

EFFECT OF PRE-PLANNING IN CONSTRUCTION FOR TIME MANAGEMENT

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Abstract - The project on “Equity Analysis of Telecom Sector” was carried out in Anand Rathi Securities Pvt Ltd., Pune, a very well known company in the field of stock broking and capital market services sector.. The duration of the project was two months i.e from 1st June 2007 to 31st July 2007. These two months were not only limited to learning and devoting time towards equity research but it also provided an insight on what various services such broking houses provide and what efforts are required to manage such organizations. The reason behind choosing this project is that it provides hands on experience with what goes on in the stock market on a day-to-day basis. Some value investors only look at present assets/earnings and don't place any value on future growth. Other value investors base strategies completely around the estimation of future growth and cash flows. Despite the different methodologies, it all comes back to trying to buy something for less than its worth.

Key Words: Sell, Buy, .

1. INTRODUCTION

1.1. Economic Analysis:

An Economic analysis is the filter or scanner of the surrounding at the time of equity research, which help the analyst to make a rational decision. In the economic analysis, the following factors are considered as a whole with a perspective of industry & also considered with a perspective of individual company:

- Inflation rates.
- Economic growth.
- Governmental Exim & other policies regarding businesses & industry.
- LPG (liberalization, privatization, globalization)
- Interest rates: standards of returns for measurement.
- FII's perception to share market.
- Political feel.

1.2. Industry Analysis:

Since each industry is unique, a systematic study of its specific features and characteristics must be an integral part of the investment decision process. Industry analysis should focus on the following:

- Structure of the industry
- Technology and research.
- Nature of the competition
- Nature and prospects of the demand
- Costs, efficiency and profitability

1.3. Company Analysis:

In the company analysis, the investor assimilates the several bits of information related to the company and evaluates the present and future values of the stock. The risk and return associated with the purchase of the stock is analysed to take better investment decisions. The present and future values of the stock are affected by a number of factors such as:

- Earnings
- Capital structure
- Management
- Competitive edge
- Operating efficiency
- Financial performance

1.4. Fundamental Analysis:

Fundamental analysis is the study of economic, industry and company conditions in an effort to determine the value of a company's stock. Fundamental analysis typically focuses on key statistics in company's financial statements to determine if the stock price is correctly valued. Most fundamental information focuses on economic, industry and company statistics. The typical approach to analyzing a company involves four basic steps:

- Determine the condition of the general economy

- Determine the condition of the industry
- Determine the condition of the company
- Determine the value of the company's stock

Fundamental analysis facilitates comparison between two companies. It reflects the financial efficiency & financial position of a company. Fundamental analysis is fruitful in preparing plans for the future. However, fundamental Analysis should not be considering as the ultimate objective test but it may be carried further based on the outcome & revelations about the cause of variations. Fundamental Analysis is helpful in forecasting likely position of company in near future.

1.5. Technical analysis:

The Technical analysis is helpful to general investor in many ways. It provides important & vital information regarding the current price position of the company. Technical analysis involves the use of various methods for charting, calculating and interpreting graph & chart to assess the performances & status of the price. It is the tool of financial analysis, which not only studies but also reflecting the numerical & graphical relationship between the important financial factors. The focus of technical analysis is mainly on the internal market data, i.e. prices & volume data. It appeals mainly to short term traders. It is the oldest approach to equity investment dating back to the late 19th century.

2. BASIC MODEL OF A TELECOM COMPANY

2.1. Wireless/Mobile/Cellular services

The cellular mobile service providers (CMSPs) make available mobile telephone services where by a customer on possession of a handset and obtaining a connection by way of SIM card (for GSM based technology phones) is able to connect to the network of the service provider. This is a wireless service that allows the customer to connect with other wireless customers as also wire line customers. A CMSP derives its revenues by way of tariff charges for outgoing calls made by subscribers on its network.

2.2. Fixed line services

The fixed (wireline) services are dominantly provided for by the PSUs (BSNL and MTNL) in India. A customer can obtain a connection where by a wireline provides him with the last mile connectivity on the national telecom network.

