ADITYA BIRLA

IDEA Cellular

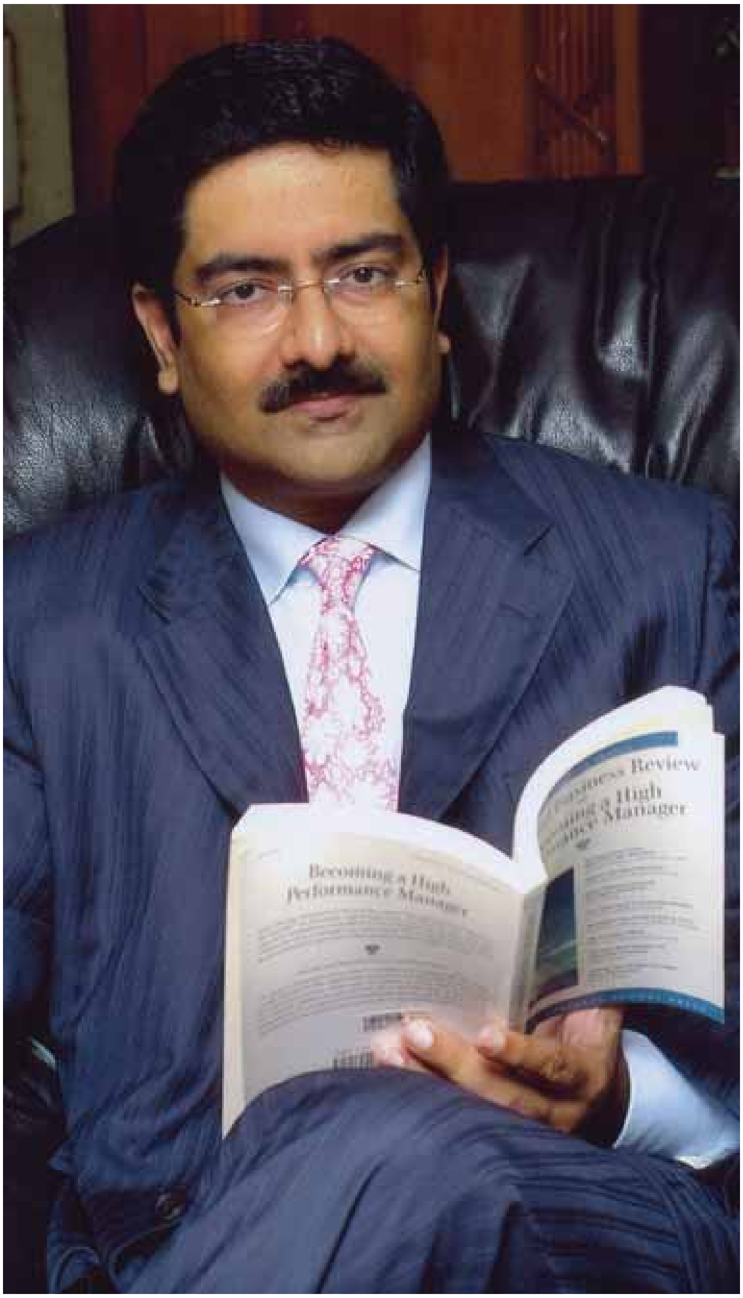
"Our goal is to become a US $65 billion Group by 2015 from US $30 billion today. We expect your company to contribute significantly to this growth and earnings."

KUMAR MANGALAM BIRLA

IDEA CELLULAR LIMITED
ANNUAL REPORT | 2009–2010

Mr. G. D. Birla and Mr. Aditya Birla, our founding fathers.
We live by their values.
Integrity, Commitment, Passion, Seamlessness and Speed

The Chairman's Letter to Shareholders



Dear Shareholder,

The Indian mobility sector faced several challenges during the year. The number of operators jumped as licenses obtained during the telecom bubble days of 2007, converted into live operations.

To grab share, new launches offered subscriptions at throw-away prices loaded with free talk time. On the one hand, this led to the use-and-throw phenomenon of new SIM cards. On the other hand, the paid revenue of yesteryear converted to unpaid revenue. Consequently, the national mobility sector revenue growth for the calendar year 2009 contracted to ~12% (after normalization for IUC), compared to the ~22% growth in the earlier year. Conventional matrices like subscribers, ARPU etc. became meaningless.

Notwithstanding these roadblocks, your Company clocked a growth of 23.1% on a year-on-year basis. This makes your Company the fastest growing major telecom operator in India for 3 consecutive years. Its revenue market share has risen from 11.4% to 12.7%. In your Company's 11 established service areas, the revenue market share rose from 17.5% to 18.8%. Your Company's earnings stand at Rs.1,24,990 million. Likewise, your Company's EBITDA at Rs.34,591 million, reflects a 22% growth and PAT at Rs.9,539 million is up by 8.2% compared to the previous year. It has an approximate customer base of 70 million. More tellingly, in a market characterized by over capacity and hyper competition, the fact that your Company has stepped up its performance every which way, is indeed laudable.

In the recently concluded 3G auction, your Company won 3G spectrum in 11 service areas. These cover 81% of its existing revenue, the highest among the major telecom operators.

Your Company's service area specific strategy, it's improving capacity utilization, its sophisticated management processes supported by a power brand, underscore its ability to ride out the rough times.

To our teams

I very warmly want to thank all of our colleagues in Idea Cellular for their immense contribution to your Company's praiseworthy performance. I look forward to their continued commitment to your Company's reaching greater heights and enhancing shareholders value.

The Aditya Birla Group in perspective

Today, we are a multicultural, multinational, multidimensional Group anchored by over 1,30,000 employees, belonging to 30 nationalities, across 6 continents. Our Group turnover is a little over US $ 29 billion. Our leadership across several levels is fleet of foot, flexible enough to adapt to the ever changing environment, and ambitious enough to dream audaciously.

Our goal is to become a US $ 65 billion Group by 2015 from US $ 30 billion today. We expect your Company to contribute significantly to this growth and earnings.

To attain this bold and ambitious vision, we have launched a series of people centered strategies. I believe, the best of goals can only fruition if we have the best of people and harness people potential, irrespective of positions.

As the Group continues to expand globally, exploring and seizing opportunities, we have accelerated the pace of offerings to our intellectual capital. Our endeavour is to provide them with unparalleled opportunities, dynamic challenges, a rewarding professional career and a sense of fulfillment on the personal front. This is a priority area. To take this forward, we launched our employee value proposition. Simply put, it is "**a world of opportunities**". It entails the reinforcement of a four pronged approach.

Firstly, offering exciting career prospects that give employees a leeway to chart their own growth trajectory.

Secondly, intensifying learning processes that hone existing skills. Transcending it, we have taken the learning to a higher stage where talented employees are able to convert knowledge into action through exposure to the best global minds. For example, this year at **Gyanodaya**, our benchmarkable Institute of Management Learning, more than 500 colleagues at senior levels participated in specially designed, intellectually stimulating, innovative focused programmes. These related to globalization, leadership, innovation and getting far beyond the mind of the customer. These were conducted in collaboration with the best in class faculty from International Business Schools and consulting organizations. Among these feature, The Ross School of Business, The Duke University, UCLA (all from USA), ISB (Hyderabad), The Hay Group and Mercer Consulting.

It might interest you to learn that this year as well over a 1,000 executives enlisted for different learning sessions. Gyanodaya's virtual campuses reached out to more than 13,500 learners through its e-learning courses and webinars.

Thirdly, as part of our concerted efforts towards a sharp organizational focus and alignment in the talent management processes, across the businesses, we put in place critical differentiators. Besides linking rewards to performance, special performance incentives, international assignments, and Group-wide recognition programmes have been set in motion.

Fourthly, promoting enriched living by encouraging talent to look beyond just professional enhancement and to work towards building a wholesome, balanced life.

I believe, our Employee Value Proposition also helps to create an enabling environment that sets people up for success, enthuses in them the drive to excel, achieve and push back the frontiers of excellence.

Finally, I am delighted to share with you that in a comprehensive global study of organizational leadership across the world, conducted by The Hewitt Associates, in partnership with The RBL Group and Fortune Magazine (2009) on "Top Companies for Leaders to engage in", our Group, was adjudged "The 6th great place for leaders in the Asia Pacific Region". That of 177 companies who participated in this study, we should have been chosen is indeed a great achievement. Their critical assessment criteria included strength and depth of leadership practices, culture, examples of developing world class leaders, business performance and company reputation. On all counts, we are on course.

Yours sincerely,

Kumar Mangalam Birla

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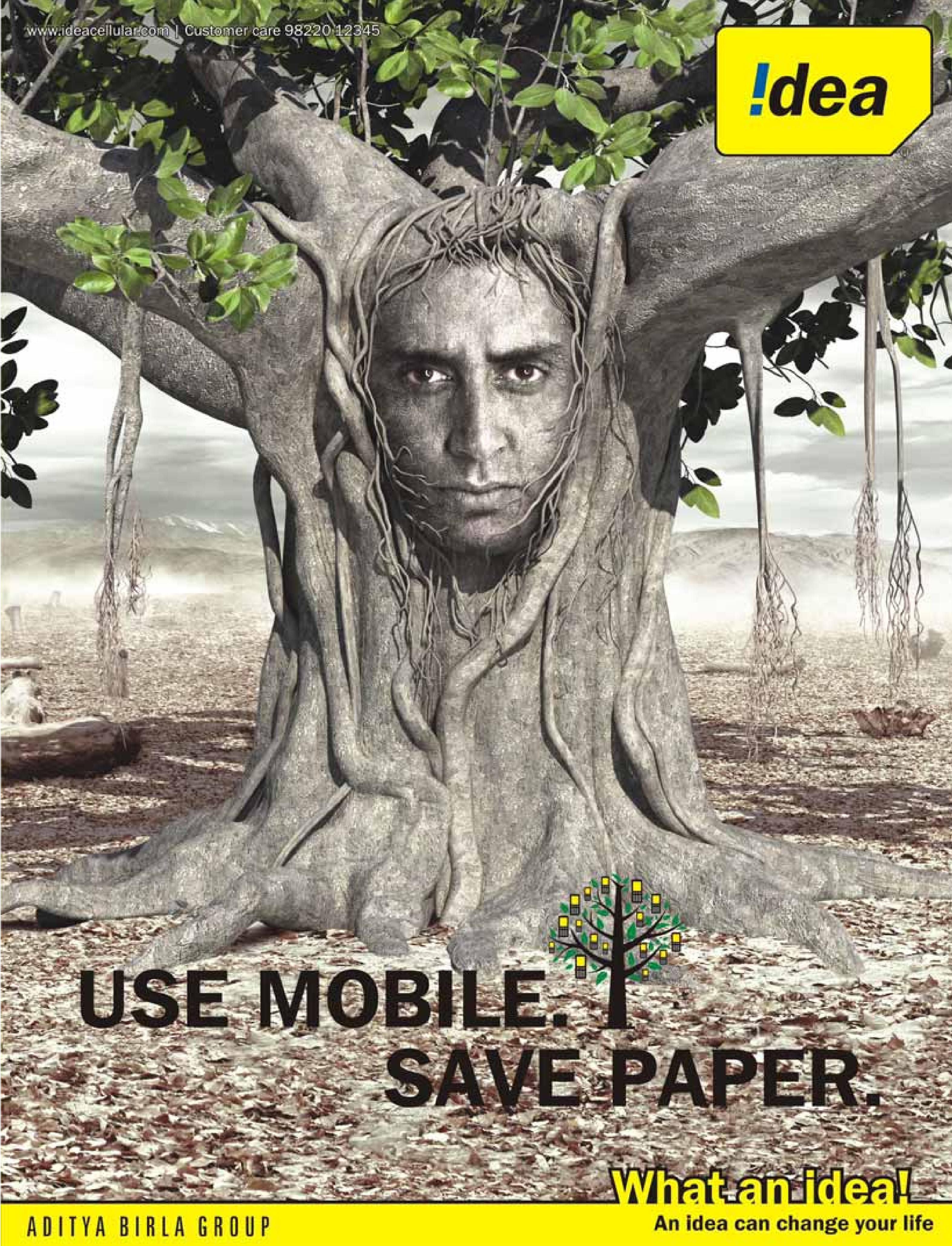

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ADITYA BIRLA GROUP

Corporate Information

Board of Directors

Mr. Kumar Mangalam Birla	Chairman
Mrs. Rajashree Birla	Non-Executive Director
Dr. Rakesh Jain	Non-Executive Director
Mr. Biswajit A. Subramanian	Non-Executive Director
Mr. Juan Villalonga Navarro	Non-Executive Director
Mr. Arun Thiagarajan	Independent Director
Mr. Gian Prakash Gupta	Independent Director
Mr. Mohan Gyani	Independent Director
Ms. Tarjani Vakil	Independent Director
Mr. R.C. Bhargava	Independent Director
Mr. P. Murari	Independent Director
Mr. Sanjeev Aga	Managing Director
Dr. Shridhir Sariputta Hansa Wijayasuriya	Alternate Director to Mr. Juan Villalonga Navarro

Chief Financial Officer
Mr. Akshaya Moondra

Company Secretary
Mr. Pankaj Kapdeo

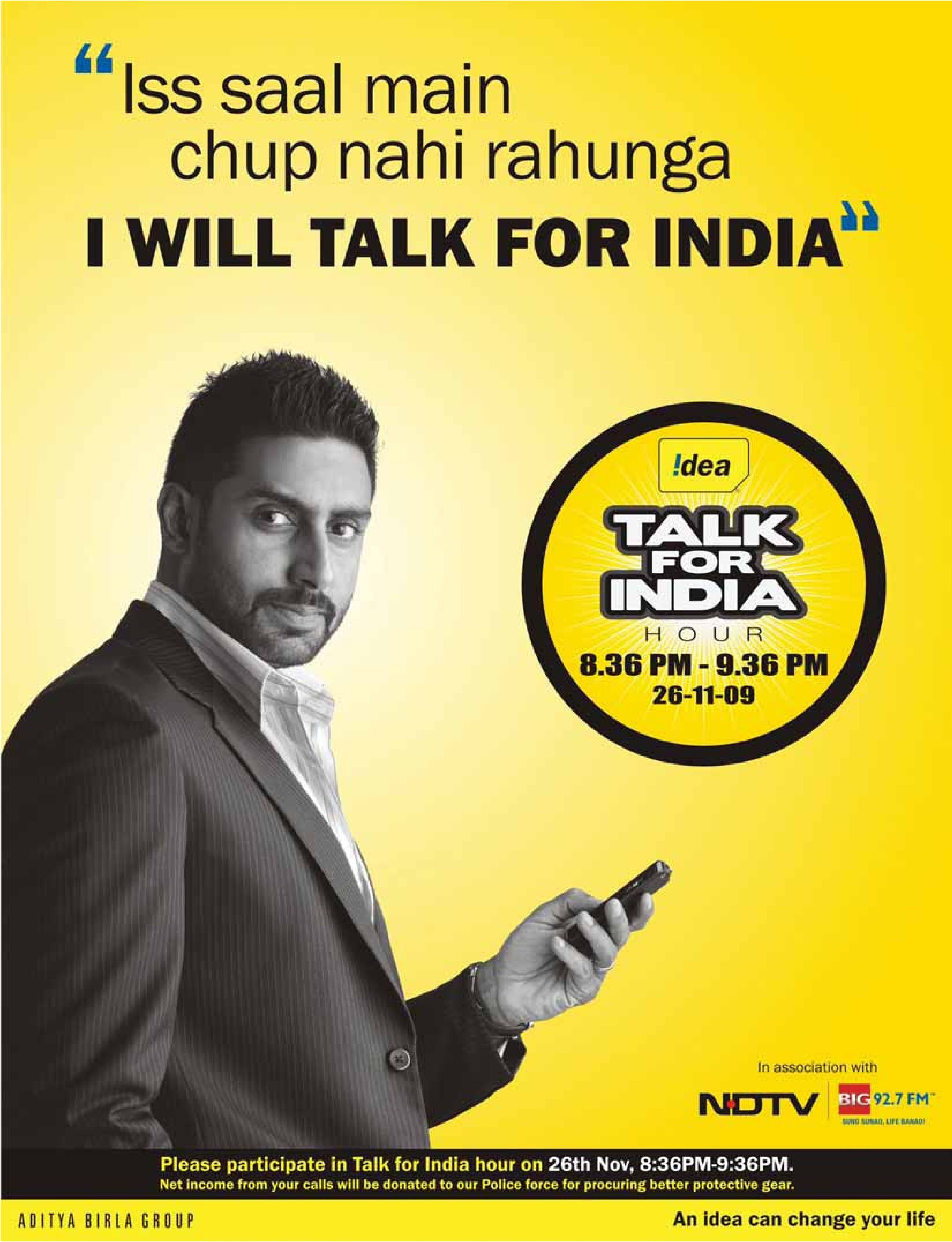
Auditors
Deloitte Haskins & Sells
Chartered Accountants
706, B Wing,
ICC Trade Tower,
Senapati Bapat Road,
Pune – 411 016

Registered Office
Suman Tower,
Plot No. 18, Sector 11,
Gandhinagar – 382 011
Gujarat

Corporate Office
Windsor, 5th Floor,
Off CST Road,
Near Vidya Nagari, Kalina,
Santacruz (East),
Mumbai – 400 098

Registrar and Share Transfer Agents
Bigshare Services Pvt. Ltd.
E-2 & 3, Ansa Industrial Estate,
Saki-Vihar Road,
Sakinaka,
Andheri (East),
Mumbai - 400 072

Website
http://www.ideacellular.com


"Iss saal main
chup nahi rahunga
I WILL TALK FOR INDIA"
!dea
TALK FOR INDIA
HOUR
8.36 PM - 9.36 PM
26-11-09
In association with
NDTV
BIG 92.7 FM
SUNO SUNAO, LIFE BANAO!
Please participate in Talk for India hour on 26th Nov, 8:36PM-9:36PM.
Net income from your calls will be donated to our Police force for procuring better protective gear.
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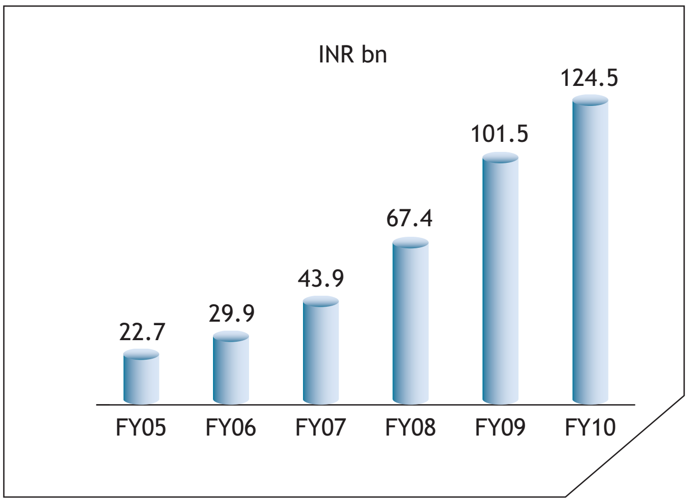
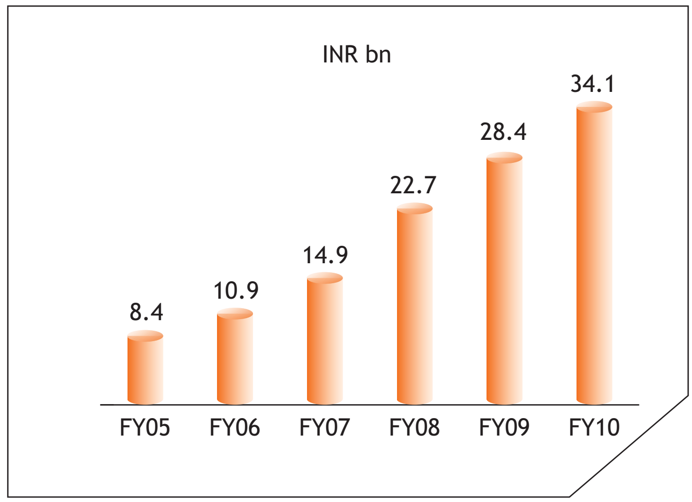
Performance Highlights at a glance

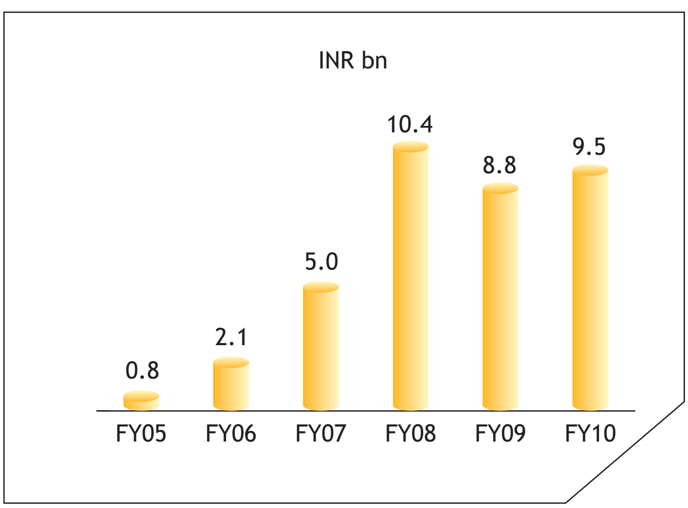
Robust Growth in Top Line



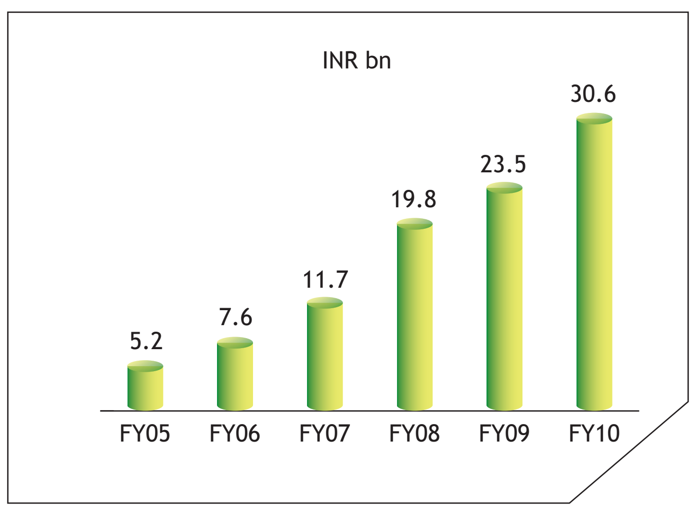
Robust Growth in EBITDA

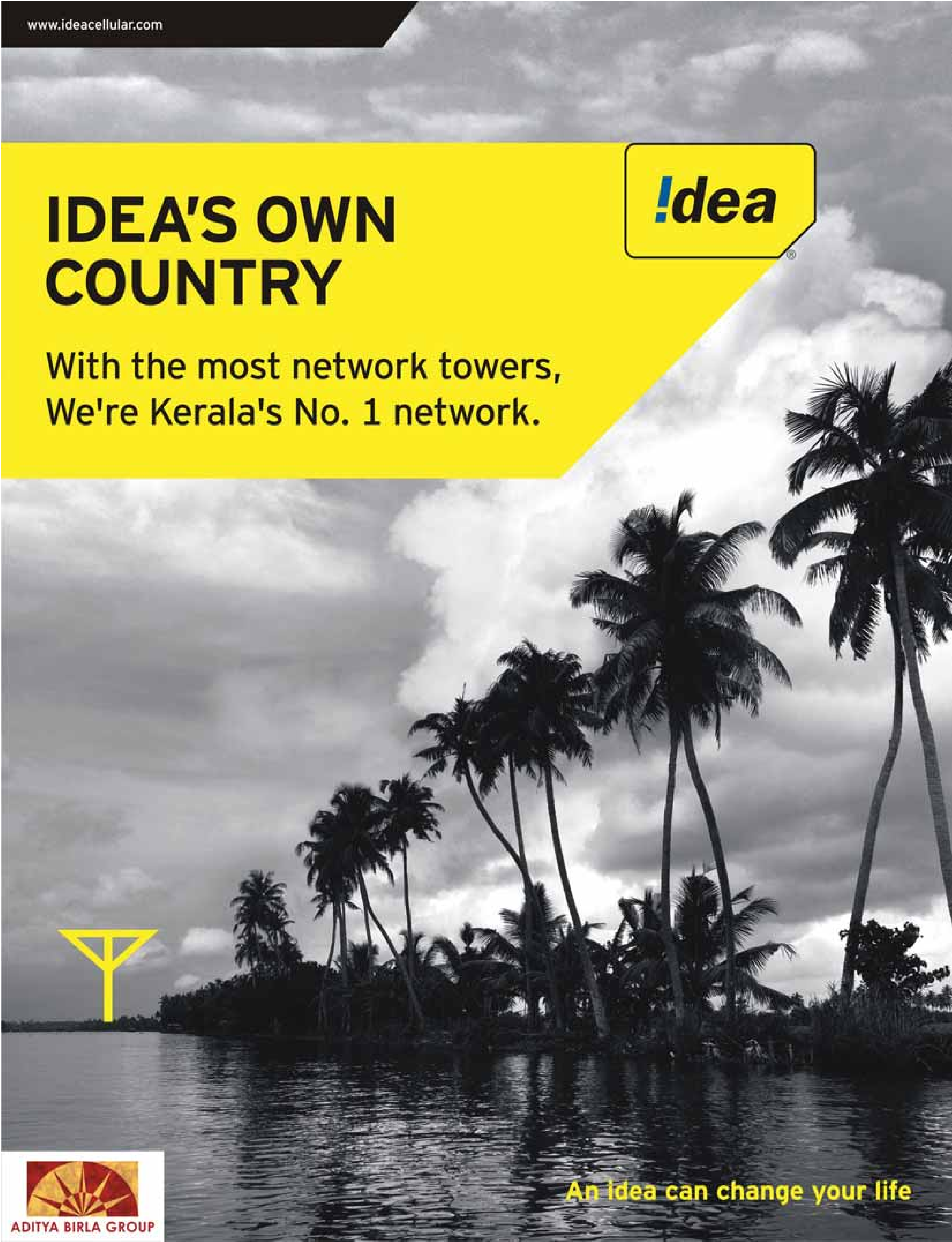


Robust Growth in Net Profits



Robust Growth in Cash Profits

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Management Discussion And Analysis Report

Sector Growth

The year was marked by the uncommonly large new service launches by new licensees, leading to an over-crowded sector. Resultant hyper-competitive market conditions led to a steep decline in tariffs and introductory offerings of free minutes. Consequently, while subscriber growth was high, the sector revenue growth slowed to 5.1% compared to 22.3% in the preceding year.

Regulatory

Some major regulatory developments for the period were:

TRAI on MNP Regulation and porting charges

The TRAI on November 20, 2009 issued the Mobile Number Portability (MNP) porting charges regulation. As per it, the porting charges (paid by the subscriber to the Recipient Operator) should not exceed Rs. 19 per request. The per port transaction charges (payable by the Recipient Operator to the Mobile Number Portability Service Provider) for processing the porting request of a mobile number, has been fixed at Rs. 19.

Extension of timeline for implementation of MNP

The DoT, keeping in view the complexity and enormity of the testing involved before MNP is implemented, and the present status of implementation by some operators, has extended the timeline for implementation of MNP from June 30, 2010 to October 31, 2010.

Amendment in licensing conditions on equipment purchase

The DoT, vide its letter of December 03, 2009 and subsequent clarifications, issued an amendment in the licensing conditions (valid for CMTS, UASL, NLD & ILD) for telecom equipment purchase. Licensees, before issuing purchase orders relating to telecom equipment, are required to make an application giving details of the original equipment manufacturer / supplier for security clearance from the DoT. The revert from the DoT on applications is to come within 30 days, failing which the licensee can take it as a deemed approval.

Auction of 3G and BWA Spectrum

The DoT, on February 25, 2010 issued Notice Inviting Applications (NIA), from prospective bidders to participate in the auction of 3G and BWA spectrum. As per the NIA, 3 slots of 3G spectrum were available in 17 service areas and 4 slots were available in 5 service areas, while in the case of BWA, 2 slots were available in each service area for auction. The NIA included auctioning rules, timelines and other procedural requirements. The 3G auction started on April 09, 2010 and concluded on May 19, 2010 after 183 rounds of bidding. The BWA auction started on May 24, 2010 and concluded on June 11, 2010 after 117 rounds of bidding.

WPC order to increase spectrum charges and Petition against the same

The WPC, on February 25, 2010 revised the spectrum charges, with effect from April 1, 2010 for GSM and CDMA operators as under:

GSM Spectrum	CDMA Spectrum	Existing Charges (% of AGR)	Revised Charges (% of AGR)
Upto 2X4.4 MHz	Upto 2X5 MHz	2%	3%
2X6.2	2X6.25	3%	4%
2X8.2	2X7.5	4% (for up to 10 MHz GSM and CDMA spectrum)	5%
2X10.2	2X10		6%
2X12.2	2X12.5	5% (for 12.5 MHz GSM spectrum)	7%
2X15.2	2X15	6%	8%

The Company, along with other aggrieved operators, filed a joint petition against the WPC order. The Hon'ble TDSAT vide its order dated 26th March, 2010, was pleased to grant an interim stay, subject to the condition that in the event the petition is dismissed, the petitioner shall pay the spectrum charges along with interest at such rate as may be determined. The TDSAT order included direction to the petitioners to continue paying spectrum charges at the applicable rate till further orders. The respondent (DoT) was directed not to give effect to the above impugned notification till the matter is disposed off. The TDSAT also directed for separate petitions to be filed by each of the petitioners. The Company has complied by filing a separate petition.

TDSAT order on Carriage Charges

The TDSAT, vide its judgment dated May 21, 2010 has upheld the BSNL stand and allowed the distance based carriage charging with effect from May 11, 2005 while stating, inter alia, that the impugned orders of the TRAI cannot be sustained and consequently setting them aside.

Discussion on Consolidated Financial Statements and Operational Performance

Subscriber Base

As on March 31, 2010, the company had 63.82 mn subscribers representing a 48.4% increase compared to the subscriber base of 43.02 mn on March 31, 2009.

Revenues

Revenues and Other Income for the year ended March 31, 2010, stood at Rs. 124,990 mn, as compared to Rs. 101,544 mn during the previous year, showing a growth of 23.1%, in a sector which grew at 5.1%. VAS Revenues grew at 43.2% over the previous year. Revenues from Long Distance services, and from Passive Infrastructure, forming part of total revenues after inter segment eliminations, were Rs. 858 mn, and Rs. 677 mn respectively. Growth in Other Income was predominantly due to reversals arising from conversion of lease agreements from finance lease to operating lease.

Operating Expenses

Operating Expenses stood at Rs. 90,399 mn vis-à-vis Rs. 73,180 mn for the previous year. The contributors to the total Operating Expense of 72.3% were Personnel Expenditure 5.2%, Network Operating Expenses 25.0%, License and WPC charges 10.8%, Roaming and Access Charges 14.4%, Subscriber Acquisition and Servicing Expenses 9.3%, Advertisement & Business Promotion Expenditure 3.4% and Administration & Other Expenditure 4.3%.

Profit before Interest, Depreciation and Amortisation

The Company generated a Profit before Interest, Depreciation and Amortisation of Rs. 34,591 mn for the year ended March 31, 2010, a growth of 22% compared to the previous year. The operating profit margin for the current financial year stood at 27.7 % compared to 27.9% for the previous year.

