

Idea Cellular Limited

An Aditya Birla Group Company

Quarterly Report – First Quarter Ended June 30th, 2018

Idea 4G

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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 Ind AS adopted in Q1FY17, with transition date of April 01, 2015. The earlier period financial data is based on IGAAP. Our financial year ends on 31st March 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, Ind AS and U.S. GAAP; accordingly, the degree to which the Ind AS 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:

- **Standalone** – Idea, and its subsidiaries. Effectively, this encompasses all operations, excluding Indus and ABIPBL.
- **Consolidated** – In addition to Idea Standalone as defined above, this covers the proportionate consolidation of Indus and ABIPBL at PAT level.

2. Performance at a glance – Idea Standalone

Particulars	Unit	Ind AS		Ind AS			IGAAP	
		Q1FY19	Q4FY18	FY 18	FY 17	FY 16	FY 15	FY 14
Operating Highlights								
Subscriber base (EoP)	mn	187.9	194.5	194.5	189.5	175.1	157.8	135.8
2G - Cell Sites (EoP)	no.	130,957	131,446	131,446	131,486	126,833	112,367	104,778
Broadband cell sites (3G+4G)	no.	160,598	154,910	154,910	110,054	64,703	30,291	21,381
Total Minutes of Use	mn	349,530	330,364	1,118,702	836,012	785,975	683,427	587,768
Total Data Volume (2G+3G+4G)	Mn MB	1,018,261	818,085	2,080,895	436,422	297,920	172,531	79,381
Financial Highlights								
Gross Revenue	Rs mn	58,892	61,373	282,789	355,757	359,494	315,548	265,036
EBITDA ¹	Rs mn	6,595	14,473	60,476	102,436	120,063	97,941	73,883
PAT	Rs mn	5,092	(10,179)	(41,628)	(4,075)	23,781	34,772	17,932
Cash Profit ²	Rs mn	(4,416)	4,377	17,069	69,386	99,011	84,820	64,350
Gross Investment in Fixed Assets	Rs mn	1,242,739	1,255,403	1,255,403	1,184,914	986,633	613,841	571,211
Net Worth	Rs mn	281,757	276,638	276,638	250,990	232,642	228,518	158,787
Loan Funds	Rs mn	638,228	579,851	579,851	550,546	405,413	258,754	193,616
Cash & Cash Equivalent	Rs mn	132,423	56,596	56,596	49,825	20,996	130,714	1,761
Net Debt	Rs mn	505,805	523,256	523,256	500,721	384,417	128,041	191,855
Net Debt to Net Worth	times	1.80	1.89	1.89	1.99	1.65	0.56	1.21

¹ Forex loss/gain, earlier forming part of pre-EBITDA cost, has been regrouped with Interest and Finance Cost from Q1FY18. EBITDA for earlier periods is restated to reflect the same.

² Dividend received from Indus is considered while calculating standalone (Idea+ Subsidiaries) PAT and Cash Profit.

3. Company Overview

Idea Cellular Limited (“Idea”) is the third largest wireless operator by subscribers in India with Adjusted Gross Revenue (AGR) Market Share of 16.6% (Q4FY18). The company carried around 3.8 billion minutes on a daily basis during Q1FY19. Company is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India with a market capitalization of Rs. 259 billion (as on June 30th, 2018).

A. Promoter Group

Idea is part of the Aditya Birla Group, a US\$43 billion corporation, which is one of the largest business groups in India, and is in the league of Fortune 500. The Aditya Birla Group is a conglomerate with operations in 35 countries. The Aditya Birla group has businesses in, among others, mobile telecommunications, metals and mining, fashion & retail, cement, carbon black, textiles, garments, chemicals, fertilizer and financial services industries etc. The Group currently has shareholding of 42.56% in Idea, through following entities:

Grasim Industries Ltd.	23.13%
Birla TMT Holdings Pvt. Ltd.	6.51%
Hindalco Industries Ltd.	5.24%
Oriana Investments Pte. Ltd.	3.74%
Elaine Investments Pte. Ltd.	3.74%
Others	0.19%
Total	42.56%

B. Corporate Structure

Idea Cellular Limited (Idea)



ICSL – Provides manpower services to Idea

ITL – Engaged in the business of sale and purchase of communication devices

ABTL – Currently holds 11.15% shareholding in Indus and engaged in business of sale & purchase of communication devices

Indus – A joint venture between Bharti Infratel, Vodafone India and Idea (through ABTL), to provide passive infrastructure services in 15 service areas

ABIPBL – An association with Grasim Industries Limited holding license in payment bank

