



# Idea Cellular Limited Earnings Conference Call

Q1FY17

**August 09, 2016**



**Moderator:** Good day, Ladies and Gentlemen. This is Inba, the moderator for your conference call. Welcome to the Idea Cellular Conference. For the duration of this presentation, all participant lines will be in the listen-only mode. After the presentation a question-and-answer session will be conducted.

We have with us today Mr. Himanshu Kapania – Managing Director of Idea Cellular and Mr. Akshaya Moondra – Whole Time Director & Chief Financial Officer of Idea Cellular, along with other key members of the Senior Management on this call.

I want to thank the Management Team on behalf of all the participants for taking valuable time to be with us. Given that the Senior Management is on this call today, participants are requested to focus on the key strategic and important questions to make sure that we make good use of the Senior Management's time.

I must remind you that the discussions on today's call may include certain forward-looking statements and must be viewed therefore in conjunction with the risk that the Company faces.

With this, I hand the conference call over to Mr. Himanshu Kapania. Thank you, and over to you, sir.

**Himanshu Kapania:** Thank you Inba, On behalf of Idea, I welcome all participants to this Earnings Call. Yesterday, our Board of Directors adopted the audited results for the first quarter of the Financial Year 2016-17. The detailed Press Release, Quarterly Report and Company Results have been uploaded on our website and I assume you had a chance to go through the same.

The current quarter financial results and previous year April to June 2015 quarter and full financial year of FY16 results have been restated based on new Accounting guidelines – Indian Accounting Standards. The specific impact of adopting IND AS will be shared in detail by Idea CFO – Mr. Akshaya Moondra. Further, this quarter financial performance cannot be strictly compared with restated results of Q1FY16 as Q1FY17 financials include-

A. Full impact of investment in spectrum acquired by Idea in March 2015 – spends of Rs.301.4 billion and February 2014 Auction - spends of Rs.104.2 billion primarily used for renewal of mobile licenses and linked spectrum in 9 Service Areas expired between December 2015 to April 2016 and additional spectrum blocks for 3G & 4G Services in multiple circles.



B. Additional revenue deferment consequent to change in terms regarding carrying forward conditions of unused Data entitlement in 'Data Packs' from Q1FY17 negatively impacting this quarter revenue by Rs.1,276 million, EBITDA by Rs.1,101 million and EBITDA margin by 0.7%.

In this period of upheaval and disruption, such as the ones we are living in, change is the new norm. Our success is not based on our ability to simply change. It is based on our ability to change faster than the competition, customers and businesses. We have to consistently challenge ourselves and remain in pursuit of leadership thoughts and action. It is a phase the mobile sector is going through where slow industry growth trends continue. Based on TRAI Q4FY16 release, the Mobile sector revenue grew only at 5.4% in FY16 v/s FY15 against past period annual growth trends of near double digits. Similarly, our internal estimates suggest that the first quarter industry revenue growth has further slipped to levels of only 4 to 5% YoY growth. Idea revenue growth in Q1FY17 is 9.4% post normalization of Data revenue deferment impact v/s. Q1FY16.

In spite of short term challenges, the Indian telecom industry is at a critical juncture in its evolution. The sector is gradually metamorphosing from a pure voice market to a balance of demand for Voice & Data Services. The incumbent operators remain committed to drive this transformation and continue to make serious, large scale investments in the sector. Having committed Rs.600 billion in February 2014 Auctions, the Indian Wireless Operators have invested an additional Rs.1,100 billion during March 2015 Auctions for Spectrum acquisition. In addition to the high investments for spectrum procurement, the leading TELCOs continue to invest significantly in network optimization and installation of new sites to improve coverage and capacity. In the Financial Year 2015-16, the top 3 Operators invested Rs.300 billion in capital expenditure for Network expansion – a level nearly double of their past four-year average. Similar trends continue in Financial Year 2016-17.

Why, when the mobility market is slowing down in the short run, are the Key Operators increasing their investments in the Mobility sector? To my mind, the business leaders are convinced of long term growth potential of Telecom Services and clearly signaling the importance of Mobility Sector in the transformation of Indian Society and Economy. I believe, the Sector is now transitioning itself from its earlier role of delivering only connectivity across the length and breadth of the country, to significantly be the only driver of high speed Broadband internet adoption for fellow Indians. This would thereby kick start large scale Indian economic growth. Massive Broadband infrastructure will support large economic sectors like Manufacturing and Services including banking, entertainment, commerce, etc.,



and become the foundation of next level of rural economic prosperity. The country is in the midst of largest ever nationwide rollout of broadband services Infrastructure at breakneck speed with efforts on to reach a billion Indians in the shortest possible time period. The new Mobile Broadband Infrastructure in the making will be the pride of the country for ages and a global envy, translate the vision of Government of India into a reality and transform lives of a billion Indians. Consumers, Intermediaries, Enterprise and Governance will no longer work and transact as they have in the past.

All antecedents seem to indicate India in now on the cusp of a digital revolution. Most telecom analysts are already projecting near 400-500 million wireless broadband users on 3G & 4G platform by Year 2020 from the current level of 120 million as per TRAI Release of Q3FY16. Specifically during last one year, industry witnessed several major initiatives to promote mobile broadband services in the country. The incumbent operators exponentially expanded the broadband services coverage by scaling up their 68 existing 3G Networks using Year 2010 vintage spectrum as well as rolling out 19 new 3G Networks on Spectrum acquired from 2015 Auction. The country is also witnessing an unprecedented scale launch of next generation 4G Services with roll out of 4G Networks by Top 3 Operators, while the nation is gearing itself for the pan India launch of Jio. For example, Idea more than doubled its 3G & 4G Cell sites in last one year from level of 33,621 3G sites as on 1<sup>st</sup> July 2015 to 71,170 3G & 4G sites as of 30<sup>th</sup> June 2016 and company remain committed to cross 100,000 3G & 4G sites on existing spectrum block by end of this Financial Year.

The device ecosystem also improved significantly with increased availability of smartphones in Rs.3,000 to Rs.5,000 price bracket, breaking the US \$ 50 affordability mark much ahead of all earlier projections. A sharp increase in the smartphones shipment to India is being reported with 80 million plus sales in Calendar Year 2015 and same is slated to grow by 40 – 50% in Calendar Year 2016, with April to June 2016 smartphones sale crossing the 30 million mark for the quarter.

Most importantly, to transition from current Wireless Internet demand primarily being witnessed from Elite profile knowledge workers and rich youth consumer segments to mass adoption across all ages, income, education demographic segments etc., and make Wireless Broadband Services equally attractive for Urban & Rural India, the industry has gone ahead and voluntarily dropped the pricing of Mobile Data Services by a whopping 20% over last 18 months. The potential opportunities arising out of increasing digitization of the Indian masses have already sowed the seeds of a fast growing internet economy. It has ushered in a breed of new startups – the digital entrepreneurs – who are entering



diverse categories such as e-tail, entertainment, travel, fashion, information, education, health, logistics, real estate and payment services, etc., and offering newer digital services to Indian consumers. With these fundamentals beginning to fall in place, the coming era from Year 2016 to 2020 will witness mass mobilization of Wireless Broadband Services as the only connectivity medium to the digital world.

The industry and Idea remains extremely optimistic that Digital India powered by Mobile Broadband Networks of Indian Telecom operators is not only going to be the future of the Mobile Sector but also the bedrock of a \$ 5 trillion Indian economy. This exponential Mobile Broadband growth confidence also stems from the industry's earlier experience with the Mobile Voice category uptake during recent Years of 2008-2015 catapulting India to 'World's Second largest Mobile Voice Market' post coverage expansion phase of GSM Network between period of 2005-2008.

While it is evident, that the leading Mobile Operators are undoubtedly going to be at the forefront of driving Data adoption – competition in the mobile broadband segment is going to intensify from current 3 player market to at least 4 – 5 players. Population coverage is going to improve drastically as telcos reach the hinterlands of the country. However, unlike the Voice Services, the benefits of which could be much easily understood by the masses, propelling a billion Indians onto Mobile Data Services is going to be an altogether different challenge – which all of us are gearing to address.

The Mobile Voice Services ecosystem was simple – involving a direct relationship between the mobile operator and the consumer. Further, the adoption of Mobile Voice Services was driven by an innate human need to stay connected. However, the Mobile Data Services ecosystem is much more complex involving a variety of participants including smartphone manufacturers and distributors, digital service providers and entailing the process of conversion of all analog physical activities into digital interactions. Clearly, one of the major challenges facing the industry is educating consumers across all strata of the society on the power of internet and its role in upgrading life of an individual and transforming society by redefining the way we live, play, interact and transact in the future.

The 4G era dawning on us is not going to be battle of rates instead it is going to be a battle of consumer segments and applications. It is going to be about partnership and collaborations to build an ecosystem of digital services that would be relevant for the many different segments of the internet



users. It is going to be about influencing and changing mindsets of millions of Indians who have never experienced internet and are waiting to become the netizens of tomorrow.

Possibilities will be limitless and probably as vivid as our imagination. That is why, I reiterate, it is critical to separate the signal from the noise. Idea Cellular with its 'anti fragile' properties, robust business model, resilient culture and razor sharp execution legacy is fully capable to manage the paradoxical storms of headwinds and tailwinds.

