

Idea Cellular Limited

An Aditya Birla Group Company

Quarterly Report – Fourth Quarter Ended March 31, 2014

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**चुनाव के वक़्त,
नो उल्लू बनाविंग**

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!idea

एक आइडिया जो बदल दे आपकी दुनिया

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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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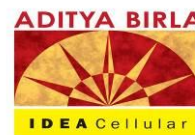
1. Reporting Guidelines:

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 13th July, 2013 directed DoT to take a final decision on transfer of licenses of erstwhile Spice to Idea. DoT vide its letter dated 29th 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 29th 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 29th April, 2014. Meanwhile, in a direction made by Hon'ble Supreme Court, DoT has endorsed the Punjab and Karnataka licenses in favor of the company subject to an undertaking submitted by the company that in case the levy of penalty is ultimately upheld, the DoT will be free to encash the normal bank guarantee. Also Hon'ble court has allowed all remedies to Idea in case of TDSAT appeal fails.
2. Vide order dated 12th April, 2013 The Hon'ble Delhi High Court has directed company that 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 had filed its petition before TDSAT in the matter. The hearing in the said matter at TDSAT has been completed and Judgment is reserved.



2. Performance at a glance – Idea Standalone

Particulars	Unit	For the Quarter		For the Year				
		Q4FY14	Q3FY14	FY 14	FY 13	FY 12	FY 11	FY 10
Operating Highlights								
Operating Service Areas (EoP)	nos.	22	22	22	22	22	22	22
Subscriber base (EoP)	mn	135.8	128.7	135.8	121.6	112.7	89.5	63.8
2G - Cell Sites (EoP)	nos.	104,778	101,600	104,778	90,094	83,190	73,668	66,187
3G - Cell Sites (EoP)	nos.	21,381	19,904	21,381	17,140	12,825		
Financial Highlights								
Gross Revenue	Rs mn	70,406	66,105	265,036	225,949	196,800	156,380	121,413
EBITDA	Rs mn	19,881	18,135	73,883	53,715	45,159	33,262	30,538
PAT	Rs mn	5,138	3,981	17,932	10,080	6,036	8,378	10,298
Cash Profit	Rs mn	16,694	15,663	64,350	46,968	36,079	30,899	29,043
Gross Block + CWIP ¹	Rs mn	571,211	453,429	571,211	446,007	392,602	351,045	258,371
Net Worth	Rs mn	158,806	155,102	158,806	141,828	129,077	122,767	114,101
Loan Funds	Rs mn	193,616	119,520	193,616	126,688	120,957	105,575	65,264
Cash & Cash Equivalent	Rs mn	1,761	30,062	1,761	10,806	1,406	13,902	14,005
Net Debt	Rs mn	191,855	89,458	191,855	115,881	119,550	91,673	51,259
Net Debt to EBITDA ²	unit	2.41	1.23	2.60	2.16	2.65	2.76	1.68
Net Debt to Net Worth	unit	1.21	0.58	1.21	0.82	0.93	0.75	0.45
ROCE	%	8.4%	7.8%	7.2%	6.0%	5.3%	5.6%	7.4%

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

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

Note: During Q1FY14/Q2FY13 ABTL (a fully owned subsidiary) has received a dividend of Rs. 838mn/1,543 mn from Indus; accordingly the standalone (Idea+Subsidiaries) PAT and Cash Profit as well as ROCE include the same for FY14/FY13.

3. Company Overview

Idea Cellular Limited ("Idea") is the third largest wireless operator in India with a Revenue Market Share (RMS) of 16.1% (Q3FY14). In the 15 Established Service Areas, its RMS stands at a strong level of 19.2% (Q3FY14). The company carries around 1.75 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 December 2013). Idea is listed on National Stock Exchange and Bombay Stock Exchange in India with a market capitalization of Rs. 456 billion (as on March 31, 2014).

A. Promoter Group

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



businesses in, among others, mobile telecommunications, metals and mining, cement, carbon black, textiles, garments, chemicals, fertilizers, life insurance and financial services industries The Group currently has shareholding holding of 45.81% in Idea, through following entities;

Aditya Birla Nuvo Ltd.	25.23%
Birla TMT Holdings Pvt. Ltd.	8.54%
Hindalco Industries Ltd.	6.88%
Grasim Industries Ltd.	5.15%
Others	0.01%
Total	45.81%

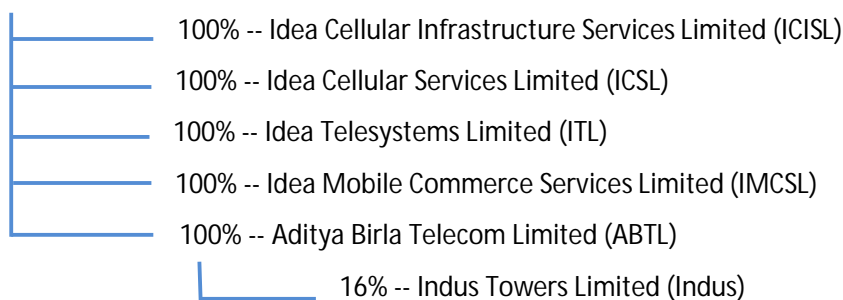
B. Key Shareholders

Axiata Group Berhad, through its affiliates, has 19.89% 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.

