

# Idea Cellular Limited

An Aditya Birla Group Company

Quarterly Report – Second Quarter Ended September 30, 2016

## Spread the power of the Internet

Share someone's number who's offline and  
Idea will bring them online

Internet **4** All

**!idea**



An idea can change your life

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ADITYA BIRLA GROUP

## Supplemental Disclosures

Unless stated otherwise, the financial data in this report is derived from our un-audited / audited financial statements prepared in accordance with Ind AS adopted in Q1FY17, with transition date of April 01, 2015. The earlier period financial data is based on IGAAP. Our financial year ends on 31<sup>st</sup> March 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, Ind AS and U.S. GAAP; accordingly, the degree to which the Ind AS 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. Changes in Reporting

### A. Reporting Guidelines:

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

- a) **Standalone** – Idea, and its subsidiaries. Effectively, this encompasses all operations, excluding Indus and ABIPBL.
- b) **Consolidated** – In addition to Idea Standalone as defined above, this covers the proportionate consolidation of Indus (16%) and ABIPBL (49%) at PAT level.

### B. Adoption of Ind AS

- From April 01, 2016 the Company has adopted Ind AS with a transition date of April 01, 2015. Accordingly, yearly and quarterly financials for FY16 are revised based on Ind AS.
- Reconciliation of Ind AS vs IGAAP is provided under section 6. C (page 20 of this report).

The Ind AS 101 on First time adoption allows for decisions on accounting positions to be taken by March '17 when the first Ind AS compliant annual financial statements for FY17 will be drawn up. There could be some change in the balance sheet being presented now to that extent.



## 2. Performance at a glance – Idea Standalone

Particulars	Unit	Ind AS		Ind AS	IGAAP			
		Q2FY17	Q1FY17	FY 16	FY 15	FY 14	FY 13	FY 12
<b>Operating Highlights</b>								
Subscriber base (EoP)	mn	178.8	176.2	175.1	157.8	135.8	121.6	112.7
2G - Cell Sites (EoP)	nos.	1,30,633	1,27,835	1,26,833	1,12,367	1,04,778	90,094	83,190
3G - Cell Sites (EoP) (U2100+U900)	nos.	60,467	51,231	50,060	30,291	21,381	17,140	12,825
4G - Cell Sites (EoP) (L 1800)	nos.	24,945	19,939	14,643				
Total Minutes of Use	Mn	1,95,504	1,99,307	7,85,975	6,83,427	5,87,768	5,32,120	4,53,123
Total Data Volume (2G+3G+4G)	Mn MB	1,07,439	93,127	2,97,920	1,72,531	79,381	37,381	
<b>Financial Highlights</b>								
Gross Revenue	Rs mn	93,002	94,866	3,59,494	3,15,548	2,65,036	2,25,949	1,96,800
EBITDA	Rs mn	28,401	30,742	1,19,674	97,679	73,467	53,516	44,658
PAT	Rs mn	43	4,971	23,780	34,772	17,932	10,080	6,036
Cash Profit <sup>1</sup>	Rs mn	19,407	25,209	99,010	84,820	64,350	46,968	36,079
Gross Investment in Fixed Assets	Rs mn	10,14,023	9,90,112	9,89,132	6,13,841	5,71,211	4,46,007	3,92,602
Net Worth	Rs mn	2,35,297	2,37,716	2,32,641	2,28,518	1,58,787	1,41,808	1,29,058
Loan Funds	Rs mn	4,09,020	4,16,759	4,05,413	2,58,754	1,93,616	1,26,688	1,20,957
Cash & Cash Equivalent	Rs mn	45,007	40,179	20,996	1,30,714	1,761	10,806	1,406
Net Debt	Rs mn	3,64,013	3,76,579	3,84,417	1,28,041	1,91,855	1,15,881	1,19,550
Net Debt to EBITDA <sup>2</sup>	unit	3.20	3.06	3.21	1.31	2.61	2.17	2.68
Net Debt to Net Worth	unit	1.55	1.58	1.65	0.56	1.21	0.82	0.93
ROCE	%	2.4%	4.9%	7.6%	10.7%	7.1%	6.0%	5.2%

<sup>1</sup> Dividend received from Indus is considered while calculating standalone (Idea+ Subsidiaries) PAT and Cash Profit.

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

## 3. Company Overview

Idea Cellular Limited (“Idea”) is the third largest wireless operator in India with a Revenue Market Share (RMS) of 19.3% (Q1FY17). In the 15 Established Service Areas, its RMS stands at a strong level of 22.3% (Q1FY17). The company carried around 2.13 billion minutes on a daily basis during the quarter Q2FY17. Idea is the sixth largest mobile telecommunications company (counted on operations in a single country) in the world based on number of subscribers (GSMA Intelligence, as of June 2016). Company is listed on National Stock Exchange and Bombay Stock Exchange in India with a market capitalization of Rs. 285 billion (as on Sep. 30, 2016).

### A. Promoters and Key Shareholders

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, retail, cement, carbon



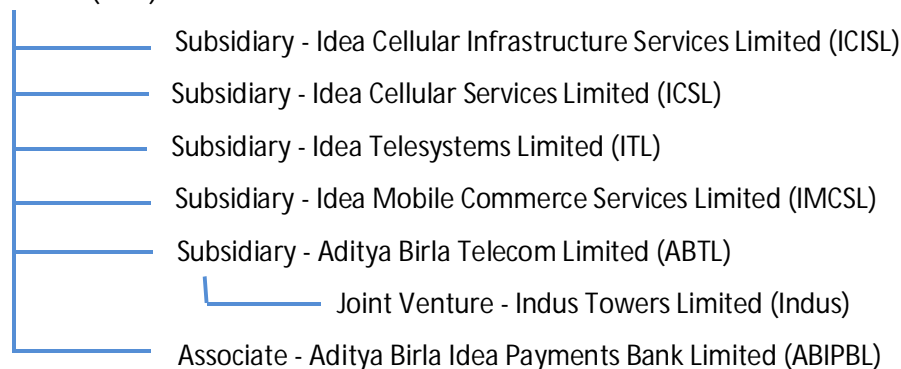
black, textiles, garments, chemicals, fertilizers, life insurance and financial services industries etc. The Group currently has shareholding holding of 42.23% in Idea, through following entities;

Aditya Birla Nuvo Ltd.	23.26%
Birla TMT Holdings Pvt. Ltd.	7.87%
Hindalco Industries Ltd.	6.34%
Grasim Industries Ltd.	4.75%
Others	0.01%
<b>Total</b>	<b>42.23%</b>

**Axiata Group Berhad**, through its affiliates, has 19.77% shareholding in Idea Cellular. Axiata is one of the largest Asian telecommunication group 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, Cambodia and Nepal 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 300 million mobile subscribers in Asia and provides employment to 25,000 people across Asia.

## B. Corporate Structure

Idea Cellular Limited (Idea)



ICISL – A tower company owning towers (with transfer of towers from Idea to ICISL, it now owns all towers of Idea group's tower portfolio)

ICSSL – 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 business of sale & purchase of communication devices.



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

ABIPBL – An association with Aditya Birla Nuvo Limited (ABNL), Idea holds 49% stake. ABNL got In-principle approval from RBI for Payments Bank.

## C. Business Segments

### 1. Mobile Operations

- **Voice Business** - Idea provides Pan India GSM mobile services in all 22 service areas of India. In the March'15 spectrum auction Idea has successfully secured 900 MHz spectrum in all nine service areas due for the telecom licenses expiring in December 2015/April 2016. After including 7 new telecom licenses and spectrum acquired in November 2012 auction, Idea achieved amongst the highest renewal among the incumbent operators, of 16 out of 22 service areas, laying solid foundation for growth of business till year 2035 (2032 for 7 licenses).

For the purpose of reporting the mobile business at Idea is segregated as 15 Established Service Areas (evolved with time in terms of profitability) and 7 New Service Areas (launched in FY10, spectrum reacquired in 2012 and gestating in terms of profitability).

Below table provides the details of future license & linked spectrum expiry

Name of Circles	No. of Circles	Spectrum Band	Year of Expiry	Remaining Period of Spectrum
Delhi, Rajasthan, UPE, H.P.	4	1800 MHz	2021	~5 years
Mumbai, Bihar	2	1800 MHz	2026	~10 years

- **Broadband Services**

**3G Services** - Idea provides 3G services in 21 service areas of India (except Orissa), including through Intra-Circle Roaming (ICR) arrangements with other operators. In recently concluded spectrum auction Idea Cellular has prudently acquired 5 MHz spectrum in 2100MHz frequency band in high population service areas of Bihar and Rajasthan to offer 3G services. The company now owns 17 carriers (15 on 2100 MHz and 2 on 900 MHz), to offer 3G services in 15 service areas. The 3G foot-print of Idea's own spectrum in these 15 service areas covers ~86% of its revenue, ~84% of its subscribers and ~70% of national mobile industry revenue.

