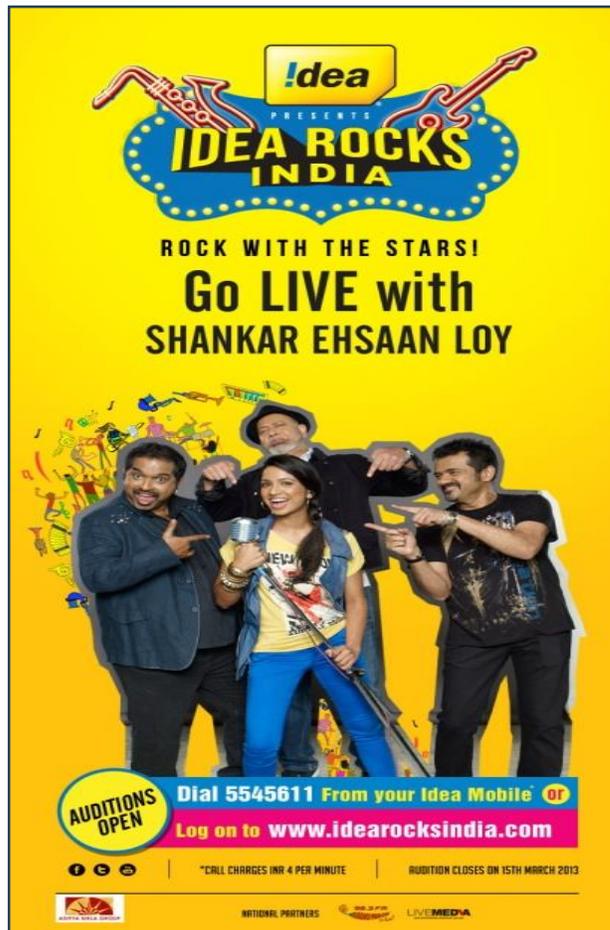


# Idea Cellular Limited

An Aditya Birla Group Company

Quarterly Report – First Quarter Ended June 30, 2013



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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 divisional bench of Hon'ble Delhi High Court, vide its order passed on 17<sup>th</sup> October, 2012 had given further time to the DoT till 11<sup>th</sup> 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 11<sup>th</sup> December, 2012, wherein the DoT was directed to convey the decision by 5<sup>th</sup> 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. Subsequent to Idea winning back spectrum in the auction of 1800 MHz band spectrum held in November 2012, for its 7 operational service areas of Tamil Nadu (Incl Chennai), J&K, Kolkata, West Bengal, Assam and North East. affected as per the Hon'ble Supreme Court order dated 2<sup>nd</sup> February, 2012, the DoT has issued LOI's earmarking the spectrum won in these 7 service areas and award of Unified Licenses. The company has applied to the DoT for the issue of new licenses in these seven service areas and paid the license fees on the basis of LOI's. The issue of final 'Unified Licenses' is awaited.
3. 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. The company has challenged the same at appropriate forum. Currently, the matter remains subjudice before Hon'ble Supreme Court.
4. 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.



## 2. Performance at a glance – Idea Standalone

Particulars	Unit	For the Quarter		For the Year				
		Q1FY14	Q4FY13	FY 13	FY 12	FY 11	FY 10	FY 09
<b>Operating Highlights</b>								
Operating Service Areas (EoP)	nos.	22	22	22	22	22	22	13
Subscriber base (EoP)	mn	125.0	121.6	121.6	112.7	89.5	63.8	38.9
2G - Cell Sites (EoP)	nos.	92,208	90,094	90,094	83,190	73,668	66,187	44,230
3G - Cell Sites (EoP)	nos.	17,481	17,140	17,140	12,825			
<b>Financial Highlights</b>								
Gross Revenue	Rs mn	65,355	60,951	225,949	196,800	156,380	121,413	99,713
EBITDA	Rs mn	18,436	15,037	53,714	45,159	33,262	30,538	27,548
PAT	Rs mn	4,829	2,670	10,080	6,036	8,378	10,298	9,561
Cash Profit	Rs mn	17,438	13,067	46,968	36,079	30,899	29,043	23,518
Gross Block + CWIP <sup>1</sup>	Rs mn	431,693	446,007	446,007	392,602	351,045	258,371	201,810
Net Worth	Rs mn	147,012	141,828	141,828	129,077	122,767	114,101	133,405
Loan Funds	Rs mn	123,416	126,688	126,688	120,957	105,575	65,264	77,631
Cash & Cash Equivalent	Rs mn	21,217	10,806	10,806	1,406	13,902	14,005	49,614
Net Debt	Rs mn	102,199	115,881	115,881	119,550	91,673	51,259	28,017
Net Debt to EBITDA <sup>2</sup>	unit	1.39	1.93	2.16	2.65	2.76	1.68	1.02
Net Debt to Net Worth	unit	0.70	0.82	0.82	0.93	0.75	0.45	0.21
ROCE	%	9.3%	7.2%	7.2%	6.3%	5.9%	8.1%	11.6%

<sup>1</sup> 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.

