

**Investment Thesis**

**Base Case Valuation**

We initiate coverage of IDEA Cellular with a HOLD rating and a Target Price of INR 82 (FY2012), which is an upside of 3% from the current market price of INR 80. We have valued the Company using SOTP method by combining the standalone core wireless business and the 16% stake which IDEA Cellular holds in Indus Towers. We apply a 10% discount to Bharti Airtel's 2012E EV/EBITDA for calculating the EV of the standalone core wireless business since IDEA Cellular is 100% exposed to the hyper competitive wireless market in India and has no exposure to the other growing emerging markets. IDEA Cellular's 16% stake in Indus Towers is calculated using 10% discount to EV/Tower of INR 5 Mn for 108,586 towers. Sensitivity analysis has been shown separately and we expect that the stock price will be range bound between INR 80 to INR 90 for a FY2012E Target Price.

22% of the total Enterprise Value (EV) is contributed by the 16% stake in Indus Towers, most of the stock's value comes from the core wireless business, for which 3G deployment and its results will be a critical success factor. We expect that overall EBITDA margins can improve to 25% in FY2012 as operations stabilize due to reduction in the Network Operating Expenditure as a % of Total Income.

We do not expect any significant negative impact on the stock price from the Demand Notice and the Liquidated Damages of INR 3,276 Mn which IDEA Cellular has received from DoT/ Gol and we assume that, in the worst case scenario if IDEA Cellular has to pay the full amount, the impact would be INR 1 per share.

**Upside potential for the IDEA Cellular stock through unlocking value from towers.**

Among factors to watch for upsides include core wireless EBITDA margins, stability of network operation costs and performance and valuation of the Indus Towers business and subscriber growth and churn both in high ARPU 3G segment and the rural markets.

IDEA Cellular's 16% stake in Indus Towers is valued at INR 78 Bn (Enterprise Value) and this is an option available for IDEA Cellular's management to de-lever the Balance Sheet from the current Net Debt of INR 105 Bn and Net Debt/EBITDA of 2.8x. In our opinion they may not exercise this option in the near future.

We believe that, in order to reduce debt, IDEA Cellular could look at selling some of its own existing 9,000 towers to an independent tower and rent these sites back from the independent towerco.

**Exhibit 1: Ideal Cellular EBITDA margin FY2012E vs. Indus Towers EBITDA margin**

	20.2%	21.2%	22.2%	23.2%	24.2%	
Indus Towers EBITDA Margin 2012E	39%	INR 74	INR 78	INR 83	INR 87	INR 91
	40%	INR 75	INR 79	INR 83	INR 87	INR 92
	41%	INR 75	INR 80	INR 84	INR 88	INR 92
	42%	INR 76	INR 80	INR 84	INR 89	INR 93
	43%	INR 77	INR 81	INR 85	INR 89	INR 93
	44%	INR 77	INR 81	INR 86	INR 90	INR 94
	45%	INR 78	INR 82	INR 86	INR 90	INR 95

Source: MAPE Estimates

**Initiating Coverage**

**July 1, 2011**

**Beraam Gazdar**  
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**Market Data**

Rating	HOLD
Price ( 30 Jun'11)	INR 80
52 Week Range	INR 81/ INR 52

Target Price	INR 82
Upside(Downside) potential	3%
Div Yield (FY2012)	0%
Expected Total Return	3%

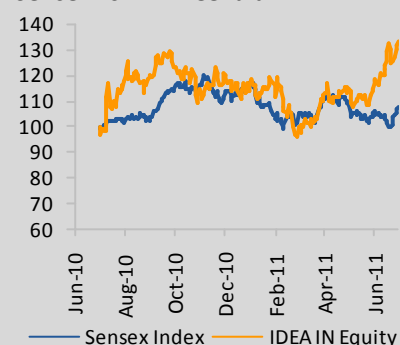
Outstanding Shares Mn	3,302
Mkt. Cap INR Mn	263,665
Mkt. Cap US\$ Mn	5,900

Net Debt INR Mn	105,762
Free float	30%

Returns	Sensex	IDEA Cellular
1 Month	2%	16%
3 Months	-2%	18%
6 Months	-7%	15%
1 Year	8%	35%
YTD	-7%	15%