As 4G era dawns on us, Department of Telecommunication is gearing itself for another round of spectrum Auction from September 2016. This Auction will be different as pressure for renewal of licenses will be limited only to CDMA operators licenses expiring in Year 2017 for 6 Service Areas of Andhra Pradesh & Telegana, Mumbai, Maharashtra, Gujarat, Rajasthan and Punjab, etc. Idea's Spectrum purchase in the Auction will be discretionary, linked to internal business model at individual Circle level. As per NIA release available post harmonization of 800 & 1,800 MHz Spectrum there is 2,354.55 MHz spectrum quantum available for this year Auction across 22 Circles, the highest ever supply across the Bands of 700, 800 & 900 MHz in the sub 1 GHz range and across Bands of 1800, 2100, 2300 & 2500 MHz in the higher spectrum range.

As per our internal estimates, this additional supply is more than sufficient for 5 to 6 operators to meet their future needs over next 5 to 7 years for Mobile Voice & Wireless Broadband as the Indian Operators build, over this period, a Global scale 500 Mbps to 1 Gbps capable 'Mobile Broadband Infrastructure' and meet aspiration of emerging Year 2020 Consumers.

As spectrum supply for Commercial Mobility Use increases, Idea can plan its incremental spectrum requirement based on Consumer Demand and its own market status following 'Just in Time' Spectrum procurement strategy instead of blocking precious capital upfront in anticipation for future use. Idea will be selective in additional spectrum purchase procuring only that much quantum of additional blocks which justify near term business returns and defer requirement of capacity spectrum only when volume of Mobile Data Demand justifies its procurement.

Also, the trends emerging from Spectrum Trading and Sharing deals as well as action by low Market Share Operators during earlier Spectrum renewal Auctions, indicate strong possibility of a receding competitive intensity in the Mobility industry, especially in the Voice segment, and consolidation of



industry as number of Mobile Operators decline from existing 8 to 10 to 4 to 6 in near term. It has not been reported widely but 'Rest of the Industry' Telcos beyond Top 3 Indian Mobile Operators still control significant part of Mobility Subscribers & Revenue. For example, out of the reported industry revenue for the Financial Year 2015-16 'Rest of Industry' Telcos still control over Rs.513 billion Wireless revenue at 26.6% RMS and as of 1<sup>st</sup> April 2016, are still servicing over 316 million Mobility Subscribers on VLR. As consolidation process gathers momentum, primarily driven by cost of spectrum, their loss can be New Entrant's gain who is in the process of entering Mobile Broadband telecom market.

Leadership today needs ability to predict future with conviction and courage, display dogged determination and human emotional resilience for retaining one's own prediction. Idea today stands in the minds of its consumers and employees for Reach, Relevance & Resilience and will always remain nimble and adaptive as new market conditions emerge. Our future goal is not to be complacent about Company's current growth leadership position. Idea will constantly challenge itself and win in this volatile environment on the strength of stable, reliable and legendary operational execution run in nimble, agile and adaptive work style.

### **Moving on to Business Performance**

Based on latest TRAI gross revenue release for the period 'January to March 2016', Idea has improved its 'Revenue Market Share' (RMS) to 19.3% in Q4 FY16, an improvement of 110 basis points over the last year same quarter.

On a separate analysis for Financial Year 2015-16, the Indian Mobility industry revenue growth in FY16 declined to 5.4% v/s. FY15 against 10.8% growth between FY14 & FY15. The Telecom industry absolute annual revenue reached Rs.1,930 billion in FY16. Idea in the same Financial Year grew by 13.5%, 2.5 times the industry growth. The Company improved its Revenue Market Share from 17.5% in FY15 to 18.9% in the Financial Year 2015-16, an improvement of 1.4% highest ever RMS growth over last one year. Idea captured 44% of the incremental revenue – once again highest ever generated by the industry in FY16, reminding the RMS growth story for the Company is fully intact.

The performance of Idea on four standard parameters for the period April to June 2016 is as follows. All KPIs presented are based on 'post normalization for impact of New Data Revenue Deferment Policy' of Q1FY17 results, so that the review is on like to like basis.



1. **Gross Revenue** : This quarter industry revenue growth is estimated at 4 to 5% against Q1FY16 while Idea revenue growth in Q1FY17 is 9.4% v/s. Q1FY16 and sequential quarterly revenue growth is 1.4%.

The factors driving sequential revenue growth was price led for Voice business and Volume led for Mobile Data business but overall was suppressed due to significant reduction of 3G ICR revenue and 'Other Revenues Head' in this quarter v/s. previous sequential Q4 FY16 comparison.

Starting with Voice business impact on overall Gross Revenue, Idea since start of this Calendar Year clamped down on promotional offers for its new and existing customers resulting in 'Voice Realised Rate' improvement in this quarter by 3.1% from 33.3 paisa in Q4 FY16 to 34.3 paisa /minute in Q1 FY17 on back of 4.4% sequential quarterly Voice rate improvement in Q4 over Q3 FY16. However, full benefit of Voice rate realization improvement did not reflect in revenue growth between Q1FY17 and Q4 FY16 due to negative elasticity against Voice realized rate increase including –

- a. Negative New Subscriber Addition of 0.7 million, EOP VLR Subscribers dropping to 183.2 million customers.
- b. Decline in total 'Voice Minutes of Use' by 1.1% from 201.6 billion in Q4 FY16 to 199.3 billion in Q1 FY17.

In contrast, for Mobile Data Business, Idea pursued a volume led growth strategy, the overall Mobile Data Realised Rate – ARMb fell by 8.1% from 22.9 paisa to 21.1 paisa /Mb on sequential quarter basis, while mobile data revenue grew by 4.1% between Q4 FY16 to Q1 FY17 as the company –

- a. Added highest ever 5 million Mobile Data Users with total Mobile Data Subscribers EOP crossing 49 million – 28% of Idea Consumers now use Idea's Mobile Data Services across 2G, 3G or 4G platforms.
- b. Strong 13.2% quarterly Mobile Data Volume growth from 82.2 billion Megabyte in January to March 2016 period to 93.1 billion Megabyte, absolute Data Usage in this quarter.

Also, during this quarter, Airtel exited fully Idea 3G ICR in 6 out of the 7 Service Areas and its impact is reflected in our results.



The 'Non Voice Revenue' contribution to Service Revenue stands at 28.2% this quarter against 26.1% contribution to Service Revenue a year earlier for same period.

2. **Cash Profit & EBITDA** : The standalone quarterly EBITDA at Rs. 318.4 billion Pre Data Revenue Deferment grew YoY at 6.9% at margin of 33.1% against Q1 FY16 EBITDA margin of 33.9%.

The higher Network & IT operating expenses due to aggressive Network expansion and multiple inflationary pressures, resulted in overall operating cost rising faster than gross revenue growth.

In the '15 Established Service Areas', Idea blended 'Revenue Market Share' has improved to 22.4% in Q4 FY16 against National Revenue Market Share at 19.3% for the same period. The standalone EBITDA for these 15 Circles is at 36.2% including impact of Mobile Data deferment. In the 7 New Service Areas revenue growth is at high double digit levels of 25% plus, thereby helping EBITDA losses to consistently decline. The Q1FY17 EBITDA losses has reduced to Rs.1,140 million in these 7 New Circles against Rs.1,663 million in Q1 FY16, a drop of 31.5% over the year. These 7 New Circles continue to improve their competitive standing with RMS rise of 120 basis point from 5.6% in Q4 FY15 to 6.8% Revenue Market Share in Q4 FY16, as 30% of the incremental revenue of the entire Mobility industry in these 7 Circles was gained by Idea. The growing Market standing of Idea in 'New 7 Circles' will act as a hedge for increased competitive intensity in 15 Established Circles.

The Company Cash Profit generation was steady this quarter at Rs.25.2 billion.

3. **Active Subscribers**: Q1 FY17 Net VLR Subscriber addition was only at the level of 1.1 million against 3.8 million in Q1 FY16, primarily as Idea blended Voice realized Rate of 34.3 paise /minute was the highest among all industry Telecom Operators, even higher than leading No.1 & No.2 Carriers, a unique situation that has never ever occurred in the past. The Company is making necessary corrections to remain competitive in the Voice market. Competitively, Idea improved its Customer Market Share on VLR to 19.6% in May 2016 – last TRAI industry subscriber reporting against 18.9% in May 2015, an improvement of 0.7% in CMS.

In the last 12 months from June 2015 to May 2016, Mobile industry subscriber growth is 63.9 million. Idea continues its March of winning 'one out of every three' Indians buying fresh SIMs from the market



during the last one year. Idea clocked incremental annual subscriber VLR share of 28.9% in the same period.

Due to uncompetitive Voice Realised Rate, the consumer blended churn increased in Q1 FY17 to 5.2% on sequential quarterly basis against 4.7% in Q4 FY16. Also, inspite 10.5% annual subscriber addition to Idea's VLR overall Consumer base of 183.2 million, the quality of Idea consumers was steady when measured in 'Average Revenue spends for User' i.e. ARPU terms and was at similar levels this quarter at Rs.181 against Rs.179 in Q4 FY16.

**4. Minutes of Use** : On sequential quarterly basis the Voice Minutes declined for the first time in Q1 FY17 over Q4 FY16 by 1.1%, primarily due to company experimentation with price led instead of volume led strategy in Voice business.

In comparison Q1 FY17, Idea carried 199.3 billion minutes against 195.7 billion in Q1 FY16 a slow growth of 1.8%. Over last one year, the Voice realized rate has improved by 4.2% from 32.9 paisa in Q1FY16 to 34.3 paisa per minute this quarter. Similarly the 'Average Revenue per Minute' – ARPM, a KPI parameter derived from Absolute Gross Revenue divided by total minutes has improved by 7.3% from 44.5 paisa per minute in Q1 FY16 to 47.7 paisa per minute in Q1 FY17.