<sup>2</sup> 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 15.7% (Q4FY13). In the 15 Established Service Areas, its RMS stands at a strong level of 18.7% (Q4FY13). The company carries around 1.62 billion minutes on a daily basis and is among the Top 10 global operators, in terms of voice minutes usage and subscriber base. Idea is listed on National Stock Exchange and Bombay Stock Exchange in India with a market capitalization of Rs. 469 billion (as on June 30, 2013).

### A. Promoter Group

Idea is part of the Aditya Birla Group, a US\$ 40 billion corporation. The Aditya Birla Group is in the League of Fortune 500 and has businesses in sectors ranging from metals, garments, cement, fertilisers, life insurance and financial services among others. Over 50% of Group’s revenues are derived from overseas operations. The group operates in 36 countries, and is anchored by an extraordinary force of over 136,000 employees belonging to 42 nationalities. The current Group holding of 45.86% in Idea is made up of;



Aditya Birla Nuvo Ltd.	25.26%
Birla TMT Holdings Pvt. Ltd.	8.55%
Hindalco Industries Ltd.	6.89%
Grasim Industries Ltd.	5.16%
Others	0.01%
<b>Total</b>	<b>45.86%</b>

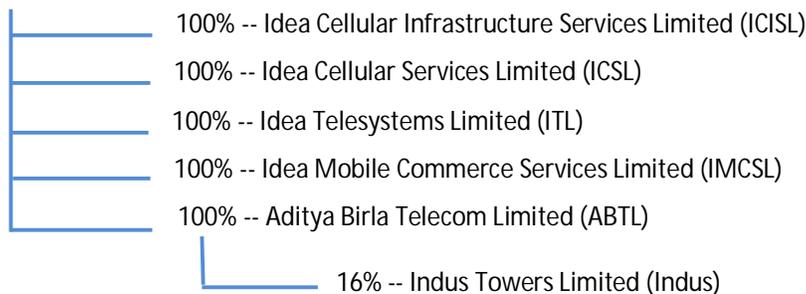
## B. Key Shareholders

**Axiata Group Berhad**, through its affiliates, has 19.91% 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.

*Note: The scheme of merger of Idea Cellular Towers Infrastructure Limited (ICTIL), Bharti Infratel Ventures Limited and Vodafone Infrastructure Limited with Indus Towers has been approved by the Hon'ble High Court of Delhi with an appointed date of April 01, 2009 and the scheme became effective on June 11, 2013 pursuant to filing of the high court order with RoC. Thus, ICTIL has ceased to exist.*



## D. Business Segments

**Mobile Operations** – Idea provides PAN India GSM mobile services in the 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 74% 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.

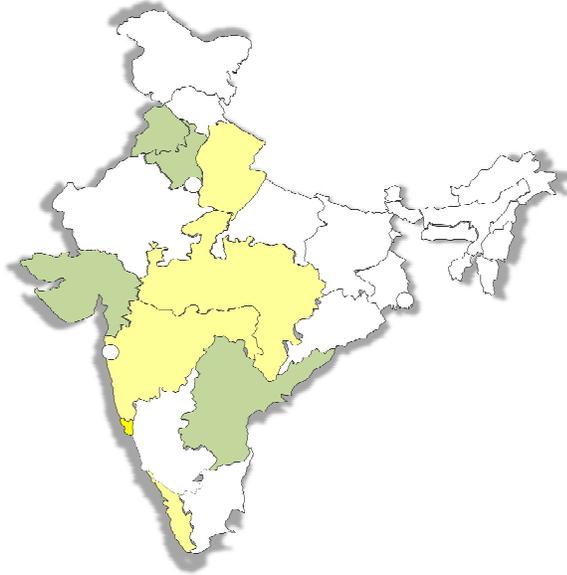
The Hon'ble Delhi High Court has, while passing the order dated 12<sup>th</sup> April, 2013, adopted the order passed by the Hon'ble Supreme Court in SPL (c) CC No. 8417 of 2013 in the matter pertaining to Bharti Airtel Limited 3G ICR petition. The Delhi High Court, on 12<sup>th</sup> April, 2013 has directed that Idea shall not extend the facilities available (3G services) to any new Idea customer on the basis of Intra-Circle Roaming Arrangement until the next date of hearing.

