

# Idea Cellular Limited

An Aditya Birla Group Company

Quarterly Report – First Quarter Ended June 30, 2014

**Introducing  
Idea 3G smartwifi**

Connects 10 devices with speed upto 21.6 Mbps.

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High Speed WiFi @ 21.6 Mbps

**ADITYA BIRLA GROUP**

**An idea can change your life**

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## Supplemental Disclosures

Unless stated otherwise, the financial data in this report is derived from our un-audited / audited financial statements prepared in accordance with Indian GAAP. Our financial year ends on March 31 of each year, so all references to a particular financial year are to the twelve months ending March 31 of that year. In this report, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off. There are significant differences between Indian GAAP, IFRS, and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements will provide meaningful information is dependent on the reader's familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial information presented in this report should accordingly be limited. We have not attempted to explain such differences or quantify their impact on the financial data included herein.

Unless stated otherwise, industry data used throughout this report has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this report is reliable, it has not been independently verified.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

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## 1. Reporting Guidelines:

To facilitate an analytical perspective, the results have been formatted and grouped as under:

- a) **Standalone** – Idea, and its 100% subsidiaries. Effectively, this encompasses all operations, excluding the JVs, Spice (till February 28, 2010) and Indus. Spice Communications has been amalgamated into Idea Cellular w.e.f. March 01, 2010 and accordingly from that date Idea Standalone includes erstwhile Spice.
- b) **Consolidated** – Idea, its 100% subsidiaries, and its JVs, grouped together. In addition to Idea Standalone, this covers the proportionate consolidation of erstwhile Spice (41.09% till February 28, 2010) and Indus (16%). JV financials have been consolidated as jointly controlled entities as per "AS 27 - Financial reporting of Interests in Joint Ventures". It may be noted that the consolidation of financials of two or more entities requires elimination of inter entity transactions. Illustratively, rentals paid by Idea to Indus, become expenses for Idea and revenues for Indus, on a standalone basis. However, upon consolidation, the proportionate revenue of Indus gets reduced to the extent contributed by Idea. The rental expenses of Idea also stand correspondingly reduced in the consolidated financials.



## 2. Performance at a glance – Idea Standalone

Particulars	Unit	For the Quarter		For the Year				
		Q1FY15	Q4FY14	FY 14	FY 13	FY 12	FY 11	FY 10
<b>Operating Highlights</b>								
Operating Service Areas (EoP)	nos.	22	22	22	22	22	22	22
Subscriber base (EoP)	mn	139.0	135.8	135.8	121.6	112.7	89.5	63.8
2G - Cell Sites (EoP)	nos.	1,06,169	1,04,778	1,04,778	90,094	83,190	73,668	66,187
3G - Cell Sites (EoP)	nos.	22,516	21,381	21,381	17,140	12,825		
<b>Financial Highlights</b>								
Gross Revenue	Rs mn	75,562	70,406	2,65,036	2,25,949	1,96,800	1,56,380	1,21,413
EBITDA	Rs mn	22,664	19,881	73,883	53,715	45,159	33,262	30,538
PAT	Rs mn	10,117	5,138	17,932	10,080	6,036	8,378	10,298
Cash Profit	Rs mn	20,230	16,694	64,350	46,968	36,079	30,899	29,043
Gross Block + CWIP <sup>1</sup>	Rs mn	5,76,140	5,71,211	5,71,211	4,46,007	3,92,602	3,51,045	2,58,371
Net Worth	Rs mn	1,98,776	1,58,806	1,58,806	1,41,828	1,29,077	1,22,767	1,14,101
Loan Funds	Rs mn	1,82,395	1,93,616	1,93,616	1,26,688	1,20,957	1,05,575	65,264
Cash & Cash Equivalent	Rs mn	42,627	1,761	1,761	10,806	1,406	13,902	14,005
Net Debt	Rs mn	1,39,769	1,91,855	1,91,855	1,15,881	1,19,550	91,673	51,259
Net Debt to EBITDA <sup>2</sup>	unit	1.54	2.41	2.60	2.16	2.65	2.76	1.68
Net Debt to Net Worth	unit	0.70	1.21	1.21	0.82	0.93	0.75	0.45
ROCE	%	10.2%	8.4%	7.2%	6.0%	5.3%	5.6%	7.4%

<sup>1</sup>Includes:- a) Rs. 57,686 mn paid for 2100MHz band spectrum from FY11 onwards, b) Rs. 20,313 mn paid for 1800MHz spectrum from FY13 onwards, c) Rs. 104,242 mn paid for 900/1800 Mhz spectrum from Q4FY14 onwards. Excludes:- Gross Block value of 11,094 towers transferred to Indus from Q1FY14 onwards.

<sup>2</sup>Net Debt to EBITDA, for the quarter, is based on the annualised figure of quarterly EBITDA.

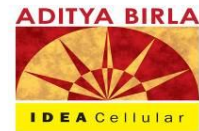
Note: Dividend received from Indus is considered while calculating standalone (Idea+Subsidiaries) PAT, Cash Profit and ROCE.

## 3. Company Overview

Idea Cellular Limited ("Idea") is the third largest wireless operator in India with a Revenue Market Share (RMS) of 16.6% (Q4FY14). In the 15 Established Service Areas, its RMS stands at a strong level of 19.8% (Q4FY14). The company carries around 1.82 billion minutes on a daily basis during the quarter Q1FY15. Idea is the sixth largest mobile telecommunications company (based on operations in a single country) in the world based on number of subscribers (as determined from data from WCIS, as of March 2014). Company is listed on National Stock Exchange and Bombay Stock Exchange in India with a market capitalization of Rs. 469 billion (as on June 30, 2014).

### A. Promoter Group

Idea is part of the Aditya Birla Group, which is one of the largest business groups in India. The Aditya Birla Group is a conglomerate with operations in more than 30 countries. The Aditya Birla group has a history of over 50 years and



has businesses in, among others, mobile telecommunications, metals and mining, cement, carbon black, textiles, garments, chemicals, fertilizers, life insurance and financial services industries The Group currently has shareholding holding of 42.91% in Idea, through following entities;

Aditya Birla Nuvo Ltd.	23.63%
Birla TMT Holdings Pvt. Ltd.	8.00%
Hindalco Industries Ltd.	6.44%
Grasim Industries Ltd.	4.83%
Others	0.01%
Total	42.91%

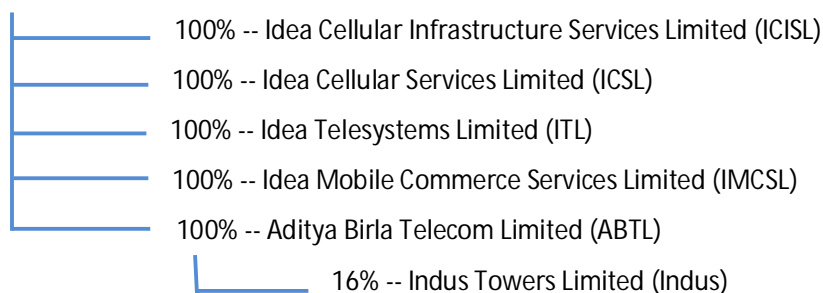
## B. Key Shareholders

**Axiata Group Berhad**, through its affiliates, has 18.63% shareholding in Idea Cellular. Axiata is one of the largest Asian telecommunication companies focused on high growth low penetration emerging markets. The Group currently has controlling interests in its mobile communications operations in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia as well as significant strategic stakes in India and Singapore through its various subsidiaries and affiliates. The Group, including its subsidiaries and associates, has over 250 million mobile subscribers in Asia and provides employment to 23,000 people across Asia.