**4G Services** – In October 2016 spectrum auction Idea has acquired 2x64.6 MHz (FDD) spectrum in frequency bands of 1800 MHz and 2100 MHz to expand its 4G spectrum ownership from 11 service areas to 20, covering 9 new service areas of Gujarat, Uttar Pradesh (West), Uttar Pradesh (East), Bihar & Jharkhand, Rajasthan, Mumbai,



West Bengal, Assam and Jammu & Kashmir. Further, with acquisition of 200 MHz (TDD) spectrum in frequency band of 2300 MHz and 2500 MHz, Idea now has spectrum to address the future requirement of capacity.

Idea now holds 47 4G carriers across 20 service areas of India (ex Delhi & Kolkata) in comparison to 12 carrier before October 2016 Auction. The 4G spectrum profile of the company now covers ~94% of its own revenue and ~90% of industry revenue in these 20 service areas.

Post introduction of 4G service on 23<sup>rd</sup> December, 2015, Idea has moved fast, launching 4G services in nearly 2,400 towns and 7,500 villages in 10 service areas (Maharashtra & Goa, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Kerala, Haryana, Punjab, Karnataka, Orissa, NESAs and Tamil Nadu), now covering 171 million Indians, 30% of Indian population in these 10 circles. As on September 30, 2016, over 3 million Idea customers are actively using its 4G services.

With above spectrum acquisition, Idea has completed Pan India Broadband spectrum profile (3G or 4G). The company in the short span of 2 to 3 years has built wireless broadband coverage & operating near pan India (Including 3G ICR arrangement). These numbers are a clear testimony of Idea's ability to build and operate in high growth mobile broadband market.

- **Digital Services** - To enhance Idea consumer experience on Idea high speed broadband services, the company is making serious efforts to enter into Digital services space. Idea expects to launch its Idea branded Games services in Q3FY17 and 'Idea Movies & Music Services' in subsequent quarters. Further, Idea's efforts are on to introduce Live TV, Digital Magazines & Newspaper subscription, Video & Audio Chat, Rich messaging and Voice over IP services in FY17-18. Idea's model for digital services includes build or partner technology platform while sourcing directly (or in partnership) the content from labels, aggregators and providers.

2. **Long Distance Services and ISP** – Idea holds licenses for NLD, ILD, ISP and IP-1 services. Idea NLD currently carries around 98.4% of its captive NLD minutes. Idea ILD services now handle around 100% 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 and currently caters to the captive requirement of its mobile business and offers ISP services to external customers like small ISP and enterprise customers for their wholesale Internet backhaul needs. Idea ISP currently handles all captive subscriber traffic.

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 1,26,000 km OFC, in comparison to over 87,600 km two years back (Q2 FY15), addition of around 40,000 km of fibre in last 2 years. Idea has over 8,160 OFC PoPs (4G, 3G & 2G) in all Circles. The fibre backhaul network of the company optimally serves our 2G/ 3G/4G/



NLD/ILD/ISP/Wireless Broadband needs. Idea has also introduced worlds' latest high capacity 100G DWDM network technology to cater to rising data demand.

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

	Unit	For the Quarter					Growth	
		Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	QoQ	YoY
Total NLD Minutes	mn	16,418	15,899	16,172	16,247	16,287	3.3%	0.8%
Total ILD Minutes	mn	2,628	2,910	2,916	3,020	2,747	-9.7%	-4.3%
ISP Capacity*	Gbps	235.0	204.0	184.2	158.3	152.7	15.2%	53.9%
Optical Fibre Cable (OFC)*	KM	1,26,000	1,20,700	1,15,500	1,05,600	1,00,400	4.4%	25.5%
PoPs	Nos.	8,160	7,650	7,220	6,360	5,750	6.7%	41.9%

\*Approx capacity

### 3. Idea Mobile Banking Services -

To comply with the RBI guidelines on Payments Bank, IMCSL (a wholly owned subsidiary of the Company) has filed a petition under section 391 to 394 of the Companies Act, 1956 for its amalgamation with Aditya Birla Idea Payments Bank Limited. IMCSL will cease to exist post approval by all regulatory authorities. The latest status of its operations is as follows

#### **Prepaid Payment Instrument (PPI)**

PPI is commonly known as semi closed wallet. RBI granted Idea Certificate of Authorisation for PPI in November 2013. Idea commenced PPI services in July 2014 and currently operates in 16 Circles. Idea is also now aggressively acquiring new mobile wallet customers digitally through Idea Web and Idea App. Idea Money wallet is also available on Android and iOS platform. The company offers both cash and web loading (through net banking) into the wallets. With PPI wallet balance one can recharge prepaid accounts for Idea and other operator's, recharge DTH accounts, pay bills and make mobile wallet to mobile wallet and wallet to bank account transfers. These wallet accounts can be opened with minimum KYC for balance up to Rs. 10,000/-.

In addition to the PPI wallets Idea Money also has Domestic Money Remittance Business (DMR) through retailer assisted model. Total throughput for DMR business during H1FY17 stands at Rs. 1,730 million

The Company is also entering into retailer assisted business which will enable retailers to perform transaction which includes Mobile Bill Recharge, Post-paid Bill Payments, Utility Bill payments. Idea Money has tie ups with online and offline merchants like Book My show, Dominos, Bajaj Allianz, LIC etc. . During the quarter ended September 30, 2016 it added 1.6 million new wallet customers. Idea Money as of 30<sup>th</sup> September, 2016 has





EOP base of more than 5 million PPI mobile wallet customers & efforts are on to exponentially increase the number of active PPI digital wallet users.

Details with reference to PPI business are as follows

	Unit	For the Quarter					QoQ Growth
		Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	
EOP Wallet	000	5,012	3,407	2,053	590	125	47.1%
Transaction Value	INR Mn	1,055	916	773	262	69	15.2%
Transaction Count	000	3,321	2,747	3,502	1,136	336	20.9%
Average Transaction Value	INR	317	334	221	231	205	-4.9%

### **Payments Bank**

RBI has given in principle approval to set-up the Payments Bank to Aditya Birla Nuvo Limited (ABNL) as promoter, on 7<sup>th</sup> September, 2015. A new company 'Aditya Birla Idea Payments Bank Limited' (ABIPBL) has been formed to setup the payments bank services with ABNL and Idea having 51% and 49% shareholding respectively. The Senior Management Team of this company is now in place and it is working towards selecting the right IT system, defining innovative products and cost efficient processes before starting services.

Post necessary regulatory approvals from RBI, ABIPBL is likely to commercially launch its services by first half of Calendar Year 2017. The company will acquire and service new Payments Bank customers both 'Online' leveraging the power of Idea and ABG's ~55 million digital customers as well as 'Offline' leveraging the strength of Idea's 2 Million+ retail distribution channel across 398,000 towns & villages. The Payments Bank intends to promote a wide range of banking products & services including current and savings bank account, domestic remittances, merchant payments etc. while partnering with ABG financial services, select universal banks & financial institutions for offering range of full banking products including Fixed Deposits, Micro Loan, Debt & Equity linked Mutual Funds, other related investment and Insurance products to its payments bank customer. Necessary steps have been initiated for transfer / merger of the existing PPI business to ABIPBL. ABIPBL will retain the customers, partners and technology used by IMCSL for running its business.



## 4. Spectrum Auction - October, 2016

Idea Cellular participated in recent spectrum auction conducted by Department of Telecommunications (DoT) and successfully acquired 349.2 MHz of spectrum, 149.2 MHz (2x74.6 MHz) spectrum in FDD technology on 1800 MHz and 2100 MHz frequency bands and 200 MHz of capacity spectrum in TDD technology on 2300 MHz and 2500 MHz frequency bands, at an aggregate value of Rs. 128 billion, with less than 1% premium paid over the DoT set reserve price. With this spectrum purchase Idea completed its mobile broadband footprint across all 22 licensed service areas in India and also acquired substantial capacity spectrum to meet future capacity needs for its ever growing 186 million customer base.

