



## Media Release

Mumbai – July 29, 2011

Idea Cellular announces un-audited results for the first quarter (Q1) ended June 30, 2011

### Highlights – Q1 FY12 over Q4 FY11

- Idea – Standalone<sup>1</sup> – Revenue Rs. 45,559mn, EBITDA Rs. 10,666mn, PAT Rs. 1,541mn
- Idea – Consolidated<sup>2</sup> – Revenue Rs. 45,207mn, EBITDA Rs. 12,040mn, PAT Rs. 1,773mn

|  | INR mn                       |               |               |                                |               |               |
|--|------------------------------|---------------|---------------|--------------------------------|---------------|---------------|
|  | Idea Standalone <sup>1</sup> |               |               | Idea Consolidated <sup>2</sup> |               |               |
|  | Q1FY12                       | Q4FY11        | Q1FY11        | Q1FY12                         | Q4FY11        | Q1FY11        |
| Revenue - Established Service Areas <sup>3</sup> | 40,746                       | 38,298        | 33,833        |                                |               |               |
| Revenue - New Service Areas <sup>4</sup>         | 4,814                        | 4,393         | 3,063         |                                |               |               |
| <b>Total Revenue</b>                             | <b>45,559</b>                | <b>42,691</b> | <b>36,897</b> | <b>45,207</b>                  | <b>42,347</b> | <b>36,537</b> |
| EBITDA - Established Service Areas <sup>3</sup>  | 12,064                       | 10,667        | 9,337         |                                |               |               |
| EBITDA - New Service Areas <sup>4</sup>          | (1,397)                      | (1,173)       | (1,401)       |                                |               |               |
| <b>Total EBITDA</b>                              | <b>10,666</b>                | <b>9,494</b>  | <b>7,937</b>  | <b>12,040</b>                  | <b>10,752</b> | <b>8,884</b>  |
| EBITDA% - Established Service Areas <sup>3</sup> | 29.6%                        | 27.9%         | 27.6%         |                                |               |               |
| EBITDA% - New Service Areas <sup>4</sup>         | -29.0%                       | -26.7%        | -45.7%        |                                |               |               |
| <b>Total EBITDA%</b>                             | <b>23.4%</b>                 | <b>22.2%</b>  | <b>21.5%</b>  | <b>26.6%</b>                   | <b>25.4%</b>  | <b>24.3%</b>  |
| Depreciation & Amortisation                      | 6,389                        | 5,940         | 5,160         | 7,026                          | 6,572         | 5,656         |
| EBIT   | 4,278                        | 3,554         | 2,776         | 5,014                          | 4,180         | 3,228         |
| Interest and Financing Cost (Net)                | 2,061                        | 486           | 766           | 2,463                          | 854           | 1,142         |
| PBT  | 2,217                        | 3,068         | 2,010         | 2,551                          | 3,326         | 2,087         |
| PAT  | 1,541                        | 2,576         | 1,964         | 1,773                          | 2,745         | 2,014         |
| Cash Profit <sup>5</sup>                         | 8,609                        | 9,031         | 7,213         | 9,580                          | 9,921         | 7,785         |

Idea, the fastest growing large Indian mobile operator, starts the new financial year with gross revenue in excess of US\$1billion for the quarter. Continuing on its upward trajectory, the company achieved a 6.7% revenue growth on a sequential quarterly basis. This, on the back of 7.0% and 8.2% sequential revenue growth in preceding two quarters, reaffirms the increasing consumer preference for brand Idea.

The company has reversed the two year declining Average Realised Rate (ARR) trend with a marginal improvement of ~1% in ARR to 41.0p for the quarter against 40.6p in the previous quarter.

Idea carried 108.6 billion Minutes on its network, registering a growth of 6.5% compared to previous quarter and remained among the top 10 Global operators in terms of voice minutes of usage.

The company improved standalone EBITDA margin by ~1.2% on a QoQ basis to 23.4%, primarily driven by the strong performance in Established Service Areas, helping it to absorb the higher losses from New Service Areas. The growth in EBITDA margin was achieved inspite of higher network opex, by better cost management mainly related to lower Subscriber Acquisition, Servicing, Advertisement and Business Promotion Expenses.

