



Idea Cellular Limited

An Aditya Birla Group Company

Quarterly Report

Fourth Quarter ended March 31, 2011



Registered Office: Suman Tower, Plot No. 18, Sector 11, Gandhinagar 382011, India

Corporate Office: 5th Floor, Windsor, Off C.S.T. Road, Near Vidya Nagari, Kalina Santacruz (East), Mumbai 400 098, India



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.

Report Structure

Page No.

| | |
|-------------------------------------|----|
| 1. Reporting Guidelines | 3 |
| 2. Performance at a glance | 4 |
| 3. Company Overview | 4 |
| 4. Strength Areas | 6 |
| 5. Financial Highlights | 8 |
| 6. Key Performance Indicators | 10 |
| 7. Management Discussion & Analysis | 12 |
| 8. Stock Market Highlights | 14 |
| 9. Shareholding Pattern | 14 |
| 10. Glossary | 15 |



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.

The erstwhile Spice Communications Limited (Spice) was amalgamated with the Company effective March 1, 2010 pursuant to sanction of the Scheme of Amalgamation by the Hon'ble High Court of Gujarat and the Hon'ble High Court of Delhi. However, on March 30, 2011, upon an application made by DoT, the Hon'ble High Court of Delhi has stayed operation of its order dated February 5, 2010, sanctioning the Scheme of Amalgamation. The Company had filed an application before the Hon'ble High Court of Delhi seeking vacation of the said ex-parte stay, the hearing in respect of which is concluded and the judgment is reserved. On June 2, 2011, the Hon'ble High Court of Delhi, on a further application filed by the Company seeking permission for adoption of accounts by the Board of Directors, permitted the Company to adopt accounts and complete all legal obligations in that behalf. The adoption of the accounts by the Board shall be subject to further orders to be passed by the Hon'ble High Court of Delhi.



2. Performance at a glance – Idea Standalone

| Particulars | Unit | For the Quarter | | For the Year | | | | |
|---------------------------------|-------|-----------------|---------|--------------|---------|---------|---------|--------|
| | | Q4FY11 | Q3FY11 | FY 11 | FY 10 | FY 09 | FY 08 | FY 07 |
| Operating Highlights | | | | | | | | |
| Operating Service Areas (EoP) | nos. | 22 | 22 | 22 | 22 | 13 | 11 | 11 |
| Subscriber base (EoP) | mn | 89.5 | 81.8 | 89.5 | 63.8 | 38.9 | 24.0 | 14.0 |
| 2G - Cell Sites (EoP) | nos. | 73,668 | 70,208 | 73,668 | 66,187 | 44,230 | 24,793 | 10,114 |
| Financial Highlights | | | | | | | | |
| Gross Revenue | Rs mn | 42,691 | 39,901 | 156,380 | 121,413 | 99,713 | 67,374 | 43,873 |
| EBITDA | Rs mn | 9,494 | 8,214 | 33,262 | 30,538 | 27,548 | 22,693 | 14,862 |
| PAT | Rs mn | 2,576 | 2,209 | 8,378 | 10,298 | 9,561 | 10,423 | 5,023 |
| Cash Profit | Rs mn | 9,031 | 7,674 | 30,899 | 29,043 | 23,518 | 19,842 | 11,751 |
| Gross Block + CWIP ¹ | Rs mn | 351,045 | 335,606 | 351,045 | 258,371 | 201,810 | 149,382 | 97,202 |
| Net Worth | Rs mn | 122,767 | 120,098 | 122,767 | 114,101 | 133,405 | 35,446 | 21,798 |
| Loan Funds | Rs mn | 105,098 | 97,566 | 105,098 | 65,264 | 77,631 | 65,154 | 42,505 |
| Cash & Cash Equivalent | Rs mn | 13,902 | 4,642 | 13,902 | 14,005 | 49,614 | 10,535 | 18,212 |
| Net Debt to EBITDA ² | unit | 2.40 | 2.83 | 2.74 | 1.68 | 1.02 | 2.41 | 1.63 |
| Net Debt to Net Worth | unit | 0.74 | 0.77 | 0.74 | 0.45 | 0.21 | 1.54 | 1.11 |
| ROCE | % | 6.1% | 5.6% | 5.9% | 8.1% | 11.6% | 18.2% | 15.3% |

