

# Idea Cellular Limited

An Aditya Birla Group Company

Quarterly Report – Second Quarter Ended September 30, 2014



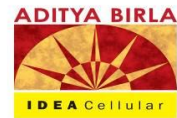
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## Supplemental Disclosures

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.



## 2. Performance at a glance – Idea Standalone

Particulars	Unit	For the Quarter		For the Year				
		Q2FY15	Q1FY15	FY 14	FY 13	FY 12	FY 11	FY 10
<b>Operating Highlights</b>								
Subscriber base (EoP)	mn	143.6	139.0	135.8	121.6	112.7	89.5	63.8
2G - Cell Sites (EoP)	nos.	1,07,605	1,06,169	1,04,778	90,094	83,190	73,668	66,187
3G - Cell Sites (EoP)	nos.	25,164	22,516	21,381	17,140	12,825		
<b>Financial Highlights</b>								
Gross Revenue	Rs mn	75,673	75,562	2,65,036	2,25,949	1,96,800	1,56,380	1,21,413
EBITDA <sup>1</sup>	Rs mn	22,394	22,596	73,467	53,516	44,658	33,339	30,836
PAT	Rs mn	7,794	10,117	17,932	10,080	6,036	8,378	10,298
Cash Profit	Rs mn	18,155	20,230	64,350	46,968	36,079	30,899	29,043
Gross Block + CWIP <sup>2</sup>	Rs mn	5,88,141	5,76,140	5,71,211	4,46,007	3,92,602	3,51,045	2,58,371
Net Worth	Rs mn	2,14,051	1,98,776	1,58,806	1,41,828	1,29,077	1,22,767	1,14,101
Loan Funds	Rs mn	1,79,815	1,82,395	1,93,616	1,26,688	1,20,957	1,05,575	65,264
Cash & Cash Equivalent	Rs mn	61,546	42,627	1,761	10,806	1,406	13,902	14,005
Net Debt	Rs mn	1,18,269	1,39,769	1,91,855	1,15,881	1,19,550	91,673	51,259
Net Debt to EBITDA <sup>3</sup>	unit	1.32	1.55	2.61	2.17	2.68	2.75	1.66
Net Debt to Net Worth	unit	0.55	0.70	1.21	0.82	0.93	0.75	0.45
ROCE	%	9.3%	10.1%	7.1%	6.0%	5.2%	5.7%	7.6%

<sup>1</sup>Forex Loss/Gain which was part of net interest & finance cost earlier, has been regrouped to Other Expenditure (impacting the EBITDA). Past period figures are restated.

<sup>2</sup>Includes:- Spectrum payout of Rs. 57,686 mn for 2100MHz band (FY11 onwards), Rs. 20,313 mn for 1800MHz band (FY13 onwards) and Rs. 104,242 mn for 900/1800 Mhz band (FY14 onwards). Excludes:- Gross Block value of 11,094 towers transferred to Indus from Q1FY14 onwards.

<sup>3</sup>Net Debt to EBITDA, for the quarter, is based on the annualised figure of quarterly EBITDA.

Note: Dividend received from Indus is considered while calculating standalone (Idea+Subsidiaries) PAT, Cash Profit and ROCE.

## 3. Company Overview

Idea Cellular Limited ("Idea") is the third largest wireless operator in India with a Revenue Market Share (RMS) of 17.1% (Q1FY15). In the 15 Established Service Areas, its RMS stands at a strong level of 20.2% (Q1FY15). The company carries around 1.77 billion minutes on a daily basis during the quarter Q2FY15. Idea is the sixth largest mobile telecommunications company (counted on operations in a single country) in the world based on number of subscribers (as determined from data issued by GSMA Intelligence, as of June 2014). Company is listed on National Stock Exchange and Bombay Stock Exchange in India with a market capitalization of Rs. 597 billion (as on September 30, 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 42.28% in Idea, through following entities;

Aditya Birla Nuvo Ltd.	23.29%
Birla TMT Holdings Pvt. Ltd.	7.88%
Hindalco Industries Ltd.	6.35%
Grasim Industries Ltd.	4.76%
Others	0.01%
Total	42.28%

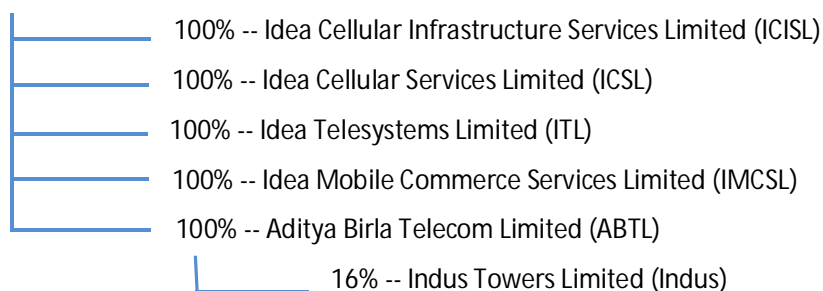
## B. Key Shareholders

**Axiata Group Berhad**, through its affiliates, has 19.80% 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 250 million mobile subscribers in Asia and provides employment to 23,000 people across Asia.

**Providence Equity Partners**, through its affiliates has a 6.81% 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

**1. 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).

**Data Business** -Idea provides 3G services in 21 service areas of India (except Orissa), including through Intra-Circle Roaming (ICR) arrangements with other operators for 10 service areas. Idea's own 3G Spectrum service areas (11) cover around 73% of Idea's revenue and account for approximately half of national mobile industry revenue. Further, In February 2014 auction Idea won 5MHz spectrum in 900 MHz frequency band in Delhi service area on which it intends to launch 3G services in calendar year 2015. Post Delhi 3G service launch, the 3G foot-print of Idea's own 3G spectrum will cover ~80% of its current revenue and ~57% of national mobile industry revenue.