Provident Equity Partners, through its affiliates has a 9.94% 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.

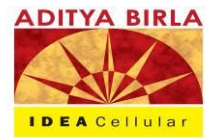
ICSL – Provides manpower services to Idea.

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

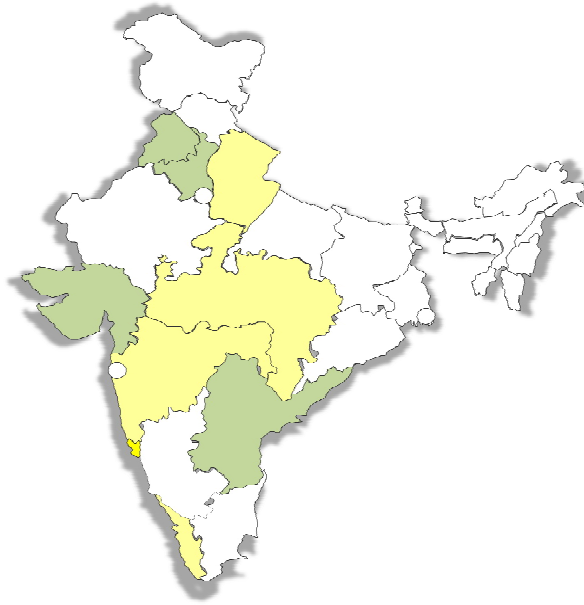
In the recently concluded spectrum auction (February 2014) for 900 MHz and 1800 MHz spectrum Idea won 5MHz spectrum in 900 MHz frequency band in Delhi service area, LTE compatible 1800 MHz spectrum in 8 service areas along with top-up GSM spectrum in 7 service areas. The company intends to launch 3G services in Delhi in Calendar Year 2015 on the recently acquired 900 MHz spectrum. Post Delhi 3G service launch, the 3G foot-print of Idea will cover ~80% of its current revenue and ~57% of national mobile industry revenue. Further the 45 MHz contiguous spectrum in 1800 MHz (out of 60.2 MHz it won in 1800 MHz) in the 8 service areas of Kerala (10 MHz), Maharashtra & Goa, Andhra Pradesh, Karnataka, Madhya Pradesh & Chhattisgarh, Punjab, Haryana and North East (5 MHz in each) provides opportunity to offer 4G LTE services in these service areas. For the service areas of Maharashtra, Punjab, Haryana and North East spectrum allocation is currently for partial service area and company is making efforts to harmonise the same. The actual timing of 4G services launch would be based on the consumer demand, technology stabilisation and competitors move. These 8 service areas represent ~58.1% of Idea revenue and an opportunity of upgrade to LTE service to existing 74.7 million Idea subscribers.

Long Distance Services and ISP – Idea holds licenses for NLD, ILD, ISP and IP-1 services. Idea currently has over 82,000 km fibre cable transmission network to tap the future potential of wireless broadband. Idea has 2500 OFC PoPs in major 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 its captive NLD minutes. Idea ILD services now handles around 97% 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 97.5% of captive subscriber traffic requirements. Traffic details with reference to NLD, ILD and ISP are as follows –

	Unit	For the Quarter					For the Year		Growth
		Q4FY14	Q3FY14	Q2FY14	Q1FY14	Q4FY13	FY14	FY13	
Total NLD Minutes	mn	14,753	13,369	12,874	12,642	12,818	53,638	46,188	16.1%
Total ILD Minutes	mn	1,855	1,235	1,184	1,270	1,368	5,544	4,269	29.9%
ISP Capacity	Gbps	54.7	45.0	30.0	26.5	24.4	54.70	24.40	124.2%

4. Strength Areas

A. Leadership Geographies



Service Area	RMS Q3FY14*	Rank	Spectrum Profile
Kerala	36.2%	1	2G/3G/4G
M.P.	35.0%	1	2G/3G/4G
UP (W)	30.1%	1	2G/3G
Maharashtra	29.7%	1	2G/3G/4G
Haryana	24.7%	2	2G/3G/4G
Punjab	21.3%	2	2G/3G/4G
A.P.	20.4%	2	2G/3G/4G
Gujarat	19.1%	2	2G/3G
Total	26.8%	1	

Incremental RMS of **44.5%** - Q3FY14 vs Q3FY13

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

The incumbency advantage coupled with the benefit of 900 MHz spectrum and 3G services gives Idea an absolute leadership status with combined RMS of 26.8% in these eight service areas. These service areas contribute over 40% of national mobile industry revenue and approx. 68% of Idea's revenue. In spite of intense market competition, Idea has improved its revenue market share by 1.9% in these 8 service areas over last one year to 26.8% (Q3FY13 RMS 24.9%) delivering 44.5% incremental RMS on YoY basis in Q3FY14.