On 4G front, Idea will expand its 4G coverage to 9 new service areas of Gujarat, Uttar Pradesh (West), Uttar Pradesh (East), Bihar & Jharkhand, Rajasthan, Mumbai, West Bengal, Assam and Jammu & Kashmir with acquisition spectrum in 1800 MHz / 2100 MHz frequency band. Further, company has acquired incremental 1800 MHz spectrum in the 6 service areas of Gujarat, Uttar Pradesh (West), Maharashtra, Madhya Pradesh, Punjab and Haryana, which coupled with the earlier spectrum holding results into 2<sup>nd</sup> contiguous carrier of 4G spectrum (10 MHz in all except 9.4MHz in UPW) in these markets. Additionally, Idea acquired 200 MHz of capacity spectrum (2300 MHz/ 2500 MHz) in 16 services areas. Idea now have 47 carriers to support its coverage and capacity requirement. More importantly, in 7 out of 8 leadership market (ex. Andhra Pradesh but incl. Kerala), Idea have two carriers of 1800 MHz spectrum in addition to 1-3 capacity carriers on 2300 MHz / 2500 MHz in all leadership markets.

On 3G front, Idea has also prudently procured 2100 MHz spectrum in high population service areas of Bihar & Rajasthan extending its capability to offer 3G services with its own spectrum to 15 service areas.

Idea has expanded its spectrum portfolio by over 64% in this spectrum auction. Idea now owns 64 broadband carriers and intends to use 47 of these carriers on 4G LTE technology covering 94% of its revenue base, and 17 carriers for 3G services covering 86% of its revenue. Idea broadband (3G &/or 4G) coverage will soon be available in all 22 service areas across the country.

The circle wise spectrum acquired and total commitment is tabulated below.



Circle	Spectrum Won (in MHz)				Payout (Rs Million)				
	FDD		TDD		1800	2100	2300	2500	Total
	1800	2100	2300	2500					
Andhra Pradesh	-	-	-	10.0	-	-	-	6,800	6,800
Assam	5.0	-	-	10.0	2,000	-	-	200	2,200
Bihar	5.0	5.0	-	10.0	3,100	4,300	-	600	8,000
Gujarat	8.4	-	-	10.0	19,992	-	-	3,900	23,892
Haryana	4.8	-	-	10.0	2,366	-	-	800	3,166
Himachal Pradesh	0.6	-	-	10.0	96	-	-	100	196
Jammu & Kashmir	5.0	-	-	10.0	650	-	-	100	750
Kerala	-	-	10.0	10.0	-	-	1,757	1,608	3,365
Madhya Pradesh	4.6	-	10.0	20.0	3,818	-	820	1,600	6,238
Maharashtra	2.0	-	10.0	10.0	6,360	-	6,306	5,800	18,466
Mumbai	-	5.0	-	-	-	23,050	-	-	23,050
North East	-	-	-	10.0	-	-	-	100	100
Orissa	-	-	-	10.0	-	-	-	400	400
Punjab	2.0	-	-	-	1,540	-	-	-	1,540
Rajasthan	5.0	5.0	-	10.0	4,595	7,000	-	600	12,195
Uttar Pradesh (East)	-	5.0	-	10.0	-	5,500	-	900	6,400
Uttar Pradesh (West)	7.2	-	-	10.0	7,222	-	-	1,200	8,422
West Bengal	5.0	-	-	10.0	2,300	-	-	500	2,800
<b>Total</b>	<b>54.6</b>	<b>20.0</b>	<b>30.0</b>	<b>170.0</b>	<b>54,039</b>	<b>39,850</b>	<b>8,883</b>	<b>25,208</b>	<b>1,27,980</b>

\*consisting of uplink and downlink

## 5. Strength Areas

### A. Competitive Spectrum Profile

Following table provides the details regarding spectrum holding of Idea across all 22 service areas

Service Areas	FDD				TDD			FDD (2x)* +TDD	GSM (2G) services	Broadband Carrier	
	900	1800	2100	Total	2300	2500	Total			3G	4G
Maharashtra	9.0	11.0	5.0	25.0	10.0	10.0	20.0	70.0	√	2	4
Kerala	6.0	10.0	5.0	21.0	10.0	10.0	20.0	62.0	√	1	4
Madhya Pradesh	7.4	11.6	5.0	24.0	10.0	20.0	30.0	78.0	√	2	5
Uttar Pradesh (West)	5.0	9.4	5.0	19.4		10.0	10.0	48.8	√	1	3
Gujarat	5.0	10.0	5.0	20.0		10.0	10.0	50.0	√	1	3
Andhra Pradesh	5.0	6.0	5.0	16.0		10.0	10.0	42.0	√	1	2
Punjab	5.6	10.0	5.0	20.6				41.2	√	1	2
Haryana	6.0	10.8	5.0	21.8		10.0	10.0	53.6	√	1	3
<b>8 Leadership Circle (Sub Total)</b>	<b>49.0</b>	<b>78.8</b>	<b>40.0</b>	<b>167.8</b>	<b>30.0</b>	<b>80.0</b>	<b>110.0</b>	<b>445.6</b>		<b>10</b>	<b>26</b>
Uttar Pradesh (East)		6.2	10.0	16.2		10.0	10.0	42.4	√	1	2
Rajasthan		11.2	5.0	16.2		10.0	10.0	42.4	√	1	2
Bihar		10.65	5.0	15.7		10.0	10.0	41.3	√	1	2
Himachal Pradesh		9.8	5.0	14.8		10.0	10.0	39.6	√	1	2
Delhi	5.0	8.6		13.6				27.2	√	1	
Mumbai		6.4	5.0	11.4				22.8	√		1
Karnataka	5.0	6.0		11.0				22.0	√		1
<b>7 Emerging Circle (Sub Total)</b>	<b>10.0</b>	<b>58.9</b>	<b>30.0</b>	<b>98.9</b>		<b>40.0</b>	<b>40.0</b>	<b>237.7</b>		<b>5</b>	<b>10</b>
Tamil nadu		11.4		11.4				22.8	√		1
Kolkata		5.0	5.0	10.0				20.0	√	1	
West Bengal		11.25		11.3		10.0	10.0	32.5	√		2
Orissa		10.0		10.0		10.0	10.0	30.0	√		2
Assam		10.0		10.0		10.0	10.0	30.0	√		2
North East		11.0		11.0		10.0	10.0	32.0	√		2
Jammu & Kashmir		10.0	5.0	15.0		10.0	10.0	40.0	√	1	2
<b>7 New Circle (Sub Total)</b>		<b>68.7</b>	<b>10.0</b>	<b>78.7</b>		<b>50.0</b>	<b>50.0</b>	<b>207.3</b>		<b>2</b>	<b>11</b>
<b>Total 22 Circle</b>	<b>59.0</b>	<b>206.3</b>	<b>80.0</b>	<b>345.3</b>	<b>30.0</b>	<b>170.0</b>	<b>200.0</b>	<b>890.6</b>	<b>22</b>	<b>17</b>	<b>47</b>

\*FDD spectrum consisting of uplink and downlink

One Carrier represents 2x5MHz in case of FDD spectrum and 10 MHz in case of TDD spectrum



## B. Idea's Eight Leadership Geographies (~41% of National Mobile Industry Revenue)

The incumbency advantage coupled with the benefit of 900 MHz GSM spectrum and 3G & 4G services give Idea an absolute leadership status in eight service areas with combined RMS of 31.5% (Q1FY17). Idea cellular has further strengthened its Broadband spectrum position in these service areas in recently concluded spectrum auction, with acquisition of 4G spectrum in Gujarat and UPW. It has acquired incremental 1800 MHz spectrum in the 6 service areas of Gujarat, Uttar Pradesh (West), Maharashtra, Madhya Pradesh, Punjab, Haryana, which coupled with the earlier spectrum holding results into 2<sup>nd</sup> contiguous carrier of 1800 MHz 4G spectrum in these markets. Idea will now have 2<sup>nd</sup> contiguous carrier of 1800 MHz 4G spectrum 4G in 7 out of these 8 leadership service areas (ex. Andhra Pradesh but incl. Kerala). The company now owns total 36 broadband carrier in these 8 service areas to further strengthen its leadership position in upcoming era of data revolution.

These 'service areas' contribute ~41% of national mobile industry revenue and ~67% of Idea's revenue. In spite of intense market competition, Idea has improved its revenue market share by 4.8% in these 8 leadership service areas over last 3 years to 31.5% (Q1FY14 RMS 26.7%) delivering over ~51% of Industry incremental RMS.