¹ Includes Rs. 57,686 mn paid for 3G spectrum in FY11

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

3. Company Overview

Idea Cellular Limited (“Idea”) is the third largest wireless operator in India with a Revenue Market Share (RMS) of 13.6% (Q4FY11). In the Established Service Areas, its RMS stands at strong 18.1% (Q4FY11). The company carries around 1.1 billion minutes on a daily basis placing it among the top 10 operators in the world, in terms of voice minutes usage. With an annual turnover of around Rs 155 billion, Idea is listed on National Stock Exchange and Bombay Stock Exchange in India with a market capitalization of Rs 223 billion.

A. Promoter Group

Idea is part of the Aditya Birla Group, a US\$ 30 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 60% of Group’s revenues are derived from overseas operations. The group operates in 27 countries, and is anchored by an extraordinary force of over 130,600 employees belonging to 40 nationalities. The current Group holding of 46.04% in Idea is made up of;



| | |
|------------------------------|---------------|
| Aditya Birla Nuvo Ltd. | 25.35% |
| Birla TMT Holdings Pvt. Ltd. | 8.58% |
| Hindalco Industries Ltd. | 6.91% |
| Grasim Industries Ltd. | 5.18% |
| Others | 0.01% |
| Total | 46.04% |

B. Key Shareholders

Axiata Group Berhad (previously TM International Berhad), through its affiliates, has 19.1% 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 strategic stakes in India, Singapore, Iran, Pakistan and Thailand through its various subsidiaries and affiliates. The Group, including its subsidiaries and associates, has over 150 million mobile subscribers in Asia and provides employment to over 25,000 people across Asia.

Providence Equity Partners, through its affiliates has a 10.0% 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.

SSSL – Engaged in the business of sale and purchase of Data Cards, Mobile Hand Sets and Fixed Wireless Phones.

IMCSL – Engaged in the business of Mobile banking, for which the operations are yet to commence.

ABTL – Holds 16% shareholding in Indus.

ICTIL – Holds towers de-merged from Idea, which will subsequently merge into Indus.

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

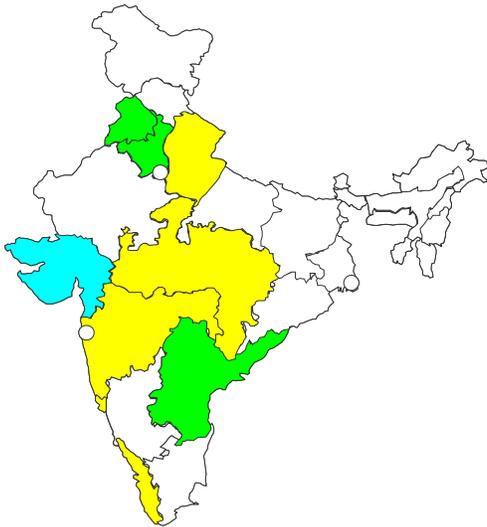
D. Business Segments

Mobile Operations – Idea provides mobile services in all 22 service areas of India. The mobile business of Idea Cellular is segregated in Established Service Areas (evolved with time in terms of profitability) and New Service Areas (launched in FY09 & FY10 and gestating in terms of profitability). Idea won 3G spectrum in 11 important service areas covering 76% of its existing revenue and which accounts for half of national mobility revenue. Out of these 11 service areas, Idea has started 3G services in 9 service areas and would be able to offer 3G services, across India very soon through a combination of home network and roaming arrangements with select leading quality operators.

Long Distance Services and ISP – Idea holds licenses for NLD, ILD and ISP services. Idea currently has a pan-India optical fibre cable - OFC - network. The fibre network of the company optimally serves our 2G/ 3G/ NLD/ ILD/ ISP needs. Idea NLD currently carries over 90% of Idea's captive NLD minutes. Idea ILD currently handles over 90% of captive ILD minutes, the capacity of which is further being expanded.

