

# Idea Cellular Limited

An Aditya Birla Group Company

Quarterly Report – Third Quarter Ended December 31, 2012



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## Supplemental Disclosures

Unless stated otherwise, the financial data in this report is derived from our un-audited / audited financial statements prepared in accordance with Indian GAAP. Our financial year ends on March 31 of each year, so all references to a particular financial year are to the twelve months ending March 31 of that year. In this report, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off. There are significant differences between Indian GAAP, IFRS, and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements will provide meaningful information is dependent on the reader's familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial information presented in this report should accordingly be limited. We have not attempted to explain such differences or quantify their impact on the financial data included herein.

Unless stated otherwise, industry data used throughout this report has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this report is reliable, it has not been independently verified.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

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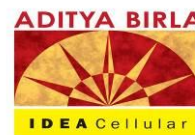
## 1. Reporting Guidelines:

To facilitate an analytical perspective, the results have been formatted and grouped as under:

- a) **Standalone** – Idea, and its 100% subsidiaries. Effectively, this encompasses all operations, excluding the JVs, Spice (till February 28, 2010) and Indus. Spice Communications has been amalgamated into Idea Cellular w.e.f. March 01, 2010 and accordingly from that date Idea Standalone includes erstwhile Spice.
- b) **Consolidated** – Idea, its 100% subsidiaries, and its JVs, grouped together. In addition to Idea Standalone, this covers the proportionate consolidation of erstwhile Spice (41.09% till February 28, 2010) and Indus (16%). JV financials have been consolidated as jointly controlled entities as per “AS 27 - Financial reporting of Interests in Joint Ventures”. It may be noted that the consolidation of financials of two or more entities requires elimination of inter entity transactions. Illustratively, rentals paid by Idea to Indus, become expenses for Idea and revenues for Indus, on a standalone basis. However, upon consolidation, the proportionate revenue of Indus gets reduced to the extent contributed by Idea. The rental expenses of Idea also stand correspondingly reduced in the consolidated financials.

### Notes:

1. The divisional bench of Hon'ble Delhi High Court, vide its order dated 13<sup>th</sup> July 2012, reaffirmed amalgamation of erstwhile Spice Communications Limited (spice) with the company. The said order also re-vested unto the company the telecom licenses which were transferred and vested unto DoT pursuant to order dated 4<sup>th</sup> July 2011 passed by single Judge of Hon'ble Delhi High Court. Vide a separate order dated 13<sup>th</sup> July 2012, the said divisional bench had also directed 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 to be referred to Hon'ble TDSAT for resolution. Vide its letter dated 28<sup>th</sup> September 2012, DoT had requested the company to submit a fresh application to consider transfer of licenses, which the Company had since complied. Meanwhile the DoT made an application to the said division branch to extend the said period of three months expiring on 12<sup>th</sup> October 2012, by a further period of four months. The divisional bench of Hon'ble Delhi High Court, vide its order passed on 17<sup>th</sup> October, 2012 had given further time to the DoT till 11<sup>th</sup> November 2012 to take final decision on transfer of licenses. Thereafter the DoT filed another application, to further extend the period by three months. The said application of the DoT was disposed off by Hon'ble Delhi High Court vide order dated 11<sup>th</sup> December, 2012, wherein the DoT was directed to convey the decision by 5<sup>th</sup> January, 2013. The final decision of DoT in the matter is awaited.
2. Following the direction issued by the Supreme Court vide its order dated 2<sup>nd</sup> February, 2012, the Government had conducted Spectrum Auction in 1800 MHz frequency band in the month of November 2012. In the auction, Idea won back spectrum in all those 7 operational service areas for which licenses were cancelled by the above order of Hon'ble Supreme Court. The company has applied for new licenses in these 7 service areas to which the earmarked spectrum would be allocated as and when the licenses are issued.



## 2. Performance at a glance – Idea Standalone

Particulars	Unit	For the Quarter		For the Year				
		Q3FY13	Q2FY13	FY 12	FY 11	FY 10	FY 09	FY 08
<b>Operating Highlights</b>								
Operating Service Areas (EoP)	nos.	22	22	22	22	22	13	11
Subscriber base (EoP)	mn	113.9	115.5	112.7	89.5	63.8	38.9	24.0
2G - Cell Sites (EoP)	nos.	87,662	85,779	83,190	73,668	66,187	44,230	24,793
3G - Cell Sites (EoP)	nos.	15,545	14,467	12,825				
<b>Financial Highlights</b>								
Gross Revenue	Rs mn	56,135	53,481	196,800	156,380	121,413	99,713	67,374
EBITDA	Rs mn	13,173	12,615	45,159	33,262	30,538	27,548	22,693
PAT	Rs mn	1,910	3,519	6,036	8,378	10,298	9,561	10,423
Cash Profit	Rs mn	11,085	12,313	36,079	30,899	29,043	23,518	19,842
Gross Block + CWIP <sup>1</sup>	Rs mn	432,133	407,214	392,602	351,045	258,371	201,810	149,382
Net Worth	Rs mn	140,204	134,661	129,077	122,767	114,101	133,405	35,446
Loan Funds	Rs mn	134,447	115,140	120,957	105,575	65,264	77,631	65,154
Cash & Cash Equivalent	Rs mn	17,624	8,562	1,406	13,902	14,005	49,614	10,535
Net Debt	Rs mn	116,822	106,577	119,550	91,673	51,259	28,017	54,620
Net Debt to EBITDA <sup>2</sup>	unit	2.22	2.11	2.65	2.76	1.68	1.02	2.41
Net Debt to Net Worth	unit	0.83	0.79	0.93	0.75	0.45	0.21	1.54
ROCE	%	6.2%	7.1%	6.3%	5.9%	8.1%	11.6%	18.2%

<sup>1</sup> Includes Rs. 57,686 mn paid for 2100MHz band spectrum from FY11 onwards

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

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

## 3. Company Overview

Idea Cellular Limited ("Idea") is the third largest wireless operator in India with a Revenue Market Share (RMS) of 14.3% (Q2FY13). In the 13 Established Service Areas, its RMS stands at a strong level of 18.6% (Q2FY13). The company carries around 1.44 billion minutes on a daily basis and is among the Top 10 global operators, in terms of voice minutes usage. Idea is listed on National Stock Exchange and Bombay Stock Exchange in India with a market capitalization of Rs. 344 billion (as on December 31, 2012).