**Long Distance Services and ISP** – Idea holds licenses for NLD, ILD, ISP and IP-1 services. Idea currently has over 75,000 km fibre cable transmission network to support Idea voice growth and to tap the future potential of wireless broadband. Idea is also expanding OFC PoPs and presently has over 2,463 PoPs in 128 cities & linked highways. The fibre network of the company optimally serves our 2G/ 3G/ NLD/ ILD/ ISP/Wireless Broadband and Wi-Fi needs. Idea NLD currently carries around 96% of Idea's captive NLD minutes. Idea 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 alternative choice to small ISPs and enterprise customers for their wholesale Internet backhaul needs. Idea ISP currently handles more than 87% of captive requirements. Traffic details with reference to NLD, ILD and ISP are as follows –

	Unit	For the Quarter					For the Year	
		Q1FY14	Q4FY13	Q3FY13	Q2FY13	Q1FY13	FY13	FY12
Total NLD Minutes	mn	12,642	12,818	11,421	11,040	10,909	46,188	37,229
Total ILD Minutes	mn	1,270	1,368	1,294	914	693	4,269	2,177
ISP Capacity	Gbps	26.5	24.4	17.6	12.4	9.2		

## 4. Strength Areas

### A. Revenue Market Share (RMS)\* Profile



Service Area	RMS Q4 FY13*	Rank	Winner of 3G Spectrum
Kerala	34.9%	1	Yes
M.P.	34.5%	1	Yes
Maharashtra	27.8%	1	Yes
UP (W)	28.3%	1	Yes
Haryana	24.2%	2	Yes
Punjab	21.3%	2	Yes #
A.P.	19.8%	2	Yes
Gujarat	19.2%	2	Yes
<b>Total</b>	<b>25.9%</b>	<b>1</b>	

\*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 25.9% 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 68% of Idea's revenue. Idea has improved its revenue market share by 0.80% in these service areas, compared to RMS of 25.1% in Q4FY12. 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 with strong future growth potential.

### B. Emerging Geographies

Service Area	RMS Q4 FY13*	Rank
UP (E)	12.8%	3
Rajasthan	11.8%	3
Delhi	11.6%	3
Bihar	10.6%	4
Karnataka	10.2%	4
H.P.	9.8%	4
Mumbai	9.0%	5
<b>Total</b>	<b>11.0%</b>	<b>3</b>

\*Based on gross revenue for Mobile and UAS Licenses, released by the TRAI

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.

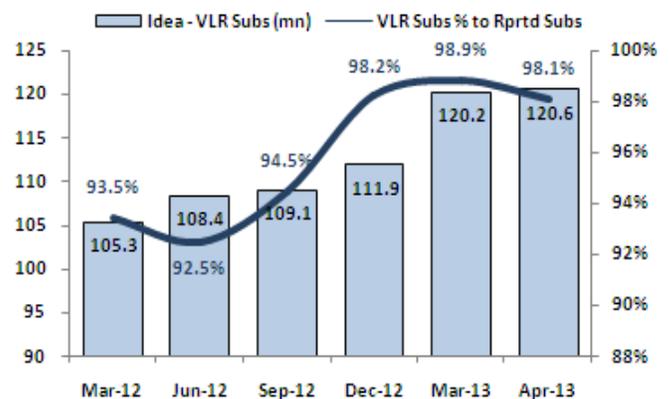
These 7 emerging service areas contribute 27% of Idea's revenue and have huge potential of growth as they represent around 39% of national market. Idea has improved its revenue market share by 0.5% in these service areas over the last one year (Q4FY12 RMS 10.5%)

### C. Over 125 million Quality Subscriber Base

Idea is among the select global operators servicing around 125 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 (April 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 April 30, 2013, Idea has around 98.1% of reported subscribers as VLR subscribers, which is highest in the industry.

Idea's VLR EoP subscriber market share at the end of April, 2013 stands at 16.6%, as against a subscriber EoP market Share of 14.2%. During the last rolling 12 months (May'12-Apr'13), Idea added 14.1 million VLR subscribers in overall market of 37.7 million, recording incremental share of VLR subscribers share of 37.5%; highest in the industry.



Source: TRAI

### D. 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 27 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 7.3 million MNP customers (as on July 15, 2013) from other existing telecom operators with one out of every four existing mobile customers, who chooses to port out, prefer Idea services. Existing mobile customers in India continue to Port-in to Idea to enjoy the superior GSM network, responsive customer services and their favorite brand.

