



Idea Cellular

BSE SENSEX	S&P CNX	Rs72	Buy							
18,969	5,687									
Bloomberg	IDEA IN									
Equity Shares (m)	3,299.8									
52-Week Range (Rs)	80/49									
1,6,12 Rel. Perf. (%)	7/0/3									
M.Cap. (Rs b)	236.1									
M.Cap. (US\$ b)	5.2									
YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
END	(RS M)	(RS M)	(RS)	GR. (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
3/10A	124,476	9,540	3.1	2.0	23.3	2.0	7.6	5.5	2.3	8.4
3/11E	154,396	7,762	2.4	-23.6	30.4	2.0	6.7	4.9	2.3	9.4
3/12E	186,251	8,861	2.7	14.1	26.7	1.8	7.2	6.2	1.9	7.2
3/13E	212,535	16,780	5.1	89.4	14.1	1.6	12.3	9.2	1.5	5.3

- 3QFY11 Revenue/EBITDA 2-3% above estimates:** Idea Cellular reported consolidated revenue of Rs39.6b (+8.1% QoQ) and EBITDA of Rs9.5b (+7.9% QoQ) in 3QFY11; 2-3% above our estimates. Consolidated EBITDA margin of 24% (flat QoQ) was negatively impacted (250bp) by higher sales and marketing costs. Consolidated PAT increased 42.9% YoY and 35.2% QoQ to Rs2.43b led by lower finance costs and better-than-expected EBITDA performance from Indus Towers for second consecutive quarter. Mobile traffic (+10.2% QoQ) and RPM (-1.2% QoQ) surprised positively.
- Strong operating metrics:** Idea reported 3QFY11 ARPU of Rs168 (2.7% above estimate), down 16% YoY but up 0.6% QoQ. RPM declined 18.7% YoY and 1.2% QoQ to 41.8p. Minutes of use per subscriber increased 3.1% YoY and 1.8% to 401. Total volumes carried on the network increased 10.2% QoQ to 93.5b minutes. Monthly churn increased further to 10%.
- EBITDA estimates unchanged; 29% EBITDA CAGR over FY11-13; Buy:** Lower tariff pressure, continued volume growth, 3G launch, and lower new circle losses are expected to drive a strong 29% EBITDA CAGR for Idea over FY11-13E. We are upgrading FY11 earnings by 30% to factor-in lower finance costs and phased impact of interest cost and amortization for 3G spectrum fees. Our EBITDA and earnings estimates for FY12 and FY13 remain largely unchanged. Idea trades at an EV/EBITDA of 7.2x FY12E and 5.3x FY13E. Maintain **Buy** with a price target of Rs90.

Y/E MARCH	QUARTERLY PERFORMANCE (CONSOLIDATED)								(RS MILLION)	
	FY10				FY11				FY10	FY11E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Revenue	29,759	29,739	31,501	33,477	36,537	36,592	39,556	41,711	124,476	154,396
YoY Growth (%)	36.6	29.1	15.3	14.0	22.8	23.0	25.6	24.6	22.7	24.0
QoQ Growth (%)	1.4	-0.1	5.9	6.3	9.1	0.2	8.1	5.4		
EBITDA	8,599	8,095	8,141	9,235	8,884	8,788	9,482	10,030	34,070	37,184
YoY Growth (%)	19.4	33.4	16.7	13.9	3.3	8.6	16.5	8.6	20.2	9.1
QoQ Growth (%)	6.1	-5.9	0.6	13.4	-3.8	-1.1	7.9	5.8		
Margin (%)	28.9	27.2	25.8	27.6	24.3	24.0	24.0	24.0	27.4	24.1
Net Finance Costs	869	740	938	621	1,142	1,028	941	1,444	3,168	4,600
Depreciation & Amortization	4,555	4,796	5,130	5,667	5,656	5,820	5,925	6,884	20,148	24,285
Profit before Tax	3,175	2,559	2,073	2,947	2,086	1,940	2,616	1,702	10,754	8,299
Income Tax Expense / (Income)	204	357	372	281	72	143	186	136	1,214	537
Net Profit / (Loss)	2,971	2,202	1,701	2,666	2,014	1,797	2,430	1,565	9,540	7,762
YoY Growth (%)	12.9	52.8	-22.5	-2.8	-32.2	-18.4	42.9	-41.3	5.9	-18.6
QoQ Growth (%)	8.3	-25.9	-22.8	56.7	-24.5	-10.8	35.2	-35.6		
Margin (%)	10.0	7.4	5.4	8.0	5.5	4.9	6.1	3.8	7.7	5.0
Mobile ARPU (Rs/month)	232	209	200	185	182	167	168	163	207	169
QoQ Growth (%)	-8.7	-9.9	-4.3	-7.5	-1.6	-8.2	0.6	-3.2		
Mobile MOU/sub/month	399	375	389	398	415	394	401	405	388	395
QoQ Growth (%)	-0.7	-6.0	3.7	2.3	-0.4	-4.0	1.0	1.0		