** On 25th April 2018, merger of Bharti Infratel and Indus towers was announced. On completion of this merger Idea has the option to either: (1) sell its 11.15% shareholding in Indus towers for cash or alternatively; (2) receive new shares in the combined company.*

C. Business Segments

1. Mobile Operations

- **Voice Business** - Idea has pan India GSM coverage in all 22 service areas. With acquisition of 7 new licenses in Nov 2012 auction and renewal of 900 MHz in nine service areas in March 2015 auctions, Idea has achieved renewal in 16 out of 22 service areas, laying solid foundation for growth of business till year 2035 (2032 for 7 licenses).
- **Broadband Services** - Idea provides broadband services in all 22 service areas of India. The company owns 74 broadband carriers (44 carriers on FDD and 30 carriers on TDD) providing sufficient capacity to cater its growing broadband data demand. Over last one year, the population coverage under broadband (3G+4G) sites has increased from 524 million in Q1FY18 to 662 million in Q1FY19, reflecting Idea's aggressive growth strategy in broadband. The 4G spectrum profile of the company covers nearly 98% of its own revenue and 94% of industry revenue (based on Q4FY18 AGR). The company currently offers 3G services across 15 circles using 17 carriers which can also be potentially redeployed for 4G as & when majority of the customers upgrade their devices to 4G.

- **Digital Services**

Launched in January 2017, and one and a half year into operations, Digital Idea has made huge strides in its journey to become destination of choice for its customers for all their self-help & entertainment needs. The latest & relevant content and a constantly refining user experience across the suite of services has kept the customers hooked to the apps, leading to increase in adoption of the apps, as well as, driving the increase in usage at an individual customer level.

Idea's digital portfolio consists of MyIdea App + Website for Self-help , Idea Music, Idea Movies & TV and Idea Games for Entertainment. Collectively they boasts of around 60 million App installs & 6 million website visitors.

- **MyIdea & Website** is built with the thinking of simplifying consumer journey, inbuilt product recommendations, varied payment options with quick pay methods and digital first offers. My Idea App is the top rated app amongst all the Telecom productivity apps with 4.8 rating on Apple store and 4.3 rating on Google Play Store.
- **Idea Music** offers a rich library of nearly 3.5 million + Indian and international music tracks, which will grow to nearly 20 million tracks in near future. The Idea Music app constantly appears amongst the top ranked app on the Play Store. The app hosts diverse content not only across 13 Indian languages, including Bollywood, South Indian Cinema etc. but also across International artists, albums and tracks from several

major music labels. The app awaits a major refreshed user interface. As on 30th Jun 2018, nearly 7.2 million + customers have installed the app.

- **Idea Movie & TV-** The award winning Idea Movies & TV app offers 400+ Live TV channels and is seeing strong increase in consumption in the regional & vernacular genres. The app offers over 8,500 movies across Bollywood, Regional & International, TV shows with 7 days catch-up TV, music videos and have over 1 Lac + pieces of content. Live and Catch up TV including premium channels, is offered in collaboration with Ditto TV & Yupp TV. Bloomberg along with additional bouquet of channels has been added from Discovery, ensuring that all major genres are covered. Consequently at 4.4 rating it has been amongst the top rated app on the Play Store. As on June 2018, over 11.7 million+ customers have installed the app.
- **Idea Games** is the gaming destination with a collection of nearly 2,000 games across all genres. Targeted at the gaming aficionado and the casual gamer, these games can be played both in the online and offline mode. As on 30th June 2018, nearly 2.3 million customers have installed Idea Games app.
- **Idea News and Magazines** is the destination for latest news and magazines with a collection of more than 5,000 magazines across 65 languages and latest News updates delivered in 7 languages across categories including Health, Sports, and Technology. Idea has tied up with Magzter – the largest aggregator of Magazines in the world. This app also witnessing encouraging trends of subscriber adoption.

2. Long Distance Services and ISP – Idea holds licenses for NLD, ILD, ISP and IP-1 services. Idea NLD currently carries over 98% of its captive NLD minutes. Idea ILD services now handle around 100% of captive ILD outgoing minutes. The Idea ISP service in addition to catering to the captive mobile subscriber traffic, offers ISP services to external customers like small ISP and enterprise customers for their wholesale internet backhaul needs.



