MOTILAL OSWAL

24 January 2012

3QFY12 Results Update | Sector: Telecom

Idea Cellular

BSE SENSEX	S&P CNX
16,752	5,046

Bloomberg	IDEA IN
Equity Shares (m)	3,307.4
52-Week Range (INR)	104/56
1,6,12 Rel. Perf. (%)	4/13/39
M.Cap. (INR b)	289
M.Cap. (USD b)	5.7

CMP: INR87 TP: INR125 Buy

Year End	Net sales (INR m)	PAT (INR M)	EPS (INR)	EPS Gr. (%)	P/E (X)	P/BV (X)	ROE (%)	ROCE (%)	EV/ Sales	EV/ EBITDA
3/11A	155,032	8,986	2.7	-11.6	32.1	2.3	7.6	5.2	2.5	10.4
3/12E	195,116	7,407	2.2	-17.6	39.0	2.2	5.8	5.6	2.2	8.1
3/13E	232,565	16,163	4.9	118.1	17.9	2.0	11.7	8.5	1.7	6.0
3/14E	263,538	27,055	8.2	67.4	10.7	1.7	16.9	12.2	1.4	4.5

- Idea Cellular (IDEA) posted 42% YoY and 13.3% QoQ growth in 3QFY12 EBITDA to INR13.5b (v/s our estimate of INR12.8b). EBITDA margin expanded ~100bp QoQ to 26.7%. Business momentum remains exceptionally strong for IDEA as indicated by EBITDA CAGR of 9% over past four quarters.
- Revenue grew 27% YoY and 8.9% QoQ to INR50.3b, led by 7.3% QoQ traffic growth and 1.7% RPM increase.
- RPM grew 1.7% QoQ to 43.3paise, driven by higher data revenue, 3G roaming agreements and impact of tariff hikes undertaken. Wireless traffic grew 7.3% QoQ to 114b minutes (2% above estimate).
- Established circle EBITDA margin expanded 100bp QoQ to 30.4%. New circle EBITDA loss remained largely flat QoQ at INR1.72b.
- Reported PAT declined 17% YoY but grew 90% QoQ to INR2.01b (v/s our estimate of INR1.15b). Reported PAT included INR311m of forex loss (flat QoQ).
- Net debt grew 2% QoQ to INR128b due to the impact of capitalized MTM forex loss of INR3.6b. Excluding the forex loss, 3QFY12 is likely to have been the first-ever FCF-positive quarter for IDEA. The management is confident that IDEA will remain FCF-positive, going forward.
- The company incurred a capex of INR9b during the quarter, excluding capitalization of forex loss. FY12 capex guidance remains unchanged at INR40b.
- While we upgrade our FY12 revenue/EBITDA/PAT estimates by 1/3/28%, our FY13 estimates are largely unchanged. We expect 29% EBITDA CAGR over FY11-14.
- The stock trades at an EV of 8.1x FY12E and 6x FY13E EBITDA. Reiterate **Buy**, with a price target of INR125 (EV of 8x FY13E EBITDA ex-Indus and INR5m/tower for 12.8% effective stake in Indus Towers). The regulatory environment remains uncertain and our target price incorporates INR46b (INR14/share) potential outflow for regulatory risks (~50% of outlay based on TRAI recommendation).

Quarterly Performance (Consolidated) (INR Million)

