

27<sup>th</sup> July, 2017

**National Stock Exchange of India Limited**  
"Exchange Plaza",  
Bandra - Kurla Complex,  
Bandra (E),  
Mumbai – 400 051

**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001

Dear Sirs,

**Sub: Un-audited Financial Results for the First Quarter Ended 30<sup>th</sup> June, 2017 - Regulation 33 of SEBI (LODR) Regulations, 2015**

**Ref: "Idea Cellular Limited" (IDEA / 532822)**

In continuation of our letter dated July 19, 2017 and pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Un-audited Financial Results (Standalone and Consolidated) of the Company for the first quarter ended 30<sup>th</sup> June, 2017, together with the Limited Review Report of the Statutory Auditors' thereon.

The aforesaid results have been approved by the Board of Directors of the Company at their meeting held today, which commenced at 2:00 P.M. and concluded at 4:30 P.M.

A copy of Press Release issued in this regard is also attached herewith.

The above is for your information and dissemination to the public at large.

Thanking you,

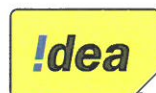
Yours truly,

For Idea Cellular Limited

**Pankaj Kapdeo**  
Company Secretary



Encl: As above



**Independent Auditor's Review Report on Review of Interim Consolidated Financial Results****To the Board of Directors  
Idea Cellular Limited**

1. We have reviewed the accompanying statement of unaudited consolidated financial results of Idea Cellular Limited (the 'Holding Company') comprising its subsidiaries (together referred to as 'the Group'), its joint ventures and associates, for the quarter ended June 30, 2016 and year to date from April 1, 2017 to June 30, 2017 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited consolidated financial results prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw your attention to Note 2 of the Statement which describes the uncertainties related to the legal outcome in respect of the Department of Telecommunications (DoT) demand notices for one time spectrum charges. Our report is not qualified in respect of this matter.



# **S.R. BATLIBOI & ASSOCIATES LLP**

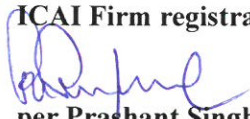
Chartered Accountants

6. The Statement includes the Group's share of net loss of Rs 33.76 million for the quarter ended June 30, 2017, in respect of an associate, whose financial information have been reviewed by other auditors and whose reports have been furnished to us by the Management. Our conclusion, in so far as it relates to the affairs of such associate is based solely on the report of other auditors. Our conclusion is not qualified in respect of this matter.
7. The comparative Ind AS financial information of the Company for the corresponding quarter June 30, 2016 were reviewed by the predecessor auditor and the Ind AS consolidated financial statements of the Company for the year ended March 31, 2017, were audited by predecessor auditor who expressed an unmodified opinion on those consolidated Ind AS financial information and financial statements on August 8, 2016 and May 13, 2017 respectively.

**For S.R. BATLIBOI & ASSOCIATES LLP**

**Chartered Accountants**

**ICAI Firm registration number: 101049W/E300004**



**per Prashant Singhal  
Partner**

**Membership No.: 93283**



Mumbai

July 27, 2017

Idea

## IDEA CELLULAR LIMITED

Regd Office :- Suman Towers, Plot No 18, Sector 11, Gandhi Nagar-382011, CIN-L32100GJ1996PLC030976  
Unaudited Consolidated Financial Results for the quarter ended 30-June-2017

(` Mn, except per share data)