Idea also won, in February 2014 auction, 60.2 MHz spectrum in 1800 MHz frequency band including LTE compatible contiguous block of 5/10MHz 1800 MHz spectrum in 8 service areas along with top-up GSM spectrum in 7 service areas. 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 won is currently for partial service area and company is making efforts to harmonise the same. The actual timing of 4G LTE services launch would be based on the consumer demand, technology stabilisation and competition moves. These 8 service areas represent ~58% of Idea revenue and an opportunity of upgrade to LTE service to existing 78.7 million Idea subscribers.

**2. Long Distance Services and ISP** – Idea holds licenses for NLD, ILD, ISP and IP-1 services. Idea NLD currently carries around 98% of its captive NLD minutes. Idea ILD services now handle around 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 to the captive requirement of its mobile business. Now, it has also started offering ISP services to external customers like small ISP and enterprise customers for their wholesale Internet backhaul needs. Idea ISP currently handles more than 98% of captive subscriber traffic requirements.

Idea is consistently investing in optical fibre cable (OFC) transmission network to tap the future potential of wireless broadband and currently has laid and energised over 87,600 km OFC, in comparison to over 70,000 km two years back (Q2FY13). Idea has over 4,450 OFC PoPs (3G & 2G) in all its Circles. The fibre backhaul network of the company optimally serves our 2G/ 3G/ NLD/ ILD/ ISP/Wireless Broadband needs. Idea has also introduced worlds' latest high capacity 100G DWDM network technology to cater to rising data demand.

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



	Unit	For the Quarter					Growth	
		Q2FY15	Q1FY15	Q4FY14	Q3FY14	Q2FY14	QoQ	YoY
Total NLD Minutes	mn	14,872	14,662	14,753	13,369	12,874	1.4%	15.5%
Total ILD Minutes	mn	2,206	1,776	1,855	1,235	1,184	24.2%	86.3%
ISP Capacity*	Gbps	76.1	61.6	54.7	45.0	30.0	23.6%	153.7%
Optical Fibre Cable (OFC)*	KM	87,600	84,000	82,000	80,000	77,000	4.3%	13.8%

\*Approx capacity

### 3. Idea Mobile Banking Services

#### a) Business correspondent business with Axis Bank

Idea entered into a BC relationship with Axis Bank for the purpose of acquiring and servicing customers for savings account of Axis Bank through Idea retailers in August 2012. Idea has acquired over 86,000 savings accounts customers in 4 circles of Mumbai, Delhi, UP East and Bihar. Company is evaluating the existing business model in line with development of regulation.

#### b) Over the counter (OTC) Remittance through IMPS and NEFT

Idea has established another line of business through Axis for remittance of cash to any bank account in India. This activity was launched in Dec 2013 with NEFT and in May 2014 with IMPS. This service is available in the cities of Mumbai, Delhi and select towns in UP and Bihar. Idea plans to increase the coverage of the service in existing locations and expand to new geographies later.

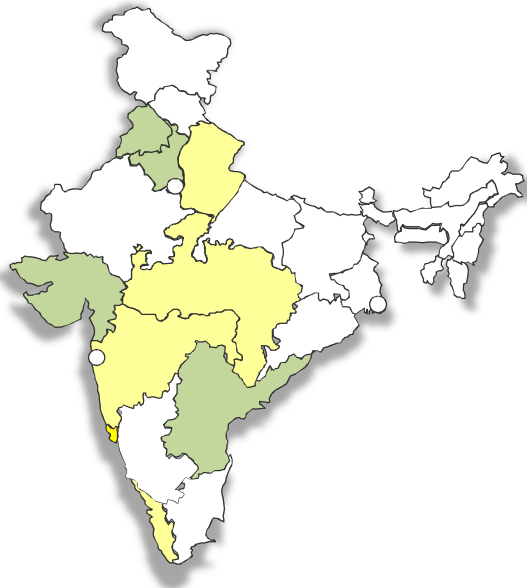
#### c) Prepaid Payment Instrument (PPI)

PPI is commonly known as semi closed wallet. RBI granted Idea Certificate of Authorisation for PPI in November 2013. Idea has recently commenced PPI services in Mumbai in July 2014. We currently offer cash loading into the wallets. With wallet balance one can recharge mobile of Idea and other operator's prepaid accounts, recharge DTH accounts, pay bills and make wallet to wallet and wallet to bank account transfers.

These wallet accounts can be opened without KYC for balance upto Rs. 10,000/-. Idea plans to increase coverage of these services to other cities in a phased manner during financial year 2014-15.

### 3. Strength Areas

#### A. Leadership Geographies



Service Area	RMS Q1FY15*	RMS Rank	Spectrum Profile
M.P.	37.7%	1	2G/3G/4G
Kerala	37.5%	1	2G/3G/4G
Maharashtra	31.4%	1	2G/3G/4G
UP (W)	31.0%	1	2G/3G
Haryana	26.9%	2	2G/3G/4G
Punjab	22.3%	2	2G/3G/4G
A.P.	21.7%	2	2G/3G/4G
Gujarat	20.2%	2	2G/3G
Total	28.4%	1	

Incremental RMS of **45.3%** -Q1FY15 vs Q1FY14

\*Gross Revenue for Mobile & UAS Licenses released by TRAI

The incumbency advantage coupled with the benefit of 900 MHz GSM spectrum and 3G services gives Idea an absolute leadership status in these eight service areas with combined RMS of 28.4%. 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 1.7% in these 8 service areas over last one year to 28.4% (Q1FY14 RMS 26.7%) delivering 45.3% incremental RMS on YoY basis in Q1FY15.