Idea has rolled out 3G services in these 7 strategically important service areas and recently received DoT approval to launch 3G services in Punjab. In the recently concluded spectrum auction (February 2014), Idea also won 1800 MHz spectrum which can be used for LTE services in the service areas of Kerala, MP, Maharashtra, Haryana, Punjab and A.P. Idea's GSM, 3G and LTE spectrum footprint in these 8 service areas (6 for LTE) places the company in an advantageous competitive position to continue its march of strengthening its market standing.

B. Emerging Geographies

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

SERVICE AREA	RMS Q3FY14*	RANK	SPECTRUM PROFILE
UP (E)	12.5%	3	2G/3G
Rajasthan	12.5%	3	2G
Delhi	12.0%	3	2G/3G
Bihar	11.0%	4	2G
Karnataka	10.4%	4	2G/4G
H.P.	10.0%	5	2G/3G
Mumbai	9.4%	5	2G
Total	11.2%	3	

*Gross Revenue for Mobile & UAS Licenses released by TRAI

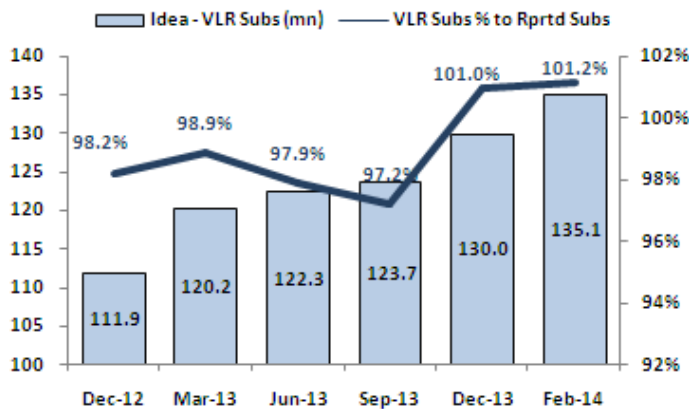
These 7 emerging service areas with high growth potential contribute over 27% of Idea's revenue and represent around 39% of national mobile industry revenue. Idea has improved its revenue market share by 1.0% in these service areas over last one year to 11.2% in Q3FY14 (Q3FY13 RMS 10.2%). These emerging geographies are now contributing significant positive EBITDA to the company.

C. Growth Geographies

Idea has 7 New Service Areas namely, Tamil Nadu, Kolkata, West Bengal, Orissa, J&K, Assam and North East, with 1800 MHz spectrum acquired in November 2012 auction, representing over 20% of Indian Mobility Market. The revenue contribution of these service areas is 5.3% of Idea revenue while EBITDA losses stand at Rs. 1,674 million in Q4FY14. The combined 'Revenue Market Share' (RMS) in these 7 service areas was 4.0% in Q3FY14. The incremental RMS in these 7 new service areas between Q3FY14 to Q3FY13 is 11.0%, indicating good potential of improving Idea presence in these service areas. Idea offers 3G services in J&K service area and has opportunity to launch LTE services with additional 5 MHz contiguous spectrum in 1800 MHz band won in February 2014 spectrum auction in North East service area.

D. Over 137 million Quality Subscriber Base

Idea is among the select global operators servicing over 137 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 (Feb 2014) data released by the TRAI for VLR subscribers (active subscribers), reaffirms quality of Idea's subscriber base as among the best in terms of percentage of active subscribers. As of February 2014, Idea has around 101.2% of reported subscribers as VLR subscribers, which is highest in the industry. Idea's VLR EoP subscriber market share at the end of February, 2014 stands at 17.3% (as against a reported subscriber EoP markets share of 14.8%) an improvement of 0.8% over last one year. Idea reported subscribers are 135.8 million as of March against VLR subscribers of 137.9 million. During 12 months from Mar'13 to Feb'14, Idea added 17.7 million VLR subscribers in overall industry VLR growth of 67.5 million,



recording incremental share of 26.3% of VLR subscribers.

In spite of an addition of 17.7 million subscribers (15.1% increase) in last 12 months, Idea has stayed focused on improving quality of subscriber addition. The company ARPU has increased to Rs. 173 in Q4FY14 (3.6% improvement) from Rs. 167 in Q4FY13.

Source: TRAI

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 39 months for supremacy in the MNP space, Idea has maintained leadership position since June'11 on overall MNP Net Adds, other than a brief period between October-December 2012. Idea has a net gain of 9.14 million MNP customers (as on March 31, 2014) from other existing telecom operators with around one out of every four existing mobile customers, who chooses to port out from their existing mobile operator prefers to shift to Idea services.