Particulars	Quarter Ended			Year Ended
	30-Jun-17 Unaudited	31-Mar-17 Audited (Refer Note 5)	30-Jun-16 Unaudited	31-Mar-17 Audited
<b>INCOME</b>				
Service Revenue	81,550	81,075	94,753	355,299
Sale of Trading Goods	24	16	86	228
Other Operating Income	91	170	27	231
<b>REVENUE FROM OPERATIONS</b>	<b>81,665</b>	<b>81,261</b>	<b>94,866</b>	<b>355,758</b>
Other Income	152	684	658	3,069
<b>TOTAL INCOME</b>	<b>81,817</b>	<b>81,945</b>	<b>95,524</b>	<b>358,827</b>
<b>EXPENSES</b>				
Cost of Trading Goods	35	21	108	279
Employee Benefit Expenses	4,195	4,367	4,334	17,976
Network Expenses and IT Outsourcing Costs	26,883	25,380	24,716	101,817
License Fees and Spectrum Usage Charges	8,666	8,935	10,974	40,515
Roaming & Access Charges	10,690	9,424	11,826	42,754
Marketing, Content, Customer Acquisition & Service Costs	10,017	9,386	9,593	39,695
Finance Costs	11,691	10,050	10,087	40,085
Depreciation & Amortisation Expenses	20,679	19,885	19,192	78,272
Other Expenses	2,425	2,549	2,367	10,285
<b>TOTAL EXPENSES</b>	<b>95,281</b>	<b>89,997</b>	<b>93,197</b>	<b>371,678</b>
<b>PROFIT / (LOSS) BEFORE TAX AND SHARE IN PROFIT / (LOSS) OF JOINT VENTURE AND ASSOCIATE</b>	<b>(13,464)</b>	<b>(8,052)</b>	<b>2,327</b>	<b>(12,851)</b>
Add: Share in Profit / (Loss) of Joint Venture and Associate (net)	818	983	1,035	4,218
<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>(12,646)</b>	<b>(7,069)</b>	<b>3,362</b>	<b>(8,633)</b>
<b>Tax expense:</b>				
- Current tax	288	271	715	990
- Deferred tax	(4,785)	(4,063)	443	(5,626)
<b>NET PROFIT / (LOSS) AFTER TAX</b>	<b>(8,149)</b>	<b>(3,277)</b>	<b>2,204</b>	<b>(3,997)</b>
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>				
- Re-measurement gains/ (losses) of defined benefit plans	(15)	30	(49)	(56)
- Income tax effect	5	(10)	17	19
- Group's share in other comprehensive income of joint venture and associate	-	1	(1)	(6)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>	<b>(8,159)</b>	<b>(3,256)</b>	<b>2,171</b>	<b>(4,040)</b>
Paid up Equity Share Capital (Face value ₹ 10 per share)	36,064	36,053	36,008	36,053
Reserves excluding Revaluation Reserve				211,269
Earnings Per Share for the period (₹)				
- Basic	(2.28)	(0.93)	0.58	(1.23)
- Diluted	(2.28)	(0.93)	0.58	(1.23)





## IDEA CELLULAR LIMITED

Regd Office :- Suman Towers, Plot No 18, Sector 11, Gandhi Nagar-382011, CIN-L32100GJ1996PLC030976  
Unaudited Consolidated Financial Results for the quarter ended 30-June-2017