E: MOSL Estimates

- Idea Cellular's 3QFY11 revenue and EBITDA were 2-3% above estimates; PAT was significantly ahead due to lower finance costs.
- While revenue surprise was driven by higher traffic growth as well as lower RPM decline, EBITDA surprise was primarily attributed to higher contribution from Indus Towers (EBITDA up 8.5% QoQ).
- Consolidated PAT grew 42.9% YoY and 35.2% QoQ to Rs2.43b (est of Rs1.96b) driven by higher EBITDA growth and lower-than-expected finance costs.
- Mobile traffic (+10.2% QoQ v/s estimate of 8.1%) and RPM (1.2% QoQ decline v/s estimate of 2.8%) surprised positively.
- 3QFY11 consolidated revenue grew 25.6% YoY and 8.1% QoQ to Rs39.6b (2.8% above estimate).
- Consolidated EBITDA grew 16.5% YoY and 7.9% QoQ to Rs9.5b (1.7% above estimate).
- Consolidated EBITDA margin stood at 24% (flat QoQ); there was a negative 250bp impact due to increase in sales and marketing costs.
- ARPU increased 0.6% QoQ to Rs168 (est of Rs164); MOU per subscriber grew 1.8% QoQ to 401 minutes (est of 398 minutes).
- Idea has revised FY11 capex guidance to Rs30b (excl. 3G spectrum payment) v/s Rs40b earlier due to spillover into FY12 and savings. 9MFY11 capex was Rs17.5b.
- Idea would be launching 3G service in 11 circles (where it won 3G spectrum) over next few months and is pursuing long-term arrangements with select quality operators for nation wide 3G service footprint.
- We expect 29% EBITDA CAGR over FY11-13E led by lower RPM decline, continued volume momentum and 3G launch.