Y/E March	FY11				FY12				FY11	FY12E
	1Q	2Q	3Q	4Q*	1Q	2Q	3Q	4QE		
Gross Revenue	**36,537**	**36,592**	**39,556**	**42,006**	**45,207**	**46,199**	**50,308**	**53,401**	**155,032**	**195,115**
YoY Growth (%)	22.8	23.0	25.6	25.5	23.7	26.3	27.2	27.1	24.5	25.9
QoQ Growth (%)	9.1	0.2	8.1	6.2	7.6	2.2	8.9	6.1		
EBITDA	**8,884**	**8,788**	**9,482**	**10,031**	**12,040**	**11,866**	**13,446**	**14,400**	**37,906**	**51,752**
YoY Growth (%)	3.3	8.6	16.5	8.6	35.5	35.0	41.8	43.6	11.3	36.5
QoQ Growth (%)	-3.8	-1.1	7.9	5.8	20.0	-1.4	13.3	7.1		
Margin (%)	24.3	24.0	24.0	23.9	26.6	25.7	26.7	27.0	24.5	26.5
Net Finance Costs	1,142	1,028	941	854	2,463	2,939	2,880	2,850	3,965	11,132
Depreciation & Amortization	5,656	5,820	5,925	6,572	7,026	7,369	7,575	7,884	23,973	29,854
Profit before Tax	**2,086**	**1,940**	**2,616**	**2,605**	**2,551**	**1,559**	**2,991**	**3,666**	**9,968**	**10,766**
Income Tax Exp. / (Income)	72	143	186	581	778	501	981	1,100	982	3,360
Net Profit / (Loss)	**2,014**	**1,797**	**2,430**	**2,024**	**1,773**	**1,058**	**2,010**	**2,566**	**8,986**	**7,407**
YoY Growth (%)	-32.2	-18.4	42.9	-24.1	-12.0	-41.1	-17.3	26.8	-5.8	-17.6
Margin (%)	5.5	4.9	6.1	4.8	3.9	2.3	4.0	4.8	5.8	3.8
Mobile Traffic (B Min)	**82**	**85**	**94**	**102**	**109**	**106**	**114**	**120**	**363**	**450**
QoQ Growth (%)	20.5	3.1	10.2	9.0	6.5	-2.2	7.3	5.0		
Mobile RPM (INR)	**0.44**	**0.42**	**0.42**	**0.41**	**0.41**	**0.43**	**0.43**	**0.44**	**0.42**	**0.44**
QoQ Growth (%)	-5.7	-3.4	-1.2	-3.2	0.9	4.1	1.5	1.1		

E: MOSL Estimates; * Adjusted for one-off revenue of ~INR340m and costs reversal of ~INR380m in 4QFY11

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Earnings call highlights

- **Pricing:** Almost 50% of the subscribers have migrated to revised tariff plans. While there would be benefit of tariff hikes undertaken, it is being mitigated by outgoing/incoming ratio declining slightly for incumbents in favor of discount operators present in the market. Core voice RPM was largely flat with QoQ growth coming largely from roaming and VAS. Tariff increase experiment undertaken by the incumbents around two quarters back can be termed as successful but Idea management does not expect further hikes given high competition.
- **Subscriber acquisition:** Idea has been leading the industry largely because of focus on rural where competition is lower. Also competition is expected to manifest more in trade/channel commission leading to higher SG&A rather than any decline in operating tariffs. Idea's monthly churn rate increased to 10.4%, up 50bp QoQ. Sales and marketing expenditure increased 19-20% YoY and QoQ to INR6.4b (12.8% of revenue).
- **Traffic growth:** Idea believes that there is enough headroom for growth left in the Indian voice market with expectation of further 250m subscribers being added in voice segment vs current active base of 600-650m. Growth in traffic has been coming largely from the new subscribers being added.
- **3G:** Active subscriber base stands at 2.25m with incremental ARPU of INR79 and average usage of 235MB per month. This implies incremental 3G revenue contribution of ~1%. VAS revenue contribution at 13.7% is likely to increase going forward.

Revenue/EBITDA above estimates; established circles revenue grew 8.6% QoQ

- Consolidated revenue grew 8.9% QoQ to INR50.3b (v/s est of INR49.3b). Revenue for established circles grew 8.6% QoQ to INR45.1b.
- EBITDA in 13 established circles was INR13.7b implying an EBITDA margin of 30.4% (v/s 29.4% in 2QFY12).
- New circles reported combined revenue of INR5.5b (v/s INR5b in 2QFY12) and EBITDA loss of INR1.72b (v/s INR1.78b in 2QFY12).
- Depreciation and amortization increased 2.8% QoQ to INR7.58b.
- Net finance cost of INR2.9b was 8% lower than our estimate of INR3.1b.
- Effective tax rate increased to 32.8% (v/s est of 30%).