F. Tower Investment

Indus towers, a joint venture between Bharti Infratel, Vodafone India and Idea Cellular (thru ABTL), is one of the world's leading tower company with around 113,000 towers and tenancy ratio of 2.07 as of March 31, 2014. The mobile operations of these shareholders group have combined Revenue Market Share of 69.6% (Q3FY14). Idea (thru ABTL) holds 16% equity stake in Indus towers. Providence has invested Rs. 20,982 mn in ABTL through Compulsorily Convertible Preference Shares. The consolidated financials includes 16% consolidation from Indus Towers.

Besides investment in Indus Tower, Idea owns 9,446 towers, which have a tenancy ratio of 1.57 as on March 31, 2014.

5. Financial Highlights

A. Standalone Profit & Loss Account (Rs mn)

	For the Quarter				
	Q4FY14	Q3FY14	Q2FY14	Q1FY14	Q4FY13
Gross Revenue	70,406	66,105	63,170	65,355	60,951
Opex	50,524	47,970	45,740	46,919	45,914
EBITDA	19,881	18,135	17,430	18,436	15,037
EBITDA Margin	28.2%	27.4%	27.6%	28.2%	24.7%
Depreciation & Amortisation	10,402	10,671	9,811	10,407	8,386
EBIT	9,479	7,465	7,619	8,030	6,652
Interest and Financing Cost (net)	1,653	1,213	1,575	1,832	1,927
Dividend from Indus*	-	-	-	838	-
PBT	7,825	6,251	6,044	7,036	4,724
Tax	2,687	2,270	2,060	2,207	2,055
PAT	5,138	3,981	3,984	4,829	2,670
Cash Profit	16,694	15,663	14,555	17,438	13,067

B. Consolidated Profit & Loss Account (Rs mn)

	For the Quarter				
	Q4FY14	Q3FY14	Q2FY14	Q1FY14	Q4FY13
Gross Revenue	70,438	66,131	63,233	65,388	60,614
Opex	48,136	45,574	43,518	44,624	43,883
EBITDA	22,302	20,557	19,715	20,763	16,731
EBITDA Margin	31.7%	31.1%	31.2%	31.8%	27.6%
Depreciation & Amortisation	11,380	11,666	10,795	11,353	9,092
EBIT	10,922	8,891	8,920	9,410	7,639
Interest and Financing Cost (net)	1,966	1,575	1,949	2,211	2,244
PBT	8,956	7,316	6,971	7,199	5,395
Tax	3,058	2,639	2,495	2,572	2,313
PAT	5,898	4,678	4,476	4,627	3,082
Cash Profit	18,505	17,435	16,164	18,264	14,274

* 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	
	Q4FY14	Q3FY14
Gross Revenue - Established Service Areas	66,699	62,779
Gross Revenue - New Service Areas	3,707	3,326
Revenue - Idea Standalone	70,406	66,105
Revenue Contribution - Indus (@16.00%)	5,735	5,645
Consolidation Eliminations	(5,703)	(5,620)
Revenue - Idea Consolidated	70,438	66,131

EBIT Break-up	For the Quarter	
	Q4FY14	Q3FY14
EBIT - Idea Standalone	9,479	7,465
EBIT Contribution - Indus (@16.00%)	1,443	1,426
EBIT - Idea Consolidated	10,922	8,891

EBITDA Break-up	For the Quarter	
	Q4FY14	Q3FY14
EBITDA - Established Service Areas	21,555	19,716
EBITDA - New Service Areas	(1,674)	(1,581)
EBITDA - Idea Standalone	19,881	18,135
EBITDA Contribution - Indus (@16.00%)	2,420	2,422
EBITDA - Idea Consolidated	22,302	20,557

EBITDA Margin	For the Quarter	
	Q4FY14	Q3FY14
EBITDA % - Established Service Areas	32.3%	31.4%
EBITDA % - New Service Areas	-45.2%	-47.5%
EBITDA % - Idea Standalone	28.2%	27.4%
Derived EBITDA % Indus	42.2%	42.9%
EBITDA % - Idea Consolidated	31.7%	31.1%

Dep. & Amort. Break-up	For the Quarter	
	Q4FY14	Q3FY14
Dep & Amort. - Idea Standalone	10,402	10,671
Dep. & Amort. Cost from Indus (@16.00%)	977	995
Dep. & Amort. - Idea Consolidated	11,380	11,666

Interest & Finance Cost Break-up	For the Quarter	
	Q4FY14	Q3FY14
Gross Interest Cost - Idea Standalone	2,060	1,913
Gross Interest Income - Idea Standalone	(425)	(733)
Forex Loss/(Gain) - Idea Standalone	19	34
Int. & Fin. Cost (net) - Idea Standalone	1,653	1,213
Int. & Fin. Cost (net) from Indus (@16.00%)	312	362
Int & Fin Cost (net) - Idea Consolidated	1,966	1,575

Tax Break-up	For the Quarter	
	Q4FY14	Q3FY14
Tax - Idea Standalone	2,687	2,270
Tax - Indus (@16.00%)	371	368
Tax - Idea Consolidated	3,058	2,639

