

Idea Cellular

BSE SENSEX	S&P CNX
30,322	9,445
Bloomberg	IDEA IN
Equity Shares (m)	3,601
M.Cap.(INRb)/(USDb)	315.6 / 4.9
52-Week Range (INR)	124 / 66
1, 6, 12 Rel. Per (%)	-3/5/-43
Avg Val, INRm	1697
Free float (%)	57.6

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	355.8	337.8	360.9
EBITDA	102.8	85.4	93.4
PAT	-4.0	-46.5	-49.0
EPS (INR)	-1.1	-12.9	-13.6
Gr. (%)	-113.0	1,063.8	5.2
BV/Sh (INR)	68.6	55.7	43.4
RoE (%)	-1.6	-20.8	-27.4
RoCE (%)	1.5	-0.3	0.1
P/E (x)	-76.7	-6.6	-6.3
P/BV (x)	1.2	1.5	2.0
EV/EBITDA (x)	8.3	10.3	9.8

Estimate change

TP change

Rating change



CMP: INR85

TP: INR110 (+29%)

Buy

Too many moving levers in the near term

EBITDA at INR21.9b surprisingly up 1% QoQ, 19% above estimate

- Network cost savings protect EBITDA:** Idea's (IDEA) revenues declined 6%/14% QoQ/YoY to INR81.3b (in-line). EBITDA surprisingly grew 1% QoQ (-39% YoY) to INR21.9b (higher than est. of INR18.5b). It majorly benefited from lower network cost (-5% QoQ) on the back of ~900 2G site reduction and other cost-optimization measures. EBITDA margin expanded 200bp QoQ to 27% (410bp above est.). Net loss stood at INR3.8b (flat QoQ), as against net profit of INR5.8b in the year-ago period. FY17 revenue/EBITDA of INR355.8b/INR102.8b declined 1%/21% YoY. PAT in FY17 turned negative at INR4b v/s INR30.8b in FY16.
- Deteriorating voice and data pricing:** Voice revenue of INR59.7b declined 3% QoQ on the back of a 12% fall in voice pricing, partly offset by high incoming traffic, which led to 10% voice traffic growth. Data revenue continued the free fall (-16% QoQ to INR14.6b) owing to 28% ARMB decline, partly offset by 17% data traffic growth. Blended ARPU dropped 10% QoQ to INR142, while data ARPU remained flat at INR111.
- Expect EBITDA to bottom in FY18:** We maintain our FY18 estimate of 5%/17% revenue/EBITDA fall, given Rjio's continued freebies in 1QFY18 and a gradual recovery from 3Q-4QFY18. We expect industry to bottom in next 3-4 quarters. We thus expect revenue/EBITDA growth of 7%/9% in FY19.
- Vodafone merger to change IDEA's competitive position, but near-term market share risk remains:** IDEA is valued at 10x EV/EBITDA on FY18E. The company's merger with Vodafone could be a big positive, improving its network capability/market standing. We maintain **Buy** with a revised TP of INR110 on 10x FY19E EV/EBITDA, which partly captures gains from Vodafone merger. However, until the merger gets fructified, the stock could languish due to likely market share dilution in a hyper competitive industry outlook triggered by high capacity requirements.

Quarterly Performance (Consolidated)

Y/E March	(INR Million)									
	FY16				FY17				FY16	FY17
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Revenue	87,915	86,891	90,097	94,839	94,866	93,002	86,627	81,261	359,809	355,758
YoY Change (%)	16.3	14.8	12.4	12.6	7.9	7.0	-3.9	-14.3	14.0	-1.1
Total Expenditure	58,122	56,320	58,812	58,678	64,124	64,601	64,973	59,316	229,510	252,995
EBITDA	29,793	30,570	31,285	36,160	30,742	28,401	21,655	21,945	130,300	102,763
Margins (%)	33.9	35.2	34.7	38.1	32.4	30.5	25.0	27.0	36.2	28.9
Depreciation	14,117	15,381	16,231	19,737	19,192	19,543	19,653	19,885	66,508	78,272
Share in Profits from Associates	927				1,035	1,057	1,143	983		4,218
Interest	3,240	2,726	3,349	7,678	9,224	8,753	9,232	10,112	16,545	37,342
PBT before EO expense	13,364	12,464	11,705	8,745	3,362	1,162	-6,087	-7,069	47,247	-8,633
PBT	13,364	12,464	11,705	8,745	3,362	1,162	-6,087	-7,069	47,247	-8,633
Tax	4,816	4,371	4,063	2,989	1,158	247	-2,248	-3,792	16,447	-4,636
Rate (%)	36.0	35.1	34.7	34.2	34.4	21.3	36.9	53.6	34.8	53.7
Reported PAT	8,548	8,093	7,642	5,756	2,204	915	-3,839	-3,277	30,799	-3,997
Margins (%)	9.7	9.3	8.5	6.1	2.3	1.0	-4.4	-4.0	8.6	-1.1

Aliasgar Shakir (Aliasgar.Shakir@motilaloswal.com); +91 22 3982 5423

Jay Gandhi (Jay.Gandhi@MotilalOswal.com); +91 22 6129 1546

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.