IDEA 3QFY12: Consolidated P&L

	3Q FY11	2Q FY12	3Q FY12	YoY (%)	QoQ (%)	3Q FY12E	v/s est (%)
Revenue	**39,556**	**46,199**	**50,308**	**27.2**	**8.9**	**49,272**	**2.1**
EBITDA	**9,482**	**11,866**	**13,446**	**41.8**	**13.3**	**12,768**	**5.3**
EBITDA margin (%)	**24.0**	**25.7**	**26.7**	**276bp**	**104bp**	**25.9**	**81bp**
Depreciation and amortization	5,925	7,369	7,575	27.8	2.8	7,992	-5.2
EBIT	3,557	4,498	5,871	65.1	30.5	4,776	22.9
EBIT margin (%)	9.0	9.7	11.7	268bp	193bp	9.7	198bp
Net Finance Costs	941	2,939	2,880	206.1	-2.0	3,129	-8.0
Profit before Tax	**2,616**	**1,559**	**2,991**	**14.3**	**91.9**	**1,647**	**81.6**
Tax	186	501	981	427.4	95.8	494	98.5
Tax rate (%)	7.1	32.1	32.8	2569bp	66bp	30.0	280bp
Profit after Tax	**2,430**	**1,058**	**2,010**	**-17.3**	**90.0**	**1,153**	**74.3**

Source: Company/MOSL

IDEA 3QFY12: Revenue drivers

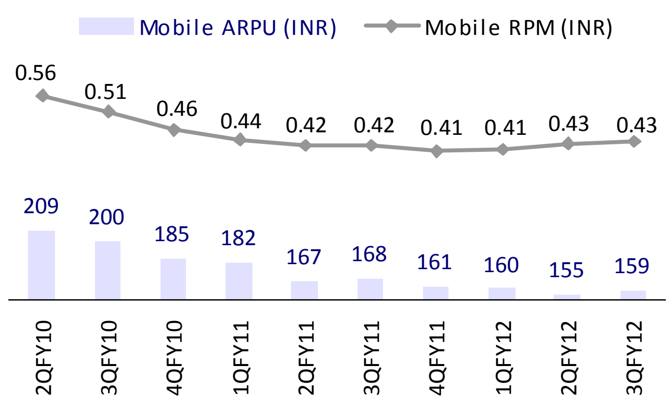
	3Q FY11	2Q FY12	3Q FY12	YoY (%)	QoQ (%)	3Q FY12E	v/s est (%)
Subscribers (m)	81.8	100.2	106.4	30.1	6.2	104.7	1.6
ARPU (INR/month)	168	155	159	-5.4	2.6	157	1.1
Total minutes incl. Spice (b)	94	106	114	21.9	7.3	112	1.7
Minutes of use/sub/month	401	364	369	-8.0	1.4	365	1.2
Revenue per min (paisa)	41.9	42.6	43.3	3.4	1.7	43.1	0.4

Source: Company/MOSL

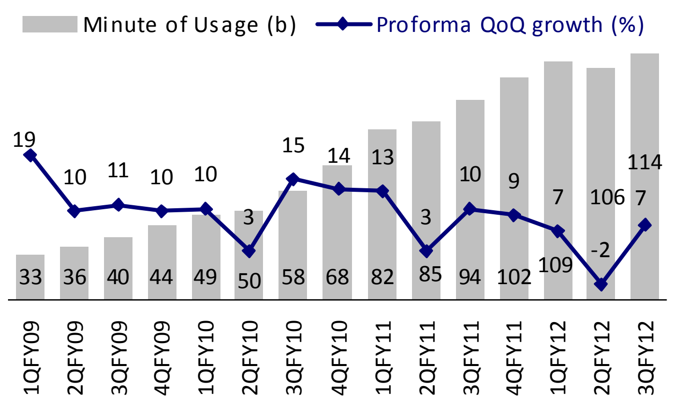
RPM broadly in-line; traffic growth above estimates

- Idea reported 3QFY12 ARPU of INR159 (v/s est of INR157), down ~5% YoY and up 2.6% QoQ.
- RPM grew 1.7% QoQ to 43.3p driven by higher data revenue, 3G roaming agreements and impact of tariff hikes undertaken.
- Total volumes carried on the network grew 7.3% QoQ to 114b minutes (v/s est of 112b minutes). We highlight that 3Q is a sequentially strong volume growth quarter for wireless operators.
- Minutes of use per subscriber grew ~1% QoQ to 369.
- Monthly churn increased to 10.4% in 3QFY12 (v/s 9.9% in 2QFY12).