Segmental Reporting Particulars	Quarter Ended				₹ Mn
	30-Jun-17	31-Mar-17	30-Jun-16	31-Mar-17	
	Unaudited	Audited (Refer Note 5)	Unaudited	Audited	
<b>Segment Revenue</b>					
Revenue from Operations from each segment					
Mobility	79,728	79,556	93,367	348,788	
International Long Distance	1,599	1,589	2,109	7,510	
Passive Infrastructure	2,828	2,602	616	7,586	
<b>Total</b>	<b>84,155</b>	<b>83,747</b>	<b>96,092</b>	<b>363,884</b>	
Less: Inter Segment Eliminations	(2,490)	(2,486)	(1,226)	(8,126)	
<b>Revenue from Operations</b>	<b>81,665</b>	<b>81,261</b>	<b>94,866</b>	<b>355,758</b>	
<b>Segment Results</b>					
Profit from Operations before Other Income, Finance Charges and Tax from each segment					
Mobility	(2,483)	782	11,468	22,414	
International Long Distance	105	80	144	542	
Passive Infrastructure	453	452	144	1,209	
<b>Profit / (Loss) from Operations before Other Income, Finance Charges and Tax</b>	<b>(1,925)</b>	<b>1,314</b>	<b>11,756</b>	<b>24,165</b>	
Unallocable Income	152	684	658	3,069	
Finance Costs	(11,691)	(10,050)	(10,087)	(40,085)	
<b>Profit / (Loss) before Tax and share in profit / (loss) of Joint Venture and Associate</b>	<b>(13,464)</b>	<b>(8,052)</b>	<b>2,327</b>	<b>(12,851)</b>	
<b>Segment Assets</b>					
Mobility	865,755	877,084	732,635	877,084	
International Long Distance	803	975	942	975	
Passive Infrastructure	20,443	23,165	20,275	23,165	
Unallocated	21,314	67,078	52,415	67,078	
<b>Gross Assets</b>	<b>908,315</b>	<b>968,302</b>	<b>806,267</b>	<b>968,302</b>	
Less: Inter Segment Eliminations	(1,562)	(1,255)	(998)	(1,255)	
<b>Total Assets</b>	<b>906,753</b>	<b>967,047</b>	<b>805,269</b>	<b>967,047</b>	
<b>Segment Liabilities</b>					
Mobility	657,143	703,837	547,018	703,837	
International Long Distance	726	480	826	480	
Passive Infrastructure	2,877	3,050	1,473	3,050	
Unallocated	8,439	13,613	19,254	13,613	
<b>Gross Liabilities</b>	<b>669,185</b>	<b>720,980</b>	<b>568,571</b>	<b>720,980</b>	
Less: Inter Segment Eliminations	(1,562)	(1,255)	(998)	(1,255)	
<b>Total Liabilities</b>	<b>667,623</b>	<b>719,725</b>	<b>567,573</b>	<b>719,725</b>	



## Notes

1. The above unaudited consolidated financial results, as reviewed by the Audit Committee of the Board, were approved and taken on record by the Board of Directors at their meeting held on 27<sup>th</sup> July 2017.
2. On 8<sup>th</sup> January 2013, Department of Telecommunications (DoT) issued demand notices towards one time spectrum charges:
  - for spectrum beyond 6.2 Mhz in respective service areas for retrospective period from 1<sup>st</sup> July 2008 to 31<sup>st</sup> December 2012, amounting to ₹ 3,691 Mn, and
  - for spectrum beyond 4.4 Mhz in respective service areas effective 1<sup>st</sup> January 2013 till expiry of the period as per respective licenses, amounting to ₹ 17,444 Mn.

In the opinion of Company, *inter-alia*, the above demands amount to alteration of financial terms of the licenses issued in the past. The Company had therefore, petitioned the Hon'ble High Court of Bombay, where the matter was admitted and is currently sub-judice. The Hon'ble High Court of Bombay has directed the DoT, not to take any coercive action until the matter is further heard. No effects have been given in the consolidated financial results for the above.

3. During the quarter, the Company has launched its 4G LTE services in the Mumbai service area.
4. Unaudited financial results of Idea Cellular Limited (Standalone) :-

₹ Mn

Particulars	Quarter ended			Year ended
	30-June-17 Unaudited	31-Mar-17 Audited (Refer Note 5)	30-June-16 Unaudited	31-Mar-17 Audited
Revenue from Operations	80,541	80,316	94,493	352,786
Profit / (Loss) before Tax	(14,074)	(8,526)	2,490	(14,190)
Net Profit / (Loss) after Tax	(9,228)	(4,564)	1,604	(8,311)

5. The financial results for the quarter ended 31<sup>st</sup> March 2017 is the balancing figure between audited results for the full financial year and the published year to date figures upto the third quarter of the financial year.
6. Previous periods' figures have been regrouped and rearranged wherever necessary.