3. Aditya Birla Idea Payment Bank Services

Aditya Birla Idea Payment Bank Limited (APIPBL) on April 03, 2017, received banking license from RBI. The Payments Bank services were launched on February 22, 2018. The company will acquire and service new Payments Bank customers both 'Online' leveraging the power of around 47 million digital customers of Idea and other entities (or businesses) of Aditya Birla Group as well as 'Offline' leveraging the strength of Idea's 2 Million+ retail distribution channel partners across over 400,000 towns & villages. The Payments Bank intends to promote a wide range of banking products & services including current and savings bank account, domestic remittances, merchant payments etc. while partnering with ABG financial services, select universal banks & financial institutions for offering range of full banking products including Demand Deposits, other related investment and Insurance products to its payments bank customer. The proportionate Profit/ Loss of ABIPBL is consolidated at PAT level in Idea's financials. The proportionate Profit/ Loss of ABIPBL is consolidated at PAT level in Idea's financials.

4. Strength Areas

A. Competitive Spectrum Profile

Following table provides the details regarding spectrum holding of Idea across all 22 service areas

Service Areas	FDD				TDD			FDD (2x)* +TDD	GSM (2G) services	Broadband Carrier		
	900	1800	2100	Total	2300	2500	Total			3G	4G	Total
Maharashtra	9.0	11.0	5.0	25.0	10.0	10.0	20.0	70.0	√	2	5	7
Kerala	6.0	10.0	5.0	21.0	10.0	10.0	20.0	62.0	√	1	5	6
Madhya Pradesh	7.4	11.6	5.0	24.0	10.0	20.0	30.0	78.0	√	2	7	9
Uttar Pradesh (West)	5.0	9.4	5.0	19.4		10.0	10.0	48.8	√	1	4	5
Gujarat	5.0	10.0	5.0	20.0		10.0	10.0	50.0	√	1	4	5
Andhra Pradesh	5.0	6.0	5.0	16.0		10.0	10.0	42.0	√	1	3	4
Punjab	5.6	10.0	5.0	20.6				41.2	√	1	2	3
Haryana	6.0	10.8	5.0	21.8		10.0	10.0	53.6	√	1	4	5
8 Leadership Circle (Sub Total)	49.0	78.8	40.0	167.8	30.0	80.0	110.0	445.6		10	32	42
Uttar Pradesh (East)		6.2	10.0	16.2		10.0	10.0	42.4	√	1	3	4
Rajasthan		11.2	5.0	16.2		10.0	10.0	42.4	√	1	3	4
Bihar		10.80	5.0	15.8		10.0	10.0	41.6	√	1	3	4
Himachal Pradesh		9.8	5.0	14.8		10.0	10.0	39.6	√	1	3	4
Delhi	5.0	8.6		13.6				27.2	√	1	0	1
Mumbai		6.4	5.0	11.4				22.8	√		1	1
Karnataka	5.0	6.0		11.0				22.0	√		1	1
7 Emerging Circle (Sub Total)	10.0	59.0	30.0	99.0		40.0	40.0	238.0		5	12	17
Tamil nadu		11.4		11.4				22.8	√		1	1
Kolkata		5.0	5.0	10.0				20.0	√	1		1
West Bengal		11.40		11.4		10.0	10.0	32.8	√		3	3
Orissa		10.0		10.0		10.0	10.0	30.0	√		3	3
Assam		10.0		10.0		10.0	10.0	30.0	√		3	3
North East		11.0		11.0		10.0	10.0	32.0	√		3	3
Jammu & Kashmir		10.0	5.0	15.0		10.0	10.0	40.0	√	1	3	4
7 New Circle (Sub Total)		68.8	10.0	78.8		50.0	50.0	207.6		2	14	16
Total 22 Circle	59.0	206.6	80.0	345.6	30.0	170.0	200.0	891.2	22	17	57	74

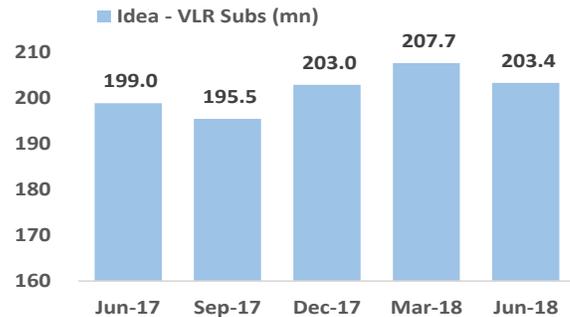
*FDD spectrum consist of uplink and downlink; 5 MHz of paired FDD spectrum = 1 carrier, 10 MHz of unpaired TDD spectrum =1.5 carrier.

