



## Media Release

Mumbai – Oct 21, 2011 Idea Cellular announces un-audited results for the Second Quarter (Q2) and Half Year ended September 30, 2011

### Highlights – Q2 FY12

- Idea – Standalone<sup>1</sup> – Revenue Rs. 46,554mn, EBITDA Rs. 10,436mn, PAT Rs. 793mn
- Idea – Consolidated<sup>2</sup> – Revenue Rs. 46,199mn, EBITDA Rs. 11,866mn, PAT Rs. 1,058mn

	INR mn							
	Idea Standalone <sup>1</sup>				Idea Consolidated <sup>2</sup>			
	Q2FY12	Q1FY12	H1FY12	H1FY11	Q2FY12	Q1FY12	H1FY12	H1FY11
Revenue - Established Service Areas <sup>3</sup>	41,579	40,746	82,325	67,340				
Revenue - New Service Areas <sup>4</sup>	4,975	4,814	9,789	6,448				
<b>Total Revenue</b>	<b>46,554</b>	<b>45,559</b>	<b>92,113</b>	<b>73,787</b>	<b>46,199</b>	<b>45,207</b>	<b>91,406</b>	<b>73,129</b>
EBITDA - Established Service Areas <sup>3</sup>	12,212	12,064	24,276	18,384				
EBITDA - New Service Areas <sup>4</sup>	(1,776)	(1,397)	(3,173)	(2,829)				
<b>Total EBITDA</b>	<b>10,436</b>	<b>10,666</b>	<b>21,103</b>	<b>15,554</b>	<b>11,866</b>	<b>12,040</b>	<b>23,906</b>	<b>17,672</b>
EBITDA% - Established Service Areas <sup>3</sup>	29.4%	29.6%	29.5%	27.3%				
EBITDA% - New Service Areas <sup>4</sup>	-35.7%	-29.0%	-32.4%	-43.9%				
<b>Total EBITDA%</b>	<b>22.4%</b>	<b>23.4%</b>	<b>22.9%</b>	<b>21.1%</b>	<b>25.7%</b>	<b>26.6%</b>	<b>26.2%</b>	<b>24.2%</b>
Depreciation & Amortisation	6,726	6,389	13,115	10,425	7,369	7,026	14,395	11,476
EBIT	3,710	4,278	7,988	5,129	4,498	5,014	9,512	6,196
Interest and Financing Cost (Net)	2,538	2,061	4,599	1,431	2,939	2,463	5,402	2,169
PBT	1,171	2,217	3,389	3,698	1,559	2,551	4,109	4,027
PAT	793	1,541	2,333	3,594	1,058	1,773	2,830	3,811
Cash Profit <sup>5</sup>	7,884	8,609	16,493	14,194	8,913	9,580	18,493	15,574

Idea Cellular today joined a select club of global operators with 100 million quality subscribers, providing it a platform for next level of growth in Voice, Wireless Broadband and related telecom services. The company continued its unblemished record of highest active subscriber ratio (VLR), in the industry.

With the increasing proportion of rural subscribers, the market weakness in the second quarter has become more pronounced, resulting in 2.2% of sequential quarterly revenue growth after high growth of 6.7% and 7.0% in the previous two quarters. But, when compared on a YoY basis, Idea revenue grew by 26.2% from Rs. 36,891 million in Q2FY11.

The voice 'minutes of use' contracted, largely due to seasonality, by 2.2% to 106.2 billion compared to Q1FY12. The depression in the minutes has been compensated with a healthy 4.2% improvement in Average Realised Rate (ARR) from 41.0p to 42.7p. Factors supporting improvement in ARR are increase in VAS contribution, up from 12.1% to 13.2%, roaming revenue and revision in promotional tariffs.

The standalone EBITDA margin compressed by 1% to 22.4% over previous quarter, primarily due to higher manpower cost (annual increment) and network expenses. On a YoY basis the company's EBITDA has grown to Rs. 10,436 million (Q2 FY12) in comparison to Rs. 7,618 million (Q2 FY11), an increase of 37%. Similarly, inspite of high investment in 2G, 3G and 3G spectrum auction; the company has managed to grow its EBIT to Rs. 3,710 million, reflecting a growth of 58%, over Q2FY11.



The challenging external environment pushed the Profit After Tax (PAT) on a standalone basis down to Rs. 793 million against Rs. 1,541 million in the previous quarter, on account of net high interest & finance cost of Rs. 2,538 million, including Rs. 313 million of forex loss. The Cash Profit stands at Rs. 7,884 million for Q2 FY12.

The company's 3G investment plans are on track and high speed broadband services are now available across 1,600 towns, in 20 service areas (including 3G roaming arrangement) in India. The 3G services will help Idea's 100 million subscribers to move to the new digital age as the company gears itself to participate in NTP 2011 vision of 'Broadband for All'.

Idea's strategy to dig deep in 13 established Service Areas has helped it to sustain its position as the 'fastest growing large Indian telecom operator', reaching national revenue market share of 13.9% in Q1FY12 and retaining its 'MNP Leadership' with a net gain of 1.3 million subscriber (as on 16<sup>th</sup> October) from other existing operators.

As hyper competitive phase draws to an inevitable close, and the consumer demand transitions from pure voice to voice and data, Idea Cellular is well positioned with a pan India presence, strong balance sheet, brand power and consumer traction, to profit from long term opportunities in the Wireless Telecom Market.

**Notes:**

1. Idea Standalone represents Idea, and its 100% subsidiaries. Effectively, this encompasses all operations, excluding the Joint Venture i.e. Indus.
2. Idea Consolidated represents Idea Standalone and proportionate consolidation of Indus (@16%).
3. Established Service Areas represent 13 service areas namely Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana, Uttar Pradesh West & Uttaranchal, Uttar Pradesh East, Rajasthan and Himachal Pradesh, Punjab and Karnataka service areas.
4. New Service Areas represent 9 service areas of Mumbai, Bihar, Orissa, Tamil Nadu, J&K, Kolkata, West Bengal, Assam and North East.
5. Cash Profit is calculated as summation of PAT, Depreciation & Amortisation, charge on account of ESOPs and Deferred tax, for the relevant period.
6. Figures for past periods have been regrouped, wherever necessary.
7. The Company's appeal before the Appellate Bench of Hon'ble High Court of Delhi, challenging its judgment dated 4th July 2011 passed by the single judge concerning amalgamation of erstwhile Spice Communications Limited (Spice) with the Company and issues relating thereto is pending. Meanwhile, through interim order passed by the said Bench of Hon'ble High Court, DoT has been directed to accept the License Fee from the Company against the licenses for Punjab and Karnataka service areas granted to erstwhile Spice without prejudice; maintain status quo in relation to the aforesaid two operating licenses and not to take any coercive action in relation to any demand concerning remaining four non operating licenses till the next hearing. The financial results therefore continue to include the results of Punjab & Karnataka service areas.

**About Idea Cellular Ltd.**

Idea Cellular is the third largest wireless operator in India with a Revenue Market Share of 13.9% (Q1FY12). Idea is listed on the National Stock Exchange (NSE), and the Bombay Stock Exchange (BSE) in India.

Idea is part of the Aditya Birla Group, India's first truly multinational group. The group operates in 33 countries, is anchored by an extraordinary force of over 133,000 employees belonging to 42 nationalities, and derives over 60% of its revenues from operations outside India.