Operating performance slightly above estimates

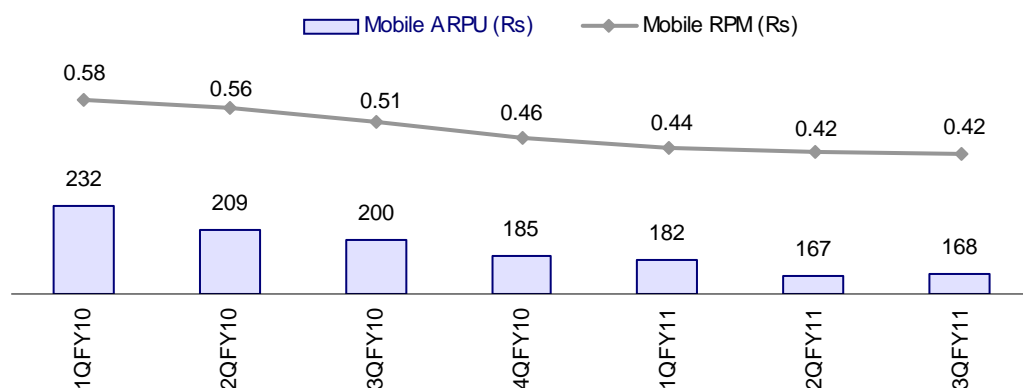
- Consolidated revenue grew 25.6% YoY and 8.1% QoQ to Rs39.6b vs our estimate of Rs38.5b.
- Revenue for established circles increased 27.3% YoY and 7.3% QoQ to Rs35.9b.
- EBITDA in 13 established circles (including Spice) was Rs9.6b implying an EBITDA margin of 26.7%.
- New circles reported combined revenue of Rs3.96b (v/s Rs3.38b in 2QFY11) and EBITDA loss of Rs1.4b (flat QoQ).
- We expect new circle EBITDA loss to decline meaningfully from FY12 onwards.
- Standalone EBITDA grew 14% YoY and 7.8% QoQ to Rs8.2b (in line). Standalone EBITDA margin remained flat QoQ at 20.6%.
- Net finance cost of Rs941m was lower than our estimate of Rs1.25b due to lower debt (lower capex) and lower cost of debt; interest cost of Rs1.24b on 3G spectrum fee of ~Rs58b has been capitalized.

Strong operating metrics though increase in churn rate is a concern

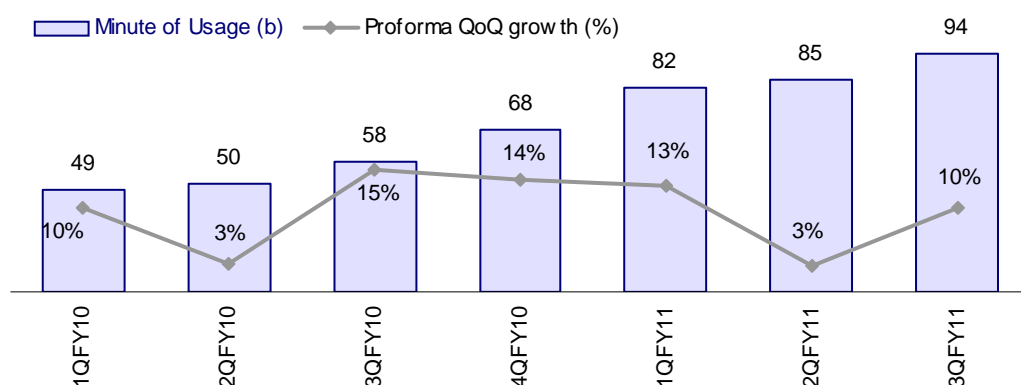
- Idea reported 3QFY11 ARPU of Rs168 (2.7% above estimate), down 16% YoY but up 0.6% QoQ (first instance of ARPU increase since 3QFY09).
- RPM declined 18.7% YoY and 1.2% QoQ to Rs0.42.
- Total volumes carried on the network (incl Spice) increased 45.7% YoY and 10.2% QoQ to 93.5b minutes.

- Minutes of use per subscriber increased 3.1% YoY and 1.8% QoQ to 401.
- Monthly churn increased from 8% in 2QFY11 to 10% in 3QFY11 and remains alarming.
- There could be pressure on margins going forward if churn rates remains high and there is increase in subscriber retention costs due to MNP.

Stable ARPU and RPM on a QoQ basis



Strong traffic growth even after adjusting for seasonality



Source: Company/MOSL

Indus EBITDA up 8.5% QoQ

- Idea's share of 16% of Indus revenues for the quarter was Rs2.77b while revenue eliminations stood at Rs3.12b. Proportionate EBITDA from Indus increased 8.5% QoQ to Rs1.27b.
- Indus EBITDA was 12.3% above our estimates.
- As of Dec-10, Idea had 70,208 cell sites (including erstwhile Spice). Idea owns 8,944 towers while the balance sites are rented (of which 37,819 sites have been rented from Indus).