Idea has a total of 891.2 MHz spectrum across 22 circles of which 824 MHz has been acquired in the auctions held in the last 7 years while only 67.2 MHz is administratively allocated (1800 MHz). The spectrum acquired through auctions is liberalised and can be used towards deployment of any technology. For instance, Idea has launched 3G on its 2nd carrier of 900MHz (typically used for GSM) in the service areas of Maharashtra and Madhya Pradesh during Q4FY16 to increase wireless broadband capacity. Further, Idea currently offers 4G services in Mumbai and UPE on 2100 MHz band (typically used for 3G). At present, the company has total 74 broadband carriers across 22 service areas providing it sufficient capacity to cater to growing data demand.

As of June 30, 2018, Idea offers its 2G services to nearly 1 billion Indians spread across more than 390,000 towns and villages with ~130,957 sites. Idea has also installed 160,598 broadband sites and offers its high speed broadband internet services to 662 million Indians spread over 170,000 towns and villages. Idea also has over 158,100 km of optical fiber, which provides necessary backbone and capacity for 2G, 3G & 4G services.

B. Large Subscriber Base (VLR) of 203.4 million

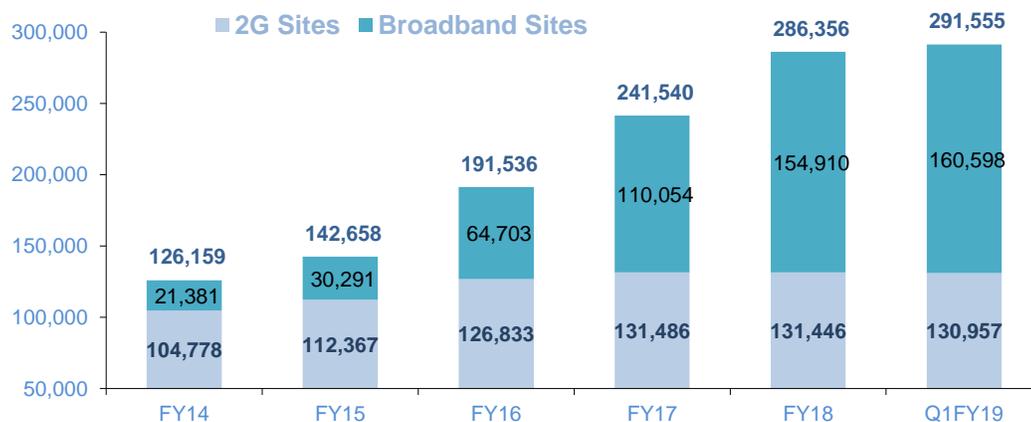
Idea is the one of the largest mobile telecommunications company servicing around 203.4 million quality subscribers on VLR as of June 30, 2018. This large subscriber base provides a great platform to the company for upgrading pure voice customers to Wireless Data services, Digital content & Payment services. Idea's subscriber market share (on VLR) stands at 20.9% as of May 2018 compared to 19.5% as of May 2017, an improvement of 1.4%.



Source: TRAI

C. Robust Network Infrastructure

Idea continued expansion of its wireless broadband infrastructure, adding 5,688 broadband sites (3G+4G) during the quarter. The broadband sites increased from 117,386 as of June 30, 2017 to 160,598 sites as of June 30, 2018, taking the overall network site count to 291,555 sites (GSM+3G+4G). The wireless broadband population under coverage now expands to ~662 million Indians spread across 171,000 towns and villages in 22 service areas. Idea started deploying 2300 MHz TDD spectrum in its leadership circles of Maharashtra, Kerala & MP and 2500 MHz TDD spectrum in Andhra Pradesh to further augment its wireless data capacity. The company expanded its fibre network from 120,700 km (June 30, 2016) to 158,100 km as on June 30, 2018. After the launch of Voice over LTE (VoLTE) services for employees in select circles on March 01, 2018 and for customers on May 01, 2018, Idea successfully completed VoLTE rollout across all its 4G circles in a very short span of time, reflecting the company's superior execution capabilities. The following chart depicts the growth of Idea network over a period of time



The overall capex spend for the quarter was Rs. 9.8 billion, majority of which was utilised for 4G expansion. The company's Gross Investment in Fixed Assets stands at Rs. 1,243 billion. The monetisation of this front loaded large investment in spectrum & equipment is inevitable as Digital India mission gathers momentum and mobile internet penetration improves.

D. Tower Investment

- **Indus Investment**

Indus Towers Ltd. (Indus), a joint venture between Bharti Infratel Ltd., Vodafone India Ltd and Idea Cellular Ltd through its subsidiary Aditya Birla Telecom Ltd. (ABTL), is one of the world's leading tower company with 273,154 towers and tenancy ratio of 2.20 as of June 30, 2018. Idea through its subsidiary ABTL owns 11.15% stake in Indus. The proportionate profit/loss of Indus is presently consolidated at PAT level in Idea's financials.