**Providence Equity Partners**, through its affiliates has a 9.31% shareholding in Idea, and has also invested INR 20,982 mn in ABTL through Compulsorily Convertible Preference Shares.

## C. Corporate Structure

Idea Cellular Limited (Idea)



ICISL – A tower company owning towers in Bihar and Orissa service areas.

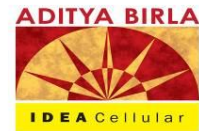
ICSL – Provides manpower services to Idea.

ITL – Engaged in the business of sale and purchase of communication devices.

IMCSL – To promote mobile banking related initiatives.

ABTL – Holds 16% shareholding in Indus and engaged in the business of sale and purchase of communication devices.

Indus – A joint venture between Bharti Infratel, Vodafone Essar and Idea (through ABTL), to provide passive infrastructure services in 15 service areas.



## D. Business Segments

**1. Mobile Operations** – Idea provides Pan India GSM mobile services in all 22 service areas of India. The mobile GSM business of Idea is segregated as 15 Established Service Areas (evolved with time in terms of profitability) and 7 New Service Areas (launched in FY10 and gestating in terms of profitability).

Idea won 3G spectrum (2100 MHz) in May 2010 in 11 important service areas which cover around 73% of its current revenue and account for approximately half of national mobile industry revenue.

In February 2014 DoT conducted a global spectrum auction for 900 MHz and 1800 MHz spectrum, Idea won 65.2 MHz spectrum including, 5MHz spectrum in 900 MHz frequency band in Delhi service area & LTE compatible contiguous block of 5/10MHz 1800 MHz spectrum in 8 service areas along with top-up GSM spectrum in 7 service areas. The company intends to launch 3G services in Delhi in Calendar Year 2015 using the recently acquired 900 MHz spectrum. Post Delhi 3G service launch, the 3G foot-print of Idea will cover ~80% of its current revenue & subscribers and ~57% of national mobile industry revenue. Further, the 45 MHz contiguous spectrum in 1800 MHz (out of 60.2 MHz it won in 1800 MHz) in the 8 service areas of Kerala (10 MHz), Maharashtra & Goa, Andhra Pradesh, Karnataka, Madhya Pradesh & Chhattisgarh, Punjab, Haryana and North East (5 MHz in each) provides opportunity to offer 4G LTE services in these service areas. For the service areas of Maharashtra, Punjab, Haryana and North East spectrum won is currently for partial service area and company is making efforts to harmonise the same. The actual timing of 4G LTE services launch would be based on the consumer demand, technology stabilisation and competition moves. These 8 service areas represent ~58.1% of Idea revenue and an opportunity of upgrade to LTE service to existing 76.3 million Idea subscribers.

**2. Long Distance Services and ISP** – Idea holds licenses for NLD, ILD, ISP and IP-1 services. Idea NLD currently carries around 98% of its captive NLD minutes. Idea ILD services now handles around 98.5% of captive ILD outgoing minutes, besides bringing large volume of incoming minutes from top international carriers across the globe. In FY12 Idea launched its ISP services to cater for the captive requirement of its mobile business. Now, it has also started offering ISP services to external customers like small ISP and enterprise customers for their wholesale Internet backhaul needs. Idea ISP currently handles more than 98% of captive subscriber traffic requirements.

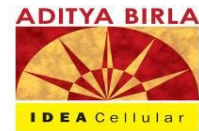
Idea is consistently investing in optical fibre cable (OFC) transmission network to tap the future potential of wireless broadband and currently has laid and energised over 84,000 km OFC, in comparison to over 68,000 km two years back (in Q1FY13). Idea has over 4,200 OFC PoPs in all its Circles (3G & 2G). The fibre backhaul network of the company optimally serves our 2G/ 3G/ NLD/ ILD/ ISP/Wireless Broadband needs. Idea has also introduced worlds' latest high capacity 100G DWDM network technology to cater to raising data demand.

Details with reference to NLD & ILD traffic and ISP & OFC capacity are as follows –



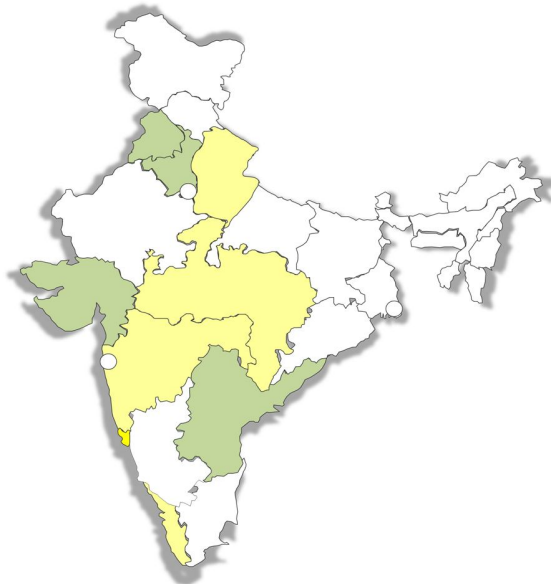
	Unit	For the Quarter					Growth	
		Q1FY15	Q4FY14	Q3FY14	Q2FY14	Q1FY14	QoQ	YoY
Total NLD Minutes	mn	14,662	14,753	13,369	12,874	12,642	-0.6%	16.0%
Total ILD Minutes	mn	1,776	1,855	1,235	1,184	1,270	-4.3%	39.8%
ISP Capacity*	Gbps	61.6	54.7	45.0	30.0	26.5	12.5%	132.5%
Optical Fibre Cable (OFC)*	KM	84,000	82,000	80,000	77,000	75,000	2.4%	12.0%

\*Approx capacity



## 4. Strength Areas

### A. Leadership Geographies



Service Area	RMS Q4FY14*	RMS Rank	Spectrum Profile
Kerala	37.0%	1	2G/3G/4G
M.P.	35.7%	1	2G/3G/4G
UP (W)	30.5%	1	2G/3G
Maharashtra	30.5%	1	2G/3G/4G
Haryana	26.2%	2	2G/3G/4G
Punjab	21.7%	2	2G/3G/4G
A.P.	21.4%	2	2G/3G/4G
Gujarat	19.4%	2	2G/3G
Total	27.5%	1	

Incremental RMS of **45.6%** - Q4FY14 vs Q4FY13

\*Gross Revenue for Mobile & UAS Licenses released by TRAI and Company estimates

The incumbency advantage coupled with the benefit of 900 MHz GSM spectrum and 3G services gives Idea an absolute leadership status in these eight service areas with combined RMS of 27.5%. These service areas contribute over 40% of national mobile industry revenue and approx. 68% of Idea's revenue. In spite of intense market competition, Idea has improved its revenue market share by 1.7% in these 8 service areas over last one year to 27.5% (Q4FY13 RMS 25.9%) delivering 45.6% incremental RMS on YoY basis in Q4FY14.