4. Strength Areas

A. Revenue Market Share (RMS)* Profile



| Service Area | RMS Q4 FY11* | Rank | Winner of 3G Spectrum |
|--------------|--------------|------|-----------------------|
| Kerala | 30.4% | 1 | Yes |
| M.P. | 29.7% | 1 | Yes |
| Maharashtra | 29.2% | 1 | Yes |
| UP (W) | 27.2% | 1 | Yes |
| Haryana | 19.8% | 2 | Yes |
| Punjab | 19.1% | 2 | Yes # |
| A.P | 16.5% | 2 | Yes |
| Gujarat | 17.5% | 3 | Yes |

*Based on gross revenue for Mobile and UAS Licenses, released by the TRAI.
#Authorisation for commercial use of 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 23.6% to Idea making it the second largest operator in these service areas put together. These service areas are of significance as these contribute around 41% of national mobility revenue and 71% of Idea's revenue. Idea won 3G spectrum in all these strategically important service areas. Idea's 2G and 3G spectrum footprint in these service areas, places Idea in an advantageous competitive position.

B. Emerging Geographies

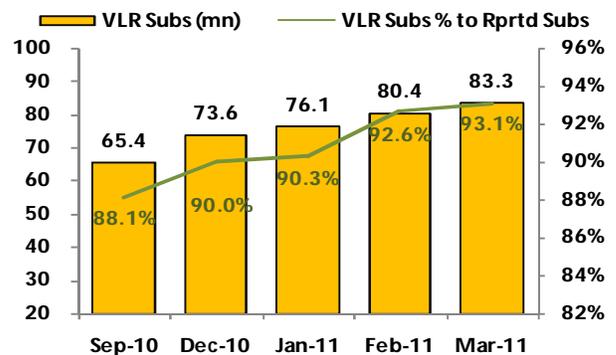
| Service Area | RMS Q4 FY11* | Rank |
|--------------|--------------|------|
| UP (E) | 11.5% | 3 |
| Rajasthan | 9.4% | 3 |
| Bihar | 9.1% | 4 |
| H.P. | 6.8% | 4 |

*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. The emergence of Idea as a significant player in these 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.

C. Quality Subscriber Base

Idea has always been vigilant in monitoring the quality of its subscriber base. TRAI has recently started providing the data on VLR subscribers (active subscribers), which places Idea as leader in terms of ratio of VLR subscriber to reported subscribers. As of 31st March'11, Idea has over 93% of reported subs as VLR subs which is highest in the industry. Idea's VLR subscriber market share is 14.6%. (as against a subscriber market share of 11.0%)



Source: TRAI

D. Mobile Number Portability

The Mobile Number Portability (MNP) was implemented in Haryana Service Area on 25th November 2010, followed by a nation-wide launch on 20th January, 2011. On an overall basis, the subscribers who opted to change their operator, are not very large in number. However, the trends emerging from MNP are clearly distinguishing the strong operators in terms of customers' preference for better quality of services and perception of brand value. Idea is amongst the top two operators, in terms of net subscriber additions from MNP activity, reflecting the brand strength and the market power enjoyed by the company.

5. Financial Highlights

A. Standalone Profit & Loss Account

INR mn

| | For the Quarter | | | | |
|-----------------------------------|-----------------|--------|--------|--------|--------|
| | Q4FY11 | Q3FY11 | Q2FY11 | Q1FY11 | Q4FY10 |
| Gross Revenue | 42,691 | 39,901 | 36,891 | 36,897 | 33,011 |
| Opex | 33,197 | 31,688 | 29,273 | 28,960 | 24,683 |
| EBITDA | 9,494 | 8,214 | 7,618 | 7,937 | 8,328 |
| EBITDA Margin | 22.2% | 20.6% | 20.7% | 21.5% | 25.2% |
| Depreciation & Amortisation | 5,940 | 5,362 | 5,265 | 5,160 | 4,928 |
| Other Income/Receipt | - | - | - | - | (346) |
| EBIT | 3,554 | 2,852 | 2,353 | 2,776 | 3,745 |
| Interest and Financing Cost (net) | 486 | 572 | 665 | 766 | 682 |
| PBT | 3,068 | 2,280 | 1,688 | 2,010 | 3,063 |
| Tax | 492 | 72 | 58 | 46 | 300 |
| PAT | 2,576 | 2,209 | 1,630 | 1,964 | 2,763 |
| Cash Profit | 9,031 | 7,674 | 6,982 | 7,213 | 7,657 |