Shareholders	% Holding
Promoter	46%
Axiata	20%
Institutions	18%
Others	16%

**Sensex vs. IDEA Cellular**



## KPIs, Revenues, Expenses and EBITDA

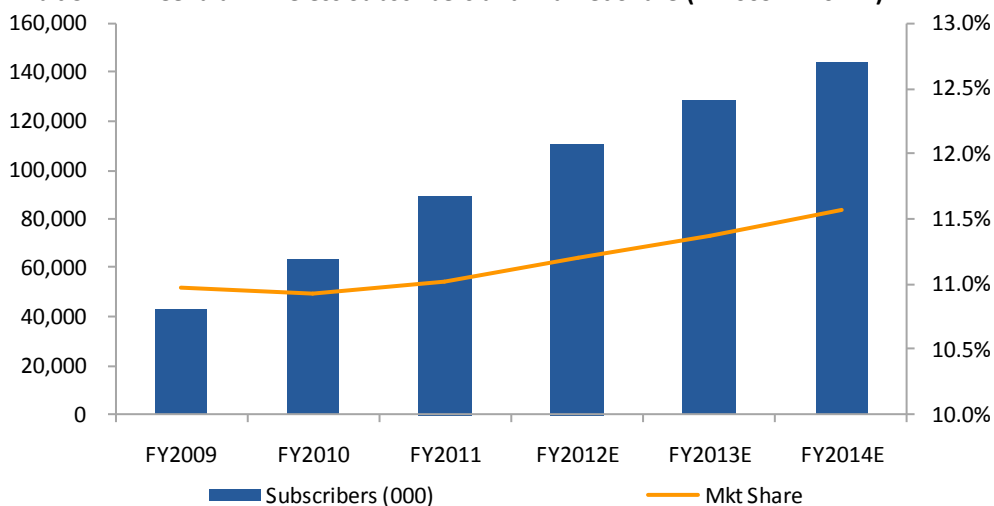
Exhibit 2: IDEA Cellular Core Wireless Business KPIs (FY2009-FY2014E)

	FY2009	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Subscribers (000)	43,023	63,825	89,503	110,896	128,915	144,412
Mkt Share	11.0%	10.9%	11.0%	11.2%	11.4%	11.6%
MoU/month/Sub	435	387	394	390	385	379
% growth		-11.1%	1.9%	-1.0%	-1.3%	-1.5%
Price Yield	INR 0.52	INR 0.44	INR 0.37	INR 0.34	INR 0.31	INR 0.30
% growth		-15.4%	-16.1%	-9.0%	-7.3%	-5.9%
Minutes Bn	175	248	363	469	554	622
% growth		41.7%	46.2%	29.3%	18.1%	12.3%
Voice ARPU	INR 228	INR 172	INR 147	INR 132	INR 121	INR 112
% growth		-24.8%	-14.5%	-9.9%	-8.4%	-7.3%
VAS ARPU	INR 24	INR 21	INR 21	INR 22	INR 24	INR 25
% growth		-9.6%	-0.8%	6.0%	5.0%	5.0%
Total ARPU	INR 252	INR 193	INR 168	INR 155	INR 144	INR 137
% growth		-23.3%	-13.0%	-7.9%	-6.5%	-5.3%

Source: Company Data, MAPE Estimates

We estimate that IDEA Cellular will be able to maintain its market share of wireless subscribers for the next 3 years and achieve a total subscriber base of 144.4 Mn by FY2014 from the current subscriber base of 89.5 Mn.

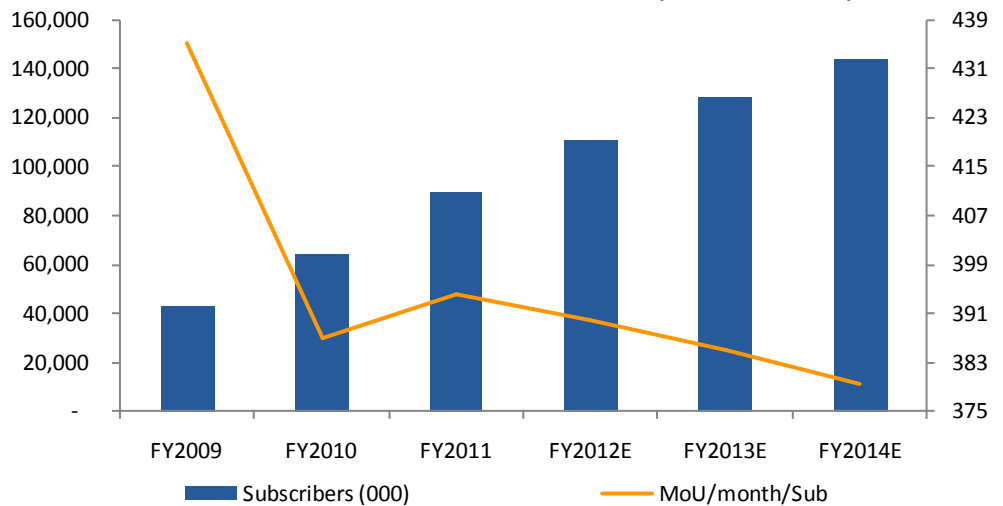
Exhibit 3: IDEA Cellular Wireless Subscribers and Market Share (FY2009-FY2014E)