Idea has rolled out 3G services in all these 8 strategically important service areas including launch of 3G services in Punjab service area during this quarter. In February 2014 spectrum auction, Idea also won 1800 MHz spectrum which can be used for LTE services in the service areas of Kerala, MP, Maharashtra, Haryana, Punjab and A.P. Idea's GSM, 3G and LTE spectrum footprint in these 8 service areas (6 for LTE) places the company in an advantageous competitive position to continue its march of strengthening its competitive market standing.

### B. Emerging Geographies

Over the last few years, Idea has strengthened its position in 7 emerging service areas, where it was a late entrant with 1800 MHz spectrum (except Karnataka service area with 900 MHz spectrum). The emergence of Idea as a significant player in these 7 service areas reaffirms Idea's intrinsic competitive capabilities. Idea provides 3G services in the service areas of UP (E) and H.P. out of these 7 service areas. In February 2014 spectrum auction Idea won 900 MHz spectrum for 3G services in Delhi service area and endeavors to start 3G services in Delhi during calendar year 2015. Idea also has opportunity of introducing LTE services in Karnataka post acquisition of 5 MHz contiguous spectrum in 1800 MHz band.





SERVICE AREA	RMS Q4FY14*	RMS RANK	SPECTRUM PROFILE	
Rajasthan	13.0%	3	2G	Incremental RMS of <b>17.1%</b> - Q4FY14 vs Q4FY13
UP (E)	12.5%	3	2G/3G	
Delhi	12.3%	3	2G/3G	
Bihar	11.3%	4	2G	
Karnataka	10.8%	4	2G/4G	
H.P.	10.6%	4	2G/3G	
Mumbai	9.7%	5	2G	
Total	11.6%	3		

\*Gross Revenue for Mobile & UAS Licenses released by TRAI

These 7 emerging service areas with high growth potential contribute over 27% of Idea's revenue and represent around 39% of national mobile industry revenue. Idea has improved its revenue market share (RMS) by 0.6% in these service areas over last one year to 11.6% in Q4FY14 (Q4FY13 RMS 11.0%) delivering 17.1% incremental RMS on YoY basis v/s Q4FY13. These emerging geographies are now contributing significant positive EBITDA to the company.

### C. Growth Geographies

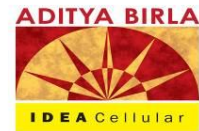
Idea also has services in 7 New Service Areas namely, Tamil Nadu, Kolkata, West Bengal, Orissa, J&K, Assam and North East using 1800 MHz spectrum acquired in November 2012 auction, representing over 20% of Indian Mobility Market.

The revenue contribution of these service areas is 5.3% of Idea revenue, while EBITDA losses stand at Rs. 1,713 million in Q1FY15. The combined 'Revenue Market Share' (RMS) in these 7 service areas was 4.3% in Q4FY14. The incremental RMS in these 7 new service areas between Q4FY14 to Q4FY13 is 8.4%, indicating good potential of improving Idea presence in these service areas. Idea offers 3G services in J&K service area. and has capability to launch LTE services with additional 5 MHz contiguous spectrum in 1800 MHz band won in February 2014 spectrum auction in North East service area.

SERVICE AREA	RMS Q4FY14*	RMS RANK	SPECTRUM PROFILE	
West Bengal	6.6%	5	2G	Incremental RMS of <b>8.4%</b> - Q4FY14 vs Q4FY13
Kolkata	5.2%	6	2G	
J&K	4.5%	6	2G/3G	
North East	3.8%	6	2G/4G	
Assam	3.4%	6	2G	
Orissa	4.2%	7	2G	
Tamil Nadu	3.4%	7	2G	
Total	4.3%	7		

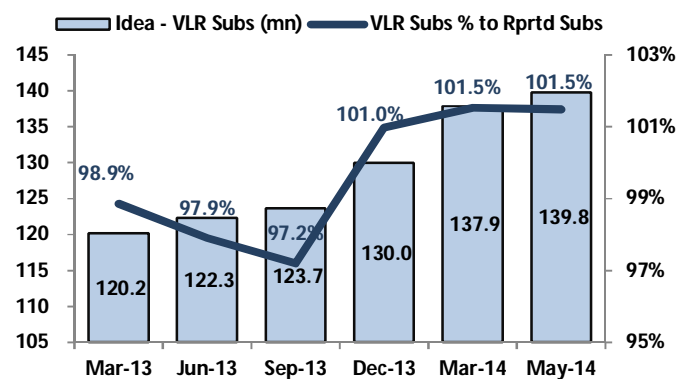
### D. Around 140 million Quality Subscriber Base

Idea is the sixth largest mobile telecommunications company (based on operations in a single country) in the world based on number of subscribers (as determined from data from WCIS, as of March 2014) currently servicing over 140 million subscribers. This large base of subscribers provides a great platform to the company for upgrading the pure voice customers to wireless data services in future.



Idea has always been vigilant in monitoring the quality of its subscriber base. The latest (May 2014) data released by the TRAI for VLR subscribers (active subscribers), reaffirms quality of Idea's subscriber base as among the best in terms of percentage of active subscribers. As of May 2014, Idea has around 101.5% of reported subscribers as VLR subscribers, which is highest in the industry. Idea's VLR EoP subscriber market share at the end of May, 2014 stands at 17.7% (as against a reported subscriber EoP markets share of 15.1%) an improvement of 1% over last one year. Idea reported subscribers are 139 million as of June against active VLR subscribers of 140 million. During the last 12 months from June'13 to May'14, Idea added 18.4 million VLR subscribers in overall industry VLR subscriber growth of 62.6 mn, recording incremental share of 29.5% of VLR subscribers.

In spite of an addition of 14 million subscribers (11.2% increase) in last one year (Q1FY15 vs Q1FY14), Idea has stayed focused on improving quality of subscriber addition. The company ARPU has increased to Rs. 181 in Q1FY15 (4% improvement) from Rs. 174 in Q1FY14.