PAT Break-up	For the Quarter	
	Q4FY14	Q3FY14
PAT - Idea Standalone	5,138	3,981
PAT Contribution - Indus (@16.00%)	760	696
PAT - Idea Consolidated	5,898	4,678

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-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
EQUITY AND LIABILITIES				
Shareholders' Funds				
Equity Share Capital	33,196	33,143	33,196	33,143
Reserves & Surplus	125,591	108,665	132,054	109,890
	158,787	141,808	165,250	143,034
Compulsorily Convertible Preference Shares	19	19	19	19
Non-Current Liabilities				
Long-Term Borrowings	171,439	105,744	181,284	118,047
Deferred Tax Liabilities (Net)	15,497	10,413	18,133	11,180
Other Long-Term Liabilities	13,974	8,267	9,229	7,946
Long-Term Provisions	2,182	2,033	4,986	3,142
	203,092	126,457	213,632	140,316
Current Liabilities				
Short-Term Borrowings	6,094	4,257	6,472	4,585
Trade Payables	26,975	25,068	27,880	26,871
Current maturities of long term debt	16,084	16,687	18,594	17,805
Other Current Liabilities	30,877	28,611	31,851	29,902
Short-Term Provisions	1,869	1,242	1,877	1,248
	81,898	75,865	86,673	80,412
Total	443,796	344,149	465,575	363,781
ASSETS				
Non-Current Assets				
Fixed Assets				
Tangible Assets	185,707	189,567	218,632	208,947
Intangible Assets	77,274	82,526	77,326	82,592
Capital Work-in-Progress	113,811	8,448	114,194	8,811
	376,792	280,541	410,153	300,350
Goodwill	17,799	61	61	61
Long-Term Loans and Advances	27,747	30,146	28,971	30,479
Other Non-Current Assets			1,448	-
	422,339	310,749	440,633	330,890
Current Assets				
Current Investments	330	9,560	2,155	10,280
Inventories	683	726	683	726
Trade receivables	7,809	10,974	8,006	9,601
Cash and Bank Balance	1,431	1,246	1,881	1,429
Short-term loans and advances	11,170	10,885	12,182	10,845
Other current assets	34	9	35	9
	21,458	33,401	24,942	32,890
Total	443,796	344,149	465,575	363,781

6. Key Performance Indicators

A. Financial Indicators – Idea Standalone

Parameters	For the Quarter				
	Q4FY14	Q3FY14	Q2FY14	Q1FY14	Q4FY13
Gross Revenue (INR mn)	70,406	66,105	63,170	65,355	60,951
Growth (%) QoQ	6.5%	4.6%	-3.3%	7.2%	8.6%
EBITDA (INR mn)	19,881	18,135	17,430	18,436	15,037
EBITDA (%)	28.2%	27.4%	27.6%	28.2%	24.7%
EBIT (INR mn)	9,479	7,465	7,619	8,030	6,652
EBIT (%)	13.5%	11.3%	12.1%	12.3%	10.9%
Gross Revenue/min (paisa)	44.8	45.7	45.5	44.4	42.5
EBIT/min (paisa)	6.0	5.2	5.5	5.5	4.6
Gross Fixed Assets (INR mn)*	457,400	445,331	434,576	425,120	437,559
Annualised Revenue/Gross Fixed Assets	61.6%	59.4%	58.1%	61.5%	55.7%

