

11/13



Media Release

Mumbai –July 21, 2015

Idea Cellular announces un-audited results for the First Quarter (Q1) ended June 30, 2015

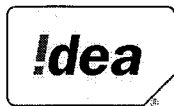
Highlights – Q1 FY16

- Idea – Standalone¹ – Revenue Rs. 87,965mn, EBITDA Rs. 29,613mn, PAT Rs. 8,401mn
- Idea – Consolidated² – Revenue Rs. 87,983mn, EBITDA Rs. 32,284mn, PAT Rs. 9,308mn

	Idea Standalone ¹			Idea Consolidated ²		
	Q1FY16	Q4FY15	Q1FY15	Q1FY16	Q4FY15	Q1FY15
Revenue - Established Service Areas ³	82,517	78,995	71,547			
Revenue - New Service Areas ⁴	5,448	5,170	4,015			
Total Revenue	87,965	84,165	75,562	87,983	84,225	75,610
EBITDA - Established Service Areas ³	31,310	29,577	24,325			
EBITDA - New Service Area ⁴	(1,697)	(1,749)	(1,729)			
Total EBITDA	29,613	27,828	22,596	32,284	30,645	25,039
EBITDA% - Established Service Areas ³	37.9%	37.4%	34.0%			
EBITDA% - New Service Areas ⁴	-31.2%	-33.8%	-43.1%			
Total EBITDA%	33.7%	33.1%	29.9%	36.7%	36.4%	33.1%
Depreciation & Amortisation	14,128	13,837	10,586	15,159	14,877	11,545
EBIT	15,486	13,991	12,010	17,125	15,768	13,494
Interest and Financing Cost (Net)	2,559	816	2,005	2,792	1,052	2,275
Dividend from Indus	-	1,602	3,623			-
PBT	12,926	14,777	13,628	14,333	14,715	11,219
PAT	8,401	10,077	10,117	9,308	9,418	7,282
Cash Profit ⁵	25,531	26,149	20,230	27,437	26,602	18,373

Due to changes in the TRAI Interconnect (IUC) regulations (Amendment XIth and XIIth) effective from March 01, 2015 primarily reducing mobile incoming IUC charges from 20p to 14p/min the revenue figures for this quarter are not comparable to earlier quarters. The gross revenue for Q1FY16 is negatively impacted by ~Rs 3,170 million (compared to Q1FY15), due to IUC rate changes. Additionally, implementation of TRAI Roaming TTO (Sixtieth Amendment) effective from May 01, 2015 reducing the upper cap for national roaming voice call charges & SMS charges between 20%-75% & increase in service tax rate effective from June 01, 2015 from 12.36% to 14% have also impacted the financial results for this quarter.

In spite of the above, Idea, the fastest growing large Indian mobile operator, starts the new financial year with 16.4% YoY growth in gross revenue in Q1FY16 at Rs. 87,965 million. On the sequential quarterly basis the gross revenue has grown by 4.5% in Q1FY16 (normalized for IUC change QoQ revenue growth @6.9%) primarily driven by a) 4.4 million active subscribers addition (VLR), b) expansion of voice minutes @ 5.8% clocking 195.8 billion minutes on Network and c) 15% Mobile data (2G+3G) volume growth to 62.7 billion Megabytes.



12/13



Idea clocked 24.9 million annual net VLR subscriber additions between July'14 to Jun'15 against 18.6 million additions in the same period previous year and is now servicing 165.8 million quality consumers in India. Competitively, the company has improved its standing with Customer Market Share (on VLR) @18.9% (May'15) and Revenue Market Share (RMS) @18.2% in Q4FY15, an RMS improvement of over 1.6% compared to Q4FY14. Despite the large subscriber addition the quality of Idea's overall consumer base has been steady with ARPU at Rs. 182 (v/s Rs. 181 in Q1FY15) and Voice usage per subscriber at 408 minutes (v/s 401 minutes in Q1FY15).

The Voice rate realisation remained under pressure and fell sharply by 11.2% to 32.9p/min, including the impact of TRAI regulation changes and increase in service tax rate, but the elasticity of demand compensated the rate decline with 18.5% minute growth in Q1FY16 vs Q1FY15. However, because of mobile data growth the blended 'Average Realisation per Minute' (ARPM) was lower by only 1.3% to 44.5p/min in Q1FY16 from 45.1p/min (Q1FY15) and the 'Non-Voice' revenue share increased to 26.1% this quarter (17.8% in Q1FY15).