### A. Promoter Group

Idea is part of the Aditya Birla Group, a US\$ 40 billion corporation. The Aditya Birla Group is in the League of Fortune 500 and has businesses in sectors ranging from metals, garments, cement, fertilisers, life insurance and financial services among others. Over 53% of Group's revenues are derived from overseas operations. The group operates in 36 countries, and is anchored by an extraordinary force of over 136,000 employees belonging to 42 nationalities. The current Group holding of 45.92% in Idea is made up of;



Aditya Birla Nuvo Ltd.	25.29%
Birla TMT Holdings Pvt. Ltd.	8.56%
Hindalco Industries Ltd.	6.89%
Grasim Industries Ltd.	5.16%
Others	0.01%
<b>Total</b>	<b>45.92%</b>

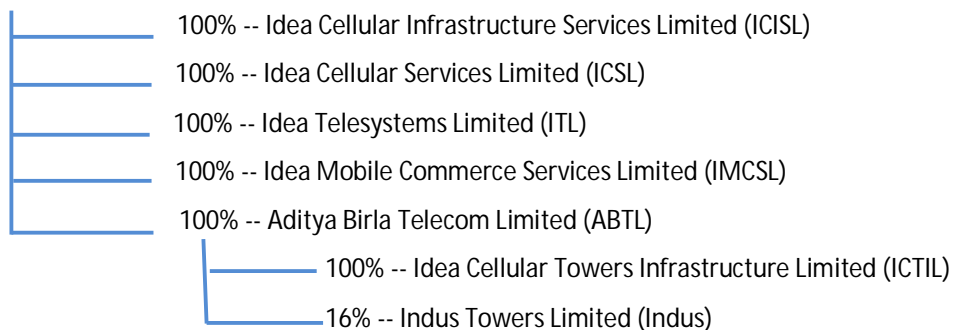
## B. Key Shareholders

**Axiata Group Berhad**, through its affiliates, has 19.93% shareholding in Idea Cellular. Axiata is one of the largest Asian telecommunication companies focused on high growth low penetration emerging markets. The Group currently has controlling interests in its mobile communications operations in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia as well as strategic stakes in India and Singapore through its various subsidiaries and affiliates. The Group, including its subsidiaries and associates, has over 200 million mobile subscribers in Asia and provides employment to over 20,000 people across Asia.

**Providence Equity Partners**, through its affiliates has a 9.96% shareholding in Idea, and has also invested INR 20,982 mn in ABTL through Compulsorily Convertible Preference Shares.

## C. Corporate Structure

Idea Cellular Limited (Idea)



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

ICSL – Provides manpower services to Idea.

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

IMCSL – To promote mobile banking related initiatives.

ABTL – Holds 16% shareholding in Indus.

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

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



## D. Business Segments

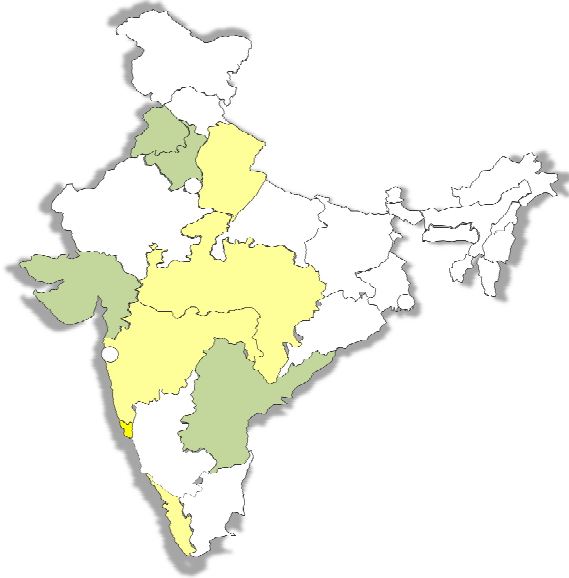
**Mobile Operations** – Idea provides mobile services in all 22 service areas of India. The mobile business of Idea Cellular is segregated as 13 Established Service Areas (evolved with time in terms of profitability) and 9 New Service Areas (launched in FY09 & FY10 and gestating in terms of profitability). Idea won 3G spectrum in 11 important service areas which cover over 74% of its existing revenue and account for around half of national mobility revenue. Idea currently offers 3G services in 20 service areas (excludes Orissa and Punjab), through a combination of home network and roaming arrangements.