Source: Company Data, MAPE Estimates

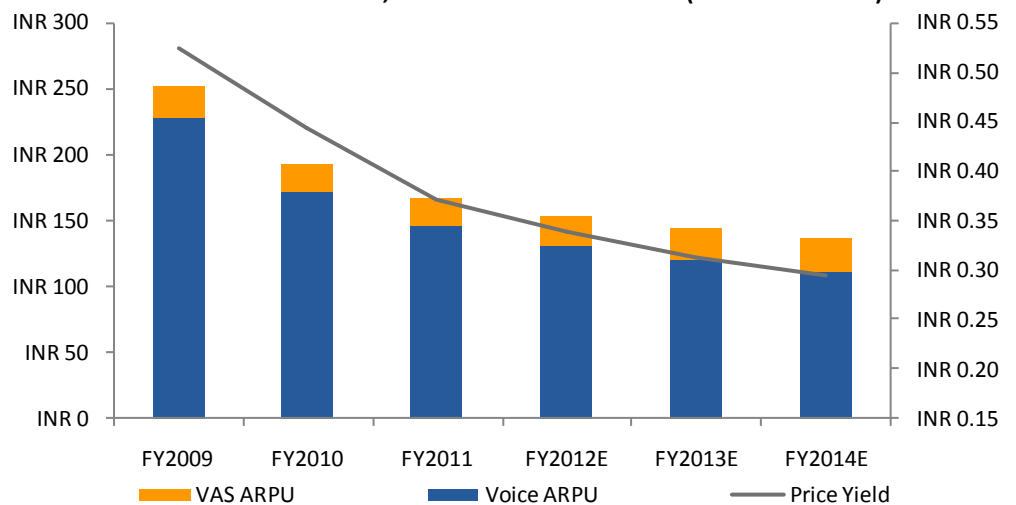
As IDEA Cellular penetrates deeper within rural India, the incremental subscribers added to its network are expected to contribute marginally to the overall ARPU and MoU consumption. We forecast MoUs to decline at 1% CAGR (2011-2014E) and reach 379 MoU/Sub in FY2014E from 394 MoU/Sub in FY2011.

**Exhibit 4: IDEA Cellular Wireless Subscribers and MoU/Sub. (FY2009-FY2014E)**



Source: Company Data, MAPE Estimates

**Exhibit 5: IDEA Cellular Voice ARPU, VAS ARPU and Price Yield (FY2009-FY2014E)**



Source: Company Data, MAPE Estimates

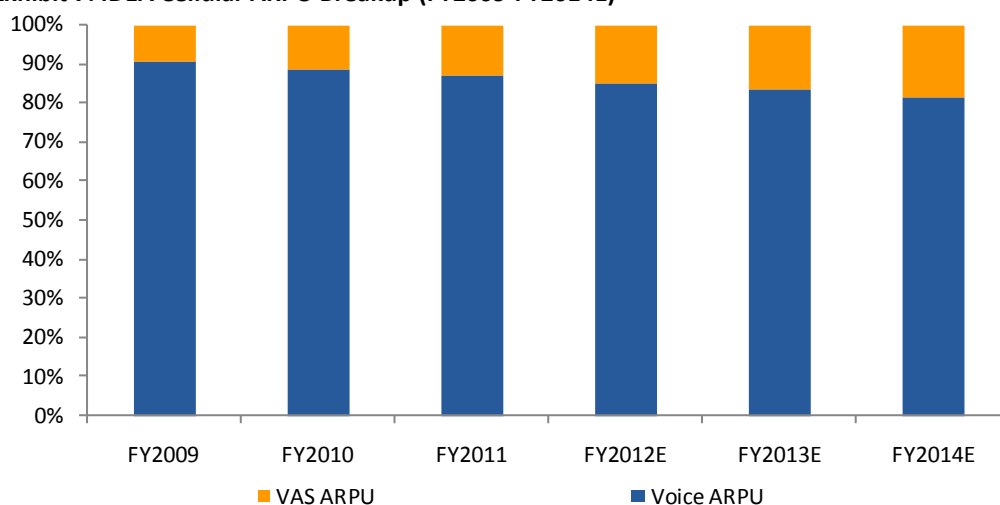
Similarly, due to incremental subscribers from rural India, saturation in metros and a hyper competitive wireless market in India, we expect the Price Yield to decline from INR 0.37 in FY2011 to INR 0.30 in FY2014E at a -7% CAGR and consequently, Voice ARPU to decline at a -9% CAGR (2011-2014E) reaching INR 112 in FY2014. However, in the same time period, we estimate VAS ARPU to increase from INR 21 to INR 25 at a 5% CAGR (2011-2014E). VAS revenues are also expected to be driven by the increase in 3G penetration levels across various circles of operations, which will be further be driven by lower 3G handset costs, 3G sachet bundles on daily/weekly basis and TV content on mobile handsets.

As on May 2011, IDEA Cellular had close to 1 Mn subscribers on 3G platform on a total 3G subscriber base of 9 Mn subscribers across all operators in India. We estimate that 3G ARPU will be 25%-30% higher than the average ARPU of INR 168 as on FY2011. Increase in ARPU due to introduction of 3G services will be reflected by an increase in VAS ARPU during FY2012. Currently, IDEA Cellular has 3G Licenses across 11 circles in India and we expect that IDEA Cellular will offer 3G services in circles where it does not possess the 3G license via a strategic tie up with Vodafone and Bharti Airtel. We estimate the uptake of 3G services will be much higher in circles where IDEA Cellular has its own direct 3G network/service as compared to circles where it does not have 3G licenses. On the existing subscriber base of 89.5 Mn subscribers in FY2011, we expect IDEA Cellular to have 14.6 Mn 3G subscribers in FY2015E.