Although this had been a dominant mode of telecommunication in the past, it is fast being replaced with mobile telephony, which has the advantage of connectivity on the move. The fundamental business of a fixed line operator is almost similar to that of a CMSP, in terms of ARPU and Subscriber base.

2.3. Internet/Broadband:

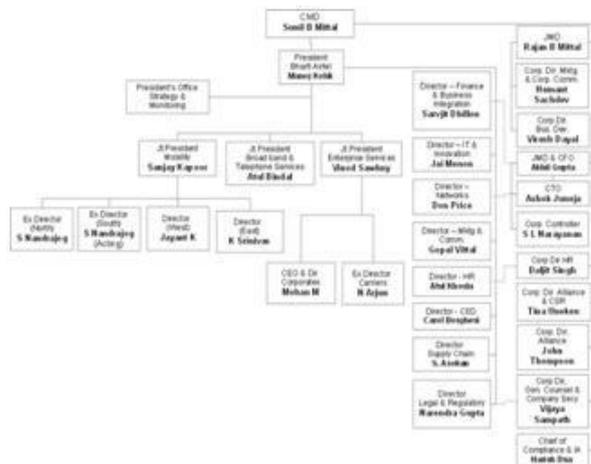
The Internet services are provided either by telecom service providers or independent Internet service providers (ISP) who deal exclusively in providing this service. There are two forms of Internet that are currently popular - the dial-up connections and the broadband connections. While both these forms are used for transmitting and receiving data, a broadband connection (Internet access that allows minimum download speed of 256 kilo bits per second from the point of presence of the service provider) allows you to transmit data at faster rate.

2.4. Enterprise services:

These services are used by large and medium corporates for data transfer between their offices and/or their suppliers' offices, which may be spread in a city, or a country, or even across continents. The need of users to have a seamless connectivity with their associates is what drives this business for telecom companies. Considering that this business takes care of data transfer needs of corporates, who are not as 'affordability' conscious as the individuals, telecom companies generally earn higher margins on Enterprise services than they earn on any of the other three business lines. IT and BPO sectors, whose business is so data dependent, are the major users of Enterprise services.

2.5. PC penetration:

Internet penetration in India is currently at very low levels, as compared to its developing peers. This is set to take off with the rise in PC penetration, which will again be a consequence of affordability in terms of lower PC costs and reduced cost of data transfer. The cost of data transfer depends on whether one is using a dial-up or a broadband connection. The dial-up package entails a fixed charge for Internet access and a variable charge for the telephone connection. On the other hand, tariffs for broadband are usually designed on the basis of quantum of data transmission. As there is rationalisation of these tariffs going forward, Internet will become more affordable and this will drive growth, as the recurring expenditure will reduce.



3. DATA ANALYSIS AND INTERPRETATION

Bharti Airtel has bagged the 'Best Emerging Market Carrier' award at the Telecom Asia Awards 2007. The GSM service provider was adjudged best from among a list of 30 telecom companies in the Asia Pacific region. Earlier, Bharti Airtel had won the 'Best Indian Carrier' award for two consecutive years, in 2005 and 2006. The company introduced new products like BlackBerry wireless solution, Airtel Live and the company was the first wireless services operator to introduce Ring back tones (Hello Tunes).

3.1. MANAGEMENT OVERVIEW:

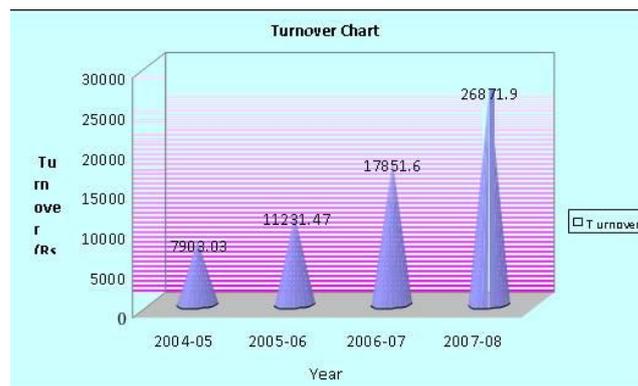
It is evident that the management of the company is very experienced and the company looks to be in safe and able hands. The management structure of Bharti Airtel is as follows:

3.2. PRIZE INFORMATION

Price Information		
BSE(13-07-07)	Rs.	880.75
BSE(13-07-07)	Rs.	881.9
P/E	x	37.5
EPS	Rs.	21.27
Market Cap.	Rs. In Cr	166930.2
52W High at BSE	Rs.	960
52W Low at BSE	Rs.	410

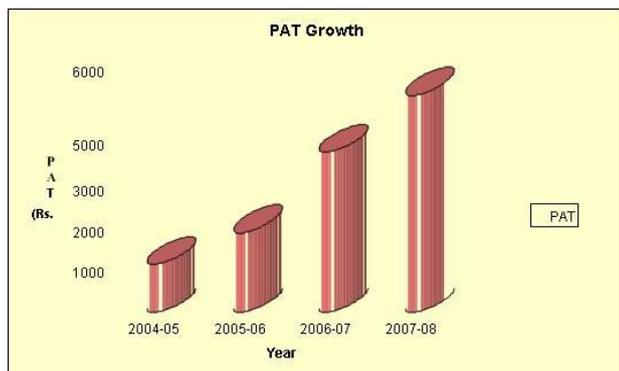
3.3. Net Revenues:

The net revenues of the company are growing at an average rate of 50.52% per year. As the industry is under the growth stage, this may help in boosting the revenues further. Some of the reasons behind this are declining prices due to competition, increasing rural penetration, technology, etc.



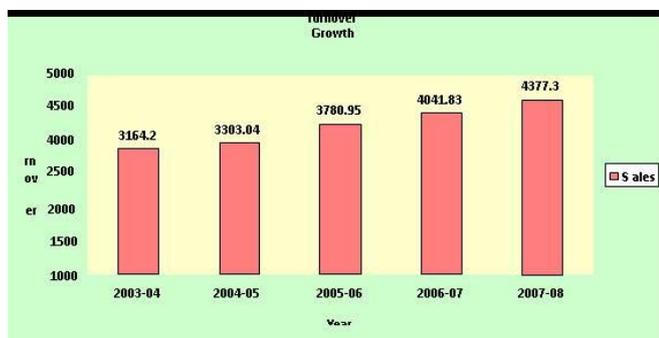
3.4. Profit after Tax:

The company is being able to manage its financing very well and on that account has managed to retain more interest of its shareholders. An increase in the interest payments by the company is reflected in the profit after tax of the company. In spite of this, the PAT shows a consistent growth in the future years.



3.5. Net Revenues:

The net revenues of the company are growing at an average rate of 8.5% per year. The revenues of the company underwent a sudden fall in 2004 due to the entry of various new players in the industry. But after that the company is trying to regain its earlier position by growing at a medium pace but with consistency. As the industry is under the growth stage, this may help in boosting the revenues further. Some of the reasons behind this are declining prices due to competition, increasing rural penetration, technology, etc.



4. CONCLUSIONS

Strong growth in subscriber base, increasing non voice revenues and lowering fixed cost per unit, the Indian telecom service sector is set to

report buoyant growth in revenues and profitability in the short to medium term.

There are two key drivers for the growth in this business. First, the enhanced capability of the Company to deliver services on a global basis is attracting new customers and opening up new markets. Second, there is significant growth in the existing customers' businesses globally.

Bharti Airtel, one of the major payers in the telecom service provider industry has attained a significant market share in the country with its widespread network, huge subscriber base and quality service. Also, the company to make its presence felt all across the globe, is spreading its wings to international markets.

VSNL, a company striving to make its presence felt in domestic as well as international market is lagging behind in the race against the new players. The reason behind this is the inability of the company to operate efficiently due to the large number of its subsidiaries, because of which there is no direct access to its end customers.

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