## 5. Financial Highlights

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

	For the Quarter				
	Q1FY14	Q4FY13	Q3FY13	Q2FY13	Q1FY13
Gross Revenue	65,355	60,951	56,135	53,481	55,382
Opex	46,919	45,914	42,962	40,865	42,493
EBITDA	18,436	15,037	13,173	12,615	12,889
EBITDA Margin	28.2%	24.7%	23.5%	23.6%	23.3%
Depreciation & Amortisation	10,407	8,386	8,190	7,881	7,685
EBIT	8,030	6,652	4,983	4,734	5,203
Interest and Financing Cost (net)	1,832	1,927	2,056	1,825	2,376
Dividend from Indus*	838	-	-	1,543	-
PBT	7,036	4,724	2,927	4,452	2,828
Tax	2,207	2,055	1,016	933	847
PAT	4,829	2,670	1,911	3,519	1,981
Cash Profit	17,438	13,067	11,085	12,313	10,502

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

	For the Quarter				
	Q1FY14	Q4FY13	Q3FY13	Q2FY13	Q1FY13
Gross Revenue	65,388	60,614	55,785	53,140	55,037
Opex	44,624	43,883	41,051	38,914	40,682
EBITDA	20,763	16,731	14,734	14,225	14,355
EBITDA Margin	31.8%	27.6%	26.4%	26.8%	26.1%
Depreciation & Amortisation	11,353	9,092	8,836	8,526	8,325
EBIT	9,410	7,639	5,898	5,700	6,031
Interest and Financing Cost (net)	2,211	2,244	2,416	2,164	2,670
PBT	7,200	5,395	3,482	3,536	3,361
Tax	2,572	2,313	1,196	1,136	1,019
PAT	4,627	3,082	2,286	2,400	2,341
Cash Profit	18,264	14,274	12,142	11,858	11,522

\* 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	
	Q1FY14	Q4FY13
Gross Revenue - Established Service Areas <sup>(Note1)</sup>	61,965	53,272
Gross Revenue - New Service Areas <sup>(Note1)</sup>	3,390	7,679
Revenue - Idea Standalone	65,355	60,951
Revenue Contribution - Indus (@16.00%)	5,627	5,620
Consolidation Eliminations	(5,595)	(5,958)
Revenue - Idea Consolidated	65,388	60,614

EBIT Break-up	For the Quarter	
	Q1FY14	Q4FY13
EBIT - Idea Standalone	8,030	6,652
EBIT Contribution - Indus (@16.00%)	1,381	987
EBIT - Idea Consolidated	9,410	7,639

EBITDA Break-up	For the Quarter	
	Q1FY14	Q4FY13
EBITDA - Established Service Areas <sup>(Note1)</sup>	19,750	16,702
EBITDA - New Service Areas <sup>(Note1)</sup>	(1,314)	(1,665)
EBITDA - Idea Standalone	18,436	15,037
EBITDA Contribution - Indus (@16.00%)	2,327	1,693
EBITDA - Idea Consolidated	20,763	16,731

EBITDA Margin	For the Quarter	
	Q1FY14	Q4FY13
EBITDA % - Established Service Areas <sup>(Note1)</sup>	31.9%	31.4%
EBITDA % - New Service Areas <sup>(Note1)</sup>	-38.8%	-21.7%
EBITDA % - Idea Standalone	28.2%	24.7%
Derived EBITDA % Indus	41.4%	30.1%
EBITDA % - Idea Consolidated	31.8%	27.6%

Tax Break-up	For the Quarter	
	Q1FY14	Q4FY13
Tax - Idea Standalone	2,207	2,055
Tax - Indus (@16.00%)	365	258
Tax - Idea Consolidated	2,572	2,313

PAT Break-up	For the Quarter	
	Q1FY14	Q4FY13
PAT - Idea Standalone	4,829	2,670
PAT Contribution - Indus (@16.00%)	637	412
PAT - Dividend Elimination (Note 3)	(838)	-
PAT - Idea Consolidated	4,627	3,082

Interest & Finance Cost Break-up	For the Quarter	
	Q1FY14	Q4FY13
Gross Interest Cost - Idea Standalone	2,081	2,210
Gross Interest Income - Idea Standalone	(479)	(283)
Forex Loss/(Gain) - Idea Standalone	230	1
Int. & Fin. Cost (net) - Idea Standalone	1,832	1,927
Int. & Fin. Cost (net) from Indus (@16.00%)	379	317
Int & Fin Cost (net) - Idea Consolidated	2,211	2,244

Dividend from Indus - Idea Standalone <sup>(Note2)</sup>	For the Quarter	
	Q1FY14	Q4FY13
Dividend from Indus - Idea Standalone <sup>(Note2)</sup>	838	-

Dep. & Amort. Break-up	For the Quarter	
	Q1FY14	Q4FY13
Dep & Amort. - Idea Standalone	10,407	8,386
Dep. & Amort. Cost from Indus (@16.00%)	947	706
Dep. & Amort. - Idea Consolidated	11,353	9,092

**Note 1:** From this quarter (Q1FY14) onwards Mumbai and Bihar service areas have been included in Established Service Areas. Previous quarter figures have not been restated. With this established service areas are now 15 and New Service Areas are 7.