Idea has rolled out 3G services in all these 8 strategically important service areas including launch of 3G services in Punjab service area during first quarter of this financial year. In February 2014 auction, 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 competitive 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 7 service areas. In February 2014 auction Idea won 900 MHz spectrum for 3G services in Delhi service area and endeavors to start 3G services in Delhi during calendar year 2015. Idea also has capability of introducing LTE services in Karnataka post acquisition of 5 MHz contiguous spectrum in 1800 MHz band.





SERVICE AREA	RMS Q1FY15*	RMS RANK	SPECTRUM PROFILE
Rajasthan	13.3%	3	2G
UP (E)	13.0%	3	2G/3G
Delhi	12.3%	3	2G/3G
Bihar	11.7%	3	2G
H.P.	11.3%	4	2G/3G
Karnataka	10.9%	4	2G/4G
Mumbai	9.6%	5	2G
Total	11.7%	3	

These 7 emerging service areas with high growth potential contribute over 27% of Idea's revenue and represent over 39% of national mobile industry revenue. Idea has improved its revenue market share (RMS) by 0.2% in these service areas over last one year to 11.7% in Q1FY15 (Q1FY14 RMS 11.5%) delivering 13.9% incremental RMS on YoY basis v/s Q1FY14. These emerging geographies are now contributing positive EBITDA to the company.

\*Gross Revenue for Mobile & UAS Licenses released by TRAI

### C. New Growth Geographies

Idea also has services in 7 New Service Areas namely, Tamil Nadu, Kolkata, West Bengal, Orissa, J&K, Assam and North East using 1800 MHz spectrum acquired in November 2012 auction, representing over 20% of Indian Mobility Market.

The revenue contribution of these service areas is 5.6% of Idea's reported revenue, while EBITDA losses stand at Rs. 1,798 million in Q2FY15. The combined 'Revenue Market Share' (RMS) in these 7 service areas was 4.5% in Q1FY15. The incremental RMS in these 7 new service areas between Q1FY15 to Q1FY14 is 9.4%, indicating good potential of improving Idea presence in these service areas. Idea offers 3G services in J&K service area and has capability to launch LTE services with additional 5 MHz contiguous spectrum in 1800 MHz band won in February 2014 auction in North East service area.

SERVICE AREA	RMS Q1FY15*	RMS RANK	SPECTRUM PROFILE
West Bengal	7.1%	5	2G
Kolkata	5.2%	6	2G
J&K	4.9%	6	2G/3G
North East	4.1%	6	2G/4G
Assam	3.6%	6	2G
Orissa	4.5%	7	2G
Tamil Nadu	3.5%	7	2G
Total	4.5%	7	

\*Gross Revenue for Mobile & UAS Licenses released by TRAI

### D. Around 144 million Quality Subscriber Base

Idea is the sixth largest mobile telecommunications company (counted on operations in a single country) in the world based on number of subscribers (as determined from data issued by GSMA Intelligence, as of June 2014) currently servicing over 144 million VLR subscribers. This large base of subscribers provides a great platform to the company to upgrade the pure voice customers to wireless data services in future.

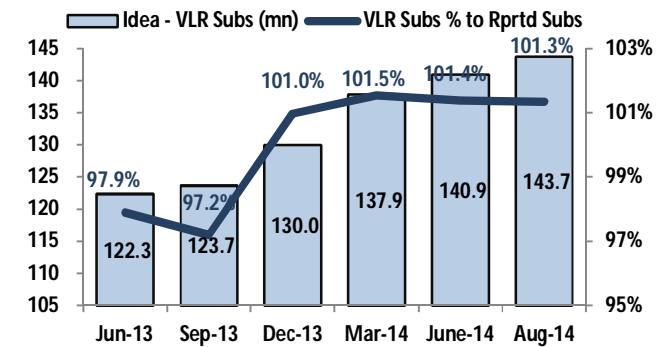
Idea has always been vigilant in monitoring the quality of its subscriber base. The latest (August 2014) data released by the TRAI for VLR subscribers (active subscribers), reaffirms quality of Idea's subscriber base as among the best in terms



of percentage of active subscribers. As of August 2014, Idea has around 101.3% of reported subscribers as VLR subscribers, which is highest in the industry. Idea's VLR EoP subscriber market share at the end of August, 2014 stands at 17.8% (as against a reported subscriber EoP markets share of 15.3%) an improvement of 1.1% over last one year.

During last 12 months from September'13 to August'14, Idea added 20.5 million VLR subscribers in overall industry VLR subscriber growth of 71.4 mn, recording incremental share of 28.7% of VLR subscribers.

Inspite of an addition of 16.3 million reported subscribers (12.8% increase) in last one year (Oct'13 vs Sep'14), Idea has stayed focused on improving quality of subscriber addition. The company ARPU has increased to Rs. 176 in Q2FY15 (~7% improvement) from Rs. 164 in Q2FY14.



Source: TRAI

## E. Leader in Mobile Number Portability Net Adds

The Mobile Number Portability (MNP) was implemented nation-wide on 20th January, 2011 and nearly 105 million customers have availed of the MNP facility offered by Indian Mobile Industry. 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 45 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 10.8 million MNP customers (as on September 30, 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 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 114,101 towers and tenancy ratio of 2.12 as of September 30, 2014. The mobile operations of these shareholders group have combined Revenue Market Share of 71.3% (Q1FY15). Idea (thru ABTL) holds 16% equity stake in Indus towers. Providence Equity Partners, through its entity P5 Asia Holding Investments (Mauritius) Limited, beneficially holds 1,925,000 compulsorily convertible preference shares, convertible into equity shares representing 30.3% of the total equity share capital post conversion of these preference shares of ABTL, which in turn reflects Providence Equity Partners' beneficial equity interest in Indus Towers of 4.85% (assuming no other change in the equity share capital of Indus Towers). The consolidated financial includes 16% consolidation from Indus Towers. Besides investment in Indus Tower, Idea owns 9,488 towers, which have a tenancy ratio of 1.58 as on September 30, 2014.



