



### Idea Cellular – Maintain Buy with target price of Rs.65

- We remain confident on the prospects of Idea Cellular and maintain the buy recommendation with a target price of Rs. 65 over a one-year term. The company has come out good result for the third quarter of fiscal 09 with strong operating performance. The company has also shown a commendable performance in the growth of subscriber base.
- Profit margins are under pressure due to higher cost of expansion and lower margins on joint ventures( Spice Communications and Indus Towers)
- Projected EPS for FY 09 is Rs. 3.13, which may go up to Rs.4.07 in FY 10. The EPS is expected to be Rs.4.84 in FY11.
- The target price is at a 10 P/E multiple of FY 10 expected earnings and a contribution of Rs.25 from the Indus Towers stake.

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