



24th January, 2018

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 Third Quarter and Nine Months Ended 31st December, 2017 - Regulation 33 of SEBI (LODR) Regulations, 2015

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

In continuation of our letter dated January 17, 2018 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 third quarter and nine months ended 31st December, 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 10:10 A.M. and concluded at 12:20 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 December 31, 2017 and year to date from April 1, 2017 to December 31, 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 (Ind AS 34), Interim Financial Reporting 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 ('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 (DoT) demand notices for one time spectrum charges. Our report is not qualified in respect of this matter.



S.R. BATLIBOI & ASSOCIATES LLP

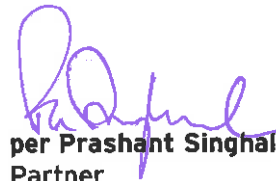
Chartered Accountants

6. The comparative consolidated financial information of the Company for the corresponding quarter and nine months period ended December 31, 2016 were reviewed by the predecessor auditor and the 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 financial information and consolidated financial statements on February 11, 2017 and May 13, 2017 respectively.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004


per Prashant Singh
Partner

Membership No.: 93283



Place: Mumbai

Date: January 24, 2018

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 and nine months ended 31-December-2017

('₹ Mn, except per share data)

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31-Dec-17 Unaudited	30-Sep-17 Unaudited	31-Dec-16 Unaudited	31-Dec-17 Unaudited	31-Dec-16 Unaudited	31-Mar-17 Audited
INCOME						
Service Revenue	65,055	74,605	86,568	221,210	274,224	355,289
Sale of Trading Goods	8	14	40	46	212	228
Other Operating Income	33	36	19	160	60	231
REVENUE FROM OPERATIONS	65,096	74,655	86,627	221,416	274,496	355,758
Other Income	420	454	436	1,026	2,385	3,069
TOTAL INCOME	65,516	75,109	87,063	222,442	276,881	358,827
EXPENSES						
Cost of Trading Goods	12	20	40	67	259	279
Employee Benefit Expenses	4,242	4,398	4,487	12,835	13,609	17,976
Network Expenses and IT Outsourcing Costs	23,661	25,361	26,757	75,905	76,438	101,817
License Fees and Spectrum Usage Charges	6,985	7,689	9,815	23,340	31,580	40,515
Roaming & Access Charges	6,361	11,198	9,984	28,249	33,330	42,754
Marketing, Content, Customer Acquisition & Service Costs	9,052	8,854	10,664	27,923	30,308	39,695
Finance Costs	11,910	12,283	9,931	35,894	30,035	40,085
Depreciation & Amortisation Expenses	21,415	21,143	19,652	63,237	58,387	78,272
Other Expenses	2,549	2,119	2,964	7,093	7,734	10,265
TOTAL EXPENSES	86,187	93,065	94,294	274,533	281,680	371,678
LOSS BEFORE TAX AND SHARE IN PROFIT / (LOSS) OF JOINT VENTURE AND ASSOCIATE	(20,671)	(17,956)	(7,231)	(52,091)	(4,799)	(12,851)
Add: Share in Profit / (Loss) of Joint Venture and Associate (net)	818	843	1,144	2,479	3,236	4,218
LOSS BEFORE TAX	(19,853)	(17,113)	(6,087)	(49,612)	(1,563)	(8,633)
Tax expense:						
- Current tax	311	321	(313)	920	719	990
- Deferred tax	(7,319)	(6,368)	(1,935)	(18,472)	(1,562)	(5,626)
NET LOSS AFTER TAX	(12,845)	(11,066)	(3,839)	(32,060)	(720)	(3,997)
Items not to be reclassified to profit or loss in subsequent periods:						
- Re-measurement gains/ (losses) of defined benefit plans	(16)	(16)	(28)	(47)	(86)	(56)
- Income tax effect	5	6	9	16	29	19
- Group's share in other comprehensive income of joint venture and associate	-	(2)	2	(2)	(7)	(6)
TOTAL COMPREHENSIVE LOSS	(12,856)	(11,078)	(3,856)	(32,093)	(784)	(4,040)
Paid up Equity Share Capital (Face value ₹ 10 per share)	36,075	36,072	36,017	36,075	36,017	36,053
Reserves excluding Revaluation Reserve						211,269
Earnings Per Share for the period (₹)						
- Basic	(3.58)	(3.09)	(1.09)	(8.95)	(0.29)	(1.23)
- Diluted	(3.58)	(3.09)	(1.09)	(8.95)	(0.29)	(1.23)



