



Media Release

Mumbai – 26th October, 2009

Idea Cellular announces un-audited results for the quarter and half year ended September 30, 2009

Idea Cellular Limited: Half Yearly (H1 FY10) Results

Highlights

H1 FY10 over H1 FY09

- Idea – Standalone¹ – Revenue up 29.0%; EBITDA up 12.7%; PAT up 34.2%
- Idea – Consolidated² – Revenue up 32.8%; EBITDA up 25.8%; PAT up 27.0%

	INR mn							
	Idea Standalone ¹				Idea Consolidated ²			
	Q2 FY10	Q1 FY10	H1 FY10	H1 FY09	Q2 FY10	Q1 FY10	H1 FY10	H1 FY09
Revenue - 11 Service Areas ³	27,087	27,456	54,543	44,735				
Revenue - New Service Areas ⁴	1,822	1,427	3,249	52				
Total Revenue	28,909	28,883	57,792	44,787	29,739	29,759	59,498	44,818
EBITDA - 11 Service Areas ³	8,137	8,345	16,482	13,654				
EBITDA - New Service Areas ⁴	(830)	(644)	(1,474)	(337)				
Total EBITDA	7,307	7,700	15,007	13,317	8,095	8,599	16,694	13,271
Depreciation & Amortisation	4,200	4,064	8,264	5,736	4,796	4,555	9,352	5,781
Other Receipt	(317)	-	(317)	-	(317)	-	(317)	-
EBIT	3,424	3,636	7,060	7,581	3,616	4,044	7,660	7,490
Interest and Financing Cost (Net)	557	406	963	2,978	1,057	869	1,926	3,023
PBT	2,867	3,230	6,097	4,603	2,559	3,175	5,733	4,469
PAT	2,507	3,075	5,582	4,160	2,202	2,971	5,172	4,073

The bubble days of 2007-08 had blurred the distinction between the real and the fanciful in the Indian mobile sector. The resultant overcapacity has manifested in tariffs unrelated to economics. Market prices have plumbed depths which predicate that the market itself will eventually work the overcapacity out of the sector.

Idea obtains about 40% of its revenues from the rural consumer, and this proportion is expanding over the years. The July-Sept quarter marks seasonally subdued demand. Additionally this year, delayed monsoons have caused a further contraction in aggregate rural demand. While this phenomenon has impacted Q2, it has negligible long term consequence.

The Indian market has been characterised by high multiple SIM usage. This phenomenon has now proliferated with the availability of the Dual-SIM device, priced under Rs. 20, which facilitates the simultaneous use of dual-SIMs on the handset. An estimated 20% of all India subscribers are currently using multiple SIMs, the proportion being higher in urban areas. Such consumers are inclined to retain their original subscription for better coverage, service, and reliability considerations, but selectively pursue price arbitrage for outgoing calls. This phenomenon is causing a realignment of competitive tariff structures. Popular subscriber based metrics like ARPU and churn lose relevance, and give way to more orthodox metrics. While it has become easier to grab traffic through cut pricing, by the same token, such traffic can flow away with the same facility. The multiple SIM phenomenon, timed as it comes together with sector overcapacity, will accelerate the impending shake-out of the sector overcapacity.



Idea's Average Realised Rate per minute for Q2 was 56 p, down from 58 p in the previous quarter. Total Minutes on the Network were 50,339 mn in Q2, against 48,729 mn in Q1. Total revenue was roughly unchanged from the previous quarter, and was up for H1 by 29.0% on a standalone basis, and 32.8% on a consolidated basis, compared to last year. The EBITDA loss for Q2 for the New Service Areas was expectedly higher due to the launch of Chennai during Q2 as well as the operations of Tamil Nadu for the entire quarter. Continually improving efficiencies and sophisticated processes have significantly mitigated the impact of the price drop, of the subdued demand, and of the investment into new and existing service areas. Consequently, EBITDA for H1FY10 was up 12.7% on a standalone basis and 25.8% on a consolidated basis, and PAT was up 34.2% on a standalone basis and 27.0% on a consolidated basis, both compared to last year. With Q2 profits, Idea has now wiped off its brought forward losses of all earlier years.

Idea launched commercial operations in J&K on 14th Oct, 2009. With the imminent launch in Kolkata & West Bengal in October, and North East & Assam service areas in Q3, Idea will, within 2009, become a pan-India operator, befitting its standing and potential.

Idea has anticipated and prepared itself for these changing times. The company focuses unrelentingly upon strengthening of market position in its established areas by exploiting its advantages of scale and spectrum. The newer service areas follow a disciplined and measured approach. Across India, process maturities and operating efficiencies are continually advancing, as does the consumer experience and brand strength. Idea is fully equipped for this phase of hyper-competition, and expects to emerge competitively even stronger.

Notes:

1. Idea Standalone represents Idea, and its 100% subsidiaries including the ABTL service area of Bihar. Effectively, this encompasses all operations, excluding Spice and Indus.
2. Idea Consolidated represents Idea, its 100% subsidiaries, and its JVs, grouped together. In addition to Idea standalone, this covers the proportionate consolidation of Indus (16%), and Spice (41.09% w.e.f. October 16, 2008).
3. 11 Service Areas represent Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana, Uttar Pradesh West & Uttaranchal, Uttar Pradesh East, Rajasthan and Himachal Pradesh service area.
4. New Service Areas represents Mumbai, Bihar, Orissa and Tamil Nadu service areas.
5. Figures of past periods have been regrouped, wherever necessary.

About Idea Cellular Ltd.

A leading GSM mobile services operator with over 51 mn subscribers, Idea Cellular along with Spice Communications and ABTL, has licenses and spectrum to operate in all 22 service areas of India, currently with commercial operations in 18 service areas. Idea is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) in India.

Idea is part of the Aditya Birla Group, India's first truly multinational group. The group operates in 25 countries, is anchored by an extraordinary force of over 130,000 employees belonging to 30 nationalities and derives over half of its revenues from operations outside India.