8 Established Service Areas				<ul style="list-style-type: none"> <li>• ~41% of India Mobility Revenue and ~67% of Idea Revenue</li> <li>• Incremental RMS @-51% - Q1FY17 vs Q1FY14</li> </ul>
Service Areas	RMS Q1FY17*	RMS Rank	Spectrum Profile	
Kerala	42.6%	1	2G/3G/4G	
M.P.	42.9%	1	2G/3G/4G	
Maharashtra	33.9%	1	2G/3G/4G	
UP W	32.0%	1	2G/3G/4G	
Punjab	26.0%	2	2G/3G/4G	
Haryana	28.3%	2	2G/3G/4G	
A.P.	24.6%	2	2G/3G/4G	
Gujarat	22.6%	2	2G/3G/4G	
<b>Total</b>	<b>31.5%</b>	<b>1</b>		

\*Gross Revenue for Mobile & UAS Licenses released by TRAI & Co's Estimate

Idea has rolled out 3G services in all these 8 strategically important service areas and around 75% of existing GSM sites are upgraded to offer 3G. Idea has also launched its 4G services in 6 out of 8 these leadership markets. Further, Idea has launched 3G 2<sup>nd</sup> Carrier on 900 MHz in the service areas of Maharashtra and Madhya Pradesh during Q4FY16 to increase wireless broadband capacity. Idea is working towards launch of its 4G services in Gujarat and UPW service areas by Q4FY17. Idea's GSM, 3G and 4G spectrum footprint in these 8 service areas places the company in an advantageous competitive position to continue its march of strengthening its competitive market standing both in subscribers & revenue terms.



### C. Idea's Seven Emerging Geographies (~39% of National Mobile Industry Revenue)

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 & Delhi service areas with 3G on 900 MHz from calendar year 2015). The emergence of Idea as a significant player in these 7 service areas reaffirms Idea's intrinsic competitive capabilities. Idea currently offers 3G services in 3 of service areas of UP (E), H.P. and Delhi (own spectrum) and has upgraded ~59% of its existing GSM sites in these 3 service areas to offer 3G services. In the recently concluded spectrum auction Idea has acquired 2100 MHz 3G spectrum in Bihar and Rajasthan service areas.

Idea has also launched 4G services in service area of Karnataka in December 2015. These 7 emerging service areas with high growth potential contribute ~26% of Idea's revenue and represent over 39% of national mobile industry revenue. Idea has improved its revenue market share (RMS) by 1.1% in these service areas over last 3 years to 12.6% in Q1FY17 (Q1FY14 RMS 11.5%) delivering ~17% incremental RMS on YoY basis. With the current spectrum acquisition,

7 Emerging Service Areas				
Service Areas	RMS Q1FY17*	RMS Rank	Spectrum Profile	<ul style="list-style-type: none"> <li>• ~39% of India Mobility Revenue and ~26% of Idea Revenue</li> <li>• Incremental RMS @ ~17% - Q1FY17 vs Q1FY14</li> </ul>
Bihar	14.3%	2	2G/3G/4G	
H.P.	13.7%	2	2G/3G/4G	
UPE	14.4%	3	2G/3G/4G	
Rajasthan	13.6%	3	2G/3G/4G	
Delhi	12.3%	3	2G/3G	
Karnataka	11.1%	4	2G/4G	
Mumbai	10.7%	4	2G/4G	
<b>Total</b>	<b>12.6%</b>	<b>3</b>		

\*Gross Revenue for Mobile & UAS Licenses released by TRAI & Co's Estimate

Idea now has capability to offer broadband services in all of these 7 service areas. In 6 out of these 7 markets, Idea now has own 4G spectrum. The total number of Broadband carriers now reaches to 16 in these 7 service areas. In two of these markets, namely Uttar Pradesh (East) and Mumbai, Idea has acquired 5 MHz spectrum on 2100 MHz frequency band on which it intends deploy 4G technology. Idea intends to launch 4G services in Bihar, Rajasthan, UPE, Mumbai by Q4FY17 and HP in Q3FY17 (post harmonisation). Idea is also preparing to offer 3G services in high population service areas of Bihar and Rajasthan by Q4FY17.

### D. Idea's Seven New Growth Geographies (~20% of National Mobile Industry Revenue)

Idea was among the last entrants for GSM services in 7 service Areas of Tamil Nadu, Kolkata, West Bengal, Orissa, J&K, Assam and North East using 1800 MHz spectrum acquired in November 2012 auction. These seven new growth geographies represent ~20% of Indian Mobility Market but currently contribute ~7% of Idea revenue. As Idea expands its 2G, 3G & 4G network in these new markets and improve brand presence in these geographies, due to front loading of investments, the company, has a quarterly EBITDA loss at Rs. 1,424 million in Q2FY17. The



present combined RMS in these 7 service areas is at 7.0% in Q1FY17. In last 3 years Idea has increased its RMS by 2.9% (vs Q1FY14 RMS 4.1%) and remains committed to increase its competitive strength.

The incremental RMS in these 7 new service areas between Q1FY14 to Q1FY17 is ~21%, indicating good potential of improving long term Idea presence in these service areas. The company offers 3G services in the service area of J&K and Kolkata (launched in December 2015) on its own 2100 spectrum and has upgraded ~69% of its existing GSM sites in these 2 service areas with additional 3G services. The company has also recently launched its 4G services in 3 Service Areas

7 New Service Areas				
Service Areas	RMS Q1FY17*	RMS Rank	Spectrum Profile	<ul style="list-style-type: none"> <li>• ~20% of India Mobility Revenue and ~7% of Idea Revenue</li> <li>• Incremental RMS @ ~21% -Q1FY17 vs Q1FY14</li> </ul>
WB	9.9%	3	2G/4G	
TN	6.5%	4	2G/4G	
J&K	7.6%	5	2G/3G/4G	
Assam	5.4%	5	2G/4G	
NESA	4.6%	5	2G/4G	
Kolkata	7.3%	6	2G/3G	
Orissa	6.2%	6	2G/4G	
<b>Total</b>	<b>7.0%</b>	<b>4</b>		

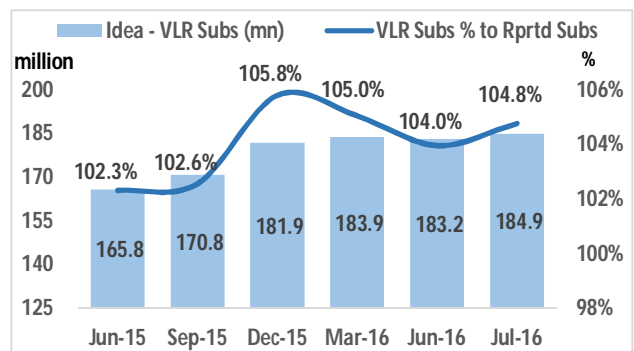
\*Gross Revenue for Mobile & UAS Licenses released by TRAI & Co's Estimate

- Tamil Nadu in December 2015 and in Orissa and North East service areas during Q4FY16. In recently concluded Spectrum Auction, Idea has expanded its 4G presence to six of these markets (ex. Kolkata) and intends to start offering its 4G services by Q4FY17 in West Bengal, Assam and J&K.

### E. 186 million Quality Subscriber Base

Idea is the sixth largest mobile telecommunications company (counted on operations in a single country) in the world based on number of subscribers (GSMA Intelligence, as of June 2016) servicing over 186 million VLR subscribers as of September 30, 2016. This large base of subscribers provides a great platform to the company for upgrading the pure voice customers to Wireless Data services, Digital content & Payment services in future.

Idea has always been vigilant in monitoring the quality of its subscriber base. The latest (July 2016) data released by the TRAI for active subscribers (VLR subscribers), reaffirms quality of Idea's subscriber base as among the best in terms of percentage of active subscribers. As of July 2016, Idea has 104.8% of reported subscribers as VLR subscribers, which is highest in the industry. Idea's EoP



subscriber market share (on VLR) at the end of July 2016 stands at 20.1% (as against a reported subscriber markets share @17.1%) an improvement of 1.3% on YoY basis. In last 12 months from Jul'15 to Jul'16 Idea has added VLR subscribers of 18.0 million against overall industry annual VLR subscriber growth at 34.1 million, an incremental share of 52.7%. The company is pleased to consistently get over 30% of industry Active subscriber addition. Today,





nearly 1 out of 3 Indian who buy new connection prefer Idea and over 186 million VLR subscribers milestone for the company opens multiple new vistas for growth in Broadband, Digital Content and Payment Services etc.

