

# Idea Cellular Limited

An Aditya Birla Group Company

Quarterly Report – Third Quarter Ended December 31, 2013

[www.ideacellular.com](http://www.ideacellular.com) General Information no. 97020 12345



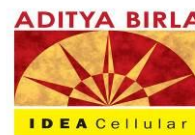
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## Supplemental Disclosures

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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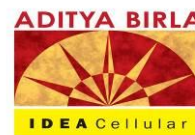
## 1. Reporting Guidelines:

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.

### Notes:

1. The Hon'ble High Court of Delhi vide order dated 13<sup>th</sup> July, 2013 directed DoT to take a final decision on transfer of licenses of erstwhile Spice to Idea. DoT vide its letter dated 29<sup>th</sup> November, 2013 approved transfer of Punjab and Karnataka Spice licenses subject to Idea payment of Rs. 600 crs penalty, one time spectrum charges demand and other conditions etc. Idea has challenged DoT letter dated 29<sup>th</sup> November, 2013 vide its petition no. 440 of 2013 against penalty. TDSAT has restrained DoT from taking any coercive steps and petition is listed for hearing on 26<sup>th</sup> February, 2013.
2. The Authorisation for commercial use of 3G-2100 MHz spectrum for Punjab Service Area, won in the 2010 government conducted global auction, is awaited from the DoT. Currently, the matter remains subjudice before Hon'ble Supreme Court.
3. Vide order dated 12th April, 2013 The Hon'ble Delhi High Court has directed that company no 'New 3G subscriber' be added in 3G intra Circle seeker service area of Tamil Nadu (Incl Chennai), Kolkata, West Bengal, Assam, North East, and Mumbai until further order. The Delhi High Court also directed DoT for no coercive action in the dispute on 3G Intra Circle Roaming until final order. Pursuant to TDSAT becomes functional, Hon'ble Delhi High court, vide its order dated 5th August, 2013 directed the company to move TDSAT in the matter. Accordingly the company has filed its petition before TDSAT in the matter, which has passed the same order as was passed by the Hon'ble Delhi High court Vide order dated 12th April, 2013.
4. The Company had filed a petition at TDSAT seeking direction to DoT for extension of its licenses for a further period of 10 years in respect of its seven service areas namely Maharashtra, Gujarat, A.P., M.P., Kerala, Haryana and U.P. (West), which are due for extension in December, 2015 invoking the contractual right available to it under the CMTS licenses for said service areas. While admitting the petition, TDSAT has listed the matter for final hearing on 27th January, 2014 along with similar petitions filed by some other telecom operators



## 2. Performance at a glance – Idea Standalone

Particulars	Unit	For the Quarter		For the Year				
		Q3FY14	Q2FY14	FY 13	FY 12	FY 11	FY 10	FY 09
<b>Operating Highlights</b>								
Operating Service Areas (EoP)	nos.	22	22	22	22	22	22	13
Subscriber base (EoP)	mn	128.7	127.2	121.6	112.7	89.5	63.8	38.9
2G - Cell Sites (EoP)	nos.	101,600	95,970	90,094	83,190	73,668	66,187	44,230
3G - Cell Sites (EoP)	nos.	19,904	18,031	17,140	12,825			
<b>Financial Highlights</b>								
Gross Revenue	Rs mn	66,105	63,170	225,949	196,800	156,380	121,413	99,713
EBITDA	Rs mn	18,135	17,430	53,715	45,159	33,262	30,538	27,548
PAT	Rs mn	3,981	3,984	10,080	6,036	8,378	10,298	9,561
Cash Profit	Rs mn	15,663	14,555	46,968	36,079	30,899	29,043	23,518
Gross Block + CWIP <sup>1</sup>	Rs mn	453,429	442,741	446,007	392,602	351,045	258,371	201,810
Net Worth	Rs mn	155,102	151,065	141,828	129,077	122,767	114,101	133,405
Loan Funds	Rs mn	119,520	121,258	126,688	120,957	105,575	65,264	77,631
Cash & Cash Equivalent	Rs mn	30,062	28,395	10,806	1,406	13,902	14,005	49,614
Net Debt	Rs mn	89,458	92,864	115,881	119,550	91,673	51,259	28,017
Net Debt to EBITDA <sup>2</sup>	unit	1.23	1.33	2.16	2.65	2.76	1.68	1.02
Net Debt to Net Worth	unit	0.58	0.61	0.82	0.93	0.75	0.45	0.21
ROCE	%	7.8%	8.1%	6.0%	5.3%	5.6%	7.4%	10.6%

<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 Q3FY13 onwards.

Excludes :- Gross Block value of 11094 towers transferred to Indus, from Q1FY14.

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

Note: During Q2FY13 ABTL (a fully owned subsidiary) has received a dividend of Rs. 1,543 mn from Indus; accordingly the standalone (Idea+Subsidiaries) PAT and Cash Profit as well as ROCE include the same for FY13.