FY11 capex guidance revised from Rs40b to Rs30b; net debt flat QoQ

- Idea incurred capex (including addition to CWIP) of Rs9.5b in 3QFY11 and Rs17.5b in 9MFY11 (excluding 3G spectrum fees and interest capitalized).
- FY11 capex (ex-3G payments) guidance has been revised from Rs40b to Rs30b led by spill-over of capex to FY2 as well as savings.
- Consolidated net debt remained flat QoQ at Rs106.8b.

- Idea has net debt /annualized EBITDA of 2.8x and net debt/equity of 0.9x at the consolidated level.
- We expect consolidated net debt/EBITDA to decline to ~2.4x by FY12.

EBITDA estimates unchanged; 29% EBITDA CAGR over FY11-13; Buy

- Lower tariff pressure, continued volume growth, 3G launch, and lower new circle losses are expected to drive a strong 29% EBITDA CAGR for Idea over FY11-13E.
- We are upgrading FY11 earnings by 30% to factor-in lower finance costs and phased impact of interest cost and amortization for 3G spectrum fees.
- Our EBITDA and earnings estimates for FY12 and FY13 remain largely unchanged.
- Idea trades at an EV/EBITDA of 7.2x FY12E and 5.3x FY13E.
- Maintain **Buy** with a price target of Rs90.

Idea Cellular 3QFY11: Consolidated P&L and Revenue Drivers (Rs m)

	3QFY10	2QFY11	3QFY11	YoY (%)	QoQ (%)	3QFY11E	v/s est (%)
Revenue	31,501	36,592	39,556	25.6	8.1	38,487	2.8
EBITDA	8,141	8,788	9,482	16.5	7.9	9,326	1.7
<i>EBITDA margin (%)</i>	<i>25.8</i>	<i>24.0</i>	<i>24.0</i>	<i>-187bps</i>	<i>-4bps</i>	<i>24.2</i>	<i>-26bps</i>
Depreciation and amortization	5,130	5,820	5,925	15.5	1.8	5,942	-0.3
EBIT	3,011	2,968	3,557	18.1	19.8	3,384	5.1
EBIT margin (%)	9.6	8.1	9.0	-57bps	88bps	8.8	20bps
Net Finance Costs	938	1,028	941	0.3	-8.5	1,249	-24.7
Profit before Tax	2,073	1,940	2,616	26.2	34.8	2,135	22.5
Tax	372	143	186	-50.0	30.1	171	8.9
Tax rate (%)	17.9	7.4	7.1	-1084bps	-26bps	8.0	-89bps
Profit after Tax	1,701	1,797	2,430	42.9	35.2	1,964	23.7

Revenue drivers

	3QFY10	2QFY11	3QFY11	YoY (%)	QoQ (%)	3QFY11E	v/s est (%)
Subscribers (m)	57.6	74.2	81.8	41.9	10.2	79.4	3.0
ARPU (Rs/month)	200	167	168	-16.0	0.6	164	2.7
Total minutes incl. Spice (b)	64.2	84.8	93.5	45.7	10.2	91.7	2.0
Minutes of use/sub/month	389	394	401	3.1	1.8	398	0.8
Revenue per min (paisa)	51.4	42.3	41.8	-18.7	-1.2	41.1	1.6

Source: Company/MOSL

Segmental break-up (Rs m)