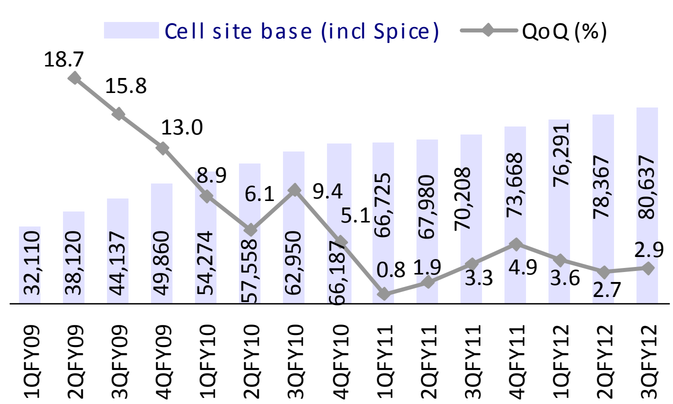
RPM grew 2% QoQ to 43.3p (INR)



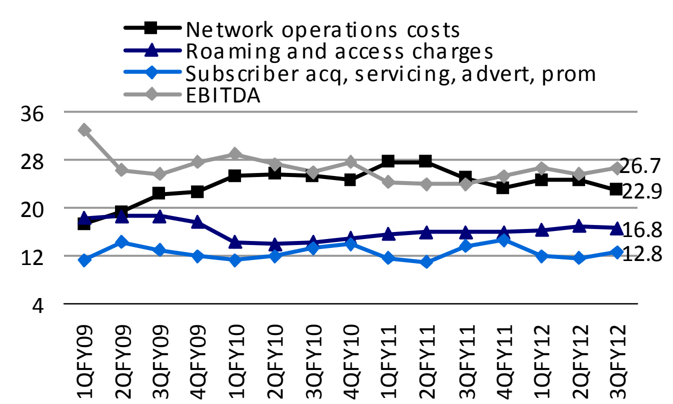
Total minutes grew ~7% QoQ; above estimates



Idea added ~2,300 cell sites in 3QFY12



Sales and marketing costs grew 110bps QoQ as % of revenue



Source: Company/MOSL

Indus EBITDA up 2% QoQ; active 3G subs at 2.25m

- Idea's share of 16% of Indus revenues for the quarter was INR3.2b while revenue eliminations for the quarter was INR3.6b.
- During 3QFY12, Idea rolled out ~2,300 2G cell sites taking total 2G cell site base to

~80,500. Idea owns 9,192 towers while the balance sites are rented (of which 43,021 sites have been rented from Indus).

- Idea's 3G cell site base has increased to 10,900 (~13.5% of 2G site base) – QoQ addition of 1,150 sites.
- Idea has an active 3G subscriber base of 2.25m with incremental ARPU of INR79 and average usage per user of 235MB.

FY12 capex guidance unchanged at INR40b; consolidated net debt up 2% QoQ to INR128b

- Idea incurred capex of INR12.6b in 3QFY12 including INR3.6b related to capitalization of MTM loss on forex debt.
- FY12 capex guidance remains unchanged at INR40b for Idea standalone (v/s capex of INR32.1b excluding 3G spectrum fees and interest capitalized in FY11).
- Consolidated net debt increased 2% QoQ to INR128b due to MTM increase in forex denominated debt and lumpiness in capex creditors.
- Idea has one of the strongest balance sheets in the sector with net debt /annualized EBITDA of 2.4x (v/s 2.7x in 2QFY12) and net debt/equity of 0.9x at the consolidated level.

Upgrading FY12 EBITDA by ~3%; maintain Buy with target price of INR125

- While we upgrade our FY12 revenue/EBITDA/PAT estimates by 1/3/28%, our FY13 estimates are largely unchanged.
- We expect 29% EBITDA CAGR over FY11-14E. The stock trades at an EV/EBITDA of 8.1x FY12E and 6x FY13E.
- Reiterate **Buy** with a price target of INR125/sh based on 8x FY13 EV/EBITDA ex-Indus (~6x FY14 EV/EBITDA) and INR5m/tower for 12.8% effective stake in Indus towers. While regulatory environment remains uncertain, our target price already incorporates INR46b (INR14/sh) potential outflow for regulatory risks (~50% of outlay based on TRAI recommendation).

