



Media Release

Mumbai – January 21, 2010

Idea Cellular announces un-audited results for the quarter and nine months ended December 31, 2009

Idea Cellular Limited: Nine Months (YTD Q3 FY10) Results

Highlights

YTDQ3 FY10 over YTDQ3 FY09

- Idea – Standalone¹ – Revenue up 24.5%; EBITDA up 10.4%; PAT up 12.1%
- Idea – Consolidated² – Revenue up 26.2%; EBITDA up 22.7%; PAT up 9.7%

	INR mn							
	Idea Standalone ¹				Idea Consolidated ²			
	Q3 FY10	Q2 FY10	YTD Q3 FY10	YTD Q3 FY09	Q3 FY10	Q2 FY10	YTD Q3 FY10	YTD Q3 FY09
Revenue - 11 Service Areas ³	28,226	27,087	82,769	70,461				
Revenue - New Service Areas ⁴	2,384	1,822	5,633	535				
Total Revenue	30,610	28,909	88,402	70,996	31,495	29,739	90,993	72,128
EBITDA - 11 Service Areas ³	8,491	8,137	24,973	21,252				
EBITDA - New Service Areas ⁴	(1,288)	(830)	(2,762)	(1,131)				
Total EBITDA	7,203	7,307	22,210	20,121	8,141	8,095	24,836	20,245
Depreciation & Amortisation	4,422	4,200	12,687	9,315	5,130	4,796	14,482	9,718
Other Receipt	-	(317)	(317)	-	-	(317)	(317)	-
EBIT	2,781	3,424	9,841	10,806	3,011	3,616	10,670	10,527
Interest and Financing Cost (Net)	418	557	1,381	3,578	938	1,057	2,864	3,896
PBT	2,362	2,867	8,460	7,228	2,073	2,559	7,806	6,631
PAT	1,953	2,507	7,535	6,721	1,701	2,202	6,873	6,266
Cash Profit⁵	6,983	7,087	21,384	16,592	7,408	7,378	22,534	16,394

The 9 month period ending Dec'09 placed a 'double stress test' upon the Idea business model. On the one hand, the Indian telecom market, with already the world's lowest tariffs, witnessed savage competitive price cuts during this period. Consequently, Idea incurred an erosion in average realised rate per minute (ARR) to 51p in the quarter ending Dec'09, down ~15%, in just 9 months. As a second stress point, Idea rolled out operations in 7 new service areas during this 9 month period, thereby absorbing an incremental EBITDA loss of Rs 1,920 mn for these brand-new launches, and correspondingly higher loss at the PAT level. Despite these double stresses, for the first nine months of FY10, standalone PAT was up by 12.1% compared to the first 9 months of FY09, while Cash Profit of Rs 21,384 mn was up by 28.9%.

The steep QoQ ARR decline to 51p came in Q3, down from 56p in Q2. Notwithstanding, Idea still increased its revenue and EBITDA in the established 11 service areas by 4.2% (Rs. 1,139 mn) and 4.4% (Rs. 354 mn) respectively over the last quarter. The EBITDA margin for these 11 service areas also remained unchanged from the previous quarter at ~ 30%. Standalone PAT, even after absorbing the losses from new launches, has declined only by Rs 554 mn in Q3 over Q2, despite a one time income of Rs 317 mn in Q2, and an incremental charge of Rs 179 mn in Q3 on account of ESOP re-pricing. Cash profit for Q3 stood at Rs 6,983 mn. On a standalone basis, the total minutes on network grew by 14.9% on a QoQ basis, a strong indicator of customer preference



Results, both for Q3 FY10, and for YTD Q3FY10, speak of the enormous robustness and resilience of the company's business model, to emerge stress-tested and battle ready. The financial results are also an indication that any future competitive price cuts will only hasten the expected sector shake-out.

With the launch of operations in J&K, West Bengal, Kolkata, Assam and NESA during the quarter, the company is now a pan India operator, which also means that the peak funding period for 2G operations, is now behind. The balance sheet of the company, with a net debt of only Rs. 37,460 mn against a net-worth of Rs 141,181 mn as of Dec'09, together with an average cash generation of around Rs. 7,000 mn per quarter, provides a solid base to support future investment and any level of competitive pressure going forward.

Improving capacity utilization and operational efficiencies, the leveraging of spectrum and scale advantage in incumbent areas, a calibrated approach for new areas, sophisticated processes, brand power, and a strong balance sheet, position Idea to emerge competitively stronger during and after the current difficult phase of market overcapacity and hyper competition.

Notes:

1. Idea Standalone represents Idea, and its 100% subsidiaries, including the ABTL service area of Bihar. Effectively, this encompasses all operations, excluding Spice and Indus.
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% w.e.f. October 16, 2008).
3. 11 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.
4. New Service Areas represents Mumbai, Bihar, Orissa, Tamil Nadu, J&K, Kolkata, West Bengal, Assam and North East Service Areas.
5. Cash profit includes add back of non-cash charge on account of ESOP. Previous period figures have also been restated accordingly.
6. Figures of past periods have been regrouped, wherever necessary.

About Idea Cellular Ltd.

A leading GSM mobile services operator, Idea Cellular along with Spice Communications and ABTL, 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.