## 4. Financial Highlights

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

	For the Quarter				
	Q2FY15	Q1FY15	Q4FY14	Q3FY14	Q2FY14
Gross Revenue	75,673	75,562	70,406	66,105	63,170
Opex	53,279	52,966	50,543	48,004	45,874
EBITDA	22,394	22,596	19,862	18,102	17,296
<b>EBITDA Margin</b>	<b>29.6%</b>	<b>29.9%</b>	<b>28.2%</b>	<b>27.4%</b>	<b>27.4%</b>
Depreciation & Amortisation	10,774	10,586	10,402	10,671	9,811
EBIT	11,621	12,010	9,460	7,431	7,485
Interest and Financing Cost (net)	1,176	2,005	1,635	1,180	1,441
Dividend from Indus*	1,026	3,623	-	-	-
PBT	11,470	13,628	7,825	6,251	6,044
Tax	3,676	3,511	2,687	2,270	2,060
<b>PAT</b>	<b>7,794</b>	<b>10,117</b>	<b>5,138</b>	<b>3,981</b>	<b>3,985</b>
<b>Cash Profit</b>	<b>18,155</b>	<b>20,230</b>	<b>16,694</b>	<b>15,663</b>	<b>14,556</b>

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

	For the Quarter				
	Q2FY15	Q1FY15	Q4FY14	Q3FY14	Q2FY14
Gross Revenue	75,699	75,610	70,438	66,131	63,233
Opex	50,792	50,571	48,155	45,608	43,652
EBITDA	24,907	25,039	22,283	20,523	19,581
<b>EBITDA Margin</b>	<b>32.9%</b>	<b>33.1%</b>	<b>31.6%</b>	<b>31.0%</b>	<b>31.0%</b>
Depreciation & Amortisation	11,788	11,545	11,380	11,666	10,795
EBIT	13,119	13,494	10,903	8,857	8,786
Interest and Financing Cost (net)	1,445	2,275	1,947	1,541	1,815
PBT	11,675	11,219	8,956	7,316	6,971
Tax	4,116	3,937	3,058	2,639	2,495
<b>PAT</b>	<b>7,559</b>	<b>7,282</b>	<b>5,898</b>	<b>4,677</b>	<b>4,476</b>
<b>Cash Profit</b>	<b>18,971</b>	<b>18,373</b>	<b>18,505</b>	<b>17,435</b>	<b>16,165</b>

\*Dividend received from Indus is reflected in 'Standalone' PAT and Cash Profit. However, this dividend income gets eliminated in the 'Consolidated' financials.

Note: Forex Loss/Gain which was part of net interest & finance cost earlier, has been regrouped to Other Expenditure (impacting the EBITDA). Past period figures are restated.



## C. Revenue & Profitability Break-up (Rs mn)

Revenue Break-up	For the Quarter	
	Q2FY15	Q1FY15
Gross Revenue - Established Service Areas	71,437	71,547
Gross Revenue - New Service Areas	4,236	4,015
<b>Revenue - Idea Standalone</b>	<b>75,673</b>	<b>75,562</b>
Revenue Contribution - Indus (@16.00%)	5,990	5,854
Consolidation Eliminations	(5,964)	(5,806)
<b>Revenue - Idea Consolidated</b>	<b>75,699</b>	<b>75,610</b>

EBITDA Break-up	For the Quarter	
	Q2FY15	Q1FY15
EBITDA - Established Service Areas	24,192	24,325
EBITDA - New Service Areas	(1,798)	(1,729)
<b>EBITDA - Idea Standalone</b>	<b>22,394</b>	<b>22,596</b>
EBITDA Contribution - Indus (@16.00%)	2,513	2,442
<b>EBITDA - Idea Consolidated</b>	<b>24,907</b>	<b>25,038</b>

EBITDA Margin	For the Quarter	
	Q2FY15	Q1FY15
EBITDA % - Established Service Areas	33.9%	34.0%
EBITDA % - New Service Areas	-42.4%	-43.1%
<b>EBITDA % - Idea Standalone</b>	<b>29.6%</b>	<b>29.9%</b>
Derived EBITDA % Indus	41.9%	41.7%
<b>EBITDA % - Idea Consolidated</b>	<b>32.9%</b>	<b>33.1%</b>

Dep. & Amort. Break-up	For the Quarter	
	Q2FY15	Q1FY15
Dep & Amort. - Idea Standalone	10,774	10,586
Dep. & Amort. Cost from Indus (@16.00%)	1,014	959
<b>Dep. &amp; Amort. - Idea Consolidated</b>	<b>11,788</b>	<b>11,545</b>

EBIT Break-up	For the Quarter	
	Q2FY15	Q1FY15
EBIT - Idea Standalone	11,621	12,010
EBIT Contribution - Indus (@16.00%)	1,498	1,483
<b>EBIT - Idea Consolidated</b>	<b>13,119</b>	<b>13,493</b>