IDEA: SOTP Valuation (INR)

FY13 based SOTP Valuation (INR)	Methodology	Driver	Multiple	Fair Value (INR b)	Value/sh (INR)
Core Business (ex-Indus)	FY13 EV/EBITDA	61	8.0	489	150
Stake in Indus	Tower base	108,500	INR5m/tower	69*	21
Less Net debt (FY13E)				116	34
Less 50% of potential spectrum liability				46	14
Total Value				**442**	**125**
Shares o/s (m)				3,303	
CMP (INR)					87
Upside (%)					**43**

FY14 based SOTP Valuation (INR)	Methodology	Driver	Multiple	Fair Value (INR b)	Value/sh (INR)
Core Business (ex-Indus)	FY14 EV/EBITDA	74	6.0	445	136
Stake in Indus	Tower base	108,500	INR5m/tower	69*	23
Less Net debt (FY14E)				81	21
Less 50% of potential spectrum liability				46	14
Total Value				**433**	**125**
Shares o/s (m)				3,303	
CMP (INR)					87
Upside (%)					**43**

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

Source: MOSL

Summary of estimate change

	FY12E	FY13E
Revenue (INR b)		
Old	193	232
Actual/New	195	233
Change (%)	1.3	0.3
EBITDA (INRb)		
Old	50	68
Actual/New	52	68
Change (%)	2.6	0.0
EBITDA margin (%)		
Old	26.2	29.2
Actual/New	26.5	29.1
Change (bp)	34bp	-8bp
Depreciation & amortization (INR b)		
Old	30.6	33.7
Actual/New	29.9	33.9
Change (%)	-2.3	0.6
Net finance cost (INR b)		
Old	11.5	10.9
Actual/New	11.1	10.7
Change (%)	-3.3	-1.9
Tax rate (%)		
Old	30.6	30.0
Actual/New	31.2	30.0
Change (bp)	65bp	0bp
Net Profit (INR b)		
Old	5.8	16.2
Actual/New	7.4	16.2
Change (%)	27.7	0.1
EPS (INR)		
Old	1.8	4.9
Actual/New	2.2	4.9
Change (%)	27.7	0.0

