

Idea Cellular Limited

An Aditya Birla Group Company

Quarterly Report – Second Quarter Ended September 30, 2013

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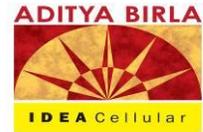
ADITYA BIRLA GROUP

An idea can change your life

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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. In the matter of transfer of licenses pursuant to amalgamation of erstwhile Spice Communications Ltd. with the company, the division bench of Hon'ble Delhi High Court, vide its order passed on 17th October, 2012 had given further time to the DoT till 11th November 2012 to take final decision on transfer of licenses. Thereafter, the DoT filed another application, to further extend the period by three months. The said application of the DoT was disposed off by Hon'ble Delhi High Court vide order dated 11th December, 2012, wherein the DoT was directed to convey the decision by 5th January, 2013. The final decision of DoT in the matter of transfer of operational Spice Licenses of Punjab and Karnataka in the name of Idea Cellular is still awaited.
2. The Authorisation for commercial use of 3G-2100 MHz spectrum for Punjab Service Area, won in the 2010 government conducted global auction, is awaited from the DoT. Currently, the matter remains subjudice before Hon'ble Supreme Court.
3. Vide order dated 12th April, 2013 The Hon'ble Delhi High Court has directed that company no 'New 3G subscriber' be added in 3G intra Circle seeker service area of Tamil Nadu (Incl Chennai), Kolkata, West Bengal, Assam, North East, and Mumbai until further order. The Delhi High Court also directed DoT for no coercive action in the dispute on 3G Intra Circle Roaming until final order. Pursuant to TDSAT becomes functional, Hon'ble Delhi High court, vide its order dated 5th August, 2013 directed the company to move TDSAT in the matter. Accordingly the company has filed its petition before TDSAT in the matter, which has passed the same order as was passed by the Hon'ble Delhi High court Vide order dated 12th April, 2013.



2. Performance at a glance – Idea Standalone

Particulars	Unit	For the Quarter		For the Year				
		Q2FY14	Q1FY14	FY 13	FY 12	FY 11	FY 10	FY 09
Operating Highlights								
Operating Service Areas (EoP)	nos.	22	22	22	22	22	22	13
Subscriber base (EoP)	mn	127.2	125.0	121.6	112.7	89.5	63.8	38.9
2G - Cell Sites (EoP)	nos.	95,970	92,208	90,094	83,190	73,668	66,187	44,230
3G - Cell Sites (EoP)	nos.	18,031	17,481	17,140	12,825			
Financial Highlights								
Gross Revenue	Rs mn	63,170	65,355	225,949	196,800	156,380	121,413	99,713
EBITDA	Rs mn	17,430	18,436	53,715	45,159	33,262	30,538	27,548
PAT	Rs mn	3,985	4,829	10,080	6,036	8,378	10,298	9,561
Cash Profit	Rs mn	14,556	17,438	46,968	36,079	30,899	29,043	23,518
Gross Block + CWIP ¹	Rs mn	442,741	431,693	446,007	392,602	351,045	258,371	201,810
Net Worth	Rs mn	151,065	147,012	141,828	129,077	122,767	114,101	133,405
Loan Funds	Rs mn	121,258	123,416	126,688	120,957	105,575	65,264	77,631
Cash & Cash Equivalent	Rs mn	28,395	21,217	10,806	1,406	13,902	14,005	49,614
Net Debt	Rs mn	92,864	102,199	115,881	119,550	91,673	51,259	28,017
Net Debt to EBITDA ²	unit	1.33	1.39	2.16	2.65	2.76	1.68	1.02
Net Debt to Net Worth	unit	0.61	0.70	0.82	0.93	0.75	0.45	0.21
ROCE	%	8.9%	9.3%	7.2%	6.3%	5.9%	8.1%	11.6%

¹ Includes:- a) Rs. 57,686 mn paid for 2100MHz band spectrum from FY11 onwards, b) Rs. 20,313 mn paid for 1800MHz spectrum from Q3FY13 onwards. Excludes :- Gross Block value of 11094 towers transferred to Indus, from Q1FY14.

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

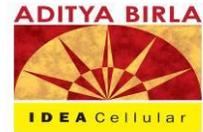
Note: During Q1FY14/Q2FY13 ABTL (a fully owned subsidiary) has received a dividend of Rs. 838 mn/Rs. 1,543 mn from Indus; accordingly the standalone (Idea+Subsidiaries) PAT and Cash Profit as well as ROCE include the same for Q1FY14/FY13.

3. Company Overview

Idea Cellular Limited (“Idea”) is the third largest wireless operator in India with a Revenue Market Share (RMS) of 16.2% (Q1FY14). In the 15 Established Service Areas, its RMS stands at a strong level of 19.3% (Q1FY14). The company carries around 1.51 billion minutes on a daily basis 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 March 2013). Idea is listed on National Stock Exchange and Bombay Stock Exchange in India with a market capitalization of Rs. 558 billion (as on September 30, 2013).