## 3. Company Overview

Idea Cellular Limited (“Idea”) is the third largest wireless operator in India with a Revenue Market Share (RMS) of 15.8% (Q2FY14). In the 15 Established Service Areas, its RMS stands at a strong level of 18.9% (Q2FY14). The company carries around 1.57 billion minutes on a daily basis during the quarter and the seventh 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 September 2013). Idea is listed on National Stock Exchange and Bombay Stock Exchange in India with a market capitalization of Rs. 554 billion (as on December 31, 2013).

### 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 45.83% in Idea, through following entities;



Aditya Birla Nuvo Ltd.	25.24%
Birla TMT Holdings Pvt. Ltd.	8.55%
Hindalco Industries Ltd.	6.88%
Grasim Industries Ltd.	5.15%
Others	0.01%
Total	45.83%

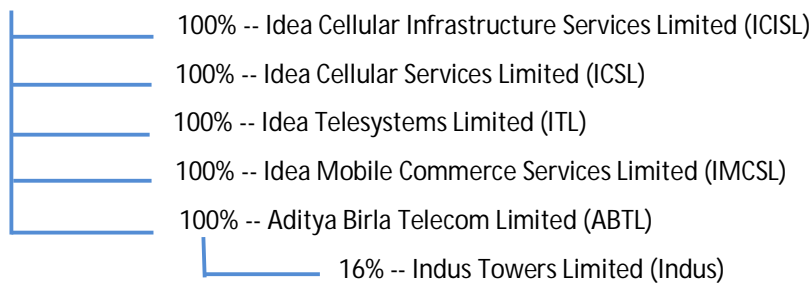
## B. Key Shareholders

**Axiata Group Berhad**, through its affiliates, has 19.90% 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 215 million mobile subscribers in Asia and provides employment to over 20,000 people across Asia.

**Providence Equity Partners**, through its affiliates has a 9.95% 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.

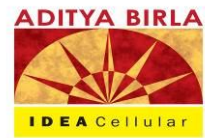
ICSL – Provides manpower services to Idea.

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

**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).

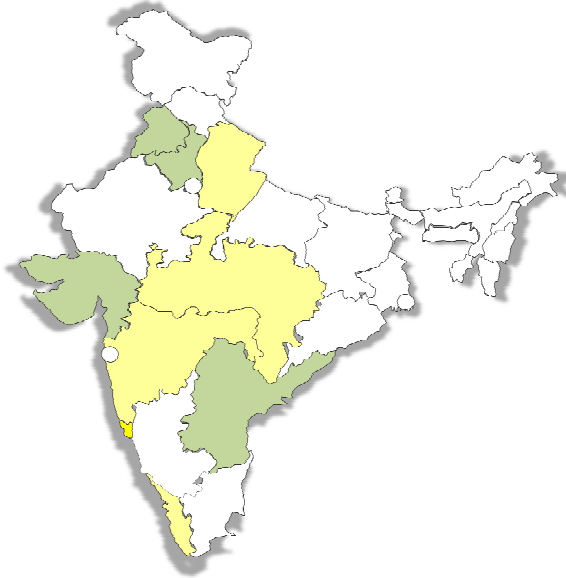
Idea won 3G spectrum in 11 important service areas which cover around 73% of its existing revenue and account for around half of national mobile industry revenue. As regards 3G ICR arrangement please refer Note no. 3 of Reporting Guidelines on page no. 3 for latest update.

**Long Distance Services and ISP** – Idea holds licenses for NLD, ILD, ISP and IP-1 services. Idea currently has over 80,000 km fibre cable transmission network to tap the future potential of wireless broadband. Idea is also expanding OFC PoPs and presently has over 2,500 PoPs in 128 cities & linked highways. The fibre network of the company optimally serves our 2G/ 3G/ NLD/ ILD/ ISP/Wireless Broadband needs. Idea NLD currently carries around 98% of Idea's captive NLD minutes. Idea ILD services now handles over 99% 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. It has now commenced service offering to small ISPs and enterprise customers for their wholesale Internet backhaul needs. Idea ISP currently handles more than 97% of captive subscriber traffic requirements. Traffic details with reference to NLD, ILD and ISP are as follows –

	Unit	For the Quarter					Growth	
		Q3FY14	Q2FY14	Q1FY14	Q4FY13	Q3FY13	QoQ	YoY
Total NLD Minutes	mn	13,369	12,874	12,642	12,818	11,421	3.8%	17.1%
Total ILD Minutes	mn	1,235	1,184	1,270	1,368	1,294	4.3%	-4.6%
ISP Capacity	Gbps	45.0	30.0	26.5	24.4	17.6	50.1%	155.8%

## 4. Strength Areas

### A. Revenue Market Share (RMS)\* Profile



SERVICE AREA	RMS Q2FY14*	RANK	WON 3G SPECTRUM
Kerala	35.3%	1	Yes
M.P.	34.3%	1	Yes
UP (W)	29.6%	1	Yes
Maharashtra	29.4%	1	Yes
Haryana	24.6%	2	Yes
Punjab	21.6%	2	Yes #
A.P.	20.1%	2	Yes
Gujarat	18.6%	2	Yes
Total	26.4%	1	