## **F. Leader in Mobile Number Portability Net Adds**

The Mobile Number Portability (MNP) was implemented nation-wide on 20th January, 2011 and nearly 195.6 million customers have availed of the MNP facility offered by Indian Mobile Industry. Also government has introduced National MNP (NMNP) from July 03, 2015. The trends emerging from MNP are clearly distinguishing the strong operators in terms of customers' preference for better quality of services and brand value. Over the last 69 months in the MNP space, Idea has maintained leadership position on overall MNP Net Adds. As on September 30, 2016 Idea has a net MNP gain of 19.8 million customers from other telecom operators with one out of every four existing mobile customers, who chooses to port out from their existing mobile operator preferring to shift and stay with world class Idea services.

## **G. Tower Investment**

### **• Indus Investment**

Indus towers Ltd. (Indus), a joint venture between Bharti Infratel Ltd., Vodafone India Ltd and Idea Cellular Ltd through its subsidiary Aditya Birla Telecom Ltd (ABTL), is one of the world's leading tower company with 1,21,330 towers and tenancy ratio of 2.27 as of September 30, 2016. ABTL holds 16% equity stake in Indus. Providence Equity Partners, through its entity P5 Asia Holding Investments (Mauritius) Limited (P5), beneficially holds ~30.3% of the total equity share capital of ABTL post conversion of compulsorily convertible preference shares of ABTL held by them. This represents Providence Equity Partners' beneficial economic interest in Indus of 4.85% as of September 30, 2016. In order to facilitate P5 holding direct equity stake in Indus, ABTL has filed a petition in Hon. Bombay High Court under Section 100 of the Companies Act, 1956 for distribution of assets of the company including its investment in Indus with consequent reduction in the equity share capital held by P5 in ABTL.

### **• Own Towers**

Idea (ICL) has completed transfer of its own towers to ICISL (a wholly owned subsidiary) and all towers are under a single legal entity w.e.f. August 01, 2016. As the transfer is to a wholly owned subsidiary, there is no impact on the results. Besides investment in Indus Tower, Idea along with ICISL, owns 9,772 towers as on September 30, 2016. There are 16,392 tenants on these towers at a tenancy ratio of 1.68. During the last 12 months the company





has added 194 towers and 927 tenancies as it reorganizes itself to improve its tower tenancy ratio. With this reorganization there is now complete focus on tower operations as an independent entity which will result in optimization and growth of the tower portfolio.

Overall Business	Unit	For the Quarter				
		Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16
Owned Towers (EoP)	No.	9,772	9,760	9,744	9,640	9,578
Tenancy Ratio - Owned Towers	Times	1.68	1.66	1.66	1.64	1.61
Number of Tenants	No.	16,392	16,243	16,168	15,802	15,465



## 6. Financial Highlights (Ind AS)

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

	Ind AS				
	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16
Gross Revenue	93,002	94,866	94,783	90,042	86,754
Opex	64,601	64,124	61,442	61,407	58,849
EBITDA	28,401	30,742	33,341	28,635	27,904
<b>EBITDA Margin</b>	<b>30.5%</b>	<b>32.4%</b>	<b>35.2%</b>	<b>31.8%</b>	<b>32.2%</b>
Depreciation & Amortisation	19,543	19,192	18,777	15,310	14,357
EBIT	8,858	11,551	14,564	13,325	13,548
Interest and Financing Cost (net)	8,753	9,224	8,773	4,138	2,680
Dividend from Indus	-	3,623	-	-	-
PBT	105	5,950	5,791	9,187	10,868
Tax	62	978	2,243	3,493	4,109
<b>PAT (standalone)</b>	<b>43</b>	<b>4,971</b>	<b>3,549</b>	<b>5,694</b>	<b>6,759</b>
<b>Cash Profit</b>	<b>19,407</b>	<b>25,209</b>	<b>25,802</b>	<b>22,731</b>	<b>25,364</b>
<b>Consolidation Impact</b>					
Elimination on Dividend recd from Indus	-	(3,623)	-	-	-
Share of Profit from Indus & Payments Bank	1,057	1,035	1,165	1,084	1,040
Deferred Tax on Undistributed earnings of Indus	(186)	(179)	(198)	(184)	(177)
<b>Consolidated PAT</b>	<b>915</b>	<b>2,204</b>	<b>4,516</b>	<b>6,594</b>	<b>7,623</b>
<b>Other comprehensive income (net of Tax)</b>	<b>(14)</b>	<b>(33)</b>	<b>(24)</b>	<b>(38)</b>	<b>(44)</b>
<b>Total comprehensive income for the period</b>	<b>900</b>	<b>2,171</b>	<b>4,492</b>	<b>6,556</b>	<b>7,579</b>



## B. Balance Sheet (Rs mn)

Particulars	Idea Consolidated as on	
	30-Sep-16	31-Mar-16
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,13,176	2,11,872
Capital work-in-progress	9,709	6,623
Goodwill	61	61
Intangible assets	4,81,594	4,39,969
Capital work-in-progress -Intangible assets	5,520	53,775
<b>Financial assets</b>		
Non-current investments	18,960	21,405
Long term loans	24	25
Other non-current financial assets	4,523	4,313
Other non-current assets	15,690	13,593
<b>Total non-current assets (A)</b>	<b>7,49,257</b>	<b>7,51,634</b>
<b>Current assets</b>		
Inventories	746	1,065
<b>Financial assets</b>		
Current investments	44,247	13,305
Trade receivables	11,670	11,424
Cash and cash equivalents	689	7,630
Bank balance other than cash and cash equivalents	71	61
Other current financial assets	470	5,586
Current Tax Assets (Net)	10	56
Other current assets	5,375	10,335
<b>Total current assets (B)</b>	<b>63,279</b>	<b>49,462</b>
<b>Assets classified as held for sale (C)</b>	<b>13</b>	<b>155</b>
<b>Total Assets (A+B+C)</b>	<b>8,12,549</b>	<b>8,01,252</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity share capital	36,010	36,005
Other equity	2,00,011	1,99,499
<b>Total equity (A)</b>	<b>2,36,021</b>	<b>2,35,504</b>
<b>Non-Current Liabilities:</b>		
<b>Financial liabilities</b>		
Non-current borrowings	3,78,456	3,59,040
Other non-current financial liabilities	18,122	23,720
Long term provisions	4,073	3,455
Deferred tax liabilities (net)	19,153	19,539
Other non-current liabilities	4,108	4,108
<b>Total Non-Current Liabilities (B)</b>	<b>4,23,912</b>	<b>4,09,862</b>
<b>Current Liabilities:</b>		
<b>Financial liabilities</b>		
Current borrowings	967	16,456
Trade payable	35,610	32,468
Current maturities of long term debt	29,597	29,917
Other financial liabilities	53,310	52,624
Other current liabilities	32,360	23,494
Short term provisions	772	926
<b>Total Current Liabilities (C)</b>	<b>1,52,616</b>	<b>1,55,885</b>
<b>Total equity and liabilities (A+B+C)</b>	<b>8,12,549</b>	<b>8,01,252</b>

### C. Profit Reconciliation Ind AS vs IGAAP - Q1FY16 to Q4FY16

	Q1FY16	Q2FY16	Q3FY16	Q4FY16	FY16
<b>PAT - IGAAP (A)</b>	<b>8,401</b>	<b>7,102</b>	<b>6,614</b>	<b>4,650</b>	<b>26,766</b>
1 Effects of measuring financial instruments at fair value through P&L	-584	-174	-958	-1,240	-2,956
2 Inflation linked escalation on rental income / expense not equalized over the lease term	241	208	191	183	824
3 Share based Payments recognised at fair value (ESOPs)	-81	-78	-78	-60	-297
4 Others	-66	-18	-100	-118	-301
5 Deferred Tax impact on above changes (2,3,4 and 6)	-134	-280	25	132	-256
<b>PAT - Ind AS</b>	<b>7,778</b>	<b>6,759</b>	<b>5,694</b>	<b>3,548</b>	<b>23,780</b>
Add: Other Comprehensive Income (net of tax)	-31	-41	-36	-22	-130
<b>Total Comprehensive Income (B)</b>	<b>7,748</b>	<b>6,718</b>	<b>5,658</b>	<b>3,526</b>	<b>23,650</b>
<b>Net Impact of GAAP Adjustments for FY16 [(B) - (A)]</b>	<b>-653</b>	<b>-383</b>	<b>-955</b>	<b>-1,124</b>	<b>-3,116</b>



