnership based on cross holdings in each other's equity. Bharti is likely to hold around 49% in MTN and MTN may hold around 36% in Bharti. The company wants to make MTN highly profitable by using its proven business model in India. About 13-14% of rural India owns phones. So there is great scope to increase the subscriber base. Of course the revenues per customer from rural India would be lower but still the company would be able to grow its profits well as major part of infrastructure is already set and incremental infrastructure addition will bring higher revenues. Revenues from value added services and launch of 3G services will further boost the revenues. The company may also get its tower business listed and hive off that division into a separate company. Retail and Insurance are other sectors, which could grow in the long run. We are particularly bullish on its Retail JV with Wal-Mart, the World major in retail.

Telecom major Bharti Airtel today unveiled its wholesale service portfolio that will enable telecom operators across 50 countries access its services. Bharti Airtel's wholesale portfolio will offer MPLS, ethernet, IP and International Private Leased Circuit (IPLC) services to global carriers through its global network with a reach to 50 countries, Bharti Airtel said in a statement. The portfolio includes solutions for voice and data connectivity, collaboration services, co-location, carrier outsourcing and content distribution through its high-speed submarine network, it added. The