Incremental RMS of **59.1%** - Q2FY14 vs Q2FY13

\*Gross Revenue for Mobile & UAS Licenses released by TRAI and Company estimates  
# Authorisation for commercial use of 3G spectrum is awaited

The incumbency advantage coupled with the benefit of 900 MHz spectrum gives Idea an absolute leadership status with combined RMS of 26.4% in these eight circles. These service areas contribute over 40% of national mobile industry revenue and over 67% of Idea's revenue. In spite of intense competition Idea has improved its revenue market share by 2.4% in these 8 service areas over last one year (Q2FY13 RMS 24.0%) delivering 59.1% incremental RMS on YoY basis in Q2FY14. Idea has rolled out 3G service in all these 8 strategically important service areas. Idea's GSM and 3G spectrum footprint in these service areas places Idea in an advantageous competitive position.

### B. Emerging Geographies

SERVICE AREA	RMS Q2FY14*	RANK
UP (E)	12.3%	3
Rajasthan	12.9%	3
Delhi	11.8%	3
Bihar	11.2%	4
Karnataka	10.0%	4
H.P.	9.9%	5
Mumbai	9.6%	5
Total	11.2%	3

Incremental RMS of **23.9%** - Q2FY14 vs Q2FY13

Over the last few years, Idea has strengthened its position in 7 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 holds 3G spectrum for the service areas of UP (E) and H.P. out of these service areas.

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 by 1.1% in these service areas over last one year (Q2FY13 RMS 10.1%). These emerging geographies are now contributing significant positive EBITDA.



### C. Growth Opportunity

Idea has 7 New Service Areas namely, Tamil Nadu, Kolkata, West Bengal, Orissa, J&K, Assam and North East, with 1800 MHz spectrum, representing over 20% of Indian Mobility Market. The revenue contribution of these service areas is 5.0% of Idea revenue while EBITDA losses stand at Rs. 1,581 million in Q3FY14. The combined 'Revenue Market Share' (RMS) in these 7 service areas was 4.1% in Q2FY14. The incremental RMS in these 7 new service areas between Q2FY14 to Q2FY13 is 13.7%, indicating good potential of improving Idea presence in these service areas.

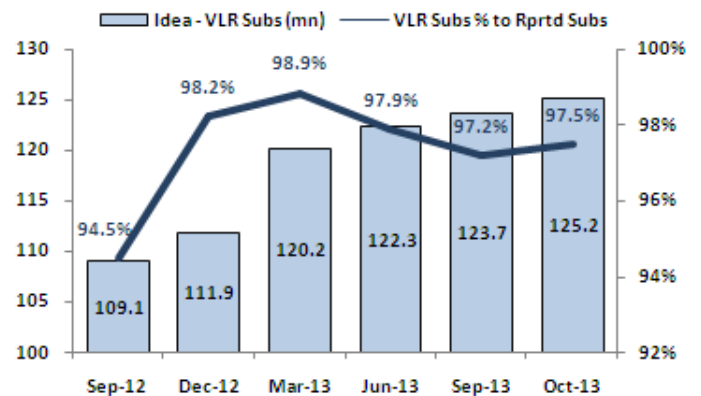
### D. Over 129 million Quality Subscriber Base

Idea is among the select global operators servicing over 129 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 (Oct 2013) 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 October 31, 2013, Idea has around 97.5% of reported subscribers as VLR subscribers, which is highest in the industry.

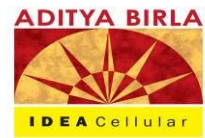
Idea's VLR EoP subscriber market share at the end of October, 2013 stands at 16.8%, (as against a subscriber EoP market share of 14.7%), an improvement of 1.1% over last one year. During 12 months from Nov'12 to Oct'13, Idea added 14.8 million VLR subscribers in overall industry VLR growth of 40.4 million, recording incremental share of VLR subscribers of 36.7%; which is the highest in the industry.

Inspite of an addition of 14.8 million subscribers (13% increase) in the calendar year 2013, Idea has stayed focused on improving quality of subscriber addition. The company ARPU has increased by Rs. 11 to Rs. 169 (7% improvement) from Rs. 158 in Q3FY13 and blended subscriber churn fell from 6.9% in Q3FY13 to 5.6% in Q3FY14.



Source: TRAI





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## E. Leader in Mobile Number Portability Net Adds

The Mobile Number Portability (MNP) was implemented nation-wide on 20th January, 2011. 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 36 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 8.4 million MNP customers (as on December 31, 2013) from other existing telecom operators with around one out of every four existing mobile customers, who chooses to port out, preferring 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 around 112,600 towers and tenancy ratio of 2.04 as of December 31, 2013. The mobile operations of these shareholders group have combined Revenue Market Share of 69.1% (Q2FY14). Idea (thru ABTL) holds 16% equity stake in Indus towers. The consolidated financials includes 16% consolidation from Indus Towers. Besides investment in Indus Tower, Idea owns 9,486 towers, which have a tenancy ratio of 1.57 as on December 31, 2013.