**Long Distance Services and ISP** – Idea holds licenses for NLD, ILD, ISP and IP-1 services. Idea currently has over 71,600 km fibre cable transmission network to tap the future potential of wireless broadband. Idea is also expanding OFC PoPs and presently has over 1,906 PoPs in 128 cities & linked highways. The fibre network of the company optimally serves our 2G/ 3G/ NLD/ ILD/ ISP/Wireless Broadband needs. Idea NLD currently carries around 96% of Idea's captive NLD minutes. Recently launched ILD now handles over 99% of captive ILD outgoing minutes, besides bringing large volume of incoming minutes from top international carriers across the globe. In FY12 Idea launched its ISP services to cater its captive requirement for its mobile business are now also ready to offer alternative choice to small ISPs and enterprises. Idea ISP currently handles more than 76% of captive requirements. Traffic details with reference to NLD, ILD and ISP are as follows –

	Unit	Quarter Ended		
		Q3FY13	Q2FY13	Q1FY13
Total NLD Minutes	mn	11,421	11,040	10,909
Total ILD Minutes	mn	1,294	914	693
ISP Capacity	Gbps	17.6	12.4	9.2

## 4. Strength Areas

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



Service Area	RMS Q2 FY13*	Rank	Winner of 3G Spectrum
Kerala	33.0%	1	Yes
M.P.	31.9%	1	Yes
Maharashtra	26.3%	1	Yes
UP (W)	25.5%	1	Yes
Haryana	22.7%	2	Yes
Punjab	20.6%	2	Yes #
A.P.	17.9%	2	Yes
Gujarat	17.6%	2	Yes
<b>Total</b>	<b>24.0%</b>	<b>2</b>	

\* Based on gross revenue for Mobile and UAS Licenses, released by the TRAI.  
# Authorisation for commercial use of 3G spectrum is awaited

The incumbency advantage coupled with the benefit of 900 MHz spectrum in the above 8 service areas, gives a combined RMS of 24.0% to Idea making it the second largest operator in these service areas put together. These service areas are of significance as these contribute around 41% of national mobility revenue and over 68% of Idea's revenue. Idea won 3G spectrum in all these strategically important service areas. Idea's 2G and 3G spectrum footprint in these service areas, places Idea in an advantageous competitive position.

### B. Emerging Geographies

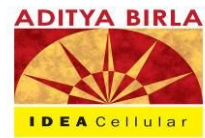
Service Area	RMS Q2 FY13*	Rank
UP (E)	12.3%	3
Rajasthan	11.1%	3
Delhi	10.7%	3
Bihar	9.9%	4
Karnataka	9.1%	4
H.P.	9.0%	5
Mumbai	8.2%	5

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

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

These emerging 7 service areas contribute 27% of Idea's revenue and have huge potential of growth as they represent 39% of national market

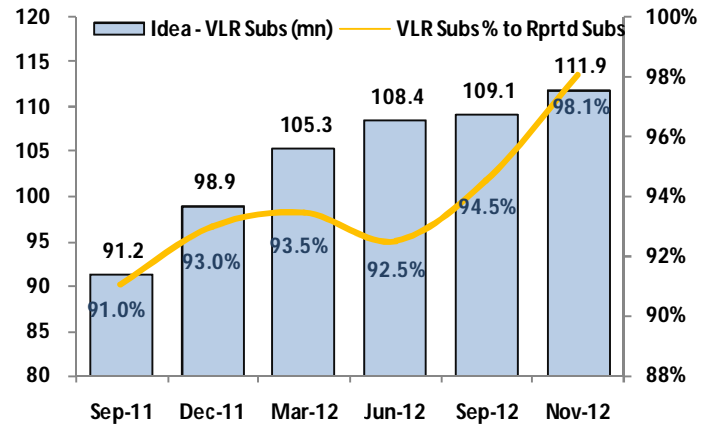




### C. Over 113 million Quality Subscriber Base

Idea is among the select global operators servicing around 114 million subscribers. This large base of subscribers provides a great platform to the company for upgrading the pure voice customers, to wireless data services in future.

Idea has always been vigilant in monitoring the quality of its subscriber base. The latest (Nov 2012) data released by the TRAI for VLR subscribers (active subscribers), reaffirms quality of Idea's subscriber base as among the best in terms of percentage of active subscribers. As of November 30, 2012, Idea has around 98.1% of reported subscribers as VLR subscribers, which is highest in the industry. Idea's VLR EoP subscriber market share is 15.8% in November, 2012. (as against a subscriber EoP market share of 12.8%).



Source: TRAI

During last one year Idea has added 16.0 million VLR subscribers (Dec 2011 to November 2012), a testimony that there is still sufficient demand for voice services, especially in the Rural India.

### D. Mobile Number Portability

The Mobile Number Portability (MNP) was implemented nation-wide on 20th January, 2011. The trends emerging from MNP are clearly distinguishing the strong operators in terms of customers' preference for better quality of services and brand value. In a see-saw battle over the last 2 years for supremacy in the MNP space, Idea has maintained leadership position since June'11 on overall MNP, other than a brief period between October-December 2012. Idea has a net gain of 5.5 million customers (as on January 18, 2013) from other existing telecom operators with one out of every five existing mobile customers, who chooses to port out, prefer Idea services.



## 5. Financial Highlights

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

	For the Quarter				
	Q3FY13	Q2FY13	Q1FY13	Q4FY12	Q3FY12
Gross Revenue	56,135	53,481	55,382	54,035	50,652
Opex	42,962	40,865	42,493	41,965	38,665
EBITDA	13,173	12,615	12,889	12,070	11,986
EBITDA Margin	23.5%	23.6%	23.3%	22.3%	23.7%
Depreciation & Amortisation	8,190	7,881	7,685	7,211	6,952
EBIT	4,983	4,734	5,203	4,860	5,035
Interest and Financing Cost (net)	2,056	1,825	2,376	1,960	2,527
Dividend from Indus*	-	1,543	-	-	-
PBT	2,926	4,452	2,828	2,900	2,508
Tax	1,016	933	847	883	821
PAT	1,910	3,519	1,981	2,016	1,687
Cash Profit	11,085	12,313	10,502	10,135	9,452

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

	For the Quarter				
	Q3FY13	Q2FY13	Q1FY13	Q4FY12	Q3FY12
Gross Revenue	55,785	53,140	55,037	53,697	50,308
Opex	41,051	38,914	40,682	40,125	36,862
EBITDA	14,734	14,225	14,355	13,571	13,446
EBITDA Margin	26.4%	26.8%	26.1%	25.3%	26.7%
Depreciation & Amortisation	8,836	8,526	8,325	7,844	7,575
EBIT	5,898	5,700	6,031	5,728	5,871
Interest and Financing Cost (net)	2,416	2,164	2,670	2,275	2,880
PBT	3,482	3,536	3,361	3,453	2,991
Tax	1,196	1,136	1,019	1,063	981
PAT	2,286	2,400	2,341	2,390	2,010
Cash Profit	12,141	11,858	11,522	11,203	10,558

\* During Q2FY13 ABTL (a fully owned subsidiary) has received a dividend of Rs. 1,543 mn from Indus; and same is reflected in 'Standalone' PAT and Cash Profit. However, this dividend income gets eliminated in the 'Consolidated' financials.