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 and nine months ended 31-December-2017

Segmental Reporting

₹ Mn

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31-Dec-17	30-Sep-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Mar-17
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Segment Revenue						
Revenue from Operations from each segment						
Mobility	63,111	72,646	84,720	215,485	269,233	348,788
International Long Distance	1,584	1,571	1,795	4,754	5,921	7,510
Passive Infrastructure (Refer Note 4)	2,975	3,137	2,511	8,940	4,982	7,588
Total	67,670	77,354	89,026	229,179	280,136	363,884
Less: Inter Segment Eliminations	(2,574)	(2,699)	(2,399)	(7,783)	(5,640)	(8,126)
Revenue from Operations	65,096	74,655	86,627	221,416	274,496	355,758
Segment Results						
Profit / (Loss) from Operations before Other Income, Finance Charges and Tax from each segment						
Mobility	(10,281)	(6,996)	1,816	(19,760)	21,632	22,414
International Long Distance	145	150	84	400	462	542
Passive Infrastructure (Refer Note 4)	955	719	364	2,127	757	1,209
Profit / (Loss) from Operations before Other Income, Finance Charges and Tax	(9,181)	(6,127)	2,264	(17,233)	22,851	24,165
Unallocable Income	420	454	436	1,026	2,385	3,069
Finance Costs	(11,910)	(12,283)	(9,931)	(35,884)	(30,035)	(40,085)
Loss before Tax and share in profit / (loss) of Joint Venture and Associate	(20,671)	(17,956)	(7,231)	(52,091)	(4,799)	(12,851)
Segment Assets						
Mobility	863,558	869,006	864,621	863,558	864,621	877,084
International Long Distance	920	1,076	1,024	920	1,024	975
Passive Infrastructure # (Refer Note 4)	24,716	21,349	28,224	24,716	28,224	23,165
Unallocated	41,196	47,288	28,468	41,196	28,468	67,078
Gross Assets	930,390	938,719	922,337	930,390	922,337	968,302
Less: Inter Segment Eliminations	(669)	(1,723)	(1,257)	(669)	(1,257)	(1,255)
Total Assets	929,721	936,996	921,080	929,721	921,080	967,047
Segment Liabilities						
Mobility	711,888	704,422	669,295	711,888	669,295	703,837
International Long Distance	554	845	594	554	594	480
Passive Infrastructure (Refer Note 4)	2,768	3,299	2,910	2,768	2,910	3,050
Unallocated	512	2,140	17,342	512	17,342	13,813
Gross Liabilities	715,722	710,706	690,141	715,722	690,141	720,980
Less: Inter Segment Eliminations	(669)	(1,723)	(1,257)	(669)	(1,257)	(1,255)
Total Liabilities	714,653	708,983	688,884	714,653	688,884	719,725

Includes the Group's Investment in Indus Towers Limited of ₹ 13,906 Mn (Sept'17: ₹ 13,117 Mn, Mar'17: ₹ 14,737 Mn, Dec'16: ₹ 20,001 Mn)



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 24th January, 2018.
2. On 8th 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 1st July 2008 to 31st December 2012, amounting to ₹ 3,691 Mn, and
 - for spectrum beyond 4.4 Mhz in respective service areas effective 1st 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 financial results for the above.

3. Unaudited financial results of Idea Cellular Limited (Standalone) :-

₹ Mn

Particulars	Quarter ended			Nine Months ended		Year Ended
	31-Dec-17 Unaudited	30-Sep-17 Unaudited	31-Dec-16 Unaudited	31-Dec-17 Unaudited	31-Dec-16 Unaudited	31-Mar-17 Audited
Revenue from Operations	63,919	73,491	85,723	217,951	272,470	352,786
Loss before Tax	(21,821)	(18,874)	(7,502)	(54,769)	(5,664)	(14,190)
Loss after Tax	(14,282)	(12,368)	(4,923)	(35,878)	(3,747)	(8,311)

4. The assets and liabilities of Idea Cellular Infrastructure Services Limited (ICISL) have been classified as Assets held for Sale (AHFS) effective 13th November 2017 following the share purchase agreement entered between the Company and ATC Telecom Infrastructure Private Limited (ATC). In line with the requirements of Ind AS 105 – “Non-current Assets Held for Sale and Discontinued Operations”, the depreciation and amortization on such assets has not been charged subsequent to this date. The realizable value of these assets is higher than the carrying value resulting in no further adjustments. ICISL is in the business of providing Passive Infrastructure services to telecom companies and forms part of the “Passive Infrastructure” segment in the consolidated financial results.
5. Previous periods' figures have been regrouped and rearranged wherever necessary.