Based on TRAI industry minutes and voice revenues information release for Q4 FY16, Idea gained 1.1% in Industry Voice Minutes share in Financial Year 2015-16 while maintaining 34.1% of incremental Voice minutes share. Similarly, while the industry Voice Revenue expanded by Rs.11 billion in FY 2015-16, Idea increased its Voice Revenue by Rs.19.6 billion, a staggering 178% of incremental Voice Industry Revenue share, as most Operators reported negative Voice revenue growth.

Idea GSM coverage from 127,835 GSM sites has reached nearly 1 billion Indians covering 82% of Indian population – pan India spread over 394,000+ towns and villages. Idea Fibre coverage has expanded by 25,600 km during last one year, reaching overall OFC presence of 1,20,700 kms. The company is rapidly expanding its Fibre PoPs now at 7,650 Nos. to cater to fast expanding Mobile Broadband network.

Idea remains committed to drive digital transformation in India, while metamorphosing itself from a 'pure voice' network to become a balanced 'Mobile Voice & Mobile Broadband' operator, extending



the life of voice business in under penetrated markets and serving the emerging new needs of digital customers.

**Moving on to Wireless Data Business** : The overall Mobile Data Users on 2G, 3G & 4G platform has reached 49 million Data Subscribers, with 27.8% of Idea Customer base utilizing Idea Data platform to access Mobile Internet. In the period April to June 2016, Idea pursuing volume led strategy, added highest ever 5 million new Mobile Data Users on sequential quarterly basis. In the last one year, the Company has added 11.9 million new Wireless Data Users against 14.1 million overall New Subscribers, and we remain hopeful of Mobile Data User growth will accelerate in the forthcoming quarters.

The Mobile Data business is presently in high investment and low capacity utilization phase and Data realized rate has been falling to attract newer Mobile Internet Users across all age, income and education demographics consumer segments. In the last one year, the Blended Data realized rate per Megabyte fell by 14.3% to 21.1 paise per Megabyte this quarter against 24.6 paise per Mb in Q1 FY16. The company in Q1 FY17 abandoned its previous quarter approach to increase Data realized rate and instead Idea remained focused on increasing the number of Wireless Data Users on its Network. Consequent to the rate fall, the blended Data ARPU on 2G + 3G + 4G platform has fallen to Rs.142 in Q1 FY17 against Rs.147 in Q1 FY16, though Data Usage per subscriber has steadily risen from 599 Megabyte per Data User in Q1 FY16 to 674 Megabyte per User in the period April to June 2016.

During the Q1 FY17, Idea witnessed a strong sequential quarterly Mobile Data Volume growth of 13.2% reaching 93.1 billion Megabytes. Based on commercial reporting by existing Telecom Operators, Idea is now ranked 'No.2 Carrier' in terms of Wireless Data Volume. During the last one year, the Data Volume has increased by 48.6% from 62.7 billion Megabytes in Q1 FY16, an improvement of 30,450 million Megabyte /quarter. The Mobile Data revenue contribution to overall Service Revenue has been steadily been rising and now stands at 20.6% an improvement of 2.9% contribution to Service Revenue over last one year.

Based on TRAI industry release of Q4 FY16, Idea garnered 20.5% share of Industry Data Revenue in Financial Year 2015-16 with an incremental Data Revenue share of 27.2%.

**Moving on to 3G & 4G business**



The Company continued its aggressive Mobile Broadband expansion program. Idea added 5,296 4G sites during the quarter, reaching 19,939 4G sites. As you may recall, Idea launched its 4G Services on 23<sup>rd</sup> December 2015. In less than 190 days, Idea 4G coverage is available to more than 150 million Indians spread across 2,000 towns and 5,000 villages in the 10 Service Areas. In a short span, Idea has spread its 4G Services to over 27% of the population in 10 Circles in the States of Maharashtra & Goa, Kerala, Madhya Pradesh & Chattisgarh, Andhra Pradesh & Telegana, Punjab, Karnataka, Haryana, Tamil Nadu including Chennai, Orissa and North Eastern States. As on 30<sup>th</sup> June 2016, over 1.8 million customers are actively using Idea 4G Services.

Additionally, with its own 3G spectrum in 13 Service Areas, the company offers 3G Services to 350 million Indians across 4,000 towns and 57,000 villages, a clear testimony of Idea's ability to build and compete in short span of time. The overall Idea Mobile broadband Services in 17 Service Areas now serve in excess of 400 million Indians covering over 63,000 towns and villages and rapidly expanding by the hour. On an average as the clock moves ahead by 10 minutes 6 times an hour, 144 times a day a new Idea Wireless Broadband Network site is mushrooming and getting energized in some part of the country, covering additional population centers improving quality of Broadband Services and reaching uncovered land mass.

We remain committed to drive digital transformation within India.

Idea Mobile Broadband Services on 3G & 4G platforms impact is steadily improving as

a) As of 30<sup>th</sup> June, 2016, 61.4 million i.e. 35% of Idea's subscriber Base of 176 million have upgraded their devices to latest 3G and/or 4G compatible smartphone. Maximum growth of new devices is on 4G technology. As of end June 2016, 14.2 million 4G phone users are now on Idea Network from inconsequential number of 4G phone owners a year back. Nearly 20 million Idea customers have upgraded their old devices to latest 3G or 4G compatible smartphones against only 14.1 million new customers addition to Idea Subscriber base, indicating strong interest among current users to upgrade devices and join the Mobile Internet revolution.

b) 27 million Company's Consumer Base are now using Idea's 3G or 4G platform for Data Services with 10.3 million Wireless Broadband Subscriber addition over the last one year. But given the fact, only 44% of the smart phone owners are using Idea's 3G or 4G Services, we expect the pace of existing



Idea's smartphone owners upgrading to latest Wireless Broadband Services to accelerate in near future. On sequential quarterly basis 3.4 million incremental Idea customer base started to use our 3G or 4G services in Q1 FY17.

c) The Mobile Broadband Data Volume on 3G & 4G platform has grown exponentially by 85.5% from 36 Billion Megabyte in Q1 FY16 to 66.9 billion Megabyte in Q1 FY17, with high speed Broadband Network now handling 72% of the overall Mobile Data traffic. The Usage per Wireless Broadband blended for 3G & 4G is steadily improving reaching 889 Mb /user an increase of 112 Mb /user over last one year.

d) Contrary to growing Usage per subscriber, the Wireless Broadband Average Revenue per Data User i.e. Data ARPU has been steadily declining in the Mobile Data rate falling regime and in Q1 FY17 Data ARPU fell to Rs.174. The positive side of lower Data Broadband ARPU is Idea can attract far larger number of mass Users owning smartphones to its ever expanding 3G & 4G Network – Key for next round of growth for the Company.

e) Mobile Broadband Services offers huge potential for growth as only 15% i.e. 27 million of Idea strong 176 million consumer base is using these next generation high speed broadband services. As Wireless Broadband coverage becomes ubiquitous, smartphone prices become within reach, Mobile Data rates more affordable and large ecosystem of internet companies including Telecom Operators make significant Sales & Marketing investments to create 'Relevance' of Mobile Internet in the lives of a billion Indians, the demand for Wireless Broadband Services will follow the exponential hockey stick Demand Curve.

Finally, to enhance Consumer experience on Idea 'High Speed Wireless Broadband Network', the Company is working diligently for early launch of its wide range of Digital Services. Idea is gearing itself to introduce as early as Q4 FY17 an assortment of Digital entertainment Services including Idea Music, Idea Games, Idea Movies & Videos etc. Separate efforts are in advanced progress to introduce Idea Video & Audio Chat Services, Rich Messaging & Voice over IP Services, Live & Catch Up TV and many more Digital services. Idea's model for Digital Services include build on our own or partner with technology provider while sourcing content directly from or in partnership with Labels, Aggregators or Content Provider. Our business model is not build on differentiation but on Idea's power of Distribution building on Company's Consumer trust, Convenience, analytics and loyalty tool tied to



new Digital and Payment Services. Similarly, Aditya Birla Idea Payments Bank – the 49% JV with the company is on track for launch of its Payment Bank Services by early next year.

To conclude, during our last 8-year journey as the fastest growing Indian Telecom operator, we have imbibed a number of powerful attributes. We learnt to think big, act fast but with honesty, integrity and transparency. We imbibed culture of meritocracy, nurtured an army of leaders and scaled the company with legendary operational discipline. Idea with its strong brand affinity, accelerated pan India infrastructure spread and proven execution track record, remains confident to tap all emerging opportunities in mobile voice and broadband business.

I now handover to Mr. Akshaya Moondra for details on financials.

**Akshaya Moondra:** Thanks, Himanshu. A very good afternoon to participants from India, and a good morning, or evening as applicable to overseas participants.

The Company has adopted IndAS from this quarter, with transition date of April 1, 2015. Accordingly, the financial statements for Q1 FY17 are based on IndAS and results for Q1 FY16 and for full financial year FY16 are restated based on IndAS. The restated results for remaining three quarters of FY16 will be provided in the following quarters. Hence for this quarter, wherever we are discussing quarter-on-quarter trends, these will represent comparison of Q1 FY17 IndAS results versus Q4 FY16 I-GAAP results.

We have provided reconciliations between I-GAAP and IndAS for first change in equity as of March 2016, and secondly, Impact on profit & loss account for Q1 FY16 and FY16 in our quarterly report. Under IndAS, the compulsorily convertible preference shares in ABTL have been recognized as a financial liability and the difference between the fair value and the book value of the same has been adjusted from the opening balance of other equity. The period changes in fair value of the CCPS will be included in the Financing Costs.