Idea 4QFY17 Earnings call highlights

Business Performance

- Idea has reported revenue decline in FY17 for the 1st time since IPO since the last 11 years.
- Idea has decided to skip dividend distribution.
- Continues to expand the scale of operation. Last 2 years of heavy capex towards network and spectrum has increased dep and interest cost
- 4Q FY17 witnessed steep drop in mobile data rates of 28%.
- Lure of free offering resulted in lower voice volume elasticity in 4QFY17. Idea witnessed a tsunami of income voice minutes.
- The impact was more pronounced in the data business with data subscriber decline to 42m from 48m in 3QFY17.
- Bihar and Rajasthan launched 3g during the 4QFY17.
- Idea revenue market share in FY16 was at 19.4%.
- Subscriber market share is currently at 19.4% as of Feb'17
- Voice revenues in 4QFY17 declined 3.5% which led by 12% voice RPM decline.
- Data ARPU in 4QFY17 remained flat at INR 111. The new operator claims to have 80% of industry's data traffic. With new operator starting to charge, the data volumes will get redistributed among the top 3-4 players.
- The incoming outgoing voice traffic proportion from new operator is 92% incoming voice traffic and only 7% outgoing to new operator.
- Aggressive price plans to compete in the market has hurt the revenue.
- The lower network cost in 4QFY17 is due to write back of provisions which a typically a 4Qs phenomenon and the cost reduction initiatives. Apart of the write backs and forex gains, most of the costs are sustainable. And there will be efforts to keep reducing unwanted costs.
- The reduction in SG&A in 4QFY17 is due to – a.) 40% of the reduction is due to 95% of subscriber acquisition is through EKYC, b) Another 40% of the reduction is due to lower advertising budgets, which could be an industry wide phenomena due to the financial stress, c.) 20% of the reduction is due to renegotiation of backend contracts with channel partners.
- Idea's reduction in ad spends is also attributed to the focus on deployment of broadband sites and making being network ready.
- Data subscriber of Idea went down despite Bharti going up due to complementary trial plans offered by Idea which was scrapped in Dec and therefore the data subscribers have reduced QoQ.
- In 4QFY17, there was INR 770m forex gain v/s INR 260m forex loss in 3QFY17 which also supported the EBITDA growth.

Industry

- The Indian wireless industry witnessed unprecedented disruption in 2HFY17. The telecom industry has declined by about 2% in FY17, for the 1st time in the last 15 years.
- Low pricing should improve the data absorption due to better affordability.
- Management foresees a billion user using 3-4gb/ month by FY20 vs currently 200m paid users.
- The unlimited price plan in FY18 is likely to increase from low single digit to double digit contribution.
- Early trend is showing reasonable growth in data subscribers on daily basis as free users are shifting from new operator since the paid services have resumed.

- There are 2 category of subscribers a.) **140-160m 4g device owners**, which should see about 100-125m addition in the FY17. For these subscribers, the pricing will be determined by the new operator Management believes the pricing has bottomed out from RJio's offering at INR 300. b.) rest of the 2g/3g device owners – out of these, before the launch of new operator, 35% of the market was controlled by smaller operators. This 35% is most impacted, and therefore the top 3 have added subscribers despite the subscriber gain by new operators.
- Multi simcards over time will be reduced as the consumer shifts to bundled packs but have not seen it happening yet. In 4Q most consumers continue to use multi simcards.
- In 3Q and 4Q FY17, majority of the consumers shifting to unlimited price plans were high ARPU subscribers, leading to decline in ARPUs. However, currently witnessing shift to unlimited plans from low ARPU subscribers which is ARPU accretive.
- By 3Q of FY18 there will be stability of overall rates including unlimited plans. This should improve revenue growth.
- Loss of market share in the last two quarters was due to downtrading of high ARPU subscribers. The new set of unlimited price plans will largely come from lower ARPU subscribers due to the significant value offerings. Most of the downtrading of high ARPU subscribers is bottomed out.
- Industry is likely to see the subscribers shifting from new operator's free offering to paid subscription which should lead to redistribution of subscribers as the top 3 operators match the new operators paid offerings.

Idea strategy

- 3 pronged focus approach. Cost optimization. Subscriber growth. Wireless network expansion
 - **Cost optimization** – Reduce waste and duplication of costs, digitize process.
 - **Subscriber growth** - 6.2m new VLR subscriber added, reaching 198.3m VLR subscriber base.
 - **Infrastructure built out** – Integrated highest ever cell count of 50,004 in FY17 on 2g, 3g, 4g platform. High addition of 3g, 4g cell count. Wireless broadband coverage has reached 500m subscribers in 21 circles and launch of 3g in Mumbai by end of May create PAN India coverage. Monetization of this large infra is inevitable.
- Vodafone Idea merger will create leading communication provider with 41% revenue market share. Vodafone and Idea have initiated necessary steps to get the regulatory approvals.
- Wireless data capacity is 5-7 times of current 4QFY17 volumes, which will be utilized to drive data growth at the pricing of ~INR 75-100/GB.
- Idea launched digital services with over 1 m users using music, movies and games app.
- Idea as a policy of not initiating price decline but only following competition. Thus it is not proactive but reactive of decline in new tariff though not keeping a big gap.
- Idea has enough capacity to manage high voice volume from penetration of unlimited voice plans.
- As the new operator starts charging, Idea's current proportion of data subscribers at 22% of the total subscribers will grow given the shift from free to paid usage.