## 7. Pro-forma Revenue and Profitability Break-up (Ind AS)

Rs mn

Revenue Break-up	For the Quarter		EBIT Break-up	For the Quarter	
	Q2FY17	Q1FY17		Q2FY17	Q1FY17
Gross Revenue - Established Service Areas	86,112	88,051	EBIT - Idea Standalone	8,858	11,551
Gross Revenue - New Service Areas	6,890	6,815	EBIT Contribution - Indus(16%), ABIPBL(49%)	1,872	1,799
<b>Total Revenue</b>	<b>93,002</b>	<b>94,866</b>	<b>EBIT - Incl. Indus &amp; ABIPBL Contribution</b>	<b>10,730</b>	<b>13,349</b>

EBITDA Break-up	For the Quarter		Interest & Finance Cost Break-up	For the Quarter	
	Q2FY17	Q1FY17		Q2FY17	Q1FY17
EBITDA -Established Service Areas	29,825	31,882	Gross Interest Cost - Idea Standalone	10,044	9,882
EBITDA - New Service Areas	(1,424)	(1,140)	Gross Interest Income - Idea Standalone	(1,291)	(658)
<b>EBITDA - Idea Standalone</b>	<b>28,401</b>	<b>30,742</b>	<b>Int. &amp; Fin. Cost (net) - Idea Standalone</b>	<b>8,753</b>	<b>9,224</b>
EBITDA Contribution - Indus(16%), ABIPBL(49%)	2,920	2,854	Int. & Fin. Cost (net) - Indus (16%), ABIPBL (49%)	226	189
<b>EBITDA - Incl. Indus &amp; ABIPBL Contribution</b>	<b>31,322</b>	<b>33,596</b>	<b>Int &amp; Fin Cost (net) - Incl. Indus &amp; ABIPBL Contribution</b>	<b>8,979</b>	<b>9,413</b>

EBITDA Margin	For the Quarter		Dividend from Indus		
	Q2FY17	Q1FY17			
EBITDA % - Established Service Areas	34.6%	36.2%		-	3,623
EBITDA % - New Service Areas	-20.7%	-16.7%			
<b>EBITDA % - Idea Standalone</b>	<b>30.5%</b>	<b>32.4%</b>			
<b>EBITDA % - Incl. Indus &amp; ABIPBL Contribution</b>	<b>33.7%</b>	<b>35.4%</b>			

Tax Break-up	For the Quarter	
	Q2FY17	Q1FY17
Tax - Idea Standalone	62	978
Tax - Indus (16%), ABIPBL(49%)	589	574
<b>Tax - Incl. Indus &amp; ABIPBL Contribution</b>	<b>837</b>	<b>1,732</b>

Dep. & Amort. Break-up	For the Quarter		PAT Break-up	For the Quarter	
	Q2FY17	Q1FY17		Q2FY17	Q1FY17
Dep & Amort. - Idea Standalone	19,543	19,192	PAT - Idea Standalone	43	4,971
Dep. & Amort. Cost - Indus(16%), ABIPBL(49%)	1,049	1,055	PAT Contribution - Indus(16%), ABIPBL(49%)	1,057	1,035
<b>Dep. &amp; Amort. - Incl. Indus &amp; ABIPBL Contribution</b>	<b>20,592</b>	<b>20,247</b>	Indus Dividend Elimination	-	(3,623)
			Deferred Tax impact on Undistributed Indus Profit	186	179
			<b>PAT - Incl. Indus &amp; ABIPBL Contribution</b>	<b>915</b>	<b>2,204</b>

Note:

- Under Ind AS, Indus & ABIPBL are consolidated at PAT level. However, for above information the financials of Associates / Joint Ventures are considered as reported by them, without any changes for the differences in accounting treatment. The information provided here is only to provide a perspective to Idea's position on a consolidated basis and for comparing it to earlier reported periods.
- The proportionate share of Indus revenue is largely eliminated while consolidating with Idea under IGAAP. Hence, for the purpose of this presentation Indus Revenue is ignored.



## 8. Key Operational Indicators – Idea Standalone

Overall Business	Unit	For the Quarter				
		Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16
Subscriber Base (EoP) (2G+3G)	mn	178.8	176.2	175.1	171.9	166.6
VLR Subscribers (EoP)	mn	186.4	183.2	183.9	181.9	170.8
Net VLR Subscriber addition	mn	3.2	(0.7)	2.0	11.0	5.0
Pre-paid Subs (% of EoP subscribers)	%	95.3%	95.4%	95.5%	95.6%	95.6%
Number of 3G Devices (Including 4G devices)	mn	70.4	61.4	60.4	55.5	48.7
Out of Above - 4G Devices	mn	19.3	14.2	11.1	6.1	
3G/4G Device Penetration (on EoP)	%	39.4%	34.8%	34.5%	32.3%	29.2%
3G Subscribers (Voice+Data) (EoP)	mn	34.8	32.3	30.5	27.6	24.5
Average Revenue per User (ARPU) Blended	INR	173	181	179	176	175
Average Voice Revenue Per User (Voice ARPU)	INR	122	130	129	125	126
Average Minutes of Use per User (MoU)	min	368	379	387	393	386
Average Realisation per Minute (ARPM)	paisa	47.0	47.7	46.4	44.8	45.3
Average Realisation per Minute (Voice ARPM)	paisa	33.1	34.3	33.3	31.8	32.7
Post-paid Churn	%	3.1%	3.0%	2.9%	2.8%	3.2%
Pre-paid Churn	%	5.5%	5.3%	4.8%	5.4%	5.2%
Blended Churn	%	5.4%	5.2%	4.7%	5.3%	5.1%
2G Coverage - No. of Census Towns	no.	7,681	7,634	7,625	7,554	7,527
2G Coverage - No. of Villages	no.	3,90,874	3,86,403	3,83,372	3,76,122	3,70,320
2G Coverage - Population	Mn	999	992	988	974	966
% of Population (22 Circles)	%	82.5%	82.0%	81.6%	80.5%	79.8%
3G Coverage - No. of Census Towns	no.	4,099	3,975	3,923	3,838	3,584
3G Coverage - No. of Villages	no.	73,336	57,163	56,756	51,293	42,091
3G Coverage - Population	Mn	377	349	348	340	306
% of Population (13 Circles)	%	54.7%	50.6%	50.4%	48.0%	45.4%
4G Coverage - No. of Census Towns	no.	2,343	1,968	1,327		
4G Coverage - No. of Villages	no.	7,495	5,191	2,619		
4G Coverage - Population	Mn	171	151	116		
% of Population (10 Circles)	%	30.9%	27.3%	21.0%		



Overall Business	Unit	For the Quarter				
		Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16
Total Minutes of Use	mn	1,95,504	1,99,307	2,01,606	1,99,165	1,89,452
Total 2G Cell Sites (EoP)	no.	1,30,633	1,27,835	1,26,833	1,22,515	1,19,276
Total 3G Cell Sites (EoP)	no.	60,467	51,231	50,060	45,732	39,867
Total 4G Cell Sites (EoP)	no.	24,945	19,939	14,643	1,813	
Towers - Rented Indus (EoP)	no.	69,618	67,743	67,169	64,721	63,287
Towers - Rented Others (EoP)	no.	52,121	50,509	50,049	48,249	46,489
Owned Towers (EoP)	no.	9,772	9,760	9,744	9,640	9,578
Tenancy Ratio - Owned Towers	times	1.68	1.66	1.66	1.64	1.61
Manpower on Rolls (EoP)	no.	17,725	17,624	17,571	16,948	16,218
<b>Non-Voice and Data Business (2G+3G+4G)</b>						
VAS as a % of Service Revenue	%	29.6%	28.2%	28.3%	28.9%	27.9%
Data as a % of Service Revenue	%	21.9%	20.6%	20.1%	20.2%	19.6%
Non-Data VAS as a % of Service Revenue	%	7.7%	7.6%	8.2%	8.6%	8.2%
Total Data Subscribers (2G+3G+4G)*	000	54,063	49,050	44,019	41,351	41,334
Total Data Volume (2G+3G+4G)	Mn MB	1,07,439	93,127	82,236	80,994	72,013
Blended Data ARMB	paisa	18.7	21.1	22.9	22.3	23.4
Data ARPU for Data Subscriber (2G+3G+4G)	INR	130	142	147	145	144
Data Usage by Data Subscriber (2G+3G+4G)	MB	694	674	641	653	615
<b>Broadband Business (3G+4G) - Network KPIs</b>						
3G Data Volume	Mn MB	69,611	61,914	56,165	53,600	43,051
4G Data Volume	Mn MB	10,250	4,939	1,438		
Broadband Data Uages by Broadband Subs	MB	922	889	857	866	802
<b>Broadband Business (3G+4G) Subscribers KPIs</b>						
3G Data Subscribers	000	27,630	25,200	22,909	21,199	19,585
4G Data Subscribers	000	3,073	1,800	680		
Data ARPU for Broadband Subs**	INR	160	174	191	196	202