	3QFY10	2QFY11	3QFY11	YoY (%)	QoQ (%)	3QFY11E	v/s est (%)
Consolidated revenue break-up (Rs m)							
Established service areas*	28,226	33,507	35,941	27.3	7.3	34,928	2.9
9 new service areas	2,384	3,384	3,960	66.1	17.0	3,866	2.4
Idea standalone	30,610	36,891	39,901	30.4	8.2	38,794	2.9
Proportionate revenue - Spice	1,490	-	-				
Proportionate revenue - Indus	2,216	2,777	2,772	25.1	-0.2	2,860	-3.1
Eliminations	-2,822	-3,075	-3,117	10.5	1.4	-3,167	-1.6
Consolidated revenue	31,494	36,593	39,556	25.6	8.1	38,487	2.8
Consolidated EBITDA break-up (Rs m)							
Established service areas*	8,491	9,047	9,597	13.0	6.1	9,626	-0.3
9 new service areas	-1,288	-1,429	-1,384	7.5	-3.1	-1,430	-3.2
Idea standalone	7,203	7,618	8,213	14.0	7.8	8,196	0.2
Proportionate EBITDA - Spice	167	-	-				
Proportionate EBITDA - Indus	771	1,170	1,269	64.6	8.5	1,130	12.3
Consolidated EBITDA	8,141	8,788	9,482	16.5	7.9	9,326	1.7
EBITDA margin (%)							
Established service areas*	30.1	27.0	26.7	-338bps	-30bps	27.6	-86bps
9 new service areas	-54.0	-42.2	-34.9	1908bps	728bps	-37.0	204bps
Idea standalone	23.5	20.7	20.6	-295bps	-7bps	21.1	-54bps
Implied margin - Spice	11.2	-	-				
Implied margin - Indus	34.8	42.1	45.8	1099bps	365bps	39.5	628bps
Consolidated EBITDA margin	25.8	24.0	24.0	-188bps	-4bps	24.2	-26bps

* 11 circles upto 3QFY10, partial consolidation of Spice in 4QFY10, full consolidation from 1QFY11

Source: Company/MOSL

Key takeaways from the earnings call

- Pressure on price is becoming lower - appears that worst is over for the sector although over-capacity exists
- 3G licence fee to be capitalized on a phased (circle wise) basis.
- FY12 capex guidance has not been shared, however the management expects the company to be near free cash break-even in FY12. Idea was free cash break-even in FY11 excluding the 3G licence fee payment of Rs57.7b. We expect operating cash flow of ~Rs35b in FY12
- Traffic growth to lag subscriber growth going forward as it will be difficult to hold MOU per sub given low usage from incremental subscribers
- MNP implementation in Haryana over past 2 months (from 25th November) suggest that MNP is unlikely to be a game changer as % of subscribers requesting for porting has been insignificant
- New circles expansion to remain calibrated unless EBITDA loss comes down. Idea is incurring EBITDA loss of ~Rs1.4b/qtr in its 9 new circles currently.
- Tax rate to remain at MAT for next two years given significant carry forward losses.

KPI trends

	1QFY10	2QFY10	3QFY10	4QFY10	1QFY11	2QFY11	3QFY11
Minute of Usage (b)	48.7	50.3	57.8	68.3	82.3	84.8	93.5
Mobile ARPU (Rs)	232	209	200	185	182	167	168
MOU (per sub)	399	375	389	398	415	394	401
Mobile RPM (Rs)	0.58	0.56	0.51	0.46	0.44	0.42	0.42
VAS (% of ARPU)	10.1	10.6	11.2	12.4	12.6	12.9	13.0
VAS ARPU (Rs)	23.4	22.2	22.4	22.9	22.9	21.5	21.8
Voice ARPU (Rs)	209	187	178	162	159	145	146
Voice RPM (Rs)	0.52	0.50	0.46	0.41	0.38	0.37	0.36
EBITDA/min (Rs)	0.16	0.14	0.12	0.12	0.09	0.09	0.09
EBITDA/sub (Rs)	62	53	47	48	39	34	35
Prepaid (% of subs)	95.1	95.3	95.8	95.7	95.9	96.1	96.3
Monthly Churn - Prepaid (%)	6.9	7.4	9.4	7.9	8.4	8.2	10.3
Monthly Churn - Postpaid (%)	2.9	3.0	3.1	3.0	2.9	2.9	2.8
Monthly Churn - Blended (%)	6.7	7.2	9.1	7.7	8.2	8.0	10.0
QoQ Growth (%)							
Minute of Usage *	10.2	3.3	14.9	13.5	13.0	3.1	10.2
Mobile ARPU	-8.7	-9.9	-4.3	-7.5	-1.6	-8.2	0.6
MOU	-0.7	-6.0	3.7	2.3	4.3	-5.1	1.8
Mobile RPM	-8.0	-4.1	-7.8	-9.6	-5.7	-3.5	-1.2