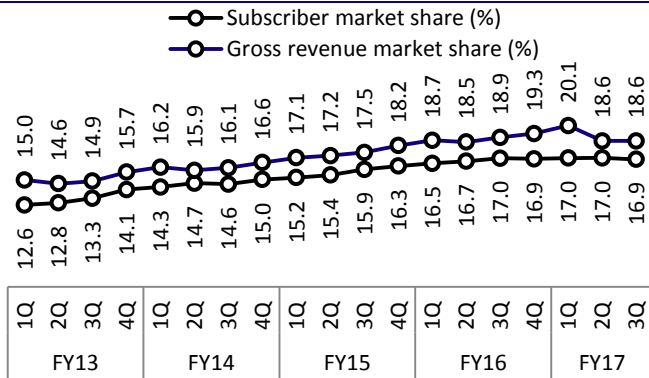
- Idea has witnessed stable environment of revenue from Feb and management is hopeful that in FY18 it should see positive revenue growth. This factors the launch of VOLTE feature phones which should be positive for operators with 4g network.
- The focus to get 4g subscribers is through upgrading existing 3g users to 4g and offering high quality service at competitive price.
- The data price equilibrium is getting established and Idea is seeking premium over the new operator due to its better voice quality.
- Early trend of April shows 2-3 times data growth over the current data usage. The era of double digit data growth is shifted to triple digit data growth.
- Currently Idea has low data capacity utilization of network with 5-7 times higher usage capacity. Usage should increase nearly 2-3 times from the current levels before new sites in existing locations will be required.
- Unlimited voice is already factored in the revenue decline of 3Q and 4Q and may not see impact from the launch of VOLTE feature phones.
- Idea is likely to see flat revenue growth in FY18, but due to the low base in 4QFY17, we could see 15% YoY growth in 4QFY18.

Capex investments and deleveraging

- Idea during the last 2 years has invested INR 155b in equipment capex.
- Capex guidance is reduced to INR 60b. Deployment of 2500mhz spectrum is pushed to next year, when supply may outstrip demand.
- In FY17, Idea added 19142 3g site addition and about 26,209 4g sites.
- Capex of INR 78.5b incurred in FY17 was largely funded by INR 69b cash profit. Capex spends in FY18 will be largely utilized towards PAN India broadband network.
- Capex guidance is lower capex factor, no 2g sites addition in FY18 and about 37000-43000 broadband sites, sufficient to get coverage in metro, large and small town. Management believes, it does not require to reach deep rural markets.
- 2500mhz spectrum will be rolled out in FY19.
- There are 2 parts of fiber investment requirements. Expanding the kms of fiber and introducing new PoPs. Management focus is shifting from increasing kms to PoPs which will allow fiberizing the backhaul network.
- Idea's deleveraging plan is on track through the sale of own towers and Indus stake.
- Currently, in the midst of responding to CCI queries post the merger application.
- In next 2 years, Idea will launch VOLTE services in specific regions.
- VOLTE deployment is done to prepare for the future ecosystem when majority of devices should be 4g. So if by 2020 about 1b phones are broadband, it can help release the spectrum blocked for 2g usage.
- 2g sites which did not see returns was cut down. We may continue to explore for such 2g site reduction options and if there are any active infra sharing options.
- No active infra sharing deals are yet signed.

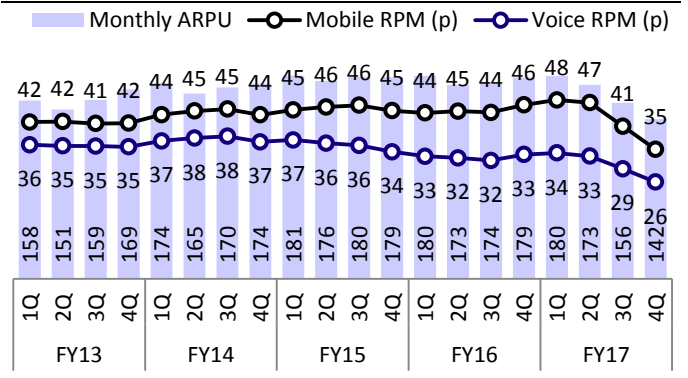
Story in charts

Exhibit 1: Idea: Subscriber and gross rev market share (%)