Source: TRAI

## E. Leader in Mobile Number Portability Net Adds

The Mobile Number Portability (MNP) was implemented nation-wide on 20th January, 2011 and nearly 100 million customers have availed of the MNP facility offered by Indian Mobile Industry. The trends emerging from MNP are clearly distinguishing the strong operators in terms of customers' preference for better quality of services and brand value. In a see-saw battle over the last 42 months for supremacy in the MNP space, Idea has maintained leadership position since June'11 on overall MNP Net Adds, other than a brief period between October-December 2012. Idea has a net gain of 9.92 million MNP customers (as on July 15, 2014) from other existing telecom operators with around one out of every four existing mobile customers, who chooses to port out from their existing mobile operator prefers to shift to Idea services.

## F. Tower Investment

Indus towers, a joint venture between Bharti Infratel, Vodafone India and Idea Cellular (thru ABTL), is one of the world's leading tower company with 113,490 towers and tenancy ratio of 2.09 as of June 30, 2014. The mobile operations of these shareholders group have combined Revenue Market Share of 70.4% (Q4FY14). Idea (thru ABTL) holds 16% equity stake in Indus towers. Providence has invested Rs. 20,982 mn in ABTL through Compulsorily Convertible Preference Shares. The consolidated financials includes 16% consolidation from Indus Towers.

Besides investment in Indus Tower, Idea owns 9,495 towers, which have a tenancy ratio of 1.57 as on June 30, 2014.



## 5. Financial Highlights

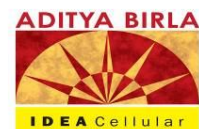
### A. Standalone Profit & Loss Account (Rs mn)

	For the Quarter				
	Q1FY15	Q4FY14	Q3FY14	Q2FY14	Q1FY14
Gross Revenue	75,562	70,406	66,105	63,170	65,355
Opex	52,899	50,524	47,970	45,740	46,919
EBITDA	22,664	19,881	18,135	17,430	18,436
<b>EBITDA Margin</b>	<b>30.0%</b>	<b>28.2%</b>	<b>27.4%</b>	<b>27.6%</b>	<b>28.2%</b>
Depreciation & Amortisation	10,586	10,402	10,671	9,811	10,407
EBIT	12,078	9,479	7,465	7,619	8,030
Interest and Financing Cost (net)	2,072	1,653	1,213	1,575	1,832
Dividend from Indus*	3,623	-	-	-	838
PBT	13,628	7,826	6,251	6,044	7,036
Tax	3,511	2,687	2,270	2,060	2,207
<b>PAT</b>	<b>10,117</b>	<b>5,138</b>	<b>3,981</b>	<b>3,984</b>	<b>4,829</b>
<b>Cash Profit</b>	<b>20,230</b>	<b>16,694</b>	<b>15,663</b>	<b>14,555</b>	<b>17,438</b>

### B. Consolidated Profit & Loss Account (Rs mn)

	For the Quarter				
	Q1FY15	Q4FY14	Q3FY14	Q2FY14	Q1FY14
Gross Revenue	75,610	70,438	66,131	63,233	65,388
Opex	50,504	48,136	45,574	43,518	44,624
EBITDA	25,106	22,302	20,557	19,715	20,763
<b>EBITDA Margin</b>	<b>33.2%</b>	<b>31.7%</b>	<b>31.1%</b>	<b>31.2%</b>	<b>31.8%</b>
Depreciation & Amortisation	11,545	11,380	11,666	10,795	11,353
EBIT	13,561	10,922	8,891	8,920	9,410
Interest and Financing Cost (net)	2,342	1,966	1,575	1,949	2,211
PBT	11,219	8,957	7,316	6,971	7,199
Tax	3,937	3,058	2,639	2,495	2,572
<b>PAT</b>	<b>7,282</b>	<b>5,898</b>	<b>4,678</b>	<b>4,476</b>	<b>4,627</b>
<b>Cash Profit</b>	<b>18,372</b>	<b>18,505</b>	<b>17,435</b>	<b>16,164</b>	<b>18,264</b>

\*During Q1FY15/Q1FY14 ABTL (a fully owned subsidiary) has received a dividend of Rs. 3,623mn/838 mn from Indus; and same is reflected in 'Standalone' PAT and Cash Profit. However, this dividend income gets eliminated in the 'Consolidated' financials.



## C. Revenue & Profitability Break-up (Rs mn)

Revenue Break-up	For the Quarter	
	Q1FY15	Q4FY14
Gross Revenue - Established Service Areas	71,547	66,699
Gross Revenue - New Service Areas	4,015	3,707
<b>Revenue - Idea Standalone</b>	<b>75,562</b>	<b>70,406</b>
Revenue Contribution - Indus (@16.00%)	5,854	5,735
Consolidation Eliminations	(5,806)	(5,703)
<b>Revenue - Idea Consolidated</b>	<b>75,610</b>	<b>70,438</b>

EBIT Break-up	For the Quarter	
	Q1FY15	Q4FY14
EBIT - Idea Standalone	12,078	9,479
EBIT Contribution - Indus (@16.00%)	1,483	1,443
<b>EBIT - Idea Consolidated</b>	<b>13,561</b>	<b>10,922</b>

EBITDA Break-up	For the Quarter	
	Q1FY15	Q4FY14
EBITDA - Established Service Areas	24,376	21,555
EBITDA - New Service Areas	(1,713)	(1,674)
<b>EBITDA - Idea Standalone</b>	<b>22,664</b>	<b>19,881</b>
EBITDA Contribution - Indus (@16.00%)	2,442	2,420
<b>EBITDA - Idea Consolidated</b>	<b>25,106</b>	<b>22,302</b>

EBITDA Margin	For the Quarter	
	Q1FY15	Q4FY14
EBITDA % - Established Service Areas	34.1%	32.3%
EBITDA % - New Service Areas	-42.7%	-45.2%
<b>EBITDA % - Idea Standalone</b>	<b>30.0%</b>	<b>28.2%</b>
Derived EBITDA % Indus	41.7%	42.2%
<b>EBITDA % - Idea Consolidated</b>	<b>33.2%</b>	<b>31.7%</b>

Dep. & Amort. Break-up	For the Quarter	
	Q1FY15	Q4FY14
Dep & Amort. - Idea Standalone	10,586	10,402
Dep. & Amort. Cost from Indus (@16.00%)	959	977
<b>Dep. &amp; Amort. - Idea Consolidated</b>	<b>11,545</b>	<b>11,380</b>

Interest & Finance Cost Break-up	For the Quarter	
	Q1FY15	Q4FY14
Gross Interest Cost - Idea Standalone	2,295	2,060
Gross Interest Income - Idea Standalone	(290)	(425)
Forex Loss/(Gain) - Idea Standalone	68	19
<b>Int. &amp; Fin. Cost (net) - Idea Standalone</b>	<b>2,072</b>	<b>1,653</b>
Int. & Fin. Cost (net) from Indus (@16.00%)	270	312
<b>Int &amp; Fin Cost (net) - Idea Consolidated</b>	<b>2,342</b>	<b>1,966</b>

Dividend from Indus	3,623	-
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Tax Break-up	For the Quarter	
	Q1FY15	Q4FY14
Tax - Idea Standalone	3,511	2,687
Tax - Indus (@16.00%)	426	371
<b>Tax - Idea Consolidated</b>	<b>3,937</b>	<b>3,058</b>

PAT Break-up	For the Quarter	
	Q1FY15	Q4FY14
PAT - Idea Standalone	10,117	5,138
PAT Contribution - Indus (@16.00%)	788	760
<b>PAT - Idea Consolidated</b>	<b>7,282</b>	<b>5,898</b>

**Note 1:** Impact of the joint venture is presented to provide a perspective to Idea's consolidated financials. Due to differences in accounting treatment, these may not be representative of the financial statements of joint ventures.