The net mobile data customer base has risen in this quarter by 3.7 million to 37.2 million, with 22.9% of overall Idea subscriber base using Idea 2G or 3G platform to access internet. Due to increased competition, the blended data 'Average Realisation Per MB' (ARMB) has sharply fallen YoY by 6.5% from 26.3p/Mb in Q1FY15 to 24.6p/Mb in Q1FY16. But, the higher mobile data usage per data customer @ nearly 600 MB/sub (409 MB/sub in Q1FY15) helped improve the blended Mobile data ARPU (2G+3G) to Rs. 147 (v/s Rs. 108 in Q1FY15).

The 3G subscriber base for the company has grown by ~90% over last one year, with addition of 7.9 million new 3G data customers, now servicing overall 16.7 million 3G data customers. Over last one year, 3G data volume growth led the growth of overall Mobile data traffic (2G+3G) by nearly 1.9 times from 32.5 million Megabytes in Q1FY15 to 62.7 million Megabytes in Q1FY16.

To support this exponential Voice & mobile data growth, Idea capex spend in Q1FY16 is Rs. 13,674 million (excluding spectrum, Interest & exchange rate difference capitalization); adding 3,208 2G sites, 3,330 3G sites and ~1,700 km of OFC network. Today Idea covers nearly 80% of Indian population at ~950 million for GSM services and ~275 million Indian population on own spectrum 3G services. The capex spend for the quarter was fully funded from quarterly cash profit of Rs. 25,531 million.

In spite of higher network expansion & multiple cost inflationary pressures, Idea standalone EBITDA grew by 31.1% in Q1FY16 and stands at Rs. 29,613 million, helping EBITDA margin to improve YoY by 3.8% to 33.7%. Further, even after accounting for higher Depreciation & Amortisation charge and high interest charge (including interest charge for upfront payment for Mar'15 auction and for Delhi 900 MHz spectrum), the company delivered 'Profit After Tax' (PAT) at Rs. 8,401 million, a growth of 29.4% in comparison to PAT of Rs. 6,495 million (excluding Indus dividend Rs. 3,623 million) in Q1FY15.

At consolidated level including 16% of Indus contribution, the gross revenue in Q1FY16 has grown by 16.4% to Rs. 87,983 million, the EBITDA at Rs. 32,284 million grew by 28.9%, EBITDA margin improved by 3.6% to 36.7% and Q1FY16 PAT at Rs. 9,308 million, a growth of 27.8% (v/s Q1FY15).

Since 2010, in the last 4 spectrum auctions, with a commitment of Rs. 483,616 million for spectrum, Idea has managed to improve its spectrum portfolio from 101.8 MHz (March 2010, excluding 7 cancelled licenses) to 270.7 MHz. The company is slated to launch its Kolkata 3G services by end of this calendar year.



13/13



Idea has also initiated multiple steps towards introduction of 4G LTE services on 1800 MHz spectrum band in 10 service areas of Kerala (10 MHz), Maharashtra & Goa, Andhra Pradesh, Karnataka, Madhya Pradesh & Chhattisgarh, Punjab, Haryana, North East, Tamil Nadu and Orissa (5MHz each), in a phased manner from calendar year 2016 onwards. The company is also in the process of revisiting its existing Value Added Services offering and intends to introduce its own range of 'Digital Services' across various categories like entertainment, information, communication, utilities and API services etc. in next financial year.

As mobility market services expand, Indian telecom business offers exciting growth opportunities in Mobile broadband & rural voice telephony. Brand Idea with increasing consumer affinity, strong cash flows, Pan India 2G presence, expanding 3G network footprint & planned 4G network launch is gearing itself to strengthen its market position and improve standing across existing and emerging opportunities.

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 15 service areas namely Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana, Uttar Pradesh West & Uttaranchal, Uttar Pradesh East, Rajasthan, Himachal Pradesh, Punjab, Karnataka, Mumbai and Bihar service areas.
4. New Service Areas represent 7 service areas of 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 relevant period.
6. Figures for past periods have been regrouped, wherever necessary.

About Idea Cellular Ltd.

Idea Cellular is the third largest wireless operator in India with a Revenue Market Share of 18.2% (Q4FY15). 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, which is one of the largest business groups in India. The Aditya Birla Group is a conglomerate with operations in more than 30 countries. The Aditya Birla group has a history of over 50 years and has businesses in, among others, mobile telecommunications, metals and mining, cement, carbon black, textiles, garments, chemicals, fertilizers, life insurance and financial services industries.

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