Depreciation, Amortisation and Finance Charges

Depreciation & Amortisation expenses increased to Rs. 20,149 mn for the year ended March 31, 2010 showing an increase by 43.6%, as against Rs. 14,028 mn for the previous year. Net finance charges for the year decreased by 19% from Rs. 4,945 mn to Rs. 4,005 mn, mainly due to foreign exchange fluctuations.

Profits and Taxes

For the year ended March 31 2010, Cash Profit from operations stood at Rs. 30,555 mn, a growth of 31.1% over the previous year. The Profit before Tax for the year stood at Rs. 10,754 mn, an increase of 14.5% over the previous year. The tax charge for the year, mainly consisting of deferred tax liability, stood at Rs. 1,215 mn. The Net Profit for the year ended March 31, 2010 was Rs. 9,539 mn, resulting in a net profit margin of 7.6%.

Capital Expenditure

During the year ended March 31, 2010, the Company (including the erstwhile Spice Communications Limited) incurred a capital expenditure of Rs. 39,814 mn.

Balance Sheet

During the year, the paid-up equity share capital of the company increased by Rs. 1,997.43 mn, due to issuance of 199.15 mn equity shares to the shareholders of erstwhile Spice Communications Limited upon its amalgamation with the Company and issuance of 0.59 mn equity shares to the employees pursuant to exercise of stock options granted under Employee Stock Option Scheme, 2006. The total shareholders' funds stood at Rs. 113,704 mn as at March 31, 2010.

The Gross Block stood at Rs. 270,585 mn, and Net Block including Capital Work in Progress (CWIP) stood at Rs. 187,143 mn as at March 31, 2010. Treasury investments in mutual funds decreased by Rs. 9,148 mn during the year and stood at 11,304 mn as at March 31, 2010. During the year, Current Assets decreased due to utilization of surplus funds lying in fixed deposits, and hence the net Current Liabilities as at March 31, 2010 stood at Rs. 4,050 mn.

Human Resources

The Company, through its participative work environment, skill development activities, and by championing the values of commitment, integrity, passion, seamlessness and speed, promotes strong bonding with its employees. During the year, it has again undertaken sharing of value creation by granting another tranche of Employee Stock Options to the eligible employees.

The findings of the Organisation Health Study (OHS) have been analysed, which are very encouraging, and concern areas are being suitably addressed. The employee strength on rolls stood at 6,763 as on March 31, 2010.

Risk Management

The Risk Management framework of the Company ensures, amongst others, compliance with the requirements of Clause 49 of the Listing Agreement. The framework establishes risk management across all service areas and functions of the Company, and has in place procedures to inform the Board Members about the risk assessment and minimization process. These processes are periodically reviewed to ensure that the management of the Company controls risks through a defined framework. The various risks, including the risks associated with the economy, regulations, competition, foreign exchange, interest rate etc., are monitored and managed effectively.

Internal Control Systems

The Company has appropriate internal control systems for business processes, covering operations, financial reporting and compliance with applicable laws and regulations. Clearly defined roles and responsibilities for all managerial positions drive adherence of defined processes. Process controls are reviewed periodically and strengthened given the inherent nature of operational fraud risks in telecom sector. The operating parameters are also monitored and controlled. Regular internal audits and checks ensure that the responsibilities are executed effectively. The audit committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them, as appropriate.

Opportunities, Risks, Concerns and Threats

The Indian wireless sector is going through a testing phase of over-capacity led hyper-competition. Lower tariff and high introductory offers have resulted in multiple SIM ownership, reduced realization per minute of use and the conversion of paying minutes to non-paying minutes, leading to slowing down of revenue growth for the sector. The multiplicity of SIM ownership has made the subscriber numbers and related metrics meaningless to gauge the strength of the business. However, the Company has been able to exploit its incumbency strengths and drive efficiencies through evolved processes, and has demonstrated enhanced competitive strength during this testing phase.

The telecom sector is characterised by technology changes. Competition from new technologies is an inherent threat.

However, your Company, with the spectrum in 900/1800 MHz and in 2100 MHz, has an attractive spectrum footprint to adapt to future technology changes. This, along with the strong balance sheet, and a power brand, positions the company to make the best of future opportunities in a growth sector.

The Company requires certain approvals, licenses, registrations and permissions for operating its business. In addition, regulators may amend license conditions, norms for spectrum allocation, spectrum charges, merger and acquisition rules etc. which may have a significant impact on the Company's business. The Company, however, is hopeful that the policy changes will be equitable.

The Company's business is dependent on key vendors to supply critical network equipment and services. Besides, its ability to provide quality mobile network and expanding its area of operations and the subscriber base is also dependent on the spectrum allocation by the government. The Company believes in partnering with vendors who are of international repute, and with whom it builds long term relationships.

Outlook

The business models of telecom operators are being stress-tested by overcapacity led hyper-competition. With several licensees operating at tariffs lower than cost, the eventual phasing out of this period of over-capacity is inevitable. The Company, with a focus on strengthening its leadership position in its incumbent service areas, and a calibrated and measured approach to newer service areas, is well placed to emerge competitively stronger. The telecom sector provides lucrative long term opportunities for strong operators, of which the Company is one of a handful.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may constitute a "forward-looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic markets in which the Company operates, changes in the Government Regulations, tax laws and other statutes and other incidental factors.

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 15th Annual Report, together with the audited financial statements for the financial year ended March 31, 2010.

Financial Highlights

The financial highlights of the consolidated Statement of Operations of your Company for the financial year 2009-10 are summarised below:

(Rupees in Million)

Particulars	2009-10	2008-09
Income from Services	**123,979**	101,313
Other Income	**1,011**	231
Total Revenue	**124,990**	101,544
Operating Expenses	**90,399**	73,180
EBITDA	**34,591**	28,364
Depreciation and Amortisation	**20,149**	14,028
EBIT	**14,442**	14,336
Interest and Financing charges	**4,005**	4,945
Surplus from prepayment of loan	**317**	–
EBT	**10,754**	9,391
Taxes	**1,215**	575
Net Profit after Tax	**9,539**	8,816
Balance brought forward from previous year	**(5,263)**	(14,079)
Accumulated Losses acquired on Amalgamation of Spice Communications Limited (net of withdrawals from General Reserve & Deferred Tax effects)	**(9,314)**	–
Cumulative Losses	**(5,038)**	(5,263)

Performance Review

During the year under review, your Company's operations covered all service areas of India. The total revenue for the year ended March 31, 2010 stood at Rs.124,990 mn against Rs. 101,544 mn in the previous year, registering a growth of 23%. The Net Profit for the financial year stood at Rs. 9,539 mn against Rs. 8,816 mn in the previous year.

Review of Consolidated Operations

During the year under review, Spice Communications Limited which had operations in the Punjab and Karnataka service areas, and licenses for National and International Long Distance operations, has been merged with the Company with effect from March 1, 2010, pursuant to a Scheme of Amalgamation. Similarly, the telecom operations of the Bihar service area which were in Aditya Birla Telecom Limited have come into the fold of your Company with effect from April 1, 2009, pursuant to a Scheme of Arrangement.

Your Company's subscriber base increased by 48.4% over the year to reach 63.82 mn as of March 31, 2010. Your Company's subscriber market share stood at 10.9% as of end March, 2010 on a national basis. Further, the Company's revenue market share increased to 12.4% for the year ended March, 2010 from 11.1% for the year ended March, 2009. The total Minutes of Usage have increased by more than 40% from 175 bn in 2008-09 to 248 bn in 2009-10.

Dividend

As your Company does not have distributable profits as on March 31, 2010, your Directors regret their inability to recommend any dividend for the year under consideration.

Share Capital

During the year under review, the Company issued and allotted 199,153,469 Equity Shares of Rs. 10/- each, fully paid-up, to the equity shareholders of Spice Communications Limited (Spice), in the ratio of 49 equity shares of the Company for every 100 equity shares held in Spice, as per the approved Scheme of Amalgamation.

Further, the Company issued and allotted 589,114 Equity Shares of Rs. 10/- each to the Option Grantees pursuant to the exercise of stock options under Employee Stock Option Scheme, 2006.

Consequently, the paid-up equity share capital of the Company increased by Rs. 1,997.43 mn to Rs. 32,998.38 million.

Credit Ratings

The Company has received P1+ rating for its short term debt program from CRISIL, and an AA rating for its long term debt program from CARE.

Capital Expenditure

During the year, the Company rolled out services in the Orissa, Tamil Nadu, Jammu & Kashmir, Kolkata, West Bengal, Assam and North East service areas, thereby making it a nationwide service provider. Moreover, your Company continues to expand network in the incumbent service areas for enhanced coverage and quality. Your Company incurred a capex of Rs. 39,814 mn (including the capex incurred by erstwhile Spice Communications Limited) during the financial year 2009-10.

The Company also made significant progress in rolling out its National Long Distance (NLD) network, and augmenting the International Long Distance (ILD) network. As at end March, 2010, it carried about 70% and 62% of its captive NLD and ILD traffic respectively.

Employee Stock Option Scheme

During the year, the ESOS Compensation Committee granted 6,918,750 options as a third tranche under the Employee Stock Option Scheme, 2006 (ESOS - 2006) to the eligible employees of the Company. Each option is convertible into one Equity Share of the Company upon vesting. These options will vest in 4 equal annual installments after one year of the grant and shall be exercisable within a period of 5 years from the date of the vesting.

Further, during the year, the ESOS Compensation Committee had re-priced the Options granted to employees under Tranche I and Tranche II, as these Options had become unattractive consequent to a significant drop in share price. This re-pricing was duly approved by members at the 14th Annual General Meeting held on December 21, 2009.

Details of the options granted under ESOS–2006 upto March 31, 2010, and other disclosures in compliance with Clause 12 of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, are set out in Annexure 'B' to this Report.

Human Resources

Your Company continuously invests in people development, identifying and grooming management talent, and has a culture of harnessing people power to the maximum.

Significant Developments:

- ***Merger of Spice Communications Limited with the Company***

  During the financial year 2009-10, Spice Communications Limited (Spice), having mobility operations in Punjab and Karnataka service areas including license for National and International Long Distance operations, has been merged with the Company, pursuant to sanction of the Scheme of Amalgamation by the Hon'ble High Court of Gujarat and the Hon'ble High Court of Delhi.

  The High Court Orders have been filed with the respective Registrar of Companies, pursuant to which the Scheme become effective from March 1, 2010.

- ***De-merger of Telecom Undertaking (including Unified Access Services License of the Bihar service area from Aditya Birla Telecom Limited (ABTL) to the Company)***

  Your Directors wish to inform that the telecom operations of the Bihar service area (alongwith certain assets and liabilities) which were hitherto carried out in Aditya Birla Telecom Limited (a wholly owned subsidiary) have been de-merged into the Company, pursuant to the Scheme of Arrangement approved by the Hon'ble High Court of Gujarat, and the Hon'ble High Court of Bombay.

  The said Scheme became effective on 1st March, 2010 with an Appointed Date of 1st April, 2009.

- ***De-merger of Licenses***

  Your Directors wish to inform that the Scheme of Arrangement filed by the Company with the Hon'ble High Court of Gujarat for de-merging the UAS Licenses in respect of Punjab and Karnataka service areas to an eligible entity has been withdrawn. Similarly, the Scheme of Arrangement filed by erstwhile Spice Communications Limited with the Hon'ble High Court of Delhi for de-merging UAS Licenses in respect of Delhi, Haryana, Mahrashtra and Andhra Pradesh service areas has also been withdrawn.

- ***ISP License***

  In April, 2010, your Company received a License for providing pan India Internet Services (ISP License). This License will enable the Company to offer a gamut of services to the enterprise segment on a national basis.

- ***Auction of 3G Spectrum***

  The Department of Telecommunications, Ministry of Communications & Information Technology had conducted an Auction for 2.1 GHz band (3G Spectrum) in the month of April, 2010. After the bidding spanning over 34 days and 183 rounds, your Company emerged winner in 11 Service Areas viz. Maharashtra, Gujarat, Andhra Pradesh, Kerala, Punjab, Haryana, Uttar Pradesh (E), Uttar Pradesh (W), Madhya Pradesh, Himachal Pradesh and Jammu & Kashmir, at a total cost of Rs. 5,768.59 Crore.

  The 3G footprint of the Company in the 11 service areas accounts for as much as 81% of its national revenue, of these 11, the Company is number 1 in 4 service areas , and number 2 in another 3 service areas.

Awards and Recognitions

Some key awards and recognitions received by your Company are:

- Your Company has been ranked 6th in Investor Relations and ranked 7th in Corporate Governance amongst Indian Companies by Finance Asia magazine's annual poll of investors and analysts.
- Brand *!dea* has been ranked the 4th Buzziest Brand by Agencyfaqs.
- Idea won the award for the 'Best Ad Campaign' at tele.net Telecom Operator Awards, 2010.
- The campaign "What an Idea Sirjee" continue to win accolades with the campaign recently winning Silver at EFFIES 2009 for "Democracy" Campaign, while the 'Walk when you Talk' Campaign was adjudged the 2nd best campaign of the year by Brand Wagon (FE) and 'All about Ads' on NDTV Profit.

New Initiatives and Alliances

During the year under review, your Company made extensive progress on the marketing and customer care front by introducing various innovative products and services and also entered into various alliances. Some of these are:

- The Company deployed a best-in-class Interactive Voice Response (IVR) system, based on a highly efficient technology architecture deployed by IBM in partnership with CISCO. This IVR is the world's largest Cisco CVP deployment in telecom, and the largest deployment in APAC (Asia Pacific American Coalition). The Company currently manages close to 5 million customer interactions per day using this IVR.
- The Company conceptualized and launched **"Insta Alert"**, an innovative tool to convey latest offers and service related communication to customers who latch on to the network after a period of inactivity. This application was nominated for the global GSM Awards at Barcelona.

- Idea launched a standardized self care portal **"CARE"** which gives information to the customer on products / tariffs and information of their account such as billed amount, last recharge, last calls, unbilled amount, etc.
- Idea was the first operator to launch **"Pre Tones"**. Pre Tones is an innovative VAS service which allows the user to listen to the caller tones of his / her own choice while making an outgoing call instead of listening to the respondent's caller tone.
- Idea launched **3G Compatible Net Setter Data Cards** to cater to the needs of its data -savvy customer segments.
- As one of Idea's new VAS activities, Idea launched **"Buddy Recharge**" – a unique peer-to-peer talk time transfer product.
- Idea strengthened its brand through a series of media properties like the Idea Cup, Cricket Series, Talk for India, Bingo Night, etc. Idea associated with IPL teams, Deccan Chargers and Delhi Daredevils as Principal Partners.
- Idea also launched Oongli Cricket during the IPL season, which was well received.

Subsidiaries and Joint Ventures

Your Company has the following subsidiaries and joint ventures:

Subsidiaries

- Aditya Birla Telecom Limited (ABTL), holds 16% shareholding in Indus Towers Limited and 100% shareholding in ICTIL.
- Idea Cellular Services Limited (ICSL), provides manpower services to the Company.
- Idea Cellular Infrastructure Services Limited (ICISL), is a tower company owning towers in Bihar and Orissa service areas and provides passive infrastructure services in these service areas.
- Idea Cellular Towers Infrastructure Limited (ICTIL), holds towers de-merged from the Company. ICTIL will subsequently merge into Indus Towers Limited.
- Carlos Towers Limited (Carlos), became subsidiary pursuant to the amalgamation of Spice Communications Limited with the Company and is presently not having any operations.
- Swinder Singh Satara and Company Limited (SSS & Co.), is engaged in the business of sale and purchase of Data Cards, mobile hand sets and Fixed Wireless Phones.

As per Section 212(1) of the Companies Act, 1956, the Company is required to attach to its accounts the Director's Report, Balance Sheet and Profit and Loss Account etc. of each of its subsidiaries. As the consolidated accounts present a complete picture of the financial results of the Company and its subsidiaries, the Company had applied to the Central Government seeking exemption from attaching the documents referred to in Section 212(1) of the Companies Act, 1956. In terms of the approval granted by the Central Government vide letter No. 47/288/2010-CL-III dated 13.04.2010 under Section 212(8) of the Companies Act, 1956, a copy of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the aforesaid subsidiaries for year ended March 31, 2010 have not been attached with the financial statements of your Company. However, the annual accounts of the subsidiary companies will be made available to any investor of the Company, who seek such information and are also open for inspection by any investor at the Registered Office of the Company. The same are also uploaded on the website of the Company. The statement pursuant to the approval under Section 212(8) of the Companies Act, 1956, forms part of the Annual Report.

Joint Ventures

Indus Towers Limited (Indus), in which ABTL holds a 16% stake, is a joint venture between the Bharti group, Vodafone Essar group and the Company (through ABTL), and provides passive infrastructure services in 15 service areas.

Fixed Deposits

Your Company does not accept or hold any deposits and as such, no amount of principal or interest on fixed deposits was outstanding on the date of the Balance Sheet.

Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to all the requirements as provided in Clause 49 of the Listing Agreement which relates to Corporate Governance.

The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on 'Corporate Governance' and 'Corporate Social Responsibility' in December, 2009. These guidelines are to serve as a benchmark for the corporate sector, and also help in achieving the highest standard of Corporate Governance.

Some of the provisions of these guidelines are already in place and are covered in the Corporate Governance Report. The other provisions of these guidelines are being evaluated and your Company will strive to adopt the same in a phased manner.

A detailed report on the Corporate Governance, together with a certificate from the statutory auditors confirming compliance with the conditions of Corporate Governance, forms part of this report.

Board of Directors

Consequent upon change in nomination by Axiata Group Berhad, Dr. Shridhir Sariputta Hansa Wijayasuriya ceased to be a Director on the Board of your Company with effect from January 22, 2010 and in his place Mr. Juan Villalonga Navarro has been nominated. Mr. Navarro has been appointed as an Additional Director on the Board of your Company with effect from January 22, 2010. Further, Dr. Hansa Wijayasuriya has been appointed as an Alternate Director to Mr. Navarro with effect from January 22, 2010.

As per the provisions of Section 260 of the Companies Act, 1956, Mr. Navarro will hold office upto the date of the ensuing Annual General Meeting of the Company.

Your Company has received a notice under Section 257 of the Companies Act, 1956 together with the requisite deposit from a shareholder, in respect of Mr. Navarro, proposing his appointment as a Director on the Board of the Company. The Resolution seeking approval of the members for his appointment as Director has been incorporated in the Notice convening the Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mrs. Rajashree Birla, Ms. Tarjani Vakil, Mr. Arun Thiagarajan and Mr. Biswajit A. Subramanian retire from office by rotation, and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

Brief profiles of the Directors proposed to be appointed / re-appointed as required under Clause 49 of the Listing Agreement are annexed to the Notice convening the 15th Annual General Meeting forming part of this Annual Report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo

The particulars as required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are given to the extent applicable in the Annexure 'A' forming part of this Report.

Particulars of Employees

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees have been set out in the annexure to this report. However, in terms of the provisions of Section 219(1)(b)(iv) of the Act, the report and accounts, as therein set out, are being sent to all the members of the Company excluding the aforesaid information about employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company Secretary at the Registered Office of the Company.

Directors' Responsibility Statement

Your Directors affirm that the audited accounts containing the financial statements for the Financial Year 2009-10 are in conformity with the requirements of the Companies Act, 1956. They believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations.

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed other than the accounting treatment for the court approved Scheme(s) of Arrangement which have been explained in the relevant notes to the Accounts;

b) the accounting policies have been applied consistently and judgements and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) proper and sufficient care has been taken to the best of their knowledge and belief for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual accounts have been prepared on a going concern basis.

Auditors

Your Company's Statutory Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting. The Statutory Auditors have confirmed their eligibility and willingness to accept the office on re-appointment. The necessary resolution seeking your approval for re-appointment of Statutory Auditors has been incorporated in the Notice convening the Annual General Meeting.

Auditors' Report and Notes to Accounts

The Board has duly reviewed the Statutory Auditors' Report on the Accounts. The observations and comments, appearing in the Auditors' Report are self-explanatory and do not call for any further explanation/clarification by the Board of Directors under Section 217(3) of the Companies Act, 1956.

Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement is presented in a separate section forming part of the Annual Report.

Appreciation

Your Directors wish to express their sincere appreciation to the Department of Telecommunications, the Central Government, the State Governments, bankers and the business associates for their excellent support and look forward to continued support in future. Your Directors wish to place on record their appreciation to the employees at all levels for their hard work, dedication and commitment, which has enabled the Company to progress.

For and on behalf of the Board

Place: Mumbai
Date: July 22, 2010

Kumar Mangalam Birla
Chairman

Annexure 'A' to the Directors' Report

Particulars pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are furnished hereunder:

A. CONSERVATION OF ENERGY	:	Electricity is used for operating the Company's network The Company regularly reviews power consumption patterns across its networks and implements requisite improvements/ changes in the network or processes in order to optimize power consumption and thereby achieve cost savings. The additional measures adopted / being tried out by the Company for energy conservation are: (i) Solar-DG Hybrid Solutions; and (ii) Hydrogen Fuel Cell Solutions with Ministry of New and Renewable Energy subsidy.
B. RESEARCH & DEVELOPMENT(R&D)		
1. Specific areas in which R&D is carried out by the Company	:	Nil
2. Benefits derived as result of the above R&D	:	Nil
3. Future Plan of action	:	The Company will explore various options to adopt latest technology/use of equipment for its operations
1. Expenditure on R&D:		
a) Capital	:	Nil
b) Recurring	:	Nil
c) Total	:	Nil
d) Total R&D expenditure as percentage of total turnover	:	Nil
TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION	:	
1. Efforts in brief towards technology absorption, adaptation, innovation	:	Development of a skilled team of engineers in the area of radio engineering, installation of base station and operation of mobile telecom services.
2. Benefits derived as a result of the above efforts	:	Cost of installation of base station reduced due to better network planning and designing. Achieved better coverage and high quality of reception.
3. Particulars of imported technology in the last five years:		
a) Technology imported	:	No Technology has been imported. However, GSM equipments are imported on a regular basis.
b) Year of import	:	The GSM equipments are imported on ongoing basis.
c) Has the technology been fully absorbed. If not fully absorbed areas where this has not taken place, reasons thereof and future plans of action	:	Not applicable
4. Foreign exchange earnings and outgo (Outgo includes CIF value of imports)	:	Earnings : Rs. 712.69 mn Outgo : Rs. 20,847.11 mn

For and on behalf of the Board

Kumar Mangalam Birla
Chairman

Place: Mumbai
Date: July 22, 2010

Annexure 'B' to the Directors' Report

Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

Particulars	ESOS - 2006		
	Tranche I (December 31, 2007)	Tranche II (July 24, 2008)	Tranche III (December 22, 2009)
a) Number of Stock Options granted	19,931,000	6,131,250	6,918,750
b) The pricing formula	The exercise price was determined by averaging the daily closing price of the Company's equity shares during 7 days immediately preceding the date of grant and discounting it by 15%. In accordance with the approval of the Board of Directors and the shareholders of the Company, the ESOS Compensation Committee had re-priced the options from Rs. 112.57 to Rs. 39.30 per option on December 22, 2009.	The exercise price was determined by averaging the daily closing price of the Company's equity shares during 7 days immediately preceding the date of grant. In accordance with the approval of the Board of Directors and the shareholders of the Company, the ESOS Compensation Committee had re-priced the options from Rs. 84.03 to Rs. 45.55 per option on December 22, 2009.	The exercise price was determined by averaging the daily closing price of the Company's equity shares during 7 days immediately preceding the date of grant. Exercise price - Rs.57.55 per option
c) Options vested	8,556,250	1,396,437	NIL
d) Options exercised	547,650	41,464	NIL
e) The total number of shares arising as a result of exercise of options	547,650	41,464	Not Applicable
f) Options forfeited/cancelled/lapsed	3,863,000	977,187	432,250
g) Variation of terms of options	In accordance with the approval of the Board of Directors and the shareholders of the Company, the ESOS Compensation Committee had re-priced the options from Rs. 112.57 to Rs. 39.30 per option on December 22, 2009.	In accordance with the approval of the Board of Directors and the shareholders of the Company, the ESOS Compensation Committee had re-priced the options from Rs. 84.03 to Rs. 45.55 per option on December 22, 2009.	NIL
h) Money realized by exercise of options	Rs. 21,522,645	Rs. 1,888,685.20	NIL
i) Total number of options in force	15,520,350	5,112,599	6,486,500
j) Employee wise details of options granted:			
i) Senior managerial personnel:	Mr. Sanjeev Aga: 1,712,000	Mr. Sanjeev Aga: 428,000	NIL
ii) Any other employee who received a grant in any one year of option amounting to 5 % or more of options granted during that year	NIL	NIL	NIL
iii) Identified employees who were granted option, during any one year, equal to or exceeding 1 % of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL	NIL	NIL
k) Diluted Earnings Per Share	Rs. 3.38		

Annexure 'B' to the Directors' Report *(Contd.)*

Particulars	ESOS - 2006		
	Tranche I (December 31, 2007)	Tranche II (July 24, 2008)	Tranche III (December 22, 2009)
l) Difference between the employee compensation cost, computed using the intrinsic value of the stock options and the employee compensation cost that shall have been recognised if the fair value of the options was used.	Rs. 284.85 million		
The impact of this difference on profits and on EPS of the company	The effect of adopting the fair value on the net income and earnings per share for 2009-10 is as presented below:		

Particulars		Rs. in Million
Net profit after tax but before exceptional items		10,536.55
Add: Intrinsic Value compensation cost		282.91
Less: Fair Value compensation cost		567.76
Adjusted Net Income		10,251.70
Earnings Per Share (Rs.)	**Basic**	**Diluted**
As reported	3.39	3.38
As Adjusted	3.30	3.29

Particulars	Tranche I (December 31, 2007)	Tranche II (July 24, 2008)	Tranche III (December 22, 2009)
m) (i) Weighted-average exercise prices and weighted-average fair values of options whose exercise price equals the market price of the stock	–	–	–
(ii) Weighted-average exercise prices and weighted-average fair values of options whose exercise price is less than the market price of the stock	Weighted - average exercise price: Rs. 39.30 Weighted - average fair value of options: Rs. 31.76	Weighted – average exercise price: Rs. 45.55 Weighted - average fair value of options: Rs. 30.80	–
(iii) Weighted-average exercise prices and weighted-average fair values of options whose exercise price exceeds the market price of the stock	–	–	Weighted – average exercise price: Rs. 57.55 Weighted - average fair value of options: Rs. 31.34
n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	Black – Scholes Method		
On the date of Grant			
(i) risk-free interest rate (%)	7.78	7.50	7.36
(ii) expected life (No. of years)	6 years 6 months	6 years 6 months	6 years 6 months
(iii) expected volatility (%)	40.00	45.80	54.54
(iv) dividend yield (%)	Nil	Nil	Nil
(v) the price of the underlying share in market at the time of option grant	Rs. 139.10	Rs. 87.75	Rs. 58.35
On the date of Re-pricing			
(i) risk-free interest rate (%)	7.36	7.36	N.A.
(ii) expected life (No. of years)	4 years 6 months	5 years 9 months	
(iii) expected volatility (%)	54.54	54.54	
(iv) dividend yield (%)	Nil	Nil	
(v) the price of the underlying share in market at the time of option Re-pricing	Rs. 58.35	Rs. 58.35	

Corporate Governance Report

Company's Philosophy on Corporate Governance

The Aditya Birla Group is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are a product of self desire, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic thought process.

At a macro level, our governance philosophy rests on five basic tenets, viz., Board accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders, as well as superior transparency and timely disclosure.

In line with this philosophy, **Idea Cellular Limited,** an Aditya Birla Group Company, continuously strives for excellence through adoption of best governance and disclosure practices. Your Company is fully compliant with all the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchange(s). The details of the compliance are as follows:

Compliance with Corporate Governance Guidelines

1. BOARD OF DIRECTORS

Composition of the Board

The Board of Directors of your Company comprises of the members from diversified background having rich and versatile experience in their respective fields. The Company has a balanced board with optimum combination of Executive and Non-Executive Directors which includes independent professionals.

The Board of your Company comprises of Twelve Directors as on March 31, 2010, comprising of a Non-Executive Chairman, a Managing Director, Six Independent Directors and Four Non-Executive Directors.

None of the Directors on the Board is a Member of more than ten Committees or Chairman of more than five Committees (as specified in Clause 49), across all the companies in which he/she is a Director. All the Directors have intimated periodically about their Directorship and Membership on the Board Committees of other companies.

The composition of the Board of Directors and the number of Directorships and Committee positions held by them are as under:

Name of Director	Category	No. of Outside Directorship(s) Held[1]		Outside Committee Positions Held[2]	
		Public	Private	Member	Chairman/ Chairperson
Mr. Kumar Mangalam Birla	Non-Executive	9	13	-	-
Mrs. Rajashree Birla	Non-Executive	6	12	1	-
Mr. Saurabh Misra[3]	Non-Executive	2	1	-	-
Dr. Rakesh Jain[4]	Non-Executive	5	-	1	-
Mr. Biswajit A. Subramanian	Non-Executive	1	-	-	-
Dr. Shridhir Sariputta Hansa Wijayasuriya[5]	Non-Executive	-	-	-	-
Mr. Juan Villalonga Navarro[5]	Non-Executive	-	-	-	-
Mr. Arun Thiagarajan	Independent	9	4	7	1
Mr. Gian Prakash Gupta	Independent	10	3	4	3
Mr. Mohan Gyani	Independent	-	-	-	-
Ms. Tarjani Vakil	Independent	6	2	2	4
Mr. R.C. Bhargava	Independent	10	1	5	5
Mr. P. Murari	Independent	10	-	5	1
Mr. Sanjeev Aga	Managing Director	6	1	-	1

1. *The Directorships held by the Directors, as mentioned above excludes alternate directorships, directorships in foreign companies and companies under Section 25 of the Companies Act, 1956.*
2. *Represents Membership/Chairmanship of two Committees viz. Audit Committee and Shareholders'/Investors' Grievance Committee of Public Limited companies.*
3. *Mr. Saurabh Misra resigned as a Director w.e.f. October 26, 2009.*
4. *Dr. Rakesh Jain was appointed as a Director w.e.f. October 26, 2009.*
5. *Upon change in nomination of Director by Axiata Group Berhad, Dr. Shridhir Sariputta Hansa Wijayasuriya resigned as a Director w.ef. 22.01.2010 and Mr. Juan Villalonga Navarro was appointed as an Additional Director w.e.f. 22.01.2010. Further, Dr. Shridhir Sariputta Hansa Wijayasuriya was appointed as an Alternate Director to Mr. Juan Villalonga Navarro w.e.f. 22.01.2010.*

Board Meetings and Procedure

An active, informed and independent Board is necessary to ensure highest standards of Corporate Governance. The Board of Directors plays the primary role in ensuring good governance and functioning of the Company. The Board provides strategic direction and oversees the effective functioning of the Company thereby ensuring that the long term interests of the stakeholders are protected.

The annual calendar of meetings is broadly determined at the beginning of each year. The Board meets at least once in a quarter to review the quarterly financial results and operations of the Company. Apart from the above, additional Board Meetings are convened to address the specific needs of the Company. In case of business exigencies some resolutions are also passed by circulation. The Meetings of the Board are generally held in Mumbai.