## D. Balance Sheet (Rs mn)

Particulars	Idea Standalone - As on		Idea Consolidated - As on	
	30-Jun-14	31-Mar-14	30-Jun-14	31-Mar-14
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' Funds</b>				
Equity Share Capital	35,441	33,196	35,441	33,196
Reserves & Surplus	1,63,316	1,25,591	1,66,126	1,32,054
	<b>1,98,757</b>	<b>1,58,787</b>	<b>2,01,567</b>	<b>1,65,250</b>
Compulsorily Convertible Preference Shares	19	19	19	19
<b>Non-Current Liabilities</b>				
Long-Term Borrowings	1,67,568	1,71,439	1,76,380	1,81,284
Deferred Tax Liabilities (Net)	14,946	15,497	17,600	18,133
Other Long-Term Liabilities	12,816	13,974	11,466	9,229
Long-Term Provisions	2,265	2,182	5,087	4,986
	<b>1,97,594</b>	<b>2,03,092</b>	<b>2,10,533</b>	<b>2,13,632</b>
<b>Current Liabilities</b>				
Short-Term Borrowings	12	6,094	390	6,472
Trade Payables	30,198	26,975	31,120	27,880
Current maturities of long term debt	14,815	16,084	17,134	18,594
Other Current Liabilities	31,703	30,877	32,951	31,851
Short-Term Provisions	3,027	1,869	3,036	1,877
	<b>79,756</b>	<b>81,898</b>	<b>84,631</b>	<b>86,673</b>
<b>Total</b>	<b>4,76,126</b>	<b>4,43,796</b>	<b>4,96,749</b>	<b>4,65,575</b>
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
<b>Fixed Assets</b>				
Tangible Assets	1,82,325	1,85,707	2,14,821	2,18,632
Intangible Assets	79,175	77,274	79,221	77,326
Capital Work-in-Progress	1,09,864	1,13,811	1,10,233	1,14,194
	<b>3,71,364</b>	<b>3,76,792</b>	<b>4,04,274</b>	<b>4,10,153</b>
Goodwill	17,799	17,799	61	61
Long-Term Loans and Advances	23,793	27,747	25,104	28,971
Other Non-Current Assets			1,200	1,448
	<b>4,12,956</b>	<b>4,22,339</b>	<b>4,30,639</b>	<b>4,40,633</b>
<b>Current Assets</b>				
Current Investments	28,107	330	29,595	2,155
Inventories	842	683	842	683
Trade receivables	8,218	7,809	8,456	8,006
Cash and Bank Balance	14,520	1,431	14,747	1,881
Short-term loans and advances	11,446	11,170	12,433	12,182
Other current assets	39	34	39	35
	<b>63,171</b>	<b>21,458</b>	<b>66,110</b>	<b>24,942</b>
<b>Total</b>	<b>4,76,126</b>	<b>4,43,796</b>	<b>4,96,749</b>	<b>4,65,575</b>

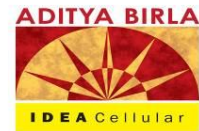


## 6. Key Performance Indicators

### A. Financial Indicators – Idea Standalone

Parameters	For the Quarter				
	Q1FY15	Q4FY14	Q3FY14	Q2FY14	Q1FY14
Gross Revenue (INR mn)	75,562	70,406	66,105	63,170	65,355
Growth (%) QoQ	7.3%	6.5%	4.6%	-3.3%	7.2%
EBITDA (INR mn)	22,664	19,881	18,135	17,430	18,436
EBITDA (%)	30.0%	28.2%	27.4%	27.6%	28.2%
EBIT (INR mn)	12,078	9,479	7,465	7,619	8,030
EBIT (%)	16.0%	13.5%	11.3%	12.1%	12.3%
Gross Revenue/min (paisa)	45.7	44.8	45.7	45.5	44.4
EBIT/min (paisa)	7.3	6.0	5.2	5.5	5.5
Gross Fixed Assets (INR mn)*	4,66,276	4,57,400	4,45,331	4,34,576	4,25,120
Annualised Revenue/Gross Fixed Assets	64.8%	61.6%	59.4%	58.1%	61.5%

\*excludes Gross Block value of 11094 towers transferred to Indus, from Q1FY14.



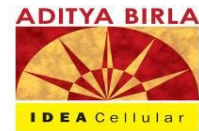
## B. Operational Indicators – Idea Standalone

Overall Business	Unit	For the Quarter				
		Q1FY15	Q4FY14	Q3FY14	Q2FY14	Q1FY14
Subscriber Base (EoP) (2G+3G)	mn	139.0	135.8	128.7	127.2	125.0
Pre-paid Subs (% of EoP subscribers)	%	95.8%	95.7%	95.7%	95.8%	96.0%
3G Subscribers (Voice+Data)	mn	10.6	10.2	8.7	6.2	5.5
2G Coverage - No. of Census Towns*	no.	7,417	7,394	7,327	4,672	4,645
2G Coverage - No. of Villages*	no.	3,47,691	3,44,108	3,37,056	3,10,648	3,03,984
Average Revenue per User (ARPU)	INR	181	173	169	164	174
Average Minutes of Use per User (MoU)	min	401	397	376	368	398
Average Realisation per Minute (ARPM)	paisa	45.1	43.6	44.9	44.7	43.7
Post-paid Churn	%	4.9%	2.5%	3.0%	2.8%	3.6%
Pre-paid Churn	%	4.6%	4.3%	5.8%	5.4%	5.1%
Blended Churn	%	4.6%	4.2%	5.6%	5.3%	5.1%
Total Minutes of Use	mn	1,65,239	1,57,055	1,44,571	1,38,827	1,47,315
Total 3G Cell Sites (EoP)	no.	22,516	21,381	19,904	18,031	17,481
Total 2G Cell Sites (EoP)	no.	1,06,169	1,04,778	1,01,600	95,970	92,208
Towers - Rented Indus (EoP)	no.	56,327	55,213	53,469	50,482	48,466
Towers - Rented Others (EoP)	no.	40,396	40,167	38,708	36,102	34,382
Owned Towers (EoP)	no.	9,495	9,446	9,486	9,454	9,431
Tenancy Ratio - Owned Towers	times	1.57	1.57	1.57	1.56	1.57
Manpower on Rolls (EoP) <sup>(Note)</sup>	no.	15,009	14,988	14,729	14,143	13,862
Average Revenue per Employee per Month	INR '000	1,679	1,579	1,526	1,504	1,583
Subscribers per Employee	no.	9,262	9,060	8,737	8,996	9,015
<b>Non-Voice and Data Business (2G+3G)</b>						
VAS as a % of Service Revenue	%	17.8%	16.5%	16.1%	16.1%	16.0%
Data as a % of Service Revenue	%	11.5%	10.1%	9.5%	8.7%	7.2%
Non-Data VAS as a % of Service Revenue	%	6.4%	6.4%	6.6%	7.4%	8.8%
Total Data Subscribers (2G+3G)**	000	27,874	25,256	25,522	33,618	30,906
Total Data Volume (2G+3G)	Mn MB	32,516	27,299	20,840	17,452	13,791
Of which - 3G Data Volume	Mn MB	15,719	13,084	9,469	7,578	6,334
Blended Data ARMB	paisa	26.3	25.3	29.6	31.0	33.5
Data ARPU for Data Subscriber (2G+3G)	INR	108	104	91	55	54
Data Usage by Data Subscriber (2G+3G)	MB	409	410	309	178	160
3G Data Uages by 3G Subscribers	MB	534	462	427	429	398
3G Data ARPU for 3G Subscriber	INR	142	111	112	116	109

