



Media Release

Mumbai – May 3, 2010

Idea Cellular announces audited results for FY10 and for the quarter ended March 31, 2010

Highlights

FY10 over FY09

- Idea – Standalone¹ – Revenue up 21.8% EBITDA up 10.9% PAT up 7.7%
- Idea – Consolidated² – Revenue up 22.6% EBITDA up 20.1% PAT up 8.2%

	INR mn									
	Idea Standalone ¹					Idea Consolidated ²				
	Pro-forma ³	Reported				Pro-forma ⁶	Reported			
	Q4 FY10	Q4 FY10	Q3 FY10	FY10	FY09	Q4 FY10	Q4 FY10	Q3 FY10	FY10	FY09
Revenue - Established Service Areas ⁴	29,242	30,250	28,226	113,019	98,133					
Revenue - New Service Areas ⁵	2,761	2,761	2,384	8,394	1,581					
Revenue - Total	32,003	33,011	30,610	121,413	99,713	32,884	33,477	31,495	124,470	101,544
EBITDA - Established Service Areas ⁴	9,740	9,750	8,491	34,722	29,329					
EBITDA - New Service Areas ⁵	(1,422)	(1,422)	(1,288)	(4,184)	(1,781)					
EBITDA - Total	8,318	8,328	7,203	30,538	27,548	9,230	9,235	8,141	34,071	28,364
EBITDA %	26.0%	25.2%	23.5%	25.2%	27.6%	28.1%	27.6%	25.8%	27.4%	27.9%
Depreciation & Amortisation	4,770	4,928	4,422	17,615	13,201	5,573	5,667	5,130	20,149	14,028
Other Income/Receipt	-	346	-	663	-	315	520	-	837	-
EBIT	3,548	3,745	2,781	13,586	14,347	3,972	4,088	3,011	14,758	14,336
Interest and Financing Cost (net)	681	682	418	2,063	4,072	1,141	1,141	938	4,005	4,946
PBT	2,867	3,063	2,362	11,523	10,275	2,832	2,947	2,073	10,753	9,391
PAT	2,567	2,763	1,953	10,298	9,561	2,550	2,666	1,701	9,539	8,816
Cash Profit ⁶	7,648	7,657	6,986	29,044	23,518	8,417	8,106	7,404	30,636	23,457

Idea Cellular posted a strong Q4 to finish yet another year of splendid performance, in the context of exacting sector conditions.

The number of operators jumped during the last 15 months, as licenses obtained during the telecom bubble days of 2007, converted into live operations. The consequent sector over-capacity and hyper-competition caused a year on year decline of 23% in the Average Realised Rate for Idea, while general market rates plunged even deeper. To grab share, new launches offered subscriptions at throw-away prices loaded with free talk time. On the one hand, this led to the use-and-throw phenomenon of new SIM cards. On the other hand, the paid revenue of yesteryear converted to unpaid revenue. Consequently, the national mobility sector revenue growth for the calendar year 2009 contracted to ~12% (after normalization for IUC), compared to the ~22% growth in the earlier year. Conventional matrices like subscribers, ARPU etc became meaningless.

Idea's results for FY10 are a portent for the sector. In a year characterised by the entry of hungry new operators, it would be expected that the incumbent would cede market share. Counter-intuitively, though not unexpectedly, during the calendar year 2009, Idea infact increased its revenue market share from 11.4% to 12.7% (even in its 11 established service areas, the share increased from 17.5% to 18.8%).



Similarly, EBITDA margin even for the established service areas improved by 0.8% to 30.7% from 29.9% compared to the previous year, notwithstanding the punishing 23% drop in ARR. Idea has in fact grown EBITDA and PAT compared to the previous year, both on a standalone and consolidated basis, after further absorbing incremental EBITDA losses of Rs. 2,403 mn from the new service areas during FY10.

The one-time income, during the quarter, represents the impact of conversion of finance lease into operating lease in the service areas of erstwhile Spice.

Idea's service area specific strategy, its improving capacity utilization, its sophisticated management processes supported by a power brand, underscore Idea's ability to ride out the rough times, and to emerge competitively enhanced once the phase of overcapacity and hyper competition draws to its inevitable close.

Notes:

1. Idea Standalone represents Idea, and its 100% subsidiaries. Effectively, this encompasses all operations, excluding the JVs, Spice (till February 28, 2010) and Indus. Spice Communications has been merged into Idea Cellular w.e.f. March 01, 2010 and accordingly from that date Idea Standalone includes Spice.
2. Idea Consolidated represents Idea, its 100% subsidiaries, and its JVs, grouped together. In addition to Idea standalone, this covers the proportionate consolidation of Indus (16%), and Spice (41.09%, till February 28, 2010).
3. Standalone pro-forma figures exclude Spice circle results for Mar'10. Consolidated pro-forma figures are derived assuming full quarter consolidation of Spice circles at 41.09%. This is presented for the purpose of comparison with the previous quarter results.
4. Established Service Areas represent Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana, Uttar Pradesh West & Uttaranchal, Uttar Pradesh East, Rajasthan and Himachal Pradesh service area, and also include the service areas of Punjab and Karnataka from March 01, 2010.
5. New Service Areas represent Mumbai, Bihar, Orissa, Tamil Nadu, J&K, Kolkata, West Bengal, Assam and the North East service areas.
6. Cash Profit is calculated as summation of PAT, Depreciation, Charge on account of ESOPs and Deferred tax, for the relevant period.
7. Figures of past periods have been regrouped, wherever necessary.

About Idea Cellular Ltd.

A leading GSM mobile services operator, Idea Cellular has operations in all 22 service areas of India. 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 25 countries, is anchored by an extraordinary force of over 130,000 employees belonging to 30 nationalities, and derives over half of its revenues from operations outside India.