Most of the other changes are on account of timing difference in recognition of Revenues or Expenses. The most significant ones being:



- a. Recognition of lease rental (both income and expense) based on inflation instead of equalization followed under I-GAAP. This represents a charge (net of revenue) of Rs. 5.81 billion already made to Profit & Loss Account of earlier years which has been added back to Other Equity. This, however, will come back as a charge to Profit & Loss Account from FY17 onwards in the coming years. This impacts mainly Network Expenses and Infra Revenue.
- b. Loan processing fee on borrowings.
- c. Effects of measuring financial instruments at fair value.
- d. Deferred Tax impact on these changes, as applicable, and
- e. Dividend and DDT charge on Cash Basis versus Accrual.

Further, with adoption of IndAS, Indus financials are now consolidated based on equity method, as against line by line consolidation under IGAAP. Now, the consolidated EBITDA under IndAS represents Idea and its 100% subsidiaries only and excludes proportionate share of Indus EBITDA.

In order to provide perspective to Idea's position on consolidated basis and comparisons with earlier reported consolidated financials, we continue to provide the pro-forma profitability breakup, including Indus contribution to the respective line items in our quarterly report. Beginning this quarter, we have also consolidated Aditya Birla Idea Payments Bank Limited, the Payments Bank entity, where the Company holds 49% stake.

Consequent to the changes in terms regarding carry forward conditions of unused data entitlement in data packs, the Company has recognized additional deferment of data revenue in this quarter. This has adversely impacted the reported revenue by Rs. 1,276 million, EBITDA by Rs. 1,101 million and EBITDA margins by 0.7% for the quarter. However, since this is a one-time impact on revenues, the operating KPIs for the quarter in Section 7 of the quarterly report, are reported without considering the impact of this change. Going forward, the amount of data revenue deferment at the end of each quarter should move largely in line with overall data revenue and only the net change in the opening and closing values for the quarter will impact the revenues and profits for the quarter. The revenue for the quarter, excluding the impact of above change in data revenue recognition stands at Rs. 96.14 billion a growth of 1.4%. However, on reported basis, the revenue remained almost flat. The EBITDA for the quarter declined to Rs. 30.7 billion in comparison to Q4 FY16 EBITDA of Rs. 33.2 billion, mainly due to lower revenue growth during the quarter, impact of data revenue deferment and full quarter impact related to significant expansion of network sites during Q4 FY16.



With the migration to new spectrum in Karnataka and Punjab in April 2016, the depreciation and amortization charges as well as interest and finance cost for this quarter now represent the full impact of all spectrum acquired in past auctions. Given that some older assets are getting fully depreciated in each quarter, this partially offsets the increase in depreciation on account of new capex. The estimated impact of discontinuation of depreciation on old assets for FY17 vis-a-vis FY16 will be a little over Rs. 4 billion.

The Interest and Finance cost (net) increased by Rs. 1.7 billion compared to Q4 FY16, mainly due to accounting for full impact of spectrum acquired in past auction and because of increase in average net debt for the quarter due to addition of accumulated interest of Rs. 22.4 billion to Deferred Payment Liability pertaining to March' 15 auction on the anniversary date in April'16.

The overall tax for the quarter is higher than normal tax rate by Rs. 180 million, mainly due to non-deductible charges related to change in fair value of financial instruments, CSR expenses and loss in IMCSL, the mobile banking entity.

Company has received a dividend of Rs. 3.62 billion from Indus during the quarter. The Net Profit for the quarter including the dividends from Indus stands at Rs. 4.97 billion. The cash profit for the quarter is at Rs. 25.2 billion.

The net debt at the end of Q1 FY17 stands at Rs. 376.6 billion, with net debt to annualized EBITDA for the quarter at 3.06x.

Capex spend of Rs. 10.8 billion in Q1 FY17 is in line with our capex guidance of Rs. 65 billion to Rs. 70 billion for FY17.

The contribution of Indus and Payments Bank to consolidated PAT, after adjusting for tax on undistributed profits of Indus, is Rs. 856 million.

With this, I will hand over the call back to Inba and open the floor for questions.

**Moderator:** Thank you very much, sir. Ladies and Gentlemen, we will now begin the question-and-answer session. Our first question is from the line of Sachin Salgaonkar from Bank of America. Please go ahead.



**Sachin Salgaonkar:** I have three questions. First question, clearly there were some steep tariff hike, roughly 6% for two quarters, any thoughts on how we should look at the voice tariffs going forward? Are they sustainable? Especially given the fact that other Telcos have not followed much and on the contrary we are seeing some free voice for high end consumers coming from Bharti.

Second question was more on data growth, how should we look at near term? Do you think some more education is needed and do prices of smartphones and data need to go down for uptake or we will continue to see a sort of relatively slower growth actually coming?

And lastly, wanted some clarity on the carry forward for unused data from Akshaya, what is the reason for this change? And also, if possible, you could help quantify the equalization impact on network OPEX, both for Q1 2017 and Q1 2016? Thanks.

**Himanshu Kapania:** Your first question is on voice, the question you are asking is that when the industry is following volume-led strategy, are we following a price-led strategy? You are partially right, we signal to the industry at the start of fourth quarter that it is better as the market is consolidating on overall basis in the voice segment, we should try to reduce the overall promotion for customers. However, it has not happened and clearly Idea's overall voice realized rate is today highest in the industry which has never happened in the past. So, we are making minor corrective steps to be able to operate at the similar levels as we have operated for the last seven to eight years which is anywhere between 0.5 paisa to 1.5 paisa below the market leader and that corrective steps are in the process of happening. Specifically, you are asking that is there an overall trend of voice rates falling because of introduction of some free voice bundle packs on the higher end? All I can say is that the adoption of these higher end packs has insignificant impact on overall voice market. The packs that had been announced by one of leading carrier are, in fact, much more expensive than what it was in the past and they have gone around and actually increased rates rather than bringing them down. We had similar packs in our portfolio, but the impact on overall business is insignificant. So, I will call that as a non-event. If this is fine as per voice, can I move to the second part?

**Sachin Salgaonkar:** Yes, it is clear. Thanks.

**Himanshu Kapania:** Moving on to mobile data, this is the area the whole Indian telecom industry is focusing on and if you recall, in my opening speech I have spent most of my time trying to explain to you what the industry is attempting to do. We had a long period of time from 2011 to 2015 when the industry was following an incremental coverage expansion strategy. However, that has all changed



and industry has reviewed its own position. Given the large expenditures that have happened and now spectrum being available, all of us are in the race to be able to build up the largest infrastructure of mobile broadband across the country. My travel to various parts of the country shows very strong consumer demand for mobile data services and it is not limited to metros or large towns, even in the mid-sizes towns and rural markets we're seeing this demand.

What all you are asking is, when there is so much demand why that is not reflecting in results? I would like to make two points here that, certainly there have been a very large volume of data which has been given free for a short period of time, which is currently impacting. While the industry growth continues to be in triple digits on a year-to-year basis, lot of it has currently gone on the free volume of data. It is only a matter of time, once we move from a free era to a paid era, all of this will get readjusted. What I am trying to say is Idea will pursue an uncomplicated strategy, which we had shared during our last analyst meet, of being able to convert larger percentage of our existing voice users into internet users. The trends are very positive in terms of consumers upgrading their devices. As I mentioned, there are over 20 million consumers who have upgraded their devices and we want people who are upgrading their devices, to trial and experience internet. Initially, when customers have to start spending Rs. 175 to Rs. 200, it takes a little while for consumer to adjust that the benefit of using internet outweighs the overall expenditures.

Internet adoption is in the process of happening, while infrastructure is ahead of its time, device prices are falling much faster than our original estimates and mobile data pricing is also becoming affordable. Consumers are surely but slowly coming, and it is only a matter of time that its impact will be seen. However, I am not able to say exactly when we will see this. This is exactly what we saw way back in voice business. We have been there in the industry for 21 years and if we were having similar discussion in 2008, when coverage expansion was massive, the voice adoption in terms of number of subscribers was slower than what the industry expected, but it finally took off and India came as the second largest market for voice. It is only a matter of time, it is taking a little longer time. All correct steps are being taken by the industry it will definitely happen.

**Sachin Salgaonkar:** Just a small follow-up on this, the last time we did see the overall ARPU falling. Is this trend we may see this time also? While the more consumers will come and they start using, will there be pressure on ARPU?



**Himanshu Kapania:** I would guess that would be there, because our focus will remain on expansion and getting more number of users into the category and we have to remind ourselves that from an elite users, knowledge workers who live their life online, we are now getting users with analog lifestyles and will slowly move on to living online. It will take a little while for these consumers to be able to consume larger quantities. The phone prices are becoming affordable, applications are making them much easier to consume internet. There is going to be period of ARPU decline and growth will happen from user expansion.

**Akshaya Moondra:** Sachin, so you had two questions. First is relating to data deferment. We have recently made some changes to the carry forward conditions. Generally the data packs ran up to the period of their validity. Recently, in some cases we have started offering that if a subscriber recharges before the expiry of the existing pack, then unused balance in the existing pack will get added to the new pack and follow the longer validity of the new pack. This deferment is mainly impacting packs with less than 30 days validity, because for longer validity packs the deferment was already being done. This is a one-time impact and as I had mentioned in my opening remarks, going forward the quarter end balance should move more or less in line with the overall data revenue, and what will impact the figure of revenue for a quarter will be the change between opening and the closing balance of the data deferment.