**Note 2:** 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 3:** The scheme of merger of Idea Cellular Towers Infrastructure Limited (ICTIL), Bharti Infratel Ventures Limited and Vodafone Infrastructure Limited with Indus Towers has been approved by the Hon'ble High Court of Delhi with an appointed date of April 01, 2009 and the scheme becomes effective on June 11, 2013 pursuant to filing of the high court order with RoC. Accordingly from Q1FY14 onwards standalone financials does not include the IRU income and the depreciation on the towers transferred to Indus under IRU arrangement. However, there is no significant change in consolidated financials.

**Note 4:** 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-Jun-13	31-Mar-13	30-Jun-13	31-Mar-13
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' Funds</b>				
Equity Share Capital	33,156	33,143	33,156	33,143
Reserves & Surplus	113,837	108,665	118,995	111,054
	<b>146,993</b>	<b>141,808</b>	<b>152,151</b>	<b>144,197</b>
Compulsorily Convertible Preference Shares	19	19	19	19
<b>Non-Current Liabilities</b>				
Long-Term Borrowings	106,449	105,744	118,086	118,047
Deferred Tax Liabilities (Net)	12,615	10,413	15,141	11,180
Other Long-Term Liabilities	12,503	8,267	8,678	7,946
Long-Term Provisions	2,206	2,033	4,957	3,142
	<b>133,773</b>	<b>126,457</b>	<b>146,862</b>	<b>140,316</b>
<b>Current Liabilities</b>				
Short-Term Borrowings	1,820	4,257	2,540	4,585
Trade Payables	26,308	25,068	27,525	26,871
Current maturities of long term debt	15,147	16,687	16,710	17,805
Other Current Liabilities	28,905	28,611	30,185	29,902
Short-Term Provisions	1,849	1,242	1,855	87
	<b>74,029</b>	<b>75,865</b>	<b>78,814</b>	<b>79,251</b>
<b>Total</b>	<b>354,815</b>	<b>344,149</b>	<b>377,847</b>	<b>363,783</b>
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
<b>Fixed Assets</b>				
Tangible Assets	179,788	189,567	214,320	208,947
Intangible Assets	81,138	82,526	81,198	82,592
Capital Work-in-Progress	6,573	8,448	6,962	8,811
	<b>267,499</b>	<b>280,541</b>	<b>302,480</b>	<b>300,350</b>
Goodwill	17,799	61	61	61
Long-Term Loans and Advances	31,330	30,146	35,167	30,468
	<b>316,629</b>	<b>310,749</b>	<b>337,708</b>	<b>330,879</b>
<b>Current Assets</b>				
Current Investments	10,266	9,560	10,266	10,280
Inventories	811	726	811	726
Trade receivables	9,427	10,974	10,027	9,601
Cash and Bank Balance	10,951	1,246	11,060	1,429
Short-term loans and advances	6,611	10,885	7,856	10,859
Other current assets	119	9	119	9
	<b>38,186</b>	<b>33,401</b>	<b>40,138</b>	<b>32,904</b>
<b>Total</b>	<b>354,815</b>	<b>344,149</b>	<b>377,847</b>	<b>363,783</b>



## 6. Key Performance Indicators

### A. Financial Indicators – Idea Standalone

Parameters	For the Quarter				
	Q1FY14	Q4FY13	Q3FY13	Q2FY13	Q1FY13
Gross Revenue (INR mn)	65,355	60,951	56,135	53,481	55,382
Growth (%) QoQ	7.2%	8.6%	5.0%	-3.4%	2.5%
EBITDA (INR mn)	18,436	15,037	13,173	12,615	12,889
EBITDA (%)	28.2%	24.7%	23.5%	23.6%	23.3%
EBIT (INR mn)	8,030	6,652	4,983	4,734	5,203
EBIT (%)	12.3%	10.9%	8.9%	8.9%	9.4%
Gross Revenue/min (paisa)	44.4	42.5	42.5	42.6	42.3
EBIT/min (paisa)	5.5	4.6	3.8	3.8	4.0
Gross Fixed Assets (INR mn)*	425,120	437,559	408,211	399,812	393,792
Annualised Revenue/Gross Fixed Assets	61.5%	55.7%	55.0%	53.5%	56.3%