Source: MOSL

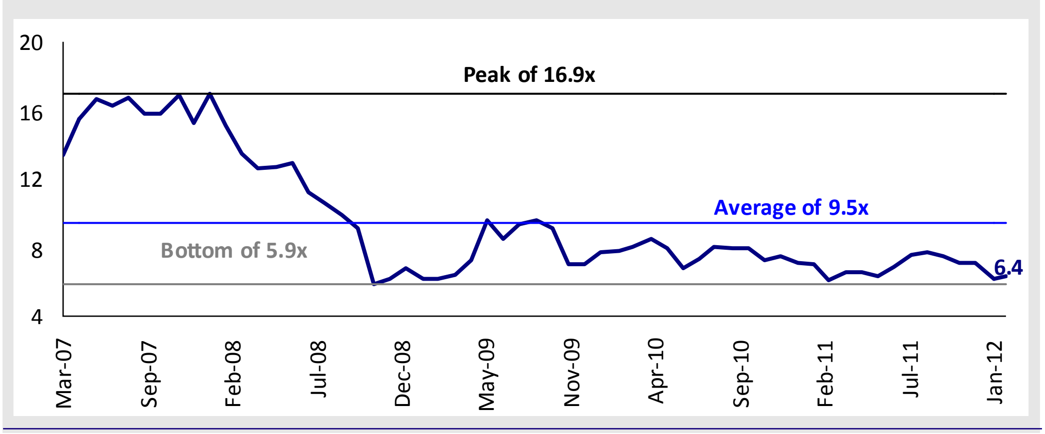
IDEA: KPI Trend

	3QFY10	4QFY10	1QFY11	2QFY11	3QFY11	4QFY11	1QFY12	2QFY12	3QFY12
Minute of Usage (b)	57.8	68.3	82.3	84.8	93.5	102.0	108.6	106.2	114.0
Mobile ARPU (INR)	200	185	182	167	168	161	160	155	159
MOU (per sub)	389	398	415	394	401	397	391	364	369
Mobile RPM (INR)	0.51	0.46	0.44	0.423	0.42	0.41	0.41	0.426	0.431
VAS (% of ARPU)	11.2	12.4	12.6	12.9	13.0	12.1	12.1	13.2%	13.7%
VAS ARPU (INR)	22.4	22.9	22.9	21.5	21.8	19.5	19.4	20.5	21.8
Voice ARPU (INR)	178	162	159	145	146	142	141	135	137
Voice RPM (INR)	0.46	0.41	0.38	0.37	0.36	0.36	0.36	0.37	0.37
EBITDA/min (INR)	**0.12**	**0.12**	**0.09**	**0.09**	**0.09**	**0.09**	**0.10**	**0.10**	**0.10**
EBITDA/sub (INR)	**47**	**48**	**39**	**34**	**35**	**36**	**37**	**35**	**38**
Prepaid (% of subs)	95.8	95.7	95.9	96.1	96.3	96.4	96.5	96.5	96.6
Monthly Churn - Prepaid	9.4	7.9	8.4	8.2	10.3	11.0	9.8	10.1	10.7
Monthly Churn - Postpaid	3.1	3.0	2.9	2.9	2.8	2.7	3.0	3.0	2.9
Monthly Churn - Blended	9.1	7.7	8.2	8.0	10.0	10.7	9.8	9.9	10.4
QoQ Growth									
Minute of Usage *	14.9	13.5	13.0	3.1	10.2	9.0	6.5	-2.2	7.3
Mobile ARPU	-4.3	-7.5	-1.6	-8.2	0.6	-4.2	-0.6	-3.1	2.6
MOU	3.7	2.3	4.3	-5.1	1.8	-1.0	-1.5	-6.9	1.4%
Mobile RPM	-7.8	-9.6	-5.7	-3.5	-1.0	-3.2	0.9	4.1	1.2
Mobile Revenue (INR m)	**29,285**	**31,142**	**33,983**	**33,815**	**36,784**	**39,404**	**42,129**	**43,110**	**47,075**
Voice Revenue (INR m)	**26,005**	**27,280**	**29,701**	**29,453**	**32,002**	**34,636**	**37,032**	**37,419**	**40,626**
QoQ Growth (%)	4.6	4.9	8.9	-0.8	8.7	8.2	6.9	1.0	8.6
Non-Voice Revenue (INR m)	3280	3862	4282	4362	4782	4768	5098	5691	6449
QoQ Growth (%)	11.2	17.7	10.9	1.9	9.6	-0.3	6.9	11.6	13.3

* 4QFY10 and 1QFY11 like to like growth excluding Spice consolidation impact

Source: Company/MOSL

EV/EBITDA band chart



IDEA: Key assumptions

Y/E March	FY10	FY11	FY12E	FY13E	FY14E
Subs (m)	64	90	112	130	143
YoY (%)	48	40	25	16	10
Average subs (m)	53	77	101	121	137
YoY (%)	70	44	31	20	13
Netadds per month ex acquisition (m)	1.7	2.1	1.9	1.5	1.1
YoY (%)	40	23	-12	-20	-27
Total mobile traffic (b min)	225	363	450	519	580
YoY (%)	46	45	24	15	12
Average Rev Per User (INR/month)	207	170	163	161	162
YoY (%)	-21	-18	-4	-1	0
Minutes of Use/Sub/Month	388	394	372	357	354
YoY (%)	-5	2	-6	-4	-1
Mobile RPM (INR)	0.53	0.43	0.44	0.45	0.46
YoY (%)	-18	-19	1	3	1
Mobile EBITDA/min. (INR)	0.15	0.11	0.12	0.13	0.14
YoY (%)	-19	-28	10	13	8
Capex (INR b)	33	88	40	32	23
Capex / Sales (%)	27	57	21	14	9

Source: Company/MOSL

Idea Cellular: an investment profile

Company description

Idea Cellular, an Aditya Birla Group company, is India's third largest wireless operator with a revenue market share of 14%. Idea operates in all the 22 telecom circles of which 13 are classified as established service areas and nine new service areas.