For and on behalf of the Board of Directors of  
**IDEA CELLULAR LIMITED**

*Himanshu Kapania*  
**Himanshu Kapania**  
Managing Director

Date : 27<sup>th</sup> July 2017  
Place : Mumbai



**Independent Auditor's Review Report on Review of Interim Standalone Financial Results****To the Board of Directors  
Idea Cellular Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of Idea Cellular Limited (the 'Company') for the quarter ended June 30, 2017 and year to date from April 1, 2017 to June 30, 2017 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw your attention to Note 2 of the Statement which, describes the uncertainties related to the legal outcome in respect of the Department of Telecommunications demand notices for one time spectrum charges. Our report is not qualified in respect of this matter.



# **S.R. BATLIBOI & ASSOCIATES LLP**

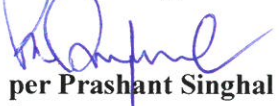
Chartered Accountants

6. The comparative Ind AS financial information of the Company for the corresponding quarter June 30, 2016 were reviewed by the predecessor auditor and the Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by predecessor auditor who expressed an unmodified opinion on those Ind AS financial information and financial statements on August 8, 2016 and May 13, 2017 respectively.

## **For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

  
per **Prashant Singhal**

Partner

Membership No.: 93283

Mumbai

July 27, 2017






**IDEA CELLULAR LIMITED**

 Regd Office :- Suman Towers, Plot No 18, Sector 11, Gandhi Nagar-382011, CIN-L32100GJ1996PLC030976  
 Unaudited Financial Results for the quarter ended 30-June-2017

(₹ Mn, except per share data)

Particulars	Quarter ended			Year ended
	30-Jun-17 Unaudited	31-Mar-17 Audited (Refer Note 4)	30-Jun-16 Unaudited	31-Mar-17 Audited
<b>INCOME</b>				
Service Revenue	80,451	80,153	94,470	352,565
Other Operating Income	90	163	23	221
<b>REVENUE FROM OPERATIONS</b>	<b>80,541</b>	<b>80,316</b>	<b>94,493</b>	<b>352,786</b>
Other Income	105	488	514	1,971
<b>TOTAL INCOME</b>	<b>80,646</b>	<b>80,804</b>	<b>95,007</b>	<b>354,757</b>
<b>EXPENSES</b>				
Employee Benefit Expenses	3,797	3,926	3,916	16,256
Network Expenses and IT Outsourcing Costs	26,847	25,479	24,648	101,813
License Fees and Spectrum Usage Charges	8,666	8,935	10,974	40,515
Roaming & Access Charges	10,690	9,424	11,826	42,754
Marketing, Content, Customer Acquisition & Service Costs	10,325	9,590	9,933	40,832
Finance Costs	11,812	10,049	9,796	39,780
Depreciation & Amortisation Expenses	20,240	19,450	19,112	77,000
Other Expenses	2,343	2,477	2,312	9,997
<b>TOTAL EXPENSES</b>	<b>94,720</b>	<b>89,330</b>	<b>92,517</b>	<b>368,947</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>(14,074)</b>	<b>(8,526)</b>	<b>2,490</b>	<b>(14,190)</b>
<b>Tax expense:</b>				
- Current tax	-	-	632	-
- Deferred tax	(4,846)	(3,962)	254	(5,879)
<b>NET PROFIT / (LOSS) AFTER TAX</b>	<b>(9,228)</b>	<b>(4,564)</b>	<b>1,604</b>	<b>(8,311)</b>
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>				
- Re-measurement gains/ (losses) of defined benefit plans	(12)	23	(51)	(49)
- Income tax effect	4	(8)	18	17
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>	<b>(9,236)</b>	<b>(4,549)</b>	<b>1,571</b>	<b>(8,343)</b>
Paid up Equity Share Capital (Face value ₹ 10 per share)	36,064	36,053	36,008	36,053
Reserves excluding Revaluation Reserve				201,185
Earnings Per Share for the period (₹)				
- Basic	(2.56)	(1.27)	0.45	(2.31)
- Diluted	(2.56)	(1.27)	0.44	(2.31)