\*Refer revised definition for Data Subscriber

\*\*Including data revenue for use on 2G network



## 9. Management Discussion & Analysis

### A. Strong Operating Performance

The financial results for this Quarter (Q2FY17), H1FY17 and H1FY16 (restated) are based on Ind AS. The H1FY17 financial performance is not comparable with H1FY16, as the first half of Financial year 2016-17 results include a) Full impact of spectrum acquired by Idea in March 2015 (investment of Rs. 301.4 billion) and Feb 2014 (investment of Rs. 104.2 billion) auctions for renewal of spectrum in 9 service areas expired between December 2015 to April 2016 and new spectrum acquired for 3G and 4G services in multiple circles and b) Additional deferment in H1FY17 consequent to the change in terms regarding carry forward conditions of unused data entitlement in data packs.

Idea, is in the process of building world class mobile broadband services. The company is participating aggressively in the Digital India Mission – one of the country's largest infrastructure build-out programs. Idea is gearing to provide 'Wireless Broadband Access for a Billion Indians' in the shortest possible time span of 3-4 years (CY 2018 - 2019). The company has primarily completed its spectrum acquisition, procuring 823.4 MHz spectrum (overall spectrum holding of **890.6 MHz**) across 900, 1800, 2100, 2300 and 2500 MHz frequency bands in auctions during years 2010 to 2016, for a commitment of **Rs. 617 billion** (including Rs. 128 billion in October 2016 Auction) and intend to offer **Pan India Wireless Broadband services** (3G and/or 4G) from current 17 service areas latest by March 2017. 4G services will be expanded to 20 service areas from present 11 (**9 new 4G service areas**) of Gujarat, Uttar Pradesh (West), Uttar Pradesh (East), Bihar & Jharkhand, Rajasthan, Mumbai, West Bengal, Assam and Jammu & Kashmir) and 3G services to 15 service areas from present 13 (2 new service areas of Bihar and Rajasthan).

In last 24 months, Idea has expanded its network sites by 63%, adding 83,276 network sites (2G+3G+4G), including nearly 3.5x increase in its Wireless Broadband sites (3G+4G) from 25,164 (Q2FY15) to 85,412 (Q2FY17), expanding wireless broadband population coverage to over 430 million Indians in 17 service areas. The company in the same period increased its OFC network by nearly 45% from 87,600 kms (Q2FY15) to 126,000 kms in Q2FY17. With the new Spectrum acquisition, the Gross Investment in Fixed Assets by Company has risen to nearly Rs. 1,015 billion (excluding October 2016 spectrum auction), an addition of over Rs. 450 billion in last 24 months. Monetisation of this front loaded large investment is inevitable in future. The Company spectrum portfolio post Oct'16 auction provides Idea the ability to roll out networks which can carry 15-20 times of current data traffic.

**Comments Mr. Kumar Mangalam Birla, Chairman, Idea Cellular** – “ABG is a strong believer in India's growth story and Idea is committed to participate in PM Shri Narendra Modi's 'Digital India' mission. Idea generated a strong Cash Profit of Rs. 44,616 million in H1FY17. It is gearing itself for the arrival of a tsunami of Mobile Broadband users as Idea expands its wireless broadband coverage to a billion Indians and supplements the company's broadband capacity @ 15-20 times current data traffic on existing and new spectrum.”





## **Moving on to the Financial results**

With increasing proportion of rural subscribers, the seasonal slowdown in the second quarter has followed past trends, resulting in voice minute contraction on sequential quarterly basis by 1.9% to 195.5 billion compared to 199.3 billion in Q1FY17. Consequently, Idea standalone revenue of Rs. 93,002 million is lower by 2% on sequential quarterly basis partially led by voice minutes decline and rest due to rate fall in mobile voice & data segment.

Due to competitive pressure on Voice business, Idea's sequential Voice Revenue declined by 5.3% due to a) Voice realisation rate decline @ 3.4%, from 34.3p in Q1FY17 to 33.1p per minute in Q2FY17 b) fall in sequential Voice minutes. On Positive side there was an addition of 3.2 million new subscribers (VLR add Q2FY17) helping Idea customer base reach 186.4 million. The hyper competition in the industry is resulting in slow revenue growth trends, with Idea's overall quarterly revenue growth on YoY basis at its lowest @7.2%.

Competitively, Idea continued to consolidate its Revenue Market Share (RMS), expanding it to 19.3% (Q1FY17), an increase of 0.6% compared to Q1FY16 and its Subscriber Market Share (on VLR) has improved to 20.1% (July 2016), an improvement of 1.3% over last 1 year.

As regards Mobile Data business, which presently is in high investment & low capacity utilization phase, Idea pursued a volume growth strategy resulting in, on a sequential quarterly basis a) 5 million mobile data user addition helping the data subscriber EoP to reach 54 million (30% of Idea's EoP subscriber base) b) strong quarterly mobile data volume growth @15.4% to 107.4 bn MB in Q2FY17 (vs 93.1 bn MB in Q1FY17) but c) overall Data Realisation Rate (ARMB) fell by 11.2% from 21.1p in Q1FY17 to 18.7p per MB, limiting the sequential mobile data revenue growth to 2.5% only.

The blended mobile data ARPU (2G+3G+4G) stands at Rs. 130 (vs. Rs 144 in Q2FY16) but data usage per subscriber is increasing, to 694 MB in Q2FY17 (vs. 615 MB in Q2FY16). The mobile data revenue contribution is now 21.9% of 'Service Revenue' while overall 'Non Voice Revenue' (including data) contribution has increased to 29.6% (vs. 27.9% in Q2FY16).

Idea mobile broadband service (3G+4G) adoption is steadily improving as a) highest ever 9 million Idea customers upgraded their existing 2G phones to 3G &/or 4G smartphones (5.1 million 4G upgrade), taking the overall smartphone count to 70.4 million (nearly 40% of Idea's EoP subscribers) b) In Q2FY17, 3.7 million smartphone owners started to use mobile broadband services and overall base increased to 30.7 million broadband users c) mobile broadband data volume (3G+4G) has grown exponentially @ 85.5% from 43.1 bn MB in Q2FY16 to 79.9 bn MB in Q2FY17 and d) 3.1 million customers are actively using Idea 4G services, out of 19.3 million 4G device owners in Idea's overall subscriber base.

The company continued its aggressive mobile broadband network expansion program. Idea added 5,006 4G sites during the quarter, reaching to 24,945 4G sites, now covering 171 million Indians across nearly 2,400 towns and 7,500 villages in 10 service areas. Additionally, company expanded its 3G network by 9,236 sites reaching to 60,467 3G sites, now



covering 377 million Indians across 4,100 towns and 73,000 villages in 13 service areas. These number are a clear testimony of Idea's ability to build and operate for high growth mobile broadband market.

In Q2FY17, Idea Capex spend was Rs. 20 billion, largely funded from **Cash Profit of Rs. 19.4 billion**. The Company is gearing to expand its wireless broadband coverage using the spectrum won in recently concluded spectrum auction & plans to spend incremental equipment capex of Rs. 10 billion in FY17. With this, the capex guidance is revised from an earlier level of Rs. 65-70 billion to Rs. 75-80 billion. Idea's network now spreads to over 2,16,000 sites (1,30,633 - 2G sites, 60,467 - 3G sites, 24,945 - 4G sites) and 126,000 Kms of fibre, covering nearly 1 billion Indians for GSM services in nearly 400,000 towns and villages and mobile broadband services reaching to 430 million Indians, across 17 service areas over 80,000 towns & villages.

The Higher Network running expenses due to accelerated expansion, increased subscriber acquisition & servicing cost, and multiple inflationary pressures resulted in overall operating cost increase, thereby Q2FY17 EBITDA grew only @1.8% (YoY) and stands at Rs. 28,401 million with EBITDA margin of 30.5% against Q2FY16 EBITDA margin of 32.2%.