## 5. Financial Highlights

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

	For the Quarter				
	Q3FY14	Q2FY14	Q1FY14	Q4FY13	Q3FY13
Gross Revenue	66,105	63,170	65,355	60,951	56,135
Opex	47,970	45,740	46,919	45,914	42,962
EBITDA	18,135	17,430	18,436	15,037	13,173
EBITDA Margin	27.4%	27.6%	28.2%	24.7%	23.5%
Depreciation & Amortisation	10,671	9,811	10,407	8,386	8,190
EBIT	7,465	7,619	8,030	6,652	4,983
Interest and Financing Cost (net)	1,213	1,575	1,832	1,927	2,056
Dividend from Indus*	-	-	838	-	-
PBT	6,251	6,044	7,036	4,724	2,927
Tax	2,270	2,060	2,207	2,055	1,016
PAT	3,981	3,984	4,829	2,670	1,911
Cash Profit	15,663	14,555	17,438	13,067	11,085

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

	For the Quarter				
	Q3FY14	Q2FY14	Q1FY14	Q4FY13	Q3FY13
Gross Revenue	66,131	63,233	65,388	60,614	55,785
Opex	45,574	43,518	44,624	43,883	41,051
EBITDA	20,557	19,715	20,763	16,731	14,735
EBITDA Margin	31.1%	31.2%	31.8%	27.6%	26.4%
Depreciation & Amortisation	11,666	10,795	11,353	9,092	8,836
EBIT	8,891	8,920	9,410	7,639	5,899
Interest and Financing Cost (net)	1,575	1,949	2,211	2,244	2,416
PBT	7,316	6,971	7,199	5,395	3,483
Tax	2,639	2,495	2,572	2,313	1,196
PAT	4,677	4,476	4,627	3,082	2,286
Cash Profit	17,435	16,164	18,264	14,274	12,142

\* During Q1FY14 ABTL (a fully owned subsidiary) has received a dividend of Rs. 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	
	Q3FY14	Q2FY14
Gross Revenue - Established Service Areas	62,779	59,853
Gross Revenue - New Service Areas	3,326	3,317
Revenue - Idea Standalone	66,105	63,170
Revenue Contribution - Indus (@16.00%)	5,645	5,584
Consolidation Eliminations	(5,620)	(5,522)
Revenue - Idea Consolidated	66,131	63,233

EBITDA Break-up	For the Quarter	
	Q3FY14	Q2FY14
EBITDA - Established Service Areas	19,716	18,689
EBITDA - New Service Areas	(1,581)	(1,259)
EBITDA - Idea Standalone	18,135	17,430
EBITDA Contribution - Indus (@16.00%)	2,422	2,285
EBITDA - Idea Consolidated	20,557	19,715

EBITDA Margin	For the Quarter	
	Q3FY14	Q2FY14
EBITDA % - Established Service Areas	31.4%	31.2%
EBITDA % - New Service Areas	-47.5%	-37.9%
EBITDA % - Idea Standalone	27.4%	27.6%
Derived EBITDA % Indus	42.9%	40.9%
EBITDA % - Idea Consolidated	31.1%	31.2%

Dep. & Amort. Break-up	For the Quarter	
	Q3FY14	Q2FY14
Dep & Amort. - Idea Standalone	10,671	9,811
Dep. & Amort. Cost from Indus (@16.00%)	995	984
Dep. & Amort. - Idea Consolidated	11,666	10,795

EBIT Break-up	For the Quarter	
	Q3FY14	Q2FY14
EBIT - Idea Standalone	7,465	7,619
EBIT Contribution - Indus (@16.00%)	1,426	1,301
EBIT - Idea Consolidated	8,891	8,920

Interest & Finance Cost Break-up	For the Quarter	
	Q3FY14	Q2FY14
Gross Interest Cost - Idea Standalone	1,913	2,060
Gross Interest Income - Idea Standalone	(733)	(619)
Forex Loss/(Gain) - Idea Standalone	34	134
Int. & Fin. Cost (net) - Idea Standalone	1,213	1,575
Int. & Fin. Cost (net) from Indus (@16.00%)	362	374
Int & Fin Cost (net) - Idea Consolidated	1,575	1,949

Tax Break-up	For the Quarter	
	Q3FY14	Q2FY14
Tax - Idea Standalone	2,270	2,060
Tax - Indus (@16.00%)	368	435
Tax - Idea Consolidated	2,639	2,495

PAT Break-up	For the Quarter	
	Q3FY14	Q2FY14
PAT - Idea Standalone	3,981	3,984
PAT Contribution - Indus (@16.00%)	696	491
PAT - Idea Consolidated	4,677	4,476