B. Consolidated Profit & Loss Account

INR mn

| | For the Quarter | | | | |
|-----------------------------------|-----------------|--------|--------|--------|--------|
| | Q4FY11 | Q3FY11 | Q2FY11 | Q1FY11 | Q4FY10 |
| Gross Revenue | 42,347 | 39,556 | 36,592 | 36,537 | 33,477 |
| Opex | 31,595 | 30,074 | 27,804 | 27,653 | 24,242 |
| EBITDA | 10,752 | 9,482 | 8,788 | 8,884 | 9,235 |
| EBITDA Margin | 25.4% | 24.0% | 24.0% | 24.3% | 27.6% |
| Depreciation & Amortisation | 6,572 | 5,925 | 5,820 | 5,656 | 5,667 |
| Other Income/Receipt | - | - | - | - | (520) |
| EBIT | 4,180 | 3,557 | 2,968 | 3,228 | 4,088 |
| Interest and Financing Cost (net) | 854 | 941 | 1,028 | 1,142 | 1,141 |
| PBT | 3,326 | 2,616 | 1,940 | 2,087 | 2,947 |
| Tax | 581 | 186 | 143 | 73 | 281 |
| PAT | 2,745 | 2,430 | 1,797 | 2,014 | 2,666 |
| Cash Profit | 9,921 | 8,573 | 7,789 | 7,785 | 8,105 |

C. Revenue & Profitability Break-up

| Revenue Break-up | INR mn | | EBIT Break-up | INR mn | |
|---|---------------|---------------|-------------------------------------|--------------|--------------|
| | Q4FY11 | Q3FY11 | | Q4FY11 | Q3FY11 |
| Gross Revenue - Established Service Areas | 38,298 | 35,941 | EBIT - Idea Standalone | 3,554 | 2,852 |
| Gross Revenue - New Service Areas | 4,393 | 3,960 | EBIT Contribution - Indus (@16.00%) | 626 | 705 |
| Revenue - Idea Standalone | 42,691 | 39,901 | EBIT - Idea Consolidated | 4,180 | 3,557 |
| Revenue Contribution - Indus (@16.00%) | 2,943 | 2,772 | | | |
| Consolidation Eliminations | (3,287) | (3,117) | | | |
| Revenue - Idea Consolidated | 42,347 | 39,556 | | | |

| EBITDA Break-up | INR mn | | Interest & Finance Cost Break-up | INR mn | |
|---------------------------------------|---------------|--------------|---|------------|------------|
| | Q4FY11 | Q3FY11 | | Q4FY11 | Q3FY11 |
| EBITDA - Established Service Areas | 10,667 | 9,597 | Gross Interest Cost - Idea Standalone | 805 | 801 |
| EBITDA - New Service Areas | (1,173) | (1,384) | Gross Interest Income - Idea Standalone | (286) | (207) |
| EBITDA - Idea Standalone | 9,494 | 8,214 | Forex Loss/(Gain) - Idea Standalone | (32) | (22) |
| EBITDA Contribution - Indus (@16.00%) | 1,258 | 1,269 | Int. & Fin. Cost (net) - Idea Standalone | 486 | 572 |
| EBITDA - Idea Consolidated | 10,752 | 9,482 | Int. & Fin. Cost (net) from Indus (@16.00%) | 368 | 370 |
| | | | Int & Fin Cost (net) - Idea Consolidated | 854 | 941 |

| EBITDA Margins | % | | Tax Break-up | INR mn | |
|--------------------------------------|--------------|--------------|--------------------------------|------------|------------|
| | Q4FY11 | Q3FY11 | | Q4FY11 | Q3FY11 |
| EBITDA % - Established Service Areas | 27.9% | 26.7% | Tax - Idea Standalone | 492 | 72 |
| EBITDA % - New Service Areas | -26.7% | -34.9% | Tax - Indus (@16.00%) | 89 | 114 |
| EBITDA % - Idea Standalone | 22.2% | 20.6% | Tax - Idea Consolidated | 581 | 186 |
| Derived EBITDA % Indus | 42.7% | 45.8% | | | |
| EBITDA % - Idea Consolidated | 25.4% | 24.0% | | | |

| Dep. & Amort. Break-up | INR mn | | PAT Break-up | INR mn | |
|--|--------------|--------------|------------------------------------|--------------|--------------|
| | Q4FY11 | Q3FY11 | | Q4FY11 | Q3FY11 |
| Dep & Amort. - Idea Standalone | 5,940 | 5,362 | PAT - Idea Standalone | 2,576 | 2,209 |
| Dep. & Amort. Cost from Indus (@16.00%) | 632 | 563 | PAT Contribution - Indus (@16.00%) | 169 | 222 |
| Dep. & Amort. - Idea Consolidated | 6,572 | 5,925 | PAT - Idea Consolidated | 2,745 | 2,430 |