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

Date: 24th January 2018
Place: Mumbai


Himanshu Kapania
Managing Director



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 December 31, 2017 and year to date from April 1, 2017 to December 31, 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 (Ind AS 34), Interim Financial Reporting 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, 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 (DoT) demand notices for one time spectrum charges. Our report is not qualified in respect of this matter.



S.R. BATLIBOI & ASSOCIATES LLP

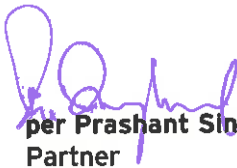
Chartered Accountants

6. The comparative standalone financial information of the Company for the corresponding quarter and nine months period ended December 31, 2016 were reviewed by the predecessor auditor and the standalone financial statements of the Company for the year ended March 31, 2017 were audited by predecessor auditor who expressed an unmodified opinion on those standalone financial information and standalone financial statements on February 11, 2017 and May 13, 2017 respectively.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per Prashant Singh
Partner

Membership No.: 93283



Place: Mumbai

Date: January 24, 2018



IDEA CELLULAR LIMITED
 Regd Office :- Suman Towers, Plot No 18, Sector 11, Gandhi Nagar-382011, CIN-L32100GJ1996PLC030976
 Unaudited Financial Results for the quarter and nine months ended 31-December-2017

(₹ Mn, except per share data)

Particulars	Quarter ended			Nine Months ended		Year ended
	31-Dec-17	30-Sep-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Mar-17
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
INCOME						
Service Revenue	63,896	73,460	85,704	217,807	272,412	352,565
Other Operating Income	23	31	19	144	58	221
REVENUE FROM OPERATIONS	63,919	73,491	85,723	217,951	272,470	352,786
Other Income	211	384	358	700	1,483	1,971
TOTAL INCOME	64,130	73,875	86,081	218,651	273,953	354,757
EXPENSES						
Employee Benefit Expenses	3,887	4,040	4,058	11,724	12,330	16,256
Network Expenses and IT Outsourcing Costs	23,730	25,390	26,741	75,967	76,334	101,813
License Fees and Spectrum Usage Charges	6,985	7,689	9,814	23,340	31,579	40,515
Roaming & Access Charges	6,361	11,198	9,984	28,249	33,330	42,754
Marketing, Content, Customer Acquisition & Service Costs	9,348	9,134	10,944	28,807	31,241	40,832
Finance Costs	11,900	12,418	9,927	36,130	29,731	39,780
Depreciation & Amortisation Expenses	21,241	20,822	19,219	62,303	57,551	77,000
Other Expenses	2,499	2,058	2,896	6,900	7,521	9,997
TOTAL EXPENSES	85,951	92,749	93,583	273,420	279,617	368,947
LOSS BEFORE TAX	(21,821)	(18,874)	(7,502)	(54,769)	(6,664)	(14,190)
Tax expense:						
- Current tax	-	-	(573)	-	-	-
- Deferred tax	(7,539)	(6,506)	(2,006)	(18,891)	(1,917)	(5,879)
NET LOSS AFTER TAX	(14,282)	(12,368)	(4,923)	(35,878)	(3,747)	(8,311)
Items not to be reclassified to profit or loss in subsequent periods:						
- Re-measurement losses of defined benefit plans	(15)	(18)	(24)	(45)	(73)	(49)
- Income tax effect	5	6	8	15	25	17
TOTAL COMPREHENSIVE LOSS	(14,292)	(12,380)	(4,939)	(35,908)	(3,795)	(8,343)
Paid up Equity Share Capital (Face value ₹ 10 per share)	36,075	36,072	36,017	36,075	36,017	36,053
Reserves excluding Revaluation Reserve						201,185
Earnings Per Share for the period (₹)						
- Basic	(3.96)	(3.43)	(1.37)	(9.95)	(1.04)	(2.31)
- Diluted	(3.96)	(3.43)	(1.37)	(9.95)	(1.04)	(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 24th January, 2018.
2. On 8th 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 1st July 2008 to 31st December 2012, amounting to ₹ 3,691 Mn, and
 - for spectrum beyond 4.4 Mhz in respective service areas effective 1st 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 financial results for the above.