**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	
	31-Dec-13	31-Mar-13	31-Dec-13	31-Mar-13
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' Funds</b>				
Equity Share Capital	33,182	33,143	33,182	33,143
Reserves & Surplus	121,901	108,665	127,951	111,054
	<b>155,083</b>	<b>141,808</b>	<b>161,133</b>	<b>144,197</b>
Compulsorily Convertible Preference Shares	19	19	19	19
<b>Non-Current Liabilities</b>				
Long-Term Borrowings	102,626	105,744	113,162	118,047
Deferred Tax Liabilities (Net)	14,386	10,413	16,949	11,180
Other Long-Term Liabilities	12,721	8,267	8,291	7,946
Long-Term Provisions	2,369	2,033	5,156	3,142
	<b>132,103</b>	<b>126,457</b>	<b>143,557</b>	<b>140,316</b>
<b>Current Liabilities</b>				
Short-Term Borrowings	203	4,257	581	4,585
Trade Payables	26,030	25,068	26,753	26,871
Current maturities of long term debt	16,691	16,687	18,906	17,805
Other Current Liabilities	33,596	28,611	34,766	29,902
Short-Term Provisions	521	1,242	530	87
	<b>77,042</b>	<b>75,865</b>	<b>81,536</b>	<b>79,251</b>
<b>Total</b>	<b>364,247</b>	<b>344,149</b>	<b>386,244</b>	<b>363,783</b>
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
<b>Fixed Assets</b>				
Tangible Assets	182,807	189,567	216,298	208,947
Intangible Assets	78,300	82,526	78,357	82,592
Capital Work-in-Progress	8,098	8,448	8,456	8,811
	<b>269,205</b>	<b>280,541</b>	<b>303,111</b>	<b>300,350</b>
Goodwill	17,799	61	61	61
Long-Term Loans and Advances	29,651	30,146	30,812	30,468
Other Non-Current Assets			1,746	
	<b>316,655</b>	<b>310,749</b>	<b>335,730</b>	<b>330,879</b>
<b>Current Assets</b>				
Current Investments	17,551	9,560	19,045	10,280
Inventories	923	726	923	726
Trade receivables	8,059	10,974	8,226	9,601
Cash and Bank Balance	12,510	1,246	12,716	1,429
Short-term loans and advances	7,995	10,885	9,051	10,859
Other current assets	553	9	553	9
	<b>47,591</b>	<b>33,401</b>	<b>50,514</b>	<b>32,904</b>
<b>Total</b>	<b>364,247</b>	<b>344,149</b>	<b>386,244</b>	<b>363,783</b>



## 6. Key Performance Indicators

### A. Financial Indicators – Idea Standalone

Parameters	For the Quarter				
	Q3FY14	Q2FY14	Q1FY14	Q4FY13	Q3FY13
Gross Revenue (INR mn)	66,105	63,170	65,355	60,951	56,135
Growth (%) QoQ	4.6%	-3.3%	7.2%	8.6%	5.0%
EBITDA (INR mn)	18,135	17,430	18,436	15,037	13,173
EBITDA (%)	27.4%	27.6%	28.2%	24.7%	23.5%
EBIT (INR mn)	7,465	7,619	8,030	6,652	4,983
EBIT (%)	11.3%	12.1%	12.3%	10.9%	8.9%
Gross Revenue/min (paisa)	45.7	45.5	44.4	42.5	42.5
EBIT/min (paisa)	5.2	5.5	5.5	4.6	3.8
Gross Fixed Assets (INR mn)*	445,331	434,576	425,120	437,559	408,211
Annualised Revenue/Gross Fixed Assets	59.4%	58.1%	61.5%	55.7%	55.0%