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

## B. Operational Indicators – Idea Standalone

Overall Business	Unit	For the Quarter				
		Q1FY14	Q4FY13	Q3FY13	Q2FY13	Q1FY13
Subscriber Base (EoP) (2G+3G)	mn	125.0	121.6	113.9	115.5	117.2
Pre-paid Subs (% of EoP subscribers)	%	96.0%	96.1%	96.1%	96.2%	96.5%
3G Subscribers (Voice+Data)	mn	5.5	5.1	4.1	3.7	3.1
2G Coverage - No. of Census Towns	no.	4,645	4,634	4,633	4,629	4,627
2G Coverage - No. of Villages	no.	303,984	298,686	293,139	287,544	284,785
Average Revenue per User (ARPU)	INR	174	167	158	148	156
Average Minutes of Use per User (MoU)	min	398	406	384	359	379
Average Realisation per Minute (ARPM)	paisa	43.7	41.2	41.1	41.3	41.2
Post-paid Churn	%	3.6%	2.9%	3.2%	3.0%	3.1%
Pre-paid Churn	%	5.1%	4.4%	7.0%	10.4%	10.1%
Blended Churn	%	5.1%	4.3%	6.9%	10.1%	9.9%
Total Minutes of Use	mn	147,315	143,366	132,181	125,646	130,926
Total 3G Cell Sites (EoP)	no.	17,481	17,140	15,545	14,467	13,363
Total 2G Cell Sites (EoP)	no.	92,208	90,094	87,662	85,779	83,860
Towers - Rented Indus (EoP)	no.	48,454	47,570	46,312	45,429	44,479
Towers - Rented Others (EoP)	no.	34,330	33,211	32,025	31,048	30,114
Owned Towers (EoP)	no.	9,424	9,401	9,325	9,302	9,267
Tenancy Ratio - Owned Towers	times	1.57	1.57	1.57	1.57	1.56
Manpower on Rolls (EoP)	no.	9,862	9,746	9,502	7,971	7,754
Average Revenue per Employee per Month	INR '000	2,222	2,111	2,142	2,267	2,395
Subscribers per Employee	no.	12,672	12,478	11,992	14,486	15,110
<b>Non-Voice and Data Business (2G+3G)</b>						
VAS as a % of Service Revenue	%	16.0%	15.2%	14.6%	15.6%	14.5%
Data as a % of Service Revenue	%	7.2%	6.6%	5.7%	5.4%	4.5%
Non-Data VAS as a % of Service Revenue	%	8.8%	8.6%	8.9%	10.2%	10.0%
Total Data Subscribers (2G+3G)	000	30,906	26,219	21,754	18,918	18,298
Total Data Volume (2G+3G)	Mn MB	13,791	11,421	10,040	8,744	7,175
Of which - 3G Data Volume	Mn MB	6,334	5,231	4,512	4,079	3,233
Blended Data ARMB	paisa	33.5	33.9	31.0	32.1	33.5
Data ARPU for Data Subscriber (2G+3G)	INR	54	55	52	50	47
Data Usage by Data Subscriber (2G+3G)	MB	160	163	167	157	139
3G Data Uages by 3G Subscribers	MB	398	385	390	381	381
3G Data ARPU for 3G Subscriber	INR	109	105	97	89	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 125 million quality subscribers, generating over 1.62 billion minutes per day, provides the company a strong hedge to counter 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 2,114 GSM sites & 341 3G sites as well as, increased the optical fibre network to 75,000 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.

Idea with consistent network Investment, market place agility, Customer centricity & emphasis on building World Class Indian brand remains on course for performance driven leadership in the mobile business. The company strong Balance Sheet gives Idea confidence to overcome the current volatile and uncertain phase of Indian wireless business and benefit from emerging triple play telecom opportunities in Voice, Data and Video.



## B. Strong Operating Performance

In line with Company's long term mission of consistent, competitive, responsible and profitable growth, Idea is pleased to report YoY standalone Revenue growth of 18% (Q1FY14 vs Q1FY13). Consistent as Idea sequential standalone quarterly revenue growth is 7.2% in Q1FY14 on the back of 8.6% QoQ growth in Q4FY13. Competitive as company strengthened its 'Revenue Market Share' position by 0.9% to 15.7% in Q4FY13 over Q3FY13 as per latest TRAI report. Responsible as Idea continues its journey of deep interior rural expansion, now covering over 300,000 villages and offering the worlds' lowest voice and data tariffs for bottom of pyramid customers. Profitable with robust YoY standalone EBITDA growth of 43%.

The multiple drivers of this sharp profitable growth have been robust 'Voice' & 'Mobile Data' revenue coupled with scale benefits and better cost management.