A. Promoter Group

Idea is part of the Aditya Birla Group, which is one of the largest business groups in India. The Aditya Birla Group is a conglomerate with operations in more than 30 countries. The Aditya Birla group has a history of over 50 years and has businesses in, among others, mobile telecommunications, metals and mining, cement, carbon black, textiles, garments, chemicals, fertilizers, life insurance and financial services industries. The Group currently has shareholding holding of 45.85% in Idea, through following entities;



Aditya Birla Nuvo Ltd.	25.25%
Birla TMT Holdings Pvt. Ltd.	8.55%
Hindalco Industries Ltd.	6.88%
Grasim Industries Ltd.	5.16%
Others	0.01%
Total	45.85%

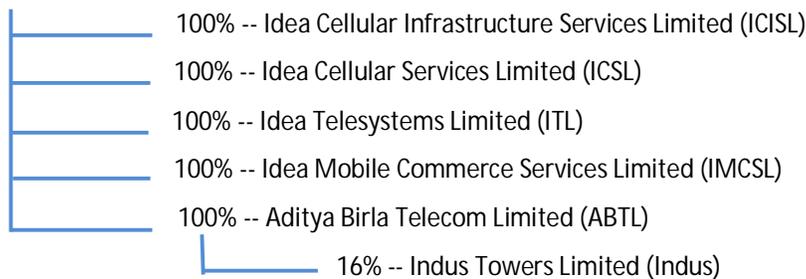
B. Key Shareholders

Axiata Group Berhad, through its affiliates, has 19.90% shareholding in Idea Cellular. Axiata is one of the largest Asian telecommunication companies focused on high growth low penetration emerging markets. The Group currently has controlling interests in its mobile communications operations in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia as well as significant strategic stakes in India and Singapore through its various subsidiaries and affiliates. The Group, including its subsidiaries and associates, has over 215 million mobile subscribers in Asia and provides employment to over 20,000 people across Asia.

Providence Equity Partners, through its affiliates has a 9.95% shareholding in Idea, and has also invested INR 20,982 mn in ABTL through Compulsorily Convertible Preference Shares.

C. Corporate Structure

Idea Cellular Limited (Idea)



ICISL – A tower company owning towers in Bihar and Orissa service areas.

ICSL – Provides manpower services to Idea.

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

IMCSL – To promote mobile banking related initiatives.

ABTL – Holds 16% shareholding in Indus and engaged in the business of sale and purchase of communication devices.

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



D. Business Segments

Mobile Operations – Idea provides PAN India GSM mobile services in all 22 service areas of India. The mobile GSM business of Idea is segregated as 15 Established Service Areas (evolved with time in terms of profitability) and 7 New Service Areas (launched in FY10 and gestating in terms of profitability).

Idea won 3G spectrum in 11 important service areas which cover over 73% of its existing revenue and account for around half of national mobility revenue. Idea currently offers 3G services in 20 service areas (excludes Orissa and Punjab), through a combination of home network and Intra Circle Roaming arrangements.

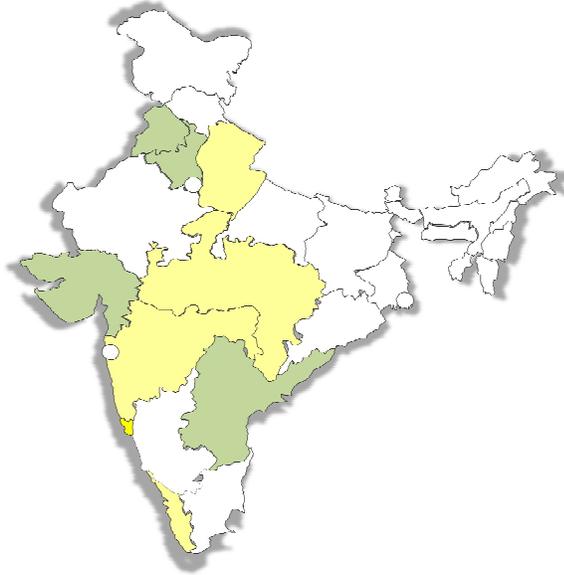
The Hon'ble Delhi High Court has, while passing the order dated 12th April, 2013, adopted the order passed by the Hon'ble Supreme Court in SPL (c) CC No. 8417 of 2013 in the matter pertaining to Bharti Airtel Limited 3G ICR petition. The Delhi High Court, on 12th April, 2013 has directed that Idea shall not extend the facilities available (3G services) to any new Idea customer on the basis of Intra-Circle Roaming Arrangement in the 10 3G seeker service areas, until the next date of hearing. Pursuant to TDSAT becomes functional, Hon'ble Delhi High court, vide its order dated 5th August, 2013 directed the company to move TDSAT in the matter. Accordingly the company has filed its petition before TDSAT in the matter, which has passed the same order as was passed by the Hon'ble Delhi High court Vide order dated 12th April, 2013.