3. The investment in Idea Cellular Infrastructure Services Limited (ICISL), a wholly owned subsidiary has been classified as Assets held for Sale (AHFS) effective 13th November 2017 following the share purchase agreement entered between the Company and ATC Telecom Infrastructure Private Limited (ATC) and in line with the requirements of Ind AS 105 - "Non-current Assets Held for Sale and Discontinued Operations". The realizable value of this investment is higher than the carrying value resulting in no further adjustments. ICISL is in the business of providing Passive Infrastructure services to telecom companies.
4. Previous periods' figures have been regrouped and rearranged wherever necessary.

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

Date : 24th January, 2018
Place : Mumbai


Himanshu Kapania
Managing Director





Media Release

Mumbai – January 24, 2018

Idea Cellular announces un-audited results for the Third Quarter (Q3) ended December 31, 2017

Highlights Standalone¹ Results -

Revenue - Rs. 65,097 million,

EBITDA - Rs. 12,233 million,

PAT - Rs. -13,519 million

	INR million				
	Q3FY18	Q2FY18	Q3FY17	QoQ Change	YoY Change
Revenue - Established Service Areas ³	60,660	69,239	80,163	-12.4%	-24.3%
Revenue - New Service Areas ⁴	4,437	5,415	6,464	-18.1%	-31.4%
Total Revenue	65,097	74,654	86,627	-12.8%	-24.9%
EBITDA - Established Service Areas ³	14,001	16,482	23,565	-15.1%	-40.6%
EBITDA - New Service Areas ⁴	-1,768	-1,465	-1,648	-20.6%	-7.3%
Total EBITDA	12,233	15,016	21,917	-18.5%	-44.2%
EBITDA% - Established Service Areas ³	23.1%	23.8%	29.4%	-0.7%	-6.3%
EBITDA% - New Service Areas ⁴	-39.8%	-27.1%	-25.5%	-12.8%	-14.3%
EBITDA%	18.8%	20.1%	25.3%	-1.3%	-6.5%
Depreciation & Amortisation	21,414	21,143	19,653	1.3%	9.0%
EBIT	-9,181	-6,127	2,265	-49.9%	NA
Interest and Financing Cost (Net)	11,490	11,829	9,495	-2.9%	21.0%
PBT	-20,671	-17,956	-7,230	-15.1%	-185.9%
PAT (Standalone¹)	-13,519	-11,760	-4,789	-15.0%	-182.3%
Cash Profit⁵ (Standalone)	200	2,884	12,276	-93.1%	-98.4%
Share of Profit from Indus & ABIPBL	818	843	1,143	-3.0%	-28.5%
Deferred Tax on Undistributed earnings of Indus	145	148	193	-2.4%	-25.0%
Other Comprehensive Income (net of Tax)	-11	-12	-17	10.7%	36.0%
Total Comprehensive Income (Consolidated²)	-12,856	-11,077	-3,856	-16.1%	-233.4%

Quarter impacted by IUC reduction, sustained rate pressure and industry consolidation

Effective 1st October 2017, TRAI amended the domestic Interconnection Usage Charge (IUC) settlement regulation reducing the 'Mobile Termination Charge' (MTC) from 14 paisa to 6 paisa per minute aggravating the financial stress of the industry. Therefore, this quarter results are not comparable to the earlier periods. The regulation imposed 57% sharp decline in IUC settlement rates negatively impacted Idea's Revenue and EBITDA for this quarter by ~Rs. 8,200 million and ~Rs. 2,300 million respectively. The new domestic MTC rate and recently announced drop in 'International mobile termination' settlement charges effective 1st February, 2018 from 53 paisa to 30 paisa per minute, remains a body blow to all operators and reduces investable funds for the critical 'Digital India' program. The international IUC rate drop only benefits the foreign operators, with no commensurate benefit to Indian consumers but with significant foreign exchange and revenue loss to the Indian exchequer.