On 25th April 2018, merger of Bharti Infratel and Indus towers was announced which will create a listed pan-India tower company. Idea has the option to either: (1) sell its 11.15% shareholding in Indus towers for cash based on a valuation formula linked to the VWAP for Bharti Infratel's shares during the 60 trading days at the end of Idea's election period which triggers post completion of all regulatory approvals required for the merger. This equals to a cash consideration of ~Rs. 65 billion (at the time of announcement) or alternatively; (2) receive new shares in the combined company based on the Merger ratio (1,565 shares of Bharti Infratel for every 1 Indus towers share).

- **Own Towers**

On November 13, 2017, Idea Cellular Ltd and Vodafone India, in a joint press release had agreed to sell their respective standalone tower business in India to ATC Telecom Infrastructure Ltd (American Tower) for an aggregate enterprise value of Rs. 78.5 billion (Rs. 40 billion for Idea and Rs. 38.5 billion for Vodafone). The transaction for Idea towers was closed on May 31, 2018, with an enterprise value of Rs. 40 billion, while Vodafone standalone tower's sale was completed in Q4FY18.

5. Financial Highlights

A. Profit & Loss Account (Rs mn)

	Q1FY19	Q4FY18	Q3FY18	Q2FY18	Q1FY18
Gross Revenue	58,892	61,373	65,097	74,654	81,665
Opex	52,297	46,901	52,864	59,638	62,911
EBITDA	6,595	14,473	12,233	15,016	18,753
EBITDA Margin	11.2%	23.6%	18.8%	20.1%	23.0%
Depreciation & Amortisation	20,924	20,854	21,414	21,143	20,679
EBIT	(14,329)	(6,382)	(9,181)	(6,127)	(1,926)
Interest and Financing Cost (net)	13,844	9,743	11,490	11,829	11,538
Dividend from Indus	2,990	-	-	-	2,657
Gain on Sale of ICISL	33,645	-	-	-	-
PBT	8,461	(16,124)	(20,671)	(17,956)	(10,807)
Tax	3,369	(5,945)	(7,152)	(6,196)	(4,637)
PAT (standalone)	5,092	(10,179)	(13,519)	(11,760)	(6,170)
Cash Profit	(4,416)	4,377	200	2,884	9,608
Consolidation Impact					
Elimination on Dividend recd from Indus	(2,990)	-	-	-	(2,657)
Share of Profit from Indus & Payments Bank	599	744	818	843	818
Deferred Tax on Undistributed earnings of Indus	136	187	145	148	140
Consolidated PAT	2,565	(9,621)	(12,845)	(11,065)	(8,150)
Other comprehensive income (net of Tax)	70	316	(11)	(12)	(10)
Total comprehensive income for the period	2,636	(9,306)	(12,856)	(11,077)	(8,159)

B. Balance Sheet (Rs mn)

Particulars	Idea Consolidated as on	
	30-Jun-18	31-Mar-18
Assets		
Non-current assets		
Property, plant and equipment	242,548	244,549
Capital work-in-progress	5,653	6,513
Goodwill	61	61
Intangible assets	552,282	552,309
Capital work-in-progress -Intangible assets	21,957	29,340
Financial assets		
Deferred Tax Assets	8,839	12,052
Non-current investments	13,697	16,601
Long term loans	21	24
Other non-current financial assets	4,451	4,180
Other non-current assets	18,643	17,797
Total non-current assets (A)	868,152	883,426
Current assets		
Inventories	302	367
Financial assets		
Current investments	132,118	56,304
Trade receivables	8,247	8,874
Cash and cash equivalents	206	193
Bank balance other than cash and cash equivalents	99	98
Short term loans	19	20
Other current financial assets	1,650	314
Current Tax Assets (Net)	2	7,752
Other current assets	17,905	17,915
Total current assets (B)	160,549	91,837
Assets classified as held for sale (C)	-	10,509
Total Assets (A+B+C)	1,028,701	985,772
Equity and liabilities		
Equity		
Equity share capital	43,599	43,593
Other equity	231,609	229,031
Total equity (A)	275,208	272,625
Non-Current Liabilities:		
Financial liabilities		
Non-current borrowings	624,203	569,408
Other non-current financial liabilities	5,452	26,062
Long term provisions	3,094	3,107
Deferred tax liabilities (net)	181	659
Other non-current liabilities	5,561	5,601
Total Non-Current Liabilities (B)	638,490	604,838
Current Liabilities:		
Financial liabilities		
Current borrowings	352	217
Trade payable	35,421	35,479
Current maturities of long term debt	13,673	10,226
Other financial liabilities	37,425	33,594
Other current liabilities	27,899	26,597
Short term provisions	232	224
Total Current Liabilities (C)	115,002	106,337
Liabilities classified as held for sale (D)	-	1,972
Total equity and liabilities (A+B+C+D)	1,028,701	985,772