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

B. Operational Indicators – Idea Standalone

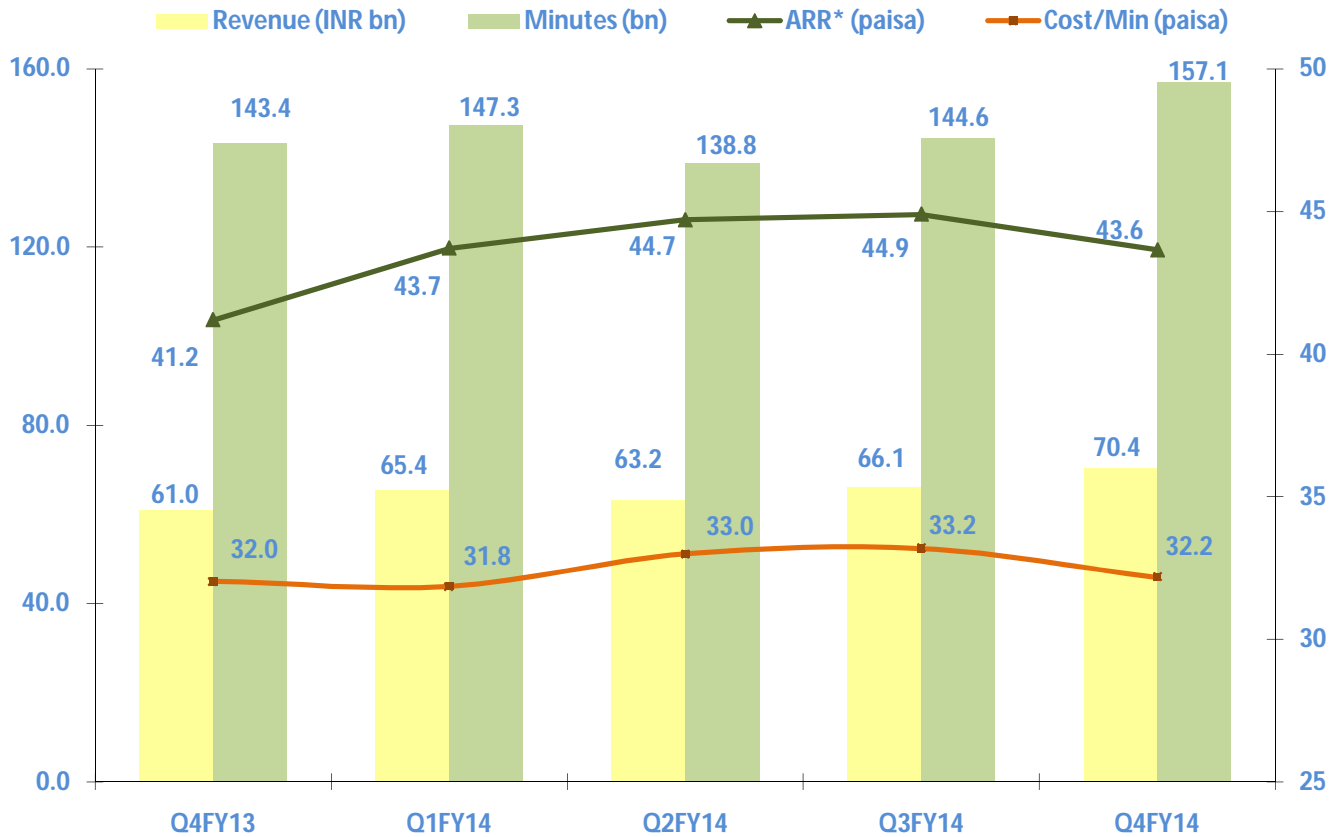
Overall Business	Unit	For the Quarter				
		Q4FY14	Q3FY14	Q2FY14	Q1FY14	Q4FY13
Subscriber Base (EoP) (2G+3G)	mn	135.8	128.7	127.2	125.0	121.6
Pre-paid Subs (% of EoP subscribers)	%	95.7%	95.7%	95.8%	96.0%	96.1%
3G Subscribers (Voice+Data)	mn	10.2	8.7	6.2	5.5	5.1
2G Coverage - No. of Census Towns*	no.	7,394	7,327	4,672	4,645	4,634
2G Coverage - No. of Villages*	no.	344,108	337,056	310,648	303,984	298,686
Average Revenue per User (ARPU)	INR	173	169	164	174	167
Average Minutes of Use per User (MoU)	min	397	376	368	398	406
Average Realisation per Minute (ARPM)	paisa	43.6	44.9	44.7	43.7	41.2
Post-paid Churn	%	2.5%	3.0%	2.8%	3.6%	2.9%
Pre-paid Churn	%	4.3%	5.8%	5.4%	5.1%	4.4%
Blended Churn	%	4.2%	5.6%	5.3%	5.1%	4.3%
Total Minutes of Use	mn	157,055	144,571	138,827	147,315	143,366
Total 3G Cell Sites (EoP)	no.	21,381	19,904	18,031	17,481	17,140
Total 2G Cell Sites (EoP)	no.	104,778	101,600	95,970	92,208	90,094
Towers - Rented Indus (EoP)	no.	55,213	53,469	50,482	48,466	47,570
Towers - Rented Others (EoP)	no.	40,167	38,708	36,102	34,382	33,211
Owned Towers (EoP)	no.	9,446	9,486	9,454	9,431	9,401
Tenancy Ratio - Owned Towers	times	1.57	1.57	1.56	1.57	1.57
Manpower on Rolls (EoP)	no.	10,529	10,363	10,070	9,862	9,746
Average Revenue per Employee per Month	INR '000	2,247	2,158	2,113	2,222	2,111
Subscribers per Employee	no.	12,897	12,418	12,634	12,672	12,478
Non-Voice and Data Business (2G+3G)						
VAS as a % of Service Revenue	%	16.5%	16.1%	16.1%	16.0%	15.2%
Data as a % of Service Revenue	%	10.1%	9.5%	8.7%	7.2%	6.6%
Non-Data VAS as a % of Service Revenue	%	6.4%	6.6%	7.4%	8.8%	8.6%
Total Data Subscribers (2G+3G)**	000	25,256	25,522	33,618	30,906	26,219
Total Data Volume (2G+3G)	Mn MB	27,299	20,840	17,452	13,791	11,421
Of which - 3G Data Volume	Mn MB	13,084	9,469	7,578	6,334	5,231
Blended Data ARMB	paisa	25.3	29.6	31.0	33.5	33.9
Data ARPU for Data Subscriber (2G+3G)	INR	104	91	55	54	55
Data Usage by Data Subscriber (2G+3G)	MB	410	309	178	160	163
3G Data Uages by 3G Subscribers	MB	462	427	429	398	385
3G Data ARPU for 3G Subscriber	INR	111	112	116	109	105