## C. Revenue & Profitability Break-up (Rs mn)

Revenue Break-up	For the Quarter		EBIT Break-up	For the Quarter	
	Q3FY13	Q2FY13		Q3FY13	Q2FY13
Gross Revenue - Established Service Areas	49,309	47,064	EBIT - Idea Standalone	4,983	4,734
Gross Revenue - New Service Areas	6,826	6,417	EBIT Contribution - Indus (@16.00%)	915	966
Revenue - Idea Standalone	56,135	53,481	EBIT - Idea Consolidated	5,898	5,700
Revenue Contribution - Indus (@16.00%)	5,387	5,348			
Consolidation Eliminations	(5,737)	(5,689)			
Revenue - Idea Consolidated	55,785	53,140			
EBITDA Break-up	For the Quarter		Interest & Finance Cost Break-up	For the Quarter	
	Q3FY13	Q2FY13		Q3FY13	Q2FY13
EBITDA -Established Service Areas	14,967	14,377	Gross Interest Cost - Idea Standalone	2,178	2,063
EBITDA - New Service Areas	(1,793)	(1,762)	Gross Interest Income - Idea Standalone	(255)	(57)
EBITDA - Idea Standalone	13,173	12,615	Forex Loss/(Gain) - Idea Standalone	133	(180)
EBITDA Contribution - Indus (@16.00%)	1,561	1,610	Int. & Fin. Cost (net) - Idea Standalone	2,056	1,825
EBITDA - Idea Consolidated	14,734	14,225	Int. & Fin. Cost (net) from Indus (@16.00%)	360	339
			Int & Fin Cost (net) - Idea Consolidated	2,416	2,164
EBITDA Margins	For the Quarter		Dividend from Indus - Idea Standalone (Note3)	-	1,543
	Q3FY13	Q2FY13			
EBITDA % - Established Service Areas	30.4%	30.5%	Tax Break-up	For the Quarter	
EBITDA % - New Service Areas	-26.3%	-27.5%		Q3FY13	Q2FY13
EBITDA % - Idea Standalone	23.5%	23.6%	Tax - Idea Standalone	1,016	933
Derived EBITDA % Indus	29.0%	30.1%	Tax - Indus (@16.00%)	180	203
EBITDA % - Idea Consolidated	26.4%	26.8%	Tax - Idea Consolidated	1,196	1,136
Dep. & Amort. Break-up	For the Quarter		PAT Break-up	For the Quarter	
	Q3FY13	Q2FY13		Q3FY13	Q2FY13
Dep & Amort. - Idea Standalone	8,190	7,881	PAT - Idea Standalone	1,910	3,519
Dep. & Amort. Cost from Indus (@16.00%)	646	644	PAT Contribution - Indus (@16.00%)	375	424
Dep. & Amort. - Idea Consolidated	8,836	8,526	PAT - Dividend Elimination (Note 3)	-	(1,543)
			PAT - Idea Consolidated	2,286	2,400

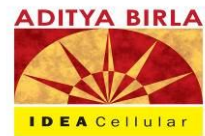
**Note 1:** Impact of the joint venture is presented to provide a perspective to Idea's consolidated financials. Due to differences in accounting treatment, these may not be representative of the financial statements of joint ventures.

**Note 2:** The IRU income from Indus (w.e.f. 01st January, 2009) is treated as revenue in Idea Standalone. This treatment may change, as and when the scheme of merger of ICTIL with Indus towers currently filed with the Hon'ble High Court of Delhi, is sanctioned and made effective.

**Note 3:** During Q2FY13 ABTL has received a dividend of Rs. 1,543 mn from Indus; accordingly the standalone PAT and Cash Profit includes the same. However, the same gets eliminated while consolidating Indus and hence there is no impact on consolidated financials.