* 4QFY10 and 1QFY11 like to like growth excluding Spice consolidation impact Source: Company/MOSL

SOTP valuation (Rs)

	Methodology	Driver	Multiple	Fair Value (Rs b)	value/share (Rs)
Core business (ex-Indus)	FY13 EV/EBITDA	55.0	6.0	330	100
Stake in Indus	Tower base	100,000	Rs4.5m/tower	58*	17
Less net debt (FY12E)				90	27
Total value				298	
Shares o/s (m)				3,300	
Value per share				90	
CMP				72	
Upside (%)				26	

* 80% stake in ABTL, which owns 16% stake in Indus towers

Source: MOSL

Summary of estimate change

	FY11E	FY12E	FY13E
Wireless Subs (m)			
Old	84.4	96.5	107.4
Actual/New	87.3	103.3	114.2
Change (%)	3.4	7.0	6.3
Wireless ARPU (Rs/month)			
Old	172	161	157
Actual/New	172	158	153
Change (%)	-0.3	-1.5	-2.6
Revenue (Rs b)			
Old	152.0	179.9	205.2
Actual/New	154.4	186.3	212.5
Change (%)	1.5	3.5	3.6
EBITDA (Rs b)			
Old	37.1	48.8	59.4
Actual/New	37.2	48.9	61.5
Change (%)	0.4	0.3	3.6
EBITDA margin (%)			
Old	24.4	27.1	29.0
Actual/New	24.1	26.3	29.0
Change (bp)	-28bp	-84bp	-1bp
Net finance cost (Rs b)			
Old	6.3	9.3	7.3
Actual/New	4.6	9.8	9.3
Change (%)	-26.7	5.5	28.2
Tax rate (%)			
Old	6.3	14.0	20.0
Actual/New	6.5	14.0	18.0
Change (bp)	13bp	0bp	-200bp
Net Profit (Rs b)			
Old	5.9	8.8	16.9
Actual/New	7.8	8.9	16.8
Change (%)	30.5	0.5	-0.8
EPS (Rs)			
Old	1.8	2.7	5.1
Actual/New	2.4	2.7	5.1
Change (%)	30.5	0.4	-0.8

Source: MOSL

Idea Cellular: an investment profile

Company description

Idea Cellular, an Aditya Birla Group company, is India's fifth largest wireless operator with a revenue market share of ~13%. Idea operates in all the 22 telecom circles of which 13 are classified as established service areas and 9 recently launched circles as new service areas.

Key investment arguments

- Idea's strong execution and new circle launches will drive 20% average subscriber growth p.a. FY11-13E. We expect consolidated EBITDA CAGR of 29% over FY11-13E.
- Idea's pan-India expansion is already over, implying lower intensity of capex and EBITDA losses in the new circles going forward.
- Strong incumbency advantage in 8 established circles and spectrum allocation in the 900MHz band in 9 circles.
- Key beneficiary of tower sharing initiatives including recent formation of Indus Towers - a three way passive infrastructure JV between Bharti, Idea, and Vodafone
- The company has won 3G Spectrum in 11 circles. 3G services are expected to be launched by 4QFY11. We expect incremental 3G revenue to contribute 3-4% of wireless revenues in FY12E.