Note: Manpower count revised and now includes Manpower on Roll of Subsidiaries

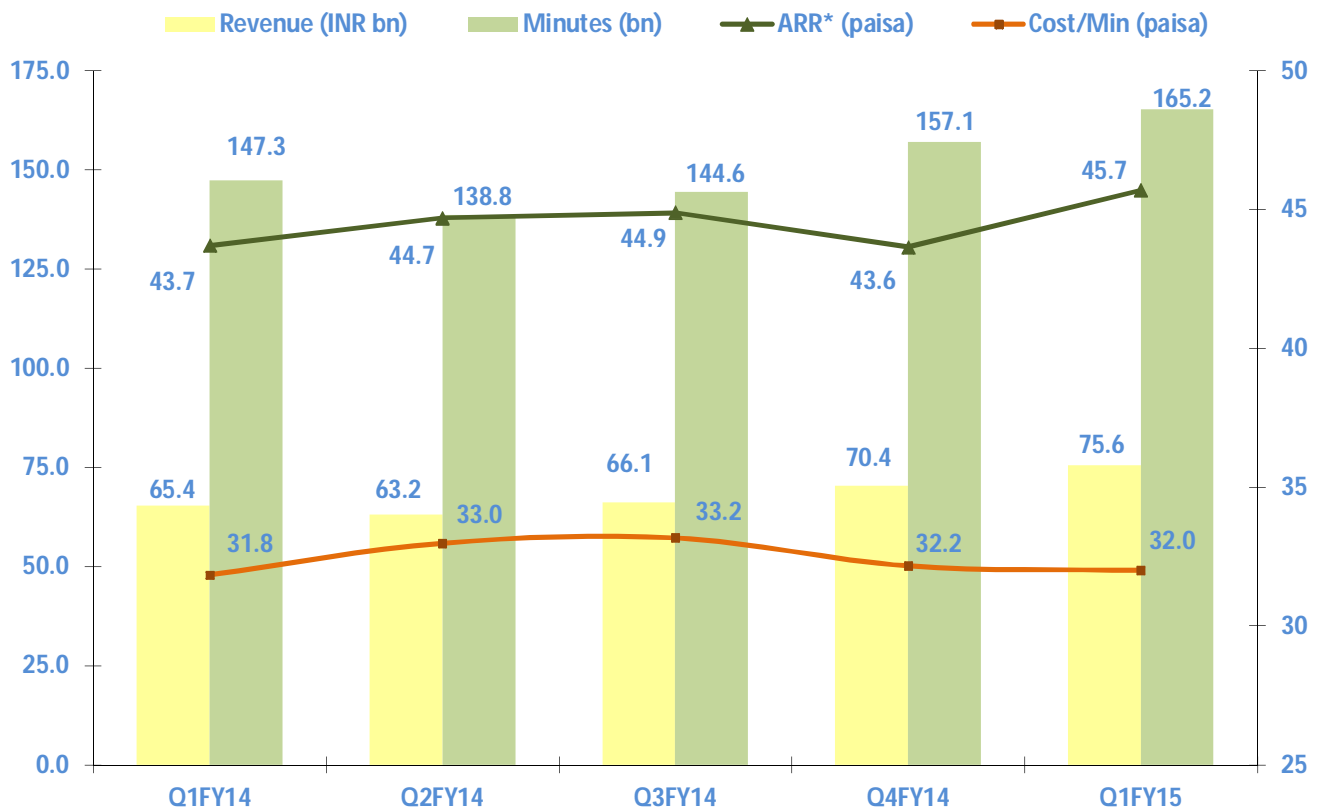
\*Based on provisional 2011 Census data till Q2FY14 and Final/Actual 2011 Census data for Q3FY14 onwards, as released by Census of India.

\*\*Refer revised definition for Data Subscriber



## 7. Management Discussion & Analysis

### A. Global Scale of Operations



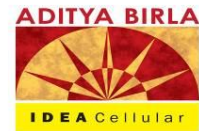
\*Calculated by dividing service revenue (excl. infrastructure and device revenue) by total Minutes of Use

Idea's global scale of operations, serving over 140 million quality subscribers, generating over 1.82 billion minutes per day, place the company in a strong competitive position.

Idea stays on the path to strengthen its competitive standing and continue to invest in long term value creators of the wireless business and emerging streams. Company has expanded its reach by launching 1,391 2G sites & 1,135 3G sites as well as, increased the optical fibre network to 84,000 km while strengthening its presence in NLD, ILD, ISP, Data Services and Smartphone Device business. Idea is the biggest net gainer nationally in the Mobile Number Portability program, a strong indicator of the popular appeal of Idea mobile services.

The strong consumer demand & brand affinity, expanding network footprint & spectrum portfolio and steady Cash flows from operations reaffirms Idea ability to deliver consistent, competitive, responsible and profitable growth. The company is well geared to meet all volatile, uncertain, complex and ambiguous developments and remain on course of its mission to improve its market standing both in Mobile voice and data business.





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## B. Strong Operating Performance

Idea, the fastest growing large Indian Mobile operator, starts the new financial year with highest ever incremental revenue growth of Rs. 5,157 million in a quarter, helping the company reach 30% EBITDA margin. Continuing its upward trajectory, the company achieved 7.3% sequential quarterly revenue growth, on the back of 6.5% growth in Q4FY14. This quarter Idea delivered balanced growth with sequential quarterly voice minutes expansion by 5.2% and 'Average Realisation per Minute' (ARPM) improvement of 3.3%.