Long Distance Services and ISP – Idea holds licenses for NLD, ILD, ISP and IP-1 services. Idea currently has over 77,000 km fibre cable transmission network to tap the future potential of wireless broadband. Idea is also expanding OFC PoPs and presently has over 2,500 PoPs in 128 cities & linked highways. The fibre network of the company optimally serves our 2G/ 3G/ NLD/ ILD/ ISP/Wireless Broadband needs. Idea NLD currently carries around 96% of Idea's captive NLD minutes. Recently launched ILD now handles over 99% of captive ILD outgoing minutes, besides bringing large volume of incoming minutes from top international carriers across the globe. In FY12 Idea launched its ISP services to cater for the captive requirement of its mobile business. It is now also ready to offer services to small ISPs and enterprise customers for their wholesale Internet backhaul needs. Idea ISP currently handles more than 90% of captive requirements. Traffic details with reference to NLD, ILD and ISP are as follows –

	Unit	For the Quarter					Growth	
		Q2FY14	Q1FY14	Q4FY13	Q3FY13	Q2FY13	QoQ	YoY
Total NLD Minutes	mn	12,874	12,642	12,818	11,421	11,040	1.8%	16.6%
Total ILD Minutes	mn	1,184	1,270	1,368	1,294	914	-6.8%	29.5%
ISP Capacity	Gbps	30.0	26.5	24.4	17.6	12.4	13.3%	141.9%

4. Strength Areas

A. Revenue Market Share (RMS)* Profile



SERVICE AREA	RMS Q1FY14*	RANK	WON 3G SPECTRUM
Kerala	35.7%	1	Yes
M.P.	35.3%	1	Yes
Maharashtra	29.0%	1	Yes
UP (W)	29.2%	1	Yes
Haryana	25.5%	2	Yes
Punjab	22.2%	2	Yes #
A.P.	20.2%	2	Yes
Gujarat	19.5%	2	Yes
Total	26.7%	1	

Incremental RMS of **50.0%** - Q1FY14 vs Q1FY13

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

The incumbency advantage coupled with the benefit of 900 MHz spectrum in the above 8 service areas, gives a combined RMS of 26.7% to Idea making it the largest operator in these service areas put together. These service areas are of significance as these contribute around 41% of national mobility revenue and around 67% of Idea's revenue. Idea has improved its revenue market share by 2.0% in these service areas over last one year (Q1FY13 RMS 24.7%). Idea won 3G spectrum in all these strategically important service areas. Idea's GSM and 3G spectrum footprint in these service areas, places Idea in an advantageous competitive position.

B. Emerging Geographies

SERVICE AREA	RMS Q1FY14*	RANK
UP (E)	13.7%	3
Rajasthan	12.9%	3
Delhi	11.6%	3
Bihar	11.6%	4
Karnataka	10.3%	4
H.P.	10.2%	5
Mumbai	9.4%	5
Total	11.5%	3

Incremental RMS of **20.4%** - Q1FY14 vs Q1FY13

Over the last few quarters, Idea has strengthened its position in some of the service areas, where it was a late entrant with 1800 MHz spectrum (except Karnataka service area with 900 MHz spectrum). The emergence of Idea as a significant player in these 7 service areas reaffirms Idea's intrinsic competitive capabilities. Idea holds 3G spectrum for the service areas of UP (E) and H.P. out of these service areas.

These 7 emerging service areas with high growth potential contribute around 27% of Idea's revenue and represent around 39% of national market. Idea has improved its revenue market share by 0.9% in these service areas over last one year (Q1FY13 RMS 10.6%)



C. Growth Opportunity

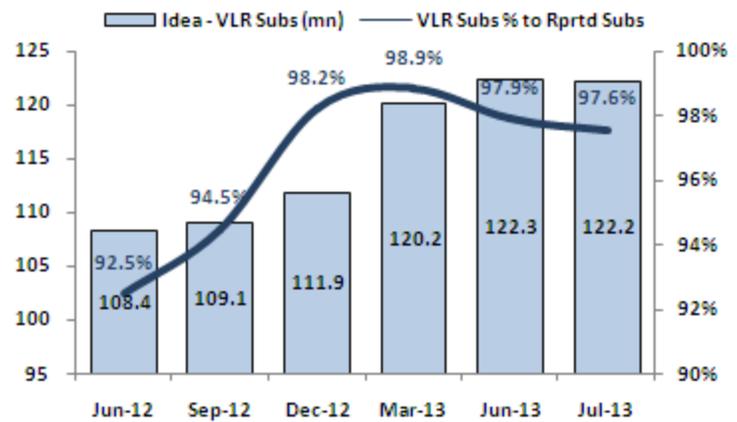
Idea has 7 New Service Areas namely, Tamil Nadu, Kolkata, West Bengal, Orissa, J&K, Assam and North East, with 1800 MHz spectrum, representing 20% of Indian Mobility Market. The revenue contribution of these service areas is 5.2% of Idea revenue while EBITDA losses stand at Rs. 1,259 million in Q2FY14. The combined Revenue Market Share in these 7 service areas was 4.1% in Q1FY14. The incremental revenue market share in these 7 new service areas between Q1FY13 to Q1FY14 is 12.7%, indicating good potential of improving Idea presence in these service areas,.

D. Over 127 million Quality Subscriber Base

Idea is among the select global operators servicing around 127 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 (July 2013) data released by the TRAI for VLR subscribers (active subscribers), reaffirms quality of Idea's subscriber base as among the best in terms of percentage of active subscribers. As of July 31, 2013, Idea has around 97.6% of reported subscribers as VLR subscribers, which is highest in the industry.