The Voice minutes expanded by 12.5% on YoY basis to 147.3 billion in Q1FY14 supported by net annual new customer addition of 7.8 million, cumulative subscriber base reaching 125 million as on 30<sup>th</sup> June 2013.

The Q1FY14 also has the highest 'Mobile Data' adoption with incremental annual data customer addition of 12.6 million, as EoP of Data subscribers swell to 30.9 million. The data volume growth exploded @ 92.2% to 13.8 billion Megabytes usages in Q1FY14 on YoY basis. The Data as a % of 'Service Revenue' improved by 2.7% in one year; mobile data now contributing 7.2% to 'Service Revenue'.

With company clamping down on promotional free/discounted minutes for 'New & Existing Customers' and higher contribution from VAS services, the ARPM (Average Realised rate Per Minute) improved by 2.5 paisa per minute (6.0%) to 43.7p/min. Nevertheless, even improved 'Voice Realised Rate' for the company is still below Q3FY12 level. The 'Value Added Service' contribution increased to 16% (15.2% in Q4FY13), further helping improvement in overall ARPM.

The company remained focused on better cost management, delivering blended subscriber churn of 5.1% in Q1FY14; a reduction of 4.8% in last one year. The overall 'Subscriber Acquisition & Marketing cost' has fallen by ~3.8% in Q1FY14 vs Q1FY13.

The revenue growth trajectory and cost efficiency has translated into healthy standalone 28.2% EBITDA margin, a YoY margin improvement of 4.9%. This quarter one off regulatory charge of -Rs. 250 million is included in 'License and WPC charges'.

In this quarter the life of some fixed assets has been revised from 13 years to 10 years. All Idea active network assets now have a useful life of up to 10 years. This change has resulted in a higher depreciation of -Rs 1,800 million in this quarter; total impact of this change for the entire FY14 will be ~ Rs 4,500 million.



The 'Interest & Finance Cost (net)' was lower by Rs. 95 million, even after accounting for foreign currency exchange rate loss of Rs. 230 million. Company's Net Debt reduced from Rs. 115,881 million in Q4FY13 to Rs. 102,199 million in Q1FY14. Net Debt to Annualised EBITDA level now is at an enviable 1.39, by far lowest in the industry.

The standalone PAT with double bottom line drivers of "Voice and Data" improved by 143.8% on YoY basis to Rs. 4,829 million in Q1FY14, including boost from Indus dividend of Rs. 838 million. The company generated healthy Cash Profit of Rs. 17,438 million, a growth of 66% over Q1FY13 further strengthening Idea's Balance Sheet.

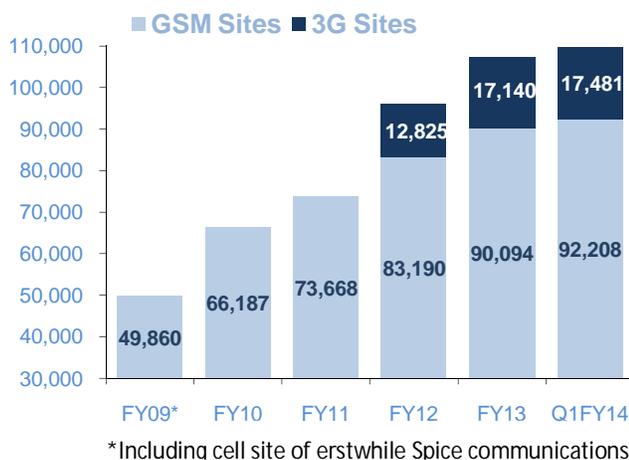
Consequent to Hon'ble High Court approval of merger of 'Idea Cellular Tower Infrastructure Limited' (ICTIL) with Indus, the ownership of 11,094 Idea towers has vested unto Indus w.e.f. April 01, 2009 and ICTIL has ceased to exist. The standalone Idea reporting does not include these towers IRU income and linked depreciation.

Idea consolidated revenue including 16% Indus contribution has grown by 18.8% and consolidated EBITDA by 44.6% on YoY basis to Rs. 20,763 million in Q1FY14.

### C. Impact of Forex fluctuation and Balance Sheet

The capex and net debt amounts were higher by around Rs. 3,788 million each due to forex loss on account of currency fluctuation. The capex of Rs. 3,298 million (excluding forex fluctuation) for the quarter, has been funded out of cash profit of Rs. 17,438 million. The Net Debt stands at Rs. 102,199 million as of June 30, 2013 with the Net Debt to Equity ratio at 0.70 and Net Debt to EBITDA (Annualised) ratio for the quarter at 1.39 (lowest since Q4FY10). The Net-Worth of Rs. 147,012 million, together with an average (last four quarters) Cash Profit of ~Rs. 13,500 million per quarter, provides a solid foundation to support the company's strategic intent.

