

Bharti Airtel's profits decline for 11th consecutive quarter

Its net profit fell to Rs 721 crore (Rs 7.21 billion) for the quarter ended September, 30 per cent Y-O-Y decline

Bharti Airtel, India's largest telecom service provider today reported a decline in profits for 11th consecutive quarter. Its net profit fell to Rs 721 crore (Rs 7.21 billion) for the quarter ended September, 30 per cent decline compared to corresponding quarter in the last financial year. This is 11th consecutive quarter, when its profits declined. This is sorry state of affairs for Bharti Airtel, which was considered as the poster boy of India's telecom sector. Now it emerges that the company was thriving mainly on getting spectrum without paying licence fee to the government.

Interestingly, its share price went up by 1.13 per cent in Bombay Stock Exchange (BSE) to Rs 276, when the results reached the market.

Its consolidated revenues for Q2 at Rs 20,273 crore grew by 17.4% over the corresponding period last year, led by strong growth of 77% in India Mobile Data, 26% in 'airtel business' (B2B), 26% in Digital TV and 29% in Africa. Mobile voice revenues in India were depressed due to the seasonal effect.

Africa continued to witness steady Y-o-Y growth, fuelled by 21% increase in customer base, 32% traffic increase and 56% increase in non-voice revenues. "The Company's efforts to counter economic headwinds were successful in Q2 in terms of minutes elasticity. Amidst intensified competitive pressures, Airtel has continued to keep its prime focus on leading the market development through network (including 3G) and distribution expansion, and affordable pricing," said a statement issued by the company.

Consolidated EBITDA margin at 31.3% improved on a sequential basis, aided by a favourable outcome on an outstanding dispute in India pertaining to inter-connect agreements.

Consolidated Net Income came in at Rs 721 crore, down Y-o-Y by 30% (PY: Rs 1,027 crore). Consolidated Operating Free Cash Flows for the quarter were healthy at Rs 2,296 crore which represents an increase of 111% over the corresponding period last year. The Net Debt - Equity ratio was at 1.35 (Q1 : 1.38) and USD Net Debt - EBITDA ratio was at 2.72.