Idea's VLR EoP subscriber market share at the end of July, 2013 stands at 16.7%, (as against a subscriber EoP market share of 14.3%), an improvement of 1.1% over last one year. During the last rolling 12 months (Jul'12-Jul'13), Idea added 13.1 million VLR subscribers in overall market of 33.1 million, recording incremental share of VLR subscribers of 39.5%; highest in the industry.



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 30 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 7.8 million MNP customers (as on October 09, 2013) from other existing telecom operators with around one out of every four existing mobile customers, who chooses to port out, prefer Idea services.



F. Tower Investment

Indus towers, a joint venture between Bharti Infratel, Vodafone India and Idea Cellular (thru ABTL), is one of the world's leading tower company with around 112,100 towers and tenancy ratio of 2.01 as of September 30, 2013. The mobile operations of these shareholders group have combined Revenue Market Share of these shareholders is 70.2%. Idea (thru ABTL) holds 16% equity stake in Indus towers. The consolidated financials includes 16% consolidation from Indus Towers. Besides investment in Indus Tower, Idea owns 9,454 towers, which have a tenancy ratio of 1.56 as on September 30, 2013.

5. Financial Highlights

A. Standalone Profit & Loss Account (Rs mn)

	For the Quarter				
	Q2FY14	Q1FY14	Q4FY13	Q3FY13	Q2FY13
Gross Revenue	63,170	65,355	60,951	56,135	53,481
Opex	45,740	46,919	45,914	42,962	40,865
EBITDA	17,430	18,436	15,037	13,173	12,615
EBITDA Margin	27.6%	28.2%	24.7%	23.5%	23.6%
Depreciation & Amortisation	9,811	10,407	8,386	8,190	7,881
EBIT	7,619	8,030	6,652	4,983	4,734
Interest and Financing Cost (net)	1,575	1,832	1,927	2,056	1,825
Dividend from Indus*	-	838	-	-	1,543
PBT	6,044	7,036	4,724	2,927	4,452
Tax	2,060	2,207	2,055	1,016	933
PAT	3,985	4,829	2,670	1,911	3,519
Cash Profit	14,556	17,438	13,067	11,085	12,313

B. Consolidated Profit & Loss Account (Rs mn)

	For the Quarter				
	Q2FY14	Q1FY14	Q4FY13	Q3FY13	Q2FY13
Gross Revenue	63,233	65,388	60,614	55,785	53,140
Opex	43,518	44,624	43,883	41,051	38,914
EBITDA	19,715	20,763	16,731	14,735	14,225
EBITDA Margin	31.2%	31.8%	27.6%	26.4%	26.8%
Depreciation & Amortisation	10,795	11,353	9,092	8,836	8,526
EBIT	8,920	9,410	7,639	5,899	5,700
Interest and Financing Cost (net)	1,949	2,211	2,244	2,416	2,164
PBT	6,971	7,199	5,395	3,483	3,536
Tax	2,495	2,572	2,313	1,196	1,136
PAT	4,476	4,627	3,082	2,286	2,400
Cash Profit	16,165	18,264	14,274	12,142	11,858

* During Q1FY14/Q2FY13 ABTL (a fully owned subsidiary) has received a dividend of Rs. 838 mn/Rs.1,543 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		EBIT Break-up	For the Quarter	
	Q2FY14	Q1FY14		Q2FY14	Q1FY14
Gross Revenue - Established Service Areas	59,853	61,965	EBIT - Idea Standalone	7,619	8,030
Gross Revenue - New Service Areas	3,317	3,390	EBIT Contribution - Indus (@16.00%)	1,301	1,381
Revenue - Idea Standalone	63,170	65,355	EBIT - Idea Consolidated	8,920	9,410
Revenue Contribution - Indus (@16.00%)	5,584	5,627			
Consolidation Eliminations	(5,522)	(5,595)			
Revenue - Idea Consolidated	63,233	65,388			
EBITDA Break-up	For the Quarter		Interest & Finance Cost Break-up	For the Quarter	
	Q2FY14	Q1FY14		Q2FY14	Q1FY14
EBITDA - Established Service Areas	18,689	19,750	Gross Interest Cost - Idea Standalone	2,060	2,081
EBITDA - New Service Areas	(1,259)	(1,314)	Gross Interest Income - Idea Standalone	(619)	(479)
EBITDA - Idea Standalone	17,430	18,436	Forex Loss/(Gain) - Idea Standalone	134	230
EBITDA Contribution - Indus (@16.00%)	2,285	2,327	Int. & Fin. Cost (net) - Idea Standalone	1,575	1,832
EBITDA - Idea Consolidated	19,715	20,763	Int. & Fin. Cost (net) from Indus (@16.00%)	374	379
			Int & Fin Cost (net) - Idea Consolidated	1,949	2,211
EBITDA Margin	For the Quarter		Dividend from Indus - Idea Standalone ^(Note 2)	-	838
	Q2FY14	Q1FY14			
EBITDA % - Established Service Areas	31.2%	31.9%	Tax Break-up	For the Quarter	
EBITDA % - New Service Areas	-37.9%	-38.8%		Q2FY14	Q1FY14
EBITDA % - Idea Standalone	27.6%	28.2%	Tax - Idea Standalone	2,060	2,207
Derived EBITDA % Indus	40.9%	41.4%	Tax - Indus (@16.00%)	435	365
EBITDA % - Idea Consolidated	31.2%	31.8%	Tax - Idea Consolidated	2,495	2,572
Dep. & Amort. Break-up	For the Quarter		PAT Break-up	For the Quarter	
	Q2FY14	Q1FY14		Q2FY14	Q1FY14
Dep & Amort. - Idea Standalone	9,811	10,407	PAT - Idea Standalone	3,985	4,829
Dep. & Amort. Cost from Indus (@16.00%)	984	947	PAT Contribution - Indus (@16.00%)	491	637
Dep. & Amort. - Idea Consolidated	10,795	11,353	PAT - Dividend Elimination ^(Note 2)	-	(838)
			PAT - Idea Consolidated	4,476	4,627