Key investment arguments

- Idea's strong execution in established as well as new circles will drive subscriber CAGR of 17% over FY11-14E. We expect consolidated EBITDA CAGR of 29% over FY11-14E driven by increased contribution of 3G revenue, RPM increase, and operating leverage.
- Strong incumbency advantage in 8 established circles and spectrum allocation in the 900MHz band in 9 circles.
- Key beneficiary of tower sharing initiatives including formation of Indus Towers - a three way passive infrastructure JV between Bharti, Idea, and Vodafone
- The company has won 3G Spectrum in 11 circles. We expect incremental 3G revenue to contribute ~3% of wireless revenues by FY14E.

Investment risks

- The regulatory environment remains uncertain with key issues relating to spectrum yet to be resolved.
- Relatively high leverage with net debt/annualized EBITDA of 2.4x in 3QFY12.

Recent developments

- DoT has ordered Idea and other incumbents to discontinue their 3G roaming agreements. These operators have appealed in the TDSAT and the matter is sub judice.
- As of 3QFY12, Idea has an active 3G subscriber base of 2.25m with incremental ARPU of INR79 and average usage per user of 235MB.

Valuations and view

- While we upgrade our FY12 revenue/EBITDA/PAT estimates by 1/3/28%, our FY13 estimates are largely unchanged.
- We expect 29% EBITDA CAGR over FY11-14E. The stock trades at an EV/EBITDA of 8.1x FY12E and 6x FY13E.
- Reiterate **Buy** with a price target of INR125/sh based on 8x FY13 EV/EBITDA ex-Indus (~6x FY14 EV/EBITDA) and INR5m/tower for 12.8% effective stake in Indus towers. While regulatory environment remains uncertain, our target price already incorporates INR46b (INR14/sh) potential outflow for regulatory risks (~50% of outlay based on TRAI recommendation).

Comparative valuations

		Idea	RCOM	Bharti
P/E (x)	FY12E	39.0	24.0	23.1
	FY13E	17.9	13.2	13.9
EV/EBITDA (x)	FY12E	8.1	7.6	8.0
	FY13E	6.0	5.9	6.1
EV/Sales (x)	FY12E	2.2	2.4	2.7
	FY13E	1.7	2.0	2.3
P/BV (x)	FY12E	2.2	0.5	2.5
	FY13E	2.0	0.5	2.1

EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY12	2.2	2.2	3.1
FY13	4.9	4.2	16.6

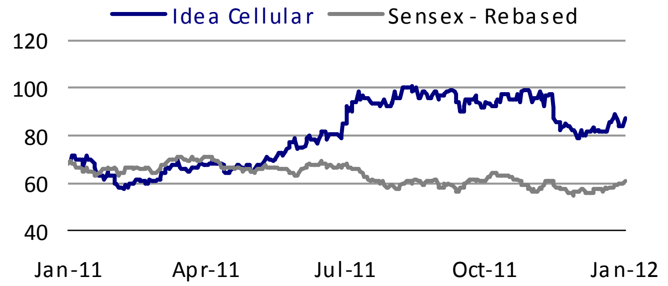
Target price and recommendation

Current Price (INR)	Target Price (INR)	Upside (%)	Reco.
87	125	43.7	Buy

Shareholding pattern (%)

	Dec-11	Sep-11	Dec-10
Promoter	46.0	46.0	47.0
Domestic Inst	7.6	8.7	7.0
Foreign	43.5	42.2	42.9
Others	3.0	3.1	3.2

Stock performance (1 year)



Financials and Valuation

Income Statement					(INR Million)
Y/E March	2010	2011	2012E	2013E	2014E
Revenues	124,476	155,032	195,116	232,565	263,538
Change (%)	22.7	24.5	25.9	19.2	13.3
Total Expenses	90,406	117,127	143,364	164,880	181,808
EBITDA	34,070	37,906	51,752	67,686	81,729
% of Gross Sales	27.4	24.5	26.5	29.1	31.0
Depn.&Amortizatio	20,148	23,973	29,854	33,867	34,500
EBIT	13,922	13,933	21,898	33,818	47,230
Net Interest	3,168	3,965	11,132	10,729	8,579
PBT	10,754	9,968	10,766	23,090	38,651
Tax	1,214	982	3,360	6,927	11,595
Rate (%)	11.3	9.9	31.2	30.0	30.0
Adjusted PAT	9,540	8,986	7,407	16,163	27,055
Change (%)	5.9	-5.8	-17.6	118.2	67.4
PAT after EO	9,540	8,986	7,407	16,163	27,055