6. Key Operational Indicators

Overall Business	Unit	For the Quarter				
		Q1FY19	Q4FY18	Q3FY18	Q2FY18	Q1FY18
Subscriber Base (EoP) (2G+3G+4G)	mn	187.9	194.5	188.5	182.4	189.0
VLR Subscribers (EoP)	mn	203.4	207.7	203.0	195.5	199.0
Net VLR Subscriber addition	mn	(4.4)	4.8	7.5	(3.5)	0.6
Pre-paid Subs (% of EoP subscribers)	%	95.8%	95.8%	95.6%	95.5%	95.6%
Broadband devices (3G+4G)	mn	110.9	111.5	105.7	100.7	100.6
Broadband device penetration (3G+4G)	%	59.0%	57.3%	56.1%	55.2%	53.2%
Average Revenue per User (ARPU) Blended	INR	100	105	114	132	141
Average Voice Revenue Per User (Voice ARPU)	INR	73	78	86	101	108
Average Minutes of Use per User (MoU)	min	609	577	509	459	441
Average Realisation per Minute (ARPM)	paisa	16.5	18.1	22.5	28.7	32.0
Average Voice ARPM	paisa	12.0	13.4	16.8	22.0	24.4
Blended Churn	%	5.2%	4.3%	4.8%	6.3%	6.7%
2G Coverage - No. of Census Towns	no.	7,689	7,680	7,682	7,686	7,693
2G Coverage - No. of Villages	no.	3,83,604	3,87,238	3,87,411	3,87,456	3,87,863
2G Coverage - Population	mn	990	994	994	995	995
% of Population	%	81.8%	82.1%	82.2%	82.2%	82.2%
Broadband Coverage - No. of Census Towns	no.	6,625	6,569	6,483	5,996	5,628
Broadband Coverage - No. of Villages	no.	1,64,473	1,57,590	1,47,536	1,15,440	1,00,289
Broadband Coverage - Population	mn	662	650	634	568	524
% of Population	%	54.7%	53.7%	52.4%	46.9%	43.3%
Total Minutes of Use	mn	3,49,530	3,30,364	2,82,574	2,55,035	2,50,729
Total 2G Cell Sites (EoP)*	no.	1,30,957	1,31,446	1,31,366	1,31,239	1,31,059
Total Broadband sites (3G+4G)*	no.	1,60,598	1,54,910	1,43,565	1,33,685	1,17,386
Optical Fibre Cable (OFC)	KM	1,58,100	1,56,800	1,53,200	1,50,500	1,48,100

*2G and broadband site count includes sites from Active infrastructure sharing



Non-Voice and Data Business (2G+3G+4G)						
VAS as a % of Service Revenue	%	27.0%	25.8%	25.3%	23.3%	23.6%
Data as a % of Service Revenue	%	19.7%	18.8%	18.0%	16.5%	17.1%
Non-Data VAS as a % of Service Revenue	%	7.2%	7.0%	7.3%	6.8%	6.5%
Total Data Suscribers (2G+3G+4G)	000	46,535	46,803	42,607	38,195	38,122
Total Data Volume (2G+3G+4G)	Mn MB	10,18,261	8,18,085	5,71,301	4,38,688	2,52,822
Blended Data ARMB	paisa	1.1	1.4	2.0	2.7	5.4
Data ARPU for Data Subscriber (2G+3G+4G)	INR	82	83	95	105	119
Data Usage by Data Subscriber (2G+3G+4G)	MB	7,309	6,065	4,742	3,805	2,204
Broadband Business (3G+4G)						
Broadband Subscribers	000	40,973	39,830	34,800	29,606	26,357
Broadband Data Volume	Mn MB	9,91,636	7,93,457	5,48,600	4,13,119	2,28,805
Broadband Data Usages by Broadband Subs	MB	8,208	7,013	5,708	4,853	3,083

7. Management Discussion & Analysis

Another challenging quarter with sustained rate pressure, explosive volume growth maintained

During Q1FY19, Indian mobile industry continued to decline under pressure from heavily discounted unlimited voice and bundled data plans & subsidised 4G feature phone offerings from one of the operator, forcing commensurate response from other existing mobile operators to retain subscribers. The sector presently offers 'Voice & Data' unlimited bundles at unsustainable below cost price levels impacting the financials of all incumbent operators. As existing customers continue to prefer lower value deep discounted unlimited voice and bundled data plans, the 'Average Revenue Per User' (ARPU) remained under pressure.