Interest & Finance Cost Break-up	For the Quarter	
	Q2FY15	Q1FY15
Gross Interest Cost - Idea Standalone	2,315	2,295
Gross Interest Income - Idea Standalone	(1,139)	(290)
<b>Int. &amp; Fin. Cost (net) - Idea Standalone</b>	<b>1,176</b>	<b>2,005</b>
Int. & Fin. Cost (net) from Indus (@16.00%)	269	270
<b>Int &amp; Fin Cost (net) - Idea Consolidated</b>	<b>1,445</b>	<b>2,275</b>

Dividend from Indus	1,026	3,623
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Tax Break-up	For the Quarter	
	Q2FY15	Q1FY15
Tax - Idea Standalone	3,676	3,511
Tax - Indus (@16.00%)	439	426
<b>Tax - Idea Consolidated</b>	<b>4,116</b>	<b>3,937</b>

PAT Break-up	For the Quarter	
	Q2FY15	Q1FY15
PAT - Idea Standalone	7,794	10,117
PAT Contribution - Indus (@16.00%)	790	787
Indus Dividend Elimination	(1,026)	(3,623)
<b>PAT - Idea Consolidated</b>	<b>7,559</b>	<b>7,282</b>

**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.

**Note 2:** Forex Loss/Gain which was part of net interest & finance cost earlier, has been regrouped to Other Expenditure (impacting the EBITDA). Past period figures are restated.



## D. Balance Sheet (Rs mn)

Particulars	Idea Standalone - As on		Idea Consolidated - As on	
	30-Sep-14	31-Mar-14	30-Sep-14	31-Mar-14
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' Funds</b>				
Equity Share Capital	35,966	33,196	35,966	33,196
Reserves & Surplus	1,78,066	1,25,591	1,80,286	1,32,054
	<b>2,14,032</b>	<b>1,58,787</b>	<b>2,16,251</b>	<b>1,65,250</b>
Compulsorily Convertible Preference Shares	19	19	19	19
<b>Non-Current Liabilities</b>				
Long-Term Borrowings	1,56,541	1,71,439	1,64,726	1,81,284
Deferred Tax Liabilities (Net)	14,456	15,497	17,146	18,133
Other Long-Term Liabilities	15,313	13,974	13,702	9,229
Long-Term Provisions	2,535	2,182	5,379	4,986
	<b>1,88,844</b>	<b>2,03,092</b>	<b>2,00,953</b>	<b>2,13,632</b>
<b>Current Liabilities</b>				
Short-Term Borrowings	52	6,094	52	6,472
Trade Payables	28,230	26,975	29,140	27,880
Current maturities of long term debt	23,222	16,084	26,226	18,594
Other Current Liabilities	38,649	30,877	40,133	31,851
Short-Term Provisions	2,244	1,869	2,255	1,877
	<b>92,397</b>	<b>81,898</b>	<b>97,805</b>	<b>86,673</b>
<b>Total</b>	<b>4,95,292</b>	<b>4,43,796</b>	<b>5,15,029</b>	<b>4,65,575</b>
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
<b>Fixed Assets</b>				
Tangible Assets	1,81,104	1,85,707	2,13,320	2,18,632
Intangible Assets	78,025	77,274	78,067	77,326
Capital Work-in-Progress	1,13,538	1,13,811	1,13,947	1,14,194
	<b>3,72,666</b>	<b>3,76,792</b>	<b>4,05,333</b>	<b>4,10,153</b>
Goodwill	17,799	17,799	61	61
Long-Term Loans and Advances	21,958	27,747	23,348	28,971
Other Non-Current Assets			917	1,448
	<b>4,12,423</b>	<b>4,22,339</b>	<b>4,29,659</b>	<b>4,40,633</b>
<b>Current Assets</b>				
Current Investments	44,490	330	44,650	2,155
Inventories	977	683	977	683
Trade receivables	9,199	7,809	9,474	8,006
Cash and Bank Balance	17,056	1,431	18,183	1,881
Short-term loans and advances	10,793	11,170	11,731	12,182
Other current assets	355	34	355	35
	<b>82,869</b>	<b>21,458</b>	<b>85,371</b>	<b>24,942</b>
<b>Total</b>	<b>4,95,292</b>	<b>4,43,796</b>	<b>5,15,029</b>	<b>4,65,575</b>



## 5. Key Performance Indicators

### A. Financial Indicators – Idea Standalone

Parameters	Unit	For the Quarter				
		Q2FY15	Q1FY15	Q4FY14	Q3FY14	Q2FY14
Gross Revenue	INR Mn	75,673	75,562	70,406	66,105	63,170
Growth QoQ	%	0.1%	7.3%	6.5%	4.6%	-3.3%
EBITDA	INR Mn	22,394	22,596	19,862	18,102	17,296
EBITDA	%	29.6%	29.9%	28.2%	27.4%	27.4%
EBIT	INR Mn	11,621	12,010	9,460	7,431	7,485
EBIT	%	15.4%	15.9%	13.4%	11.2%	11.8%
Gross Revenue/min	paisa	46.6	45.7	44.8	45.7	45.5
EBIT/min	paisa	7.2	7.3	6.0	5.1	5.4
Gross Fixed Assets	INR Mn	4,74,603	4,66,276	4,57,400	4,45,331	4,34,576
Annualised Revenue/Gross Fixed Assets	%	63.8%	64.8%	61.6%	59.4%	58.1%
Gross Revenue per 2G Site/Month (INR)	INR	2,35,991	2,38,804	2,27,433	2,23,061	2,23,795

Note: Forex Loss/Gain which was part of net interest & finance cost earlier, has been regrouped to Other Expenditure (impacting the EBITDA). Past period figures are restated.