The second question was relating to the impact of Ind AS on network opex and revenue. So, in the reconciliation that we have given in our quarterly report, the figure for Q1 FY16 is Rs. 241 million. As far as Q4 FY16 and Q1 FY17 are concerned, I do not have exact figures, but we had roughly looked at this and these are almost insignificant, and there will not be much of a difference between Q4 FY16 and Q1 FY17. These figures keep changing over a period of time and roughly our estimation showed that change of this practice will have very little impact in the first three years i.e. FY17, FY18 and FY19, compared to figures if reporting was continued under IGAAP.

**Moderator:** Thank you. Our next question is from the line of Suresh Mahadevan from UBS. Please go ahead.

**Suresh Mahadevan:** Two quick questions from me. One, if I look at the Idea's journey since the IPO, you have always continuously gained revenue market share, you have outplayed your rivals. This is the first quarter I'm seeing Idea slightly maybe lower than, Airtel. Are you still confident of continuing



that revenue market share story, particularly given we may have new player launch on August 15? Or you think your rivals are probably catching up on you? So that is the first question.

The second question is related to spectrum. It seems like there is a lot of supply of spectrum and quite a few of the weak operators are folding. I mean, Telenor has come and said they do not want to participate in the auction, Videocon has exited remaining small operators Aircel, RCom and Tata Docomo really are not in the best financial position. I think Airtel and RJio has got a lot of spectrum, which leaves you and Vodafone pretty much for the spectrum auction. You mentioned in your earlier remarks that there are few areas where you need spectrum, I am assuming you are referring to Gujarat, UP West. I just wanted to understand how should we think about spectrum, should it go at reserve price? Obviously, if the reserve price is high then the spectrum would not get taken up, because it just seems to me that the supply and demand of spectrum is so much in imbalance this time than any other time given all the things that have happened. So any insights there would help. Thank you.

**Himanshu Kapania:** So let us start with your first question, about Idea's RMS and whether we are confident we will continue to grow. We are operating in an extremely volatile market and it is not that this is the first of its event from the time when we started post IPO. In 2008 – 2009 we had the biggest challenge, four to five new operators had entered and they were much better capitalized. It was also a situation at that point of time that voice tariff had been crashed to levels which was not known at that point of time. In that period, Idea emerged one of the key winners and that is why we are sitting here today and operating at over 19% RMS. What we can talk about is the effort the Company is doing to be able to grow into future. I will not be able to say what RMS we will be able to gain, but you have to look at the quantum of effort and execution that is going in the company, which gives a huge amount of confidence. Number one, we have never in the past expanded our broadband network to levels that we are expanding in such a short period of time. While it is putting some pressure on short-term to our balance sheet, but the confidence that we have on Indian market and its ability to be able to absorb the supplies, that we are putting up, is high.

The second part is, we have in the last three to four years made significant investments in the new circles. These circles are in the threshold of take-off from earlier levels of 1% to 2% of RMS to current levels of 7% RMS. These circles are in very different position and there is a lot more confidence in the new circles than we had, that is the reason why we went ahead and raised our prices in around quarter four of last financial year. What we realized that we have probably raised prices more than what was



necessary and we need to do a minor tweaking and because of that a situation where the market leading carrier got a window of opportunities for one quarter or two quarters to be able to operate at prices below us, does not dramatically change the eight year story. Given the fact that Idea got a 30% of incremental subscribers, and 44% of incremental revenue during FY16 and we are fairly confident that before the arrival of new operator we will continue to maintain the same kind of growth.

In terms of volume of data, we have already become the number two carrier, in terms of incremental voice last year while the whole industry added Rs. 11 billion in voice revenue, the Idea alone added in voice revenue close to Rs. 20 billion, almost double the rate of the whole industry. So we remain confident, I do not think one quarter of a misfired strategy can lead to any conclusions.

If you are fine I will move to the next part?

**Suresh Mahadevan:** Yes, sure. This is very, very clear. Thank you.

**Himanshu Kapania:** As far as spectrum supplies, you are absolutely right, we are entering from a period of spectrum shortage to a period of spectrum glut. The total quantum of spectrum that has been released by the government is almost 70% to 80% of the total supply that is currently available, released over the 20-year period and held by over 10 operators. You are absolutely right that we are moving to an era of consolidation, where the number of operators whether it will finally settle at five or six and all of them will be pan-India or regional time will say. We have passed an important event, of renewal of our spectrum. Today 16 out of our 22 circles renewal is over. All the low market share operators have to go through that event, they have to decide whether they would like to spend the counter money to renew its spectrum. If they decide to give up, both spectrum and subscribers will be available for the industry to take in. You gave some examples of Videocon and other operators who either chose to exit the industry completely or have chosen to become a regional operator from a national operator. These are the starting of trends and are likely to continue way forward. One of the good things is, as far as spectrum supplies is concerned, raw material no more will be a constraint for growth in the telecom sector.

So in this period what strategy to follow? You are right that two carriers have chosen a strategy of putting precious capital ahead of time, much before demand is there. Idea Cellular does not have any desire to follow a strategy of putting capital ahead of time and block it in form of raw material because of the fear that there is going to be shortage. We are going to procure spectrum just in time when we are completely convinced that there is demand and we would want to participate. Each spectrum



purchased will follow individual circle's business model. We have drawn up multiple business models in the circles with various price scenarios and we will make sure that we are never short of spectrum, but we will also make sure that we are not carrying spectrum which has no use for us. I think we will buy in short tranches rather than buying in wholesale.

**Moderator:** Thank you. Our next question is from the line of Karthik Chellappa of Buena Vista Fund Management. Please go ahead.

**Karthik Chellappa:** Three questions. Firstly, in the past we have maintained that the minutes growth potential still remains high, especially in rural, and we have backed that up with double-digit minutes growth. Given that now we are re-calibrating our voice tariffs to be more in sync with the market leader, is a double-digit minute growth still on the cards and how are you thinking about that, let's say, for the next three or four quarters? Related to that, how do you view pricing discipline in the industry? Because it seems like the moment one incumbent does send a signal to raise prices, it seems that the other incumbent sees this more as a window to gain market share rather than improve overall industry discipline. So I would love to hear your take on how do you see pricing discipline in the industry, especially on voice tariff.

Secondly on network opex, I know quarter-on-quarter may not be an apple-to-apple comparison, but there has been a steep rise in network expenses and your report also alludes to multiple inflationary pressures. It would be great if you could give more color on what is the nature of these inflationary expenses and whether the network expense that we see in Q1 is more of the norm going forward? And thirdly, can I get a sense of what percentage of your revenues and EBITDA today are interconnect revenues? Thank you very much.

**Himanshu Kapania:** I will take on the question number one, and I will request Akshaya to respond on both network opex as well as percentage of revenue on IUC. You are absolutely right that we have been consistent over the last few years saying the minutes growth and subscriber growth remains a key for the growth of Idea and with predominance of rural subscribers and operating in number of underpenetrated markets Idea remain confident of growth in minutes and subscribers. There is no doubt that some of our confidence seems to have shaken, primarily on account of the last two quarters. It is too early to be able to conclude that the minutes growth in the industry as well as the subscriber growth in the industry has gone away. I am going to quote some figures for benefit of you.  
A) Even as we speak the industry from the period June of 2015 to May of 2016 added incremental 64



million subscribers. B) Industry minutes grew by 6.4% as per TRAI report for Q4. Idea minutes grew by almost double the pace at which the industry grew.

So while we have had one or two quarters of slow growth in minutes, there is no reason to believe that the growth have gone completely away. We would like to observe this at least for three to four quarters before we come to any such conclusions. My visits to the market, especially in the seven new circles that we have been, and a number of large states where voice is still underpenetrated, anywhere between 60% to 80% shows that there is still a lot of hunger for voice subscribers. I would reserve my comments for another three to four quarters before concluding that minutes are not going to grow in the industry.

As far as the pricing discipline is concerned, I think all of us are very focused on creating profitability. Different operators have different means. Initially, each will observe others and then all of us will, align ourselves. There is a current belief that we should follow the industry, as the expansion of networks is happening for most operators, everybody is making efforts that the utilization of their network can be higher at end. We had situation that because of a lot of minutes moving to 3G, the 2G network that has been deployed are being depleted, so there is attempt by the industry to be able to make sure that the 2G network utilization doesn't go down. That is why I am saying that we probably peaked voice rates for the time being and if consumers are not giving good response to this, there is going to be a general correction on voice rates. I hope that answer your question.

**Karthik Chellappa:** Yes, sir. Thank you.

**Akshaya Moondra:** Karthik, on the question of network expenses, generally our network expenses year-on-year have increased by about 15%. Now, as you would have seen that in the last financial year we have had a significant expansion of network rollout and capacity and in this period of time, actually the capacity creation has been more than the revenue growth. So that is the major factor. In this quarter alone there has also been a diesel price increase, which has impacted the increase in network costs. Lastly, the way our IT costs are structured, we have a contract whereby some amount is allocated to Capex and some to opex and as the Capex level goes down there is a higher allocation to opex. That is one of the reasons why for this quarter there is a slightly higher increase on the IT costs. All these factors collectively are resulting in this level of cost. However, the major factor is that there has been a lot of capacity creation and same is expected to yield traffic and revenues going forward.



**Himanshu Kapania:** Just to give some sense, we are at 200,000 sites, nearly 50,000 sites has come over the last one year. It is almost 33% growth.

**Karthik Chellappa:** So, should I assume that this absolute level of network opex that you have is most likely the level to sustain for the remaining quarters?