The Meetings are governed by a structured agenda. The Company Secretary in consultation with the Chairman, Managing Director and other Senior Management Personnel prepares the detailed agenda for the meetings. All the agenda items are backed by comprehensive agenda notes, containing all the vital information, so as to enable the Directors to have focused discussion at the meeting and to take informed decisions. The agenda and agenda notes are circulated to all the Directors in advance of each meeting of the Board of Directors. Where it is not practical to send the relevant information as a part of the agenda papers, the same is tabled at the meeting. The members of the Board in consultation with the Chairman may bring up any matter for the consideration of the Board.

All the relevant information as enumerated in Annexure IA to Clause 49 of the Listing Agreement is placed before the Board. The presentations covering the Company's performance, operations and business strategy are also made to the Board. The Board also reviews periodically the compliance status of all the applicable laws. Action Taken Report on decisions/minutes of previous meetings is placed at the succeeding meeting of the Board / Committee for noting.

The Members of the Board have complete freedom to express their opinion and have unfettered and complete access to information in the Company. All the decisions are taken after detailed deliberations by the Board Members at the meetings. The important decisions taken at the Board/Committee meetings are communicated to the concerned departments promptly.

During the financial year 2009-10, four meetings of the Board were held on April 23, 2009, July 23, 2009, October 26, 2009 and January 21, 2010. The time gap between two meetings did not exceed four months.

The details of attendance of Directors at the Board Meetings and at the last Annual General Meeting are as under:

Name of Director	No. of Board Meetings held during the tenure		Attended Last AGM
	Held	Attended	
Mr. Kumar Mangalam Birla	4	4	No
Mrs. Rajashree Birla	4	4	No
Mr. Saurabh Misra	3	1	N.A.
Dr. Rakesh Jain	2	2	No
Mr. Biswajit A. Subramanian	4	4	No
Dr. Shridhir Sariputta Hansa Wijayasuriya	4	3	Yes
Mr. Juan Villalonga Navarro	N.A.	N.A.	N.A.
Mr. Arun Thiagarajan	4	3	No
Mr. Gian Prakash Gupta	4	3	Yes
Mr. Mohan Gyani	4	0	No
Ms. Tarjani Vakil	4	4	No
Mr. R.C. Bhargava	4	1	No
Mr. P. Murari	4	2	No
Mr. Sanjeev Aga	4	4	Yes

To enable the Directors to participate in the meetings while traveling abroad or present at other locations, tele-conferencing facilities are also used.

Code of Conduct

The Board of Directors play an important role in ensuring good governance and have laid down the Code of Conduct for all the Board Members and Senior Management Personnel of the Company, which is also uploaded on the website of the Company (www.ideacellular.com). The Code is derived from three inter-linked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. All Board Members and Senior Management Personnel have affirmed compliance to the Code of Conduct. A declaration signed by the Managing Director affirming the compliance with the Code of Conduct by the Board Members and Senior Management Personnel of the Company is appended at the end of this report.

2. COMMITTEES OF THE BOARD

A. Audit Committee

The Company has in accordance with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, constituted an Audit Committee for overseeing the accounting, auditing and overall financial reporting process of the Company. The Audit Committee acts as a link between the Management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process of the Company. The Committee's purpose is to oversee the quality and integrity of accounting, auditing and financial reporting process. The Committee also oversees the performance of the internal and statutory auditors and reviews the internal audit reports and action taken report. The Committee also gives directions to the management in areas that needs to be strengthened. The recommendations of the Audit Committee are binding on the Board.

Powers of Audit Committee

As enumerated in Clause 49 of the Listing Agreement, the Audit Committee has the following powers:

(i) To investigate any activity within its terms of reference;

(ii) To seek information from any employee;

(iii) To obtain outside legal or other professional advice; and

(iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

Terms of reference

The broad terms of reference of Audit Committee includes the following, as mandated in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956:

a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b. Recommending to the Board, the appointment, re-appointment and if required, the removal of external auditor, determination of audit fee and also approval of payment for any other services;

c. Reviewing with the management, the annual financial statements before submission to the Board, with particular reference to:
   - Changes in accounting policies and practices;
   - Major accounting entries based on exercise of judgement by the management;
   - Qualifications in Draft Audit Report;
   - Significant adjustments made in financial statements arising out of audit findings;
   - The Going Concern assumption;
   - Compliance with Accounting Standards;
   - Compliance with listing and other legal requirements concerning financial statements;
   - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of Company at large;
   - Matters required to be included in the Directors' Responsibility Statement, in terms of Section 217 (2AA) of the Companies Act, 1956.

d. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

e. Discussion with internal auditors on any significant findings and follow-up thereon;

f. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

g. Reviewing with the management, the performance of external and internal auditors, and the adequacy of internal control systems;

h. Discussion with external auditors before the audit commences on the nature and scope of audit as well as having post-audit discussions to ascertain any area of concern;

i. Reviewing with the management, the quarterly financial statements before submission to the Board for approval;

j. Reviewing the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

k. Review of Management Discussion and Analysis of financial condition and results of operations;

l. Review of Management Letters / Letters of Internal Control Weaknesses issued by the Statutory / Internal Auditors;

m. Reviewing of functioning of 'Whistle Blower Mechanism' in case the same exists; and

n. Carrying out any other function as and when referred by the Board.

Composition, Meetings and Attendance

The Audit Committee of the Board comprises of four members, of which three members including the Chairman are Independent Directors and one Member is a Non-Executive Director. The majority of the Audit Committee members possess accounting and financial management expertise. The Company Secretary acts as a Secretary to the Committee.

The Managing Director and the Chief Financial Officer of the Company are permanent invitees to the Audit Committee Meetings and representatives of the Statutory Auditors and Internal Auditors of the Company are also invited to the Audit Committee Meetings. In addition, other Senior Management Personnel are also invited to the Committee meetings to present reports on the respective functions being discussed at the meeting from time to time.

During the financial year 2009-10, six meetings of the Audit Committee were held on April 23, 2009, July 23, 2009, August 28, 2009, October 24, 2009, January 21, 2010 and February 5, 2010.

The composition of the Audit Committee and the attendance of the members at the meetings held during the year are as under:

Name of Director	Category	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Gian Prakash Gupta (Chairman)	Independent	6	5
Mr. Arun Thiagarajan	Independent	6	6
Ms. Tarjani Vakil	Independent	6	5
Dr. Shridhir Sariputta Hansa Wijayasuriya[1]	Non-Executive	5	3
Mr. Juan Villalonga Navarro[2]	Non-Executive	1	0

1. *Dr. Shridhir Sariputta Hansa Wijayasuriya ceased to be member of the Committee w.e.f. 22.01.2010.*
2. *Mr. Juan Villalonga Navarro has been appointed as a Member of the Committee w.e.f. 22.01.2010.*

B. Remuneration Committee

The Remuneration Committee has been constituted for reviewing and recommending the remuneration payable to the Directors and senior officials of the Company.

Terms of reference

The broad terms of reference of Remuneration Committee includes the following:

a. Review of remuneration payable to the Directors and senior officials of the Company;

b. Reviewing and advising the Board over the remuneration policies of the Company generally; and

c. Such other matters as may be decided by the Board from time to time.

Composition, Meetings and Attendance

The Remuneration Committee comprises of three Non-Executive Directors, all of whom are Independent Directors. The Company Secretary acts as a Secretary to the Committee. As on March 31, 2010, the Committee comprised of Mr. Arun Thiagarajan, Ms. Tarjani Vakil and Mr. Gian Prakash Gupta.

During the financial year 2009-10, the Remuneration Committee met once on October 24, 2009, which was attended by Mr. Arun Thiagarajan and Ms. Tarjani Vakil.

Remuneration of Directors

(i) Remuneration to the Managing Director

The remuneration package of Mr. Sanjeev Aga, Managing Director is determined by the Remuneration Committee. The recommendations of the Remuneration Committee are considered and approved by the Board subject to the approval of the members of the Company. The approval of the Central Government was obtained, for payment of the remuneration to Mr. Sanjeev Aga, which was valid upto 31.10.2009. An application has been made to the Central Government for revised remuneration, the approval of which is awaited.

The remuneration package of Managing Director comprises of a fixed salary component and a performance linked bonus.

Executive Director	Relationship with other Directors	Business relationship with the Company, if any	Remuneration during 2009-10			
			All elements of remuneration package i.e. salary, benefits, bonuses, pension etc.	Fixed component & performance linked incentives, along with performance criteria	Service Contract, notice period, severance fee	Stock Option details, if any
Mr. Sanjeev Aga	None	Managing Director	Rs. 61.02 mn	See note (a)	See note (b)	See note (c)

a. *Mr. Sanjeev Aga was paid a sum of Rs. 18.41 mn towards performance incentive, linked to achievement of targets.*

b. *The appointment of Mr. Sanjeev Aga is for a period of five years effective from November 1, 2006. The appointment is subject to termination by three months notice on either side. No severance fees is payable to the Managing Director. The members have at the 14th Annual General Meeting held on 21.12.2009 approved the revised terms of his remuneration. Application has been made to the Central Government seeking its approval for payment of the revised remuneration.*

c. *Mr. Sanjeev Aga has been granted 1,712,000 stock options (Tranche I) on December 31, 2007 at an exercise price of Rs. 112.57 per option. Further, on July 24, 2008, the Company granted 428,000 stock options (Tranche II) at an exercise price of Rs. 84.03 per option. Pursuant to the approval received by the members at the 14th Annual General Meeting, the ESOS Compensation Committee had re-priced the stock options granted in Tranche I to Rs. 39.30 per option and stock options granted in Tranche II to Rs. 45.55 per option. Each option is convertible into one Equity Share of the Company upon vesting. These options will vest in 4 equal annual instalments after one year of the grant and shall be exercisable within a period of 5 years from the date of the vesting. No options have been exercised by Mr. Sanjeev Aga till date.*

(ii) Remuneration to Non-Executive Directors

The Non-Executive Directors are not paid any remuneration except sitting fees for attending the Board Meetings and Committee Meetings. The sitting fees, as determined by the Board, is presently Rs. 20,000/- for each meeting of the Board and Rs.10,000/- for each Meeting of the Committee. The Non-Executive Directors are also entitled to reimbursement of expenses incurred in performance of the duties as directors and members of the committees.

The details of the sitting fees paid to Non-Executive Directors for the financial year ended March 31, 2010 are as under:

Name of Non-Executive Director	Sitting Fees (Rs.)
Mr. Kumar Mangalam Birla	80,000
Mrs. Rajashree Birla	80,000
Mr. Saurabh Misra*	-
Dr. Rakesh Jain	80,000
Mr. Biswajit A. Subramanian	80,000
Dr. Shridhir Sariputta Hansa Wijayasuriya	90,000
Mr. Juan Villalonga Navarro	-
Mr. Arun Thiagarajan	130,000
Mr. Gian Prakash Gupta	110,000
Mr. Mohan Gyani	-
Ms. Tarjani Vakil	140,000
Mr. R.C. Bhargava	20,000
Mr. P. Murari	40,000

* *Mr. Saurabh Misra had expressed his unwillingness to accept sitting fees. He was not paid any sitting fees for attending the meetings of the Board and Committee.*

There were no other pecuniary relationships or transactions of Non-Executive Directors vis-a-vis Company.

Details of Shareholding of Directors:

The details of shareholding of Directors as on March 31, 2010 are as under:

Name of Director	No. of Equity Shares#
Mr. Kumar Mangalam Birla	233,333
Dr. Rakesh Jain	5,000
Mr. Arun Thiagarajan	7,700
Mr. Gian Prakash Gupta	4,192
Ms. Tarjani Vakil	147
Mr. Sanjeev Aga	212,868

 # shares held singly or as a first shareholder are only considered

The Company has not granted any stock option to any of its Non-Executive Directors.

C. Shareholders'/Investors' Grievance Committee

In order to ensure quick redressal of the complaints of the stakeholders, Company has in due compliance with Clause 49 of the Listing Agreement constituted a Shareholders'/Investors' Grievance Committee. The Committee oversees the process of share transfer and monitors redressal of shareholders'/ investors' complaints/ grievances viz. non-receipt of annual report, dividend payment, issue of duplicate share certificates, transmission of shares and other related complaints. In addition, the Committee also monitors other issues including status of dematerlisation / rematerialisation of shares issued by the Company.

Composition, Meetings and Attendance

The Committee comprises of two members one of whom is a Non-Executive Director. The Company Secretary acts as a Secretary to the Committee. As on March 31, 2010, the Committee comprised of Dr. Rakesh Jain and Mr. Sanjeev Aga. During the financial year 2009-10, the Shareholders'/Investors' Grievance Committee met twice on April 24, 2009 and January 21, 2010 to deliberate on various matters referred above.

The composition of the Shareholders' / Investors' Grievance Committee and the attendance of the members at the meetings held during the year are as under:

Name of Director	Category	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Sanjeev Aga	Executive	2	2
Mr. Saurabh Misra[1]	Non-Executive	1	1
Dr. Rakesh Jain[2]	Non-Executive	1	1

1. *Mr. Saurabh Misra ceased to be a member of the Committee w.e.f. 26.10.2009.*
2. *Dr. Rakesh Jain has been appointed as a Member of the Committee w.e.f. 26.10.2009.*

Compliance Officer

Mr. Pankaj Kapdeo, Vice President (Legal) & Company Secretary, acts as the Compliance Officer of the Company. The Compliance Officer briefs the Committee on the grievances/queries of the investors and the steps taken by the Company for redressing their grievances. The Compliance Officer can be contacted at:

Idea Cellular Limited
"Windsor", 5th Floor, Off CST Road,
Near Vidya Nagari,
Kalina, Santacruz (East),
Mumbai – 400 098
Tel: +91-9594003434
Fax: +91-22-26527080
Email: shs@idea.adityabirla.com

D. Compensation Committee

A Compensation Committee known as "ESOS Compensation Committee" has been constituted in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, for formulating and implementing an Employee Stock Option Scheme of the Company.

The Committee oversees the formulation of ESOP plans, the implementation of the Scheme, its administration, supervision, and formulating detailed terms and conditions in accordance with the SEBI Guidelines.

The Compensation Committee comprises three Non-Executive Directors, of whom two members are Independent Directors. As on March 31, 2010, the Committee comprised of Mr. Kumar Mangalam Birla, Mr. Arun Thiagarajan and Ms. Tarjani Vakil.

During the financial year 2009-10, no meetings of the Committee were held. Circular Resolutions were passed for re-pricing of options granted and allotment of shares.

E. Finance Committee

The Company has constituted a Finance Committee to approve matters relating to availing of financial / banking facilities. The Committee comprises of two Directors, one of whom is a Non-Executive Director. As on March 31, 2010, the Committee comprised of Dr. Rakesh Jain and Mr. Sanjeev Aga.

During the financial year 2009-10, four meetings of the Finance Committee were held on April 24, 2009, July 23, 2009, October 26, 2009 and December 28, 2009.

The composition of the Finance Committee and the attendance of the members at the meetings held during the year are as under:

Name of Director	Category	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Sanjeev Aga	Executive	4	4
Mr. Saurabh Misra[1]	Non-Executive	2	2
Dr. Rakesh Jain[2]	Non-Executive	2	2

1. *Mr. Saurabh Misra ceased to be member of the Committee w.e.f. 26.10.2009.*
2. *Dr. Rakesh Jain has been appointed as a Member of the Committee w.e.f. 26.10.2009.*

F. IPO Committee

The IPO Committee of the Company was constituted to give effect to the Initial Public Offering of the Company and issue of further equity shares. The Committee comprises of two Directors, one of whom is a Non-Executive Director. As on March 31, 2010, the Committee comprised of Dr. Rakesh Jain and Mr. Sanjeev Aga.

During the financial year 2009-10, no meetings of the Committee were held.

G. Committee of Directors (constituted for allotment of equity shares of the company to the equity shareholders of Spice Communications Limited, pursuant to the Scheme of Amalgamation of Spice Communications Limited with Idea Cellular Limited)

During the year a Committee of Directors was constituted for making allotment of Equity Shares of the Company to the Equity Shareholders of Spice Communications Limited pursuant to the Scheme of Amalgamation of Spice Communications Limited with the Company.

The Committee comprises of two Directors, one of whom is a Non-Executive Director. As on March 31, 2010, the Committee comprised of Dr. Rakesh Jain and Mr. Sanjeev Aga.

During the financial year 2009-10, the Committee met once on March 17, 2010, which was attended by both the members.

3. SUBSIDIARY COMPANIES

The Company does not have any material non-listed Indian subsidiary, whose turnover or net worth (paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively of the Company.

As on March 31, 2010, the Company has six subsidiary Companies, names of which are set out as under:

1. Aditya Birla Telecom Limited
2. Idea Cellular Services Limited
3. Idea Cellular Infrastructure Services Limited
4. Idea Cellular Towers Infrastructure Limited
5. Swinder Singh Satara and Company Limited
6. Carlos Towers Limited*

** became subsidiary of the Company w.e.f. 1st March, 2010, pursuant to the Amalgamation of Spice Communications Limited with the Company.*

The Minutes of the subsidiary companies as well as statement of significant transactions and arrangements entered into by the unlisted subsidiary companies are placed before the Board Meeting for their review.

4. DISCLOSURES

a. Disclosure on materially significant related party transactions

The related party transactions are placed before Audit Committee as well as to the Board of Directors on a quarterly basis. For the financial year ended March 31, 2010, there were no transactions of material nature entered into with related parties which were not on the arm's length basis or that may have potential conflict with the interest of the Company at large. The particulars of related party transactions have been disclosed under Note B 22 of Schedule 22 of the Balance Sheet forming part of the Annual Report.

b. Disclosure of Accounting Treatment

The Company has followed all relevant Accounting Standards while preparing the financial statements, other than the accounting treatment for the court approved Scheme(s) of Arrangement for which necessary disclosures have been made in the relevant notes to the Accounts.

c. Details of non-compliance with regard to the Capital Market

The Company has complied with all the requirements of the Stock Exchanges as well as the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI). There were no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

d. Disclosure of Risk Management

The Company has an integrated approach to manage the risks inherent in the various aspects of business. The Audit Committee of the Board is regularly informed about the business risks and steps taken to mitigate the same.

e. Proceeds from Public Issue, Preferential Issue etc.

The Company discloses to the Audit Committee, the uses/application of proceeds/funds raised from Preferential Issue as part of the quarterly review of financial results.

The Company had raised Rs. 72,944.75 mn in Financial Year 2008-09, through Preferential Issue of Equity Shares, part proceeds of which were utilised during the Financial Year 2009-10 as per the stated objects.

f. Voluntary Guidelines – 2009

The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on 'Corporate Governance' and 'Corporate Social Responsibility' in December, 2009. These guidelines are expected to serve as a benchmark for the Corporate Sector and also help them in achieving the highest standard of Corporate Governance.

Some of the provisions of these guidelines are already in place as reported elsewhere in this Report. The other provisions of these guidelines are being evaluated and your Company will strive to adopt the same in a phased manner.

5. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on Management Discussion and Analysis forms part of the Directors' Report.

6. SHAREHOLDERS' INFORMATION

i) Disclosure regarding appointment or re-appointment of Directors

Brief profile of the Directors seeking appointment or re-appointment is annexed to the notice convening the 15th Annual General Meeting forming part of this Annual Report.

ii) Communication to Shareholders

The Company's quarterly financial results, presentation made to Institutional Investors / Analysts, official news releases and other general information about the Company are uploaded on the Company's website (www.ideacellular.com).

The quarterly financial results of the Company are generally published in The Economic Times (all editions) and Western Times (a regional daily published from Gujarat).

At the end of each quarter, the Company organizes earnings call with analysts and investors and the transcripts are uploaded on the website thereafter.

iii) General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue	Particulars of Special Resolution(s)
2008-09	December 21, 2009	12.00 noon	Cambay Spa and Resort, Plot No. X-22/23 GIDC Electronic Estate, Sector 25, Gandhinagar -382 044, Gujarat	• Increase in Remuneration of Managing Director • Re-pricing of Stock Options granted under ESOS-2006
2007-08	September 29, 2008	2.00 p.m.	Emerald Hall, Haveli Arcade, Hotel Haveli, Sector 11, Gandhinagar - 382 011 Gujarat	• Alteration of Articles of Association of the Company due to increase in Authorised Share Capital
2006-07	December 12, 2007	2:00 p.m.	Emerald Hall, Haveli Arcade, Hotel Haveli, Sector 11, Gandhinagar - 382 011 Gujarat	• Increase in Remuneration of Managing Director • Alteration of Articles of Association of the Company due to increase in Authorised Share Capital • Amendment in the Articles of Association of the Company

Extra Ordinary General Meeting

During the financial year 2009-10, an Extra Ordinary General Meeting of the Company was held on June 25, 2009, for passing the following special resolution:

- Amendment in Articles of Association of the Company

Postal Ballot

There was no Special Resolution passed through Postal Ballot during the financial year 2009-10.

iv) Details of unclaimed shares in terms of Clause 5A of the Listing Agreement

In terms of Clause 5A of the Listing Agreement, the Company shall credit the shares allotted pursuant to the Initial Public Offering (IPO) of the Company in the year 2007, which are unclaimed and are lying in escrow account to a demat suspense account, and the details thereof as required to be disclosed in the Annual Report are given below:

Particulars	No. of cases	No. of shares
Aggregate number of shareholders and the outstanding shares lying in the suspense account at the beginning of the year i.e. as on April 1, 2009	145	27665
Number of shareholders who approached to the Issuer / Registrar for transfer of shares from suspense account during the Financial Year 2009-10	11	1964
Number of shareholders to whom shares were transferred from suspense account during the Financial Year 2009-10	11	1964
Aggregate number of shareholders and the outstanding shares lying in the suspense account at the end of the year i.e. as on March 31, 2010	134	25701

7. CEO/CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, the CEO/CFO certification is appended as an Annexure to this report.

8. REPORT ON CORPORATE GOVERNANCE

This Corporate Governance Report forms part of the Annual Report. The Company is in full compliance with all the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchange(s).

9. COMPLIANCE

A Certificate from the Statutory Auditors of the Company, confirming compliance with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange(s) is annexed and forms part of this Annual Report. As far as adoption of non-mandatory requirements are concerned, the Board has constituted a Remuneration Committee of Directors comprising of Non-Executive and Independent Directors.

GENERAL SHAREHOLDERS' INFORMATION

1. Annual General Meeting

Day and Date : Monday, September 27, 2010

Time : 12:00 Noon

Venue : Cambay Spa and Resort, Plot No. X-22/23, GIDC Electronic Estate, Sector 25, Gandhinagar – 382 044, Gujarat

2. Financial Calendar for 2010-11 (Tentative)

Financial reporting for the quarter ending June 30, 2010 : End July 2010

Financial reporting for the quarter/ half year ending September 30, 2010 : End October 2010

Financial reporting for the quarter ending December 31, 2010 : End January 2011

Financial reporting for the year ending March 31, 2011 : End April 2011

Annual General Meeting for the year ended March 31, 2011 : August/September 2011

3. Book Closure Date : September 20, 2010 to September 27, 2010 (both days inclusive)

4. Dividend Payment Date : Not Applicable (Since no dividend is proposed for the Financial Year 2009- 10)

5. Registered Office : Suman Tower, Plot No. 18, Sector-11, Gandhinagar – 382 011, Gujarat, India. Tel: +91-79-66714000 Fax: +91-79-23232251

6. Plant Locations : The Company being a service provider, has no Plant Locations.

7. Listing Details

The Equity Shares of the Company are listed on the following Stock Exchanges:

Name of Stock Exchanges	
National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai – 400 023	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

The Company's payment of Listing Fees is up-to-date.

8. Stock Codes

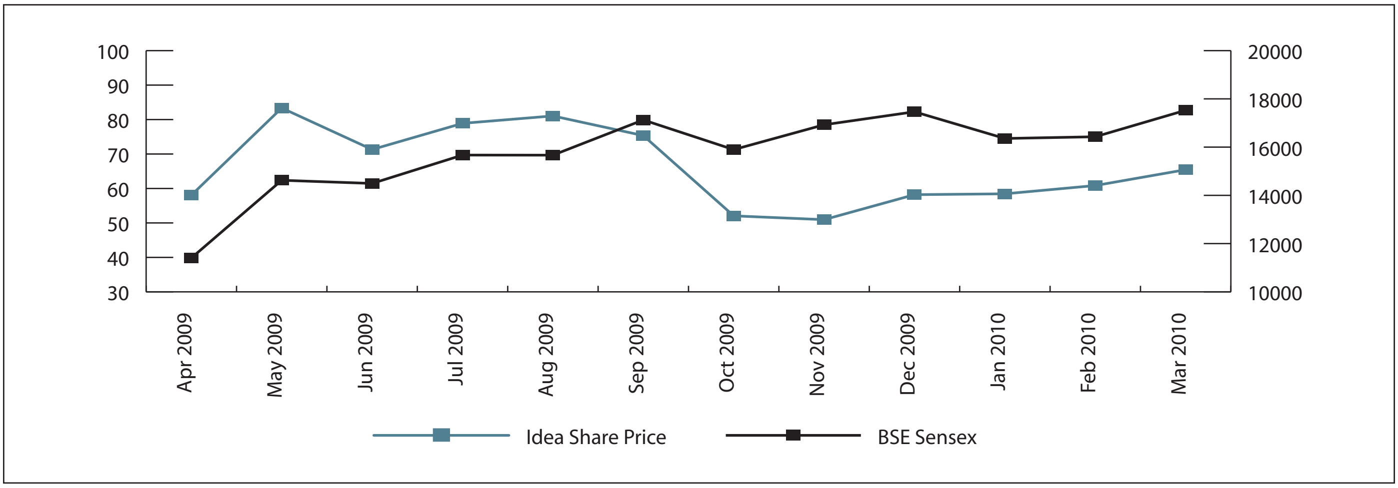
	Stock Code	Reuters	Bloomberg
Bombay Stock Exchange	532822	IDEA.BO	IDEA IN
National Stock Exchange	IDEA	IDEA.NS	NIDEA IN
ISIN	INE669E01016		

9. Market Price Data

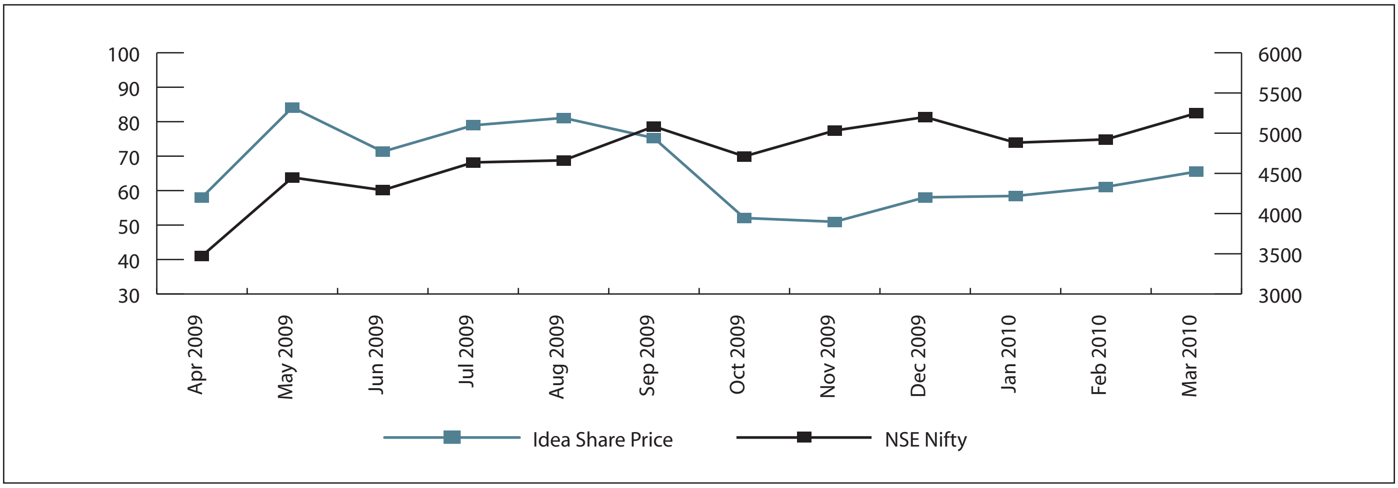
Month	Bombay Stock Exchange Limited				National Stock Exchange of India Limited			
	High (in Rs.)	Low (in Rs.)	Close (in Rs.)	Avg. Vol. (in Nos.)	High (in Rs.)	Low (in Rs.)	Close (in Rs.)	Avg. Vol. (in Nos.)
April – 09	64.70	48.25	58.05	2140364	64.80	48.20	58.05	7751928
May – 09	84.95	55.60	83.35	3420861	86.25	55.85	84.15	12647320
June – 09	91.70	70.80	71.30	4186196	91.80	70.60	71.30	12434564
July – 09	82.75	63.30	78.90	2106828	82.80	63.30	78.95	7321007
August – 09	84.85	72.40	81.05	1605248	84.80	72.25	81.10	6804872
September – 09	83.40	74.80	75.35	1533193	83.20	74.50	75.25	5786910
October – 09	76.45	51.60	52.05	3174316	76.40	51.55	52.05	11239522
November – 09	55.00	47.05	50.95	2152689	54.70	47.80	50.95	7744420
December – 09	63.00	51.40	58.20	1437610	61.50	51.30	58.05	6768207
January – 10	63.00	56.00	58.45	1255611	63.00	56.00	58.45	4681455
February – 10	61.60	55.80	60.85	579225	61.85	55.10	61.10	2677644
March – 10	69.00	59.20	65.45	820967	69.10	59.20	65.50	3570782

10. Stock Performance

a. Comparison of the Company's share price with BSE Sensex



b. Comparison of the Company's share price with NSE Nifty



11. Registrar and Share Transfer Agents

M/s. Bigshare Services Private Limited
E -2 & 3, Ansa Industrial Estate,
Saki-Vihar Road, Sakinaka,
Andheri (East),
Mumbai – 400 072
Tel: +91-22-2847 0652 / 4043 0200
Fax: +91-22-2847 5207
E-mail: investor@bigshareonline.com

12. Share Transfer System

Transfer of shares in physical form are processed within a period of 12 days from the date of the lodgement subject to documents being valid and complete in all respects. There have been no instances of transfer of shares in the physical form during the financial year 2009-10.

13. Investor Services

The status of investors' complaints as on March 31, 2010 is as follows:

No. of complaints as on April 1, 2009	0
No. of complaints received during the financial year 2009-10	218
No. of complaints resolved upto March 31, 2010	218
No. of complaints pending as on March 31, 2010	0

14. Distribution of Shareholding

The distribution of shareholding of the Company as on March 31, 2010 is as follows:

Number of Equity Shares held	Number of Share-holders	% to total Share-holders	No. of Shares held	% to total Share-holding
Upto 5000	419,183	93.27	59,568,102	1.81
5000 – 10000	17,874	3.98	14,064,292	0.43
10001– 20000	6,787	1.51	10,169,396	0.31
20001 – 30000	2,072	0.46	5,330,788	0.16
30001 – 40000	795	0.18	2,852,199	0.09
40001 – 50000	745	0.16	3,538,616	0.10
50001 – 100000	1,048	0.23	7,621,879	0.23
100001 & above	941	0.21	3,196,692,520	96.87
Total	**449,445**	**100.00**	**3,299,837,792**	**100.00**

15. Shareholding Pattern

The shareholding pattern of the Company as on March 31, 2010 is as follows:

Category	No. of Shares	% Share-holding
Promoters	1,550,455,388	46.99
Foreign Institutional Investors	244,131,061	7.40
Non-Resident Indians/ Overseas Corporate Bodies/Foreign Venture Capital Investors	1,122,806,485	34.02
Mutual Funds, Financial Institutions, Banks and Insurance Companies	248,015,530	7.52
Bodies Corporate	27,639,794	0.84
Resident Indians & Others	106,789,534	3.23
Total	**3,299,837,792**	**100.00**

16. Dematerialisation of Shares and Liquidity

The Shares of the Company are compulsorily traded in dematerialised form. The shares of the Company are admitted for trading under both the Depository Systems in India – NSDL and CDSL. A total number of 3,299,822,922 Equity Shares of the Company constituting over 99.99% of the issued, subscribed and paid-up share capital were in dematerialised form as on March 31, 2010.