### B. Operational Indicators – Idea Standalone

Overall Business	Unit	For the Quarter				
		Q2FY15	Q1FY15	Q4FY14	Q3FY14	Q2FY14
Subscriber Base (EoP) (2G+3G)	mn	143.6	139.0	135.8	128.7	127.2
VLR Subscribers (EoP)	mn	144.5	140.9	137.9	129.9	123.7
Net VLR Subscriber addition	mn	3.6	3.1	7.9	6.3	1.3
Pre-paid Subs (% of EoP subscribers)	%	95.7%	95.8%	95.7%	95.7%	95.8%
3G Device Penetration (on EoP Subscribers)	%	17.0%	15.1%	12.7%	11.7%	9.9%
3G Subscribers (Voice+Data) (EoP)	mn	13.3	10.6	10.2	8.7	6.2
2G Coverage - No. of Census Towns*	no.	7,417	7,417	7,394	7,327	4,672
2G Coverage - No. of Villages*	no.	3,49,856	3,47,691	3,44,108	3,37,056	3,10,648
Average Revenue per User (ARPU)	INR	176	181	173	169	164
Average Voice Revenue Per User (Voice ARPU)	INR	139	149	145	142	138
Average Minutes of Use per User (MoU)	min	384	401	397	376	368
Average Realisation per Minute (ARPM)	paisa	45.9	45.1	43.6	44.9	44.7
Average Realisation per Minute (Voice ARPM)	paisa	36.2	37.1	36.5	37.7	37.5
Post-paid Churn	%	2.7%	4.9%	2.5%	3.0%	2.8%
Pre-paid Churn	%	5.1%	4.6%	4.3%	5.8%	5.4%
Blended Churn	%	5.0%	4.6%	4.2%	5.6%	5.3%



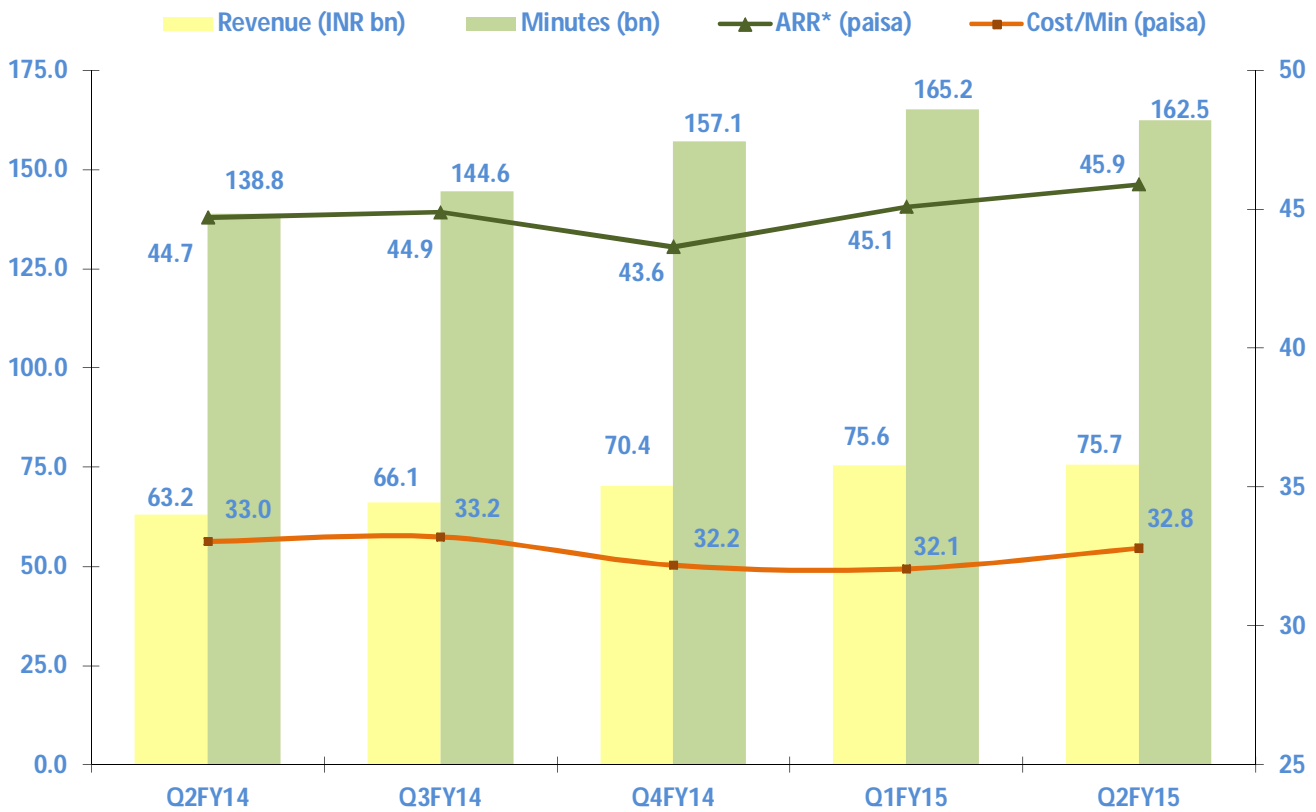
Overall Business	Unit	For the Quarter				
		Q2FY15	Q1FY15	Q4FY14	Q3FY14	Q2FY14
Total Minutes of Use	mn	1,62,454	1,65,239	1,57,055	1,44,571	1,38,827
Total 3G Cell Sites (EoP)	no.	25,164	22,516	21,381	19,904	18,031
Total 2G Cell Sites (EoP)	no.	1,07,605	1,06,169	1,04,778	1,01,600	95,970
Towers - Rented Indus (EoP)	no.	57,320	56,327	55,213	53,469	50,482
Towers - Rented Others (EoP)	no.	40,852	40,396	40,167	38,708	36,102
Owned Towers (EoP)	no.	9,488	9,495	9,446	9,486	9,454
Tenancy Ratio - Owned Towers	times	1.58	1.57	1.57	1.57	1.56
Manpower on Rolls (EoP)	no.	14,978	15,009	14,988	14,729	14,143
<b>Non-Voice and Data Business (2G+3G)</b>						
VAS as a % of Service Revenue	%	21.1%	17.8%	16.5%	16.1%	16.1%
Data as a % of Service Revenue	%	14.0%	11.5%	10.1%	9.5%	8.7%
Non-Data VAS as a % of Service Revenue	%	7.1%	6.4%	6.4%	6.6%	7.4%
Total Data Suscribers (2G+3G)**	000	30,927	27,874	25,256	25,522	33,618
Total Data Volume (2G+3G)	Mn MB	39,428	32,516	27,299	20,840	17,452
Blended Data ARMB	paisa	26.5	26.3	25.3	29.6	31.0
Data ARPU for Data Subscriber (2G+3G)	INR	119	108	104	91	55
Data Usage by Data Subscriber (2G+3G)	MB	447	409	410	309	178
3G Data Subscribers	000	10,521	8,775	7,224	5,862	4,379
3G Data Volume	Mn MB	19,786	15,719	13,084	9,469	7,578
3G Data ARPU for 3G Data Subscriber	INR	195	177	164	179	168
3G Data Uages by 3G Data Subscribers	MB	693	666	681	680	624