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

## B. Operational Indicators – Idea Standalone

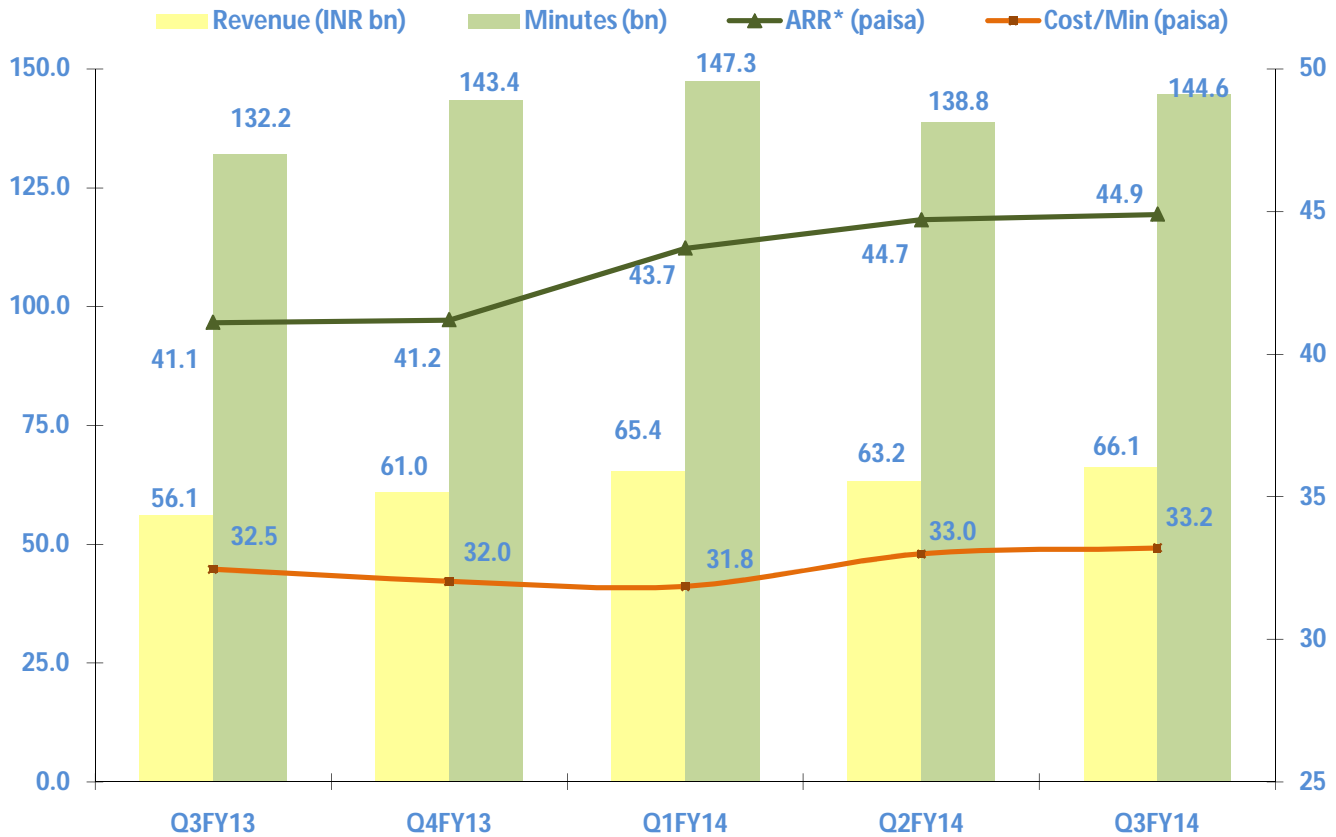
Overall Business	Unit	For the Quarter				
		Q3FY14	Q2FY14	Q1FY14	Q4FY13	Q3FY13
Subscriber Base (EoP) (2G+3G)	mn	128.7	127.2	125.0	121.6	113.9
Pre-paid Subs (% of EoP subscribers)	%	95.7%	95.8%	96.0%	96.1%	96.1%
3G Subscribers (Voice+Data)	mn	8.7	6.2	5.5	5.1	4.1
2G Coverage - No. of Census Towns*	no.	7,327	4,672	4,645	4,634	4,633
2G Coverage - No. of Villages*	no.	337,056	310,648	303,984	298,686	293,139
Average Revenue per User (ARPU)	INR	169	164	174	167	158
Average Minutes of Use per User (MoU)	min	376	368	398	406	384
Average Realisation per Minute (ARPM)	pausa	44.9	44.7	43.7	41.2	41.1
Post-paid Churn	%	3.0%	2.8%	3.6%	2.9%	3.2%
Pre-paid Churn	%	5.8%	5.4%	5.1%	4.4%	7.0%
Blended Churn	%	5.6%	5.3%	5.1%	4.3%	6.9%
Total Minutes of Use	mn	144,571	138,827	147,315	143,366	132,181
Total 3G Cell Sites (EoP)	no.	19,904	18,031	17,481	17,140	15,545
Total 2G Cell Sites (EoP)	no.	101,600	95,970	92,208	90,094	87,662
Towers - Rented Indus (EoP)	no.	53,469	50,482	48,466	47,570	46,312
Towers - Rented Others (EoP)	no.	38,708	36,102	34,382	33,211	32,025
Owned Towers (EoP)	no.	9,486	9,454	9,431	9,401	9,325
Tenancy Ratio - Owned Towers	times	1.57	1.56	1.57	1.57	1.57
Manpower on Rolls (EoP)	no.	10,363	10,070	9,862	9,746	9,502
Average Revenue per Employee per Month	INR '000	2,158	2,113	2,222	2,111	2,142
Subscribers per Employee	no.	12,418	12,634	12,672	12,478	11,992
<b>Non-Voice and Data Business (2G+3G)</b>						
VAS as a % of Service Revenue	%	16.1%	16.1%	16.0%	15.2%	14.6%
Data as a % of Service Revenue	%	9.5%	8.7%	7.2%	6.6%	5.7%
Non-Data VAS as a % of Service Revenue	%	6.6%	7.4%	8.8%	8.6%	8.9%
Total Data Subscribers (2G+3G)**	000	25,522	33,618	30,906	26,219	21,754
Total Data Volume (2G+3G)	Mn MB	20,840	17,452	13,791	11,421	10,040
Of which - 3G Data Volume	Mn MB	9,469	7,578	6,334	5,231	4,512
Blended Data ARMB	pausa	29.6	31.0	33.5	33.9	31.0
Data ARPU for Data Subscriber (2G+3G)	INR	91	55	54	55	52
Data Usage by Data Subscriber (2G+3G)	MB	309	178	160	163	167
3G Data Uages by 3G Subscribers	MB	427	429	398	385	390
3G Data ARPU for 3G Subscriber	INR	112	116	109	105	97

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

\*\*Refer revised definition for Data Subscriber

## 7. Management Discussion & Analysis

### A. Global Scale of Operations

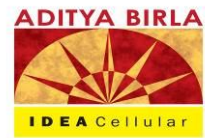


\*Calculated by dividing service revenue (excl. infrastructure and device revenue) by total Minutes of Use

Idea's global scale of operations, serving over 129 million quality subscribers, generating over 1.57 billion minutes per day, place the company in a strong position to withstand the emerging headwinds from the uncertain regulatory interventions and weak macroeconomic environment.