Balance Sheet					(INR Million)
Y/E March	2010	2011	2012E	2013E	2014E
Share Capital	32,998	33,033	33,074	33,074	33,074
Additional Paid up	139,406	139,406	139,406	139,406	139,406
Reserves	-58,681	-49,440	-41,866	-25,703	1,352
Net Worth	113,723	122,999	130,615	146,777	173,833
Loans	78,593	120,228	133,096	118,947	83,675
Other Liabilities	2,142	3,099	5,304	5,304	5,304
Capital Employed	194,458	246,326	269,015	271,029	262,812
Gross Block	276,111	373,505	419,377	448,826	469,789
Less : Depreciation	88,906	112,128	141,548	175,416	209,915
Net Block	187,205	261,377	277,829	273,410	259,874
Other Non-Current /	0	0	0	0	0
Curr. Assets	38,139	42,378	36,125	42,557	47,877
Inventories	468	542	684	815	924
Debtors	3,500	4,057	5,115	6,097	6,909
Cash & Bank Balan	14,204	14,777	2,611	2,611	2,611
Other Current Asset	19,967	23,002	27,715	33,034	37,433
Curr. Liab. & Prov.	30,887	57,429	44,939	44,939	44,939
Net Curr. Assets	7,253	-15,051	-8,814	-2,382	2,938
Appl. of Funds	194,458	246,326	269,015	271,029	262,812

E: MOSL Estimates

Ratios					
Y/E March	2010	2011	2012E	2013E	2014E
Basic (INR)					
EPS	3.1	2.7	2.2	4.9	8.2
Cash EPS	9.6	10.0	11.3	15.1	18.6
Book Value	36.7	37.2	39.5	44.4	52.6
DPS	0.0	0.0	0.0	0.0	0.0
Payout %(Incl.Div.Ta	0.0	0.0	0.0	0.0	0.0
Valuation (x)					
P/E		32.1	39.0	17.9	10.7
Cash P/E		8.8	7.8	5.8	4.7
EV/EBITDA		10.4	8.1	6.0	4.5
EV/Sales		2.5	2.2	1.7	1.4
Price/Book Value		2.3	2.2	2.0	1.7
Dividend Yield (%)		0.0	0.0	0.0	0.0
Profitability Ratios (%)					
RoE	7.6	7.6	5.8	11.7	16.9
RoCE	5.5	5.2	5.6	8.5	12.2
Turnover Ratios					
Debtors (Days)	10	10	10	10	10
Asset Turnover (x)	0.71	0.75	0.78	0.87	1.00
Leverage Ratio					
Debt/Equity Ratio(x	0.7	1.0	1.0	0.8	0.5

Cash Flow Statement					(INR Million)
Y/E March	2010	2011	2012E	2013E	2014E
Op.Profit/(Loss) bef	34,070	37,906	51,752	67,686	81,729
Other Income	0	0	0	0	0
Interest Paid	-3,168	-3,965	-11,132	-10,729	-8,579
Direct Taxes Paid	11	-25	-1,155	-6,927	-11,595
(Inc)/Dec in Wkg. Ca	-4,904	23,098	-18,269	-6,432	-5,320
CF from Op.Activity	26,009	57,014	21,197	43,597	56,235
(inc)/Dec in FA + CW	-18,455	-98,145	-46,306	-29,449	-20,963
(Pur)/Sale of Invest	0	0	0	0	0
CF from Inv.Activity	-18,455	-98,145	-46,306	-29,449	-20,963
Issue of Shares	31,309	69	-50	0	0
Inc/(Dec) in Debt	-10,572	41,635	12,868	-14,149	-35,272
Other Financing Act	-65,404	-2	-2	-2	-2
CF from Fin.Activity	-44,666	41,704	12,818	-14,149	-35,272
Inc/(Dec) in Cash	-37,112	573	-12,291	0	0
Add: Opening Balar	51,316	14,204	14,777	2,611	2,611
Closing Balance	14,204	14,777	2,486	2,611	2,611

E: MOSL Estimates

N O T E S

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