## D. Balance Sheet (Rs mn)

Particulars	Idea Standalone - As on		Idea Consolidated - As on	
	31-Dec-12	31-Mar-12	31-Dec-12	31-Mar-12
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' Funds</b>				
Equity Share Capital	33,119	33,088	33,119	33,088
Reserves & Surplus	107,066	95,969	107,858	97,394
	<b>140,185</b>	<b>129,058</b>	<b>140,977</b>	<b>130,483</b>
Compulsorily Convertible Preference Shares	19	19	19	19
<b>Non-Current Liabilities</b>				
Long-Term Borrowings	109,439	86,122	123,309	95,222
Deferred Tax Liabilities (Net)	8,401	5,667	9,080	6,273
Other Long-Term Liabilities	4,948	4,519	4,756	4,312
Long-Term Provisions	1,977	1,401	3,060	1,920
	<b>124,765</b>	<b>97,709</b>	<b>140,205</b>	<b>107,727</b>
<b>Current Liabilities</b>				
Short-Term Borrowings	6,808	15,260	6,808	17,275
Trade Payables	30,987	30,435	33,730	31,418
Current maturities of long term debt	18,199	19,575	19,199	20,875
Other Current Liabilities	21,755	18,448	22,147	18,481
Short-Term Provisions	100	63	106	73
	<b>77,849</b>	<b>83,782</b>	<b>81,990</b>	<b>88,122</b>
<b>Total</b>	<b>342,818</b>	<b>310,568</b>	<b>363,192</b>	<b>326,352</b>
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
<b>Fixed Assets</b>				
Tangible Assets	186,025	183,136	205,162	201,305
Intangible Assets	64,816	68,494	64,887	68,572
Capital Work-in-Progress	23,922	6,343	24,389	6,799
	<b>274,763</b>	<b>257,973</b>	<b>294,438</b>	<b>276,675</b>
Goodwill	61	61	61	61
Long-Term Loans and Advances	24,421	23,652	24,096	22,563
	<b>299,246</b>	<b>281,686</b>	<b>318,595</b>	<b>299,299</b>
<b>Current Assets</b>				
Current Investments	16,736	-	17,517	976
Inventories	1,060	926	1,060	926
Trade receivables	10,220	10,175	8,972	8,227
Cash and Bank Balance	888	1,406	972	1,521
Short-term loans and advances	14,663	16,358	16,071	15,386
Other current assets	5	18	5	18
	<b>43,572</b>	<b>28,882</b>	<b>44,597</b>	<b>27,053</b>
<b>Total</b>	<b>342,818</b>	<b>310,568</b>	<b>363,192</b>	<b>326,352</b>



## 6. Key Performance Indicators

### A. Financial Indicators – Idea Standalone

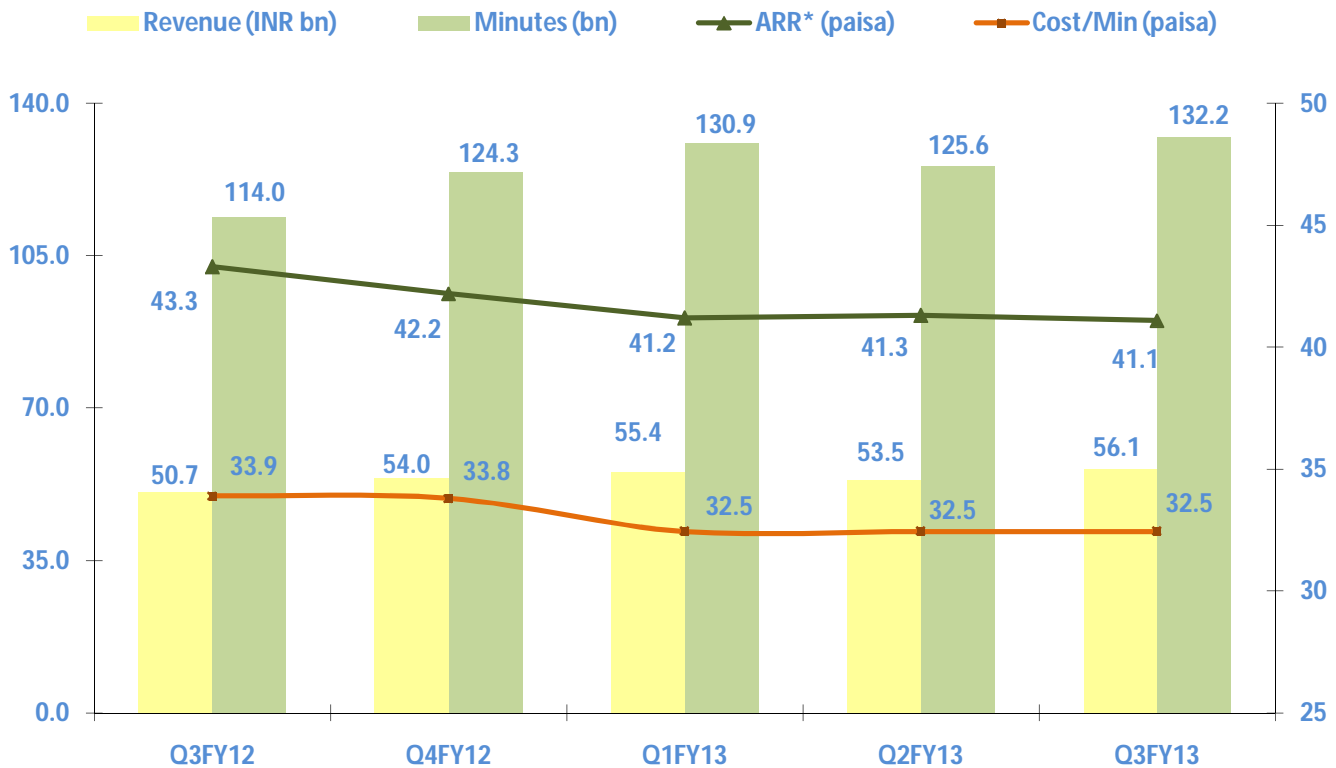
Parameters	For the Quarter				
	Q3FY13	Q2FY13	Q1FY13	Q4FY12	Q3FY12
Gross Revenue (INR mn)	56,135	53,481	55,382	54,035	50,652
Growth (%) QoQ	5.0%	-3.4%	2.5%	6.7%	8.8%
EBITDA (INR mn)	13,173	12,615	12,889	12,070	11,986
EBITDA (%)	23.5%	23.6%	23.3%	22.3%	23.7%
EBIT (INR mn)	4,983	4,734	5,203	4,860	5,035
EBIT (%)	8.9%	8.9%	9.4%	9.0%	9.9%
Gross Revenue/min (paisa)	42.5	42.6	42.3	43.5	44.4
EBIT/min (paisa)	3.8	3.8	4.0	3.9	4.4
Gross Fixed Assets (INR mn)	408,211	399,812	393,792	386,026	375,797
Annualised Revenue/Gross Fixed Assets	55.0%	53.5%	56.3%	56.0%	53.9%