While the regulatory headwinds continue to blow, the exit of sub-scale mobile operators is driving the industry to consolidation by calendar year 2018. Idea during the quarter, on the back of (a) Success in MNP from exiting operators, (b) Launch of mass market unlimited voice bundled data plans and (c) Sustained broadband investment, witnessed strong return of subscriber addition with 7.5 million 'Net customer adds' on VLR during Q3FY18. Resultantly, Idea improved its 'Subscriber Market Share' (VLR) to 19.8% in November 2017 vs 19.4% in August 2017. The company's overall subscriber base (VLR) crossed the 200 million milestone and stands at 203 million as on 31st December 2017.

In comparison, the dual negative factors of (a) Steep reduction in MTC settlement rate and (b) Unrelenting rate pressure on voice and mobile data services as high ARPU consumers migrate to 'unlimited voice bundled data plans' has resulted in 12.8% decline in Idea's gross revenue in Q3FY18 to Rs. 65,097 million (vs Q2FY18 revenue of Rs. 74,654 million). The new competitive dynamics unfolding should have positive effect including (a) Existing multi SIM users consolidating their usage to single operator; (b) Casual mobile customers starting to adopt these attractive high value bundled plans; (c) More pure voice subscribers upgrade to 4G smartphone/ 4G broadband services and (d) Nearly 300-400 million Indians who currently do not use mobile services are at an inflection point to enter the wireless in 2G category. The mobility services role in lives of Indians cannot be emphasized enough and present tremendous long-term opportunities ahead.

Structural changes in consumption of mobile telephony services

Mobile voice segment – As industry operating tariffs tumble, voice and data volume growth partially compensated for the steep rate fall. The adoption of unlimited voice bundled data plans has led to explosion in voice volumes with sequential quarterly voice minutes growth @10.8% in Q3FY18 (vs +1.7% in Q2FY18), highest in the last 30 quarters, which helped quarterly mobile voice volume reach 282.6 billion minutes. The 'voice realization rate' (including the impact of reduction in IUC rate) sharply declined by 23.6% to 16.8 paisa per minute (vs 22.0 paisa in Q2FY18). Consequently, the 'usage per subscriber' has risen sharply to 509 minutes in Q3FY18.

Mobile data segment – During the past few months, the seeds of digital revolution that will permanently transform India into a digital society, has been sown. Today, we are witnessing a meteoric growth in 'data usage per data subscriber' which has zoomed from 703 MB/month (Q3FY17) to monthly usage of 4,742 MB during this quarter. Further, the introduction of competitive bundled data price plans has led to Idea's highest ever wireless broadband subscriber addition of 5.2 million in Q3FY18, helping increase the company's wireless broadband subscriber (EoP) base to 34.8 million out of total 42.6 million mobile data users. Also, the mobile data volume (2G+3G+4G) continued to witness robust sequential growth of 30.2% (on back of sequential quarterly growth of 73.5% in Q2FY18 and 99.1% growth in Q1FY18) as Idea's pan India data network carried 571 billion MB of data volume this quarter.

The unlimited voice bundled data plans are turning to be a bonanza for Indian consumers, as 'mobile data realization rate' fell to world's lowest tariffs @2.0 paisa per MB, a sharp decline of 27% vs 2.7 paisa per MB in Q2FY18. During the last one year, Idea's wireless broadband data aggregate volume has multiplied by ~6.5 times to 549 billion MB in Q3FY18 against 84 billion MB a year ago.



Accelerated broadband investments to support exploding data demand

Over the period of last two years, Idea has aggressively expanded its wireless broadband infrastructure and added 96,020 broadband (3G+4G) sites. Idea has multiplied its broadband sites by ~3 times in last two years and the overall broadband sites now stands at 143,565. Idea's wireless broadband network (3G+4G) population under coverage now exceeds 634 million Indians (52.4% of Indian population) across 22 service areas spread over 154,000 towns and villages. This quarter also the company rolled out nearly 10,000 broadband sites.

Idea and Vodafone India, in addition to Active Infrastructure sharing arrangements, have also expanded their ICR with higher coverage under 2G ICR arrangements and introduced 4G ICR arrangements, during the quarter to avoid duplication of spends and make best use of capex. This has resulted in expanded coverage across over 12,500 new towns and neighbouring villages, where one of the operators was not previously present.