\*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

## 6. Management Discussion & Analysis

### A. Global Scale of Operations



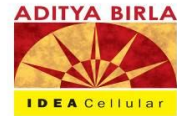
\*Calculated by dividing service revenue (excl. infrastructure and device revenue) by total Minutes of Use

Idea's global scale of operations, serving over 144 million quality subscribers, generating around 1.77 billion minutes per day, place the company in a strong competitive position.

Idea stays on the path to strengthen its competitive standing and continue to invest in long term value creators of the wireless business and emerging streams. Company has expanded its reach by launching 1,436 2G sites & 2,648 3G sites in this quarter. It has also increased the optical fibre network to 87,600 km while strengthening its presence in NLD, IILD, 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 strong consumer demand & brand association, expanding 2G & 3G network footprint, competitive spectrum portfolio with steady Cash flows from Operations affirm Idea's ability to deliver consistent, competitive, responsible and profitable growth. The company is well geared to meet all volatile, uncertain, complex and ambiguous developments and remains on course of its mission to improve its market standing both in Mobile voice and data business.





## B. Strong Operating Performance

Idea Cellular is pleased to reverse the last 2 years trend of sequential revenue decline during the seasonally weak 'July to September' quarter due to contraction in 'Voice Minutes of Use', with an absolute revenue growth of Rs. 111 million. Idea standalone Q2FY15 revenue at Rs. 75,673 million has robust YoY growth @ 19.8% on back of 17% annual increase in Voice MoUs and 125.9% growth in 'Mobile Data Volume'.

During this quarter, the company carried 162.5 billion minutes on its network, less pronounced seasonal quarterly decline of 1.7%, in comparison to 5.8% minute decline in Q2 vs Q1FY14. In line with the emerging digital connectivity demand, Mobile Data volume exploded to 39.4 billion MB on its 2G+3G platform @ 21.3% QoQ growth, reaffirming consumer preference for brand Idea.

While the Voice rate realisation was under pressure, but 22.5% quarterly jump in Mobile Data revenue, contributing 14.0% to service revenue, helped Idea improve 'Average Realisation per Minute' (ARPM) by 0.8paise from 45.1p in Q1FY15 to 45.9p in Q2FY15. The 'Value Added Service' (VAS) contribution has improved sharply to 21.1% of service revenue, a gain of 4.9% over last one year.

The standalone EBITDA of Rs. 22,394 million grew by 29.5% on YoY basis due to multiple drivers including scale benefit, better cost management and robust net subscriber addition, voice minutes and data volume growth. Idea improved its EBITDA margin by 2.2% during last one year to 29.6%. The quarterly EBITDA was positively impacted by write-backs of -Rs. 250 million related to network expenses.

Including Indus dividend receipt of Rs. 1,026 million, the company has delivered excellent 'Profit After Tax' (PAT) at Rs. 7,794 million, nearly double the Q2FY14 PAT of Rs. 3,984 million.

Brand Idea continues its high subscriber growth momentum with 4.6 million net new customer additions in the quarter, now servicing 143.6 million EoP customer base as 'Average Revenue Per User' (ARPU) improved to Rs. 176 (Rs. 164 in Q2FY14) and MoU/Subscriber increased to 384 minutes (368 minutes in Q2FY14). The company continued its journey of strengthening its competitive market standing with VLR subscriber market share climbing to 17.8% (August 2014) and Revenue Market Share (RMS) in Q1FY15 @ 17.1%, an increase of 0.9% compared to Q1FY14.

Idea managed to maintain the mobile data 'Average Realisation per MB' (ARMB) at 26.5paise (vs 26.3p in Q1FY15). The explosive Mobile Data volume growth and steady ARMB has helped Mobile data quarterly revenue cross Rs. 10 billion mark. The Mobile Data consumer base has risen in this quarter by 3.1 million to 30.9 million. The blended data ARPU (2G+3G) has also improved to Rs. 119 and 'Usage per data subscriber' is now at 447 MB. The 3G (Voice+Data) customer grew steadily to 13.3 million but still represents only 9.3% of Ideas' total subscriber base. In comparison, the 3G phone penetration among Idea subscribers is improving and over 17% of Idea users own high speed 3G devices.