17. Outstanding GDRs / ADRs etc.

The Company has not issued any GDRs/ADRs/Warrants or any other instrument, which is convertible into Equity Shares of the Company.

18. Investor Correspondence

In order to facilitate quick redressal of the grievances / queries, the Investors and Shareholders may contact the Company Secretary at the under mentioned address for any assistance:

Mr. Pankaj Kapdeo
Vice President (Legal) & Company Secretary
Idea Cellular Limited
"Windsor", 5th Floor,
Off CST Road, Near Vidya Nagari,
Kalina, Santacruz (East),
Mumbai – 400 098
Tel: +91-9594003434
Fax: +91-22-26527080
E-Mail: shs@idea.adityabirla.com

Declaration

As provided under Clause 49 of the Listing Agreement entered into with the Stock Exchange(s), it is hereby confirmed that all the Board Members and Senior Management Personnel of the Company have affirmed the compliance with the Code of Conduct for the year ended March 31, 2010.

Place: Mumbai
Date: July 22, 2010

Sanjeev Aga
Managing Director

CEO/CFO Certification

To the Board of Directors
Idea Cellular Limited

a) We have reviewed the financial statements and cash flow statement of Idea Cellular Limited for the year ended March 31, 2010 and to the best of our knowledge and belief:

   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations, other than the accounting treatment in respect of court approved Scheme(s) of Arrangement which have been explained in the relevant notes to the Accounts.

b) To the best of our knowledge and belief, no transactions are entered into by the Company during the year ended March 31, 2010, which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and steps that have been taken to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee:

   i) Significant changes in the internal control over financial reporting during the year;

   ii) Significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and

   iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai
Date: May 3, 2010

Sanjeev Aga
Managing Director

Akshaya Moondra
Chief Financial Officer

Auditors' Certificate

To the Members of
Idea Cellular Limited

We have examined the compliance of conditions of Corporate Governance by **Idea Cellular Limited,** for the year ended on 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117 366W)

Hemant M. Joshi
Partner
Membership No:38019

Place: Mumbai
Date: July 22, 2010

Persons constituting group coming within the definition of "group" for the purpose of Regulation 3 (1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

1	Mr. Kumar Mangalam Birla
2	Mrs. Rajashree Birla
3	Mrs. Neerja Birla
4	Master Aryaman Vikram Birla
5	Birla Group Holdings Private Limited
6	BGH Exim Limited
7	Birla TMT Holdings Private Limited
8	Chaturbhuj Enterprises LLP
9	Essel Mining & Industries Limited
10	Global Holdings Private Limited
11	Green Acre Agro Services Private Limited
12	Gwalior Properties And Estates Private Limited
13	Heritage Housing Finance Limited
14	IGH Holdings Private Limited
15	Infocyber India Private Limited
16	Mangalam Services Limited
17	Naman Finance And Investment Private Limited
18	Rajratna Holdings Private Limited
19	Seshasayee Properties Private Limited
20	Siddhipriya Enterprises LLP
21	TGS Investment And Trade Private Limited
22	Trapti Trading And Investments Private Limited
23	Turquoise Investments And Finance Private Limited
24	Umang Commercial Company Limited
25	Vighnahara Enterprises LLP
26	Vaibhav Holdings Private Limited

Auditors' Report

To the Members of
Idea Celluar Limited

1. We have audited the attached Balance Sheet of **Idea Cellular Limited** ('the Company') as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto (together referred to as 'financial statements'). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, ('the said Order' / 'CARO') issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (e) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

      (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2010 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117 366W)

Hemant M. Joshi
Partner
(Membership No: 38019)

Place: Mumbai
Date: May 3, 2010

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

1. In respect of its fixed assets:
   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   b) The fixed Assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to information and explanation given to us the Management is in the process of reconciling the results of such physical verification with the fixed assets register. Management believes that differences if any, arising out of such reconciliation are not expected to be material.
   c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2. In respect of its inventory:
   a) As explained to us, the inventories, except for those lying with the third parties, were physically verified during the year by the Management at reasonable intervals.
   b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
   c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, having regard to explanation that certain items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal controls systems.
5. In our opinion and according to the information and explanations given to us, there were no contracts, particulars of which needed to be entered in the register maintained under Section 301 of the Companies Act, 1956 and hence provisions of paragraph 4(v)(b) of the said Order relating to reasonableness of price having regard to prevailing market price is not applicable to the Company.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are applicable.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of telecommunication activities and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
9. According to information and explainations given to us in respect of statutory dues:
   a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. As explained to us, the Company did not have any dues on account of Excise duty and Investor Education and Protection Fund.
   b) There were no undisputed amount payable in respect of Income Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears, as at March 31, 2010 for a period of more than six months from the date they became payable.
   c) There are no dues of Excise Duty, Wealth Tax, Employees' State Insurance which have not been deposited on account of any dispute. Details of dues of Income Tax, Customs Duty, Entry Tax, Service Tax and Sales Tax which have not been deposited as on March 31, 2010 by the Company on account of disputes:

Name of the Statute	Nature of Dues	Period to which the amount pertains	Amount (Rs. Million)	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	2006-07, 2007-08, 2008-09, 2009-10	106.84	Assessing Officer
Income Tax Act, 1961	Income tax	2003 to 2010	51.41	Assistant Commissioner of Income Tax
Income Tax Act, 1961	Income tax	2002-03, 2004-05, 2008-09, 2009-10	396.10	Commissioner of Income Tax (Appeals)
Andhra Pradesh General Sales Tax Act, 1957	Sales tax	1997-98, 2002-03 to 2004-05	227.46	Andhra Pradesh High Court
Andhra Pradesh Value Added Tax, 2005	Sales tax	2005-06 to 2007-08	81.95	Andhra Pradesh High Court
Delhi Sales Tax Act, 1975	Sales tax	2002-03, 2003-04, 2004-05	92.74	Additional Commissioner (Appeals)
Uttar Pradesh Trade Tax Act, 1948	Sales tax	2004-05	0.05	Joint Commissioner (Appeals)
Gujarat Sales Tax Act, 1969	Sales tax	1998-99 to 2001-02	7.04	Sales Tax Tribunal
Gujarat Sales Tax Act, 1969	Sales tax	2006-07	0.83	Assessing Officer
Kerala Sales Tax, 1963	Sales tax	1997-98	0.39	Sales Tax Appellate Tribunal
Kerala Sales Tax, 1963	Sales tax	1998-99	0.06	Deputy Commissioner, Sales Tax
Kerala Sales Tax, 1963	Sales tax	2000-01	16.05	Kerala High Court
Madhya Pradesh Commercial Tax Act, 1994	Sales tax	2004-05, 2005-06, 2006-07	15.36	Appellate Deputy Commissioner
Madhya Pradesh Commercial Tax Act, 1994	Sales tax	2000-01	0.31	Appellate Board
Madhya Pradesh Commercial Tax Act, 1994	Sales tax	2004-05	2.50	Commissioner Appeals
Madhya Pradesh Commercial Tax Act, 1994	Sales tax	2003-04, 2004-05	1.97	MP Commercial Tax Tribunal, Bhopal
Punjab VAT Act, 2005	Sales tax	2006-07, 2007-08	61.56	Asstt.Excise & Taxation Commissioner
Uttar Pradesh Trade Tax Act, 1948	Sales tax	1999-00, 2000-01, 2002-03, 2007-08	11.72	Trade Tax Tribunal
Uttar Pradesh VAT Act, 2008	Sales tax	2009-10	13.03	Joint Commissioner (Appeals)
Finance Act, 1994 (Service Tax provisions)	Service tax	2004-05 to 2008-09	625.65	Central Excise Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax provisions)	Service tax	2003-04, 2005-06, 2006-2007, 2007-08	45.14	Commissioner Appeals
Finance Act, 1994 (Service Tax provisions)	Service tax	1998-99, 2002-03	2.98	Punjab & Haryana High Court
Finance Act, 1994 (Service Tax provisions)	Service tax	1999-2000 to 2003-04	3.10	Supreme Court
Customs Act, 1962	Custom duty	2003-04	1.15	Cenrtal Excise Service Tax Appellate Tribunal
Customs Act, 1962	Custom duty	2003-04	4.16	Commissioner of Customs
Haryana Land Developement Tax Act, 2001	Entry tax	2002-03	9.52	Tribunal
Karnataka Tax on Entry of Goods Act, 1979	Entry tax	2004-05	8.92	High Court of Karnataka
MP Entry Tax Act, 1976	Entry tax	2003-04 to 2005-06	5.19	Appellate Deputy Commissioner

Name of the Statute	Nature of Dues	Period to which the amount pertains	Amount (Rs. Million)	Forum where the dispute is pending
MP Entry Tax Act, 1976	Entry tax	1998-99,1999-2000, 2000-01	0.13	Assistant Commissioner
MP Entry Tax Act, 1976	Entry tax	2005-06	3.20	Commissioner Appeals
MP Entry Tax Act, 1976	Entry tax	1998-99 to 2002-03	7.94	Madhya Pradesh Commercial Tax Tribunal
Orissa Entry Tax Act, 1999	Entry tax	2009-2010	5.20	High Court of Orissa
Uttar Pradesh Trade Tax Act, 1948	Entry tax	2005-06	0.30	Joint Commissioner (Appeals)
The Uttar Pradesh Tax on Entry of Goods Act, 2000	Entry tax	1999-00 to 2003-04	8.89	Trade Tax Tribunal
The Uttar Pradesh Tax on Entry of Goods Act, 2000	Entry tax	2004-05	5.15	Joint Commissioner
Uttar Pradesh Trade Tax Act, 1948	Entry tax	2001-02 to 2003-04	1.14	Joint Commissioner

10. The accumulated losses of the Company are less than fifty percent of its net worth and the Company has not incurred cash losses during the current financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institutions and banks.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of paragraph 4(xiii) of the said Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of paragraph 4 (xv) of the said Order are not applicable to the Company.
16. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on the short term basis have not been used during the year for long term investment.
18. According to information and explainations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. According to information and explainations given to us, the Company has not issued any debentures during the year.
20. According to information and explainations given to us, the Company has not raised any money by public issue.
21. According to the information and explanations furnished by the Management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the course of our audit except few cases of fraud by employees and by external parties estimated at Rs. 51 Million detected by the Management for which appropriate steps were taken to strengthen controls.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117 366W)

Hemant M. Joshi
Partner
(Membership No: 38019)

Place: Mumbai
Date: May 3, 2010

Balance Sheet as at March 31, 2010

(Rupees in Million)

	Schedules	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**32,998.38**	31,000.95
Outstanding Employee Stock Options		**444.45**	182.33
Reserves and Surplus	2	**85,093.26**	85,813.71
		118,536.09	116,996.99
Loan Funds			
Secured	3	**59,886.08**	55,649.32
Unsecured	4	**5,378.05**	20,144.34
		65,264.13	75,793.66
Deferred Tax Liability (Net) (Refer Note B 26 to Schedule 22)		**2,256.36**	1,425.38
TOTAL		**186,056.58**	194,216.03
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block (At Cost)	5	**228,343.96**	155,627.51
Less: Depreciation & Amortisation		**79,073.37**	47,398.61
Net Block		**149,270.59**	108,228.90
Capital Work-in-Progress		**4,625.81**	17,218.18
		153,896.40	125,447.08
Investments	6	**27,551.26**	49,288.08
Current Assets, Loans and Advances			
Current Assets			
Inventories	7	**466.99**	427.29
Sundry Debtors	8	**4,301.17**	3,295.87
Cash and Bank Balances	9	**2,804.41**	23,444.29
Other Current Assets	10	**1,243.65**	1,330.84
Loans and Advances	11	**30,002.81**	19,140.17
		38,819.03	47,638.46
Less: Current Liabilities and Provisions	12		
Current Liabilities		**36,796.23**	31,223.91
Provisions		**1,377.62**	986.51
		38,173.85	32,210.42
Net Current Assets / (Liabilities)		**645.18**	15,428.04
Profit and Loss Account		**3,963.74**	4,052.83
TOTAL		**186,056.58**	194,216.03
Significant Accounting Policies and Notes to the Financial Statements	22		
The Schedules referred to above form an integral part of the Balance Sheet			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Place: Mumbai
Date: May 3, 2010

For and on behalf of the Board

Arun Thiagarajan
Director

Gian Prakash Gupta
Director

Sanjeev Aga
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Profit and Loss Account for the year ended March 31, 2010

(Rupees in Million)

	Schedules		For the year ended March 31, 2010	For the year ended March 31, 2009
INCOME				
Service Revenue			**118,502.21**	98,383.47
Sales of Trading Goods			**0.22**	187.33
Other Income	**13**		**801.44**	215.77
TOTAL			**119,303.87**	98,786.57
OPERATING EXPENDITURE				
Cost of Trading Goods Sold	**14**		**0.22**	189.64
Personnel Expenditure	**15**		**5,698.86**	4,676.85
Network Operating Expenditure	**16**		**34,394.16**	20,761.57
Licence and WPC Charges	**17**		**12,944.79**	10,958.96
Roaming & Access Charges	**18**		**17,452.90**	18,158.81
Subscriber Acquisition & Servicing Expenditure	**19**		**11,343.89**	8,145.66
Advertisement and Business Promotion Expenditure			**4,066.94**	4,265.71
Administration & other Expenses	**20**		**4,456.56**	3,824.93
			90,358.32	70,982.13
PROFIT BEFORE FINANCE CHARGES, DEPRECIATION, AMORTISATION & TAXES			**28,945.55**	27,804.44
Finance and Treasury Charges (Net)	**21**		**2,063.20**	4,507.24
Depreciation	**5 A**		**13,666.07**	10,967.22
Amortisation of Intangible Assets	**5 B**		**1,845.90**	1,461.34
Surplus from Prepayment of Loan (Refer note B 5 to Schedule 22)			**(316.94)**	
PROFIT BEFORE TAX FROM OPERATING ACTIVITIES			**11,687.32**	10,868.64
Impairment in license value (Refer note B 2 to Schedule 22)		3,585.80		
Less: Amount Withdrawn from Securities Premium		(3,585.80)	**-**	-
Loss on impairment and expenses relating to Spice Amalgamation Scheme				
(Refer note B 2 to Schedule 22)		831.33		
Less: Amount withdrawn from Business Restructuring Reserve		(831.33)	**-**	-
Non Compete Fee			**-**	5,439.75
Less: Amount withdrawn from Securities Premium			**-**	(5,439.75)
Loss on De-merger of Passive Infrastructure to				
Idea Cellular Towers Infrastructure Limited				16,227.76
Less: Amount withdrawn from Reserve for Business Restructuring			**-**	(16,227.76)
PROFIT BEFORE TAX			**11,687.32**	10,868.64
Provision for taxation - Current			**2,071.13**	1,268.99
- Deferred			**1,150.77**	763.53
- Fringe Benefit Tax			**-**	93.00
- MAT Credit			**(2,071.13)**	(1,268.99)
PROFIT AFTER TAX			**10,536.55**	10,012.11
Balance of Loss brought forward from previous year			**(4,052.83)**	(14,064.94)
Accumulated Losses on Amalgamation of Spice Communications Limited		15,463.77	-	
Withdrawal from General Reserve (Refer note B 2 to Schedule 22)		(4,844.60)		
Deferred tax on Amalgamation of Spice Communications Limited		(171.71)	**10,447.46**	
BALANCE OF LOSS CARRIED FORWARD TO BALANCE SHEET			**(3,963.74)**	(4,052.83)
EARNINGS PER SHARE (Refer note B 25 to Schedule 22)				
Basic			**3.39**	3.42
Diluted			**3.38**	3.42
Significant Accounting Policies and Notes to the Financial Statements	**22**			
The Schedules referred to above form an integral part of the Profit & Loss Account				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Place: Mumbai
Date: May 3, 2010

For and on behalf of the Board

Arun Thiagarajan
Director

Gian Prakash Gupta
Director

Sanjeev Aga
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Schedules forming part of the Accounts

(Rupees in Million)

		As at March 31, 2010	As at March 31, 2009
SCHEDULE 1			
SHARE CAPITAL			
Authorised			
6,775,000,000 (Previous year 6,775,000,000) Equity Shares of Rs.10/- each		**67,750.00**	67,750.00
1,500 (Previous year 1,500) Redeemable Cumulative Non Convertible Preference Shares of Rs.10 Mn Each		**15,000.00**	15,000.00
		82,750.00	82,750.00
Issued, Subscribed and Paid-Up			
Equity Share Capital			
3,299,837,792 (Previous year 3,100,095,209) Equity Shares of Rs. 10/- each fully paid up 199,153,469 Equity Shares are allotted as fully paid up under the Scheme of amalgamation of Spice Communications Limited without payments being received in cash (Refer note B 2 to Schedule 22)		**32,998.38**	31,000.95
		32,998.38	31,000.95
SCHEDULE 2			
RESERVES AND SURPLUS			
Amalgamation Reserve		**643.57**	643.57
Extinguishment as per Spice Amalgamation Scheme		**(643.57)**	-
		-	643.57
Capital Reserve		**1,414.56**	1,414.56
Extinguishment as per Spice Amalgamation Scheme		**(1,414.56)**	-
		-	1,414.56
Securities Premium Account			
Opening Balance		**83,755.58**	21,075.87
Add: Premium on issue of shares under ESOP scheme		**38.30**	-
Add: Addition on amalgamation of Spice Communications Limited (Refer note B 2 to Schedule 22)		**4,942.59**	-
Less: Utilisation/appropriation as per Spice Amalgamation Scheme (Refer note B 2 to Schedule 22)			
i) to Business Restructuring Reserve	1,000.00		
ii) to Profit and Loss account	3,585.80		
iii) to General Reserve	19,920.62	**(24,506.42)**	
Add: Premium on issue of Preferential allotment		**-**	68,297.40
Less: Share Issue Expenses		**-**	(177.94)
Less: Withdrawals		**-**	(5,439.75)
		64,230.05	83,755.58
Reserve for Business Restructuring			
Opening Balance		**-**	-
Add: Transfer from Securities Premium Account		**1,000.00**	
Additions during the year		**-**	16,227.76
Less: Transferred to Profit and Loss Account during the year		**831.33**	(16,227.76)
		168.67	-
General Reserve			
Opening Balance		**-**	
Addition on merger of telecom business of Aditya Birla Telecom Limited		**20,694.54**	
Transfer from Securities Premium account		**19,920.62**	
Transfer from Reserves (Amalgamation and Capital)		**2,058.13**	
Adjustment on amalgamation of Spice Communications Limited		**(17,134.15)**	
Transfer to Profit and Loss account		**(4,844.60)**	
		20,694.54	-
		85,093.26	85,813.71

Schedules forming part of the Accounts

(Rupees in Million)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 3		
SECURED LOANS		
Term Loan (Refer note B 4 to Schedule 22)		
Foreign Currency Loan		
- From Banks	**6,525.34**	4,268.34
- From Financial Institutions	**7,523.62**	4,279.80
Rupee Loan		
- From Banks	**39,026.94**	40,071.95
- From Financial Institutions & Others	**3,579.47**	6,682.76
(Repayable within one year Rs. 6,952.48 Mn, Previous Year Rs. 4,275.59 Mn)		
Vehicle Loan	**309.05**	346.47
(Repayable within one year Rs. 151.12 Mn, Previous Year Rs. 142.04 Mn)		
Vendor Finance (Repayable within one year Rs. 2,886.84 Mn)	**2,921.66**	-
	59,886.08	55,649.32
SCHEDULE 4		
UNSECURED LOANS		
Term Loan		
Foreign Currency Loan		
- From Banks	**3,386.98**	3,386.98
Rupee Loan		
- From Others (Refer note B 5 to Schedule 22)	**-**	1,757.36
Short Term Loan		
From Others	**-**	15,000.00
Vendor Finance (Repayable within one year Rs. 1,141.86 Mn)	**1,991.07**	-
	5,378.05	20,144.34

Schedules forming part of the Accounts

SCHEDULE 5 - FIXED ASSETS (Refer note B 4 to Schedule 22)

A - TANGIBLE ASSETS

(Rupees in Million)

Particulars	Gross Block						Depreciation						Net Block	
	As at April 1, 2009	Additions on account of Amalgamation	Additions during the year	Deletions on account of de-merger	Sale/ Adjustment during the year	As at March 31, 2010	As at April 1, 2009	Additions on account of Amalgamation	Additions during the year	Deletions on account of de-merger	Sale/ Adjustment during the year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Land	91.77	56.53	0.23	-	-	**148.53**	-	-	-	-	-	-	**148.53**	91.77
Leasehold Land	175.47	0.44	18.50	-	2.47	**191.94**	43.69	0.03	10.82	-	0.86	**53.68**	**138.26**	131.78
Building	663.49	412.29	316.34	-	-	**1,392.12**	198.87	97.67	40.48	-	-	**337.02**	**1,055.10**	464.62
Plant & Machinery	129,065.68	24,424.41	35,000.50	-	#2,635.55	**185,855.04**	33,345.60	8,849.31	13,905.32	-	#707.93	**55,392.30**	**130,462.74**	95,720.08
Furniture & Fixture	1,008.10	190.68	235.32	-	38.39	**1,395.71**	495.64	121.48	134.85	-	20.84	**731.13**	**664.58**	512.46
Office Equipment	771.19	1,238.95	106.85	-	6.56	**2,110.43**	567.84	1,156.03	100.49	-	5.79	**1,818.57**	**291.86**	203.35
Vehicles	684.33	73.12	190.54	-	117.14	**830.85**	312.52	22.65	193.15	-	63.51	**464.81**	**366.04**	371.81
Sub-Total	**132,460.03**	**26,396.42**	**35,868.28**	**-**	**2,800.11**	**191,924.62**	**34,964.16**	**10,247.17**	**14,385.11**	**-**	**798.93**	**58,797.51**	**133,127.11**	97,495.87
Less : Impairment loss adjusted against Business Restructuring Reserve (Refer Note B 2 to Schedule 22)									714.68					
Less : Pre-operative Charge Capitalized									4.36					
TOTAL	**132,460.03**	**26,396.42**	**35,868.28**	**-**	**2,800.11**	**191,924.62**	**34,964.16**	**10,247.17**	**13,666.07**	**-**	**798.93**	**58,797.51**	**133,127.11**	97,495.87
Previous Year	**110,122.89**	**-**	**45,794.66**	**(21,187.53)**	**2,269.99**	**132,460.03**	**31,238.45**	**-**	**10,969.74**	**(5,189.06)**	**2,054.97**	**34,964.16**	**97,495.87**	

Notes: -
1. Plant & Machinery includes assets held for disposal- Gross Block Rs.10.23 Mn (Previous Year - Rs. 38.51 Mn) and Net Block Nil (Previous Year Nil).
2. Plant & Machinery includes Gross Block of assets capitalised under finance lease Rs. 3,621.85 Mn (Previous Year Rs. 2,219.73Mn) and corresponding Accumulated Depreciation being Rs.1,689.72 Mn (Previous Year Rs. 640.62 Mn).
3. Exchange gain amounting to Rs. 744.12 Mn de-capitalised as per transitional provisions of notification under AS-11, issued by Ministry of Corporate Affairs.
Includes conversion from finance lease to operating lease (refer note B 24 to Schedule 22).

B - INTANGIBLE ASSETS

(Rupees in Million)

Particulars	Gross Block						Depreciation						Net Block	
	As at April 1, 2009	Additions on account of Amalgamation	Additions during the year	Deletions on account of de-merger	Sale/ Adjustment during the year	As at March 31, 2010	As at April 1, 2009	Additions on account of Amalgamation	Additions during the year	Deletions on account of de-merger	Sale/ Adjustment during the year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Entry/License Fees	20,706.73	7,690.54	3,260.10	-	-	**31,657.37**	11,311.00	5,114.28	1,274.89	-	-	**17,700.17**	**13,957.20**	9,395.73
Computer - Software	1,769.18	914.89	648.91	-	0.09	**3,332.89**	1,070.62	856.17	508.04	-	0.07	**2,434.76**	**898.13**	698.55
Bandwidth	691.57	304.42	433.09	-	-	**1,429.08**	52.83	19.66	68.44	-	-	**140.93**	**1,288.15**	638.75
Sub-Total	**23,167.48**	**8,909.85**	**4,342.10**	**-**	**0.09**	**36,419.34**	**12,434.45**	**5,990.11**	**1,851.37**	**-**	**0.07**	**20,275.86**	**16,143.48**	10,733.03
Less : Pre-operative - Charge Capitalized	-	-	-	-	-	-	-	-	5.47	-	-	-	-	-
TOTAL	**23,167.48**	**8,909.85**	**4,342.10**	**-**	**0.09**	**36,419.34**	**12,434.45**	**5,990.11**	**1,845.90**	**-**	**0.07**	**20,275.86**	**16,143.48**	10,733.03
Previous Year	**21,920.12**	**-**	**1,250.61**	**-**	**3.25**	**23,167.48**	**10,976.51**	**-**	**1,461.40**	**-**	**3.47**	**12,434.45**	**10,733.03**	
Grand Total	**155,627.51**	**35,306.27**	**40,210.38**	**-**	**2,800.20**	**228,343.96**	**47,398.61**	**16,237.28**	**15,511.97**	**-**	**799.00**	**79,073.37**	**149,270.59**	

Notes:
1. Computer - Software include Gross Block of assets capitalised under finance lease Rs. 863.86 Mn (Previous Year Rs.270.32 Mn) and corresponding Accumulated Depreciation being Rs. 304.07 Mn (Previous Year Rs.89.69 Mn).
2. The remaining amortisation period of license fees as at March 31, 2010 ranges between 6 to 18 years based on the respective Telecom Service License period.

Capital Work in Progress (Net of impairment provision of Rs. 8,430.40 Mn) (Includes capital advances Rs. 131.56 Mn Previous year Rs. 257.36 Mn)	**4,625.81**	**17,218.18**

Schedules forming part of the Accounts

(Rupees in Million)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 6		
INVESTMENTS		
Long-term Trade Investment (Unquoted)		
Investments in Shares of Subsidiaries		
Aditya Birla Telecom Limited	**16,327.76**	16,327.76
10,000,000 fully paid equity shares of Rs. 10/- each		
Idea Cellular Infrastructure Services Limited	**0.50**	0.50
50,000 fully paid equity shares of Rs. 10/- each		
Carlos Towers Limited	**0.50**	–
50,000 fully paid equity shares of Rs. 10/- each		
Idea Cellular Services Limited	**0.50**	0.50
50,000 fully paid equity shares of Rs. 10/- each		
Swinder Singh Satara & Company Limited	**38.31**	38.31
50,000 fully paid equity shares of Rs. 10/- each		
Long-term Trade Investment (Quoted)		
Investment in Joint Venture		
Spice Communications Limited (Refer note B 2 to Schedule 22)	**–**	22,041.87
283,489,350 fully paid equity shares of Rs. 10/- each		
(Market value - Previous Year Rs. 16,343.16 Mn)		
Current Investment		
Investments in Units of Mutual Funds (Refer note B 16 to Schedule 22)	**11,183.69**	10,879.14
	27,551.26	49,288.08
SCHEDULE 7		
INVENTORIES		
(At lower of cost or estimated realisable value)		
Sims and Other Cards	**466.99**	427.29
	466.99	427.29
SCHEDULE 8		
SUNDRY DEBTORS		
Debts outstanding for over six months		
Unsecured - Considered good	**219.12**	77.44
- Considered doubtful	**1,699.90**	2,640.99
	1,919.02	2,718.43
Other Debts		
Unsecured - Considered good	**4,082.05**	3,218.43
- Considered doubtful	**220.13**	153.73
	4,302.18	3,372.16
Less: Provision for doubtful debts	**1,920.03**	2,794.72
Total	**4,301.17**	3,295.87
Sundry Debtors include certain parties from whom Security Deposits of Rs. 292.99 Mn (Previous Year Rs. 246.51 Mn) have been taken and are lying with the Company		

Schedules forming part of the Accounts

(Rupees in Million)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash and Cheques on Hand	**134.13**	205.99
Balances with Scheduled Banks		
- in Current Accounts	**1,157.18**	1,202.60
- in Deposit Accounts	**1,513.10**	22,035.70
(Includes Rs. 262.59 Mn as margin money (Previous year Rs. 35.55 Mn))		
	2,804.41	23,444.29
SCHEDULE 10		
OTHER CURRENT ASSETS		
Unbilled Revenue	**743.72**	523.72
Interest Receivable on Deposits	**499.93**	807.12
	1,243.65	1,330.84
SCHEDULE 11		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received		
- Considered good	**6,251.22**	6,173.57
- Considered doubtful	**578.98**	90.75
Less: Provision for doubtful advances	**578.98**	90.75
	6,251.22	6,173.57
Deposits with Body Corporates	**11,592.48**	8,922.08
Deposits with Subsidiaries	**3,774.75**	748.03
Deposits and Balances with Govt. Authorities	**275.75**	204.74
Deposits with others	**3,300.86**	1,305.52
Advance Income Tax	**1,042.30**	91.91
MAT Credit Entitlement	**3,765.45**	1,694.32
	30,002.81	19,140.17
SCHEDULE 12		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors (Refer note B 19 to Schedule 22)	**25,073.16**	19,938.74
Book Bank Overdraft	**503.68**	1,089.05
Advances from Customers	**7,164.89**	5,416.55
Deposits from Customers and Others	**1,621.05**	1,423.21
Other Liabilities	**1,942.80**	1,802.76
Interest accrued but not due	**490.65**	1,553.60
	36,796.23	31,223.91
Provisions		
Gratuity (Refer note B 20 to Schedule 22)	**110.73**	17.55
Leave Encashment	**523.27**	490.87
Asset Retirement Obligation (Refer note B 28 to Schedule 22)	**455.70**	470.89
Provision for Current Tax (Net of Advance tax of Rs. 1,814.95 Mn)	**287.92**	-
Provision for Fringe Benefit Tax	**-**	7.20
	1,377.62	986.51
Total	**38,173.85**	32,210.42

Schedules forming part of the Accounts

(Rupees in Million)

	For the year ended March 31, 2010	For the year ended March 31, 2009
SCHEDULE 13		
OTHER INCOME		
Liabilities / Provisions no longer required written back (Refer note B 24 to Schedule 22)	**744.34**	156.78
Miscellaneous Receipts	**57.10**	58.99
	801.44	215.77
SCHEDULE 14		
COST OF TRADING GOODS SOLD (Refer note B 15 to Schedule 22)		
Opening Stock	**-**	0.45
Add: Purchases	**0.22**	189.19
Closing Stock	**-**	-
	0.22	189.64
SCHEDULE 15		
PERSONNEL EXPENDITURE		
Salaries and Allowances etc.	**5,109.10**	4,174.17
Contribution to Provident and Other Funds	**296.42**	215.82
Staff Welfare	**206.13**	194.56
Recruitment and Training	**87.21**	92.30
	5,698.86	4,676.85
SCHEDULE 16		
NETWORK OPERATING EXPENDITURE		
Security Service Charges	**426.75**	686.21
Power and Fuel	**9,422.67**	5,335.42
Repairs and Maintenance - Plant and Machinery	**2,976.78**	2,377.02
Switching & Cellsites Rent	**1,919.44**	1,711.96
Lease Line and Connectivity Charges	**4,187.37**	3,461.89
Network Insurance	**47.05**	41.39
Passive Infrastructure Charges	**15,107.76**	6,858.66
Other Network Operating Expenses	**306.34**	289.02
	34,394.16	20,761.57
SCHEDULE 17		
LICENCE & WPC CHARGES		
Licence Fees	**8,682.91**	7,245.71
WPC and Spectrum Charges	**4,261.88**	3,713.25
	12,944.79	10,958.96
SCHEDULE 18		
ROAMING & ACCESS CHARGES		
Roaming Charges	**674.69**	958.63
Access Charges	**16,778.21**	17,200.18
	17,452.90	18,158.81

Schedules forming part of the Accounts

(Rupees in Million)

	For the year ended March 31, 2010	For the year ended March 31, 2009
SCHEDULE 19		
SUBSCRIBER ACQUISITION & SERVICING EXPENDITURE		
Cost of Sim and Other Cards	**1,350.83**	955.83
Commission and Discount to Dealers & Recharge Expenses	**5,674.44**	4,287.26
Customer Verification Expenses	**808.88**	358.92
Collection & Telecalling Expenses	**3,265.34**	2,438.46
Customer Retention & Customer Loyalty Expenses	**244.40**	105.19
	11,343.89	8,145.66
SCHEDULE 20		
ADMINISTRATION & OTHER EXPENSES		
Repairs and Maintenance - Building	**38.13**	19.02
- Others	**1,436.98**	1,220.74
Other Insurance	**29.31**	30.46
Non Network Rent	**579.35**	473.28
Rates and Taxes	**71.80**	59.81
Electricity	**266.22**	188.09
Printing and Stationery	**79.73**	87.40
Communication Expenses	**134.67**	145.57
Travelling and Conveyance	**461.08**	438.13
Bad Debts written off	**1,733.11**	—
Provision for bad and doubtful debts / advances	**(1,260.22)**	331.59
Bank Charges	**78.71**	117.85
Directors Sitting Fees	**0.85**	1.11
Legal and Professional Charges	**314.30**	266.39
Audit Fees (Refer note B 10 to Schedule 22)	**30.50**	25.70
Loss on Sale of Fixed Assets / Asset disposed off	**30.87**	17.57
Miscellaneous Expenses	**431.17**	402.22
	4,456.56	3,824.93
SCHEDULE 21		
FINANCE & TREASURY CHARGES (NET)		
Interest		
- On Fixed Period Loan (Net of Rs. Nil capitalised, Previous year Rs. 190.39 Mn)	**5,342.90**	8,247.09
- Others	**87.29**	47.49
Financing Charges	**128.17**	189.20
	5,558.36	8,483.78
Less:		
Interest Received (Gross of Tax)	**2,318.19**	2,330.36
Profit on Sale of Other Investments	**878.71**	2,227.48
Gain / (Loss) on Foreign Exchange Fluctuation	**298.26**	(581.30)
	2,063.20	4,507.24

Schedules forming part of the Accounts

SCHEDULE 22

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements:

The Financial Statements have been prepared under the historical cost convention on accrual basis. The mandatory applicable accounting standards in India and the provisions of the Companies Act, 1956 have been followed in preparation of these financial statements.