Idea remains on the path to strengthen its competitive standing and to invest in long term value creators of the wireless business and emerging streams. Company has expanded its reach by launching 5,630 2G sites & 1,873 3G sites as well as, increased the optical fibre network to 80,000 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 growing consumer demand and brand affinity, expanding infrastructure and strong cash flows of Idea reaffirms company ability to remain on course with its stated mission of consistent, competitive, responsible and profitable growth and meet all volatile, uncertain, complex and ambiguous developments, as it consolidates its market standing both in mobile voice and data market.



## B. Strong Operating Performance

Continuing with its long term trajectory of expanding market share, Idea Q3FY14 standalone revenue grew by 17.8% from Rs. 56,135 million (Q3FY13) to Rs. 66,105 million (Q3FY14) on back of 9.4% annual growth in 'Total Minutes of Use' and 107.6% in data volume.

Consumer preference for brand Idea continues to rise as company added 18 million incremental subscribers (on VLR) in calendar year 2013, now serving 129 million subscribers. Idea supported its consumer centricity vision by launching highest ever 18,297 new sites (2G+3G) during calendar year 2013 expanding Idea presence to over 344,000 towns and villages. The company maintains its enviable 5 years track record of 'fastest growing Indian mobile operator' with 'VLR Subscriber Market Share' @ 16.7% and 'Revenue Market Share' @ 15.8% in Q2FY14, an improvement of over 1% in last one year. The quality of Idea subscribers improved as ARPU increased to Rs. 169 (v/s Rs. 158 in Q3FY13) and subscriber churn fell by 1.2% to 5.6% (v/s Q3FY13).

In spite of higher network expansion and inflationary pressures, Idea continued its record of sharp YoY EBITDA growth @ 37.7%. During 2013, the company improved its EBITDA margin by 4.0% to 27.4% mainly on the strength of improved rate realisation (ARPM) and scale benefits.

The 'Value Added Services' (VAS) contribution increased to 16.1% of 'Service Revenue' (14.6% in Q3FY13), despite steep decline in 'Non Data VAS' service contribution from 8.9% (Q3FY13) to 6.6% in Q3FY14. The higher 'Mobile Data' adoption has primarily led to VAS growth with Data revenue as % of 'Service Revenue' improved by 3.8% to 9.5% in last one year.

From this quarter, Company eliminated incidental data users reporting; thereby overall mobile data users base has fallen to 25.5 million (2G+3G), but the mobile data ARPU has improved to Rs. 91 in Q3FY14 (v/s Rs. 52 in Q3FY13). The blended mobile data usage per user grew to 309 MB as total data volume exploded @ 107.6% to 20.8 bn MB in Q3FY14 (v/s 10.0 bn MB in FY13). However, with a grim battle for data supremacy, the 'Average Realised Rate per MB' (ARMB) fell sharply by 1.3 paisa from 31.0p/MB (Q3FY13) to 29.6p/MB (Q3FY14).

The company added 4.6 million new 3G users during 2013 with 3G EoP user base (Voice and/ Data) now at 8.7 million. The 3G user mobile data ARPU is steady at Rs.112 per month.

Company has revised the useful life of certain fixed assets resulting in additional depreciation charge of around Rs. 600 million during the quarter.

The double bottom line drivers of Voice and Data business helped Idea more than double its 'Profit After Tax' (PAT) from Rs. 1,911 million in Q3FY13 to Rs. 3,981 million in Q3FY14. The Cash Profit for the company remained healthy at Rs. 15,663 million a growth of 41.3% over Q3FY13, helping reduce Net Debt by Rs. 27,364 million during 2013 to Rs. 89,458 million.

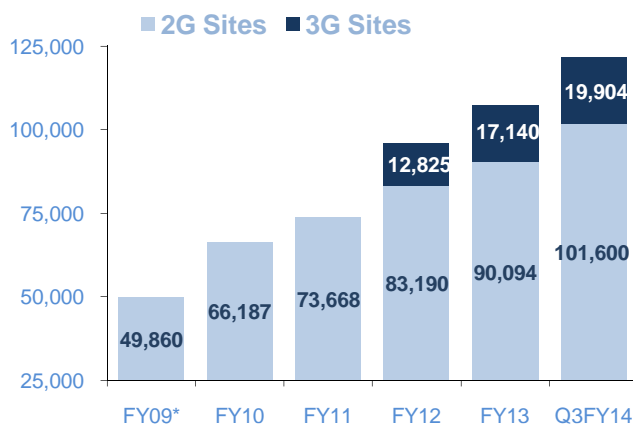


At Consolidated level, including Indus 16% contribution, Idea revenue has grown by 18.5% on YoY basis and Consolidated EBITDA by 39.5%. The Consolidated EBITDA margin on YoY basis has improved by 4.7% to 31.1% in Q3FY14. The Consolidated Idea PAT at Rs. 4,677 million, including Rs. 696 million Indus contribution grew by 104.6% compared to Q3FY13 PAT at Rs. 2,286 million.