## B. Operational Indicators – Idea Standalone

Overall Business	Unit	Quarter Ended				
		Q3FY13	Q2FY13	Q1FY13	Q4FY12	Q3FY12
Subscriber Base (EoP) (2G+3G)	mn	113.9	115.5	117.2	112.7	106.4
Pre-paid Subs (% of EoP subscribers)	%	96.1%	96.2%	96.5%	96.5%	96.6%
3G Subscribers (Voice+Data)	mn	4.1	3.7	3.1	2.6	2.0
2G Coverage - No. of Census Towns	no.	4,633	4,629	4,627	4,625	4,591
2G Coverage - No. of Villages	no.	293,139	287,544	284,785	282,939	275,757
Average Revenue per User (ARPU)	INR	158	148	156	160	159
Average Minutes of Use per User (MoU)	min	384	359	379	379	369
Average Realisation per Minute (ARPM)	paisa	41.1	41.3	41.2	42.2	43.3
Post-paid Churn	%	3.2%	3.0%	3.1%	2.8%	2.9%
Pre-paid Churn	%	7.0%	10.4%	10.1%	10.1%	10.7%
Blended Churn	%	6.9%	10.1%	9.9%	9.9%	10.4%
Total Minutes of Use	mn	132,181	125,646	130,926	124,305	113,964
Total 3G Cell Sites (EoP)	no.	15,545	14,467	13,363	12,825	10,902
Total 2G Cell Sites (EoP)	no.	87,662	85,779	83,860	83,190	80,637
Towers - Rented Indus (EoP)	no.	46,312	45,429	44,479	44,214	43,021
Towers - Rented Others (EoP)	no.	32,025	31,048	30,114	29,737	28,424
Owned Towers (EoP)	no.	9,325	9,302	9,267	9,239	9,192
Tenancy Ratio - Owned Towers	times	1.57	1.57	1.56	1.55	1.54
Owned Towers - IRU (EoP)	no.	11,094	11,094	11,094	11,094	11,094
Manpower on Rolls (EoP)	no.	9,502	7,971	7,754	7,661	7,664
Average Revenue per Employee per Month	INR '000	2,142	2,267	2,395	2,351	2,215
Subscribers per Employee	no.	11,992	14,486	15,110	14,714	13,880
<b>Non-Voice and Data Business (2G+3G)</b>						
VAS as a % of Service Revenue	%	14.6%	15.6%	14.5%	14.3%	13.7%
Data as a % of Service Revenue	%	5.7%	5.4%	4.5%		
Non-Data VAS as a % of Service Revenue	%	8.9%	10.2%	10.0%		
Total Data Subscribers	000	21,754	18,918	18,298		
Total Data Volume	TB	9,575	8,339	6,844		
Data ARMB	paisa	30.5	31.7	32.8		
Data ARPU for Data Subscriber	INR	52	50	47		

## Management Discussion & Analysis

### A. Global Scale of Operations



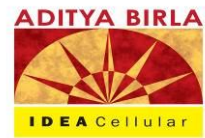
\*Calculated by dividing service revenue (excl. infrastructure and device revenue) by total Minutes of Use

Idea's global scale of operations, serving around 114 million quality subscribers, generating over 1.44 billion minutes per day, provides the company a strong hedge to counter the emerging headwinds from the uncertain regulatory interventions and weak macroeconomic environment.

Idea continues to invest long term value creators - launched 2,961 new sites (2G+3G), expanded optical fibre network to 71,600 km and strengthened network capacities in NLD, ILD, ISP, Data Services and Devices.

Out of the existing 114 million subscriber base, the number of Idea customers adopting data services has grown to 21.75 million, now contributing 5.7% to total service revenue. The Data volume grew by 14.8% to 9,575 TB in Q3FY13 (8,339 TB in Q2FY13), while revenue on sequential quarter basis grew by 10.8%. The active 3G subscriber base for the company now stands at 4.1 million.

Idea is confident to overcome the current uncertain regulatory phase, emerge competitively stronger as the overcapacity comes to an inevitable decline, consolidate its position in the telecom voice market and aggressively expand in the ever evolving wireless broadband business.



## B. Strong Operating Performance

In spite of regulatory interventions impacting 'Subscriber Acquisition' & 'Value Added Services' business model, Idea is pleased to report a sequential quarterly revenue growth of 5%. The Standalone Revenue of Rs. 56,135 million during the quarter is an improvement of 10.8% on YoY basis against Q3FY12 revenue of Rs. 50,652 million.

The quarterly revenue growth is primarily led by expansion of Voice Minutes @5.2% to 132.2 billion minutes compared to 125.6 billion minutes in Q2FY13, indicating consumer demand for voice telephony remains robust. The company clocked 2.9 million VLR subscriber additions in Q3FY13 against 0.6 million additions in Q2FY13, despite implementation of stricter verification norms.

Contrary to expectation, the 'Average Realised Rate per Minute' (ARPM) fell this quarter to 41.1p against 41.3p/minute in Q2FY13. The challenge on ARPM is on account of fall in the 'Non-Voice Revenue' contribution to 14.6%, driven down 1% over the last quarter, by TRAI's new VAS regulation.

The standalone EBITDA was at Rs. 13,173 million compared to Rs. 12,615 million in the previous quarter. The EBITDA margin is marginally lower @23.5% on account of higher inflationary burden in 'Network operating expense' led by full quarter impact of increased diesel price & larger outlay for 'Advertising & Business Promotion' expense. The cost of acquiring a customer also increased to meet the new guidelines on subscriber verification, largely offsetting the benefit of lower customer churn @ 6.9% and reduced gross additions.

