

Bharti Airtel profit down 29 percent on rupee woes (Update)

October 30 2013, by Kay Johnson

Bharti Airtel, India's largest telecommunications company, said Wednesday the weak rupee contributed to a 29 percent slump in quarterly profit.

Net profit for the July to September quarter was 5.1 billion rupees (\$83 million). The company absorbed currency losses of 3.4 billion rupees (\$55 million).

However, solid revenue growth in rupee terms plus higher operating profit margins boosted the company's stock, which rose 6 percent on the Bombay Stock Exchange.

Bharti Airtel said its mobile Internet revenue doubled from a year earlier, driving overall revenue up 10 percent to 213 billion rupees (\$3.5 billion).

Operating profit margins also improved to 32.0 percent in the quarter from 30.6 percent, driven by expansion of Indian mobile data business and an increase in subscribers in Africa.

Like many Indian companies, Bharti Airtel is weighed down by loans it took out in dollars, which the depreciated rupee makes more expensive to pay back. The rupee is now hovering at about 61.5 to the dollar, 13 percent lower than its January average.

The company said it had consolidated net debt of \$9.7 billion.

Bharti Airtel's profit growth has slowed for several quarters but it is expanding in Africa and Bangladesh and recently passed the 50 million mark for data service customers in India, chief financial officer Sarvjit Dhillon said.

He said that high maintenance and energy costs as well as regulation are increasing expenses across the board in India's telecoms industry and warned that rate increases might be inevitable because of the weak rupee and India's high inflation.

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