Note 1: Impact of the joint venture is presented to provide a perspective to Idea's consolidated financials. Due to differences in accounting treatment, these may not be representative of the financial statements of joint ventures.

Note 2: The IRU income from Indus (w.e.f. 01st January, 2009) is treated as revenue in Idea Standalone. This treatment may change, for the past period from the appointed date of merger to the effective date of merger of ICTIL into Indus.

D. Summarized Balance Sheet

INR mn

| Particulars | Idea Standalone - As on | | Idea Consolidated - As on | |
|-----------------------------------|-------------------------|----------------|---------------------------|----------------|
| | 31-Mar-11 | 31-Mar-10 | 31-Mar-11 | 31-Mar-10 |
| Sources of Funds | | | | |
| Equity Share Capital | 33,033 | 32,998 | 33,033 | 32,998 |
| Preference Share Capital | 19 | 19 | 19 | 19 |
| Outstanding Emp. Stock Options | 478 | 444 | 478 | 444 |
| Reserves & Surplus | 89,237 | 85,299 | 89,469 | 85,299 |
| Loan Funds | 105,098 | 65,264 | 120,228 | 78,593 |
| Deferred Tax Liability(net) | 2,940 | 2,296 | 3,099 | 2,142 |
| Total | 230,805 | 186,321 | 246,327 | 199,496 |
| Application of Funds | | | | |
| Gross Block | 315,084 | 253,644 | 336,977 | 270,585 |
| Less: Depreciation & Amortisation | 108,005 | 87,022 | 112,128 | 88,907 |
| Net Block | 207,079 | 166,622 | 224,849 | 181,679 |
| CWIP | 35,961 | 4,727 | 36,467 | 5,465 |
| Goodwill | 61 | 61 | 61 | 61 |
| Cash & Cash equivalent | 13,902 | 14,005 | 14,777 | 14,204 |
| Net Current Assets | (26,197) | (3,754) | (29,828) | (6,949) |
| Profit & loss A/c | - | 4,660 | - | 5,038 |
| Total | 230,805 | 186,321 | 246,327 | 199,496 |

6. Key Performance Indicators

A. Financial Indicators – Idea Standalone

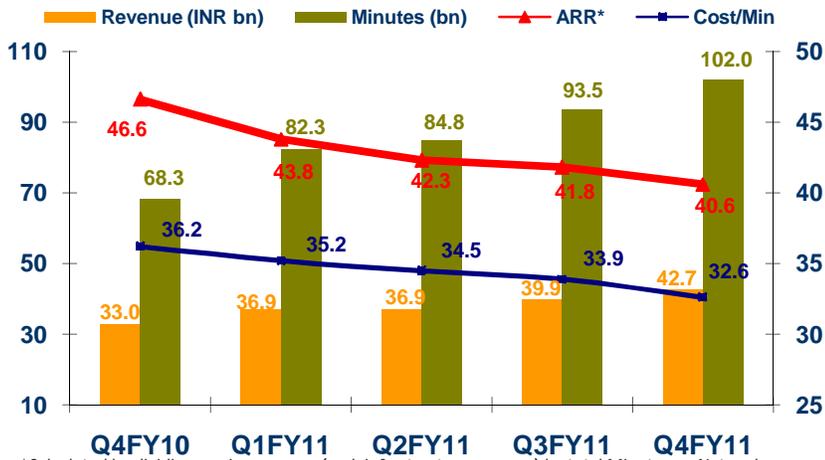
| Parameters | For the Quarter | | | | |
|---------------------------------------|-----------------|---------|---------|---------|---------|
| | Q4FY11 | Q3FY11 | Q2FY11 | Q1FY11 | Q4FY10 |
| Gross Revenue (INR mn) | 42,691 | 39,901 | 36,891 | 36,897 | 33,011 |
| Growth (%) QoQ | 7.0% | 8.2% | 0.0% | 11.8% | 7.8% |
| EBITDA (INR mn) | 9,494 | 8,214 | 7,618 | 7,937 | 8,328 |
| EBITDA (%) | 22.2% | 20.6% | 20.7% | 21.5% | 25.2% |
| EBIT (INR mn) | 3,554 | 2,852 | 2,353 | 2,776 | 3,745 |
| EBIT (%) | 8.3% | 7.1% | 6.4% | 7.5% | 11.3% |
| Gross Revenue/min (paisa) | 41.9 | 42.7 | 43.5 | 44.8 | 48.4 |
| EBIT/min (paisa) | 3.5 | 3.0 | 2.8 | 3.4 | 5.5 |
| Gross Fixed Assets (INR mn) | 315,084 | 268,037 | 261,892 | 258,229 | 253,644 |
| Annualised Revenue/Gross Fixed Assets | 54.2% | 59.5% | 56.3% | 57.2% | 52.1% |