## Notes

1. The above unaudited financial results, as reviewed by the Audit Committee of the Board, were approved and taken on record by the Board of Directors at their meeting held on 27<sup>th</sup> July 2017.
2. On 8<sup>th</sup> January 2013, Department of Telecommunications (DoT) issued demand notices towards one time spectrum charges:
  - for spectrum beyond 6.2 Mhz in respective service areas for retrospective period from 1<sup>st</sup> July 2008 to 31<sup>st</sup> December 2012, amounting to ₹ 3,691 Mn, and
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In the opinion of Company, *inter-alia*, the above demands amount to alteration of financial terms of the licenses issued in the past. The Company had therefore, petitioned the Hon'ble High Court of Bombay, where the matter was admitted and is currently sub-judice. The Hon'ble High Court of Bombay has directed the DoT, not to take any coercive action until the matter is further heard. No effects have been given in the financial results for the above.
3. During the quarter, the Company has launched its 4G LTE services in the Mumbai service area.
4. The financial results for the quarter ended 31<sup>st</sup> March 2017 is the balancing figure between audited results for the full financial year and the published year to date figures upto the third quarter of the financial year.
5. Previous periods' figures have been regrouped and rearranged wherever necessary.

For and on behalf of the Board of Directors of  
**IDEA CELLULAR LIMITED**

*Himanshu Kapania*  
**Himanshu Kapania**  
Managing Director

Date : 27<sup>th</sup> July 2017  
Place : Mumbai





## Media Release

Mumbai – July 27, 2017

Idea Cellular announces un-audited Ind AS results for the First Quarter (Q1) ended June 30, 2017

### Highlights Standalone<sup>1</sup> Results -

Revenue - Rs. 81,665 million,

EBITDA - Rs. 18,753 million,

PAT - Rs. -6,170 million

	INR million				
	Q1FY18	Q4FY17	Q1FY17	QoQ Change	YoY Change
Revenue - Established Service Areas <sup>3</sup>	75,784	75,260	88,051	0.7%	-13.9%
Revenue - New Service Areas <sup>4</sup>	5,881	6,002	6,815	-2.0%	-13.7%
<b>Total Revenue</b>	<b>81,665</b>	<b>81,261</b>	<b>94,866</b>	<b>0.5%</b>	<b>-13.9%</b>
EBITDA - Established Service Areas <sup>3</sup>	20,169	22,445	32,024	-10.1%	-37.0%
EBITDA - New Service Areas <sup>4</sup>	-1,416	-1,246	-1,076	-13.6%	-31.5%
<b>Total EBITDA</b>	<b>18,753</b>	<b>21,199</b>	<b>30,948</b>	<b>-11.5%</b>	<b>-39.4%</b>
EBITDA% - Established Service Areas <sup>3</sup>	26.6%	29.8%	36.4%	-3.2%	-9.8%
EBITDA% - New Service Areas <sup>4</sup>	-24.1%	-20.8%	-15.8%	-3.3%	-8.3%
<b>EBITDA%</b>	<b>23.0%</b>	<b>26.1%</b>	<b>32.6%</b>	<b>-3.1%</b>	<b>-9.7%</b>
Depreciation & Amortisation	20,679	19,885	19,192	4.0%	7.8%
EBIT	-1,926	1,314	11,756	-246.6%	-116.4%
Interest and Financing Cost (Net )	11,538	9,366	9,429	23.2%	22.4%
Dividend from Indus	2,657	-	3,623	-	-26.6%
PBT	-10,807	-8,052	5,949	-34.2%	-281.7%
<b>PAT (Standalone<sup>1</sup>)</b>	<b>-6,170</b>	<b>-4,300</b>	<b>4,971</b>	<b>-43.5%</b>	<b>-224.1%</b>
<b>Cash Profit<sup>5</sup> (Standalone)</b>	<b>9,608</b>	<b>12,494</b>	<b>25,209</b>	<b>-23.1%</b>	<b>-61.9%</b>
Share of Profit from Indus & ABIPBL	818	983	1,035	-16.7%	-21.0%
Deferred Tax on Undistributed earnings of Indus	140	-41	179	-442.7%	-22.1%
Other Comprehensive Income (net of Tax)	-10	21	-33	-146.8%	70.3%
<b>Total Comprehensive Income (Consolidated<sup>2</sup>)</b>	<b>-8,159</b>	<b>-3,256</b>	<b>2,171</b>	<b>-150.6%</b>	<b>-475.9%</b>