Note 1: During the quarter (Q1) ABTL (a fully owned subsidiary) has received a dividend of Rs. 838 mn from Indus; accordingly the standalone (Idea+Subsidiaries) PAT and Cash Profit include the same. However, this dividend income gets eliminated in the 'Consolidated' financials.

Note 2: 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	
	30-Sep-13	31-Mar-13	30-Sep-13	31-Mar-13
EQUITY AND LIABILITIES				
Shareholders' Funds				
Equity Share Capital	33,170	33,143	33,170	33,143
Reserves & Surplus	117,876	108,665	123,416	111,054
	151,046	141,808	156,586	144,197
Compulsorily Convertible Preference Shares	19	19	19	19
Non-Current Liabilities				
Long-Term Borrowings	104,481	105,744	114,024	118,047
Deferred Tax Liabilities (Net)	13,375	10,413	15,857	11,180
Other Long-Term Liabilities	13,154	8,267	9,056	7,946
Long-Term Provisions	2,228	2,033	4,991	3,142
	133,239	126,457	143,927	140,316
Current Liabilities				
Short-Term Borrowings	286	4,257	664	4,585
Trade Payables	25,228	25,068	25,791	26,871
Current maturities of long term debt	16,491	16,687	19,928	17,805
Other Current Liabilities	33,485	28,611	34,680	29,902
Short-Term Provisions	550	1,242	557	87
	76,039	75,865	81,621	79,251
Total	360,343	344,149	382,153	363,783
ASSETS				
Non-Current Assets				
Fixed Assets				
Tangible Assets	181,100	189,567	215,021	208,947
Intangible Assets	79,681	82,526	79,741	82,592
Capital Work-in-Progress	8,165	8,448	8,571	8,811
	268,945	280,541	303,334	300,350
Goodwill	17,799	61	61	61
Long-Term Loans and Advances	28,422	30,146	31,907	30,468
	315,167	310,749	335,302	330,879
Current Assets				
Current Investments	8,287	9,560	8,783	10,280
Inventories	854	726	854	726
Trade receivables	8,533	10,974	8,533	9,601
Cash and Bank Balance	20,108	1,246	20,316	1,429
Short-term loans and advances	7,067	10,885	8,038	10,859
Other current assets	327	9	327	9
	45,176	33,401	46,851	32,904
Total	360,343	344,149	382,153	363,783

6. Key Performance Indicators

A. Financial Indicators – Idea Standalone

Parameters	For the Quarter				
	Q2FY14	Q1FY14	Q4FY13	Q3FY13	Q2FY13
Gross Revenue (INR mn)	63,170	65,355	60,951	56,135	53,481
Growth (%) QoQ	-3.3%	7.2%	8.6%	5.0%	-3.4%
EBITDA (INR mn)	17,430	18,436	15,037	13,173	12,615
EBITDA (%)	27.6%	28.2%	24.7%	23.5%	23.6%
EBIT (INR mn)	7,619	8,030	6,652	4,983	4,734
EBIT (%)	12.1%	12.3%	10.9%	8.9%	8.9%
Gross Revenue/min (paisa)	45.5	44.4	42.5	42.5	42.6
EBIT/min (paisa)	5.5	5.5	4.6	3.8	3.8
Gross Fixed Assets (INR mn)*	434,576	425,120	437,559	408,211	399,812
Annualised Revenue/Gross Fixed Assets	58.1%	61.5%	55.7%	55.0%	53.5%

