



## Media Release

Mumbai –Oct 22, 2012 Idea Cellular announces un-audited results for the Second Quarter (Q2) and Half Year ended September 30, 2012

### Highlights – Q2 FY13

- Idea – Standalone<sup>1</sup> – Revenue Rs. 53,481 mn, EBITDA Rs. 12,615 mn, PAT Rs. 3,519 mn
- Idea – Consolidated<sup>2</sup> – Revenue Rs. 53,140 mn, EBITDA Rs. 14,225 mn, PAT Rs. 2,400 mn

	INR mn							
	Idea Standalone <sup>1</sup>				Idea Consolidated <sup>2</sup>			
	Q2FY13	Q1FY13	H1FY13	H1FY12	Q2FY13	Q1FY13	H1FY13	H1FY12
Revenue - Established Service Areas <sup>3</sup>	47,064	48,814	95,878	82,325				
Revenue - New Service Areas <sup>4</sup>	6,417	6,568	12,985	9,789				
<b>Total Revenue</b>	<b>53,481</b>	<b>55,382</b>	<b>108,862</b>	<b>92,113</b>	<b>53,140</b>	<b>55,037</b>	<b>108,177</b>	<b>91,407</b>
EBITDA - Established Service Areas <sup>3</sup>	14,377	14,575	28,952	24,276				
EBITDA - New Service Areas <sup>4</sup>	(1,762)	(1,687)	(3,448)	(3,173)				
<b>Total EBITDA</b>	<b>12,615</b>	<b>12,889</b>	<b>25,504</b>	<b>21,103</b>	<b>14,225</b>	<b>14,355</b>	<b>28,581</b>	<b>23,907</b>
EBITDA% - Established Service Areas <sup>3</sup>	30.5%	29.9%	30.2%	29.5%				
EBITDA% - New Service Areas <sup>4</sup>	-27.5%	-25.7%	-26.6%	-32.4%				
<b>Total EBITDA%</b>	<b>23.6%</b>	<b>23.3%</b>	<b>23.4%</b>	<b>22.9%</b>	<b>26.8%</b>	<b>26.1%</b>	<b>26.4%</b>	<b>26.2%</b>
Depreciation & Amortisation	7,881	7,685	15,567	13,115	8,526	8,325	16,850	14,395
EBIT	4,734	5,203	9,937	7,988	5,700	6,031	11,731	9,512
Interest and Financing Cost (Net)	1,825	2,376	4,201	4,599	2,164	2,670	4,834	5,402
Dividend from Indus	1,543	-	1,543	-	-	-	-	-
PBT	4,452	2,828	7,280	3,389	3,536	3,361	6,897	4,110
PAT	3,519	1,981	5,500	2,334	2,400	2,341	4,742	2,831
Cash Profit <sup>5</sup>	12,313	10,502	22,816	16,493	11,858	11,522	23,380	18,493

With the increasing proportion of rural subscribers, the seasonal slowdown in the second quarter has become more pronounced resulting in sharp contraction in the 'Voice Minutes of Use' by 4%, to 125.6 billion minutes compared to 130.9 billion minutes in Q1FY13.

The overall wireless telecom business outlook for the quarter remains muted due to headwinds emerging from uncertain regulatory interventions, weak seasonal demand and continued grim battle for market supremacy, resulting slide in Idea's sequential quarterly revenues by 3.4%, to Rs. 53, 481 million against Rs. 55,382 million in Q1FY13.

The company was quick to spot the external challenges and in-spite of fall in demand, is happy to report an improvement of EBITDA margin by 0.3%, to 23.6%, primarily through optimisation of 'Subscriber Acquisition & Servicing' and 'Advertisement & Business Promotion' expenditure. Additionally, Idea continued to invest in long term value creators - launched 3,023 new sites (2G+3G) and expanded new business streams – ILD, ISP and Devices. The absolute EBITDA in Q2FY13 has improved by 20.9% (YoY) when compared with EBITDA of Q2FY12.

The Average Realisation Per Minute (ARPM) was flat at 41.3p against previous quarter ARPM of 41.2p, in a falling voice ARPM market, supported by increasing mobile data contribution. The company has managed to increase 'Non-Voice Revenue' contribution to 15.6%; an improvement from 14.5% in Q1FY13, while fully complying with TRAI's latest stiff and consumer friendly 'VAS Regulations'.



During the quarter 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.

Idea maintained last quarter trend of Free Cash Flow (after Capex) with Q2FY13 cash profit of Rs. 12,313 million against Rs. 10,502 million for Q1FY13. This was supported by lower Interest and Financing cost (net) at Rs. 1,825 million (drop by Rs. 550 mn, in comparison to Q1FY13) due to strengthening of Indian Rupee and dividend payment from Indus. The standalone 'Profit After Tax' stands at Rs. 3,519 million in comparison to Rs. 1,981 million in Q1FY13.

Company's 3G investment plans are on track and high speed broadband services are now available in 3,500 towns (census and non-census) in 20 service areas (including roaming arrangements). The company, in its own way, is assisting development of 3G ecosystem, with the launch of 4<sup>th</sup> Idea branded 3G handset AURUS. Over 18.9 million of Idea's strong 115 million subscriber base, use mobile data services, contributing 5.4% of total service revenue.

Idea is confident to overcome the current uncertain regulatory phase, emerge 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.

**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 13 service areas namely Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana, Uttar Pradesh West & Uttaranchal, Uttar Pradesh which 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 ESOPs and Deferred tax, for the relevant period.
6. Figures for past periods have been regrouped, wherever necessary.
7. The divisional bench of Hon'ble Delhi High Court, vide its order dated 13th 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 4th July 2011 passed by single Judge of Hon'ble Delhi High Court. Vide a separate order dated 13th July 2012, the said divisional bench has 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 should be referred to Hon'ble TDSAT for resolution. Vide its letter dated 28th September 2012, DoT has requested the company to submit a fresh application to consider transfer of licenses, which the Company has since complied. Meanwhile the DoT has made an application to the said division branch to extend the said period of three months, which expires on 12th October 2012, by a further period of four months. The divisional bench of Hon'ble Delhi High Court, vide its order passed on 17th October, 2012 has given further time to the DoT till 11th November 2012 to take final decision on transfer of licenses.
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 27th August 2012, the Hon'ble Supreme Court, further extended the timeline till 11th January, 2013, conducting and completing the auction in terms of directions contained in order dated 2<sup>nd</sup> February, 2012, while allowing licensees to continue operations till 18<sup>th</sup> January, 2013. On 28<sup>th</sup> September 2012, DoT has issued notice inviting applications and as per the time lines mentioned therein, the auction for 1800 MHz spectrum will start on 12<sup>th</sup> November 2012. As of date, the company has filed its application for participating in the auction



### **About Idea Cellular Ltd.**

Idea Cellular is the third largest wireless operator in India with a Revenue Market Share of 14.9% (Q1FY13). 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 36 countries, is anchored by an extraordinary force of over 136,000 employees belonging to 42 nationalities, and derives over 53% of its revenues from operations outside India.