### Mobile Services Industry continues to witness disruption

The upheaval in the Indian wireless industry continued in Q1FY18, despite the new entrant slowly migrating from 'Free Services' to 'Paid Services' but with heavily discounted unlimited voice and data pricing plans. Amidst this market aggression, existing operators including Idea also introduced similar competitive unlimited price plans, which is likely to result in decline of industry revenues, although the impact of the same is expected to be more pronounced on non-4G operators. These aggressive tariff offerings by Idea, led by unlimited voice and data bundled plans, resulted in steep decline of voice and mobile data realisation rates. However, for the company, the fall in realisation rates was largely compensated by a substantial volume growth in both mobile voice and data segments. As a result, Idea standalone revenue of Rs. 81,665 million in Q1FY18 registered a marginal growth of 0.5% compared to Rs. 81,261 million in Q4FY17.



During Q1FY18, the sequential quarterly voice minutes grew by a healthy 8.4% to 250.7 billion minutes (vs. 231.4 billion minutes in Q4FY17), while the voice realisation rate fell by 5.7% to 24.4 paisa/min (vs. 25.9 paisa in Q4FY17). Mobile data volume witnessed a meteoric growth of 99.1% on sequential quarterly basis as Idea's large Pan India network, primarily its Wireless Broadband Network, carried 252.8 billion Mega Bytes in Q1FY18, nearly double the traffic consumption in Q4FY17. However, the mobile data rate (ARMB) saw an unprecedented decline of 52.9%, reaching to as low as 5.4 paisa/MB (vs. 11.5 paisa in Q4FY17).

In spite of the current challenging industry scenario, Idea has been successful in sustaining its market competitiveness and added 15.8 million VLR subscribers over last 12 months, taking the EoP subscriber base (VLR) to 199 million as of 30<sup>th</sup> June, 2017. Idea maintained its 'Subscriber Market Share' (VLR) at 19.5% (May'17) and 'Revenue Market Share' @ 18.9% (FY17).

### **Investment in long-term value creators**

During last two years (Q1FY16 to Q1FY18), Idea has aggressively expanded its wireless broadband infrastructure by 3.5 times adding 83,765 sites (3G+4G), expanding the network to 117,386 broadband sites (3G+4G). Idea's wireless broadband network (3G+4G) now covers 524 million Indians across all 22 service areas in ~106,000 towns and villages. With the addition of 46,576 4G sites in the same period, the company rapidly expanded its 4G-LTE presence to ~47,000 towns & villages and now covers 30.2% population (353 million Indians) in 20 service areas.

4G network is fast emerging as the preferred platform for mobile data consumption amongst Indian subscribers. While the total Mobile data users on Idea network declined from 42.2 million (Q4FY17) to 38.1 million (Q1FY18), 4G subscribers more than doubled from 3.1 million (Q4FY17) to 6.5 million (Q1FY18). Further, the data usage on 4G platform exploded to 67.6 billion MB in Q1FY18 (from 18.7 billion MB in Q4FY17), sequential quarterly growth @ 262%. Despite such accelerated growth in 4G data volume, Idea's 4G network utilization (excluding still to be deployed 2300 MHz and 2500 MHz capacity spectrum) remains below 30%. The planned deployment of 2300 MHz or 2500 MHz spectrum band in 5 of its leadership markets during the current financial year will further boost Idea's 4G capacity in these key markets. Additionally, the company also remains on course to introduce VoLTE – Voice services on 4G LTE network by early Calendar Year 2018.