Investment risks

- MNP implementation likely to put pressure on post-paid

Comparative valuations

		Idea	RCOM	Bharti
P/E (x)	FY12E	26.7	15.7	15.1
	FY13E	14.1	12.8	11.8
EV/EBITDA (x)	FY12E	7.2	6.8	6.8
	FY13E	5.3	5.8	5.5
EV/Sales (x)	FY12E	1.9	2.3	2.5
	FY13E	1.5	2.0	2.1
P/BV (x)	FY12E	1.8	0.7	2.1
	FY13E	1.6	0.6	1.8

Shareholding Pattern (%)

	Dec-10	Sep-10	Dec-09
Promoter	47.0	47.0	49.1
Domestic Inst	7.0	7.8	7.7
Foreign	42.9	40.5	37.8
Others	3.2	4.8	5.5

RPM; subscriber retention costs to remain an overhang.

- Regulatory environment remains uncertain with the government targeting to formulate New Telecom Policy - 2011.
- Higher leverage levels post 3G with net debt/ annualised EBITDA of 2.8x.
- Reliance Industries announced entry into telecom sector with the acquisition of pan-India BWA spectrum is aimed at technology leapfrog and is potentially disruptive for incumbents like Idea.

Recent developments

- Mobile Number Portability has been implemented on a pan-India basis effective January 20th 2011

Valuations and view

- Lower tariff pressure, continued volume growth, 3G launch, and lower new circle losses are expected to drive a strong 29% EBITDA CAGR for Idea over FY11-13E.
- We are upgrading FY11 earnings by 30% to factor-in lower finance costs and phased impact of interest cost and amortization for 3G spectrum fees.
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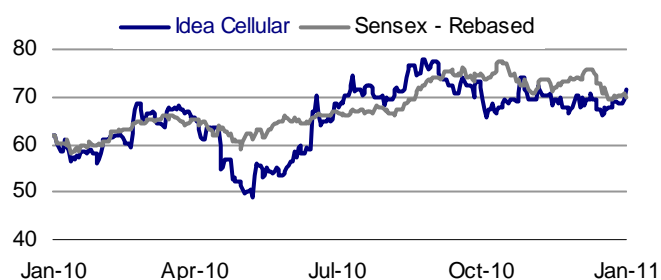
EPS: MOSL forecast v/s Consensus (rs)

	Most Forecast	Consensus Forecast	Variation (%)
FY11	2.4	2.0	20.0
FY12	2.7	2.3	14.7

Target Price and Recommendation

Current Price (Rs)	Target Price (Rs)	Upside (%)	Reco.
72	90	26.0	Buy

Stock performance (1 year)



Financials and Valuation

INCOME STATEMENT		(Rs Million)				
Y/E MARCH	2009	2010	2011E	2012E	2013E	
Revenues	101,485	124,476	154,396	186,251	212,535	
<i>Change (%)</i>	50.6	22.7	24.0	20.6	14.1	
Total Expenses	73,131	90,406	117,212	137,304	150,991	
EBITDA	28,353	34,070	37,184	48,947	61,544	
<i>% of Gross Sales</i>	27.9	27.4	24.1	26.3	29.0	
Depn. & Amortization	14,039	20,148	24,285	28,825	31,757	
EBIT	14,314	13,922	12,899	20,122	29,786	
Net Interest	4,943	3,168	4,600	9,819	9,323	
PBT	9,371	10,754	8,299	10,303	20,463	
Tax	363	1,214	537	1,442	3,683	
<i>Rate (%)</i>	3.9	11.3	6.5	14.0	18.0	
Adjusted PAT	9,008	9,540	7,762	8,861	16,780	
<i>Change (%)</i>	-13.6	5.9	-18.6	14.2	89.4	
PAT after EO	9,008	9,540	7,762	8,861	16,780	

