

24 January 2013

CMP: Rs.3.9

Industry: Telecom services

BSE group: B

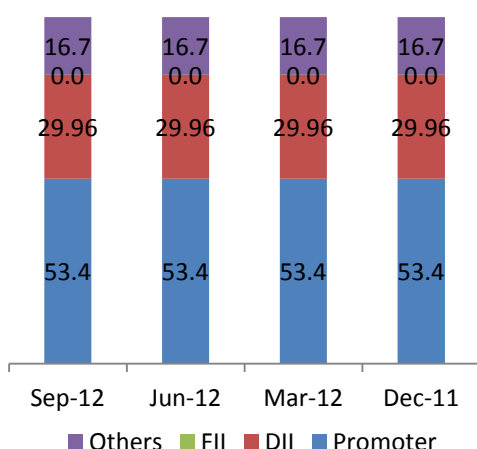
Promoters

Videocon Group

Key Data (as on 16 Jan' 13)

BSE	511116
ISIN	INE527B01012
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	2387.8
Current P/E	negative
Current P/BV	negative
52 week low-high	2.70-4.85
30 days avg daily trading volume	34843
Equity capital (Rs mn)	8,371.1
Net worth (Rs mn)	(6,988.9)

Shareholding Pattern (%)



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Company business

The company provides landline, internet, leased line and mobile telephony (GSM and CDMA) services in the Punjab telecom circle. It was formerly part of the Himachal Futuristics Communications group, named HFCL Infotel and promoted by Anant Nahata. It started as a provider of landline services under the brand name 'Connect' in 2000. It launched CDMA services in 2007 and GSM operations in Punjab in 2010. The HFCL group held 36% in a joint-venture with the Videocon group under the name Datacom – this company had licenses in all circles except Punjab. As part of Videocon's buyout of HFCL's stake in Datacom (now Videocon Telecommunications) in August 2009, the ownership of HFCL Infotel was also transferred to the Videocon group at no additional consideration because the debt of HFCL was absorbed by the Videocon group. Post the change of management, the company is now named Quadrant Televentures.

Recent Developments

Videocon invests in 2G spectrum, signals intent to stay in the mobile services industry.

With accumulated losses of Rs. 16,284.1 mn and negative net worth of Rs. (7913) mn as of 30 September 2012, the company's continuity in operations depends extensively on the Videocon group's plans for mobile services. Videocon had lost all its 2G licenses (21 circles) as part of the Supreme Court's investigation into the improper allocation of 2G spectrum. Videocon participated in the 2G spectrum auction, buying licenses in six circles (Bihar, Haryana, Gujarat, MP, UP - East and West) for Rs. 22.2 bn. The decision of the promoters to stay in the mobile business bodes well for this company.

DoT supports company's 2G license.

The Cellular Operators Association of India (COAI), a GSM lobby group, had filed a petition in the Supreme Court for revoking the GSM licenses granted to CDMA operators (including this company) under dual technology licenses. The Supreme Court sought a response from the Department of Telecom (DoT) which responded that the licenses should be allowed to stay, as they were unrelated to the other 2G licenses granted. Though the Supreme Court's judgment is pending, this is an encouraging development.

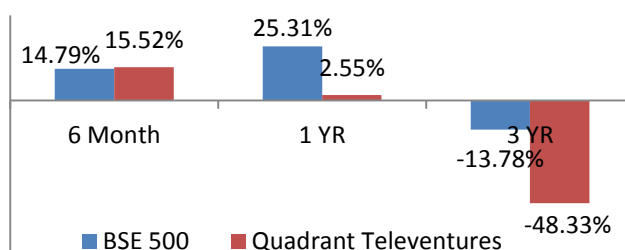
Financials

Particulars (Rs in mn)	Jul '12 to Sep '12	Jul '11 to Sep '11	% Change ¹	Apr'12 to Jun '12	% Change ²
Total income	840.7	675.1	24.5%	796.9	5.5%
Total expenditure	871.4	791.3	10.1%	874.2	(0.3%)
EBIDTA	(30.7)	(116.2)	-	(77.3)	-
EBIDTA margin	negative	negative	-	negative	-
PBT	(403.3)	(470.4)	-	(452.3)	-
PAT	(403.3)	(470.4)	-	(452.3)	-
PAT margin	negative	negative	-	negative	-
Cash accruals	(101.2)	(182.9)	-	(147.8)	-
EPS	--	--	-	--	-

¹ compared to corresponding quarter in the previous year

² sequential comparisons *Source: Moneycontrol, Company*

Share Price Performance



Financials

P&L (Rs. mn)	FY10	FY11	FY12
Total income	1978.2	2383.4	2828.9
EBIDTA	14.1	(727.8)	(308.7)
EBITDA Margin%	0.7%	negative	negative
Depreciation	799.8	1230.2	1201.7
EBIT	(785.6)	(1958.0)	(1510.4)
Interest	(704.2) ^[1]	278.7	281.2
PBT	(56.1)	(2236.7)	(1791.6)
Tax	nil	nil	nil
PAT	(56.1)	(2236.7)	(1791.6)
PAT Margin %	negative	negative	negative

^[1] Pursuant to the corporate debt restructuring scheme in FY10, the company's lenders were given equity shares and provision for interest worth Rs. 704.2 mn was reversed.

Valuation ratios	FY10	FY11	FY12
P/E	negative	negative	negative
P/BV	negative	negative	negative

Balance Sheet (Rs. mn)	FY10	FY11	FY12
Share Capital	6772.6	8371.1	8371.1
Reserves & Surplus	(11331.8)	(13568.4)	(15360.0)
Net worth	(4559.2)	(5197.4)	(6989.0)
Borrowings	7722.1	6044.1	6042.6
Current Liabilities & Provisions	4628.2	7554.9	8616.8
Total liabilities	7791.1	8401.6	7670.3
Net fixed assets	3736.1	4912.7	4544.8
Capital work in progress and intangibles	3399.6	2520.1	2059.5
Non-current investments	0.1	0.1	0.1
Current Assets	655.1	883.0	940.1
Other non-current assets	0.1	85.8	125.8
Total assets	7791.1	8401.6	7670.3

Cash Flow (Rs.mn)	FY10	FY11	FY12
PBT	(56.1)	(2236.7)	(1791.6)
CF from Operations	447.5	2854.2	397.4
CF from Investments	(134.7)	(2490.1)	(308.0)
CF from Financing	(301.9)	(361.4)	(90.7)
Inc/(dec) in Cash	10.8	2.7	(1.3)
Closing Balance	63.4	66.1	64.8

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