As 4G consumer adoption rate continues to rise supported by affordable smartphones and world's lowest 'voice and wireless broadband tariffs', almost all of Idea's incremental network capital investments is allocated towards 4G expansion (including fibre and capacity). Idea remains on course to introduce its own VoLTE – 'Voice over LTE' from March 2018 onwards in main markets. The capex spend for the current quarter was Rs. 17.5 billion.

Q3FY18 financial performance impacted by IUC reduction

Consequent to gross revenue decline primarily on account of MTC rate revision, the EBITDA for the quarter declined by 18.5% to Rs. 12,233 million compared to Rs. 15,016 million in Q2FY18. In the meanwhile, company remains focused to optimize its operating costs in the new sector paradigm. Adjusting for IUC impact, absolute EBITDA declined by 3.2% QoQ. The EBITDA margin for the quarter declined to 18.8% (normalised margin of 19.8%) from 20.1% in Q2FY18.

The 'Depreciation & Amortisation' charge and 'Interest & Financing Cost (Net)' stood at Rs. 21,414 million and Rs. 11,490 million respectively resulting in the standalone PAT loss of Rs. 13,519 million in Q3FY18 (vs PAT loss of Rs. 11,760 million in Q2FY18). The consolidated Total Comprehensive Income (including proportionate share from Indus & ABIPBL) stands at a loss of Rs. 12,856 million in Q3FY18 (vs loss of Rs. 11,077 million in Q2FY18).

The 'Net Debt' as on December 31, 2017 stands at Rs. 557,818 million, including a large component of debt from DoT under 'Deferred Payment Obligation' for Spectrum acquired in Auctions.

Merger Update

On 20th 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 parties have a complementary footprint and the merged entity would have one of the highest overall spectrum holding of 1,850 MHz across multiple spectrum bands. The merger transaction is subject to approval from the relevant regulatory authorities. The companies have already received approval for the proposed combination from (a) 'Competition Commission of India' (CCI), (b) SEBI & Stock Exchanges and (c) recently from National Company Law Tribunal (NCLT), Bench of Ahmedabad and Mumbai. The merger of Idea and Vodafone India is in the final leg of regulatory approvals and is expected to complete in H1CY18.



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Both the companies, within the framework of law, have set up respective project management teams, preparing for the merger and initiated detailed planning for identified capex and opex synergies.

Separately, on 13th November 2017, Idea and Vodafone, announced the sales of their respective standalone tower businesses in India to ATC Telecom Infrastructure Private Limited (“American Tower”) for a combined enterprise value of Rs. 78.5 billion to strengthen the balance sheet of the merged entity. On completion of Idea and Vodafone India merger, ~6,300 co-located tenancies on the combined standalone tower businesses will be merged into single tenancy, within a staggered period of two years, without the payment of exit penalty.

Idea in the process of raising up to Rs. 67.5 billion equity to strengthen combined entity’s balance sheet

On January 4th 2018, the board of directors approved issuance of ~326.6 million equity shares at a price of Rs. 99.50 per share on preferential basis to the promoter group entities for a total consideration of Rs. 32.5 billion. Idea’s board has also constituted a committee of board members to evaluate potential routes for raising additional equity capital of up to Rs. 35 billion including, among others, through further Preferential Issue, Qualified Institutional Placement (QIP), or Rights Issue, etc. The proposed capital raising of up to Rs. 67.5 billion will reduce Idea’s net-debt and as a result Vodafone net-debt contribution to the merged entity will also be reduced by a commensurate amount. This along with the recent sale of standalone tower businesses of Idea and Vodafone India for Rs. 78.5 billion and potential monetization of Idea’s 11.15% stake in Indus towers, will augment the long term capital resources of the combined entity.

In the meantime, Idea remains nimble, agile, adaptive, and focused on its execution capabilities. The company continues to strive for expanding coverage and capacity, optimising costs and delivering sustainable benefits to the consumers. Idea expects to benefit from faster than anticipated consolidation of industry and emerge as one of the largest mobile service providers for both voice and broadband services across 2G, 3G and 4G platforms.

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 16.2% (Q2FY18). 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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