Adverse currency movement has resulted in forex loss of Rs. 133 million during the quarter against a forex gain of Rs. 180 million in Q2, reflected in increased interest and finance cost (net).

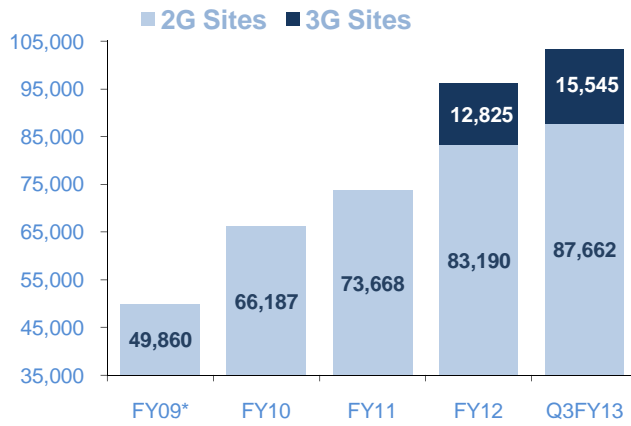
Idea maintained trend of Free Cash Flow (after Capex but excluding spectrum payout). However, the PAT at Rs. 1,910 million and Cash Profit at Rs. 11,085 million for the quarter were lower compared to previous quarter primarily due to dividend payment received from Indus in Q2FY13.

## C. Impact of Forex fluctuation and Balance Sheet

The capex and net debt amounts were higher by around Rs. 1.94 billion each due to forex loss on account of rupee depreciation. The capex of Rs. 6.54 billion (excluding forex fluctuation and Spectrum payout) for the quarter, has been funded entirely out of cash profit of Rs. 11.09 billion. The Net Debt stands at Rs. 116.8 billion as of December 31, 2012 with the Net Debt to Equity ratio at 0.83 and Net Debt to EBITDA (Annualised) ratio for the quarter at 2.22. The Net-Worth of Rs. 140.2 billion, together with an average (last four quarters) Cash Profit of Rs. 11.0 billion per quarter, provides a solid foundation to support the company's strategic intent.



## D. Capex



\*Including cell site of erstwhile Spice communications

Idea rolled out 1,883 2G cell sites and 1,078 3G cell sites during the quarter, taking EoP site count to 87,662 and 15,545 for 2G and 3G respectively.

The total addition to the Gross Block including CWIP was Rs. 6.54 billion (not taking into account any forex fluctuation and spectrum payout) for Q3FY13.

The Capex guidance for FY13 stands at Rs. 30 billion, excluding spectrum payout.

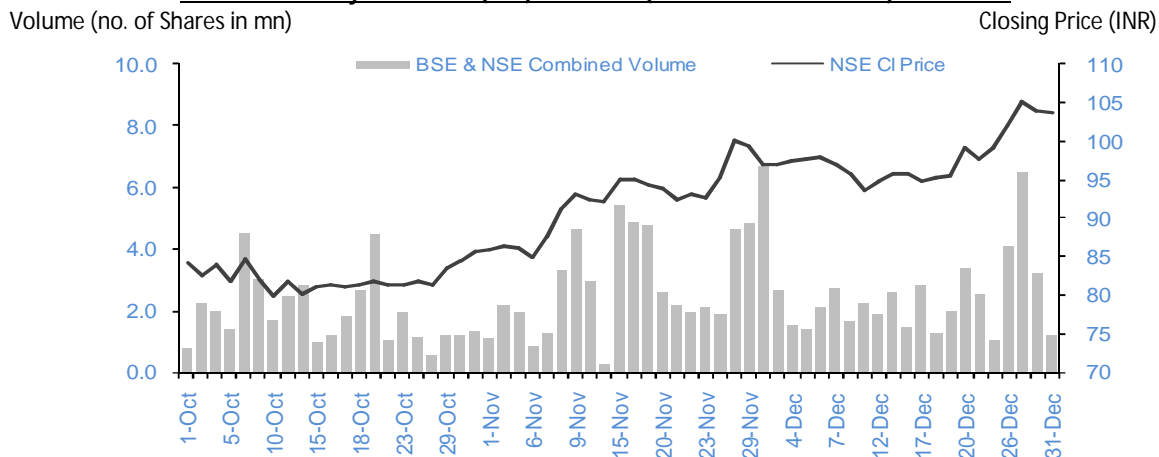
## E. November 2012 Auction of 1800 MHz spectrum

Following the direction issued by the Supreme Court, the Government has conducted Spectrum Auction in 1800 MHz frequency band in the month of November 2012. The Government offered 8 blocks (one block = 1.25 MHz) of spectrum for auction in the service area of Mumbai and Delhi and 11 blocks of spectrum in remaining service areas. The auction concluded in only 2 days and 102 blocks were sold against 236 blocks put to auction. There were no bids received for the service areas of Delhi, Mumbai, Karnataka and Rajasthan. Idea won back spectrum for all 7 service areas where its licenses were cancelled as well as acquired additional 1 block of spectrum in Bihar service area, at a total cost of Rs. 20,313 million, for a period of 20 years. The entry fees paid by Idea in 2008 has been adjusted from Idea's auction bid amount. The company is availing the benefit of deferred payment option as specified in the NIA.