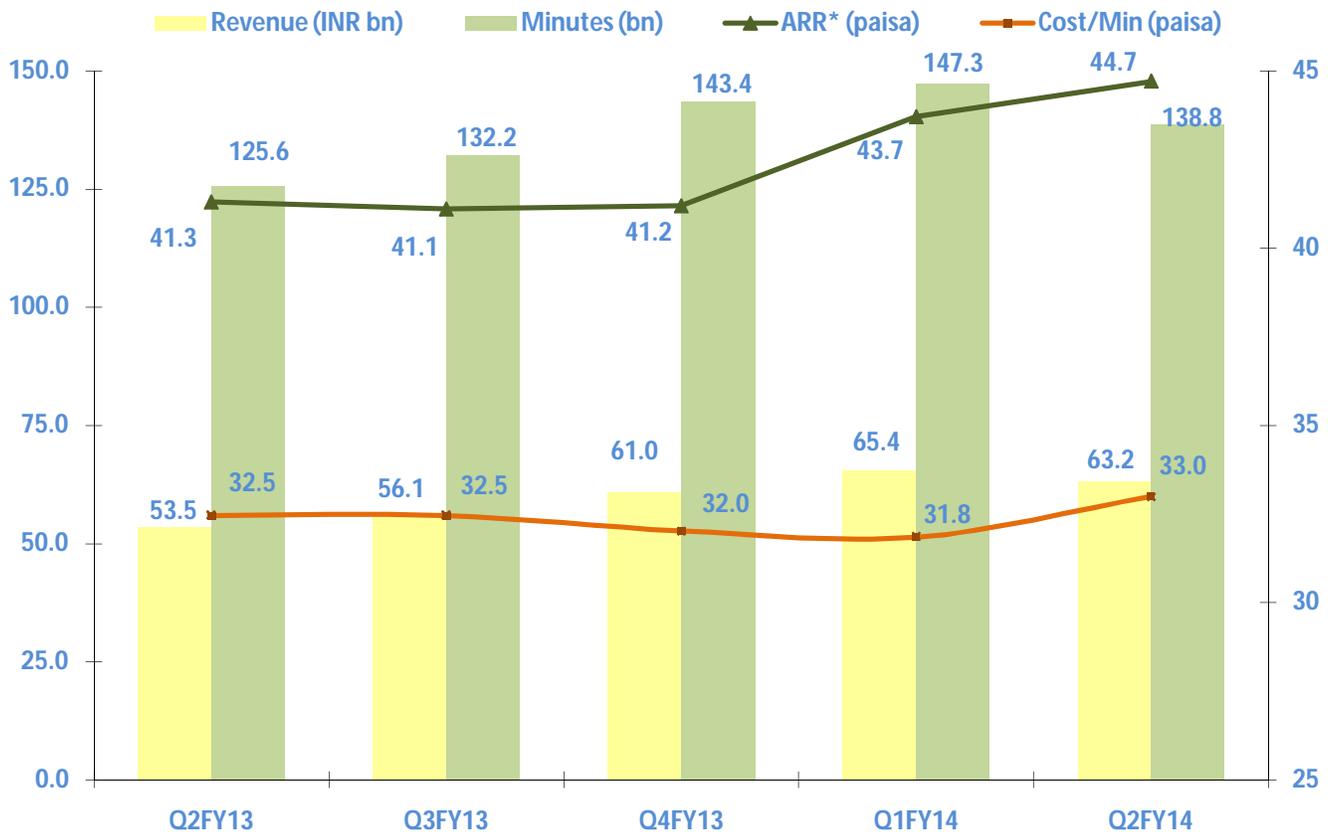
*excludes Gross Block value of 11094 towers transferred to Indus, from Q1FY14.

B. Operational Indicators – Idea Standalone

Overall Business	Unit	For the Quarter				
		Q2FY14	Q1FY14	Q4FY13	Q3FY13	Q2FY13
Subscriber Base (EoP) (2G+3G)	mn	127.2	125.0	121.6	113.9	115.5
Pre-paid Subs (% of EoP subscribers)	%	95.8%	96.0%	96.1%	96.1%	96.2%
3G Subscribers (Voice+Data)	mn	6.2	5.5	5.1	4.1	3.7
2G Coverage - No. of Census Towns	no.	4,672	4,645	4,634	4,633	4,629
2G Coverage - No. of Villages	no.	310,648	303,984	298,686	293,139	287,544
Average Revenue per User (ARPU)	INR	164	174	167	158	148
Average Minutes of Use per User (MoU)	min	368	398	406	384	359
Average Realisation per Minute (ARPM)	paisa	44.7	43.7	41.2	41.1	41.3
Post-paid Churn	%	2.8%	3.6%	2.9%	3.2%	3.0%
Pre-paid Churn	%	5.4%	5.1%	4.4%	7.0%	10.4%
Blended Churn	%	5.3%	5.1%	4.3%	6.9%	10.1%
Total Minutes of Use	mn	138,827	147,315	143,366	132,181	125,646
Total 3G Cell Sites (EoP)	no.	18,031	17,481	17,140	15,545	14,467
Total 2G Cell Sites (EoP)	no.	95,970	92,208	90,094	87,662	85,779
Towers - Rented Indus (EoP)	no.	50,482	48,466	47,570	46,312	45,429
Towers - Rented Others (EoP)	no.	36,102	34,382	33,211	32,025	31,048
Owned Towers (EoP)	no.	9,454	9,431	9,401	9,325	9,302
Tenancy Ratio - Owned Towers	times	1.56	1.57	1.57	1.57	1.57
Manpower on Rolls (EoP)	no.	10,070	9,862	9,746	9,502	7,971
Average Revenue per Employee per Month	INR '000	2,113	2,222	2,111	2,142	2,267
Subscribers per Employee	no.	12,634	12,672	12,478	11,992	14,486
Non-Voice and Data Business (2G+3G)						
VAS as a % of Service Revenue	%	16.1%	16.0%	15.2%	14.6%	15.6%
Data as a % of Service Revenue	%	8.7%	7.2%	6.6%	5.7%	5.4%
Non-Data VAS as a % of Service Revenue	%	7.4%	8.8%	8.6%	8.9%	10.2%
Total Data Subscribers (2G+3G)	000	33,618	30,906	26,219	21,754	18,918
Total Data Volume (2G+3G)	Mn MB	17,452	13,791	11,421	10,040	8,744
Of which - 3G Data Volume	Mn MB	7,578	6,334	5,231	4,512	4,079
Blended Data ARMB	paisa	31.0	33.5	33.9	31.0	32.1
Data ARPU for Data Subscriber (2G+3G)	INR	55	54	55	52	50
Data Usage by Data Subscriber (2G+3G)	MB	178	160	163	167	157
3G Data Uages by 3G Subscribers	MB	429	398	385	390	381
3G Data ARPU for 3G Subscriber	INR	116	109	105	97	89