B. Operational Indicators – Idea Standalone

| | Unit | Quarter Ended | | | | |
|--|----------|---------------|--------|--------|--------|--------|
| | | Q4FY11 | Q3FY11 | Q2FY11 | Q1FY11 | Q4FY10 |
| Operating Service Areas | no. | 22 | 22 | 22 | 22 | 22 |
| Subscriber Base (EoP) | mn | 89.5 | 81.8 | 74.2 | 68.9 | 63.8 |
| Pre-paid Subs (% of EoP subscribers) | % | 96.4% | 96.3% | 96.1% | 95.9% | 95.7% |
| Average Revenue per User (ARPU) | INR | 161 | 168 | 167 | 182 | 185 |
| Average Minutes of Use per User (MoU) | min | 397 | 401 | 394 | 415 | 398 |
| Average Realised Rate (ARR) | paisa | 40.6 | 41.8 | 42.3 | 43.8 | 46.6 |
| VAS as a % of Service Revenue | % | 12.1% | 13.0% | 12.9% | 12.6% | 12.4% |
| Post-paid Churn | % | 2.7% | 2.8% | 2.9% | 2.9% | 3.0% |
| Pre-paid Churn | % | 11.0% | 10.3% | 8.2% | 8.4% | 7.9% |
| Blended Churn | % | 10.7% | 10.0% | 8.0% | 8.2% | 7.7% |
| Total Minutes of Use | mn | 101,960 | 93,503 | 84,828 | 82,274 | 68,275 |
| Total 2G Cell Sites (EoP) | no. | 73,668 | 70,208 | 67,980 | 66,725 | 66,187 |
| Towers - Rented Indus (EoP) | no. | 39,587 | 37,819 | 36,618 | 35,798 | 35,499 |
| Towers - Rented Others (EoP) | no. | 25,004 | 23,445 | 22,524 | 22,208 | 22,016 |
| Owned Towers (EoP) | no. | 9,077 | 8,944 | 8,838 | 8,719 | 8,672 |
| Tenancy Ratio - Owned Towers | times | 1.54 | 1.53 | 1.53 | 1.54 | 1.54 |
| Owned Towers - IRU (EoP) | no. | 11,094 | 11,094 | 11,094 | 11,094 | 11,094 |
| Manpower on Rolls (EoP) | no. | 7,282 | 7,141 | 6,949 | 6,832 | 6,763 |
| Average Revenue per Employee per Month | INR '000 | 1,973 | 1,888 | 1,769 | 1,806 | 1,741 |
| Subscribers per Employee | no. | 12,291 | 11,452 | 10,680 | 10,083 | 9,437 |

7. Management Discussion & Analysis

A. Global Scale of Operations



*Calculated by dividing service revenue (excl. infrastructure revenue) by total Minutes on Network

Idea carried 362.6 billion minutes on its network during FY11, placing it among the top 10 operators in the world in voice minutes. On a normalised annual basis, Idea minutes grew 46.5%, whereas standalone annual revenue grew 18.2%, both significantly faster than the sector growth. Idea is one of the few companies in the world, which is able to run high quality telecom services at the world's lowest price points, and yet extract stable Cash Profits. Idea is poised to benefit from long term sector opportunities, once this over-capacity phase draws to its inevitable close.