The 'Depreciation and Amortization' charges of Rs. 19,543 million and 'Interest and Finance cost (net)' of Rs. 8,753 million for Q2FY17 reflects additional charge against Q2FY16 on account of a) renewal of 9 expired licenses & linked spectrum and acquisition of new spectrum for 3G and 4G b) Launch of 4G services in 10 service areas c) Introduction of 3G 2<sup>nd</sup> carrier on 900 MHz in Maharashtra & MP d) Launch of 3G services in Kolkata metro during Q3FY16. Therefore, inspite EBITDA growth, Idea standalone 'Profit after tax' (PAT) for Q2FY17 stands at Rs. 43 million against Rs. 6,759 million in Q2FY16.

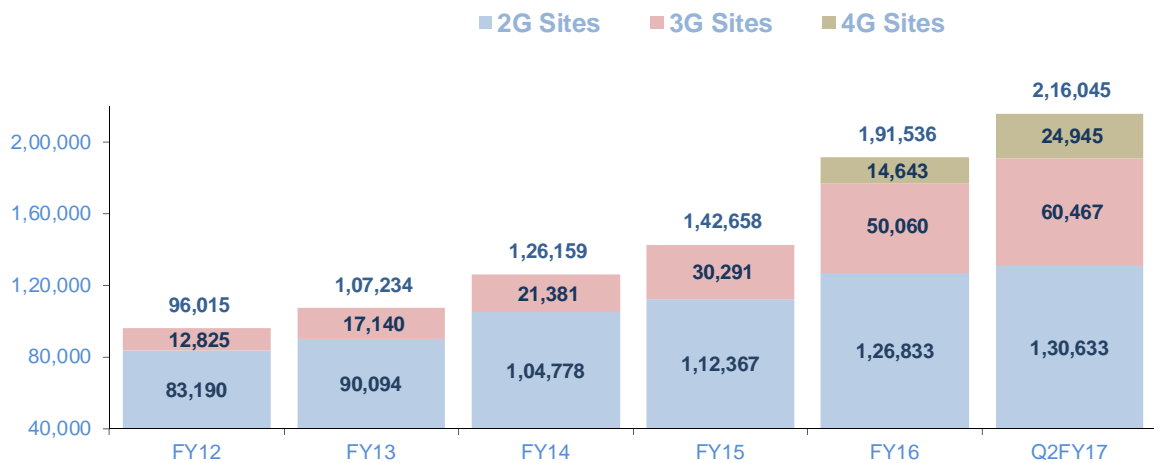
The net debt as on 30<sup>th</sup> September, 2016 stands at Rs 364 billion, including all Deferred Payment obligation for Spectrum (excl. October 2016 auction commitment). The 'Net Debt' to 'Annualized Q2FY17 EBITDA' stands at 3.20. With adoption of Ind AS, the financials of Indus (Joint Venture) and ABIPBL (Associate) are consolidated at PAT level only. Accordingly, the consolidated Total Comprehensive Income (including 16% share from Indus & 49% from ABIPBL) stands at Rs. 900 million against Rs. 7,579 million in Q2FY16.

Idea with last 8 years of strong track record of execution will always remain nimble and adaptive to emerging market conditions. The brand stands for reach, relevance and resilience. Idea in line with its stated mission of competitive and profitable growth, on strength of expanded spectrum portfolio and accelerated pan India infrastructure rollout remains confident to tap all emerging opportunities in rural mobile voice and broadband business.

## B. Capex

During the quarter, Idea rolled out 2,798 2G cell sites, 9,236 3G sites and 5,006 4G cell sites, a rollout of 17,040 sites. The total EoP site count stands at 2,16,045 – 130,633 for 2G, 60,467 for 3G and 24,945 for 4G. The total addition to the Gross Block including CWIP for the quarter was Rs. 20 billion (excluding forex & interest capitalisation).

The earlier capex guidance of Rs. 65 - 70 billion for the pre-auction spectrum holding remains intact. However, as the company intends to start monetising the spectrum won in the recently concluded spectrum auction at the earliest, the incremental equipment capex for the new spectrum for FY17 will be Rs. 10 billion.





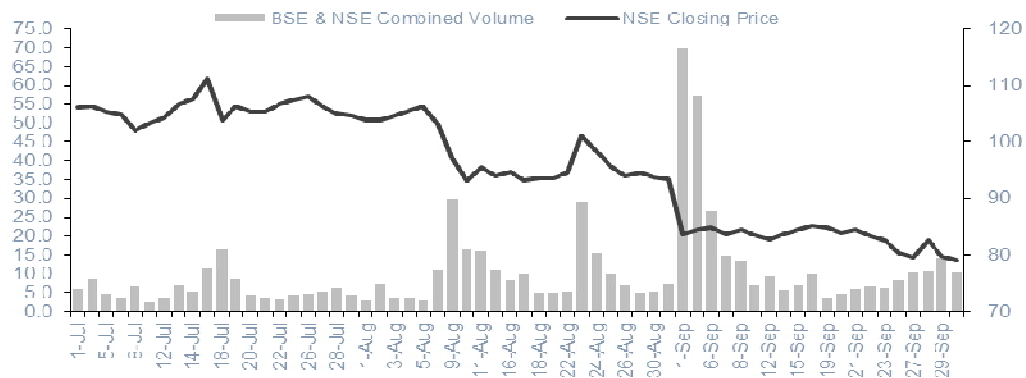
## 10. Stock Market Highlights

General Information		
BSE Code		532817
NSE Symbol		IDEA
Reuters		IDEA.BO/IDEA.NS
No of Shares Outstanding (30/09/2016)	mn	3601.03
Closing Market Price - NSE (30/09/2016)	INR/share	79.10
Combined Volume (NSE & BSE) (01/07/2016 to 30/09/2016)	mn/day	10.3
Combined Value (NSE & BSE) (01/07/2016 to 30/09/2016)	INR mn/day	955.8
Market Capitalisation (30/09/2016)	INR bn	285
EPS for the Quarter (Annualised)	INR/share	1.02
Enterprise Value (30/09/2016)	INR bn	649
Price to Earning	times	77.9
Price to Cash Earning	times	3.7
Price to Book Value	times	1.2
EV/Annualised EBITDA	times	5.2

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

Volume (no. of Shares in mn)

Closing Price (INR)



## 11. Shareholding Pattern as on September 30, 2016:

Particulars	Idea Cellular Ltd.	
	No. of Shares	% holding
<b>Promoter and Promoter Group</b>		
Indian	1,52,06,79,047	42.23%
Foreign	-	
<b>Public Shareholding</b>		
Foreign Holding	1,73,94,53,257	48.30%
Indian Institutions	23,43,98,442	6.51%
Others	10,65,00,493	2.96%
<b>Total</b>	<b>3,60,10,31,239</b>	<b>100.00%</b>

## 12. Glossary

Definitions/Abbreviation	Description/Full Form
3G	Third Generation of Mobile Telephony
3G Subscriber	Any Subscriber forming part of EoP subscribers, having usage event on 3G network, during last 30 days
3G Data Subscriber	Any Data Subscriber with Data usage of more than 15MB on 3G network in last 30 days (excluding 3G data subscriber reported as 4G data subscriber)
4G Subscriber / 4G Data Subscriber	Any Subscriber with Data usage of more than 15MB on 4G network in 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
ABG	Aditya Birla Group
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 Net Worth divided by the number of outstanding equity shares
Churn	Churn relates to subscribers who are removed from the EoP base for no usages/usage of services below a threshold level.
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 1MB in last 30 days from Q4FY14 till Q3FY15 Any Subscriber with data usage of more than 10MB in last 30 days from Q4FY15 till Q2FY16

Definitions/Abbreviation	Description/Full Form
	Any Subscriber with data usage of more than 15MB in last 30 days from Q3FY16 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 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
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 consolidated 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 Investment in Fixed Assets	Till FY16 – it is considered as equal to reported Gross Block +CWIP under IGAAP From Q1FY17 onwards, Additions during the period (net of deletion) is added to Gross Block + CWIP (as per IGAAP) value of March 31, 2016
Gross Revenue	Is the summation of service revenue, revenue from sale of trading goods and other income.
Ind AS	Indian Accounting Standard
Indian GAAP	Indian Generally Accepted Accounting Principles
IRU	Indefeasible right of use

<b>Definitions/Abbreviation</b>	<b>Description/Full Form</b>
Incremental Revenue Market Share	Is calculated as change in absolute revenue for Idea divided by change in absolute revenue for mobile 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
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
Service Area	Unless otherwise specifically mentioned, means telecom service areas in India as defined by the DoT.