### C. Impact of Forex and Balance Sheet

The capex and net debt amounts reflecting in our balance sheet are higher by around Rs. 733 million each due to capitalisation of amount relating to exchange difference during the quarter on long term loans taken for acquiring fixed assets. The capex of Rs. 10,201 million (excluding forex fluctuation) for the quarter, has been funded out of cash profit of Rs. 15,663 million. The Net Debt stands at Rs. 89,458 million as of December 31, 2013 with the Net Debt to Equity ratio at 0.58 and Net Debt to EBITDA (Annualised) ratio for the quarter at 1.23 (lowest since Q4FY10). The Net-Worth of Rs. 155,102 million, together with an average (last four quarters) Cash Profit of ~Rs. 15,000 million per quarter, provides a solid foundation to support the company's strategic intent.

### D. Capex



\*Including cell site of erstwhile Spice communications

Idea rolled out 5,630 2G cell sites and 1,873 3G cell sites during the quarter, taking EoP site count for GSM to 101,600 and 19,904 for 3G sites.

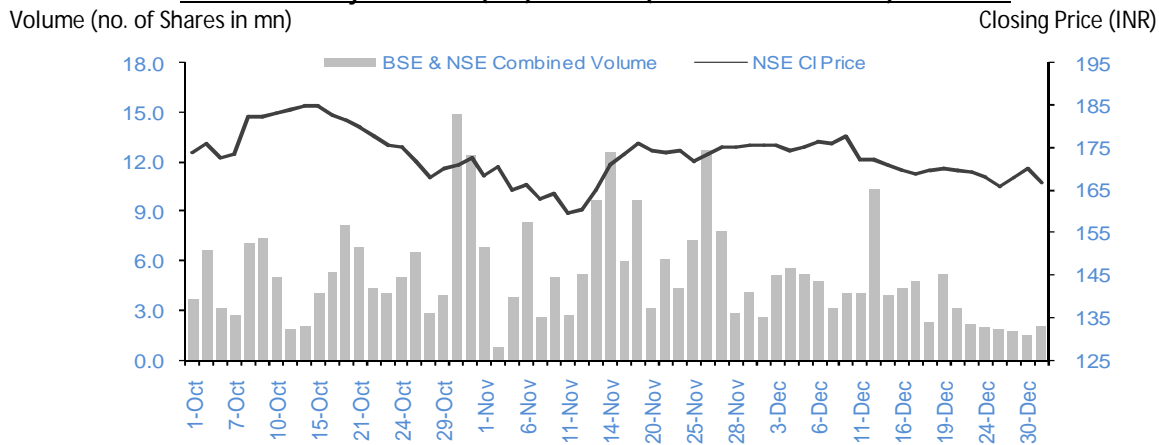
The total addition to the Gross Block including CWIP for the quarter was Rs. 10,201 million (excluding capitalised forex loss).

The Capex guidance for FY14 stands at Rs. 35 billion, excluding any spectrum related payout.

## 8. Stock Market Highlights

General Information		
BSE Code		532818
NSE Symbol		IDEA
Reuters		IDEA.BO/IDEA.NS
No of Shares Outstanding (31/12/2013)	mn	3318.17
Closing Market Price - NSE (31/12/2013)	INR/share	166.90
Combined Volume (NSE & BSE) (01/10/2013 to 31/12/2013)	mn/day	5.1
Combined Value (NSE & BSE) (01/10/2013 to 31/12/2013)	INR mn/day	891.5
Market Capitalisation (31/12/2013)	INR bn	554
EPS (excl. Joint Ventures) for the Quarter	INR/share	1.20
Enterprise Value (31/12/2013)	INR bn	643
Price to Earning	times	34.8
Price to Cash Earning	times	9.5
Price to Book Value	times	3.7

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



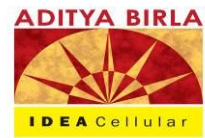
## 9. Shareholding Pattern as on December 31, 2013:

Particulars	Idea Cellular Ltd.	
	No. of Shares	% holding
<b>Promoter and Promoter Group</b>		
Indian	1,520,679,047	45.8%
Foreign	-	
<b>Public Shareholding</b>		
Foreign Holding	1,624,014,573	48.9%
Indian Institutions	99,405,642	3.0%
Others	74,065,951	2.2%
<b>Total</b>	<b>3,318,165,213</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 from Q3FY14 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

Definitions/Abbreviation	Description/Full Form
	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
PBT	Profit before Tax



Definitions/Abbreviation	Description/Full Form
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