**Akshaya Moondra:** There will be an increase in network opex, as more sites are being rolled out so to that extent there will be an increase. If we do more 2G sites, than the extent of increase in cost would be higher, but most of the growth is now going to come in the form of 3G and 4G loading where the increase in cost will not be so high. Using this as a base, we will have to see that whatever is the growth in network going forward that will add to the cost. On your question of IUC, very roughly, the revenues are about 12% of our total revenues and the cost is very roughly 9% of our total revenues.

**Karthik Chellappa:** So simply, if interconnect were to go away completely, the impact on our EBITDA will be around 3% to 4%?

**Akshaya Moondra:** I think that is not the right way to look at it, because it is not only a question of what happens to revenue and costs, but it is a question of what happens to traffic flow and traffic patterns in case that were to happen and that is the more important factor rather than assuming that the same traffic will continue and doing a money value calculation. We have seen some of this happening when the IUC charges on landline has been made to zero, there has been a disproportionate increase in traffic from landline to mobile networks. It has resulted in free traffic flowing, because there is no termination charge. So the impact will arise more out of difference in traffic patterns rather than by specific figures of revenue and costs that you are looking at.

**Himanshu Kapania:** In an IUC regime the debate is always on imbalance of traffic, not on absolute amount.

**Moderator:** Thank you. Our next question is from the line of Vinay Jaisingh of Morgan Stanley. Please go ahead.

**Vinay Jaisingh:** Most of my questions have partly been answered, so I am going to ask three questions. The first one, on voice APRM, you did suggest that the last two quarters have been stiff on volumes, but tariffs have gone up. We are undergoing a tough quarter this time, you have seen the month of



July. Do you think because voice ARPMs are up so much in the last two quarters, we could see a more negative minutes this quarter? That's my first question.

My second question, we have spoken a lot about capacity being added, courtesy spectrum coming up to us as well as moving technologies from 2G to 3G and 4G and hence the GB per day per tower are increasing which is all great. But is that the reason why we are seeing data tariffs or data ARMBs start falling, even more like we saw in this quarter and is that the trend to watch out for to see the data volume growth? Himanshu sir spent a lot of time in his initial speech, as well as commenting about the market shares going away just because people are not charging. But that being, beside the point even the capacity for everybody else has gone up do we see a tariff fall in ARMBs or this is just a one-off quarter where we have seen tariff ARMB fall so much?

My third and last question, the effective tax rate this quarter has gone up, courtesy probably IndAS. What should we take as the longer-term tax rate? Is it higher than 35%, or 35% to 42%, where do we look at? Thank you so much, sir.

**Himanshu Kapania:** I will try to answer the question one and two and leave the tax question to Akshaya. First and foremost, quarter two, which is July to September quarter is typically a weak quarter for the industry, especially on the voice side it remain a weak quarter. Further, given the fact that the monsoons have been very intense is having higher pressure on network uptime and lot of rural markets remain cut out. So that pressure will remain. Whether the impact will be higher because of lower minutes in the quarter four and quarter one, I would say unlikely. This impact will be very, very similar to what we have seen in the past and will follow the same seasonal trend. I would not budget anything very distinctly different from what we have seen in the past. If you are okay with this question, I will move to the second part.

**Vinay Jaisingh:** Please, sir. Thank you.

**Himanshu Kapania:** Now as far as capacity, will the data ARMB continue to fall or was it a one-off event? As I mentioned both in the previous analyst call as well as in my opening remarks that the focus of the Company is the expansion of number of users on data. We believe when we are doing an expansion on number of users on data, it is important for us to be able to give a lot of trials for the customers who are currently non-internet users to enter the category and experience these services. And this trend is going to continue. As I mentioned over 61.4 million of our existing subscriber base, which is almost 35% of our total subscriber base, has currently got 3G and 4G handsets, but only 15%



of our current base is using our broadband services. So there will be more and more attempts to do trial packs, as well as do promotions to be able to get these customers onboard. Accordingly, the data price will continue to be in the fall regime, but it will settle down. We are looking for the sweet spot and hopefully we will quickly find it. Given the fact that we added 5 million data subscribers and we can sustain this growth of 5 million subscribers a quarter and 20 million data subscribers a year from the past 10 million subscribers in a year, then we will see our capacity utilization going up and our contribution of data as a percentage of revenue to go up. Our focus going forward will remain data subscriber growth and data subscriber growth would require a lot of handholding from operators and we will not shy away from that.

**Vinay Jaisingh:** Sir, just one small question out here, and pardon me if it's not logical. My concern out here is, if everybody starts reducing tariffs, so it goes back to what new operators are doing, which is giving it for free, I mean, it would reach that extreme. But what happens is the revenue growth of the data market slows down to the level wherein we do not know what the sweet spot is and that creates a huge problem for free cash flow. So that is really where I'm trying to judge what's happening, because earlier I thought a 40%, 45% data volume growth was a good number, because revenues will grow 30%, 35%, now even that on a year-on-year basis sounds very aggressive.

**Himanshu Kapania:** Vinay, I understand the fear that the market has. All I can say that we are in the phase of getting a mass market consumers to enter the category of internet and there is a lot of effort that needs to be carried out in this period. We believe that price for data will settle down far quickly, it is not going to have a free-fall. Where the focus of all the operators will be more towards getting customers onboard, as the customer stabilizes on board then price becomes lesser of a consideration and quality of network becomes more of a consideration. We are going through a short period where a lot of trials and lot of promotions needs to be done. But we are very optimistic and our field visits repeatedly show us that a lot of consumers are waiting to join the category, they are looking at the right price point or right ability how much ARPU they can spend. I can understand what you are attempting to say, but we have to keep reminding ourselves that the total number of broadband users in the country are only 120 million and we are all gearing ourselves to reach a number of broadband users in the country anywhere between 400 million to 500 million users. Because if you are going to continue to add 120 million to 130 million smartphones year-on-year, we will have a large number of people who own smartphones and if you are able to give them promotions to be able to enter the category, we are fairly confident that in the medium term say three to six quarters number of subscribers who enter the category will quickly grow at pace that all of us are expecting to grow.



**Akshaya Moondra:** Vinay, to answer your question on tax. As I have mentioned in my opening remarks, if you calculate the tax at 34.6% versus what is the actual, the difference in amount about Rs. 180 million that is coming largely because of three reasons: First is CSR expenses, second is losses in mobile banking entity which is a separate entity, and third is fair valuation of financial instruments. As far as the first two items are concerned, they are likely to stay at more or less similar levels for the rest of the year. As far as fair valuation of financial instruments is concerned, it is unpredictable. So that part, it cannot be seen as a percentage, but that item of cost or income has just to be excluded to calculate the effective tax. So, if you are not building any M2M figures in your projection, then you can ignore that part.

**Vinay Jaisingh:** So it should be somewhere between 35% and 40%, somewhere there?

**Akshaya Moondra:** I would not like to hazard a guess on percentage. It is better to look at amount that you calculate it as an amount and then say add Rs. 180 million to it.

**Vinay Jaisingh:** For the quarter?

**Akshaya Moondra:** Yes.

**Moderator:** Thank you. Our next question is from the line of Kunal Vora of BNP Paribas. Please go ahead.

**Kunal Vora:** Three questions. First, what is the status of litigation on lowering of interconnection charges from Rs. 0.20 to Rs. 0.14? There are a couple of court cases going on, what will be way forward if TRAI decides that termination rate should be further lowered? And in the same lines, are you currently collecting termination dues from Reliance Jio? That's question number one. I will take the second one later.

**Himanshu Kapania:** So you are right, we have challenged the old IUC charges of TRAI, March 2015 in Gujarat High Court. We understand that other industry operators have challenged similar IUC regimes in Delhi High Court. Currently the case is on, there is no stay and arguments are happening. Once the outcome of the results of the litigation is known, we will share with you. Specifically, are we collecting IUC from Jio? The answer is yes.

**Akshaya Moondra:** Just to add, actually there are two separate litigations and it is good to understand that - First is we are saying that zero interconnect charges for fixed line calls is not an acceptable



position. Secondly, the calculation of Rs. 0.14 is not correct. These are actually two separate litigations and are being pursued independently.

**Kunal Vora:** TRAI was able to actually lower the rate from Rs. 0.20 to Rs. 0.14. If come September they decided that they want to lower it again, would the approach be different this time because this time they are also considering a zero termination rate?

**Himanshu Kapania:** You are right that the consultation paper has been released by TRAI on Friday. You would have seen that there has been a press release issued by the Industry association, where we are saying that we need a regime which is far more stable. The last IUC change first took place in 2009 and followed by 2015. There was an explicit commitment in the 2015 change that IUC will not be reviewed before two to three years, now this change has surprised us. That is the reason the industry has written to media, as well as written back to government, why this change at this time. We will act on it appropriately now that the consultation paper has come out.

**Kunal Vora:** Second question is there are several circles in which you do not have 4G and might not have for some time. Would you consider getting into roaming agreements with any of the existing operators and do such opportunities exist currently?

**Himanshu Kapania:** We have a roaming arrangement on 3G ICR. Other than Orissa, we have 3G broadband services available pan-India.

**Kunal Vora:** On 4G, any such opportunities, anything which you have seen there?

**Himanshu Kapania:** 4G, it is difficult to be able to comment either way. Once the decision is done, then we will share with you.

**Kunal Vora:** And last question, what is the impact of fair value accounting of CCPS in the first quarter? And on the similar lines, can you explain how Indus Towers will be valued every quarter and how we should be looking at fair value changes in CCPS every quarter going forward?