2. Fixed Assets:

Fixed assets are stated at cost of acquisition and installation less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use.

Asset retirement obligations are capitalized based on a constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Such costs are depreciated over the remaining useful life of the asset.

3. Expenditure during pre-operative period of license:

Expenses incurred on Project and other charges during construction period are included under pre-operative expenditure (grouped under Capital Work in Progress) and are allocated to the cost of Fixed Assets on the commencement of commercial operations.

4. Depreciation and amortisation:

Depreciation on fixed assets is provided on straight-line method (except stated otherwise) on the basis of estimated useful economic lives as given below: -

Tangible Assets	Years
Buildings	9 to 30
Network Equipments	10 to 13
Optical Fibre	15
Other Plant and Machineries	5
Office Equipments	3 to 9
Computers	3
Furniture and Fixtures	3 to 10
Motor Vehicles	upto 5
Leasehold improvements	Period of lease
Leasehold Land	Period of lease

Intangible Assets are amortised on straight-line method as under:-

i) Cost of Rights and Licenses including the fees paid on fixed basis prior to revenue share regime is amortised on straight-line method on commencement of operations over the period of license.

ii) Software, which is not an integral part of Hardware, is treated as Intangible asset and is amortized over their useful economic lives as estimated by the management between 3 to 5 years.

iii) Bandwidth / Fibre taken on Indefeasible Right of Use (IRU) is amortised over the agreement period.

Assets costing upto Rs. 5,000/- are depreciated fully in the month of purchase.

5. Inventories:

Inventories are valued at cost or net realisable value, whichever is lower. Cost is determined on weighted average basis.

6. Foreign currency transactions:

Transactions in foreign currency are recorded at the exchange rates prevailing at the dates of the transactions. As per the transitional provisions given in the notification issued by Ministry of Corporate Affairs dated 31st March 2009, the company has opted for the option of adjusting the exchange difference on long term foreign currency monetary items to the cost of the assets acquired out of these foreign currency monetary items. The company has aligned its accounting policy based on this notification.

Exchange difference arising out of fluctuation in exchange rates on settlement / period end is accounted based on the nature of transaction as under:

1) Short term foreign currency monetary assets and liabilities: recognised in the Profit and Loss account.

2) Long term foreign currency monetary liabilities used for acquisition of fixed assets: adjusted to the cost of the fixed assets and amortised over the remaining useful life of the asset.

3) Other Long term foreign currency monetary liabilities: recognised in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the period of liability not exceeding 31st March 2011.

7. Taxation:

a) **Current Tax:** Provision for current income tax is made on the taxable income using the applicable tax rates and tax laws.

b) **Deferred Tax:** Deferred tax arising on account of timing differences and which are capable of reversal in one or more subsequent periods is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognised unless there is virtual certainty with respect to the reversal of the same in future years.

c) **Minimum Alternative Tax (MAT) credit:** is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Profit and Loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

8. Retirement Benefits:

Contributions to Provident and Pension funds are funded with the appropriate authorities and charged to the Profit and Loss account.

Contributions to superannuation are funded with the Life Insurance Corporation of India and charged to the Profit and Loss account.

Liability for gratuity as at the year end is provided on the basis of actuarial valuation and funded with Life Insurance Corporation of India.

Provision in accounts for leave benefits to employees is based on actuarial valuation done by projected accrued benefit method at the period end.

9. Revenue Recognition and Receivables:

Revenue on account of telephony services (mobile & long distance) and sale of handsets and related accessories is recognized net of rebates, discount, service tax, etc. on rendering of services and supply of goods respectively. Recharge fees on recharge vouchers is recognized as revenue as and when the recharge voucher is activated by the subscriber.

Unbilled receivables, represent revenues recognized from the bill cycle date to the end of each month. These are billed in subsequent periods as per the terms of the billing plans.

Debts (net of security deposits outstanding there against) due from subscribers, which remain unpaid for more than 90 days from the date of bill and/or other debts which are otherwise considered doubtful, are provided for.

Provision for doubtful debts on account of Interconnect Usage Charges (IUC), Roaming Charges and passive infrastructure sharing from other telecom operators is made for dues outstanding more than 180 days from the date of billing other than cases when an amount is payable to that operator or in specific case when management is of the view that the amount is recoverable.

10. Investments:

Current investments are stated at lower of cost or fair value in respect of each separate investment.

Long-term investments are stated at cost less provision for diminution in value other than temporary, if any.

11. Borrowing Cost:

Interest and other costs incurred in connection with the borrowing of the funds are charged to revenue on accrual basis except those borrowing costs which are directly attributable to the acquisition or construction of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use. Such costs are capitalized with the fixed assets.

12. License Fees – Revenue Share:

With effect from August 1, 1999 the variable License fee computed at prescribed rates of revenue share is being charged to the Profit and Loss account in the period in which the related revenue arises. Revenue for this purpose comprises adjusted gross revenue as per the license agreement of the license area to which the license pertains.

13. Use of Estimate:

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between actual results and estimates are recognised in the periods in which the results are known / materialise.

14. Leases:

a) **Operating:** Lease of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as expense in the Profit and Loss account, on a straight-line or other systematic basis over the lease term.

b) **Finance:** Leased assets acquired on which significant risk and reward of ownership effectively transferred to the Company are capitalised at lower of fair value or the amounts paid under such lease arrangements. Such assets are amortised over the period of lease or estimated life of such assets whichever is less.

15. Earnings Per Share:

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax, after reducing dividend on Cumulative Preference Shares for the period (irrespective of whether declared, paid or not), as per Accounting Standard 20 on "Earning Per Share", issued by the Institute of Chartered Accountants of India. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the period. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

16. Impairment of Assets:

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in accordance for AS-28 "Impairment of Assets", for the amount by which the asset's carrying amount exceeds its recoverable amount as on the carrying date. The recoverable amount is higher of the asset's fair value less costs to sell vis-à-vis value in use. For the purpose of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

17. Provisions & Contingent Liability:

Provisions are recognized when the Company has a present obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. A contingent liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

18. Issue Expenditure:

Expenses incurred in connection with issue of equity shares are adjusted against share premium.

19. Employee Stock Option:

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the intrinsic value of the option is treated as discount and accounted as employee compensation cost over the vesting period.

In respect of re-pricing of existing stock option, the incremental intrinsic value of the option is accounted as employee cost over the remaining vesting period.

B. NOTES TO ACCOUNTS

1. Merger of telecom business of Aditya Birla Telecom Limited (ABTL)

During the year, a Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 was filed with an appointed date of 1st April 2009 with the Hon'ble High Courts of Gujarat and Mumbai to de-merge into the Company the telecom operations including Unified Access Services License of Bihar (including Jharkhand) Service area of ABTL, a wholly owned subsidiary along with certain assets and liabilities without any consideration. The said Scheme approved by the respective courts became effective on 1st March 2010 and has been given effect to in these financial statements.

As per the scheme, the Company has recorded the assets and liabilities forming part of the de-merged undertaking vested in it at their respective book values as appearing in the books of accounts of ABTL at the close of the business immediately preceding the appointed date, and credited Rs. 20,694.54 Mn to General Reserve being the net value of these vested assets and liabilities.

Had the scheme not mandated the above accounting treatment, the balance in the Amalgamation Reserve would have been higher and General Reserve would have been lower by Rs. 20,694.54 Mn

ABTL continues to remain the wholly owned subsidiary of the Company.

2. Amalgamation of Spice Communications Limited (Spice)

The scheme of amalgamation of Spice (which provides telecommunication services in Punjab & Karnataka service areas and also has long distance operations), with the Company was approved by the Hon'ble High Court of Gujarat and the Hon'ble High Court of Delhi and became effective on 1st March 2010, being the last of the dates when the sanctioned scheme was filed with the Registrar of Companies at Ahmedabad and Delhi.

(a) As per the Scheme, the amalgamation has been given effect to under the "Pooling of Interest method" in accordance with the applicable Accounting Standard, pursuant to which, assets, liabilities and reserves of Spice has been recorded in the books of the Company at their carrying values at the close of business immediately preceding the effective date.

In line with Clause 12.1 of the Scheme, balances lying in the Amalgamation Reserve Account and Capital Reserve Account of the Company has been transferred to the General Reserve Account and the shortfall, between the debit to the General Reserve Account as detailed below and the transfers from Amalgamation Reserve Account and Capital Reserve Account has been withdrawn from the Securities Premium Account and credited to General Reserve Account.

The debit to the General Reserve Account is equal to total of (i) & (ii) reduced by (iii) as under:

i) Investment in Spice amounting to Rs. 22,041.87 Mn made by the Company for acquiring 41.09% of the total issued and paid-up equity share capital of Spice,

ii) Equity shares amounting to Rs. 1,991.53 Mn allotted to the shareholders of Spice (other than the Company) in terms of clause 11 of the Scheme,

iii) The amount of the share capital of the Spice being cancelled and extinguished.

Out of the total 689,925,000 shares of Spice, 283,489,350 shares held by the Company stand cancelled and the shareholders of Spice (other than the Company) have been issued 49 shares of the company for every 100 shares of Spice held by them, totalling to 199,153,469 shares, the face value of which is Rs. 1,991.53 Mn.

(b) In line with Clause 12.2 (b) of the Scheme, the value of impairment loss provided by Spice on licenses which overlap with those of the Company and included in the balance of accumulated loss being added to the Profit & Loss account of the Company on amalgamation has been adjusted by withdrawal from General Reserve. An equivalent amount has been withdrawn from Securities Premium account and credited to General Reserve.

(c) In line with Clause 12.2 (c) & (d) of the Scheme, an amount of Rs. 1,000.00 Mn has been withdrawn from Securities Premium account and transferred to Business Restructuring Reserve and an amount of Rs. 831.32 Mn has been withdrawn from Business Restructuring Reserve and transferred to Profit and Loss account for setting off the following effects.

i. Legal charges & other scheme related expenses – Rs. 111.68 Mn

ii. Impairment loss on Fixed Assets – Rs. 719.64 Mn

(d) Further, in line with the Accounting Standard Interpretation – 11, Accounting for Taxes on Income in case of an Amalgamation, deferred tax asset on amalgamation amounting to Rs. 171.71 Mn has been adjusted to the accumulated losses on amalgamation of Spice.

(e) The scheme of de-merger of overlapping UAS licenses of Punjab & Karnataka held by the company not becoming effective, an impairment loss amounting to Rs. 3,585.80 Mn (being the cost of these licenses) is debited to the Profit & Loss Account and set off with a corresponding equivalent amount withdrawn from the Securities Premium Account in line with Clause 12.2 (a) of the Spice amalgamation Scheme.

Had the scheme not mandated the above accounting treatment, the balance in Securities Premium account would have been higher by Rs. 24,506.42 Mn, Business Restructuring Reserve lower by Rs. 168.67 Mn, the profit for the year lower by Rs. 4,417.13 Mn and the debit balance of the carried forward Profit and Loss account higher by Rs. 24,337.75 Mn.

3. During the year under review, the Company became a pan India operator following the roll out of services in the remaining service areas of Orissa, Tamilnadu (including Chennai), Jammu & Kashmir, West Bengal, Kolkata, North East and Assam.

4. Secured Loans

a) Foreign Currency and Rupee Loans

Foreign Currency Loans amounting to Rs. 14,048.96 Mn (Previous year Rs. 8,548.14 Mn) and Rupee Loans amounting to Rs. 42,606.41 Mn (Previous year Rs. 46,754.71 Mn) are secured by way of first charge / assignment ranking pari-passu interse the lenders, as under:

i. First charge by hypothecation / mortgage on all the movable and immovable properties of the Company respectively,

ii. A first priority charge over all intangible assets (including Telecom Licenses) of the Company,

iii. Assignment of the rights, titles and interest, on deposits, investments, bank accounts, book debts, insurance covers, other general assets, letters of credit and guarantee or performance bond, provided in favour of the Company,

iv. Pledge on 60% shareholding of Indus Towers Limited held by wholly owned subsidiary.

b) Vendor Finance

Vendor Finance amounting to Rs. 2,921.66 Mn is secured by first charge by a way of hypothecation over all the equipments supplied by the vendor and enforceable under the said hypothecation deed.

c) Vehicle Loan

Vehicle Loan amounting to Rs. 309.05 Mn (Previous year Rs. 346.47 Mn) is secured by hypothecation of Vehicles against which the loans have been taken.

5. In accordance with an assignment agreement entered into at the time of acquisition between the original promoters of the amalgamated subsidiary Idea Mobile Communications Limited (IMCL) had issued interest free unsecured Bond of Rs. 1,757.36 Mn to Escorts Limited vide a Loan agreement dated 15th January, 2004. This bond was in lieu of the loans from the original promoters and was repayable on 15th January, 2014. In terms of the said agreement, Escorts Limited approached the Company for pre-payment. After adjusting the settlement amount and related contingencies, the surplus of Rs. 316.94 Mn has been recognised in the Profit and Loss account.

6. Interest from Department of Telecommunications (DoT)

The Company had recognised an income of Rs. 802.27 Mn during the year ended 31st March, 2003 being refund of excess interest charged by DoT on the license fee payable by the Company pursuant to the judgement dated 9th April, 2002 of Telecom Disputes Settlement and Appellate Tribunal (TDSAT). During the previous years, DoT arbitrarily acknowledged an amount of Rs. 758.76 Mn against Company's claim of Rs. 802.27 Mn The Company has represented this matter with DoT. The Company has not provided for the difference of Rs. 43.51 Mn, as in the opinion of the management, the amount is recoverable from DoT.

The Company is also entitled to interest on the amount of the refund so accrued in terms of the Supreme Court Judgment; the recognition of revenue on account of the same has been postponed pending acceptance in this respect by DoT. As of 31st March, 2010, this case is pending before the Hon'ble Supreme Court.

7. Contingent Liabilities

a) During the financial year 2006-07, the WPC wing of DoT had raised demands towards monthly compounded interest and penalty on WPC charges for the period upto financial year 2002-03 in respect of the telecom service areas of the erstwhile Idea Mobile Communication Limited, BTA Cellcom Limited and Spice Communications Limited amounting to Rs. 846.20 Mn, which were deposited under protest and reflected as advances. Following the favourable decision of TDSAT on petition No. 123 of 2008, these amounts are being adjusted against subsequent spectrum dues after 31st March 2010.

b) Under Export Promotion Credit Guarantee Scheme, Company had saved aggregated differential duty amounting to Rs. 37.72 Mn against which company had export obligation amounting to Rs. 301.06 Mn The company has fulfilled its export obligation and is awaiting formal acknowledgement from Director General of Foreign Trade for the same.

c) Other matters not provided for

(Rs. Mn)

Particulars	**As at March 31, 2010**	**As at March 31, 2009**
Income Tax matters not acknowledged as debts*	**727.84**	107.29
Sales Tax, Entry Tax & Service Tax matters not acknowledged as debts*	**4,833.53**	1,452.82
Other claims not acknowledged as debts*	**3,464.78**	1,345.07

** Figures for March 31, 2010 include Rs. 4,395.77 Mn of matters on amalgamation of Spice.*

d) Estimated amount of contracts (net of advance) remaining to be executed on capital account and not provided for

(Rs. Mn)

Particulars	**As at March 31, 2010**	**As at March 31, 2009**
Estimated amount of contracts (net of advance)	**10,581.35**	11,007.00

8. The Company has a contingent obligation to buy compulsory convertible preference shares issued by ABTL, from the holder at the original issue price of Rs. 20,982.50 Mn.

9. Details of guarantees given

(Rs. Mn)

Particulars	**As at March 31, 2010**	**As at March 31, 2009**
Bank guarantees given	**20,182.72**	9,233.51
Corporate Guarantee given to others on behalf of Subsidiaries & Joint Ventures	**-**	8,881.93

10. Auditors' Remuneration (excluding of service tax):

(Rs. Mn)

Particulars	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**
Statutory audit fees	**30.50**	25.70
Certification and other matters (incl. in legal and professional charges)	**3.68**	1.40
Out of pocket expenses (incl. in misc expenses)	**0.66**	0.30
Total Remuneration	**34.84**	27.40

11. CIF Value of imports:

(Rs. Mn)

Particulars	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**
Capital goods (including spares)	**20,252.07**	19,095.14
Trading goods	**-**	189.19

12. Expenditure in Foreign Currency (on remittance basis):

(Rs. Mn)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Interest	**406.15**	5.79
Travel	**4.71**	7.40
Professional and Consultancy fees	**1.86**	24.49
International Roaming Services	**191.23**	163.10
Others	**143.23**	214.88

13. Earning in Foreign Currency (on receipt basis):

(Rs. Mn)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
International Roaming Services*	**712.69**	686.60

** On accrual basis Rs. 786.21 Mn for current year and Rs. 669.60 Mn for previous year.*

14. Managerial remuneration under section 198 of the Companies Act, 1956 paid or payable during the financial year is as under:

(Rs. Mn)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Salary including perquisites	**38.86**	33.69
Contribution to provident and other fund	**3.76**	3.25
Performance incentive	**18.40**	12.46
Total	**61.02**	49.40

The above remuneration excludes gratuity & leave encashment amounts as the same is been based on actuarial valuation. The approval of Central Government is awaited for the period November 2009 onwards.

15. Quantitative details of goods traded:

Particulars	For the year ended March 31, 2010		For the year ended March 31, 2009	
	Nos.	Value (Rs. Mn)	Nos.	Value (Rs. Mn)
Handsets/Data cards				
Opening Stock	**-**	**-**	108	0.45
Purchases (net of returns)	**-**	**0.22**	92,595	189.19
Sale	**-**	**0.22**	92,703	187.33
Closing stock	**-**	**-**	-	-

16. Details of Investments

a) During the year, the Company has purchased and sold following units:

Scheme	During the year ended March 31, 2010				During the year ended March 31, 2009			
	Qty in '000	Rs. in Mn	Qty in '000	Rs. in Mn	Qty in '000	Rs. in Mn	Qty in '000	Rs. in Mn
	Units Purchased	Purchase Value	Units Sold	Sale Value	Units Purchased	Purchase Value	Units Sold	Sale Value
ABN AMRO Cash Fund - IP - Growth	-	-	-	-	49,406	500	49,406	500
ABN Amro Interval Fund - Monthly Plan A	-	-	-	-	23,865	250	23,865	252
ABN AMRO Money Plus IP Fund - Growth	-	-	-	-	20,556	250	20,556	252
Axis Liquid Fund - Growth	50	50	50	50	-	-	-	-
Axis Treasury Advantage Fund - Growth	50	50	50	50	-	-	-	-
Baroda Pioneer Liquid Fund - Inst Plan - Growth	23,933	250	23,933	250	-	-	-	-
Baroda Pioneer Treasury Advantage Fund - IP - Growth	24,358	250	24,358	251	-	-	-	-
Birla Cash Plus - I P - Growth	-	-	-	-	614,998	13,960	629,127	14,299
Birla Floating Rate Fund - LTP - Growth	-	-	-	-	112,340	1,530	112,340	1,535
Birla Sun Life Cash Manager - I P - Growth	138,232	2,045	1,092,272	16,087	1,234,364	17,936	722,848	10,443
Birla Sun Life Cash Plus - Institutional Premium Plan - Growth	7,496,923	107,952	7,794,933	112,169	12,173,456	163,858	12,118,699	163,196
Birla Sun Life Floating Rate Short Term Plan - Growth	398,109	6,022	398,109	6,023	-	-	-	-
Birla Sun Life Floating Rate Short Term Plan - IP - Growth	988,058	12,023	494,030	6,022	-	-	-	-
Birla Sun Life Liquid Plus - IP - Growth	-	-	-	-	5,717,108	92,529	5,782,799	93,740
Birla Sun Life Savings Fund - IP - Growth	4,435,992	75,656	4,342,891	74,300	-	-	-	-
Birla Sun Life Short Term Fund - IP – Growth	48,562	531	-	-	-	-	-	-
Birla Sun Life Short Term Opportunities Fund - IP - Growth	1,554,139	15,590	1,554,139	15,758	-	-	-	-
Birla Sunlife Interval Income Fund - Monthly Plan - Series I	-	-	-	-	-	-	48,574	504
Birla Sunlife Monthly Interval Fund - Series 2	-	-	-	-	-	-	122,373	1,261
Birla Sunlife Quarterly Interval Fund - Series 6	-	-	-	-	19,548	200	19,548	204
Birla Sunlife Quarterly Interval Fund - Series 8	-	-	-	-	-	-	50,000	512
Birla Sunlife Credit Oppurtunities - Growth	-	-	-	-	10,573,312	106,026	10,573,312	107,209
Birla Sunlife Dynamic Bond Fund - Growth	-	-	-	-	379,666	5,020	379,666	5,059
Birla Sunlife Monthly Interval Series 1 Growth	-	-	-	-	186,764	2,000	186,764	2,016
Canara Robeco Liquid - Super IP - Growth	4,533	50	4,533	50	-	-	-	-
Canara Robeco Treasury Advantage Fund - Super IP - Growth	3,655	50	3,655	50	-	-	-	-
DBS Chola Liquid Fund - Institutional Plus - Growth	-	-	-	-	15,100	250	15,100	250
DBS Chola Liquid Fund - Super IP - Growth	-	-	-	-	73,847	830	73,847	832
DSP Merrill Lynch Cash Plus Fund - IP - Growth	-	-	-	-	105,371	1,120	105,371	1,121
DSP Merrill Lynch Liquidity Fund - IP - Growth	-	-	-	-	95,882	1,140	95,882	1,145
DSP Merrill Lynch Liquidity Fund - Regular Plan - Growth	-	-	-	-	12,632	250	12,632	250
DWS Credit Opportunities Cash Fund - 30D - Growth	8,913	100	8,913	101	-	-	-	-
DWS Insta Cash Plus Fund - IP - Growth	57,949	810	57,949	810	76,289	1,000	76,289	1,002
DWS Insta Cash Plus Fund - Super IP - Growth	625,451	7,297	625,451	7,299	1,057,200	11,350	1,057,200	11,410
DWS Ultra Short-Term Fund - IP - Growth	494,683	5,247	494,683	5,252	24,447	250	24,447	252
Fidelity Cash Fund - IP - Growth	-	-	-	-	59,614	690	59,614	690
Fidelity Cash Fund - Super IP - Growth	-	-	-	-	318,595	3,720	318,595	3,725
Fidelity Liquid Plus Fund - Super IP - Growth	-	-	-	-	46,319	500	46,319	506
HDFC Cash Management Fund - Savings Plan - Growth	1,222,786	23,096	1,222,786	23,100	646,221	11,640	646,221	11,660
HDFC Cash Mgmt Fund – Treasury Advantage – WP – Growth	639,718	12,628	639,718	12,675	-	-	-	-

Scheme	During the year ended March 31, 2010				During the year ended March 31, 2009			
	Qty in '000	Rs. in Mn	Qty in '000	Rs. in Mn	Qty in '000	Rs. in Mn	Qty in '000	Rs. in Mn
	Units Purchased	Purchase Value	Units Sold	Sale Value	Units Purchased	Purchase Value	Units Sold	Sale Value
HDFC F R I F - STF - WP - Growth	627,300	9,658	627,300	9,691	-	-	-	-
HDFC Liquid Fund - Premium Plan - Growth	-	-	-	-	1,009,545	16,650	1,009,545	16,673
HDFC Quarterly Interval Fund - Plan C - Whole Sale Plan - Growth	24,996	250	-	-	-	-	-	-
HSBC Cash Fund - I P - Growth	-	-	-	-	36,392	500	36,392	501
HSBC Cash Fund - Institutional Plus - Growth	-	-	-	-	719,743	9,350	719,743	9,362
ICICI Prudential Flexible Income Plan - Growth	-	-	-	-	966,269	15,537	983,034	15,827
ICICI Prudential Flexible Income Plan - Premium – Growth	724,180	21,739	724,180	21,805	-	-	-	-
ICICI Prudential Liquid - I P - Growth	-	-	-	-	112,531	2,320	112,531	2,326
ICICI Prudential Liquid - Inst Plus - Growth	11,273	250	11,273	250	91,971	1,900	91,971	1,907
ICICI Prudential Liquid - Super IP - Growth	1,299,604	29,016	1,338,104	29,527	5,631,205	69,670	5,631,205	69,769
ICICI Prudential Ultra Short Term Plan - Sup Prem - Growth	194,225	2,000	97,431	1,007	-	-	-	-
IDFC Cash Fund - Plan C - Super I P - Growth	1,579,571	17,438	1,579,571	17,440	1,145,180	12,000	1,145,180	12,004
IDFC Fixed Maturity Plan - Growth	-	-	-	-	45,011	450	45,011	454
IDFC Money Manager - Treasury Plan - Plan B - Growth	64,755	932	64,755	933	-	-	-	-
IDFC Money Manager - Treasury Plan - Plan C - Growth	1,638,725	17,622	1,638,725	17,638	188,194	1,950	188,194	1,952
ING Liquid Fund - IP - Growth	-	-	-	-	53,621	690	53,621	692
ING Liquid Fund - Super IP - Growth	-	-	-	-	788,313	9,680	788,313	9,694
JM Fixed Maturity Fund – Series XII – Monthly Plan 3	-	-	-	-	45,011	450	45,011	454
JM High Liquidity - I P - Growth	-	-	-	-	384,369	5,390	384,369	5,396
JM High Liquidity - Super I P - Growth	-	-	-	-	438,756	5,820	438,756	5,833
JM Money Manager Fund - Super Plus Plan - Growth	-	-	-	-	63,249	750	63,249	754
Kotak Flexi Debt Fund - IP – Growth	177,074	1,950	177,074	1,952	-	-	-	-
Kotak Floater - LT - Growth	1,202,005	17,236	1,202,005	17,284	18,220	250	18,220	253
Kotak Liquid - Inst Premium Plan - Growth	991,219	18,198	991,219	18,201	14,192	250	14,192	250
Kotak Liquid - IP - Growth	1,246	22	1,246	22	-	-	-	-
Kotak QIP Series	-	-	21,992	257	21,992	253	-	-
Kotak Quarterly FMP - Series 5	-	-	-	-	48,861	500	48,861	511
Kotak Quarterly Interval Plan Series 6 - Growth	87,249	1,000	-	-	-	-	-	-
LIC MF Liquid Fund - Growth	-	-	-	-	15,724	250	15,724	251
LIC MF Liquid Fund - IP - Growth	-	-	15,554	251	31,111	500	15,557	250
Lotus India Liquid Fund - IP - Growth	-	-	-	-	44,788	500	44,788	501
Lotus India Liquid Fund - Super IP - Growth	-	-	-	-	120,047	1,360	120,047	1,363
PRINCIPAL Cash Mgmt Fund LO- I P - Growth	-	-	-	-	77,965	1,050	77,965	1,051
PRINCIPAL Cash Mgmt Fund LO- Inst Prem. Plan - Growth	-	-	-	-	285,240	3,730	285,240	3,739
PRINCIPAL Floating Rate Fund - FMP - IP - Growth	-	-	-	-	19,526	250	19,526	254
Prudential ICICI Monthly Interval Fund - Series 1	-	-	-	-	-	-	47,126	505
Reliance Liquid Fund - TP - IP - Growth	804,775	17,671	804,775	17,675	95,991	1,950	95,991	1,956
Reliance Liquid Plus Fund - IP - Growth	-	-	-	-	-	-	22,905	251
Reliance Liquidity Fund - Growth	918,103	12,488	918,103	12,491	1,992,435	24,730	1,992,435	24,761
Reliance Medium Term Fund - Growth	410,895	7,701	410,895	7,711	13,291	240	13,291	241
Reliance Money Manager Fund - IP – Growth	11,441	14,050	11,441	14,089	-	-	-	-

Scheme	During the year ended March 31, 2010				During the year ended March 31, 2009			
	Qty in '000	Rs. in Mn	Qty in '000	Rs. in Mn	Qty in '000	Rs. in Mn	Qty in '000	Rs. in Mn
	Units Purchased	Purchase Value	Units Sold	Sale Value	Units Purchased	Purchase Value	Units Sold	Sale Value
Religare Liquid Fund - Super IP - Growth	341,767	4,260	341,767	4,260	-	-	-	-
Religare Ultra Short Term Fund - IP - Growth	341,763	4,260	341,763	4,266	-	-	-	-
SBI Premier Liquid Fund - Super IP - Growth	-	-	-	-	18,411	250	18,411	250
Standard Chartered Liquidity Manager Fund Plus - Growth	-	-	-	-	429,659	5,050	429,659	5,054
Templeton India TMA - IP - Growth	-	-	-	-	84,681	1,080	84,681	1,082
Templeton India TMA - Super IP - Growth	-	-	-	-	492,515	6,000	492,515	6,010
UTI- Fixed Income Interval Fund - Series II - Quarterly Interval Plan V- Institutional Growth Plan	50,005	500	-	-	-	-	-	-
UTI Fixed Income Interval Fund-MIP Series-IP Growth	-	-	88,048	1,007	88,048	1,000	-	-
UTI Floating Rate Fund - STP - IP - Growth	1,140	1,175	1,140	1,177	-	-	-	-
UTI Liquid Fund - Cash Plan - IP - Growth	4,267	6,305	4,267	6,308	1,267,544	17,210	1,267,544	17,232
UTI Liquid Plus Fund - IP - Growth	-	-	-	-	222,920	2,600	222,920	2,613
UTI Money Market - Growth	219,651	5,460	219,651	5,463	479,171	11,610	479,171	11,624
UTI Money Market - IP - Growth	120,365	16,695	120,365	16,697	-	-	-	-
UTI Treasury Advantage Fund - IP - Growth	14,863	18,033	14,863	18,061	-	-	-	-
Grand Total	**30,028,550**	**515,608**	**30,549,962**	**525,757**	51,238,591	670,521	50,934,288	667,430

b) As at 31st March, 2010 the closing balance in mutual fund units are as follows:

Particulars	As at March 31, 2010		As at March 31, 2009	
	Qty in '000 Closing Units	Rs in Mn Closing Value	Qty in '000 Closing Units	Rs in Mn Closing Value
Birla Sunlife Cash Plus - Institutional Premium Plan - Growth	16,985	250	132,255	1,860
Birla Sun Life Floating Rate Short Term Plan - IP - Growth	494,028	6,024	-	-
Birla Sun Life Savings Fund - IP - Growth	93,216	1,629	-	-
Birla Sun Life Short Term Fund - IP – Growth	48,562	531	-	-
Birla Sunlife Cash Manager - IP - Growth	-	-	511,516	7,516
HDFC Quarterly Interval Fund - Plan C - Whole Sale Plan - Growth	24,995	250	-	-
ICICI Prudential Ultra Short Term Plan - Sup Prem - Growth	96,793	1,000	-	-
Kotak QIP Series	-	-	21,993	253
Kotak Quarterly Interval Plan Series 6 - Growth	87,249	1,000	-	-
LIC MF Liquid Fund - IP - Growth	-	-	15,554	250
UTI- Fixed Income Interval Fund - Series II - Quarterly Interval Plan V - Institutional Growth Plan	50,005	500	-	-
UTI Fixed Income Interval Fund-MIP Series-IP Growth	-	-	88,048	1,000
Total	**911,833**	**11,184**	769,366	10,879

17. As per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 following information are disclosed:

(Rs. Mn)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in sundry creditors	**9.46**	22.71
(ii) The interest due on above	**Nil**	Nil
The total of (i) & (ii)	**9.46**	22.71
b) The amount of interest paid by the buyer in terms of Section 16 of the Act	**Nil**	Nil
c) The amount of the payment made to the supplier beyond the appointed day during the accounting year	**Nil**	Nil
d) The amounts of interest accrued and remaining unpaid at the end of financial year	**Nil**	Nil
e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under this Act	**Nil**	Nil

18. During the year, under ESOS 2006, 6,918,750 options have been granted as 'Tranche III' to the eligible employees as on 22nd December 2009. Each option when exercised would be converted into one equity share of Rs. 10/- each, fully paid up, of the Company. The options will vest in 4 equal annual installments after one year of the grant. The maximum period of exercise is 5 years from the date of vesting.