The revenue for the quarter declined to Rs. 58,892 million in Q1FY19, as against Rs. 61,373 million in Q4FY18 mainly on account of down trending of ARPU, representing a normalised decline of 2.9% QoQ, after adjusting for impact of exclusion of one month tower revenue (on completion of sale transaction of Idea standalone towers to ATC on May 31, 2018) and full quarter impact of TRAI directed International IUC rate reduction (vs 2 months impact in last quarter). The EBITDA for the quarter stands at Rs. 6,595 million. The ARPU for the quarter is Rs. 100 as against Rs. 105 in Q4FY18. Idea's VLR subscribers as on June 30, 2018 stands at 203.4 million with a market share of 20.9% (May 2018), an improvement of 1.4% compared to May 2017.

The increasing adoption of unlimited voice and bundled data plans continued to drive significant volume consumption of mobile voice and broadband data. The quarterly voice minutes at 349.5 billion, grew at a staggering rate of 39.4% vs. 250.7 billion minutes in Q1FY18. The monthly voice consumption (per user) has risen exponentially to 609 minutes from 441 minutes per months in Q1FY18.

Similarly, broadband data usage per broadband data subscriber has risen sharply to monthly usage of 8GB in Q1FY19, compared to 3GB per month a year back. In Q1FY19, the broadband data volumes reached record level of 992 billion MB, more than 4 times compared to mobile broadband data volumes a year back. The company's wireless broadband subscriber (EoP) base now stands at ~41 million, an addition of 14.6 million broadband data customers over last one year. During the quarter, Idea completed the rollout of Voice over LTE (VoLTE) services across 20 – 4G Telecom Circles. With the merger round the corner, the 4G network rollout was muted during the quarter but expected to gather momentum in the remaining three quarters.

Nearly ready for Birth of New Idea – Vodafone Idea limited

With the receipt of final DoT approval for merger Vodafone India Ltd. (VIL) & Vodafone Mobile Services Ltd. (VMSL) with Idea, the company is in the final phase of merger completion. The combined entity named 'Vodafone Idea Ltd.' will be India's largest mobile operator and the 2nd largest in the world, with nearly 408 million subscribers. The leadership team of Vodafone Idea Ltd. has already been announced on March 22, 2018 and the new management is ready with an extensive plan to consolidate the operations and network of the two companies in a phased manner. The



key focus area for the merged team will be to fast forward the substantial cost synergies with an estimated NPV of ~\$10bn and rapidly expand the broadband coverage and capacity by redeployment of overlapping equipment & refarming /consolidation of spectrum etc.

Both the companies currently, under 'Active infrastructure sharing' and 'ICR (Intra Circle Roaming) arrangements' are already sharing nearly 66,000 sites.

Update on Asset Monetisation & Fund Raising

The sale transaction of Idea Standalone towers to ATC was completed on May 31, 2018 for an enterprise value of Rs. 40 billion. In the meantime, the announced merger of Bharti Infratel & Indus Towers is on track with steady progress on regulatory approval. Bharti Infratel's release stated that the merger with Indus is estimated to be completed by end of Financial Year 2019, giving Idea the option of monetising its stake in Indus.

To summarise, with equity infusion of Rs. 67.5 billion by Idea in Q4FY18, sale of standalone tower of Idea & Vodafone for Rs. 78.5 billion (including Rs. 38.5 billion of Vodafone India in Q4FY18), planned equity infusion by Vodafone Group Plc to reduce Vodafone India's debt (in line the with merger agreement) and option of monetizing Idea's 11.15% Indus stake available by March 2019, the company has primarily completed this phase of augmenting its long term capital resources.

While near term challenges persist, long term opportunities in the mobile sector continue to remain attractive. With the exit of subscale operators, consolidation of Industry structure is nearly complete. Also, with the introduction of bundled plans, Indian mobile customer's habits has permanently settled at higher consumption of Voice & Data services. Once the current phase of below cost tariffs is over, it is inevitable that the Industry ARPU will revive. Additionally, the low rural penetration, improving adoption of data users and SIM consolidation augur well for long term prospects of existing large mobile operators.