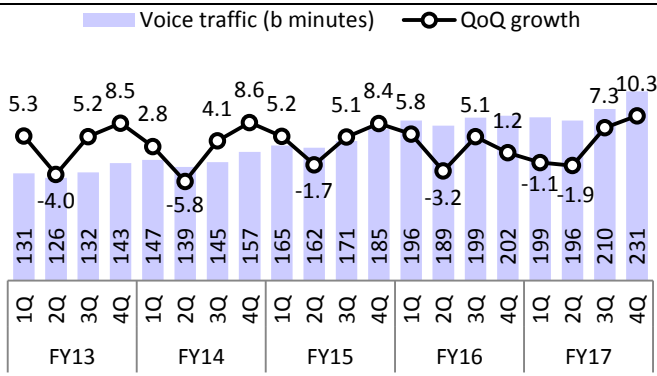
Source: Company, MOSL

Exhibit 2: Idea: ARPU and RPM trajectory



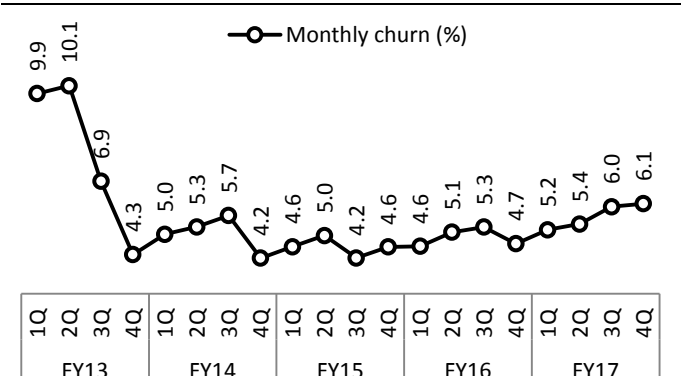
Source: Company, MOSL

Exhibit 3: Voice traffic and QoQ growth



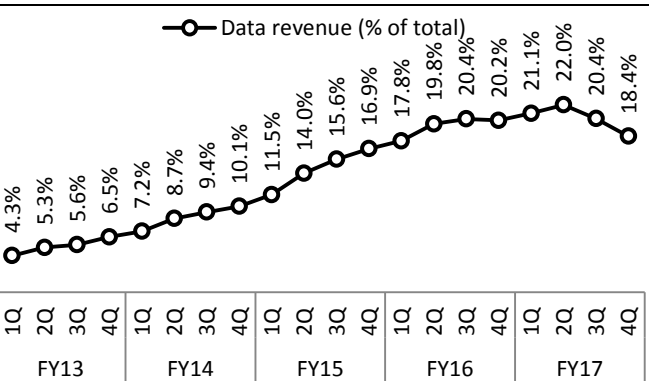
Source: Company, MOSL

Exhibit 4: Monthly churn (%)



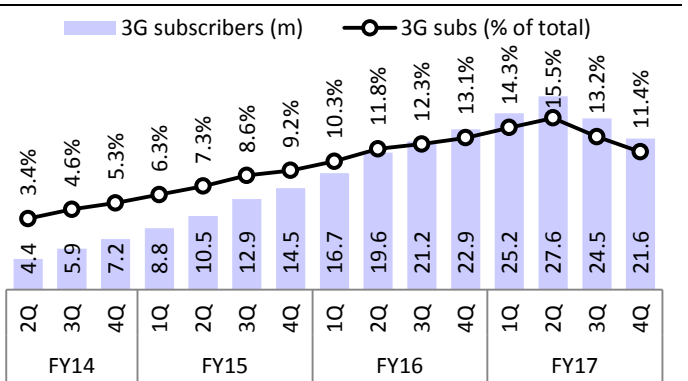
Source: Company, MOSL

Exhibit 5: Data revenue (% of total)