**Exhibit 6: IDEA Cellular 3G Subscribers (FY2015E)**

Sr. No.	Circles	Mar FY2011 Subscribers Mn	3G services Uptake Potential	Mar FY2015E 3G Subscriber base Mn
<b>3G License Circles</b>				
1	Gujarat	6,949	40%	2,780
2	Andhra Pradesh	8,051	33%	2,657
3	Haryana	3,066	20%	613
4	Punjab	4,412	22%	971
5	Kerala	6,587	25%	1,647
6	Rajasthan	2,964	20%	593
7	Uttra Pradesh West	7,787	17%	1,324
8	Uttar Pradesh East	5,587	12%	670
9	Madhya Pradesh	11,097	12%	1,332
10	Himanchal Pradesh	450	14%	63
11	Jammu & Kashmir	127	15%	19
<b>Non 3G License Circles</b>				
12	Delhi	3,726	8%	298
13	Mumbai	2,000	8%	160
14	Kolkotta	895	6%	54
15	Karnataka	4,000	7%	280
16	Tamil Nadu	1,243	6%	75
17	Maharashtra	12,821	7%	898
18	West Bengal	1,745	0%	-
19	North East	224	6%	13
20	Assam	322	6%	19
21	Orissa	950	4%	38
22	Bihar	4,498	4%	180
<b>Total</b>		<b>89,503</b>		<b>14,682</b>

Source: Company Data, MAPE Estimates

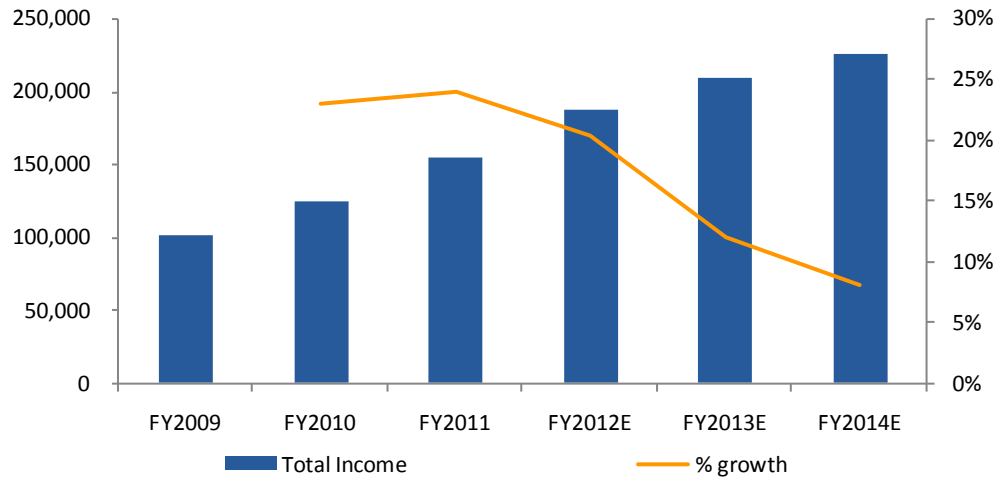
**Exhibit 7: IDEA Cellular ARPU Breakup (FY2009-FY2014E)**

Source: Company Data, MAPE Estimates

The Revenues from VAS services will gain momentum every year and are expected to contribute to 18% of the Total Income from Services by FY2014E, from the current contribution of 13% (FY2011). VAS revenues are expected to reach INR 40,647 Mn in FY2014E a CAGR of 28% (2011-2014E).

Total Income from Services which includes revenues from the core wireless business and revenues from IDEA Cellular’s 16% stake in Indus Towers is expected to reach INR 225,827 Mn in FY2014E a CAGR of 13% (2011-2014E). These revenues will be driven largely by the core wireless business since revenues contributed by Indus Towers is a very small percentage of total income. In our forecast, we have estimated the income from Indus Towers to grow at a 19% CAGR (2011-2014E) reaching INR 18,546 Mn in FY2014E

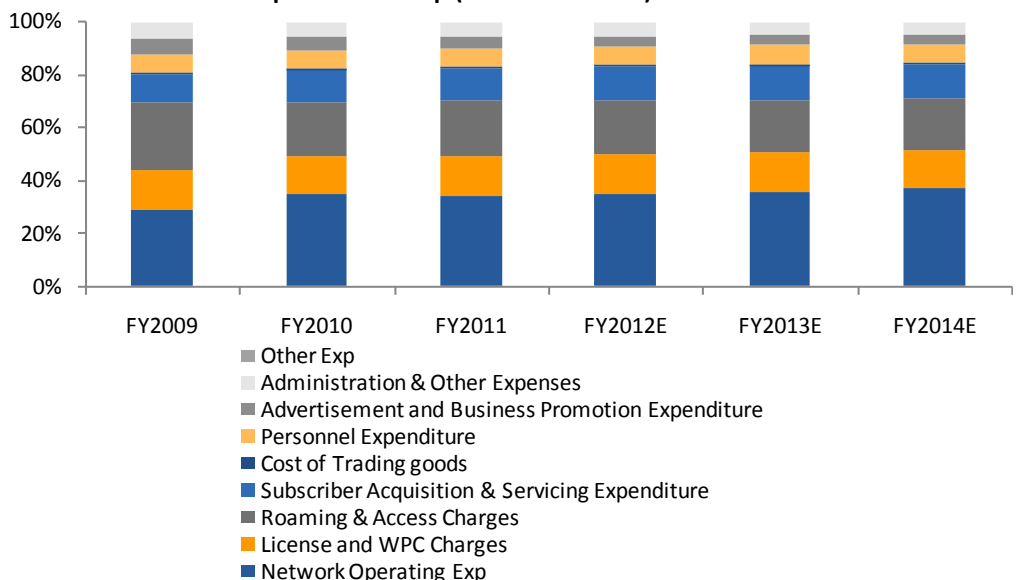
**Exhibit 8: IDEA Cellular Total Income and % growth (FY2009-FY2014E)**