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 127 million quality subscribers, generating over 1.51 billion minutes per day, place the company 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 3,762 2G sites & 550 3G sites as well as, increased the optical fibre network to 77,000 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 competitive intensity declines and overcapacity phase comes to an inevitable end, visibility of spectrum quantum and pricing improves, Idea expects to further consolidate its position in the telecom voice and data market.



B. Strong Operating Performance

With increasing proportion of rural subscribers, the seasonal slowdown in the second quarter has become more pronounced resulting in sharp contraction in the 'Voice Minutes of Use' by 5.8% to 138.8 billion minutes compared to 147.3 billion minutes in Q1FY14.

The long term business trends remain robust and company is on course of its mission of consistent, competitive, responsible and profitable growth. This quarter Idea standalone revenue has grown by 18.1% on YoY basis to Rs. 63,170 million against Rs. 53,481 million revenue in Q2FY13. The company further strengthened its 'Revenue Market Share' to 16.2% and 'VLR subscriber Market Share' to 16.7% in Q1FY14, an improvement of over 1% in one year. Idea continues to invest in long term value creators – launched 4,312 new sites (2G+3G) to reach network site EoP of 114,001 sites (2G+3G) and expanded optical fibre network to 77,000 km. In spite of higher network rollout, Idea is pleased to record sharp YoY standalone EBITDA growth of 38.2%.

The 'Voice Minutes' expansion by 10.5% on YoY basis from 125.6 billion minutes in Q2FY13 was ably supported by annual active Idea customer addition of 13.1 million, recording industry highest incremental VLR subscriber share@ 39.5% (July'12 to July'13).

With company clamping down on promotional minutes for 'New and Existing Customers', the 'Average Realised Rate per Minute' improved over the year by 3.4 paisa/minute (8.3%) to 44.7 paisa/minute. The 'Value Added Services' (VAS) contribution also increased to 16.1% (15.6% in Q2FY13) further improving overall ARPM.

The VAS services growth is primarily led by higher 'Mobile Data' adoption. The Data revenue as a % of 'Service Revenue' improved by 3.3% on YoY basis to 8.7%. With 14.7 million additional Idea subscribers initiating mobile data usage, EoP of data subscribers increased to 33.6 million (2G+3G). The blended per user data usage grew to 178 Megabytes, thereby data volume exploded @99.6% to 17.5 billion Megabytes in Q2FY14 over last year. However, the realised rate (ARMB) is under competitive pressure falling by 1.0 paisa per MB (3.2%) on YoY basis to 31.0 paisa per MB.

In comparison, the 'Non Data VAS' revenue as a % of 'Service Revenue' has fallen to 7.4%, drop of 2.8% contribution over the year. The 'Non Data VAS' services are under pressure due to TRAI new regulation of double confirmation and threat emerging from free messenger & chat 'OTT' applications/services.

The company remains focused on efficient cost management with overall 'Subscriber Acquisition and Marketing Costs' reduction by 1.6% on YoY basis, primarily due to lower blended subscribers churn at 5.3% in Q2FY14 vs 10.1% in Q2FY13.

The revenue growth and scale benefit translated into healthy standalone EBITDA margin of 27.6%, YoY improvement by 4.0%. This helped company generate Cash Profit of Rs. 14,556 million, a growth of 18.2% over Q2FY13, further strengthening Idea's Balance Sheet.



The 'Net Interest & Finance Cost' was lower by Rs. 257 million at Rs. 1,575 million. Company's Net Debt further fell from Rs. 102,199 million in Q1FY14 to Rs. 92,864 million in Q2FY14, helping 'Net Debt to Annualised EBITDA' ratio reach enviable 1.33.

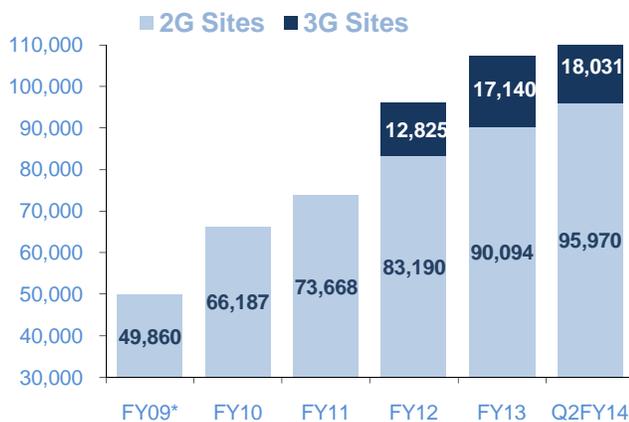
The double bottom line drivers Voice and Data Business, helped Idea reach a standalone PAT to Rs. 3,985 million, 13.2% growth on Q2FY13 PAT of Rs. 3,519 million (despite including Rs. 1,543 million dividend from Indus).