Source: Company, MOSL

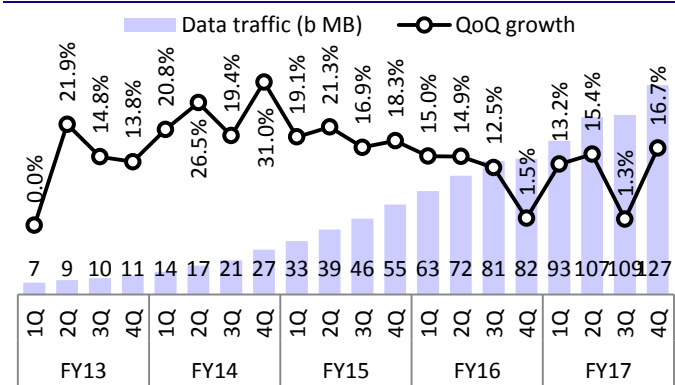
Exhibit 6: 3G subscriber base ramp-up



Source: Company, MOSL

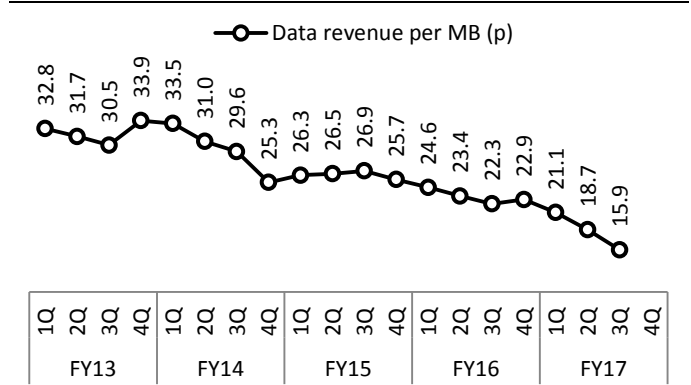
Story in charts

Exhibit 7: Data traffic and QoQ growth



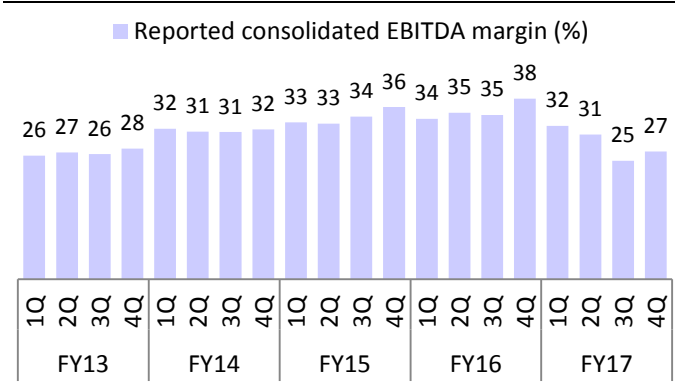
Source: Company, MOSL

Exhibit 8: Data revenue per MB (p)



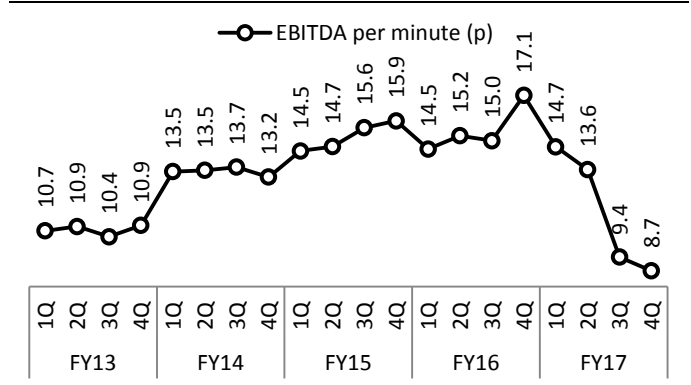
Source: Company, MOSL

Exhibit 9: Reported consolidated EBITDA margin (%)



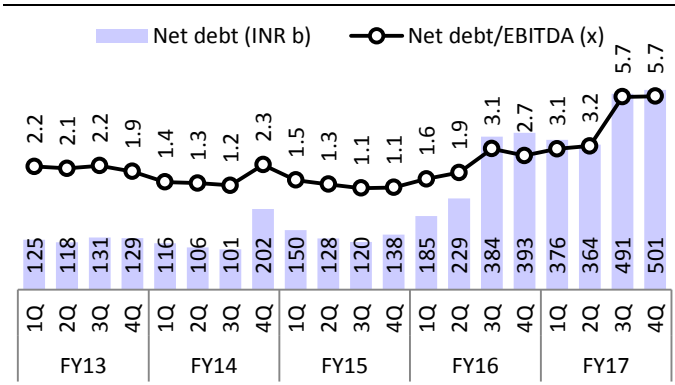
Source: Company, MOSL

Exhibit 10: EBITDA per minute (p)