Further, the ESOS Compensation Committee of the Company also modified the exercise price of Stock Options under Tranche I and Tranche II from Rs. 112.57 / Rs. 84.30 to Rs. 39.30 / Rs. 45.55 per option respectively.

The compensation costs of stock options granted to employees have been accounted by the Company using the intrinsic value method.

Summary of Stock Option

Particulars	No. of Stock Options	
	March 31, 2010	March 31, 2009
Options outstanding at beginning of the year	**22,952,500**	19,667,000
Options granted during the year	**6,918,750**	6,131,250
Options forfeited/lapsed during the year	**2,162,687**	2,845,750
Options exercised during the year	**589,114**	-
Options outstanding at end of the year	**27,119,449**	22,952,500
Weighted average exercise price of outstanding options	**44.84**	105.51

Personnel expenditure includes Rs.282.91 Mn (Previous Year Rs. 144.74 Mn) being the amortisation of intrinsic value for the period ending 31st March, 2010.

Had the compensation cost for the Company's stock based compensation plan been determined as per fair value approach (calculated using Black & Scholes Option Pricing Model), the Company's net income would be lower by Rs. 284.85 Mn (Previous Year: Rs. 423.72 Mn) and earnings per share as reported would be lower as indicated below:

(Rs. Mn)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Net profit after tax but before exceptional items	**10,536.55**	10,012.11
Add: Total stock-based employee compensation expense determined under intrinsic value base method	**282.91**	144.74
Less: Total stock-based employee compensation expense determined under fair value base method	**567.76**	568.46
Adjusted net profit	**10,251.70**	9,588.39
Basic earnings per share (in Rs.)		
- As reported	**3.39**	3.42
- Adjusted	**3.30**	3.27
Diluted earnings per share (in Rs.)		
- As reported	**3.38**	3.42
- Adjusted	**3.29**	3.27

The fair value of each option is estimated on the date of grant / re-pricing based on the following assumptions:

Particulars	On the date of grant			On the date of re-pricing	
	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected life	6 yrs 6 months	6 yrs 6 months	6 yrs 6 months	4 yrs 6 months	5 yrs 9 months
Risk free interest rate (%)	7.78%	7.50%	7.36%	7.36%	7.36%
Volatility (%)	40.00	45.80	54.54	54.54	54.54

19. Details of foreign currency exposures:

a) Hedged by a derivative instrument:

(Amount in Mn)

Particulars	As at March 31, 2010	As at March 31, 2009
Foreign Currency Loan*		
Foreign Currency Loan in USD	**48.00^**	30.00
Vendor Finance in USD	**49.79**	_
Foreign Currency Loan in JPY	**17,727.73**	17,727.73
Sundry Creditors in USD	**24.09**	_
The Equivalent INR of Foreign Currency Loans & Creditors	**11,989.94**	7,655.32

**Fully hedged for interest and principal repayments*
^ Includes USD 18 Mn fully hedged for principal repayments only.

b) Not hedged by a derivative instrument or otherwise:

(Amount in Mn)

Particulars	As at March 31, 2010	As at March 31, 2009
Foreign Currency Loan		
Foreign Currency Loan in USD	**198.67**	84.00
Vendor Finance in USD	**43.12**	-
The Equivalent INR of Foreign Currency Loan	**10,914.10**	4,279.80
Sundry Creditors:		
Sundry Creditors in USD	**93.03**	63.36
Interest accrued on Foreign Currency Loans in USD	**0.64**	0.55
Sundry Creditors in EURO	**0.01**	0.31
The Equivalent INR of sundry creditors & interest accrued in Foreign Currency	**4,228.68**	3,277.20
Sundry Debtors:		
Sundry Debtors in USD	**15.91**	3.65
Sundry Debtors in EURO	**0.07**	0.01
The Equivalent INR of sundry debtors in Foreign Currency	**722.53**	186.64

20. Employee Benefits:

a) **Defined Benefit Plan:** The Company provides for its liability towards gratuity as per the actuarial valuation. The present value of the accrued gratuity minus fund value is provided in the books of accounts.

(Rs. Mn)

Sr. No.	Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
1	**Assumptions**		
	Discount Rate	**7.50%**	8.00%
	Expected Rate of return on Plan Assets	**7.50%**	7.50%
	Salary Escalation	**6.00%**	6%-7%
2	**Table showing changes in present value of obligations**		
	Present value of obligations as at beginning of year	**132.69**	84.92
	Interest cost	**14.82**	6.79
	Current Service Cost	**51.21**	25.25
	Benefits Paid	**9.64**	11.85
	Liabilities assumed on Acquisition	**26.79**	0.00
	Actuarial (gain)/loss on obligations	**39.64**	27.58
	Present value of obligations as at end of year	**255.51**	132.69
3	**Table showing changes in the fair value of plan assets**		
	Fair value of plan assets at beginning of year	**124.55**	80.33
	Expected return on plan assets	**9.34**	8.04
	Contributions	**16.25**	48.03
	Assets acquired on acquisition	**4.00**	0.00
	Benefits paid	**9.64**	11.85
	Actuarial gain/(loss) on plan assets	**0.28**	0.00
	Fair value of plan assets at the end of year	**144.78**	124.55
	Funded status	**110.73**	8.14
	Actual return on plan assets	**9.62**	8.04
4	**Actuarial gain/loss recognised**		
	Actuarial gain/(loss) for the year -Obligation	**(39.64)**	(27.58)
	Actuarial (gain)/loss for the year - plan assets	**(0.28)**	0.00
	Total (gain)/loss for the year	**39.35**	27.58
	Actuarial (gain)/loss recognized in the year	**39.35**	27.58
5	**Amounts to be recognised in the Balance Sheet**		
	Present value of obligations as at the end of year	**255.51**	132.69
	Fair value of plan assets as at the end of the year	**144.78**	124.55
	Funded status	**110.73**	8.14
	Net asset/(liability) recognised in Balance Sheet	**(110.73)**	(17.55)
6	**Expenses recognised in statement of Profit & Loss**		
	Current service cost	**51.21**	25.25
	Interest cost	**14.82**	6.79
	Expected return on plan assets	**9.34**	(8.04)
	Net Actuarial (gain)/loss recognised in the year	**28.41**	27.58
	Expenses recognised in statement of Profit & Loss under "Contribution to Provident and other funds"	**85.10**	51.58
7	**Investment details of plan assets (% allocation)**		
	Insurer managed funds	**100%**	100%
8	**Experience Adjustments**		
	Defined benefit obligation	**255.51**	132.69
	Plan assets	**144.78**	124.55
	Surplus/(deficit)	**(110.73)**	(8.14)
	Experience adjustments on plan liabilities	**57.02**	14.11
	Experience adjustments on plan assets	**0.28**	0.00

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

b) **Defined Contribution Plan:** During the year, the Company has recognised the following amounts in the Profit and Loss account:

(Rs. Mn)

Particulars	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**
Employers' Contribution to Provident Fund	**164.70**	129.47
Employers' Contribution to Superannuation Fund	**32.57**	31.41

21. Segment Reporting

1. Primary Segments:

The Company operates in two business segments:

a) Mobility Services

b) Long Distance (LD)

2. Secondary Segment:

The Company caters only to the needs of Indian market representing a singular economic environment with similar risks and rewards and hence there are no reportable geographical segments.

Primary Business Information (Business Segments) for the year ended 31st March, 2010.

(Rs. Mn)

Particulars	**Business Segments**		**Elimination**	**Total**
	Mobility	**LD**		
Revenue				
External revenue	118,136.51	365.92	-	118,502.43
Inter-segment revenue	533.63	11,782.77	(12,316.40)	-
Total Revenue	**118,670.14**	**12,148.69**	**(12,316.40)**	**118,502.43**
Segment Result	**8,272.35**	**5,132.02**	**-**	**13,404.37**
Interest & financing charges (net)	-	-	-	2,063.20
Other income	-	-	-	346.15
Profit before tax	-	-	-	11,687.32
Provision for tax (net)	-	-	-	1,150.77
Profit after tax	-	-	-	10,536.55
Other information				
Segment assets	180,603.97	16,949.08	(26,987.32)	170,565.73
Unallocated corporate assets	-	-	-	49,700.96
Total Assets	**180,603.97**	**16,949.08**	**(26,987.32)**	**220,266.69**
Segment liabilities	118,332.53	11,804.85	(26,987.32)	103,150.06
Unallocated corporate liabilities	-	-	-	2,544.28
Total Liabilities	**118,332.53**	**11,804.85**	**(26,987.32)**	**105,694.34**
Capital expenditure	30,142.40	3.79	-	30,146.19
Depreciation & amortisation	15,443.76	68.21	-	15,511.97

Primary Business Information (Business Segments) for the year ended 31st March, 2009.

(Rs. Mn)

Particulars	Business Segments		Elimination	Total
	Mobility	LD		
Revenue				
External revenue	98,540.27	30.53	-	98,570.80
Inter-segment revenue	260.04	7,080.18	(7,340.22)	-
Total Revenue	**98,800.31**	**7,110.71**	**(7,340.22)**	**98,570.80**
Segment Result	**14,209.32**	**1,166.56**	**-**	**15,375.88**
Interest & financing charges (net)	-	-	-	4,507.24
Profit before tax	-	-	-	10,868.64
Provision for tax (net)	-	-	-	856.53
Profit after tax	-	-	-	10,012.11
Other information				
Segment assets	142,458.35	6,556.42	(10,190.08)	138,824.69
Unallocated corporate assets	-	-	-	83,548.93
Total Assets	**142,458.35**	**6,556.42**	**(10,190.08)**	**222,373.62**
Segment liabilities	97,797.07	5,389.89	(10,190.08)	92,996.88
Unallocated corporate liabilities	-	-	-	16,432.58
Total liabilities	**97,797.07**	**5,389.89**	**(10,190.08)**	**109,429.46**
Capital expenditure	47,128.02	878.26	-	48,006.28
Depreciation & amortisation	12,410.98	17.58	-	12,428.56

22. Related Party Transactions

As per Accounting Standard-18 on "Related Party Disclosure", related parties of the Company are disclosed below:

A. List of related Parties:

Promoters

Hindalco Industries Limited (Hindalco)
Grasim Industries Limited (Grasim)
Aditya Birla Nuvo Limited (ABNL)
Birla TMT Holdings Pvt. Limited (Birla TMT)

Subsidiaries

Swinder Singh Satara & Co. Limited (SSS & Co)
Aditya Birla Telecom Limited (ABTL)
Idea Cellular Services Limited (ICSL)
Idea Cellular Infrastructure Services Limited (ICISL)
Idea Cellular Towers Infrastructure Limited (ICTIL)
Carlos Towers Limited (with effect from 1st March 2010)

Joint Venture

Spice Communications Limited (SCL) (up to 28th February, 2010)
Indus Towers Limited (ITL)

Entities having significant Influence

TMI Mauritius Ltd
TMI India Ltd (TMI)
Axiata Group Berhad

Key Management Personnel (KMP)

Mr. Sanjeev Aga, MD
Mr. Akshaya Moondra, CFO

B. Transactions with Related Parties:

(Rs. Mn)

Particulars	Nature of Relationship											
	Promoters			Joint Venture		Subsidiaries					TMI	KMP
	Hindalco	Grasim	ABNL	ITL	SCL	ICSL	ABTL	ICISL	ICTIL	SSS & Co.		
Deposit Taken							- (774.38)					
Remuneration												72.37 (63.09)
Security Deposit Given				1,321.34 (684.69)								
Purchase of Fixed Assets			0.33 (-)	- (1.01)	9.19 (-)		- (42.08)	12.79 (0.05)				
Sale of Fixed Assets				5.50 (131.37)	15.84 (4.75)		- (30.30)	20.40 (28.92)				
Purchase of Service /Goods	- (0.12)		0.13 (0.33)	10,497.72 (2,291.15)	1,288.76 (167.34)	341.34 (228.02)	- (29.78)	747.32 (-)		7.15 2.73		
Sale of Service/Goods	12.65 (5.36)	41.15 (7.67)	1.98 (0.52)		604.17 (95.90)		- (23.60)			0.23 (116.07)		
Unsecured Loan/ICD Taken							- (1,000.00)		261.79 (-)			
Unsecured Loan/ICD Repaid							- (1,000.00)		217.53 (-)			
Unsecured Loans/ICD given			- (750.00)	- (4,188.80)	5,951.36 (-)		- (3,285.88)	2,689.08 (208.90)	- (7.54)	330.23 (52.37)		
Unsecured Loans/ICD repaid by			- (750.00)		25.09 (-)		- (2,500.00)	823.01 (19.21)	7.54 (355.38)	330.23 (52.37)		
Interest on Unsecured loans Given			- (7.97)	595.49 (160.30)	456.23 (-)							
Pass through and reimbursement of expenses incurred on behalf of				996.36 (339.15)								
Pass through and reimbursement of expenses incurred on Company's behalf by				5,772.54 (2,027.90)								
Advances given									710.75 (355.38)			
Advances repaid by									710.75 (-)			
Expense incurred by Company on behalf of	0.57 (-)	0.85 (-)	0.63 (-)		210.74 (24.71)	4.44 (-)	- (174.23)	33.85 (1.34)		2.56 (1.01)		
Expenses incurred on Company's behalf by	0.50 (0.13)	0.75 (1.49)	0.01 (-)		15.88 (-)			1.46 (-)				
Rent Paid										2.70 (2.70)		
Issue of Shares											1,656.51* (-)	

(Figures in bracket are for the year ended March 31, 2009)

** Shares issued pursuant to amalgamation of Spice Communications Limited (Refer Note B 2 to Schedule 22)*

C. Outstanding as on March 31, 2010:

(Rs. Mn)

Particulars	Nature of Relationship										
	Promoters			Joint Venture		Subsidiaries					KMP
	Hindalco	Grasim	ABNL	ITL	SCL	ICSL	ABTL	ICISL	ICTIL	SSS & Co.	
Deposit Taken							- (774.38)				
Deposit Given				1,876.69 (-)							
Unsecured Loan/Advances given				5,651.20 (5,275.13)			- (1,201.65)	3,685.88 (220.70)	- (7.54)		
Remuneration Payable											20.87 (17.44)
Accounts Receivable	0.82 (-)	1.73 (-)	0.51 (-)	406.14 (-)	- (33.38)		- (0.95)			88.86 (94.17)	
Accounts Payable				4,117.13 (1,853.55)		7.48 (13.30)		64.16 (-)	44.30 (-)		
Corporate Guarantee					- (5,246.73)		- (3,635.20)				

(Figures in bracket are as of March 31, 2009)

D. Disclosures of amounts at the year end and the maximum amount of loans & advances outstanding during the year.

(Rs. Mn)

Name of the Party	Outstanding as at March 31, 2010	Maximum Outstanding during the year ended March 31, 2010	Outstanding as at March 31, 2009	Maximum Outstanding during the year ended March 31, 2009
Subsidiary:				
Aditya Birla Telecom Limited (ABTL)	**-**	**-**	1,201.65	3,292.42
Idea Cellular Services Limited (ICSL)	**-**	**-**	-	59.02
Idea Cellular Infrastructure Services Limited (ICISL)	**3,685.90**	**4,122.68**	220.70	2,243.10
Idea Cellular Towers Infrastructure Limited (ICTIL)	**-**	**710.75**	7.54	362.92
Swinder Singh Satara & Co. Ltd (SSS & Co)	**88.86**	**191.68**	-	-
Joint Venture:				
Indus Towers Limited	**5,651.20**	**5,918.56**	4,595.85	4,595.85

23. The Company has entered into non-cancellable operating leases for offices, switches and cell sites for periods ranging from 36 months to 240 months.

The future lease payments in respect of the above are as follows:

(Rs. Mn)

Particulars	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum lease payments	6,025.37 (2,040.21)	20,813.29 (5,281.44)	13,144.91 (1,127.33)

(Figures in bracket are as of March 31, 2009)

For the current year, total lease payments amounting to Rs. 12,210.57 Mn (Previous year Rs. 4,090.04 Mn) are included in the rental expenditure head.

24. During the financial year, pursuant to the change in agreements, certain sites taken under Finance Lease have been reclassified into operating lease. Consequently, net fixed assets amounting to Rs. 1,863.35 Mn against these sites has been de-capitalised, finance lease liability & related provisions amounting to Rs. 2,209.50 Mn have been reversed and difference of Rs. 346.15 Mn has been recognised in the Profit & Loss account under the head Liabilities / Provisions no longer required written back.

25. Basic & Diluted Earnings Per Share

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Nominal value of Equity Shares (Rs.)	**10/-**	10/-
Profit after tax (Rs. Mn)	**10,536.55**	10,012.11
Profit attributable to equity shareholders (Rs. Mn)	**10,536.55**	10,012.11
Weighted average number of equity shares outstanding during the period	**3,108,318,276**	2,930,612,054
Basic Earnings Per Share (Rs.)	**3.39**	3.42
Dilutive effect on weighted average number of equityshares outstanding during the year	**7,281,676**	-
Weighted average number of diluted equity shares	**3,115,599,952**	2,930,612,054
Diluted Earnings Per Share (Rs.)	**3.38**	3.42

26. Deferred Tax

As of March 31, 2010, the Company has deferred tax liability of Rs. 6,341.38 Mn and deferred tax asset of Rs. 4,085.02 Mn as under:

(Rs. Mn)

Particulars	As at March 31, 2010	As at March 31, 2009
Deferred Tax Liability:		
Depreciation of Fixed Assets	**5,856.77**	3,525.12
Amortisation of Entry & License Fee (Net)	**484.61**	211.36
Total Deferred Tax Liability	**6,341.38**	3,736.48
Deferred Tax Asset:		
Provision for Doubtful Debts	**652.62**	949.93
Expenses allowable on payment basis	**463.59**	166.85
Brought Forward losses	**2,906.14**	1,124.00
Others	**62.67**	70.32
Total Deferred Tax Asset	**4,085.02**	2,311.10
Net Deferred Tax Liability	**2,256.36**	1,425.38

27. During the financial year 2007-08, company had entered into a composite IT outsourcing agreement wherein fixed assets and services related to IT has been supplied by the vendor. Such fixed assets received have been accounted for as a finance lease. Correspondingly, such assets are recorded at fair value of these assets at the time of receipt and depreciated on the stated useful life applicable to similar assets of the company.

As at 31st March, 2010, an amount of Rs. 531.72 Mn towards the supply of fixed assets during the year stands outstanding and will be paid during financial year 2010-11.

28. The movement in the Asset Retirement Obligation is set out as follows:

(Rs. Mn)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Opening Balance	**470.89**	473.58
Additional Provision	**-**	-
Utilisation	**(15.19)**	(2.69)
Closing Balance	**455.70**	470.89

29. Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current period grouping. Figures for the current year are not comparable with that of the previous year due to merger of telecom business of ABTL and Spice Communications Limited.

For and on behalf of the Board

Arun Thiagarajan
Director

Gian Prakash Gupta
Director

Sanjeev Aga
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Place: Mumbai
Date: May 3, 2010

Cash Flow Statement for the year ended March 31, 2010

(Rupees in Million)

	For the year ended March 31, 2010		For the year ended March 31, 2009	
A) Cash Flow from Operating Activities				
Net profit after tax		**10,536.55**		10,012.11
Adjustments for				
Depreciation	**13,666.07**		10,967.22	
Amortisation of Intangible assets	**1,845.90**		1,461.34	
Surplus on prepayment of loan	**(316.94)**		-	
Interest and financing charges	**5,558.36**		8,483.78	
Profit on sale of current investment	**(878.71)**		(2,227.48)	
Provision for bad & doubtful debts/advances	**472.89**		331.59	
Employee stock option cost	**282.91**		144.74	
Provision for gratuity, leave encashment	**73.86**		169.76	
Provision for fringe benefit tax	**-**		93.00	
Provision for deferred tax	**1,150.77**		763.53	
Liability no longer required written back	**(744.34)**		(156.78)	
Interest income	**(2,318.19)**		(2,330.36)	
(Profit)/loss on sale of fixed assets/assets discarded	**30.87**		17.57	
		18,823.45		17,717.91
Operating profit before working capital changes		**29,360.00**		27,730.02
Changes in Current Assets and Current Liabilities				
(Increase)/decrease in sundry debtors	**(889.46)**		(1,641.53)	
(Increase)/decrease in inventories	**1.04**		(151.14)	
(Increase)/decrease in other current assets	**(148.73)**		(46.90)	
(Increase)/decrease in loans and advances	**(7,708.77)**		(10,173.64)	
Increase /(decrease) in current liabilities	**1,243.92**		4,221.45	
		(7,502.00)		(7,791.76)
Cash generated from operations		**21,858.00**		19,938.26
Tax paid (including FBT & TDS)		**(2,006.65)**		(1,300.86)
Net cash from operating activities		**19,851.35**		18,637.40
B) Cash Flow from Investing Activities				
Purchase of fixed assets & intangible assets (including CWIP)	**(33,843.20)**		(47,744.67)	
Proceeds from sale of fixed assets	**83.09**		197.23	
Payment for Non Compete Fee	**-**		(5,439.75)	
Payment for purchase of shares of Spice Communications Limited	**-**		(22,041.87)	
Sale/ (purchase) of other investments	**10,148.70**		(3,091.66)	
Interest and dividend received	**2,651.99**		1,567.08	
Net cash from/(used in) investing activities		**(20,959.42)**		(76,553.64)

Cash Flow Statement for the year ended March 31, 2010

(Rupees in Million)

	For the year ended March 31, 2010		For the year ended March 31, 2009	
C) Cash Flow from Financing Activities				
Proceeds from issue of Share Capital	**23.41**		72,944.74	
Share Issue Expenses	**-**		(177.94)	
Proceeds from long term borrowings	**3,794.02**		7,504.42	
Repayment of long term borrowings	**(7,199.14)**		(3,012.45)	
Proceeds from short term loan	**-**		40,952.10	
Repayment of short term loan	**(15,000.00)**		(34,798.00)	
Interest paid	**(6,923.99)**		(7,022.89)	
Net cash from/(used in) financing activities		**(25,305.70)**		76,389.98
Net increase/(decrease) in cash and cash equivalent		**(26,413.77)**		18,473.74
Cash and cash equivalent at the beginning		**23,444.29**		4,970.55
Add: Cash and cash equivalents acquired on merger of telecom business of ABTL		**5,507.49**		-
Add: Cash and cash equivalents acquired on merger of Spice Communications Ltd.		**266.40**		-
Cash and cash equivalent at the end		**2,804.41**		23,444.29

Notes to Cash Flow Statement for the Year ended 31st March, 2010

1. Cash and cash equivalent includes

Cash and Cheques on Hand	**134.13**	205.99
Balances with Scheduled Banks		
- in Current Accounts	**1,157.18**	1,202.60
- in Deposit Accounts	**1,513.10**	22,035.70
	2,804.41	23,444.29

2. The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statement.

3. Previous year's figures have been rearranged/regrouped wherever necessary.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Place: Mumbai
Date: May 3, 2010

For and on behalf of the Board

Arun Thiagarajan
Director

Gian Prakash Gupta
Director

Sanjeev Aga
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No. 30976 — State Code 04

Balance Sheet Date: 31 (Date) 03 (Month) 10 (Year)

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	1997430

III Position of Mobilisation and Deployment of Fund (Amount in Rs. Thousands)

Total Liabilities	186056580
Total Assets	186056580

Source of Funds

Paid up Capital	32998380
Reserves and Surplus	85093260
Secured Loans	59886080
Unsecured Loans	5378050

Application of Funds

Net Fixed Assets	153896400
Investments	27551260
Net Current Assets/(Liability)	645180
Misc. Expenditure	NIL
Accumulated Losses	3963740

IV Performance of Company (Amount in Rs. Thousands)

Turnover	119303870
Total Expenditure	107933490

+	-	Profit/Loss before tax
✓		11687320

+	-	Profit/Loss after tax
✓		10536550

(Please tick appropriate box + for profit, - for loss)

Earnings per share in Rs.	3.39
Dividend Rate	00

V Generic names of the three principal products/Services of company (as per monetary terms)

Items Code No. (ITC Code): NOT APPLICABLE

Product Description: TELECOM SERVICES

For and on behalf of the Board

Arun Thiagarajan
Director

Gian Prakash Gupta
Director

Sanjeev Aga
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Place: Mumbai
Date: May 3, 2010

Auditors' Report on the Consolidated Financial Statements

To the Board of Directors of
Idea Cellular Limited

1. We have audited the attached Consolidated Balance Sheet of Idea Cellular Limited ('the Company'), its subsidiaries and joint venture (the Company, its subsidiaries and joint ventures constitute "the Group") as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto (all together referred to as "the consolidated financial statements"). The Consolidated Financial Statements include joint ventures accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.These financial statements are the responsibility of the Company's Management and have been prepared on the basis of separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of Indus Towers Limited, joint venture of Aditya Birla Telecom Limited whose financial statements reflect total assets (net) of Rs. 15,343.76 million as at March 31, 2010, total revenue of Rs. 8,682.27 million and net cash outflow amounting to Rs. 666.93 million for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by another auditor whose report have been furnished to us and our opinion in so far as it relates to the amounts included in respect of Indus Tower Limited is based solely on the report of an another auditor.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries and joint ventures, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;

   b) in case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and

   c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117 366W)

Hemant M. Joshi
Partner
Membership No: 38019

Place: Mumbai
Date: May 3, 2010

Consolidated Balance Sheet as at March 31, 2010

(Rupees in Million)

	Schedules	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**32,998.38**	31,000.95
Outstanding Employee Stock Options		**444.45**	182.33
Reserves and Surplus	2	**85,299.00**	106,713.99
		118,741.83	137,897.27
Compulsorily Convertible Preference Shares issued by Subsidiary Company		**19.25**	19.25
Loan Funds			
Secured	3	**73,166.23**	65,452.04
Unsecured	4	**5,426.79**	23,670.32
		78,593.02	89,122.36
Deferred Tax Liability (Net)		**2,142.02**	1,129.91
TOTAL		**199,496.12**	228,168.79
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block (At Cost)	5	**270,585.32**	205,234.23
Less: Depreciation and Amortisation		**88,906.73**	59,970.79
Net Block		**181,678.59**	145,263.44
Capital Work-in-Progress		**5,464.74**	21,408.63
		187,143.33	166,672.07
Goodwill on Consolidation		**61.20**	22,457.37
Investments	6	**11,303.70**	20,451.89
Current Assets, Loans and Advances			
Current Assets			
Inventories	7	**536.35**	521.26
Sundry Debtors	8	**4,655.61**	3,617.91
Cash and Bank Balances	9	**2,899.85**	30,863.96
Other Current Assets	10	**2,979.06**	1,861.42
Loans and Advances	11	**25,559.26**	16,820.64
		36,630.13	53,685.19
Less: Current Liabilities and Provisions	12		
Current Liabilities		**38,447.12**	38,636.76
Provisions		**2,232.65**	1,724.37
		40,679.77	40,361.13
Net Current Assets		**(4,049.64)**	13,324.06
Profit and Loss Account		**5,037.53**	5,263.40
TOTAL		**199,496.12**	228,168.79
Significant Accounting Policies and Notes to the Financial Statements	22		
The Schedules referred to above form an integral part of Balance Sheet			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Place: Mumbai
Date: May 3, 2010