Source: Company Data, MAPE Estimates

We believe that control of Network Operating costs (which accounted for 26% of the Total Income in FY2011) will be a critical factor in determining EBITDA margins of the core wireless business. This is because, not much can be done by the management for reducing License and WPC charges (11% of Total Income in FY2011) and Roaming & Access charges (16% of Total Income in FY2011) which are mainly driven by Govt./Regulatory policies and Inter-operator IUC agreements that are applicable to the telecom industry as a whole. We do not expect the management to reduce Subscriber Acquisition Costs (SAC) which stood at INR 14,445 Mn in FY2011, because of (a) the hyper competitive market scenario (b) the launch of 3G services for which the company will have to pay for attractive commissions to dealers and selling agents and (c) the sale of services via aggressive tele-calling. We forecast the total SAC for FY2014E to be INR 21,595 Mn of which nearly 80% will be Commission to distributors/dealers, Collection agents and tele-calling charges.

**Exhibit 9: IDEA Cellular Expenses Breakup (FY2009-FY2014E)**



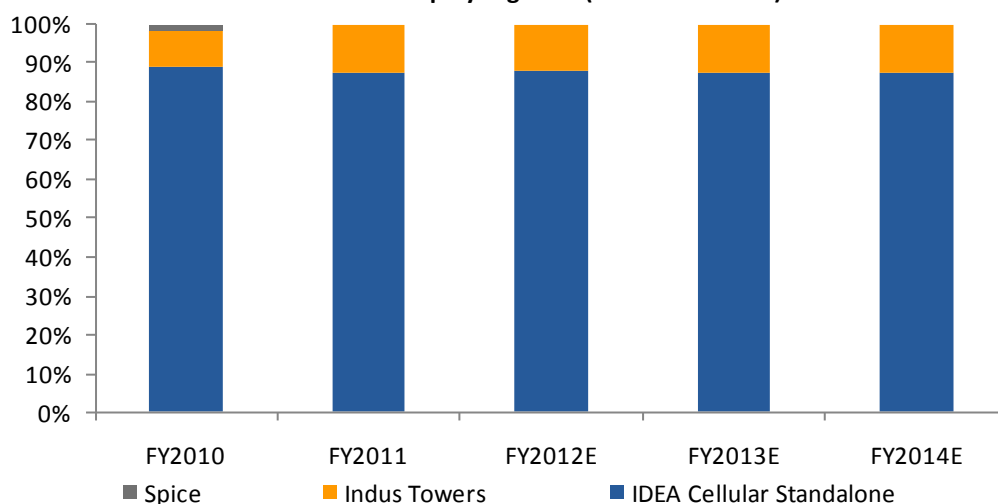
Source: Company Data, MAPE Estimates

We have not seen and significant effort on the part of IDEA Cellular to embrace “Green Energy” which reduces the dependence on Power & Fuel Charges where applicable. Power & Fuel Charges accounted for nearly 33% of the Network Operating Expenditure in FY2011. Even if IDEA Cellular and other telecom operators start taking initiatives for deployment of Green Energy in remote BTS, we believe that it will take at least 4-5 quarters post the implementation before any substantial benefits start flowing in. Therefore, the management of IDEA Cellular is virtually left with costs associated with Repairs & Maintenance/Spares, Switching & Cell site Rentals, Lease line charges, Passive Infrastructure Services and other network related costs to attempt any cost reduction.

We have forecasted that the EBITDA margins for the standalone, core wireless business will increase from 21.3% in FY2011 to 22.2% in FY2012E, as the networks across various circles stabilize and the uptake of data usage and 3G subscribers increase during the course of FY2012.