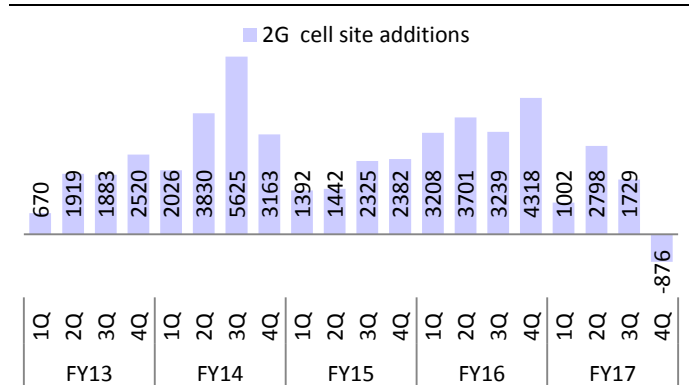
Source: Company, MOSL

Exhibit 11: Net debt and net debt/EBITDA



Source: Company, MOSL

Exhibit 12: 2G cell site additions



Source: Company, MOSL

Exhibit 13: Consolidated P&L and revenue drivers

Consolidated P&L (INR m)	4QFY16	3QFY17	4QFY17	YoY%	QoQ%	4QFY17E	v/s est (%)
Revenue	94,839	86,627	81,261	-14.3	-6.2	80,803	0.6
EBITDA	36,160	21,655	21,945	-39.3	1.3	18,512	18.5
EBITDA margin (%)	38.1	25.0	27.0	-1112bps	201bps	22.9	410bps
Depreciation and amortization	19,737	19,653	19,885	0.7	1.2	20,070	-0.9
EBIT	16,423	2,002	2,060	-87.5	2.9	-1,557	-232.3
EBIT margin (%)	17.3	2.3	2.5	-1478bps	22bps	-1.9	446bps
Net Finance Costs	7,678	9,232	10,112	31.7	9.5	9,528	6.1
Profit before Tax	8,745	-7,230	-8,052	-192.1	11.4	-11,085	-27.4
Share of Associates	0	1,143	983		-14.0	1,166	-15.7
Adj Tax	2,989	-2,248	-3,792	-226.9	68.7	0	#DIV/0!
Tax rate (%)	34.2	36.9	53.6	1947bps	1671bps	0	5364bps
Profit after Tax	5,756	-3,839	-3,277	-156.9	-14.6	-9,919	-67.0
Revenue drivers	4QFY16	3QFY17	4QFY17	YoY%	QoQ%	4QFY17E	v/s est (%)
Total minutes (b)	202	210	231	14.8	10.3	218	6.0
Revenue per min (paise)	46.4	40.7	34.5	-25.6	-15.2	36	-5.3
Voice RPM (paise)	33.2	29.3	25.8	-22.2	-12.0	27.0	-4.4
Data traffic (b MB)	82.2	108.8	127.0	54.5	16.7	119.6	6.2
Data realization (paise per MB)	22.9	15.9	11.5	-49.8	-27.7	11.9	-3.6
Data as % of revenue (%)	20.2	20.4	18.4	-185bps	-207bps	18.1	26bps

Source: Company, MOSL

Exhibit 14: Key Operating Metrics

	4QFY16	3QFY17	4QFY17	YoY(%)	QoQ (%)	4QFY17	v/s est (%)
EOP (mn)	175	185	190	8.2%	2.3%	189	0.3%
ARPU (INR/sub/month)	179	157	142	-20.9%	-9.8%	140	0.8%
Voice metrics							
Voice revenues (INRm)	66,799	61,662	59,747	-11%	-3.1%	58,894	1.4%
MOU (min/sub/month)	387	385	412	6.5%	7.0%	389	6.0%
RPM ex VAS (INR/min)	0.332	0.293	0.258	-22.2%	-12.0%	0.270	-4.4%
Total Minutes (bn mins)	201.6	209.8	231.4	14.8%	10.3%	218.2	6.0%
Voice ARPU	128.3	112.9	106.3	-17.2%	-5.9%	104.9	1.3%
Data metrics							
Data Revenues (INRm)	18832	17306	14607	-22.4%	-15.6%	14259	2.4%
data share	20.2%	20.4%	18.4%	-1.9%	-2.1%	18.1%	1.4%
non voice contribution	28.3%	27.2%	24.9%	-3.4%	-2.3%	25.2%	-1.3%
Data Subs (mn)	44	49	42	-4.1%	-13.1%	53.9	-21.7%
as a % of overall subs	25.1%	26.2%	22.3%	-2.9%	-3.9%	28.5%	-21.9%
3g subs (mn)	22.91	24.49					
as a % of data subs	52.0%	50.4%					
as a % of overall subs	13.1%	13.2%					
Data ARPU (INR)	147	111	110	-25.2%	-0.9%	93	18.6%
Data ARMB (INR)	0.229	0.159	0.115	-49.8%	-27.7%	0.119	-3.6%
Data usage/subs (mb)	641	703	957	49.3%	36.1%	778	23.1%
Data traffic (mnMBs)	82236	108843	127014	54.5%	16.7%	119569	6.2%

Source: Company, MOSL

Exhibit 15: Summary of estimate change

	FY17	FY18E	FY19E
Revenue (INRb)			
Old	355	337	360
Actual/New	356	338	361
Change (%)	0.1	0.3	0.3
EBITDA (INRb)			
Old	99	83	91
Actual/New	103	85	93
Change (%)	3.5	2.3	3.2
EBITDA margin (%)			
Old	28.0	24.8	25.1
Actual/New	28.9	25.3	25.9
Change (bp)	93bps	50bps	73bps
Depreciation & amortization (INRb)			
Old	78	93	99
Actual/New	78	88	93
Change (%)	-0.2	-5.4	-6.1
Net finance cost (INRb)			
Old	37	51	53
Actual/New	37	48	50
Change (%)	1.6	-5.6	-5.6
Tax rate (%)			
Old	7.3	0.0	0.0
Actual/New	53.7	0.0	0.0
Change (bp)	4636bps	0bps	0bps
Net Profit (INRb)			
Old	-10.6	-55.6	-55.5
Actual/New	-4.0	-46.5	-44.5
Change (%)	-62.4	-16.3	-19.8
EPS (INR)			
Old	-3.0	-15.4	-15.4
Actual/New	-1.1	-12.9	-12.3
Change (%)	-62.5	-16.4	-19.9
MoU (min)			
Old	377	406	399
Actual/New	383	430	423
Change (%)	1.5	6.0	6.0
Data usage/sub (INR)			
Old	730	1161	1498
Actual/New	843	1161	1498
Change (%)	15.5	0.0	0.0