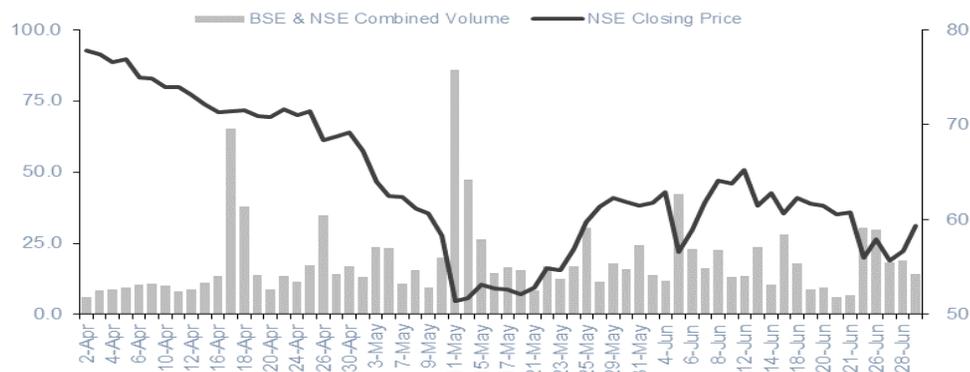
8. Stock Market Highlights

General Information		
BSE Code		532822
NSE Symbol		IDEA
Reuters		IDEA.BO/IDEA.NS
No of Shares Outstanding (30/06/2018)	mn	4359.91
Closing Market Price - NSE (30/06/2018)	INR/share	59.35
Combined Volume (NSE & BSE) (01/04/2018 to 30/06/2018)	mn/day	18.7
Combined Value (NSE & BSE) (01/04/2018 to 30/06/2018)	INR mn/day	1163.6
Market Capitalisation (30/06/2018)	INR bn	259
EPS for the Quarter (Annualised)	INR/share	-14.05
Enterprise Value (30/06/2018)	INR bn	765
Price to Earning	times	NA
Price to Cash Earning	times	-14.6
Price to Book Value	times	0.9
EV/Annualised EBITDA	times	29.0

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

Volume (no. of Shares in mn)

Closing Price (INR)



9. Shareholding Pattern as on June 30, 2018:

Particulars	Idea Cellular Ltd.	
	No. of Shares	% holding
Promoter and Promoter Group		
Indian	1,529,080,712	35.07%
Foreign	326,400,000	7.49%
Total Promoter Holding	1,855,480,712	42.56%
Public Shareholding		
Foreign Holding	1,848,771,473	42.40%
Indian Institutions	522,389,280	11.98%
Others	133,267,365	3.06%
Total	4,359,908,830	100.00%

10. Glossary

Definitions/Abbreviation	Description/Full Form
Broadband Subscriber / Broadband Data Subscriber	Any subscriber with data usage of more than 15MB on 3G or 4G network in 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, 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.
ARPM (Average realisation per Minute)	ARPM is calculated as ARPU divided by MoUs/Subscriber. MoU/Subscriber is calculated as total Minutes of Use by mobile subscriber during the period divided by the average of subscribers during the period.
Average Subscribers	Average number of subscribers during the period is calculated as average of average subscribers for each month
Churn	Churn relates to subscribers who are removed from the EoP base for no usages/usage of services below a threshold level.
Cash Profit	Cash Profit is calculated as summation of PAT, Depreciation & Amortisation, charge on account of ESOPs, charge on account of Deferred tax (excluding MAT) excluding the exceptional (gain)/loss for relevant period (net of tax).
Data Subscriber	Any subscriber with data usage (a) more than 1MB in last 30 days from Q4FY14 till Q3FY15, (b) more than 10MB in last 30 days from Q4FY15 till Q2FY16, (c) more than 15MB in last 30 days from Q3FY16 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.
Data ARMB	Is calculated by dividing data revenue for the relevant period by the Data usage in MB during the period
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 consolidated Net Debt

Definitions/Abbreviation	Description/Full Form
EPS	Earnings 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 Investment in Fixed Assets	Till FY16 – it is considered as equal to reported Gross Block +CWIP under IGAAP From Q1FY17 onwards, Additions during the period and change in CWIP is added to Gross Block + CWIP (as per IGAAP) value of March 31, 2016
Gross Revenue	Is the summation of service revenue, revenue from sale of trading goods and other income
Ind AS	Indian Accounting Standard
Indian GAAP	Indian Generally Accepted Accounting Principles
Market Capitalisation	Number of outstanding shares at end of the period multiplied by closing market price (NSE) at end of 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	Represents 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
Price to Book Value	Is calculated by dividing the closing market price at the end of the period (NSE) by the Book Value/ Share (Net Worth divided by the number of outstanding equity shares)
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 (cash profit for the period divided by weighted average number of outstanding equity shares)
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.
Site	Represent unique combination of Technology and Spectrum band (frequency)
Service Area/ Circle	Unless otherwise specifically mentioned, means telecom service areas in India as defined by the DoT