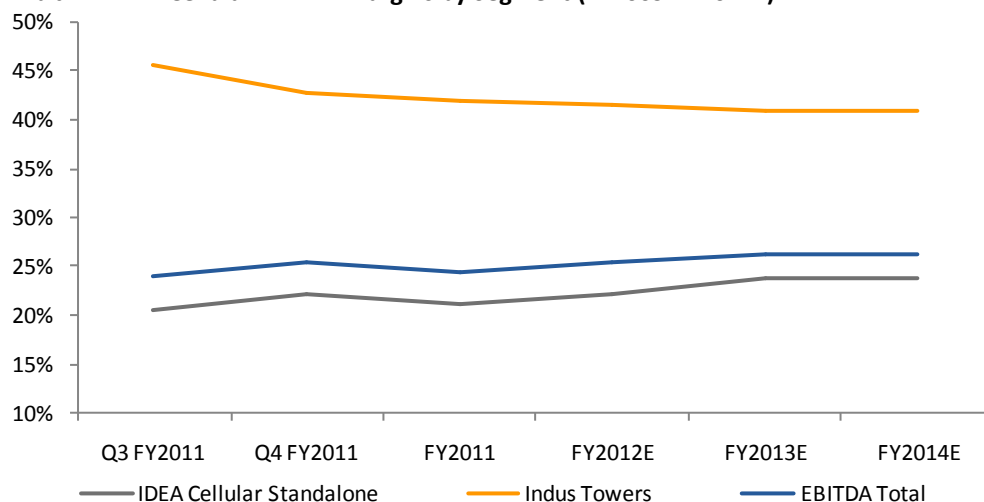
EBITDA contribution from IDEA Cellular’s 16% stake in Indus Towers is expected to contribute marginally to the overall EBITDA over the forecast period of 2012-2014, as a result of which any variation in the EBITDA margins of the core wireless business will directly impact the overall total EBITDA. We estimate EBITDA margins to settle down close to 26-27% in FY2014E.

**Exhibit 10: IDEA Cellular EBITDA breakup by segment (FY2009-FY2014E)**



Source: Company Data, MAPE Estimates

**Exhibit 11: IDEA Cellular EBITDA margins by Segment (FY2009-FY2014E)**



Source: Company Data, MAPE Estimates

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**Business Risk:**

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We believe that IDEA Cellular is at a significant risk as compared to its domestic peers as it has a 100% exposure to the hyper competitive 16 player wireless market in India, while its domestic peers have either an exposure to other emerging markets for wireless business and /or provide international and domestic terrestrial wholesale services, broadband services, Data Centre facilities, video distribution and other allied telecom related services. We have therefore assumed a 10% discount for IDEA Cellular as compared to Bharti Airtel's 2012E consensus EV/EBITDA multiple for determining the Target Price.

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**Regulatory Risk:**

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IDEA Cellular has received a Demand Notice of INR 3,000 Mn from Department of Telecom (DoT) for holding more than 10% in two telecom operators in the same circle (post its merger with Spice Communications) and has also received a notice for Liquidated Damages of INR 276 Mn for non-fulfillment of roll-out obligations. Currently, Indian telecom law does not permit an individual or an organization to hold more than 10% in two service providers in the same circle. The circles for which IDEA Cellular received the Demand Notice and Liquidated Damages are: Andhra Pradesh, Delhi, Haryana, Karnataka, Maharashtra and Punjab.

The total amount payable by IDEA Cellular is INR 3,276 Mn, and assuming a 40% chance of IDEA Cellular having to pay it, the total impact would not be more than INR 0.4 per share.

However, the bigger threat would be if TRAI cancels IDEA Cellular's 2G license in a few circles for non-fulfillment of roll-out obligations. We believe that the DoT has requested TRAI to review its decision since in many cases there was a delay in IDEA Cellular obtaining spectrum from GoI itself, which in turn resulted in the roll-out delay.

The delay in the New Telecom Policy 2011 (NTP'11) which proposes to address the issues related to spectrum and M&A guidelines will act as a negative catalyst for the telecom industry. This is because new/small operators who have recently launched services who are currently following the strategy of "Disrupting Pricing" would seek buyers at the right price provided spectrum could be transferred to the new owner as per NTP'11. Any delay in NTP'11 would mean that these small operators will continue to operate for a longer period of time. If the industry consolidates sooner, pricing pressure on incumbent operators would reduce earlier, thereby benefiting IDEA Cellular also. DoT's proposal to replace the varying License Fee across various circles by a uniform License fee of 6% in NTP'11 will be beneficial to IDEA Cellular and any further delay in NTP'11 will have an adverse effect on IDEA Cellular in the long run.

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**Company Overview**

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IDEA Cellular operates GSM wireless services across 22 circles in India (with 900 MHz in 9 circles). In June 2011 IDEA Cellular acquired 3G spectrum in 11 circles for INR 58 Bn. IDEA Cellular also holds 16% stake in Indus Towers via Aditya Birla Telecom Ltd (ABTL)

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**Valuation: SOTP**

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We value IDEA Cellular using the SOTP methodology. The core wireless business is valued using FY2012E EV/EBITDA multiples of the industry with an applicable 10% discount considering that IDEA Cellular is 100% exposed to the hyper competitive wireless market in India and has no exposure to other growing emerging markets. The valuation of Indus Towers is based on the recent announcement that Indus Towers values 7,000 towers of Vodafone at INR 35 Bn, which translates to an EV/Tower of INR 5 Mn for IDEA Cellular and we have also assumed a 10% discount for IDEA Cellular's 16% stake in Indus Towers.

Although the Demand Notices and Liquidated Damages from DoT totaling INR 3,276 Mn is equivalent to 25% of the total cash balance as of FY2011, we expect an impact of not more than INR 0.4 per share considering that there is only a 40% probability that IDEA Cellular might have to pay the full amount.