For and on behalf of the Board

Arun Thiagarajan
Director

Gian Prakash Gupta
Director

Sanjeev Aga
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Consolidated Profit and Loss Account for the year ended March 31, 2010

(Rupees in Million)

	Schedules		For the year ended March 31, 2010	For the year ended March 31, 2009
INCOME				
Service Revenue			**123,650.40**	101,169.13
Sale of Trading Goods			**328.43**	143.72
Other Income	**13**		**1,011.39**	230.94
TOTAL			**124,990.22**	101,543.79
OPERATING EXPENDITURE				
Cost of Trading Goods Sold	**14**		**304.79**	147.90
Personnel Expenditure	**15**		**6,450.71**	5,245.00
Network Operating Expenditure	**16**		**31,269.73**	21,078.31
License and WPC Charges	**17**		**13,468.13**	11,239.32
Roaming & Access Charges	**18**		**18,001.30**	18,442.09
Subscriber Acquisition & Servicing Expenditure	**19**		**11,572.75**	8,270.69
Advertisement and Business Promotion Expenditure			**4,244.78**	4,572.77
Administration & Other Expenses	**20**		**5,087.14**	4,183.26
			90,399.33	73,179.34
PROFIT BEFORE FINANCE CHARGES, DEPRECIATION, AMORTISATION & TAX			**34,590.89**	28,364.45
Finance and Treasury Charges (Net)	**21**		**4,005.22**	4,945.22
Depreciation	**5 A**		**18,123.31**	12,472.70
Amortisation of Intangible Assets	**5 B**		**2,025.79**	1,555.23
Surplus from Prepayment of Loan (Refer note B 4 to Schedule 22)			**(316.94)**	-
PROFIT BEFORE TAX FROM OPERATING ACTIVITIES			**10,753.51**	9,391.30
Impairment in license value (Refer note B 2 to Schedule 22)		3,585.80		
Less: Amount withdrawn from Securities Premium		(3,585.80)	**-**	-
Loss on impairment and expenses relating to Spice amalgamation scheme (Refer note B 2 to Schedule 22)		831.33		
Less: Amount withdrawn from Business Restructuring Reserve		(831.33)	**-**	-
Non Compete Fee			**-**	5,439.75
Less: Amount withdrawn from Securities Premium			**-**	(5,439.75)
PROFIT BEFORE TAX			**10,753.51**	9,391.30
Provision for taxation - Current			**2,167.22**	1,273.29
- Deferred			**1,183.83**	468.97
- Fringe Benefit Tax			**-**	102.24
- MAT Credit			**(2,136.93)**	(1,268.99)
PROFIT AFTER TAX			**9,539.39**	8,815.79
Balance of Loss brought forward from previous year			**(5,263.40)**	(14,079.19)
Accumulated Losses on Amalgamation of Spice Communications Limited		14,329.83		
Withdrawal from General Reserve (Refer note B 2 to Schedule 22)		(4,844.60)		
Deferred tax on Amalgamation of Spice Communications Limited		(171.71)	**9,313.52**	-
BALANCE OF LOSS CARRIED FORWARD TO BALANCE SHEET			**(5,037.53)**	(5,263.40)
EARNINGS PER SHARE (in Rupees) (Refer Note B 18 to Schedule 22)				
Basic			**3.07**	3.01
Diluted			**3.06**	3.01
Significant Accounting Policies and Notes to the Financial Statements	**22**			
The Schedules referred to above form an integral part of Profit & Loss Account				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Place: Mumbai
Date: May 3, 2010

For and on behalf of the Board

Arun Thiagarajan
Director

Gian Prakash Gupta
Director

Sanjeev Aga
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Schedules forming part of the Consolidated Accounts

(Rupees in Million)

		As at March 31, 2010	As at March 31, 2009
SCHEDULE 1			
SHARE CAPITAL			
AUTHORISED			
6,775,000,000 (Previous year 6,775,000,000) Equity Shares of Rs.10 each		**67,750.00**	67,750.00
1,500 (Previous year 1,500) Redeemable Cumulative Non Convertible Preference Shares of Rs.10 Mn each		**15,000.00**	15,000.00
		82,750.00	82,750.00
ISSUED, SUBSCRIBED and PAID-UP			
Equity Share Capital			
3,299,837,792 (Previous year 3,100,095,209) Equity Shares of Rs. 10 each fully paid up (199,153,469 Equity Shares are allotted as fully paid up under the Scheme of Amalgamation of Spice Communications Limited without payments being received in cash)		**32,998.38**	31,000.95
		32,998.38	31,000.95
SCHEDULE 2			
RESERVES AND SURPLUS			
Amalgamation Reserve		**643.57**	643.57
Extinguishment as per Spice amalgamation Scheme		**(643.57)**	-
		-	643.57
Capital Reserve		**1,414.56**	1,414.56
Extinguishment as per Spice amalgamation Scheme		**(1,414.56)**	-
		-	1,414.56
Securities Premium Account			
Opening Balance		**104,655.86**	21,075.87
Add: Premium on issue of shares under ESOP scheme		**38.30**	-
Add: Addition on amalgamation of Spice Communications Limited (Refer note B 2 to Schedule 22)		**4,942.59**	-
Less: Utilisation/appropriation as per Spice amalgamation scheme (Refer note B 2 to Schedule 22)			
i) to Business Restructuring Reserve	1,000.00		
ii) to Profit and Loss Account	3,585.80		
iii) to General Reserve	19,920.62	**(24,506.42)**	-
Add: Premium on issue of Preferential allotment		**-**	68,297.40
Add: Premium on issue of Compulsorily Convertible Preference Shares by Subsidiary		**-**	20,963.25
Less: Share Issue Expenses		**-**	(240.91)
Less: Withdrawals		**-**	(5,439.75)
		85,130.33	104,655.86
Reserve for Business Restructuring			
Opening Balance			
Add: Transfer from Securities Premium Account		**1,000.00**	-
Less: Transferred to Profit and Loss Account during the year		**831.33**	-
		168.67	-
General Reserve			
Opening Balance		**-**	-
Transfer from Securities Premium account		**19,920.62**	-
Transfer from Reserves (Amalgamation and Capital)		**2,058.13**	-
Adjustment on amalgamation of Spice		**(17,134.15)**	-
Transfer to Profit and Loss account		**(4,844.60)**	-
		-	-
		85,299.00	106,713.99

Schedules forming part of the Consolidated Accounts

(Rupees in Million)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 3		
SECURED LOANS		
Term Loan		
Foreign Currency Loan		
- From Banks	**6,525.34**	5,315.11
- From Financial Institutions	**7,523.62**	5,095.00
Rupee Loan		
- From Banks	**49,267.09**	43,311.95
- From Financial Institutions	**3,579.47**	7,402.76
- From Others	**3,040.00**	-
(Repayable within one year Rs. 6,952.48 Mn, Previous year Rs. 4,275.59 Mn)		
Vehicle Loan	**309.05**	362.68
(Repayable within one year Rs. 151.12 Mn, Previous year Rs. 148.70 Mn)		
Finance Lease Liability	**-**	2,034.65
Vendor Finance (Repayable within one year Rs. 2,886.84 Mn, Previous year Rs. 865.34 Mn)	**2,921.66**	1,929.89
	73,166.23	65,452.04
SCHEDULE 4		
UNSECURED LOANS		
Term Loan		
Foreign Currency Loan		
- From Banks	**3,386.98**	3,386.98
Rupee Loan		
- From Others	**-**	1,757.36
Short Term Loan		
Rupee Loan from Banks	**-**	2,963.47
Foreign Currency Loan	**48.74**	-
Others	**-**	15,073.09
Vendor Finance (Repayable within one year Rs. 1,141.86 Mn, Previous year Rs. 15.54 Mn)	**1,991.07**	489.42
	5,426.79	23,670.32

Schedules forming part of the Consolidated Accounts

SCHEDULE 5 - FIXED ASSETS

A. TANGIBLE ASSETS

(Rupees in Million)

Particulars	Gross Block					Depreciation					Net Block	
	As at April 1, 2009	Additions on Amagamation of Spice	Additions during the year	Sale/ Adjustment during the year	As at March 31, 2010	As at April 1, 2009	Additions on Amalgamation of Spice	Additions during the year	Sale/ Adjustment during the year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Land	92.09	33.30	23.24	-	**148.63**	-	-	-	-	**-**	**148.63**	92.09
Leasehold Land	175.84	0.26	21.20	2.47	**194.83**	43.70	0.02	10.82	0.86	**53.68**	**141.15**	132.14
Building	870.09	242.88	332.92	3.84	**1,442.05**	235.97	57.54	57.51	3.36	**347.66**	**1,094.39**	634.12
Plant & Machinery	173,982.40	12,189.80	45,995.93	4,303.52	**227,864.61**	43,030.33	5,152.97	18,303.53	1,330.99	**65,155.84**	**162,708.77**	130,952.07
Furniture & Fixture	1,112.73	94.62	238.61	38.59	**1,407.37**	543.87	70.27	140.88	21.00	**734.02**	**673.35**	568.86
Office Equipment	1,355.98	717.52	143.02	9.74	**2,206.78**	1,058.64	678.31	131.07	8.68	**1,859.34**	**347.44**	297.34
Vehicles	717.30	31.24	202.46	120.14	**830.86**	320.58	10.02	198.54	64.33	**464.81**	**366.05**	396.72
Sub-Total	**178,306.43**	**13,309.62**	**46,957.38**	**4,478.30**	**234,095.13**	**45,233.09**	**5,969.13**	**18,842.35**	**1,429.22**	**68,615.35**	**165,479.78**	133,073.34
Less : Impairment loss adjusted against Business Restructuring Reserve (Refer Note B2 to Schedule 22)								714.68				
Less: Pre-operative Charge Capitalised								4.36				
Total Tangible Assets	**178,306.43**	**13,309.62**	**46,957.38**	**4,478.30**	**234,095.13**	**45,233.09**	**5,969.13**	**18,123.31**	**1,429.22**	**68,615.35**	**165,479.78**	133,073.34
Previous Year	**110,137.91**	**8,994.44**	**61,371.84**	**2,197.76**	**178,306.43**	**31,239.26**	**3,595.29**	**12,477.15**	**2,078.61**	**45,233.09**	**133,073.34**	

Notes:

1. Plant & Machinery includes assets held for disposal- Gross Block Rs. 10.23 Mn (Previous year Rs. 783.23 Mn) and Net Block Nil (Previous year Rs. Nil).
2. Plant & Machinery includes Gross Block of assets capitalised under finance lease Rs. 3,621.85 Mn (Previous Year Rs.4,338.62 Mn) and corresponding Accumulated Depreciation being Rs. 1,689.72 Mn (Previous Year Rs. 950.55 Mn).
3. Exchange gain amounting to Rs. 976.87 Mn de-capitalised as per transitional provisions of notification under AS-11, issued by Ministry of Corporate Affairs.

B. INTANGIBLE ASSETS

(Rupees in Million)

Particulars	Gross Block					Amortisation					Net Block	
	As at April 1, 2009	Additions on Amagamation of Spice	Additions during the year	Sale/ Adjustment during the year	As at March 31, 2010	As at April 1, 2009	Additions on Amagamation of Spice	Additions during the year	Sale/ Adjustment during the year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Entry/ License Fees	23,925.68	4,471.59	3,260.10	-	**31,657.37**	13,262.47	3,011.21	1,426.48	-	**17,700.16**	**13,957.21**	10,663.21
Computer - Software	1,859.97	538.41	722.40	0.08	**3,120.70**	1,072.21	504.27	523.54	0.07	**2,099.95**	**1,020.75**	787.76
Bandwidth	1,142.15	130.11	442.89	3.03	**1,712.12**	403.02	10.04	81.24	3.03	**491.27**	**1,220.85**	739.13
Sub-Total	**26,927.80**	**5,140.11**	**4,425.39**	**3.11**	**36,490.19**	**14,737.70**	**3,525.52**	**2,031.26**	**3.10**	**20,291.38**	**16,198.81**	12,190.10
Less : Pre-operative Charge Capitalised								5.47				
Total Intangible Assets	**26,927.80**	**5,140.11**	**4,425.39**	**3.11**	**36,490.19**	**14,737.70**	**3,525.52**	**2,025.79**	**3.10**	**20,291.38**	**16,198.81**	12,190.10
Previous Year	**22,026.33**	**3,479.79**	**1,424.96**	**3.28**	**26,927.80**	**10,979.63**	**2,206.26**	**1,555.29**	**3.48**	**14,737.70**	**12,190.10**	
Grand Total	**205,234.23**	**18,449.73**	**51,382.77**	**4,481.41**	**270,585.32**	**59,970.79**	**9,494.65**	**20,149.10**	**1,432.32**	**88,906.73**	**181,678.59**	

Notes:

1. Computer - Software include Gross Block of assets capitalised under finance lease Rs. 863.86 Mn (Previous Year Rs.270.32 Mn) and corresponding Accumulated Depreciation being Rs. 304.07 Mn (Previous Year Rs. 89.69 Mn).
2. The remaining amortisation period of license fees as at March 31, 2010 ranges between 6 to 18 years based on the respective Telecom Service License period.

Capital work in Progress (Net of impairment provision of Rs. 8,430.40 Mn, previous year Rs. 1,990.65 Mn) (Includes capital advances Rs. 242.38 Mn previous year Rs. 778.15 Mn).	**5,464.74**	21,408.63

Schedules forming part of the Consolidated Accounts

(Rupees in Million)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 6		
INVESTMENTS		
Unquoted		
Share in investment of Spice in Subsidiary Company	-	0.21
Units of Mutual Funds (Current) (Refer note B 9 to Schedule 22)	**11,303.70**	20,451.68
	11,303.70	20,451.89
SCHEDULE 7		
INVENTORIES		
(As taken, valued and certified by the management)		
(At lower of cost or estimated realisable value)		
Trading Goods	**69.36**	46.65
Sim Cards and Others	**466.99**	474.61
	536.35	521.26
SCHEDULE 8		
SUNDRY DEBTORS		
Debts outstanding for over six months		
Unsecured - Considered good	**224.07**	87.66
- Considered doubtful	**1,717.46**	2,744.18
	1,941.53	2,831.84
Other Debts		
Unsecured - Considered good	**4,431.54**	3,530.23
- Considered doubtful	**266.42**	169.20
	4,697.96	3,699.43
Less: Provision for doubtful debts	**1,983.88**	2,913.36
Total	**4,655.61**	3,617.91
Sundry Debtors include certain parties from whom Security Deposits of Rs.292.99 Mn (Previous Year Rs. 246.51 Mn) have been taken and are lying with the company		
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash and Cheques on Hand	**152.76**	214.47
Balances with Scheduled Banks		
- in Current Accounts	**1,173.55**	1,671.97
- in Deposit Accounts	**1,573.54**	28,977.11
Balances with Other Banks		
- in Deposit Accounts	-	0.41
[Includes margin money Rs. 263.19 Mn (Previous year Rs. 111.93 Mn)]		
	2,899.85	30,863.96

Schedules forming part of the Consolidated Accounts

(Rupees in Million)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 10		
OTHER CURRENT ASSETS		
Unbilled Revenue	**2,479.08**	1,057.59
Interest Receivable on Deposits	**499.98**	803.83
	2,979.06	1,861.42
SCHEDULE 11		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received		
- Considered good	**8,282.49**	7,349.90
- Considered doubtful	**578.98**	96.29
Less: Provision for doubtful advances	**578.98**	96.29
	8,282.49	7,349.90
Deposits with Body Corporates	**9,439.59**	5,474.28
Deposits and Balances with Govt. Authorities	**890.10**	892.97
Deposit with others	**1,776.10**	1,001.58
Advance Income Tax	**1,339.73**	407.59
MAT Credit Entitlement	**3,831.25**	1,694.32
	25,559.26	16,820.64
SCHEDULE 12		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	**24,352.41**	25,965.24
Book Bank Overdraft	**553.05**	1,264.72
Advances from Customers	**7,165.35**	5,763.79
Deposits from Customers and Others	**3,719.19**	1,496.59
Other Liabilities	**2,166.42**	2,115.82
Interest accrued but not due	**490.70**	2,030.60
	38,447.12	38,636.76
Provisions		
Gratuity (Refer note B 12 to Schedule 22)	**116.69**	34.38
Leave Encashment	**539.37**	510.39
Asset Retirement Obligation (Refer note B 21 to Schedule 22)	**1,259.03**	1,173.05
Provision for Direct Tax	**317.56**	-
Provision for Fringe Benefit Tax	**-**	6.55
	2,232.65	1,724.37
	40,679.77	40,361.13

Schedules forming part of the Consolidated Accounts

(Rupees in Million)

	For the year ended March 31, 2010	For the year ended March 31, 2009
SCHEDULE 13		
OTHER INCOME		
Liabilities/Provisions no longer required written back (Refer note B 17 to Schedule 22)	**941.36**	160.31
Miscellaneous Receipts	**70.03**	70.63
	1,011.39	230.94
SCHEDULE 14		
COST OF TRADING GOODS SOLD		
Opening Stock	**46.65**	0.45
Add: Opening Stock on acquisition of JV	**-**	0.78
Add: Purchases	**327.50**	193.32
Closing Stock	**69.36**	46.65
	304.79	147.90
SCHEDULE 15		
PERSONNEL EXPENDITURE		
Salaries and Allowances etc.	**5,782.66**	4,666.07
Contribution to Provident and Other Funds	**334.84**	246.68
Staff Welfare	**228.88**	212.31
Recruitment and Training	**104.33**	119.94
	6,450.71	5,245.00
SCHEDULE 16		
NETWORK OPERATING EXPENDITURE		
Security Service Charges	**1,094.66**	1,028.07
Power and Fuel	**10,091.09**	5,557.40
Repairs and Maintenance - Plant and Machinery	**4,341.98**	3,089.41
Switching & Cellsites Rent	**4,437.99**	2,758.17
Lease Line and Connectivity Charges	**4,385.98**	3,633.72
Network Insurance	**50.36**	44.33
Passive Infrastructure Charges	**6,559.17**	4,648.73
Other Network Operating Expenses	**308.50**	318.48
	31,269.73	21,078.31
SCHEDULE 17		
LICENSE AND WPC CHARGES		
License Fees	**9,022.86**	7,435.76
WPC and Spectrum Charges	**4,445.27**	3,803.56
	13,468.13	11,239.32
SCHEDULE 18		
ROAMING & ACCESS CHARGES		
Roaming Charges	**628.73**	813.53
Access Charges	**17,372.57**	17,628.56
	18,001.30	18,442.09

Schedules forming part of the Consolidated Accounts

(Rupees in Million)

	For the year ended March 31, 2010	For the year ended March 31, 2009
SCHEDULE 19		
SUBSCRIBER ACQUISITION & SERVICING EXPENDITURE		
Cost of Sim and Other Cards	**1,404.85**	993.37
Commission and Discount to dealers & recharge expenses	**5,635.43**	4,268.10
Customer Verification Expenses	**834.48**	375.97
Collection & Telecalling Expenses	**3,428.95**	2,551.93
Customer Retention & Customer loyalty Expenses	**269.04**	81.32
	11,572.75	8,270.69
SCHEDULE 20		
ADMINISTRATION & OTHER EXPENSES		
Repairs and Maintenance - Building	**39.18**	20.65
- Others	**1,560.32**	1,267.41
Other Insurance	**49.89**	37.10
Non Network Rent	**623.86**	512.43
Rates and Taxes	**74.68**	69.92
Electricity	**271.04**	191.84
Printing and Stationery	**86.63**	94.11
Communication Expenses	**147.88**	159.33
Travelling and Conveyance	**579.33**	521.60
Provision for bad and doubtful debts / advances	**(1,157.34)**	357.50
Bad Debts written off	**1,733.11**	-
Bank Charges	**91.78**	125.50
Directors Sitting Fees	**1.11**	1.23
Legal and Professional Charges	**387.59**	323.08
Audit Fees	**32.33**	29.31
Loss on Sale of Fixed Assets/Asset disposed off	**42.83**	15.12
Miscellaneous Expenses	**522.92**	457.13
	5,087.14	4,183.26
SCHEDULE 21		
FINANCE AND TREASURY CHARGES (NET)		
Interest (Net of Rs. Nil capitalised, previous year Rs. 243.83 Mn)		
- On Fixed Period Loan	**6,590.99**	8,592.00
- Others	**90.91**	221.89
Financing Charges	**132.57**	398.03
	6,814.47	9,211.92
Less:		
Interest Received (Gross of Tax)	**1,599.31**	2,251.50
Profit on Sale of Current Investments	**886.40**	2,680.89
Gain / (Loss) on foreign exchange fluctuation	**323.54**	(665.69)
	4,005.22	4,945.22

Schedules forming part of the Consolidated Accounts

SCHEDULE 22

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements:

The Consolidated Financial Statements of Idea Cellular Limited ("the Company"), its subsidiary companies and Joint Ventures (together referred to as the "Group") have been prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements" and Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India ("ICAI"). The Consolidated Financial Statements are prepared under historical cost convention on accrual basis. The mandatory applicable accounting standards have been followed in preparation of these financial statements.

2. Principles of Consolidation:

The basis of preparation of the Consolidated Financial Statements is as follows:

The Financial Statements (The Balance Sheet and the Profit and Loss Account) of the Company, its subsidiaries and joint venture have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, transactions and the resulting unrealised profit or losses.

The Financial Statements of the subsidiaries used in the consolidation are drawn upto March 31, 2010, the same reporting date as that of the Company

The differential with respect to the cost of investments in the subsidiaries over the Company's portion of equity is recognised as Goodwill or Capital Reserve, as the case may be.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances except where stated otherwise.

The list of subsidiaries, which are included in this Consolidated Financial Statements along with Company's holding therein, is as under:

Sr. No.	Name of the Company	Voting Power % as at	
		March 31, 2010	March 31, 2009
1	Swinder Singh Satara and Co. Limited	**100.00**	100.00
2	Aditya Birla Telecom Limited	**100.00**	100.00
3	Idea Cellular Services Limited	**100.00**	100.00
4	Idea Cellular Infrastructure Services Limited	**100.00**	100.00
5	Idea Cellular Towers Infrastructure Limited*	**100.00**	100.00
6	Carlos Towers Limited@	**100.00**	-

All the above subsidiaries are incorporated in India.

The Joint Venture, which is included in this Consolidated Financial Statements along with Company's holding therein, is as under:

Sr. No.	Name of the Company	Voting Power % as at	
		March 31, 2010	March 31, 2009
1	Indus Towers Limited (Indus)*	**16.00**	16.00
2	Spice Communications Limited (Spice)#	**-**	41.09

** entire shareholding is held by Aditya Birla Telecom Limited*

 # Spice amalgamated into the company effective 1st March 2010 (please refer Note B 2 to Schedule 22)

@ became a subsidiary of Company upon amalgamation of Spice

3. Fixed Assets:

Fixed assets are stated at cost of acquisition and installation less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use.

Asset retirement obligations are capitalised based on a constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Such costs are depreciated over the remaining useful life of the asset.

4. Expenditure during pre-operative period of License:

Expenses incurred on project and other charges during construction period are included under pre-operative expenditure (grouped under capital work in progress) and are allocated to the cost of fixed assets on the commencement of commercial operations.

5. Depreciation and amortisation:

Depreciation on fixed assets is provided on straight line method (except stated otherwise) on the prorata basis of estimated useful economic lives as given below:-

Tangible Assets	Years
Buildings	9 to 30
Network Equipments	10 to 20
Optical Fibre	15
Other Plant and Machineries	3 to 5
Office Equipment	3 to 9
Computers	3 to 5
Furniture and Fixtures	3 to 10
Motor Vehicles	Upto 5
Leasehold Improvements	Period of lease
Leasehold Land	Period of lease

Intangible Assets:

i) Cost of Rights and Licenses including the fees paid on fixed basis prior to revenue share regime is amortised on commencement of operations over the period of license.

ii) Software, which is not an integral part of hardware, is treated as intangible asset and is amortised over their useful economic lives as estimated by the management between 3 to 5 years.

iii) Bandwidth / Fibre taken on Indefeasible Right of Use (IRU) is amortised over the agreement period.

Assets costing upto Rs. 5,000/- are depreciated fully in the month of purchase.

6. Inventories:

Inventories are valued at cost or net realisable value, whichever is lower. Cost is determined on weighted average basis.

7. Foreign currency transactions:

Transactions in foreign currency are recorded at the exchange rates prevailing at the dates of the transactions. As per the transitional provisions given in the notification issued by Ministry of Corporate Affairs dated 31st March 2009, the company has opted for the option of adjusting the exchange difference on long term foreign currency monetary items to the cost of the assets acquired out of these foreign currency monetary items. The company has aligned its accounting policy based on this notification.

Exchange difference arising out of fluctuation in exchange rates on settlement / period end is accounted based on the nature of transaction as under:

1) Short term foreign currency monetary assets and liabilities: recognised in the Profit and Loss account.

2) Long term foreign currency monetary liabilities used for acquisition of fixed assets: adjusted to the cost of the fixed assets and amortised over the remaining useful life of the asset.

3) Other Long term foreign currency monetary liabilities: recognised in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the period of liability not exceeding 31st March 2011.

8. Taxation:

a) Current Tax: Provision for current Income tax is made on the taxable income using the applicable tax rates and tax laws.

b) Deferred Tax: Deferred tax arising on account of timing differences and which are capable of reversal in one or more subsequent periods is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognised unless there is virtual certainty with respect to the reversal of the same in future years.

c) Minimum Alternative Tax (MAT) credit: MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Profit and Loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income tax during the specified period.

9. Retirement Benefits:

Contributions to Provident and Pension funds are funded with the appropriate authorities and charged to the Profit and Loss account.

Contributions to superannuation are funded with the Life Insurance Corporation of India and charged to the Profit and Loss account.

Liability for gratuity as at the period end is provided on the basis of actuarial valuation and funded with Life Insurance Corporation of India.

Provision in accounts for leave benefits to employees is based on actuarial valuation done by projected accrued benefit method at the period end.

10. Revenue Recognition and Receivables:

Revenue on account of telephony services (mobile & long distance) and sale of handsets and related accessories is recognised net of rebates, discount, service tax, etc. on rendering of services and supply of goods respectively. Recharge fees on recharge vouchers is recognised as revenue as and when the recharge voucher is activated by the subscriber.

Revenue from provision of passive infrastructure services is recognised on accrual basis (net of reimbursements) as per the contractual terms with the recipients.

Unbilled receivables, represent revenues recognised from the bill cycle date to the end of each month. These are billed in subsequent periods as per the terms of the billing plans.

Debts (net of security deposits outstanding there against) due from subscribers, which remain unpaid for more than 90 days from the date of bill and/or other debts which are otherwise considered doubtful, are provided for.

Provision for doubtful debts on account of Interconnect Usage Charges (IUC), Roaming Charges and passive infrastructure sharing from other telecom operators is made for dues outstanding more than 180 days from the date of billing other than cases when an amount is payable to that operator or in specific case when management is of the view that the amount is recoverable.

11. Investments:

Current Investments are stated at lower of cost or fair value in respect of each separate investment.

Long-term Investments are stated at cost less provision for diminution in value other than temporary, if any.

12. Borrowing Cost:

Interest and other costs incurred in connection with the borrowing of the funds are charged to revenue on accrual basis except those borrowing costs which are directly attributable to the acquisition or construction of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use. Such costs are capitalized with the fixed assets.

13. License Fees – Revenue Share:

With effect from August 1, 1999 the variable License fee computed at prescribed rates of revenue share is being charged to the Profit and Loss account in the Period in which the related revenue arises. Revenue for this purpose comprises adjusted gross revenue as per the license agreement of the license area to which the license pertains.

14. Use of Estimate:

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between actual results and estimates are recognised in the periods in which the results are known / materialise.

15. Leases:

a) **Operating:** Lease of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as expense in the Profit and Loss account, on a straight-line or other systematic basis over the lease term.

b) **Finance:** Leased assets acquired on which significant risk and reward of ownership effectively transferred to the Company are capitalised at lower of fair value or the amounts paid under such lease arrangements. Such assets are amortised over the period of lease or estimated life of such assets whichever is less.

16. Earnings Per Share:

The earnings considered in ascertaining the Group's EPS comprises the net profit after tax, after reducing dividend on Cumulative Preference Shares for the Period (irrespective of whether declared, paid or not), as per Accounting Standard 20 on "Earning Per Share" issued by the Institute of Chartered Accountants of India. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the Period. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

17. Impairment of Assets:

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in accordance for Accounting Standard-28 on "Impairment of Assets", for the amount by which the asset's carrying amount exceeds its recoverable amount as on the carrying date. The recoverable amount is higher of the asset's fair value less costs to sell vis-à-vis value in use. For the purpose of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

18. Provisions & Contingent Liability:

Provisions are recognized when the Company has a present obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. A contingent liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

19. Issue Expenditure:

Expenses incurred in connection with issue of equity shares are adjusted against share premium.

20. Employee Stock Option:

In respect of stock option granted pursuant to the company's Employee Stock Option Scheme, the intrinsic value of the option is treated as discount and accounted as employee compensation cost over the vesting period.

In respect of re-pricing of existing stock option, the incremental intrinsic value of the option is accounted as employee cost over the remaining vesting period.

Schedules forming part of the Consolidated Accounts

SCHEDULE 22

B. NOTES TO ACCOUNTS

1. Merger of telecom business of Aditya Birla Telecom Limited (ABTL)

During the year, a Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 was filed with an appointed date of 1st April 2009 with the Hon'ble High Courts of Gujarat and Mumbai to de-merge into the Company the telecom operations including Unified Access Services License of Bihar (including Jharkhand) Service area of ABTL, a wholly owned subsidiary along with certain assets and liabilities without any consideration. The said Scheme approved by the respective courts became effective on 1st March 2010 and has been given effect to in these financial statements.

As part of the Scheme, ABTL has fair valued its investment in Indus Towers Limited by crediting Business Restructuring Reserve. The same stands eliminated in consolidation.

ABTL continues to remain the wholly owned subsidiary of the Company.

2. Amalgamation of Spice Communications Limited (Spice)

The scheme of amalgamation of Spice (which provides telecommunication services in Punjab & Karnataka service areas and also has long distance operations), with the Company was approved by the Hon'ble High Court of Gujarat and the Hon'ble High Court of Delhi and became effective on 1st March 2010, being the last of the dates when the sanctioned scheme was filed with the Registrar of Companies at Ahmedabad and Delhi.

(a) As per the Scheme, the amalgamation has been given effect to under the "Pooling of Interest method" in accordance with the applicable Accounting Standard, pursuant to which, assets, liabilities and reserves of Spice has been recorded in the books of the Company at their carrying values at the close of business immediately preceding the Effective Date.

In line with Clause 12.1 of the Scheme, balances lying in the Amalgamation Reserve Account and Capital Reserve Account of the Company has been transferred to the General Reserve Account and the shortfall, between the debit to the General Reserve Account as detailed below and the transfers from Amalgamation Reserve Account and Capital Reserve Account has been withdrawn from the Securities Premium Account and credited to General Reserve Account.