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

**Refer revised definition for Data Subscriber

7. Management Discussion & Analysis

A. Global Scale of Operations



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

Idea's global scale of operations, serving over 137 million quality subscribers, generating over 1.75 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 3,178 2G sites & 1,477 3G sites as well as, increased the optical fibre network to 82,000 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.

As Mobility market services expand, Indian Telecom business offers exciting growth opportunities in Mobile Broadband and Rural voice telephony. Brand Idea with growing consumer affinity, strong Cash flows, expanding spectrum profile and infrastructure, reaffirms its ability to overcome current uncertain phase, emerge stronger and consolidate its market position to tap emerging voice and wireless broadband opportunities.



B. Strong Operating Performance

Idea continues its enviable track record of being the fastest growing Indian Mobile operator with 17.3% growth in gross revenue in FY14 to Rs. 265,036, nearly double the wireless Industry growth rate. The 6.5% sequential quarterly revenue growth in Q4FY14 is driven by sharp expansion of voice minutes @8.6% to 157.1 billion minutes and mobile data volume (2G+3G) growth @ 31.0% to 27.3 billion MB vs Q3FY14, indicating strong consumer demand for Idea mobile telephony.

The company clocked 17.7 million Net subscribers on VLR in FY14 against 14.9 million Net subscriber VLR additions in FY13 strengthening its presence in Indian Mobile Market. Idea now serves 137.9 million quality subscribers as on 31st March 2014. The company strengthened its competitive standing with 'VLR Subscriber Market Share' @17.3% (February 2014) & 'Revenue Market Share' (RMS) @16.1% in Q3FY14, an RMS improvement of over 1.3% compared to Q3FY13. The quality of Idea subscribers also improved as ARPU increased to Rs.173 (vs Rs.169 in Q3FY14) and subscriber blended churn fell by 1.4% to 4.2% (vs Q3FY14).

The three quarters uptrend of 'Average Realisation per Minute' (ARPM) was halted with decline in ARPM by 2.8% to 43.6p from 44.9p but the voice elasticity of demand more than compensated the ARPM fall. In comparison, the company improved 'Non Voice Revenue' share to 16.5% (16.1% in Q3FY14) led by data growth.

The exponential growth of volume helped Data revenue reach 10.1% of overall 'Service Revenue' in Q4FY14, an increase of 3.5% over last one year. The company further revised Data subscriber definition, by eliminating from its reporting incidental data users of less than 1 Megabyte/month; there by Idea mobile Data user base remains nearly flat at 25.3 million (2G+3G). Consequently, blended (2G+3G) Data ARPU improved to Rs. 104 and Mobile Data Usage per Data subscriber grew to 410 MB (2G+3G) in Q4FY14. The 'Average Realisation per MB' (ARMB) fell sharply by 4.3p in Q4FY14 to 25.3p, a harsh reminder of market place battle.

The company added 5.1 million new 3G users in FY14 with 3G EoP base now at 10.2 million. The 3G user mobile data ARPU is steady at Rs. 111 per month. Idea supported its consumer centricity vision by aggressive Network expansion of 4,241 3G NodeBs, 14,684 GSM sites and ~ 8,000 km of OFC during FY14 expanding its rural coverage and strengthening urban Voice and Data Network.

Inspite of higher Network expansion and inflationary pressures, Idea recorded this financial year annual EBITDA growth of 37.5% to Rs. 73,883 million over FY13 helping improve its standalone EBITDA margin by 4.1% to 27.9%. The strong Q4FY14 revenue growth has translated into EBITDA margin improvement to 0.8% with sequential quarterly EBITDA growth of 9.6%.

The double bottom line drivers of Voice and Data Business helped Idea grow its standalone Profit After Tax (PAT) from Rs. 10,080 million in FY13 to Rs.17,932 million this financial year. At consolidated level including Indus 16%



contribution, Idea revenue grew by 18.1% on Financial Year basis & consolidated EBITDA by 38.8% helping margin improve by 4.7% to 31.4% in FY14.

With a strong performance, the board of Idea has recommended dividend @ 4%, an overall payout of Rs. 1,554 million (including dividend distribution tax).