## 7. Stock Market Highlights

General Information		
BSE Code		532819
NSE Symbol		IDEA
Reuters		IDEA.BO/IDEA.NS
No of Shares Outstanding (31/12/2012)	mn	3311.91
Closing Market Price - NSE (31/12/2012)	INR/share	103.80
Combined Volume (NSE & BSE) (01/10/2012 to 31/12/2012)	mn/day	2.4
Combined Value (NSE & BSE) (01/10/2012 to 31/12/2012)	INR mn/day	225.8
Market Capitalisation (31/12/2012)	INR bn	344
EPS (excl. Joint Ventures) for the Quarter	INR/share	0.58
Enterprise Value (31/12/2012)	INR bn	461
Price to Earning	times	45.0
Price to Cash Earning	times	7.8
Price to Book Value	times	2.5

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



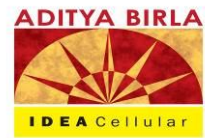
## 8. Shareholding Pattern as on December 31, 2012:

Particulars	Idea Cellular Ltd.	
	No. of Shares	% holding
<b>Promoter and Promoter Group</b>		
Indian	1,520,679,047	45.92%
Foreign	-	-
<b>Public Shareholding</b>		
Foreign Holding	1,510,810,791	45.62%
Indian Institutions	211,700,629	6.39%
Others	68,718,353	2.07%
<b>Total</b>	<b>3,311,908,820</b>	<b>100.00%</b>

## 9. Glossary

Definitions/Abbreviation	Description/Full Form
3G	Third Generation of Mobile Telephony
3G Subscriber	Any Subscriber with any usage event on 3G network, during last 30 days
Established service areas	Represent 13 service areas of Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana, Uttar Pradesh West & Uttaranchal, Uttar Pradesh East, Rajasthan and Himachal Pradesh service areas, and also include the service areas of Punjab and Karnataka of erstwhile Spice from March 01, 2010
Annualized EBITDA	Annualised figure of quarterly EBITDA
ARPU (Average Revenue Per User)	Is calculated by dividing services revenue (exclusive of infrastructure and device revenues) for the relevant period by the average number of subscribers during the period. The result obtained is divided by the number of months in that period to arrive at the ARPU per month figure
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ARPM (Average realisation per Minute)	ARPM is calculated as ARPU divided by MoUs/Subscriber
Average Subscribers	Average number of subscribers during the period is calculated as average of average subscribers for each month.
Book Value/Share	Is calculated as Total Assets reduced by loan funds and deferred tax liability, divided by the number of outstanding equity shares
BSE	Bombay Stock Exchange
Churn	Churn relates to subscribers who are removed from the EoP base for discontinuing to use the service of the company
Cash Profit	Is calculated as the summation of PAT, Depreciation, charge on account of ESOPs and Deferred Tax, for the relevant period.
Cash Earning / Share	Is calculated by dividing the cash profit for the period by weighted average number of outstanding equity shares.
Data Subscriber	Any Subscriber with data usage of more than zero Kb in last 30 days
Data Revenue	Revenue from the use of data services including Blackberry services
Data Usage	Data consumed by Idea subscribers
Data ARPU	Is calculated by dividing data revenue for the relevant period by the average number of data subscribers during the period. The result obtained is divided by the number of months in that period to arrive at the Data ARPU per month figure
Data ARMB	Is calculated by dividing data revenue for the relevant period by the Data usage in MB during the period
DoT	Department of Telecommunications

Definitions/Abbreviation	Description/Full Form
EBIT	Earnings Before Interest and Tax
EBITDA (Earnings before interest, tax, depreciation and amortisation)	This is the amount after deducting operating expenditure from total income. Total income is comprised of service revenue, sales of trading goods and other income. Operating expenditure is comprised of cost of trading goods, personnel expenditure, network operating expenditure, license and WPC charges, roaming and access charges, subscriber acquisition and servicing expenditure, advertisement and business promotion expenditure and administration & other expenses
Enterprise Value	Is the summation of Market Capitalisation and Net Debt
EPS	Earning per share, is calculated by dividing the Profit after Tax for the period by the weighted average number of outstanding equity shares
EoP	End of period
FY	Financial year ending March 31
GSM	Global System for Mobile communications, the most popular standard for mobile telephony in the world
Gross Revenue/Total Income	Is the summation of service revenue, revenue from sale of trading goods and other income.
Indian GAAP	Indian Generally Accepted Accounting Principles
IRU	Indefeasible right of use
Market Capitalisation	Number of outstanding shares at end of the period multiplied by closing market price (NSE) at end of the period.
MoUs/Sub (Average Minutes of Usages per Subs)	Is calculated as, total Minutes of Use by mobile subscriber during the period divided by the average of subscribers during the period
Net Adds	Refers to net customer additions which is calculated as the difference between the closing and the opening customers for the period
Net Debt	Total loan funds reduced by cash and cash equivalents
Net Worth	calculated as the summation of Share Capital and Reserves & Surplus reduced by debit balance of Profit & Loss account (if any)
New Service Areas	represent 9 service areas of Mumbai, Bihar, Orissa, Tamil Nadu, J&K, Kolkata, West Bengal, Assam and the North East service areas.
NSE	National Stock Exchange
PBT	Profit before Tax
PAT	Profit after Tax
Price to Book Value	Is calculated by dividing the closing market price at the end of the period (NSE) by the Book Value/ Share
Price to Cash Earning	Is calculated by dividing the closing market price at the end of the period (NSE) by the annualised Cash Earning/Share
Price to Earning	Is calculated by dividing the closing market price (NSE) at the end of the period by the annualised EPS
ROCE	ROCE is calculated as a) for the year: PAT plus gross int. & fin. cost divided by average capital employed for the year, b) for the quarter :



Definitions/Abbreviation	Description/Full Form
	PAT (excluding non-recurring income) plus gross int. & fin. cost for the quarter is annualised and increased by non-recurring income and then divided by capital employed for the quarter. Capital employed is taken as the average of opening and closing of Shareholders Funds and Loan Funds reduced by the debit balance of P&L account (If any), for the respective period
SIM	Subscriber Identity Module
Service Area	Unless otherwise specifically mentioned, means telecom service areas in India as defined by the DoT.
TRAI	Telecom Regulatory Authority of India