As per TRAI's recommendations on pricing excess Spectrum beyond 6.2 MHz at 3G Spectrum auction prices of Jun 2010, we estimate total spectrum charges to be paid by IDEA Cellular to be in the range of INR 14 Bn. However, we expect a 60% probability of these charges being levied since NTP'11 is expected to address these issues of handling excessive spectrum. We expect an impact of INR 2.5 per share.

#### Exhibit 12: IDEA Cellular Target Price (FY2012E) using SOTP Valuation

		Stake	Proportionate EV INR Mn	Per Share INR
<b>Core Business Valuation</b>				
FY2012E IDEA Cellular EBITDA INR Mn	41,702			
Multiples* --->	8.20			
Discount to Domestic Peers	0.0%	100%	341,955	INR 104
	5.0%	100%	324,858	INR 98
	10.0%	100%	307,760	INR 93
	15.0%	100%	290,662	INR 88
	20.0%	100%	273,564	INR 83
	25.0%	100%	256,467	INR 78
<b>Indus Tower Business Valuation</b>				
EV/Tower INR Mn **	5			
Total Indus Towers	108,586			
Discount to Domestic Peers	0.0%	16%	86,869	INR 26
	5.0%	16%	82,525	INR 25
	10.0%	16%	78,182	INR 24
	15.0%	16%	73,838	INR 22
<b>Fines/Charges levied by DoT, TRAI</b>				
		<i>Probability</i>		
Fines/Charges levied by DoT, TRAI	3,276	40%	1,310	INR 0.40
Excess Spectrum charges	14,000	60%	8,400	INR 2.54
Net Debt (FY2011)			105,762	INR 32
Equity Value/Target Price			270,470	INR 82
Price (30 Jun'11)				INR 80
Upside (Downside) potential				3%
Oustanding Shares Mn			3,302	

\* Consensus Bharti Airtel FY2012E EV/EBITDA

\*\* As per recent announcement that Indus Towers might buy 7,000 towers from Vodafone at INR 35 Bn  
Idea Cellular holds 16% stake in Indus Towers via ABTL

Source: Company Data, Industry Data, MAPE Estimates



**Exhibit 13: Sensitivity Analysis: IDEA Cellular FY2012E EV/EBITDA Multiples vs. EV/Tower for IDEA Cellular's 16% stake in Indus Towers**

	0.0%	2.5%	5.0%	7.5%	10.0%	12.5%	15.0%	17.5%	20.0%
	8.20	8.00	7.79	7.59	7.38	7.18	6.97	6.77	6.56
3.50	INR 87	INR 84	INR 82	INR 79	INR 77	INR 74	INR 71	INR 69	INR 66
3.75	INR 88	INR 86	INR 83	INR 81	INR 78	INR 75	INR 73	INR 70	INR 68
4.00	INR 90	INR 87	INR 84	INR 82	INR 79	INR 77	INR 74	INR 72	INR 69
4.25	INR 91	INR 88	INR 86	INR 83	INR 81	INR 78	INR 75	INR 73	INR 70
4.50	INR 92	INR 90	INR 87	INR 84	INR 82	INR 79	INR 77	INR 74	INR 72
4.75	INR 94	INR 91	INR 88	INR 86	INR 83	INR 81	INR 78	INR 75	INR 73
5.00	INR 95	INR 92	INR 90	INR 87	INR 85	INR 82	INR 79	INR 77	INR 74
5.25	INR 96	INR 94	INR 91	INR 88	INR 86	INR 83	INR 81	INR 78	INR 76
5.50	INR 98	INR 95	INR 92	INR 90	INR 87	INR 85	INR 82	INR 79	INR 77

Source: Industry Data, MAPE Estimates

**Sensitivity Analysis: FY2012E EBITDA margin for Core Wireless business vs. Indus Towers EBITDA margin (at 16% stake)**

We estimate that the EBITDA margins for FY2012E will be extremely critical in determining the Target Price of IDEA Cellular. Below Exhibit gives the Sensitivity Analysis for EBITDA margins of the Core wireless business vs. EBITDA margins for the 16% stake in Indus Towers. We observe from the below Exhibit that the Target Price (FY2012E) is range bound from INR 80 to INR 90.

**Exhibit 14: IDEA Cellular Sensitivity Analysis: EBITDA Margins of Standalone Core Wireless Business vs. EBITDA Margins of Indus Towers**

		20.2%	21.2%	22.2%	23.2%	24.2%
Indus Towers EBITDA Margin 2012E	39%	INR 74	INR 78	INR 83	INR 87	INR 91
	40%	INR 75	INR 79	INR 83	INR 87	INR 92
	41%	INR 75	INR 80	INR 84	INR 88	INR 92
	42%	INR 76	INR 80	INR 84	INR 89	INR 93
	43%	INR 77	INR 81	INR 85	INR 89	INR 93
	44%	INR 77	INR 81	INR 86	INR 90	INR 94
	45%	INR 78	INR 82	INR 86	INR 90	INR 95

Source:MAPE Estimates

## Financial Statements (IDEA Cellular)

(All values in INR Mn, unless otherwise specified)