B. Robust Quarterly Performance

Continuing its long term trajectory of expanding market share, Idea Standalone Revenue grew 7.0% QoQ, on the back of a sequential quarterly growth of 9.0% in Total Minutes on Network. The Average Realised Rate declined to 40.6p compared to 41.8p in the previous quarter. Idea is the third largest wireless operator in the country with a Revenue Market Share of 13.6% (TRAI, Q4FY11), and also the fastest growing major operator.

Idea added over 9.6 mn active subscribers during the quarter, taking the VLR subscriber base to 83.3 mn, with the highest ratio of active subscribers to reported subscribers in the sector at 93.1%, as on 31st March 2011. Idea continues also to be among the biggest net gainers nationally in the Mobile Number Portability program; a strong indicator of the popular appeal of Idea's services.

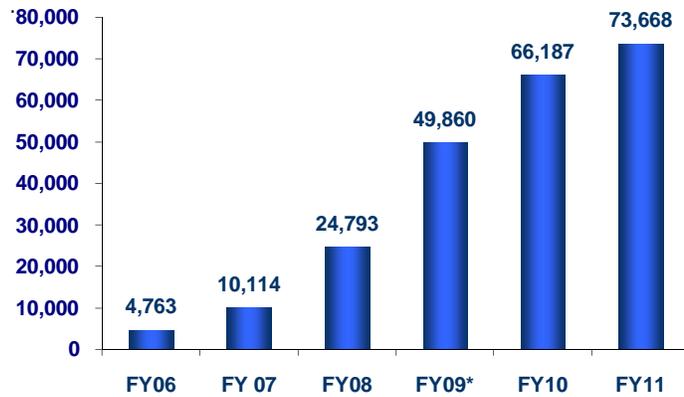
During the quarter, EBITDA on a standalone basis increased sequentially by 15.6%, driven by a 1.2% improvement of EBITDA margin in the Established Service Areas, coupled with reduced EBITDA losses of the New Service Areas by Rs 211 mn.

Interest of Rs. 1,240 mn has been capitalised during Q4 against the payment for 3G spectrum fees. On a standalone basis, the PAT figure for the quarter stands at Rs. 2,576 mn, up 16.6%, on a sequential quarterly basis, while cash profit of Rs. 9,031 mn, grew by 17.7%.

The Net Debt stands at Rs. 91,196 million as on 31st March, 2011, and the Net Debt - Equity ratio is at 0.74. Net Debt to EBITDA ratio for the year stands at 2.74. The Net-Worth of Rs. 122,767 million, together with an average Cash Profit of ~Rs. 7,500 million per quarter, provides a solid foundation to support the company's strategic intent.

C. Capex

2G Cell Sites (EoP)



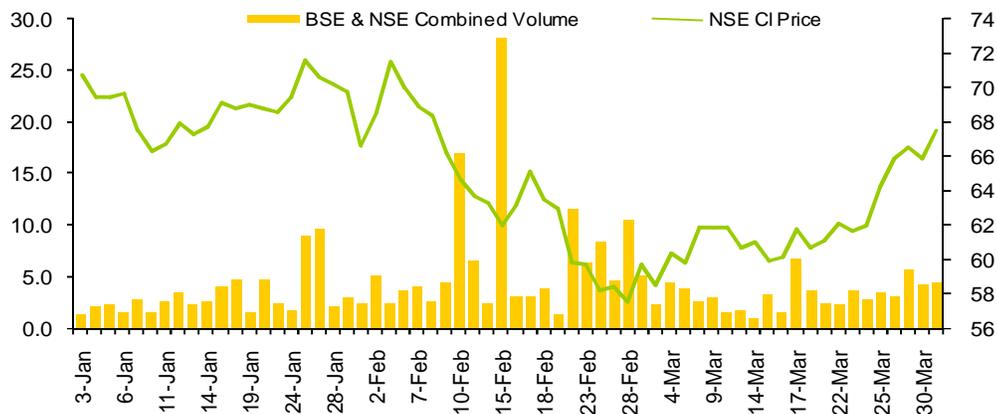
*Includes Cell Sites of erstwhile Spice# also

During the quarter, Idea rolled out 3,460 2G cell sites, taking EoP 2G cell sites count to 73,668. The Total addition to the Gross Block including CWIP was Rs. 14.6 billion for Q4 FY11 and Rs. 32.1 billion for FY11 (both excluding 3G spectrum fees and interest thereon). In the end of March'11, Idea has started launching 3G services and currently offers 3G services in 9 service areas covering more than 700 towns (as on 31st May, 2011) and most of our 3G Node-Bs are co-located with our existing 2G cell sites. For FY12 the total capex guidance for Idea Standalone stands at Rs. 40 billion.