During the quarter, the company carried 165.2 billion minutes on its network, registering 12.2% YoY growth and 32.5 billion Megabytes of Mobile Data on its 2G+3G platform, YoY growth of 136%, reaffirming strong consumer demand for brand Idea.

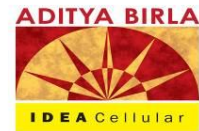
The higher voice rate realization and jump in Data contribution to 11.5% of service revenue helped improve 'Average Realisation per Minute' (ARPM) by 1.5 paisa from 43.6p in Q4FY14 to 45.1p in Q1FY15. The Value Added Services (VAS) contribution has improved sharply to 17.8% of overall service revenue.

The standalone EBITDA at Rs. 22,664 million grew faster by 14% on QoQ basis due to multiple drivers including scale benefit, better cost management and robust voice & data growth. The EBITDA margin has improved sequentially by 1.8% to 30%. Including Indus dividend receipt of Rs. 3,623 million, the company has delivered highest ever standalone 'Profit After Tax' (PAT) of Rs. 10,117 million, nearly double the previous quarter.

Brand Idea continued its subscriber growth momentum with 3.2 million net new customer additions, now servicing 139 million quality base as 'Average Revenue Per User' (ARPU) improved to Rs. 181 (Rs. 173 in Q4FY14) and MoU/Subscriber increased to 401 minute (397 minute in Q4FY14). The company continued its journey of strengthening its competitive market standing with VLR subscriber market share climbing to 17.7% (May 2014) and Revenue Market Share (RMS) @16.6% in Q4FY14, an increase of 0.9% compared to Q4FY13.

This quarter, Idea reversed the falling 'Average Realisation per MB' (ARMB) data trend by improvement of 1 paisa to 26.3p (vs 25.3p in Q4FY14). The explosive mobile data volume growth and ARMB improvement has helped company deliver 23.6% Mobile data revenue growth. The net Mobile data consumer base has risen in the quarter by 2.6 million to 27.9 million. The blended Data ARPU (2G+3G) also improved to Rs. 108 and Usage per Data subscriber is at 409 MB, among the highest in industry. Further, the company launched its 3G services in Punjab service area from May 29, 2014 extending Idea own 'High Speed 3G Broadband' service presence to 11 service areas covering 72% of its subscriber base.

In June 2014, company successfully completed its 'Qualified Institutions Placement' (QIP) and allotted 223.9 million fresh equity shares at an issue price of Rs. 134 per Equity Share (including a premium of Rs. 124 per Equity Share), aggregating to Rs. 30,000 million. Both Foreign and Indian large institutional investors evinced strong interest for Idea's fresh capital.



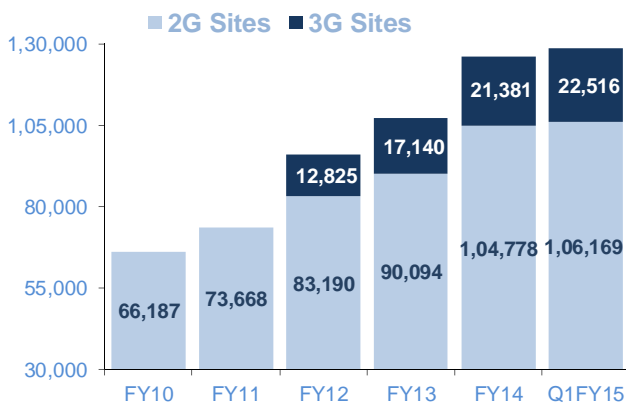
For Q1FY15, on consolidated basis including Indus 16% contribution, Idea revenue grew by 15.6% against same quarter year ago and EBITDA rose by 20.9%, driving the EBITDA margin to 33.2%. The consolidated PAT at Rs. 7,282 million has grown sharply by 57.4% from Rs. 4,627 million in Q1FY14.

### C. Impact of Forex and Balance Sheet

The capex and net debt amounts reflecting in our balance sheet are lower by around Rs. 3 million each due to de-capitalisation of amount relating to exchange difference during the quarter on long term loans taken for acquiring fixed assets.

The Net Debt, including government 'deferred payment liabilities', stands at Rs. 139,769 million as of June 30, 2014 with the Net Debt to Equity ratio at 0.70 and Net Debt to EBITDA (Annualised) ratio for the quarter at 1.54. The Net-Worth of Rs. 198,776 million combined with an average (previous four quarters) Cash Profit of -Rs. 16,700 million per quarter provides a solid foundation to support the company's growth plan.

### D. Capex



Idea rolled out 1,391 2G cell sites and 1,135 3G cell sites during the quarter, taking Network EoP site count for GSM to 106,169 and 22,516 for 3G sites.

The total addition to the Gross Block including CWIP for the quarter was Rs. 3,883 million (excluding forex fluctuation and capitalised interest of Rs. 1,311 million).

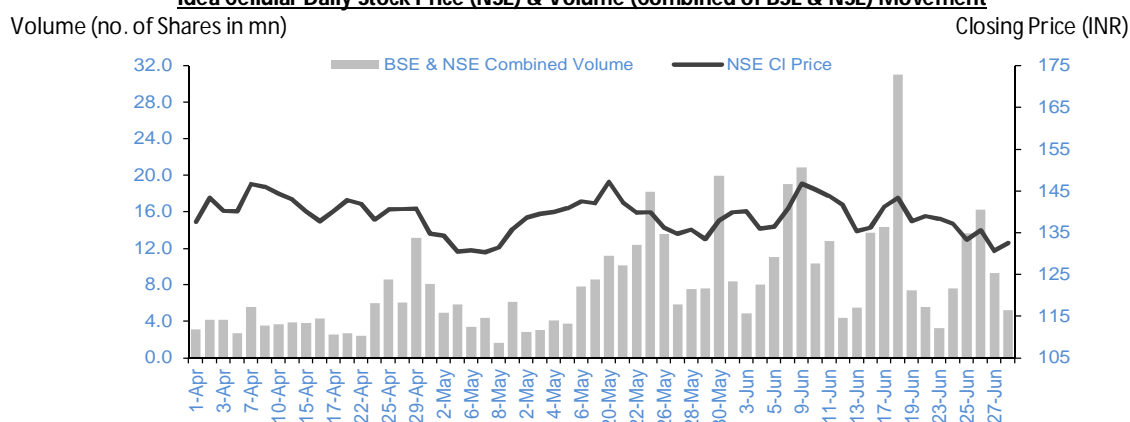
The Capex guidance for FY15 stands at Rs. 35 billion, excluding any spectrum related payments.