Source: Company, MOSL

Financials and Valuations

Consolidated - Income Statement					(INR Million)		
Y/E March	FY13	FY14	FY15	FY16	FY17E	FY18E	FY19E
Total Income from Operations	224,577	265,189	315,709	359,809	355,758	337,829	360,927
Change (%)	14.9	18.1	19.1	14.0	-1.1	-5.0	6.8
Total Expenditure	164,531	181,852	207,592	229,510	252,995	252,389	267,551
% of Sales	73.3	68.6	65.8	63.8	71.1	74.7	74.1
EBITDA	60,045	83,337	108,117	130,300	102,763	85,440	93,376
Margin (%)	26.7	31.4	34.2	36.2	28.9	25.3	25.9
Depreciation	34,778	45,194	53,036	66,508	78,272	87,600	92,569
EBIT	25,268	38,143	55,081	63,792	24,491	-2,160	806
Int. and Finance Charges	9,495	7,700	5,755	16,545	37,342	48,489	49,765
PBT bef. EO Exp.	15,773	30,443	49,325	47,247	-12,851	-50,649	-48,958
Share of profits of associates	0	0	0	0	4,218	4,133	0
PBT after EO Exp.	15,773	30,443	49,325	47,247	-8,633	-46,516	-48,958
Total Tax	5,664	10,765	17,396	16,447	-4,636	0	0
Tax Rate (%)	35.9	35.4	35.3	34.8	53.7	0.0	0.0
Reported PAT	10,109	19,678	31,929	30,799	-3,997	-46,516	-48,958
Adjusted PAT	10,109	19,678	31,929	30,799	-3,997	-46,516	-48,958
Change (%)	39.8	94.7	62.3	-3.5	-113.0	1,063.8	5.2
Margin (%)	4.5	7.4	10.1	8.6	-1.1	-13.8	-13.6

Consolidated - Balance Sheet					(INR Million)		
Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E
Equity Share Capital	33,143	33,196	35,978	36,005	36,053	36,053	36,053
Total Reserves	111,073	132,073	194,314	221,670	211,269	164,753	120,268
Net Worth	144,217	165,269	230,292	257,675	247,322	200,806	156,321
Total Loans	140,438	206,350	268,591	415,031	550,545	576,641	613,747
Deferred Tax Liabilities	11,180	18,133	19,015	30,714	13,218	13,218	13,218
Capital Employed	295,834	389,752	517,898	703,420	811,085	790,665	783,286
Gross Block	467,357	516,970	618,207	986,766	1,149,691	1,214,691	1,279,691
Less: Accum. Deprn.	175,818	221,012	262,871	303,848	382,120	469,720	562,289
Net Fixed Assets	291,539	295,958	355,336	682,918	767,571	744,971	717,401
Goodwill on Consolidation	61	61	61	61	61	61	61
Capital WIP	8,811	114,194	51,405	60,986	75,351	75,351	75,351
Total Investments	10,280	2,155	115,267	13,728	63,783	63,783	63,783
Curr. Assets, Loans&Adv.	53,092	53,206	82,598	68,807	59,912	65,381	84,032
Inventory	726	683	710	1,065	588	1,169	708
Account Receivables	9,601	8,006	9,789	11,776	13,139	7,209	14,531
Cash and Bank Balance	1,429	1,881	15,537	7,818	827	826	1,395
Loans and Advances	41,336	42,636	56,562	48,148	45,358	56,176	67,398
Curr. Liability & Prov.	67,949	75,823	86,769	123,081	155,592	158,883	157,344
Account Payables	64,719	68,960	78,013	112,331	151,551	153,674	152,670
Provisions	3,230	6,863	8,756	10,750	4,041	5,208	4,674
Net Current Assets	-14,857	-22,616	-4,171	-54,273	-95,681	-93,500	-73,310
Appl. of Funds	295,834	389,752	517,898	703,420	811,085	790,665	783,286