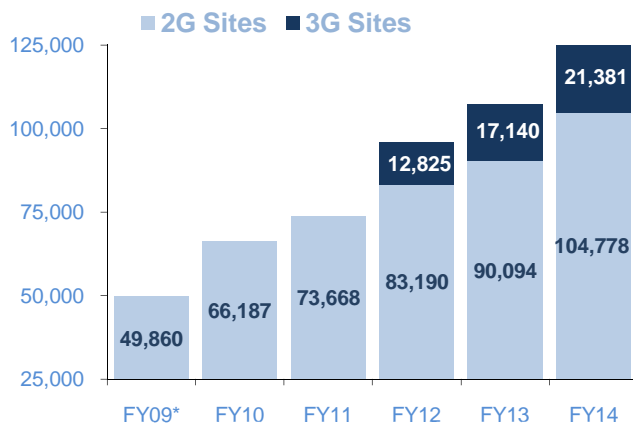
C. Impact of Forex and Balance Sheet

The capex of Rs. 12,945 million (excluding forex fluctuation, Feb'14 spectrum auction amount and capitalised interest of Rs. 403 million) for the quarter, has been funded out of cash profit of Rs. 16,694 million. The Net Debt stands, after accounting for February 2014 upfront spectrum payment and including government 'deferred payment liabilities', stands at Rs. 191,855 million as of March 31, 2014 with the Net Debt to Equity ratio at 1.21 and Net Debt to EBITDA (Annualised) ratio for the quarter at 2.41.

The Net-Worth of Rs. 158,806 million combined with an average (last four quarters) Cash Profit of -Rs. 16,000 million per quarter provides a solid foundation to support the company's growth plan.

The capex and net debt amounts reflecting in our balance sheet are higher by around Rs. 463 million each due to capitalisation of amount relating to exchange difference during the quarter on long term loans taken for acquiring fixed assets.

D. Capex



*Including a cell site of erstwhile Spice communications

Idea rolled out 3,178 2G cell sites and 1,477 3G cell sites during the quarter, taking Network EoP site count for GSM to 104,778 and 21,381 for 3G sites.

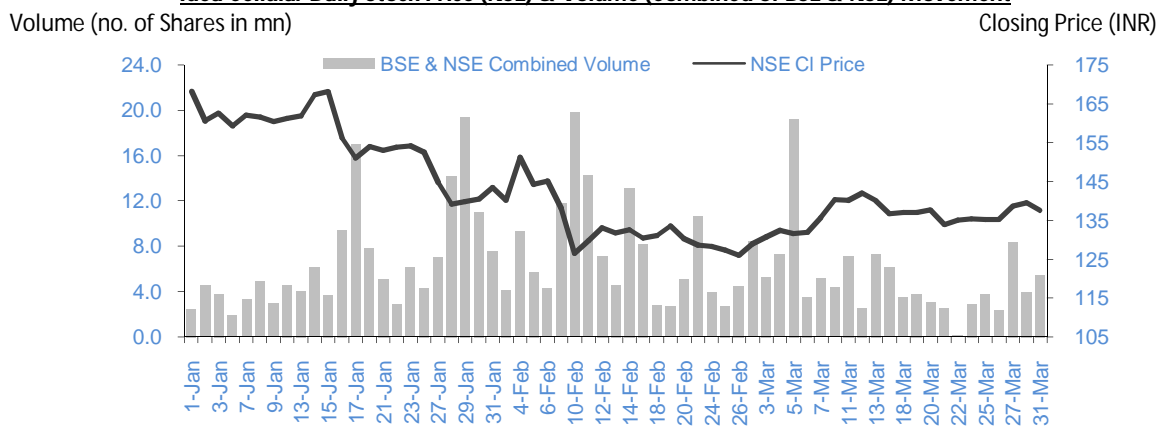
The total addition to the Gross Block including CWIP for the year was Rs. 35,282 million respectively (excluding forex fluctuation and Feb'14 spectrum auction amount and capitalised interest of Rs. 403 million).

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

8. Stock Market Highlights

General Information		
BSE Code		532818
NSE Symbol		IDEA
Reuters		IDEA.BO/IDEA.NS
No of Shares Outstanding (31/03/2014)	mn	3319.63
Closing Market Price - NSE (31/03/2014)	INR/share	137.45
Combined Volume (NSE & BSE) (01/01/2014 to 31/03/2014)	mn/day	6.4
Combined Value (NSE & BSE) (01/01/2014 to 31/03/2014)	INR mn/day	907.1
Market Capitalisation (31/03/2014)	INR bn	456
EPS (excl. Joint Ventures) for the Quarter	INR/share	1.55
Enterprise Value (31/03/2014)	INR bn	648
Price to Earning	times	22.2
Price to Cash Earning	times	6.8
Price to Book Value	times	3.0

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



9. Shareholding Pattern as on March 31, 2014:

Particulars	Idea Cellular Ltd.	
	No. of Shares	% holding
Promoter and Promoter Group		
Indian	1,520,679,047	45.81%
Foreign	-	
Public Shareholding		
Foreign Holding	1,639,244,302	49.38%
Indian Institutions	80,089,040	2.41%
Others	79,619,372	2.40%
Total	3,319,631,761	100.00%

10. Glossary

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

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

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