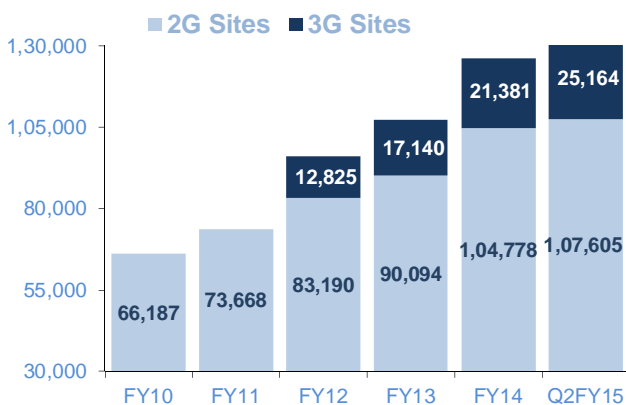
For Q2FY15, on consolidated basis including Indus 16% contribution, Idea revenue grew by 19.7% against same quarter year ago and YoY EBITDA rose by 27.2%, driving the EBITDA margin to 32.9%. The consolidated PAT at Rs. 7,559 million has grown sharply by 68.9% from Rs. 4,476 million in Q2FY14.

### C. Impact of Forex and Balance Sheet

The capex and net debt amounts reflecting in our balance sheet are higher by around Rs. 720 million each due to capitalisation of amount relating to exchange difference during the quarter on long term loans taken for acquiring fixed assets.

In July 2014, company allotted 51.84 million equity shares at an issue price of Rs. 144.68 per Equity Share (including a premium of Rs. 134.68 per Equity Share), aggregating to approx. Rs. 7,500 million, on preferential basis to its telecom partner - Axiata Investments 2 (India) Limited, an affiliate of Axiata Group. With additional Equity infusion and strong Cash Profit of Rs. 18,155 million in the quarter, Idea has reduced its Net Debt by Rs. 21,500 million to Rs. 118,269 million. The Net Debt to Annualised EBITDA ratio stands at 1.32, providing the company sufficient headroom to participate in the forthcoming 900 MHz spectrum renewal auction. The Net-Worth of Rs. 214,051 million combined with an average (previous four quarters) Cash Profit of -Rs. 17,700 million per quarter provides a solid foundation to support the company's growth plan.

### D. Capex



Idea rolled out 1,436 2G cell sites and 2,648 3G cell sites during the quarter, taking Network EoP site count for GSM to 107,605 and 25,164 for 3G sites.

The total addition to the Gross Block including CWIP for the quarter was Rs. 10,075 million (excluding capitalised forex fluctuation of Rs. 720 million and capitalised interest of Rs. 1,326 million).

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

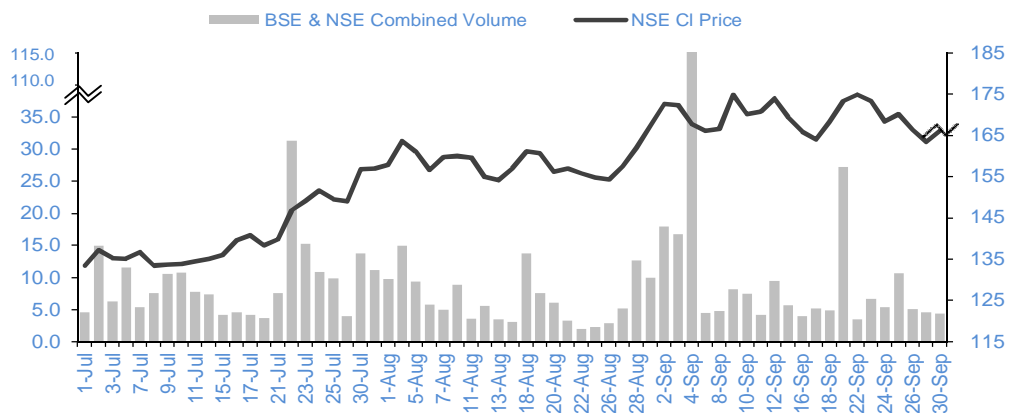


## 7. Stock Market Highlights

General Information		
BSE Code		532817
NSE Symbol		IDEA
Reuters		IDEA.BO/IDEA.NS
No of Shares Outstanding (30/09/2014)	mn	3596.44
Closing Market Price - NSE (30/09/2014)	INR/share	166.10
Combined Volume (NSE & BSE) (01/07/2014 to 30/09/2014)	mn/day	9.7
Combined Value (NSE & BSE) (01/07/2014 to 30/09/2014)	INR mn/day	1532.7
Market Capitalisation (30/09/2014)	INR bn	597
EPS for the Quarter (Annualised)	INR/share	8.44
Enterprise Value (30/09/2014)	INR bn	726
Price to Earning	times	19.7
Price to Cash Earning	times	7.9
Price to Book Value	times	2.8
EV/Annualised EBITDA	times	7.3

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

Volume (no. of Shares in mn) Closing Price (INR)



## 8. Shareholding Pattern as on September 30, 2014:

Particulars	Idea Cellular Ltd.	
	No. of Shares	% holding
<b>Promoter and Promoter Group</b>		
Indian	1,52,06,79,047	42.28%
Foreign	-	
<b>Public Shareholding</b>		
Foreign Holding	1,85,62,57,210	51.61%
Indian Institutions	14,11,75,036	3.93%
Others	7,83,23,811	2.18%
<b>Total</b>	<b>3,59,64,35,104</b>	<b>100.00%</b>



## 9. 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 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



Definitions/Abbreviation	Description/Full Form
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
PAT	Profit after Tax



Definitions/Abbreviation	Description/Full Form
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