At consolidated level Idea revenue including 16% Indus contribution has grown by 19.0% on YoY basis and consolidated EBITDA by 38.6% to Rs. 19,715 million in Q2FY14. The consolidated EBITDA margin of 31.2% is a YoY improvement of 4.4%. The consolidated PAT of Rs. 4,476 million grew by 86.5% compared to Q2FY13 PAT of Rs. 2,400 million.

C. Impact of Forex fluctuation and Balance Sheet

The capex and net debt amounts were higher by around Rs. 2,492 million each due to forex loss on account of currency fluctuation. The capex of Rs. 8,838 million (excluding forex fluctuation) for the quarter, has been funded out of cash profit of Rs. 14,556 million. The Net Debt stands at Rs. 92,864 million as of September 30, 2013 with the Net Debt to Equity ratio at 0.61 and Net Debt to EBITDA (Annualised) ratio for the quarter at 1.33 (lowest since Q4FY10). The Net-Worth of Rs. 151,065 million, together with an average (last four quarters) Cash Profit of -Rs. 14,000 million per quarter, provides a solid foundation to support the company's strategic intent.

D. Capex



*Including cell site of erstwhile Spice communications

Idea rolled out 3,762 2G cell sites and 550 3G cell sites during the quarter, taking EoP site count for GSM to 95,970 and 18,031 for 3G sites.

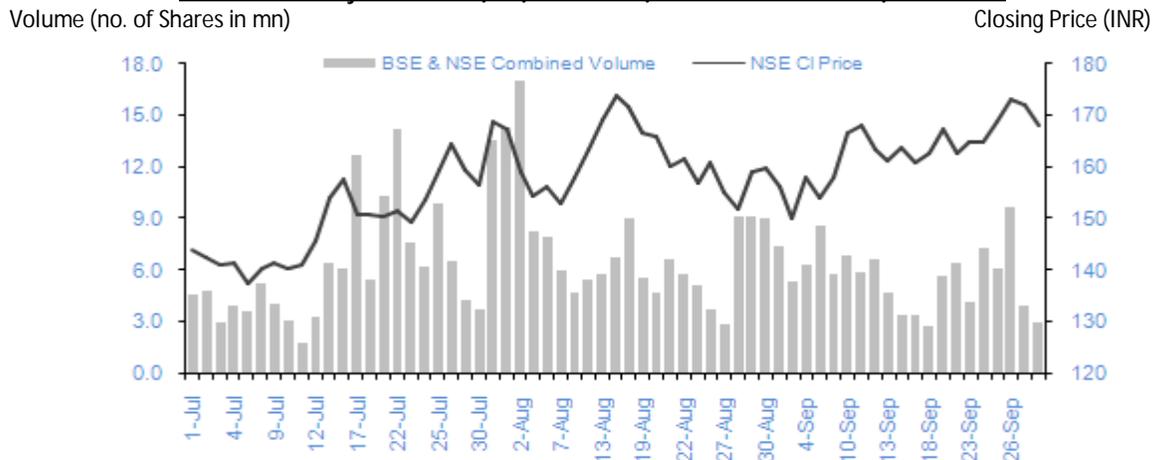
The total addition to the Gross Block including CWIP for the quarter was Rs. 8,838 million (excluding capitalised forex loss).

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

8. Stock Market Highlights

General Information		
BSE Code		532818
NSE Symbol		IDEA
Reuters		IDEA.BO/IDEA.NS
No of Shares Outstanding (30/09/2013)	mn	3316.98
Closing Market Price - NSE (30/09/2013)	INR/share	168.25
Combined Volume (NSE & BSE) (01/07/2013 to 30/09/2013)	mn/day	6.5
Combined Value (NSE & BSE) (01/07/2013 to 30/09/2013)	INR mn/day	1037.9
Market Capitalisation (30/09/2013)	INR bn	558
EPS (excl. Joint Ventures) for the Quarter	INR/share	1.46
Enterprise Value (30/09/2013)	INR bn	660
Price to Earning	times	28.9
Price to Cash Earning	times	8.0
Price to Book Value	times	3.8

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



9. Shareholding Pattern as on September 30, 2013:

Particulars	Idea Cellular Ltd.	
	No. of Shares	% holding
Promoter and Promoter Group		
Indian	1,520,679,047	45.85%
Foreign	-	-
Public Shareholding		
Foreign Holding	1,565,053,191	47.18%
Indian Institutions	162,523,232	4.90%
Others	68,722,566	2.07%
Total	3,316,978,036	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
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

Definitions/Abbreviation	Description/Full Form
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
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
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



Definitions/Abbreviation	Description/Full Form
	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 gross int. & fin. cost divided by average capital employed for the year, b) for the quarter : PAT (excluding non-recurring income) plus gross int. & fin. cost for the quarter is annualised and increased by non-recurring income and then divided by capital employed for the quarter. Capital employed is taken as the average of opening and closing of Shareholders Funds and Loan Funds 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