Profit & Loss Statement.	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Revenues	124,990	155,032	186,729	209,114	225,827
% growth		24%	20%	12%	8%
EBITDA	34,591	37,907	47,432	55,060	59,527
D&A	(20,149)	(23,973)	(30,217)	(32,527)	(34,044)
EBIT	14,759	13,933	17,215	22,533	25,483
PBT	10,754	9,969	7,832	13,282	13,710
Net Income	9,539	8,987	5,874	9,962	10,283
Retained Earnings					
EPS	INR 3.1	INR 2.7	INR 1.8	INR 3.0	INR 3.1
DPS	INR 0.0	INR 0.0	INR 0.0	INR 0.0	INR 0.0
Outsanding Shares Mn	3,116	3,302	3,302	3,302	3,302

(All values in INR Mn, unless otherwise specified)

Cash Flow Statement	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Operating Cash Flow	25,421	70,093	3,317	44,050	45,966
Capex	(41,580)	(100,162)	(40,000)	(35,342)	(38,147)
Sale of fixed assets	106	0	0	0	0
<b>Free cash flow</b>	<b>(16,053)</b>	<b>(30,069)</b>	<b>(36,683)</b>	<b>8,707</b>	<b>7,819</b>
Investing cash flow as reported	(29,532)	(100,162)	(40,000)	(35,342)	(38,147)
Non-operating cash flow	(24,010)	41,946	25,000	(5,092)	(3,814)
Net cash inflow/outflow	(28,121)	11,877	(11,683)	3,615	4,005

Key Performance Indicators	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Wireless Subs. (000)	63,825	89,503	110,896	128,915	144,412
MOU/Subs	387	394	390	385	379
Minutes of Usage Bn	248	363	469	554	622
Voice ARPRU	INR 172	INR 147	INR 132	INR 121	INR 112
VAS ARPU	INR 21	INR 21	INR 22	INR 24	INR 25
Total ARPU	INR 193	INR 168	INR 155	INR 144	INR 137
% growth		-13%	-8%	-6%	-5%
EV/Sub INR			INR 954	INR 820	INR 732
EV/Sub US\$			\$21	\$18	\$16

(All values in INR Mn, unless otherwise specified)

Balance Sheet Statement	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Cash & equivalents	2,900	14,777	3,093	6,708	10,713
Accounts receivable	4,656	29,739	6,995	7,828	8,449
Inventories	536	3,426	834	944	1,049
Other	28,538	182,297	44,364	50,250	55,807
Current Assets	36,630	230,240	55,285	65,731	76,018
Gross Block	234,095	301,239	341,239	376,581	414,728
less depreciation	(68,615)	(90,563)	(115,620)	(142,867)	(171,631)
Investment in affiliates	11,304	0	0	0	0
Intangibles	16,199	14,173	14,173	14,173	14,173
3G License fee	0	14,303	40,146	34,866	29,586
Goodwill	61	61	61	61	61
Other	5,465	36,467	5,465	5,465	5,465
Fixed Assets	198,508	275,680	285,464	288,279	292,382
<b>Total Assets</b>	<b>235,138</b>	<b>505,920</b>	<b>340,749</b>	<b>354,010</b>	<b>368,399</b>
ST Borrowings	49	311	311	311	311
Accounts payable	24,352	155,216	37,856	42,880	47,621
Other	16,327	104,067	25,381	28,749	31,928
Current Liabilities	40,729	259,594	63,548	71,939	79,860
LT Borrowings	78,544	120,228	145,228	140,136	136,322
Other	2,142	3,099	3,099	3,099	3,099
Long-term Liabilities	80,686	123,327	148,327	143,235	139,421
Minority Interest	0	0	0	0	0
Shareholders Funds	113,724	122,999	128,873	138,835	149,118
Total funds employed	113,724	122,999	128,873	138,835	149,118
<b>Total Liabilities</b>	<b>235,138</b>	<b>505,920</b>	<b>340,749</b>	<b>354,009</b>	<b>368,399</b>

Ratios	FY2010	FY2011	FY2012E	FY2013E	FY2014E
<b>Gearing Ratios:</b>					
Net debt / EBITDA	2.2	2.8	3.0	2.4	2.1
Net Debt/ Equity	0.7	0.9	1.1	1.0	0.8
Debt/Equity	0.7	1.0	1.1	1.0	0.9
<b>Valuations:</b>					
EV/ Revenues	-	-	2.0	1.8	1.6
EV/ EBITDA	-	-	7.8	6.7	6.2
Price/Earnings Ratio	-	-	45	26	26
FCF Yield	-6%	-11%	-14%	3%	3%
Dividend yield	0%	0%	0%	0%	0%
<b>Profitability</b>					
EBITDA Margin %	28%	24%	25%	26%	26%
ROCE	5%	5%	3%	5%	5%
ROIC	5%	4%	2%	4%	4%
ROA	4%	2%	2%	3%	3%
ROE	8%	7%	5%	7%	7%
Net Profit Margin	8%	6%	3%	5%	5%
Capex/Sales*	34%	28%	22%	17%	17%

\* Capex/Sales ratio does not include 3G capex

Source: Bloomberg, Company Data, MAPE estimates

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