### D. Capex



Idea rolled out 2,114 GSM cell sites and 341 3G cell sites during the quarter, taking EoP site count for GSM to 90,094 and 17,481 for 3G sites.

The total addition to the Gross Block including CWIP for the quarter was Rs. 3,298 million (excluding capitalised forex loss).

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



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## E. Merger of ICTIL with Indus

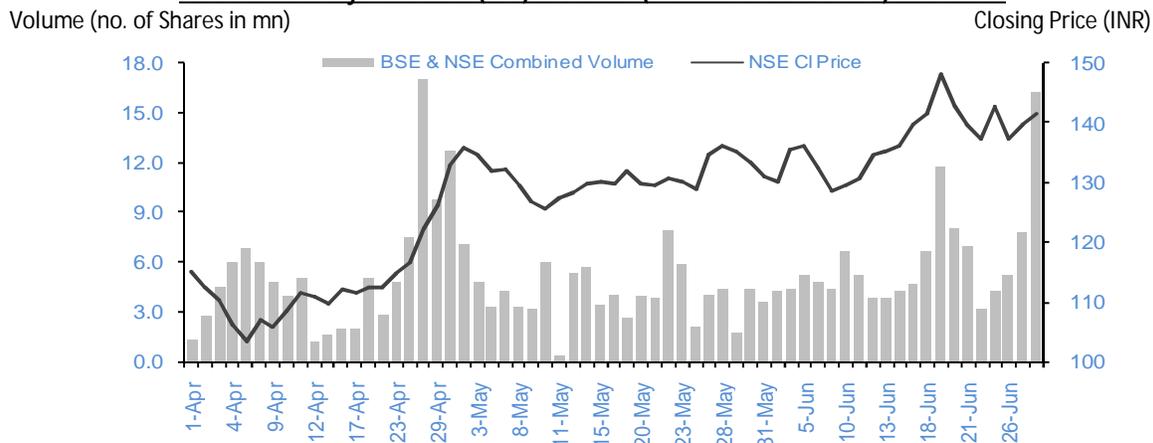
The scheme of merger of Idea Cellular Towers Infrastructure Limited (ICTIL), Bharti Infratel Ventures Limited and Vodafone Infrastructure Limited with Indus Towers has been approved by the Hon'ble High Court of Delhi with an appointed date of April 01, 2009 and the scheme becomes effective on June 11, 2013 pursuant to filing of the high court order with RoC. Thus, ICTIL has ceased to exist. Accordingly, the ownership of 11,094 towers which was hitherto given under IRU arrangement by ICTIL to Indus has now been vested unto Indus w.e.f. April 01, 2009.

The IRU income from Indus which was treated as revenue in Idea Standalone and the depreciation on the towers transferred to Indus under IRU arrangement, now cease to be accounted in standalone financials from this quarter onwards. However, there is no significant change in consolidated financials. If IRU income and Depreciation on the related towers were excluded from the Q4FY13 financials the EBITDA margin would have been lower by ~0.5%, while impact on EBIT would be marginally negative. Hence, on a comparative basis EBITDA margin improvement on QoQ is ~4.0%.

## 8. Stock Market Highlights

General Information		
BSE Code		532818
NSE Symbol		IDEA
Reuters		IDEA.BO/IDEA.NS
No of Shares Outstanding (30/06/2013)	mn	3315.57
Closing Market Price - NSE (30/06/2013)	INR/share	141.50
Combined Volume (NSE & BSE) (01/04/2013 to 30/06/2013)	mn/day	5.1
Combined Value (NSE & BSE) (01/04/2013 to 30/06/2013)	INR mn/day	661.6
Market Capitalisation (30/06/2013)	INR bn	469
EPS (excl. Joint Ventures) for the Quarter	INR/share	1.46
Enterprise Value (30/06/2013)	INR bn	571
Price to Earning	times	24.3
Price to Cash Earning	times	6.7
Price to Book Value	times	3.2

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



## 9. Shareholding Pattern as on June 30, 2013:

Particulars	Idea Cellular Ltd.	
	No. of Shares	% holding
<b>Promoter and Promoter Group</b>		
Indian	1,520,679,047	45.86%
Foreign	-	-
<b>Public Shareholding</b>		
Foreign Holding	1,547,000,873	46.66%
Indian Institutions	176,714,842	5.33%
Others	71,176,374	2.15%
<b>Total</b>	<b>3,315,571,136</b>	<b>100.00%</b>

## 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
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 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



Definitions/Abbreviation	Description/Full Form
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