

Bharti Airtel Q1 net profit tumbles 37 percent to Rs 762 crore

Bharti Airtel Chairman and Managing Director Sunil Bharti Mittal said that Telecom revenues in India have been depressed due to hyper-competition and recent regulatory and tax developments

Bharti Airtel has reported 37 percent fall in net profit to Rs 762 crore (\$138 million) for the first quarter ended June. The company had posted a net profit of Rs. 1,215.2 crore in the same period last fiscal.

"Telecom revenues in India have been depressed due to hyper-competition and recent regulatory and tax developments. Despite these adverse developments, Airtel has kept its focus on network expansion, market investments, superior customer experience and new product innovations," Bharti Airtel Chairman and Managing Director Sunil Bharti Mittal said.

Earnings before interest, tax, depreciation and amortisation (EBITDA) too dropped 6% QoQ to Rs 5,849 crore as against the expectations of Rs 6,525 crore. EBITDA margin, which went down by 310 basis points QoQ to 30.2%, was way below the estimates of around 33.4%.

The revenues in India during the quarter were impacted by two significant changes -Trai guidelines around processing fees which restricts the sales of "combo packs" and hike in service tax from 10.3 per cent to 12.36 per cent, effective April 1, 2012, the company said in a statement.

The total revenues were up by 14 per cent to Rs 19,350 crore in the quarter against Rs 16,975 crore in Q1 FY'12, marked by growth of 31.5 per cent in Africa and 44.2 per cent increase in mobile data revenues from India.

Africa revenues grew by 31.5%, driven by strong operational performance in the last year and favourable currency movements. However, economic and currency headwinds are presently evident in key markets, as a result of the eurozone crisis, lower aid and grants, rising inflation and political issues in some countries.

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"With this in mind, the company intensified market operations, advertising, network rollouts, as well as new growth initiatives such as 3G, airtel money and Rwanda," the company said.

The company's total subscriber base across mobile, telemedia and digital TV services in India, South Asia and Africa stood at 260.71 million at the end of June 2012.

By 9:41 a.m., shares in Bharti fell 2.9 percent in a Mumbai market that rose 0.3 percent. The stock dropped as much as 3.9 percent after the earnings were announced.

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