QUARTERLY UPDATE

November 28th, 2014

Idea Cellular Ltd.

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Idea Cellular (Idea), an Aditya Birla Group Company, is a pan-India integrated GSM operator offering 2G and 3G services, and has its own national long distance (NLD) and international long distance (ILD) operations, and also holds ISP license. Idea is the sixth largest mobile telecommunication company (based on operations in a single country) in the world based on number of subscribers (as determined from data from World Cellular Information Services as of March'14). Idea's robust pan-India coverage is built on a network of over 100,000 2G and 3G cell sites, spread across the major cities, towns and villages in India.

Investor's Rationale

Posted strong numbers in Q2FY15: Idea Cellular Ltd reported a growth of 19.7% YoY in its consolidated total revenue at ₹75,699.2 mn driven by an increase in subscriber base and higher average revenue per user (ARPU). The company added about 1.7 mn subscribers to its network in the quarter ended September 2014. ARPU rose to ₹176 in Q2FY15 as against ₹164 in Q2FY14. A 21% increase in mobile data volume further provided a boost to the revenue base. Consolidated net profit of the company grew by 68.9% YoY to ₹7,558.8 mn driven by a jump in revenue on coverage expansion and greater voice and data consumption. Growth in net profit was also augmented by 86.0% YoY increase in other income to ₹1,165.6 mn, during the quarter.

EBITDA margin expanded 194bps YoY on lower network expenses and IT outsourcing cost: The company's EBITDA grew by 27.2% YoY to ₹24,907.0 mn in Q2FY15 as against ₹19,580.8 mn in Q2FY14 on the back of decline in Network Expense & IT Outsourcing Cost (as a % of net sales) by 145bps YoY to 23.6% from 25.1%. EBITDA margin, as a result, inclined by 194bps YoY to 32.9% in Q2FY15 as against 31.0% in Q2FY14.

Key performance indicators: On a standalone basis, the company's average revenue per minute (ARPM) grew by 1.8% to 45.9 paise in Q2FY15 as against 45.1 paise in Q1FY15. A growth of 22.5% in mobile data revenue helped ARPM improve by 0.8 paisa. While the voice rate realisation remained under pressure. Voice ARPM declined to 36.2 paise in Q2FY15 from 37.1 paise in Q1FY15. Further, ARPU declined (up 7.3% YoY) to ₹176 in Q2FY15 from ₹181 in Q1FY15. Minutes of usage per subscriber (MoU) dropped sequentially (up 4.3% YoY) to 384 minutes from 401 minutes.

Mobile data volume grew by 21.3% QoQ: Idea cellular posted a growth of 21.3% QoQ in mobile data volume at 39.4 bn MB on its 2G+3G, reaffirming consumer preference for the Idea brand. The company's mobile data average realisation per MB (ARMB) stood at 26.5 paisa in Q2FY15 versus 26.3 paisa in Q1FY15. The explosive mobile data volume growth and steady ARMB has helped Mobile data quarterly revenue cross ₹10.0 bn mark. The mobile data consumer base grew by 3.1 mn in this quarter to 30.9 mn.

Market Data

52-week High-Low (₹)		183.70/125.1
Rise from 52WL (%)		27.1
Correction from 52WH (%)		(15.6)
Beta		1.6
1 year Average Volume (mn)		6.2
Stock Return (%)	3M-	(1.8)
	6M-	16.9
	1Y-	(9.3)
Market Cap (₹bn)		573.0
Book Value (₹)		46.7

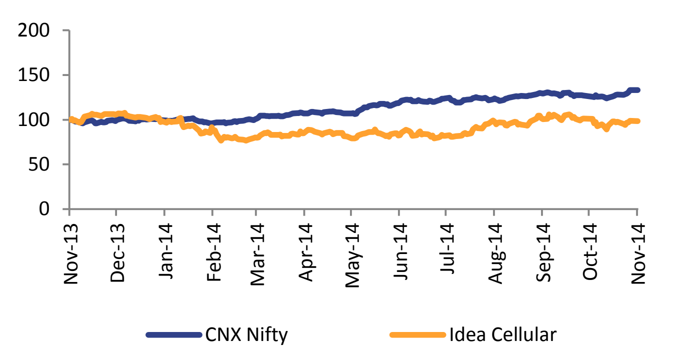
Shareholding Pattern

	Sep'14	Jun'14	Chg
Promoters (%)	42.3	42.9	(0.6)
FII (%)	25.0	21.6	3.4
DII (%)	3.9	4.5	(0.6)
Public & Others (%)	28.8	31.0	(2.2)

Quarterly Performance

(₹mn)	Q2 FY'15	Q1 FY'15	Q2 FY'14	QoQ Change (%)	YoY Change (%)
Total income	75,699.2	75,609.9	63,232.6	0.1	19.7
Op. exp	50,792.2	50,571.6	43,651.8	0.4	16.4
EBITDA	24,907.0	25,038.3	19,580.8	(0.5)	27.2
OPM (%)	32.9	33.1	31.0	(21)bps	194bps
Net profit	7,558.8	7,282.0	4,476.1	3.8	68.9
NPM (%)	10.0	9.6	7.1	35bpa	291bps
EPS (₹)	2.1	2.2	1.4	(4.5)	50.0

One Year Price Chart



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