## 8. Stock Market Highlights

General Information		
BSE Code		532817
NSE Symbol		IDEA
Reuters		IDEA.BO/IDEA.NS
No of Shares Outstanding (30/06/2014)	mn	3544.06
Closing Market Price - NSE (30/06/2014)	INR/share	132.45
Combined Volume (NSE & BSE) (01/04/2014 to 30/06/2014)	mn/day	8.0
Combined Value (NSE & BSE) (01/04/2014 to 30/06/2014)	INR mn/day	1122.2
Market Capitalisation (30/06/2014)	INR bn	469
EPS for the Quarter (Annualised)	INR/share	8.64
Enterprise Value (30/06/2014)	INR bn	619
Price to Earning	ti mes	15.3
Price to Cash Earning	ti mes	6.4
Price to Book Value	ti mes	2.3
EV/Annualised EBITDA	ti mes	6.2

**Idea Cellular Daily Stock Price (NSE) & Volume (Combined of BSE & NSE) Movement**

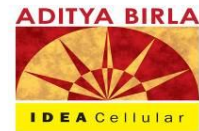


## 9. Shareholding Pattern as on June 30, 2014:

Particulars	Idea Cellular Ltd.	
	No. of Shares	% holding
<b>Promoter and Promoter Group</b>		
Indian	1,52,06,79,047	42.91%
Foreign	-	
<b>Public Shareholding</b>		
Foreign Holding	1,76,20,99,684	49.72%
Indian Institutions	15,71,78,687	4.43%
Others	10,41,02,460	2.94%
<b>Total</b>	<b>3,54,40,59,878</b>	<b>100.00%</b>

## 10. Glossary

Definitions/Abbreviation	Description/Full Form
3G	Third Generation of Mobile Telephony
3G Subscriber	Any Subscriber with any usage event on 3G network, during last 30 days
Established service areas	represent 15 service areas namely Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana, Uttar Pradesh West & Uttaranchal, Uttar Pradesh East, Rajasthan, Himachal Pradesh, Punjab, Karnataka as well as Mumbai and Bihar service areas from Q1FY14 onwards. For FY13 and Established Service Areas were 13, not including Mumbai and Bihar
Annualized EBITDA	Annualised figure of quarterly EBITDA
ARPU (Average Revenue Per User)	Is calculated by dividing services revenue (exclusive of infrastructure and device revenues) for the relevant period by the average number of subscribers during the period. The result obtained is divided by the number of months in that period to arrive at the ARPU per month figure
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ARPM (Average realisation per Minute)	ARPM is calculated as ARPU divided by MoUs/Subscriber
Average Subscribers	Average number of subscribers during the period is calculated as average of average subscribers for each month.
Book Value/Share	Is calculated as Total Assets reduced by loan funds and deferred tax liability, divided by the number of outstanding equity shares
BSE	Bombay Stock Exchange
Churn	Churn relates to subscribers who are removed from the EoP base for discontinuing to use the service of the company
Cash Profit	Is calculated as the summation of PAT, Depreciation, charge on account of ESOPs and Deferred Tax, for the relevant period.
Cash Earning / Share	Is calculated by dividing the cash profit for the period by weighted average number of outstanding equity shares.
Data Subscriber	Any Subscriber with data usage of more than Zero Kb in last 30 days till Q2FY14 Any Subscriber with data usage of more than 100 Kb in last 30 days for Q3FY14 Any Subscriber with data usage of more than 1MB in last 30 days form Q4FY14 onwards
Data Revenue	Revenue from the use of data services including Blackberry services
Data Usage	Data consumed by Idea subscribers
Data ARPU	Is calculated by dividing data revenue for the relevant period by the



Definitions/Abbreviation	Description/Full Form
	average number of data subscribers during the period. The result obtained is divided by the number of months in that period to arrive at the Data ARPU per month figure
Data ARMB	Is calculated by dividing data revenue for the relevant period by the Data usage in MB during the period
DoT	Department of Telecommunications
EBIT	Earnings Before Interest and Tax
EBITDA (Earnings before interest, tax, depreciation and amortisation)	This is the amount after deducting operating expenditure from total income. Total income is comprised of service revenue, sales of trading goods and other income. Operating expenditure is comprised of cost of trading goods, personnel expenditure, network operating expenditure, license and WPC charges, roaming and access charges, subscriber acquisition and servicing expenditure, advertisement and business promotion expenditure and administration & other expenses
Effective Tax Rate	Is calculated as tax charged to Profit and Loss Account divided by PBT (excluding Indus Dividend)
Enterprise Value	Is the summation of Market Capitalisation and Net Debt
EPS	Earning per share, is calculated by dividing the Profit after Tax for the period by the weighted average number of outstanding equity shares
EoP	End of period
FY	Financial year ending March 31
GSM	Global System for Mobile communications, the most popular standard for mobile telephony in the world
Gross Revenue/Total Income	Is the summation of service revenue, revenue from sale of trading goods and other income.
Indian GAAP	Indian Generally Accepted Accounting Principles
IRU	Indefeasible right of use
Incremental Revenue Market Share	Is calculated as change in absolute revenue for Idea divided by change in absolute revenue for Industry during the relevant period
Market Capitalisation	Number of outstanding shares at end of the period multiplied by closing market price (NSE) at end of the period.
MoUs/Sub (Average Minutes of Usages per Subs)	Is calculated as, total Minutes of Use by mobile subscriber during the period divided by the average of subscribers during the period
Net Adds	Refers to net customer additions which is calculated as the difference between the closing and the opening customers for the period
Net Debt	Total loan funds reduced by cash and cash equivalents
Net Worth	calculated as the summation of Share Capital and Reserves & Surplus reduced by debit balance of Profit & Loss account (if any)
New Service Areas	represent 7 service areas of Orissa, Tamil Nadu, J&K, Kolkata, West Bengal, Assam and North East from Q1FY14 onwards. For FY13 New Service Areas were 9, including Mumbai and Bihar.
NSE	National Stock Exchange



Definitions/Abbreviation	Description/Full Form
PBT	Profit before Tax
PAT	Profit after Tax
Price to Book Value	Is calculated by dividing the closing market price at the end of the period (NSE) by the Book Value/ Share
Price to Cash Earning	Is calculated by dividing the closing market price at the end of the period (NSE) by the annualised Cash Earning/Share
Price to Earning	Is calculated by dividing the closing market price (NSE) at the end of the period by the annualised EPS
ROCE	ROCE is calculated as a) for the year PAT plus net Interest and Finance Cost Less Tax at effective rate divided by average capital employed for the year, b) for the quarter : PAT (excluding non-recurring income) net Interest and Finance Cost Less Tax at effective rate for the quarter is annualised and increased by non-recurring income and then divided by average capital employed for the quarter. Capital employed is taken as the average of opening and closing of Shareholders Funds and Net Debt reduced by the debit balance of P&L account (If any), for the respective period
SIM	Subscriber Identity Module
Service Area	Unless otherwise specifically mentioned, means telecom service areas in India as defined by the DoT.
TRAI	Telecom Regulatory Authority of India