BALANCE SHEET		(Rs Million)				
Y/E MARCH	2009	2010	2011E	2012E	2013E	
Share Capital	31,020	32,998	33,016	33,016	33,016	
Additional Paid up Capital	110,338	139,406	139,406	139,406	139,406	
Reserves	-3,072	-58,681	-53,105	-44,244	-27,464	
Net Worth	138,286	113,723	119,317	128,178	144,958	
Loans	89,165	78,593	118,044	121,545	95,482	
Other Liabilities	917	2,142	2,520	2,520	2,520	
Capital Employed	228,368	194,458	239,881	252,243	242,960	
Gross Block	248,880	276,111	372,225	410,053	435,659	
Less : Depreciation	59,982	88,906	112,623	141,160	172,918	
Net Block	188,898	187,205	259,601	268,893	262,741	
Other Non-Current Assets	5,440	0	0	0	0	
Curr. Assets	66,304	38,139	32,738	38,350	42,981	
Inventories	410	468	534	644	735	
Debtors	2,951	3,500	3,996	4,820	5,500	
Cash & Bank Balance	51,316	14,204	5,539	5,539	5,539	
Other Current Assets	11,627	19,967	22,670	27,347	31,206	
Curr. Liab. & Prov.	32,274	30,887	52,458	55,000	62,762	
Net Curr. Assets	34,030	7,253	-19,720	-16,650	-19,781	
Appl. of Funds	228,368	194,458	239,881	252,243	242,960	

E: MOSL Estimates

RATIOS						
Y/E MARCH	2009	2010	2011E	2012E	2013E	
Basic (Rs)						
EPS	3.0	3.1	2.4	2.7	5.1	
Cash EPS	7.7	9.6	9.7	11.4	14.7	
Book Value	46.3	36.7	36.2	38.8	43.9	
DPS	0.0	0.0	0.0	0.0	0.0	
Payout % (Incl.Div.Taxes)	0.0	0.0	0.0	0.0	0.0	
Valuation (x)						
P/E	23.7	23.3	30.4	26.7	14.1	
Cash P/E	9.3	7.5	7.4	6.3	4.9	
EV/EBITDA	9.2	8.4	9.4	7.2	5.3	
EV/Sales	2.6	2.3	2.3	1.9	1.5	
Price/Book Value	1.5	2.0	2.0	1.8	1.6	
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	
Profitability Ratios (%)						
RoE	10.4	7.6	6.7	7.2	12.3	
RoCE	7.4	5.5	4.9	6.2	9.2	
Turnover Ratios						
Debtors (Days)	11	10	9	9	9	
Asset Turnover (x)	0.77	0.71	0.74	0.77	0.88	
Leverage Ratio						
Debt/Equity Ratio(x)	0.6	0.7	1.0	0.9	0.7	

CASH FLOW STATEMENT		(Rs Million)				
Y/E MARCH	2009	2010	2011E	2012E	2013E	
Op.Profit(Loss) bef Tax	28,353	34,070	37,184	48,947	61,544	
Other Income	0	0	0	0	0	
Interest Paid	-4,943	-3,168	-4,600	-9,819	-9,323	
Direct Taxes Paid	-107	11	-159	-1,442	-3,683	
(Inc)/Dec in Wkg. Cap.	-4,716	-4,904	16,055	-3,070	3,131	
CF from Op.Activity	18,587	26,009	48,479	34,616	51,668	
(inc)/Dec in FA + CWIP	-95,713	-18,455	-96,682	-38,117	-25,606	
(Pur)/Sale of Investments	5,560	0	0	0	0	
CF from Inv.Activity	-90,153	-18,455	-96,682	-38,117	-25,606	
Issue of Shares	94,073	31,309	86	0	0	
Inc/(Dec) in Debt	24,011	-10,572	39,451	3,501	-26,063	
Other Financing Activities	-178	-65,404	-2	-2	-2	
CF from Fin.Activity	117,907	-44,666	39,537	3,501	-26,063	
Incl(Dec) in Cash	46,341	-37,112	-8,665	0	0	
Add: Opening Balance	4,975	51,316	14,204	5,539	5,539	
Closing Balance	51,316	14,204	5,539	5,539	5,539	

E: MOSL Estimates



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