As expected, with the introduction of 3G services in this quarter, additional expenses of amortisation of 3G spectrum fee (Rs. 656mn) and charging of related interest cost (Rs. 1,228mn) has impacted the profits. On a standalone basis, the Profit



After Tax (PAT), for the quarter stands at Rs. 1,541mn compared to Rs. 2,576mn in the previous quarter. The Cash Profit for the quarter stands at Rs. 8,609mn against Rs. 9,031 mn in the previous quarter.

Idea continues to lead the industry in term of subscriber quality with over 92% of its base on VLR (as per TRAI, 31<sup>st</sup> May'11 release). With a net gain of over 930,000 subscriber (as on 24<sup>th</sup> July, 2011), Idea also leads the industry w.r.t. Mobile Number Portability.

Idea is aggressively expanding its 3G footprint and currently covers over 825 towns in 15 service areas, which includes bilateral roaming arrangement for the service areas of Mumbai, Bihar, Karnataka, Delhi, Kolkata and Tamil Nadu (Including Chennai), with leading quality operators. The company stays committed to reach to 3,000 towns across India by the end of this financial year, through a combination of home network and roaming arrangements.

The service area specific strategy of consolidating its leadership position in Established Service Areas and cautious expansion in New Service Areas, has helped Idea to remain competitive in tough market conditions. The improving capacity utilisation, increasing brand power and generation of healthy Cash Profits with a strong balance sheet, underscore Idea's ability to benefit from long term sector opportunities.

**Notes:**

1. Idea Standalone represents Idea, and its 100% subsidiaries. Effectively, this encompasses all operations, excluding the Joint Venture i.e. Indus.
2. Idea Consolidated represents Idea Standalone and proportionate consolidation of Indus (16%).
3. Established Service Areas represent 13 service areas of Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana, Uttar Pradesh West & Uttaranchal, Uttar Pradesh East, Rajasthan and Himachal Pradesh, and also include the service areas of Punjab and Karnataka of erstwhile Spice.
4. New Service Areas represent 9 service areas of Mumbai, Bihar, Orissa, Tamil Nadu, J&K, Kolkata, West Bengal, Assam and North East.
5. Cash Profit is calculated as summation of PAT, Depreciation & Amortisation, charge on account of ESOPs and Deferred tax, for the relevant period.
6. Figures for past periods have been regrouped, wherever necessary.
7. The erstwhile Spice Communications Limited (Spice) was amalgamated with the Company effective 1st March 2010 pursuant to sanction of the Scheme of Amalgamation by Hon'ble High Court of Gujarat and Hon'ble High Court of Delhi. However, upon an application made by DoT for recall of the order dated 5th February 2010 sanctioning the above scheme, the single Judge Bench of Hon'ble High Court of Delhi while pronouncing its judgment dated 4th July 2011, reaffirmed the amalgamation of Spice into Idea with certain conditions. One of the condition of the said judgment transferred and vested unto the DoT, the six licenses of erstwhile Spice along with the spectrum (including two operational licenses for Punjab & Karnataka service areas), till the time permission by DoT is granted for transfer thereof upon an application from the Company to that effect. The Company then filed an appeal, before the Appellate Bench of Hon'ble High Court of Delhi, challenging the above judgment dated 4th July 2011 & the appeal is currently sub-judice. Meanwhile, through interim order passed by the said Bench of Hon'ble Delhi High Court, DoT has been directed to accept the License Fee against the licenses for Punjab and Karnataka service areas granted to erstwhile Spice from the Company without prejudice; maintain status quo in relation to the aforesaid two operating licenses and not to take any coercive action in relation to remaining four non operating licenses till the next hearing. The financial results therefore continue to include the results of Punjab & Karnataka service areas.

**About Idea Cellular Ltd.**

Idea Cellular is the third largest wireless operator in India with a Revenue Market Share of 13.6% (Q4FY11). 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 33 countries, is anchored by an extraordinary force of over 133,000 employees belonging to 42 nationalities, and derives over 60% of its revenues from operations outside India.