8. Stock Market Highlights

| General Information | | |
|--|------------|-----------------|
| BSE Code | | 532822 |
| NSE Symbol | | IDEA |
| Reuters | | IDEA.BO/IDEA.NS |
| No of Shares Outstanding (31/03/2011) | mn | 3303.27 |
| Closing Market Price - NSE (31/03/2011) | INR/share | 67.45 |
| Combined Volume (NSE & BSE) (01/01/2011 to 31/03/2011) | mn/day | 4.4 |
| Combined Value (NSE & BSE) (01/01/2011 to 31/03/2011) | INR mn/day | 280 |
| Market Capitalisation (31/03/2011) | INR bn | 223 |
| EPS (excl. Joint Ventures) for the Quarter | INR/share | 0.78 |
| Enterprise Value (31/03/2011) | INR bn | 314 |
| Price to Earning | times | 21.6 |
| Price to Cash Earning | times | 6.2 |
| Price to Book Value | times | 1.8 |

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 March 31, 2011:

| Particulars | Idea Cellular Ltd. | |
|------------------------------------|----------------------|------------------|
| Promoter and Promoter Group | No. of Shares | % holding |
| Indian | 1,520,679,047 | 46.04% |
| Foreign | - | - |
| Public Shareholding | No. of Shares | % holding |
| Foreign Holding | 1,412,963,063 | 42.77% |
| Indian Institutions | 261,308,160 | 7.91% |
| Others | 108,321,235 | 3.28% |
| Total | 3,303,271,505 | 100.00% |

10. Glossary

| Definitions/Abbreviation | Description/Full Form |
|---|---|
| Established service areas | Represent 13 service areas of Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana, Uttar Pradesh West & Uttaranchal, Uttar Pradesh East, Rajasthan and Himachal Pradesh service areas, and also include the service areas of Punjab and Karnataka of erstwhile Spice from March 01, 2010 |
| Annualized EBITDA | Annualised figure of quarterly EBITDA |
| ARPU (Average Revenue Per User) | Is calculated by dividing services revenue (exclusive of infrastructure revenues) for the relevant period by the average number of subscribers during the period. Average number of subscribers during the period is calculated as average of average subscribers for each month. 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 |
| ARR (Average Realised rate) | ARR is calculated as ARPU divided by MoUs/Subscriber |
| 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. |
| 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 calculated as 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 |

| Definitions/Abbreviation | Description/Full Form |
|---|--|
| GSM | Global System for Mobile communications, the most popular standard for mobile telephony in the world |
| Gross Revenue | Is calculated as the summation of service revenue, revenue from sale of trading goods and other non-service revenue. |
| Indian GAAP | Indian Generally Accepted Accounting Principles |
| IRU | Indefeasible right of use |
| MoUs/Sub (Average Minutes of Usages per Subs) | Is calculated as, total Minutes of Use by Mobile Subscribers 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 |
| New Service Areas | Represent 9 service areas of Mumbai, Bihar, Orissa, Tamil Nadu, J&K, Kolkata, West Bengal, Assam and the North East service areas. |
| 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 quarter (NSE) by the Book Value/ Share |
| Price to Cash Earning | Is calculated by dividing the closing market price at the end of the quarter (NSE) by the annualised Cash Earning/Share |
| Price to Earning | Is calculated by dividing the closing market price (NSE) 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 plus gross int. & fin. cost for the quarter is annualised and 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, for the respective period |
| Subscribers | Mobile telephone service customers |
| SIM | Subscriber Identity Module |
| Service Area | Unless otherwise specifically mentioned, means telecom service areas in India as defined by the DoT. |
| TRAI | Telecom Regulatory of India |