In order to support the burgeoning demand of mobile broadband services, Idea also increased its Fibre network by nearly 53,000 km (95,100 km in Q1FY16 to 148,100 km in Q1FY18). The company's Gross Investment in Fixed Assets has now risen to over Rs 1,195 billion, a net addition of Rs 545 billion over the last 24 months.

The capex spend for the quarter was Rs. 11.7 billion, mainly funded from Cash Profit of Rs. 9,608 million. The capex guidance for FY18 stands at Rs. 60 billion.

### **Subdued Q1FY18 financial performance**

In the environment of steep rate fall and capacity expansion, EBITDA for the company during the quarter declined by 11.5% to Rs. 18,753 million compared to Rs. 21,199 million in Q4FY17, largely due to higher operating cost related to Roaming and Access (as outgoing minutes increased) and Network expenses. The EBITDA margin for the quarter declined from 26.1% in Q4FY17 to 23% in Q1FY18.



Additionally, the full quarter impact of Spectrum acquired by Idea in Oct'16 resulted in 'Depreciation & Amortisation' charge increasing to Rs. 20,679 million and 'Interest & Financing Cost (Net)' rising to Rs. 11,538 million. During Q1FY18, the Company received from Indus dividend of Rs. 2,657 million. Idea is reporting a PAT loss, after accounting for the dividend from Indus, of Rs. 6,170 million (v/s PAT loss of Rs. 4,300 million in Q4FY17) on standalone basis. The financial stress in the Mobile sector remains at its peak, post the introduction of aggressive unlimited bundled plans by new entrant forcing other operators to follow. Resultantly, all 'Telecom Service Providers' are reporting steep decline in revenues, profitability and cash flows and all but one Indian Wireless Operator quarterly results are likely to show significant financial losses.

The Net Debt as on June 30, 2017 stands at Rs. 539.2 billion, including a large component of debt from DoT under 'Deferred Payment Obligation' for Spectrum acquired in Auctions. The consolidated Total Comprehensive Income (including share from Indus & ABIPBL) stands at a loss of Rs. 8,159 million in Q1FY18 (v/s Rs. 3,256 million in Q4FY17).

### **Merger Update**

On 20<sup>th</sup> March, 2017 Vodafone Group Plc and Idea Cellular announced an agreement to combine their operations in India (excluding Vodafone's 42% stake in Indus Towers) to create India's largest telecom operator. The merger transaction is subject to approval from the relevant regulatory authorities & Idea's shareholders. The company has recently received approval for the proposed combination from the 'Competition Commission of India', one out of the four main approvals required for combination of Vodafone India (mobile business) and Idea Cellular Ltd. The Scheme of Arrangement has already been filed with SEBI & Stock Exchanges and is waiting for their approvals.

In the meantime, Idea remains nimble, agile, adaptive, and focused on its execution capabilities. The company continues to strive for improving its capacity utilisation, optimising costs and delivering sustainable benefits to the consumers. Idea remains hopeful that post the current round of short term challenges; it will be able to capitalise on the emerging opportunities in mobile voice, wireless data business, digital content and mobile banking as telecom market invariably moves towards consolidation with likely 5 major providers.

### **Notes:**

1. Idea Standalone represents Idea, and its 100% subsidiaries. Effectively, this encompasses all operations, excluding Indus and Payments Bank (ABIPBL).
2. Idea Consolidated represents Idea Standalone and proportionate consolidation of Indus and Payments Bank at PAT level.
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 (excluding MAT), 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 18.8% (Q4FY17). 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 35 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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