**Akshaya Moondra:** The impact of CCPS fair valuation in this quarter is an adverse impact of around Rs. 290 million. As far as the Indus valuation in the books of ABTL is concerned, that continues at historical value, we are not fair valuing it. In terms of the impact going forward, it would depend on the fair valuation at the end of each quarter. It is difficult to predict.



**Kunal Vora:** So it will be valuation of Indus or what else will be fair valued and like what will be the metrics which you will be looking at to fair value every quarter?

**Akshaya Moondra:** So it is largely the inherent asset of Indus, which will be fair valued.

**Kunal Vora:** So, basically it will be a valuation of Indus, right? What are the metrics which you look at to value it?

**Akshaya Moondra:** No, so as I have said we have an asset which is the Indus investment, that will not be fair valued, that continues at constant value. Then we have a financial liability for CCPS. Since the underlying asset is Indus shares, so the fair valuation of CCPS depends on the valuation of Indus shares.

**Moderator:** Thank you. Our next question is from the line of Sunil Tirumalai of Credit Suisse. Please go ahead.

**Sunil Tirumalai:** Most of my questions have been answered. Sir, just wanted to check couple of them. Bharti Infratel, a couple of weeks back did outline a new contract structure that they are working with the operators. So, I want to understand from you, as an operator how do you see the new contract structure, do you see the rest of the tower companies talking about this kind of a structure? Secondly, does your own tower company have any plans of moving into a structure where you want to realign the rentals across tenants and giving freezes etc. So I just wanted to understand your thoughts on that.

**Akshaya Moondra:** I think as far as whatever Infratel has announced, similar discussions are happening, but since they are not yet closed finally, I would not like to comment on them right now. But yes, discussions are happening in that direction. Your question as far as our own tower tenancies are concerned, we have moved these to an MSA structure just a year ago. So I think the concern or the issues which are there in the other tower companies primarily arising out of differential in rates for new and old tenants is not really the case as far as Idea's own tower/tenancies are concerned. I think that matter does not apply to our towers really.

**Himanshu Kapania:** But Sunil, on an overall basis, we are neutral to the MSA contracts. We were fine with the old and we are fine with the new, the impact on overall basis is broadly neutral for us and it is not a significant difference. It is more focused on the tower industry, which had to take care of their



renewals and they are giving us some proposal so that renewals can happen in a seamless manner, which is fine with us.

**Sunil Tirumalai:** The last question is on the unused data deferment. I mean, you seem to suggest that this is just a difference in timing of the revenue recognition and hence treated it as a one-off in the KPIs. But I am not sure if it is really so simple, because it could actually mean a permanent step down in the long-term usage of that customer, and hence a long-term ARPU of each particular customer. Because, he could be carrying forward unused data and probably once in three or four months he is okay with just a smaller pack renewal and he still gets his full-month quota allowance. So it could actually be a permanent reduction in the ARPU potential from the customer. Am I wrong in my understanding?

**Himanshu Kapania:** Sunil, I think it is far simpler than how you are imagining it. Earlier what we were doing in a data pack which is less than 30 days or equal to 30 days, we were charging the amount that we were receiving from the customer upfront as revenue. Now, on a broad basis, we are moving to usage-based charging. So as the volume grows and the customer is going to consume, that is where the charging will move. That is why there is one-off impact. But going forward, in fact I am far more optimistic that this will be one-off event than a lot of our financial people, because the usage of customers will continue to grow and because it is moving to a usage based, we will continue to be able to receive most of our revenues in a shorter period of time. While we have to get used to the fact that the era of a 30-day validity coupons may go away and we may have a longer validity or even lifetime validity, but validity will lose its importance as far as data is concerned and revenue will be recognized based on usage rather than based on validity of the product. So that is the direction going forward. We are seeing no fears in this, we see this to be the right way to be able to account our revenues.

**Moderator:** Thank you. Our next question is from the line of Srinivas Rao of Deutsche Bank. Please go ahead.

**Srinivas Rao:** I have three questions. First is on your cash profit and the capex & spectrum payments. Your cash profit, as you indicated, this quarter was about Rs. 25 billion. Just confirming your spectrum payments for the full impact is about Rs. 62 billion to Rs. 63 billion, have I got the number correct? I am talking in terms of total cash impact. So, which would mean that your capex guidance plus your spectrum payments would largely be in line with your overall full year cash profits. Is that a fair assumption? So that is my first question. Second is, government has also notified, as I understand, a



different revenue share formula with a floor. Does that have any impact on Idea? That is my second question.

And sir, finally again circling back to what I think Vinay and others asked, as to why do you think that the data subscriber growth or the penetration of data growth has come off in the last two quarters, particularly? Any insights on that particular dynamic will be really helpful. Thank you.

**Himanshu Kapania:** Let me answer the question in the reverse order. I would like to clarify, while industry may be struggling, as far as Idea is concerned this quarter Idea has added 5 million mobile data subscribers. On a full year basis, Idea added 11.9 million mobile data subscribers. If you would look at our previous three quarters, Idea added only 6.9 million subscribers. So our volume led strategy has started to pay dividends, but I will not conclude that. I will wait for another three, four quarters to be able to say that it is the way to go forward. However, as I mentioned to Vinay and also to Sachin, we will remain focused on growth of data. For us, it is not only about affordability, but also making sure that a lot of non-users enter the category, especially the users who are now bringing the devices into the category. Our short experiment in last quarter has been fairly successful with 5 million customers entering the category. We have never had such volume of growth and we will continue to attempt to do that going forward. Did I clarify this part or you need more discussion on this?

**Srinivas Rao:** No, sir. This is helpful. Thank you so much.

**Himanshu Kapania:** As regards spectrum usage charges, you have to understand that auctions in India started way back in 2010. There have been multiple SUC rates, most of the SUC rates have been of the order of 5%, other than 2300 megahertz, where the SUC rate was at a 1% rate and that was the whole debate going on. Earlier NIA talked about that SUC will be based on revenues that get recognized for individual bands. However, government was finding it difficult to be able do revenue segregation band wise that is why they moved from band wise revenue segregation to the weightage of the spectrum in the overall kitty or portfolio with overall cap of 3% which applies to all operators. As far as Idea is concerned, as we did not have 2300 MHz in the kitty, there is no impact at all of the SUC change on Idea. Does it answer the question of SUC? Just to give you a full answer as far as the 2016 auction, the SUC rate has also been fixed at 3%.

**Srinivas Rao:** Is it fair to say that someone who has large pool of 2300 MHz spectrum will see a fall in the rate?



**Himanshu Kapania:** The SUC payout will remain at current level. For operator like Jio, the minimum SUC rate will be 3%. I will ask Akshaya to answer the cash profit question?

**Akshaya Moondra:** Srinivas, I am not very clear where did you get the spectrum figure of Rs. 62 billion to Rs. 63 billion, but let me just explain you that as far as our deferred payment obligation is concerned. Is that the figure you are referring to when you said Rs. 62 billion to Rs. 63 billion?

**Srinivas Rao:** Yes, I mean, based on the last two auctions, the annual spectrum payment for 10 years is in the order of Rs. 60 billion to Rs. 62 billion, am I correct? This is just based on what DoT published post the two spectrum auctions.

**Akshaya Moondra:** So let's say as far as the cash outflow in this year is concerned, it is Rs. 17 billion roughly. It is all on account of interest. There is actually no principal repayment happening on deferred payment obligation as far as FY17 is concerned. Whatever you are seeing as a cash outflow on account of that is actually charged to the P&L account as interest.

**Srinivas Rao:** And in FY18, I think the payment is in April in the beginning of the year, right?

**Akshaya Moondra:** As far as FY18 is concerned, the principal payment will also be a very nominal amount. I may not be 100% correct, but it would roughly be of the order of Rs. 640 million. Just to explain you the way the deferred payment obligation works is that the installments which you pay at the end of third year and fourth year are only comprising of the interest which accumulated for the first three years. There is element of principal repayment only in the installment which is paid at the end of the fifth year. So far the auctions which happened in November 2012, the first repayment of principal will happen in December 2017. Till then whatever is being paid is accumulated interest, which is actually a P&L charge.

**Himanshu Kapania:** Other thing to remind you is that our largest outflow release is on account of March 2015 auction and payments of that will come into much later years.

**Akshaya Moondra:** The principal repayment of that will start in 2020.

I just had one correction to make. I think initially I had mentioned that the IUC revenue as a percentage of total revenue are 12%. I think the correct figure is 10.8%, just wanted to make that clear. The cost is same, around 9%.



**Moderator:** Thank you. Our next question is from the line of Rajiv Sharma of HSBC. Please go ahead.

**Rajiv Sharma:** Himanshu, just wanted to understand this trend of bundled plans getting popular. How do you read this? Because earlier in some of the calls you have mentioned that your Rs. 10 recharge voucher is the most sold category. So in that case, does these bundled plans will pick up in India? How do you see the chances of them picking up? Second, your thoughts of active infra sharing, given that your network costs are raising, would you look at that and can that become broad based or it will be very selective? And thirdly, when you say you will buy spectrum in time and also in the Tier-II, Tier-III towns where you are present today, what is the data consumption you are seeing? Is it videos, because given the literacy levels, it could be most likely video and in that case, is it fair to assume that metro markets, Tier-II, Tier-III towns, the data capacity requirements will be same from a two, three-year perspective? Do you back calculate video consumption when calculating spectrum demand? Your thoughts on these three things, please.

