



Media Release

Mumbai – July 23, 2012 Idea Cellular announces un-audited results for the First Quarter (Q1) ended June 30, 2012

Highlights – Q1 FY13

- Idea – Standalone¹ – Revenue Rs. 55,382 mn, EBITDA Rs. 12,889 mn, PAT Rs. 1,981 mn
- Idea – Consolidated² – Revenue Rs. 55,037 mn, EBITDA Rs. 14,355 mn, PAT Rs. 2,341 mn

	Idea Standalone ¹			Idea Consolidated ²		
	INR mn					
	Q1FY13	Q4FY12	Q1FY12	Q1FY13	Q4FY12	Q1FY12
Revenue - Established Service Areas ³	48,814	47,784	40,746			
Revenue - New Service Areas ⁴	6,568	6,251	4,814			
Total Revenue	55,382	54,035	45,559	55,037	53,697	45,207
EBITDA - Established Service Areas ³	14,575	13,671	12,064			
EBITDA - New Service Areas ⁴	(1,687)	(1,601)	(1,397)			
Total EBITDA	12,889	12,070	10,666	14,355	13,571	12,040
EBITDA% - Established Service Areas ³	29.9%	28.6%	29.6%			
EBITDA% - New Service Areas ⁴	-25.7%	-25.6%	-29.0%			
Total EBITDA%	23.3%	22.3%	23.4%	26.1%	25.3%	26.6%
Depreciation & Amortisation	7,585	7,211	6,389	8,325	7,844	7,026
EBIT	5,203	4,860	4,278	6,031	5,728	5,014
Interest and Financing Cost (Net)	2,376	1,960	2,061	2,670	2,275	2,463
PBT	2,828	2,900	2,217	3,361	3,453	2,551
PAT	1,981	2,016	1,541	2,341	2,390	1,773
Cash Profit ⁵	10,502	10,155	8,609	11,522	11,203	9,580

Due to introduction of 'Telecom Consumer Protection Regulation' by TRAI w.e.f. March 22, 2012 and grim market battle for supremacy, Idea's strong revenue performance of last two quarters has slowed down on sequential quarterly basis to only 2.5% revenue growth. The above is primarily due to slide in 'Average Realisation Per Minute' (ARPM) by 2.3% to 41.2p in comparison to 42.2p in Q4FY12, suggesting the industry growth is likely to be muted in the first half of this financial year. The annual revenue growth for the company is 21.6% on standalone basis (Q1FY13 vs Q1FY12).

The long term business outlook for the company remains positive, with growing consumer affinity for brand Idea, now serving 117 million subscribers. The minutes' growth is stable @5.3% generating 131 billion minutes compared to 124 billion minutes in Q4FY12, strengthening Idea's minutes' market share. This volume expansion was supported by 3.1 million VLR subscriber additions during the quarter.

Over the last one year, the absolute EBITDA for the company on a standalone basis has grown by 20.8% to Rs. 12,889 million from Rs. 10,666 million in Q1FY12.

With technology cycles becoming shorter, we have revised the useful life of certain fixed assets during the quarter, thereby increasing the depreciation charge by Rs. 480 million. Also the impact of sharp currency depreciation is reflected in interest and finance cost with a forex loss of Rs. 245 million in this quarter compared to a forex gain of Rs. 135 million in Q4FY12.



Overall, the above has translated in standalone PAT at Rs. 1,981 million for the quarter, almost flat compared to last quarter PAT of Rs. 2,016 million.

Despite these challenges, the company is happy to improve last two quarters trend of Free Cash Flow (after Capex). This quarter Idea has generated Cash Profit of Rs. 10,502 mn, providing the company a strong hedge to respond to any uncertain regulatory interventions.

Further, the company is pleased to report that it has strengthened its competitive standing to 15% Revenue Market Share (RMS) in Q4FY12, an astounding improvement of 1.4% during last one year.

Idea continues to extend its MNP leadership with cumulative net gain of 3.5 mn customers (as on July 10, 2012) from other operators. The company's active 3G subscriber base has now expanded to 3.1 million, while it traversing its journey to extend high speed broadband coverage and introducing new exciting range of Idea branded smart phones. The company remains committed to grow share of 'Non-Voice Revenue' which now contributes to 14.5% of total service revenue.

The company is confident to overcome the current uncertain regulatory phase, emerge stronger, consolidate its position in the telecom voice market and participate aggressively in the evolving wireless broadband business.

Notes:

1. Idea Standalone represents Idea, and its 100% subsidiaries. Effectively, this encompasses all operations, excluding the Joint Venture i.e. Indus.
2. Idea Consolidated represents Idea Standalone and proportionate consolidation of Indus (@16%).
3. Established Service Areas represent 12 service areas namely Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana, Uttar Pradesh West & Uttaranchal, Uttar Pradesh East, Rajasthan and Himachal Pradesh, Punjab and Karnataka service areas.
4. New Service Areas represent 9 service areas of Mumbai, Bihar, Orissa, Tamil Nadu, J&K, Kolkata, West Bengal, Assam and North East.
5. Cash Profit is calculated as summation of PAT, Depreciation & Amortisation, charge on account of ESO's and Deferred tax, for the relevant period.
6. Figures for past periods have been regrouped, wherever necessary.
7. The erstwhile Spice Communications Limited (Spice) was amalgamated with the Company effective 1st March 2010. Pursuant to an application filed by the DoT before Hon'ble Delhi High Court for recall of the said amalgamation, the judgment dated 4th July 2011, while rejecting the DoT's plea for recall of the amalgamation, had inter alia transferred to & vested in the DoT, six licenses granted to erstwhile Spice (including the two operational licenses for Punjab & Karnataka service areas). The Company had preferred an Appeal before the Appellate Bench of the Hon'ble High Court of Delhi (the Bench) against the said order of 4th July 2011. While pronouncing its judgment on 13th July 2012, the Bench has modified the said order dated 4th July 2011 by omitting the direction which had transferred to and vested in the DoT the aforesaid six licenses with a fresh direction to the DoT to decide on transfer of licenses within a period of 3 months and dispute if any, between the Company and DoT relating to such transfer should be referred to Hon'ble TDSAT for resolution.
8. The Hon'ble Supreme Court, while pronouncing its judgment dated 2nd February 2012 in the Writ Petition filed, inter alia, by the Centre for Public Interest Litigations & others, quashed the Press Release dated 10th January 2008 issued by the DoT and consequent grant of licenses including operational licenses held by the Company for 7 (seven) service areas and 6 (six) non operational licenses, (four out of the said six non operational licenses having been granted to erstwhile Spice Communications Limited) and allocation of related spectrum. On 24th April 2012, the Hon'ble Supreme Court, further extended the timeline till 7th September, 2012 for grant of license and allocation of spectrum in 2G band by auction as was done for allocation of spectrum in 3G band and directed the DoT to ensure that the auction process is completed on or before 31st August, 2012.



About Idea Cellular Ltd.

Idea Cellular is the third largest wireless operator in India with a Revenue Market Share of 15.0% (Q4FY12). Idea is listed on the National Stock Exchange (NSE), and the Bombay Stock Exchange (BSE) in India. Idea is part of the Aditya Birla Group, India's first truly multinational group. The group operates in 35 countries, is anchored by an extraordinary force of over 133,000 employees belonging to 42 nationalities, and derives over 53% of its revenues from operations outside India.