Financials and Valuations

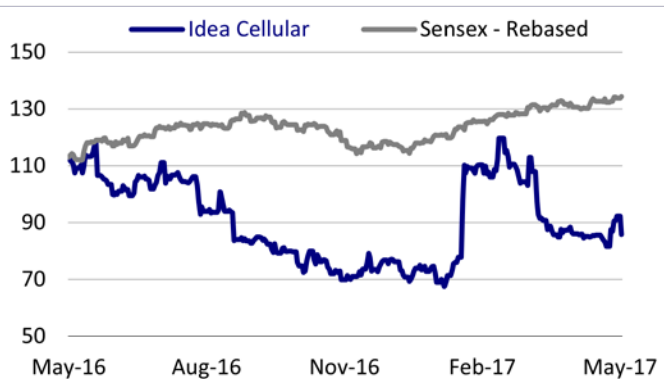
Ratios							
Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E
Basic (INR)							
EPS	2.8	5.5	8.9	8.6	-1.1	-12.9	-13.6
Cash EPS	12.5	18.0	23.6	27.0	20.6	11.4	12.1
BV/Share	40.1	45.9	64.0	71.6	68.7	55.7	43.4
DPS	0.3	0.4	0.6	0.6	0.0	0.0	0.0
Payout (%)	11.5	7.9	8.1	8.4	0.0	0.0	0.0
Valuation (x)							
P/E			9.9	10.2	-79.1	-6.6	-6.3
Cash P/E			3.7	3.2	4.2	7.5	7.0
P/BV			1.4	1.2	1.3	1.5	2.0
EV/Sales			1.8	2.0	2.4	2.6	2.5
EV/EBITDA			5.3	5.5	8.4	10.3	9.8
Dividend Yield (%)	0.3	0.4	0.7	0.7	0.0	0.0	0.0
Return Ratios (%)							
RoE	7.4	12.7	16.1	12.6	-1.6	-20.8	-27.4
RoCE	5.9	7.5	8.2	7.1	1.5	-0.3	0.1
RoIC	6.0	9.0	11.7	8.7	1.8	-0.3	0.1
Working Capital Ratios							
Fixed Asset Turnover (x)	0.5	0.5	0.5	0.4	0.3	0.3	0.3
Asset Turnover (x)	0.8	0.7	0.6	0.5	0.4	0.4	0.5
Inventory (Days)	1	1	1	1	1	1	1
Debtor (Days)	16	11	11	12	13	8	15
Leverage Ratio (x)							
Current Ratio	0.8	0.7	1.0	0.6	0.4	0.4	0.5
Interest Cover Ratio	2.7	5.0	9.6	3.9	0.7	0.0	0.0
Net Debt/Equity	0.9	1.2	0.6	1.5	2.0	2.5	3.5
Consolidated - Cash Flow Statement						(INR Million)	
Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E
OP/(Loss) before Tax	10,109	19,678	31,929	30,799	-3,997	-46,516	-44,485
Depreciation	34,778	45,194	53,036	66,508	78,272	87,600	92,569
Interest & Finance Charges	9,963	8,564	9,337	18,498	37,342	48,489	49,765
Direct Taxes Paid	-4,110	-6,384	-11,043	-10,789	0	0	0
(Inc)/Dec in WC	6,096	5,354	5,540	-3,429	34,415	-2,179	-19,622
CF from Operations	56,836	72,406	88,800	101,587	146,032	87,394	78,228
Others	6,135	9,786	15,379	18,512	-17,496	0	0
CF from Operating incl EO	62,971	82,192	104,179	120,100	128,536	87,394	78,228
(Inc)/Dec in FA	-34,766	-36,448	-41,576	-75,157	-177,290	-65,000	-65,000
Free Cash Flow	28,205	45,744	62,603	44,943	-48,754	22,394	13,228
(Pur)/Sale of Investments	0	0	0	0	-50,055	0	0
Others	657	-29,194	-15,680	-54,772	0	0	0
CF from Investments	-34,109	-65,642	-57,256	-129,928	-227,345	-65,000	-65,000
Issue of Shares	248	263	37,374	175	-6,356	0	0
Inc/(Dec) in Debt	-10,368	-15,936	52,355	-86,558	135,514	26,096	37,106
Interest Paid	-9,283	-7,682	-6,656	-8,505	-37,342	-48,489	-49,765
Dividend Paid	-250	-1,306	-2,792	-2,598	0	0	0
Others	0	0	0	0	0	0	0
CF from Fin. Activity	-19,653	-24,661	80,280	-97,486	91,816	-22,392	-12,659
Inc/Dec of Cash	9,209	-8,111	127,202	-107,315	-6,993	2	569
Opening Balance	1,521	10,729	3,543	130,745	7,818	825	826
Closing Balance	1,429	1,881	15,537	23,430	825	826	1,395

Corporate profile

Company description

Idea Cellular, an Aditya Birla Group company, is India's third largest wireless operator with a revenue market share of ~17%. Idea operates in all the 22 telecom circles of which 15 are classified as established service areas and 7 as new service areas.

Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Mar-17	Dec-16	Mar-16
Promoter	42.4	42.5	42.2
DII	6.8	6.9	5.2
FII	27.0	24.3	24.2
Others	23.8	26.3	28.4

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
Axiata Investments 1 (India) Limited	12.9
Axiata Investments 2 (India) Limited	6.9
First State Investments ICVC- Stewart Investors Asia Pacific Leaders Fund	3.2
ICICI Prudential Life Insurance Company Ltd.	3.1
First State Investments ICVC- Stewart Investors Global Emerging Markets Leaders Fund	1.3

Source: Capitaline

Exhibit 4: Top management

Name	Designation
Kumar Mangalam Birla	Chairman
Himanshu Kapania	Managing Director
Akshaya Moondra	Whole Time Director & CFO
Pankaj Kapdeo	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
Rajashree Birla	Sanjeev Aga
Shridhir Sariputta Hansa Wijayasuriya	Arun Thiagarajan
Madhabi Puri Buch	Mohan Gyani
P Murari	Tarjani Vakil
Alka Bharucha	

*Independent

Exhibit 6: Auditors

Name	Type
Deloitte Haskins & Sells LLP	Statutory
Sanjay Gupta & Associates	Cost Auditor

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY18	-12.9	-5.4	140.8
FY19	-13.6	-5.5	145.8

Source: Bloomberg

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In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

Varun Kumar

Varun.kumar@motilalosal.com

Contact : (+65) 68189232

Office Address: 21 (Suite 31), 16 Collyer Quay, Singapore 04931



Motilal Oswal Securities Ltd

Motilal Oswal Tower, Level 9, Sayani Road, Prabhadevi, Mumbai 400 025

Phone: +91 22 3982 5500 E-mail: reports@motilalosal.com