**Himanshu Kapania:** Let me follow the order of questions. Number one, on bundled plans, as per present practice bundled plans are primarily popular in postpaid category, are not so popular on the prepaid category. That is the reason products at Rs. 10 and Rs. 20 remains the most popular products in the prepaid category. We will wait to see whether the bundled plans will get introduced in prepaid. We all believe it will get introduced on prepaid, but at what price point that is going to be the most important factor. If it is in the price points at a level of Rs. 300 to Rs. 400, then it will be similar to what behavior is pursued as a postpaid customer. Even postpaid is available today at price points of Rs. 150 to Rs. 200. If it is in those areas, then behavior will be very similar what happened on the postpaid side. Prepaid is typically where consumers will buy multiple times in a month, but at a very small ticket value. There are currently no bundle plans. We'll wait to see how the future evolves for us. If you are fine with this, I will move to the second part.

**Rajiv Sharma:** Yes.

**Himanshu Kapania:** So as for as Active infrastructure sharing, Idea Cellular is always looking for ways to be able to bring down its cost both in terms of passive sharing as well as fiber sharing and active infrastructure sharing. It is very important for us and we are in continuous dialog with the leading industry players and looking at ways and means where we can bring down our costs. Some of the talks are currently going on, but we will wait to announce once we are ready for formal announcements.



**Rajiv Sharma:** But can this be a meaningful thing or it will be something very marginal, from a 12 months to 18 months perspective?

**Himanshu Kapania:** Given the size of the company and the size of expenditures there, we do not like to do activities which are not meaningful. We will definitely make it meaningful.

The third part is data growth and what is the main applications. You are absolutely right, the main applications for data growth in India, especially when we are moving from class to mass, will be video. That is why Idea Cellular, along with all leading industry players are focusing on launch of a series of digital services. As I mentioned in my opening remarks, we are gearing ourselves to be able to launch Idea Music, Idea Video, Idea Games, Idea Movies, and at some of point of time our live television and catch-up television. Most of our focus is to partner with aggregators or labels or various content providers and outsource these for a reasonable period of time and make the most of the non-data customers enter this category. Video is going to be an extremely important element for growth of data business in India and Idea is making very serious technology investments on compression products, on customer experience management, on analytics to be able to study the pattern of the nature of the videos that consumers are using so that we can make sure that our offering are very similar for the need of the customer. For example, if a customer is in a Hindi speaking belt, he is offered something that interests him and a customer in a particular vernacular is offered options or something which is also vernacular in nature. A lot of effort in the company is going on to make sure that we through our analytics understand what type of usage the customer is doing from data and our offerings are completely aligned to this. Serious investments and a lot of effort is going in the company for doing the same.

As regard your question where will the data growth come from, we're completely convinced that Metro has a lot of options available for data, which is Wi-Fi option, fixed line option, as well as mobility options. While it is Tier-II, Tier-III circles and the Tier-II, Tier-III towns which have the largest potential for data growth. That is the reason why Idea has chosen the strategy for data growth through subscriber led rather than volume led. And we are also seeing a similar kind of response. We are getting equally strong response from pockets like deep interiors of Kerala, deep interiors in Madhya Pradesh and Maharashtra and Gujarat. Even my studies to Hindi belt, into deep interiors, into districts which are not popularly high income districts shows that at panchayats at mid-sized towns data consumptions are becoming a community affair and replacing television. They have no other source of entertainment, but Internet. That is the reason why we remain extremely optimistic that data will



grow, it is only a matter of time of devices availability and convenience and affordability before the tsunami of people will come going forward.

**Moderator:** Thank you. Our next question is from the line of Sanjay Chawla of JM Financial.

**Sanjay Chawla:** I have got two or three questions. You have reported 27% year-over-year growth in data revenues. Can you suggest or indicate how much would the data growth have been if there had been no impact of the 3G ICR income decline, which we have seen in this quarter? That is one. Secondly, Himanshu, you gave an estimate of 4% to 5% growth in gross revenues for the industry in first quarter. Now you have reported around 9%. Bharti has also reported around 9%. And Vodafone has reported 5%, 6%. So is this an underestimate in terms of the industry growth or am I missing something here? That is the second question. And third question is just a clarification. Akshaya mentioned that the principal repayment actually starts from the fifth year. So I guess at the end of third year and fourth year, we just pay the interest. So does it mean that the equity at annual installment calculation is based on eight-year residual period out of the 10-year total period of payment?

**Himanshu Kapania:** I will answer the question in the same order. Just to clarify, our revenue growth of data on a 27% year-on-year basis is clean revenue that is generated by Idea consumers. 3G ICR is not part of it. I hope it's clarified.

**Sanjay Chawla:** So which means the non-data revenue portion that entirely includes the ICR income?

**Himanshu Kapania:** That is right. As regards to industry revenues, let me just give you one pointer that the total incremental voice revenue last year based on TRAI reporting till quarter four was Rs. 11 billion, and total revenue growth of Idea for voice last year was Rs. 19.5 billion, So almost two times or 180% that of the total industry. Why is this happening? You are absolutely right, the top 3 telecom operators are growing at a particular pace, but other operators in the industry are currently growing at negative revenues. There is a lot of revenue, which is moving from other telecom operators into top 3 operators. If you chart from FY12 to FY16, other telecom operators or rest of the industry, which on a combined basis was the Number 1, have moved down from 34% to 26%. They have lost nearly 8% over the last four years. There is a lot of negative revenue growth for them.

**Sanjay Chawla:** Himanshu, this trend of revenue decline for the other operators, they started only in FY16. I think in absolute terms before that there were still growing their revenue base.



**Himanshu Kapania:** Yes. I was referring to RMS loss, and you are absolutely right, the negative voice revenue growth has primarily started in last year when this IUC regime came in and they started to give up a lot of their coverage areas. They stopped their coverage expansion and started to close some of their sites to able to save on cost.

**Sanjay Chawla:** Are you seeing this trend of revenue decline for the other operators, excluding Bharti, Vodafone, Idea, are you seeing this trend accelerating based on last three, four months?

**Himanshu Kapania:** I do not have absolute numbers available. That is why we have given our overall estimates.

**Akshaya Moondra:** Sanjay, to your last question, I think it is a simple calculation that if you take any principal amount, which has equal installments of repayment due from the end of third year to the twelfth year, and you split that between principal and interest, you will clearly come to the conclusion that the installment paid at the end of third and fourth year is only accumulated interest. And only from the fifth year any part of principal, which was the original principal is repaid. It's just mathematical or financial calculation.

**Sanjay Chawla:** Maybe I will just take it offline. Just a quick question, can you comment on your network utilization as far as the mobile broadband network is concerned, combining 3G and 4G at what level we might be operating in the last quarter?

**Himanshu Kapania:** We continue to do this calculation. As I mentioned that we are adding at a pace of every 10 minutes one new mobile broadband site, so the capacity continues to grow and our capacity utilization is currently in the region of 15% to 25%. But as we continue to add lot more capacity, we are in the low capacity utilization stage at this point.

**Sanjay Chawla:** Sir, you have given the range 15% to 25% on the network level.

**Himanshu Kapania:** That is right.

**Moderator:** Thank you. Our next question is from the line of Manish Adukia of Goldman Sachs. Please go ahead.

**Manish Adukia:** Most of my questions have been answered and I have just one quick follow-up for you. So I think some time in the month of July you increased the data allowance in your prepaid packs



of higher than 1.5 gigabytes and I think also in the smaller denominated packs. Would you be able to give us a sense as to what proportion of your total data subscribers are on the packs where you've made these changes? And also after this particular round of price cut, if I may so call it, would you say that you probably wouldn't need to take another steep price cut post commercial launch of new operator? That is the only question that I have. Thank you.

**Himanshu Kapania:** Manish maybe you missed the release. There are two changes that has happened and it happened even earlier than July. One change that happened is in the smaller packs and this is where we're far more bullish. What we did was in the smaller pack, we gave incremental volume of data at the same rates and you can see the impact of that in the last quarter, both in terms of rate and an additional 5 million mobile data customers joined us during this period. There is also additional volume that we have given in the higher end packs, but the consumption of the higher end packs is a very small percentage of the total volume that gets consumed. Most of our users either prefer to use lower volume packs or low value packs from us or at-best buy a 1 GB pack. Packs up till 1 GB are popular, beyond 1 GB are very small percentage, less than single digits level. So its impact is unlikely to be critical as far as Idea is concerned. This may not apply for other operators, but as far as Idea is concerned, which remains far more democratic and widely spread, we have seen our users prefer to buy packs in lower values. Just like the Rs. 10 is the most popular recharge coupon in the voice category, similarly less than Rs. 100 recharge coupon are most popular in the data category. And it is not possible to be able to predict what the new entrant will do. I would assume that as new operator entering the category, he would have a return plan and we will respond based on finally what he decides is his pricing strategy.

**Moderator:** Thank you. Ladies and Gentlemen, that was our last question. I now hand the floor back to Mr. Kapania for closing comments. Over to you, sir.

**Himanshu Kapania:** Thank you so much. Yes, we had a change in strategy, we have followed during the last two quarters price-led approach in voice business and in the last quarter volume-led approach in the mobile data business. We could see a lot of interest in analysts and institutional investors on impact of this policy. All I would like to assure the market is that we will remain competitive. We remain focused on profits, but our profit will be through subscriber growth, both in the voice business, as well as data business. Thank you so much for all your questions and look forward to be able to speak to you next quarter.



*Idea Cellular Limited  
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**Moderator:** Thank you very much sir. Ladies and Gentlemen, on behalf of Idea Cellular, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.