The debit to the General Reserve Account is equal to total of (i) & (ii) reduced by (iii) as under:

i) Investment in Spice amounting to Rs. 22,041.87 Mn made by the Company for acquiring 41.09% of the total issued and paid-up equity share capital of Spice,

ii) Equity shares amounting to Rs. 1,991.53 Mn allotted to the shareholders of Spice (other than the Company) in terms of clause 11 of the Scheme,

iii) The amount of the share capital of Spice being cancelled and extinguished.

Out of the total 689,925,000 shares of Spice, 283,489,350 shares held by the Company stand cancelled and the shareholders of Spice (other than the Company) have been issued 49 shares of the company for every 100 shares of Spice held by them, totalling to 19,91,53,469 shares, the face value of which is Rs. 1,991.53 Mn

(b) In line with Clause 12.2 (b) of the Scheme, the value of impairment loss provided by Spice on licenses which overlap with those of the Company and included in the balance of accumulated loss being added to the Profit & Loss account of the Company on amalgamation has been adjusted by withdrawal from General Reserve. An equivalent amount has been withdrawn from Securities Premium account and credited to General Reserve.

(c) In line with Clause 12.2 (c) & (d) of the Scheme, an amount of Rs. 1,000.00 Mn has been withdrawn from Securities Premium account and transferred to Business Restructuring Reserve and an amount of Rs. 831.32 Mn has been withdrawn from Business Restructuring Reserve and transferred to Profit and Loss account for setting off the following effects.

i. Legal charges & other scheme related expenses – Rs. 111.68 Mn

ii. Impairment loss on Fixed Assets – Rs. 719.64 Mn

(d) Further, in line with the Accounting Standard Interpretation – 11, Accounting for Taxes on Income in case of an Amalgamation, deferred tax asset on amalgamation amounting to Rs. 171.71 Mn has been adjusted to the accumulated losses on amalgamation of Spice.

(e) The scheme of de-merger of overlapping UAS licenses of Punjab & Karnataka held by the company not becoming effective, an impairment loss amounting to Rs. 3,585.80 Mn (being the cost of these licenses) is debited to the Profit & Loss Account and set off with a corresponding equivalent amount withdrawn from the Securities Premium Account in line with Clause 12.2 (a) of the Spice amalgamation Scheme.

Had the scheme not mandated the above accounting treatment, the balance in Securities Premium account would have been higher by Rs. 24,506.42 Mn, Business Restructuring Reserve lower by Rs. 168.67 Mn, the Profit for the year lower by Rs. 4,417.13 Mn and the debit balance of the carried forward Profit and Loss account higher by Rs. 24,337.75 Mn.

3. During the year under review, the Company became a pan India operator following the roll out of services in the remaining service areas of Orissa, Tamilnadu (including Chennai), Jammu & Kashmir, West Bengal, Kolkata, North East and Assam.

4. In accordance with an assignment agreement entered into at the time of acquisition between the original promoters of the amalgamated subsidiary Idea Mobile Communications Limited (IMCL) had issued interest free unsecured Bond of Rs. 1,757.36 Mn to Escorts Limited vide a Loan agreement dated 15th January, 2004. This bond was in lieu of the loans from the original promoters and was repayable on 15th January, 2014. In terms of the said agreement, Escorts Limited approached the Company for pre-payment. After adjusting the settlement amount and related contingencies, the surplus of Rs. 316.94 Mn has been recognised in the P&L account.

5. Interest from Department of Telecommunications (DoT)

The Company had recognised an income of Rs. 802.27 Mn during the year ended 31st March, 2003 being refund of excess interest charged by DoT on the license fee payable by the Company pursuant to the judgement dated 9th April, 2002 of Telecom Disputes Settlement and Appellate Tribunal (TDSAT). During the previous years, DoT arbitrarily acknowledged an amount of Rs. 758.76 Mn against Company's claim of Rs. 802.27 Mn. The Company has represented this matter with DoT. The Company has not provided for the difference of Rs. 43.51 Mn, as in the opinion of the management, the amount is recoverable from DoT.

The Company is also entitled to interest on the amount of the refund so accrued in terms of the Supreme Court Judgment; the recognition of revenue on account of the same has been postponed pending acceptance in this respect by DoT. As of 31st March, 2010, this case is pending before the H'ble Supreme Court.

6. Contingent Liabilities

a) During the financial year 2006-07, the WPC wing of DoT had raised demands towards monthly compounded interest and penalty on WPC charges for the period upto financial year 2002-03 in respect of the telecom service areas of the erstwhile Idea Mobile Communication Limited, BTA Cellcom Limited and Spice Communications Limited amounting to Rs. 846.20 Mn, which were deposited under protest and reflected as advances. Following the favourable decision of TDSAT on petition No. 123 of 2008, these amounts are being adjusted against subsequent spectrum dues after 31st March 2010.

b) Under Export Promotion Credit Guarantee Scheme, Company had saved aggregated differential duty amounting to Rs. 37.72 Mn against which company had export obligation amounting to Rs. 301.06 Mn. The company has fulfilled its export obligation and is awaiting formal acknowledgement from Director General of Foreign Trade for the same.

c) Other Matters not provided for:

(Rs. Mn)

Particulars	**As at March 31, 2010**	**As at March 31, 2009**
Income Tax Matters not acknowledged as debts	**727.84**	107.29
Sales Tax, Entry Tax & Service Tax Matters not acknowledged as debts	**4,862.77**	1,521.45
License Fee & Spectrum charge matters not acknowledged as debts	**-**	335.41
Other claims not acknowledged as debts	**3,468.82**	1,441.63

d) Estimated amount of contracts (net of advance) remaining to be executed on capital account and not provided for:

(Rs. Mn)

Particulars	**As at March 31, 2010**	**As at March 31, 2009**
Estimated amount of contracts (net of advance)	**11,845.01**	17,499.76

7. The Company has a Contingent obligation to buy compulsory convertible preference shares issued by ABTL, from the holder at the original issue price of Rs. 20,982.50 Mn.

8. Details of guarantees given:

(Rs. Mn)

Particulars	**As at March 31, 2010**	**As at March 31, 2009**
Bank guarantees given	**20,183.82**	10,695.58

9. As on 31st March, 2010 the closing balance in units are as follows:

Particulars	**As at March 31, 2010**		**As at March 31, 2009**	
	Qty in '000	**Rs in Mn**	**Qty in '000**	**Rs in Mn**
	Closing Units	**Closing Value**	**Closing Units**	**Closing Value**
Birla Sunlife Cash Plus - Institutional Premium Plan - Growth	**16,985**	**250**	314,995	4,430
Birla Sunlife Cash Plus - Installment Premium - Growth	**1,087**	**16**	–	–
Birla Sunlife Floating Rate short Term Plan - IP - Growth	**494,028**	**6,023**	–	–
Birla Sunlife Saving Fund- Installment – Growth	**1,373**	**24**	–	–
Birla Sunlife Savings Fund-IP – Growth	**93,216**	**1,630**	–	–
Birla Sunlife Short Term Fund - IP – Growth	**48,562**	**531**	–	–
Birla Sun Life Cash Manager - IP – Growth	–	–	954,040	14,019
HDFC Quarterly Interval Fund - Plan C- Whole Sale Plan - Growth	**24,996**	**250**	–	–
ICICI Prudential Liquity - Super IP - Growth	**–**	**–**	38,500	500
ICICI Prudential Ultra Short - Term Plan - Sup - Growth	**96,794**	**1,000**	–	–
Kotak Liquid (Installment Premium) - Growth	**857**	**16**	_	_
Kotak Floater - Long-term - Growth	**1,643**	**24**	_	_
Kotak QIP Series	_	_	21,993	253
Kotak Quarterly Interval Plan Series 6 - Growth	**87,249**	**1,000**	_	_
LIC MF Liquid Fund - IP - Growth	**-**	**-**	15,554	250
UTI Fixed Income Interval Fund - Series II Quaterly Interval Plan V - Institutional Growth	**50,005**	**500**	_	_
UTI Fixed Income Interval Fund-MIP Series-IP Growth	_	_	88,048	1,000
UTI Liquid Cash Plan Institutional	**11**	**16**	_	_
UTI Treasury advantage fund - Institutional - Growth	**19**	**24**	_	-
Total	**916,825**	**11,304**	**1,433,130**	**20,452**

10. During the year, under ESOS 2006, 6,918,750 options have been granted as 'Tranche III' to the eligible employees on 22nd December 2009. Each option when exercised would be converted into one equity share of Rs. 10/- each, fully paid up, of the Company. The options will vest in 4 equal annual installments after one year of the grant. The maximum period of exercise is 5 years from the date of vesting.

Further, the ESOS Compensation Committee of the Company also modified the exercise price of Stock Options under Tranche I and Tranche II from Rs. 112.57 / Rs. 84.30 to Rs. 39.30 / Rs. 45.55 per option respectively.

The compensation costs of stock options granted to employees have been accounted by the Company using the intrinsic value method.

Summary of Stock Options:

Particulars	No. of Stock Options	
	March 31, 2010	March 31, 2009
Options Outstanding at beginning of the year	**22,952,500**	19,667,000
Options Granted during the year	**6,918,750**	6,131,250
Option forfeited/lapsed during the year	**2,162,687**	2,845,750
Options exercised during the year	**589,114**	-
Options Outstanding at end of the year	**27,119,449**	22,952,500
Weighted average exercise price of outstanding options	**44.84**	105.51

Personnel Expenditure includes Rs.282.91 Mn (Previous Year Rs. 144.74 Mn) being the amortisation of intrinsic value for the period ending 31st March, 2010.

Had the compensation cost for the Company's stock based compensation plan been determined as per fair value approach (calculated using Black & Scholes Option Pricing Model), the Company's net income would be lower by Rs. 284.85 Mn (Previous Year: Rs. 423.72 Mn) and earnings per share as reported would be lower as indicated below:

(Rs. Mn)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Net profit after tax but before exceptional items	**9,539.39**	8,815.79
Add:Total stock-based employee compensation expense determined under intrinsic value base method	**282.91**	144.74
Less: Total stock-based employee compensation expense determined under fair value base method	**567.76**	568.46
Adjusted net profit	**9,254.54**	8,392.07
Basic earnings per share (in Rs.)		
- As reported	**3.07**	3.01
- Adjusted	**2.98**	2.86
Diluted earnings per share (in Rs.)		
- As reported	**3.06**	3.01
- Adjusted	**2.97**	2.86

The fair value of each option is estimated on the date of grant / re-pricing based on the following assumptions:

Particulars	On the date of Grant			On the date of re-pricing	
	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected life	6 yrs 6 months	6 yrs 6 months	6 yrs 6 months	4 yrs 6 months	5 yrs 9 months
Risk free interest rate (%)	7.78%	7.50%	7.36%	7.36%	7.36%
Volatility (%)	40.00	45.80	54.54	54.54	54.54

11. Details of foreign currency exposures:

a) Hedged by a derivative instrument: **(Amt in Mn)**

Particular	As at March 31, 2010	As at March 31, 2009
Foreign Currency Loan*		
Foreign Currency Loan in USD	**49.06^**	30.00
Vendor Finance in USD	**49.79**	-
Foreign Currency Loan in JPY	**17,727.73**	17,727.73
Sundry Creditors in USD	**24.28**	-
The Equivalent INR of Foreign Currency Loans & Creditors	**12,046.52**	7,655.32

**Fully hedged for interest and principal repayments*

^ Includes USD 18 Mn fully hedged for principal repayments only.

b) Not hedged by a derivative instrument or otherwise:

(Amt in Mn)

Particulars	As at March 31, 2010	As at March 31, 2009
Foreign Currency Loan:		
Foreign Currency Loan in USD	**198.67**	167.88
Vendor Finance in USD	**43.12**	-
Equivalent INR	**10,914.10**	8,553.42
Sundry Creditors:		
in USD	**93.10**	80.99
Interest accrued on Foreign Currency Loans		
in USD	**0.64**	0.66
in EURO	**0.01**	0.31
Equivalent INR	**4,231.64**	4,173.19
Sundry Debtors:		
in USD	**15.91**	5.09
in EURO	**0.07**	0.02
Equivalent INR	**722.53**	258.43
Advance Paid to Supplier:		
in USD	**-**	1.13
Equivalent INR	-	56.87

12. Employee Benefits:

a) Defined Benefit Plan: The Group provides for its liability towards gratuity as per the actuarial valuation. The present value of the accrued gratuity minus fund value is provided in the books of accounts.

i) Changes in benefit obligation for the Company and its Subsidiaries

(Rs. Mn)

Sr. No.	Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
1	**Assumptions**		
	Discount Rate	**7.50%**	8.00%
	Expected Rate of return on Plan Assets	**7.50%**	7.50%
	Salary Escalation	**6.00%**	6%-7%
2	**Table showing changes in present value of obligations**		
	Present value of obligations as at beginning of year	**133.77**	84.92
	Interest cost	**14.91**	6.86
	Current Service Cost	**52.85**	26.16
	Benefits Paid	**9.65**	11.85
	Liabilities assumed on Acquisition	**26.79**	-
	Actuarial (gain)/Loss on obligations	**39.69**	27.68
	Present value of obligations as at end of year	**258.36**	133.77

12. **Employee Benefits: (Contd.)**

(Rs. Mn)

Sr. No.	Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
3	**Table showing changes in the fair value of plan assets**		
	Fair value of plan assets at beginning of year	**124.55**	80.33
	Expected return on plan assets	**9.47**	8.04
	Contributions	**19.58**	48.03
	Assets Acquired on Acquisition	**4.00**	-
	Benefits paid	**9.65**	11.85
	Actuarial Gain / (Loss) on Plan assets	**0.28**	-
	Fair value of plan assets at the end of year	**148.23**	124.55
	Funded status	**110.13**	8.14
	Actual return on plan assets	**9.62**	8.04
4	**Actuarial Gain/Loss recognised**		
	Actuarial Gain/(Loss) for the year -Obligation	**(39.69)**	(27.68)
	Actuarial (Gain)/Loss for the year - plan assets	**(0.28)**	-
	Total (Gain)/Loss for the year	**39.41**	27.68
	Actuarial (Gain)/Loss recognised in the year	**39.41**	27.68
5	**Amounts to be recognised in the Balance Sheet**		
	Present value of obligations as at the end of year	**258.36**	133.77
	Fair value of plan assets as at the end of the year	**148.23**	124.55
	Funded status	**110.13**	8.14
	Net Asset/(Liability) recognised in Balance Sheet	**(110.13)**	(18.63)
6	**Expenses Recognised in statement of Profit & Loss**		
	Current Service cost	**52.85**	26.16
	Interest Cost	**14.91**	6.86
	Expected return on plan assets	**9.47**	(8.04)
	Net Actuarial (Gain)/Loss recognised in the year	**28.36**	27.68
	Expenses recognised in statement of Profit & Loss under "Contribution to Provident and other funds"	**86.76**	52.66
7	**Investment Details of Plan Assets (% Allocation)**		
	Insurer Managed Funds	**100%**	100%
8	**Experience Adjustments**		
	Defined Benefit Obligation	**258.36**	133.77
	Plan Assets	**148.23**	124.55
	Surplus/(Deficit)	**(110.13)**	(9.22)
	Experience Adjustments on Plan Liabilities	**57.02**	14.11
	Experience Adjustments on Plan Assets	**0.28**	-

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

ii) Disclosure of benefit obligation in respect of Company's share in Joint Ventures

a) Gratuity cost for the year **(Rs. Mn)**

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Current service cost	**1.92**	1.30
Interest cost	**0.41**	0.23
Actuarial losses	**0.21**	1.33
Total amount recognised in Profit and Loss Account	**2.54**	2.86

b) Amount recognised in the Balance Sheet **(Rs. Mn)**

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Opening defined benefit obligation	**4.21**	-
Liability taken over from joint venturers	**-**	2.21
Total amount recognised in Profit and Loss Account	**2.54**	2.86
Benefits paid during the year	**(0.79)**	(0.86)
Amount recognised in the Balance Sheet	**5.96**	4.21

c) Experience Adjustments **(Rs. Mn)**

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Defined benefit obligation	**5.96**	4.21
Surplus / (Deficit)	**(5.96)**	(4.21)
Experience adjustments on Plan Liabilities	**0.21**	-

d) Financial Assumptions

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Discount rate	**7.60%**	7.60%
Salary escalation rate	**First 4 years- 10% and 7% thereafter**	First 5 years- 10% and 7% thereafter

b) Defined Contribution Plan

During the year, the Company has recognised the following amounts in the Profit and Loss account:

(Rs. Mn)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Employers' Contribution to Provident Fund	**184.76**	139.98
Employers' Contribution to Superannuation Fund	**33.39**	31.53

13. Segment Reporting

1. **Primary Segments:**
   The Company operates in three business segments:
   a) Mobility Services
   b) Long Distance (LD)
   c) Passive Infrastructure (PI)
2. **Secondary Segment:**
   The Company caters only to the needs of Indian market representing a singular economic environment with similar risks and rewards and hence there are no reportable geographical segments.

Primary Business Information (Business Segments) for the year ended 31st March, 2010.

(Rs. Mn)

Particulars	Business Segments			Elimination	Total
	Mobility	LD	PI		
Revenue					
External Revenue	122,443.02	858.40	677.41	-	**123,978.83**
Inter-Segment Revenue	1,146.71	11,872.57	8,838.53	(21,857.81)	-
Total Revenue	**123,589.73**	**12,730.97**	**9,515.94**	**(21,857.81)**	**123,978.83**
Segment Result	**7,931.54**	**5,190.89**	**1,116.90**	**-**	**14,239.33**
Add: Unallocated Income					**519.40**
Interest & Financing Charges (Net)					**4,005.22**
Profit before Tax					**10,753.51**
Provision for Tax (Net)					**1,214.12**
Profit after Tax					**9,539.39**
Segment Assets	202,482.33	16,949.08	25,018.04	(37,298.88)	**207,150.57**
Unallocated Corporate Assets					**27,987.79**
Total Assets	**202,482.33**	**16,949.08**	**25,018.04**	**(37,298.88)**	**235,138.36**
Segment Liabilities	131,768.25	11,804.85	12,681.01	(37,298.88)	**118,955.23**
Unallocated corporate liabilities					**2,459.58**
Total Liabilities	**131,768.25**	**11,804.85**	**12,681.01**	**(37,298.88)**	**121,414.81**
Capital Expenditure	30,839.03	7.10	7,964.59	-	**38,810.72**
Depreciation & Amortisation	16,415.21	97.60	3,636.29	-	**20,149.10**

Primary Business Information (Business Segments) for the year ended 31st March, 2009.

(Rs. Mn)

Particulars	Business Segments			Elimination	Total
	Mobility	LD	PI		
Revenue					
External Revenue	101,084.60	25.64	202.61	-	101,312.85
Inter-Segment Revenue	259.97	7,104.15	2,295.13	(9,659.25)	-
Total Revenue	**101,344.57**	**7,129.79**	**2,497.74**	**(9,659.25)**	**101,312.85**
Segment Result	**13,439.37**	**1,182.19**	**(285.04)**	**-**	**14,336.52**
Interest & Financing Charges (Net)					4,945.22
Profit before Tax					9,391.30
Provision for Tax (Net)					575.51
Profit after Tax					8,815.79
Segment Assets	187,015.55	6,556.42	32,436.96	(20,551.43)	205,457.50
Unallocated Corporate Assets					57,809.02
Total Assets	**187,015.55**	**6,556.42**	**32,436.96**	**(20,551.43)**	**263,266.52**
Segment Liabilities	127,139.82	5,389.89	17,498.66	(20,551.43)	129,476.94
Unallocated Corporate Liabilities					1,136.46
Total Liabilities	**127,139.82**	**5,389.89**	**17,498.66**	**(20,551.43)**	**130,613.40**
Capital Expenditure	52,317.15	878.26	13,792.60	-	66,988.01
Depreciation & Amortisation	13,004.26	17.58	1,006.09	-	14,027.93

14. Related Party Transactions

As per Accounting Standard-18 on "Related Party Disclosure", related parties of the Company are disclosed below:

A. List of Related Parties:

Promoters

Hindalco Industries Limited (Hindalco)
Grasim Industries Limited (Grasim)
Aditya Birla Nuvo Limited (ABNL)
Birla TMT Holdings Pvt. Limited (Birla TMT)

Entities having significant Influence

TMI Mauritius Ltd.
TMI India Ltd. (TMI)
Axiata Group Berhad

Key Management Personnel

Mr. Sanjeev Aga, MD
Mr. Akshaya Moondra, CFO

B. Transactions with Related Parties

(Rs. Mn)

Particulars	Promoter			TMI	KMP
	Hindalco	Grasim	ABNL		
Remuneration					72.37 (63.09)
Purchase of Fixed Assets			0.33 (-)		
Purchase of Service / Goods	- (0.12)		0.13 (0.33)		
Sale of Services / Goods	12.65 (5.39)	41.15 (7.67)	1.98 (0.52)		
Unsecured Loans / ICD given			- (750.00)		
Unsecured Loans / ICD repaid by			- (750.00)		
Interest on Unsecured loans given			- (7.97)		
Expense incurred by Company on behalf of	0.57 (-)	0.85 (-)	0.63 (-)		
Expenses incurred on Company's behalf by	0.50 (0.13)	0.75 (1.49)	0.01 (-)		
Issue of shares				1,656.51* (-)	

** Shares issued pursuant to amalgamation of Spice Communications Limited (Refer Note B 2 to Schedule 22)*
(Figures in bracket are for the year ended March 31, 2009)

C. Outstanding as on March 31, 2010

(Rs. Mn)

Particulars	Promoter			KMP
	Hindalco	Grasim	ABNL	
Remuneration Payable				20.87 (17.44)
Account Receivable	0.82 (0.03)	1.73 (-)	0.51 (-)	

(Figures in bracket are as of March 31, 2009)

15. The Company has entered into non-cancellable operating leases for office and main switching centre locations for periods ranging from 36 months to 240 months. For the current year, total minimum lease payments amounting to Rs. 14,800.28 Mn (Previous year Rs. 3,067.12 Mn) is charged to Profit & Loss account.

The future lease payments in respect of the above are as follows.

(Rs. Mn)

Particulars	**Not later than one year**	**Later than year but not later than five years**	**Later than five years**
Minimum Lease payments	7,580.09 *(2,652.18)*	21,932.29 *(8,169.93)*	16,818.58 *(4,627.78)*

(Figures in bracket are as of March 31, 2009)

16. During the financial year 2007-08, company had entered into a composite IT outsourcing agreement wherein fixed assets and services related to IT has been supplied by the vendor. Such fixed assets received have been accounted for as a finance lease. Correspondingly, such assets are recorded at fair value of these assets at the time of receipt and depreciated on the stated useful life applicable to similar assets of the company.

As at 31st March, 2010, an amount of Rs. 531.72 Mn towards the supply of fixed assets during the year stands outstanding and will be paid during financial year 2010-11.

17. During the financial year, pursuant to the change in agreements, certain sites taken under Finance Lease have been reclassified into Operating Lease. Consequently, Net Fixed Assets amounting to Rs. 2,664.90 Mn against these sites has been de-capitalised, finance lease liability & related provisions amounting to Rs. 3,184.30 Mn have been reversed and difference of Rs. 519.40 Mn has been recognised in the Profit & Loss account under the head Liabilities / Provisions no longer required written back.

18. Basic & Diluted Earnings Per Share

Particulars	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**
Nominal value of Equity Shares (Rs.)	**10/-**	10/-
Profit after Tax (Rs. Mn)	**9,539.39**	8,815.79
Profit attributable to equity shareholders (Rs. Mn)	**9,539.39**	8,815.79
Weighted average number of equity shares outstanding during the year	**3,108,318,276**	2,930,612,054
Basic Earnings Per Share (Rs.)	**3.07**	3.01
Dilutive effect on weighted average number of equityshares outstanding during the year	**7,281,676**	-
Weighted average number of diluted equity shares	**3,115,599,952**	2,930,612,054
Diluted Earnings Per Share (Rs.)	**3.06**	3.01

19. Deferred Tax

As of March 31, 2010, the Company has deferred tax liability of Rs. 6,934.59 Mn and deferred tax asset of Rs. 4,792.57 Mn as under:

(Rs. Mn)

Particulars	As on March 31, 2010	As on March 31, 2009
Deferred Tax Liability:		
Depreciation and Amortisation	**6,792.38**	4,967.95
Others	**142.21**	25.32
Total Deferred Tax Liability	**6,934.59**	4,993.27
Deferred Tax Asset:		
Brought Forward Losses	**3,356.88**	2,390.81
Provision for Doubtful Debts	**674.32**	949.93
Expenses allowable on payment basis	**590.44**	204.81
Others	**170.92**	317.81
Total Deferred Tax Asset	**4,792.57**	3,863.36
Net Deferred Tax Liability	**2,142.02**	1,129.91

20. The Company has the following joint ventures as on 31st March, 2010 and its percentage holding is given below :

Name of the Joint Venture	% holding	
	As on March 31, 2010	As on March 31, 2009
Spice Communications Limited	-	41.09%
Indus Towers Limited	**16.00%**	16.00%

The proportionate share of assets, liabilities, income, expenditure, contingent liabilities and capital commitment of the above joint venture companies included in these consolidated financial statements are given below:

(Rs. Mn)

Particulars	As on March 31, 2010	As on March 31, 2009
Assets		
Net Block (including CWIP)	**15,794.42**	18,226.60
Investment	**120.01**	0.21
Deferred Tax Assets	**154.21**	143.61
Current Assets	**5,298.40**	5,536.71
Profit and Loss Account (Debit balance)	**377.15**	752.09
Liabilities		
Reserves & Surplus	-	-
Loans	**15,481.78**	17,541.23
Current Liabilities	**6,262.22**	7,472.10

(Rs. Mn)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Revenues	**13,879.53**	4,543.66
Operating Costs	**10,172.96**	3,727.12
EBIDTA	**3,706.57**	816.54
Finance Cost	**1,942.00**	873.65
Depreciation & Amortisation	**2,534.23**	827.26
PBT	**(769.66)**	(884.37)
Taxes	**(10.60)**	(139.23)
PAT	**(759.06)**	(745.14)
Contingent Liabilities	**32.84**	2,114.44
Capital Commitment	**992.15**	4,035.59

21. The movement in the Asset Retirement Obligation is set out as follows:

(Rs. Mn)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Opening Balance	**1,173.05**	473.58
Additional Provision	**336.08**	702.16
Utilisation	**(250.10)**	(2.69)
Closing Balance	**1,259.03**	1,173.05

22. Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year grouping and are not comparable with the current period due to the amalgamation of Spice.

For and on behalf of the Board

Arun Thiagarajan
Director

Gian Prakash Gupta
Director

Sanjeev Aga
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Place: Mumbai
Date: May 3, 2010

Consolidated Cash Flow Statement for the year ended March 31, 2010

(Rupees in Million)

	For the year ended March 31 2010		For the year ended March 31 2009	
A) Cash Flow from Operating Activities				
Net Profit after Tax		**9,539.39**		8,815.79
Adjustments For				
Depreciation	**18,123.31**		12,472.70	
Amortisation of Intangible assets	**2,025.79**		1,555.23	
Interest charge	**6,814.47**		9,211.92	
Profit on sale of current investment	**(886.40)**		(2,680.89)	
Provision for Bad & Doubtful Debts/Advances	**575.77**		357.50	
Employee Stock Option Cost	**282.91**		144.74	
Provision for Gratuity and Leave Encashment	**80.83**		182.10	
Provision for Current Tax	**2,167.22**		1,273.29	
MAT Credit entitlement	**(2,136.93)**		(1,268.99)	
Provision for Deferred Tax	**1,183.83**		468.97	
Provision for Fringe Benefit Tax	**-**		102.24	
Liability no longer required written back	**(941.36)**		(160.31)	
Interest Income	**(1,599.31)**		(2,251.50)	
(Profit)/Loss on sale of fixed assets/assets discarded	**42.83**		15.12	
		25,732.96		19,422.12
Operating profit before working capital changes		**35,272.35**		28,237.91
Changes in Current Assets and Current Liabilities				
(Increase)/Decrease in Sundry Debtors	**(1,288.13)**		(1,679.85)	
(Increase)/Decrease in Inventories	**(3.84)**		(235.41)	
(Increase)/Decrease in Other Current Assets	**(1,380.09)**		(543.59)	
(Increase)/Decrease in Loans and Advances	**(4,555.87)**		(6,732.19)	
Increase /(Decrease) in Current Liabilities	**(276.41)**		5,058.54	
		(7,504.34)		(4,132.50)
Cash generated from operations		**27,768.01**		24,105.41
Tax paid (including Current Tax, FBT & TDS)		**(2,347.06)**		(1,463.31)
Net cash from operating activities		**25,420.95**		22,642.10
B) Cash Flow from Investing Activities				
Purchase of Fixed assets & Intangible assets (including CWIP)	**(41,580.25)**		(62,156.83)	
Proceeds from sale of Fixed assets	**106.48**		103.83	
Payment for Non Compete Fee	**-**		(5,439.75)	
Sale/ (purchase) of Other Investments (Net)	**10,036.06**		(12,210.80)	
Interest and Dividend Received	**1,906.18**		1,510.54	
Payment for purchase of Shares of Spice Communications Limited (JV)	**-**		(22,041.88)	
Net cash from/(used in) investing activities		**(29,531.53)**		(100,234.89)

Consolidated Cash Flow Statement for the year ended March 31, 2010

(Rupees in Million)

	For the year ended March 31 2010		For the year ended March 31 2009	
C) Cash Flow from Financing Activities				
Proceeds from issue of Equity Shares	**23.41**		72,944.74	
Compulsorily Convertible Preference shares issued by Subsidiary	**-**		20,982.50	
Share Issue Expenses	**-**		(240.91)	
Proceeds from Long term borrowings	**14,531.00**		12,342.23	
Repayment of Long Term Borrowings	**(15,309.77)**		(3,071.58)	
Proceeds from Short Term Loan	**-**		42,958.61	
Repayment of Short Term Loan	**(15,000.00)**		(36,255.54)	
Interest Paid	**(8,255.10)**		(7,632.81)	
Net cash from/(used in) financing activities		**(24,010.47)**		102,027.24
Net increase/(decrease) in cash and cash equivalent		**(28,121.05)**		24,434.45
Cash and cash equivalent at the beginning		**30,863.96**		4,974.51
Add: Cash and Cash Equivalents acquired on acquisition of Spice Communications Limited		**-**		1,455.00
Add: Cash and Cash Equivalents on amalgamation of Spice Communications Limited		**156.94**		-
Cash and cash equivalent at the end		**2,899.85**		30,863.96

Notes to Cash flow Statement for the year ended March 31, 2010

1. Cash and cash equivalent includes

Cash and Cheques on Hand	**152.76**	214.47
Balances with Scheduled Banks		
- on Current Accounts	**1,173.55**	1,671.97
- on Deposit Accounts	**1,573.54**	28,977.52
	2,899.85	30,863.96

2. The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statement.
3. Previous year's figures have been rearranged/ regrouped wherever necessary.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board

Hemant M. Joshi
Partner
Membership No.: 38019

Arun Thiagarajan
Director

Gian Prakash Gupta
Director

Sanjeev Aga
Managing Director

Place: Mumbai
Date: May 3, 2010

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Statement pursuant to Section 212 of the Companies Act, 1956, related to Subsidiary Companies

Sr. No.	Particulars	Aditya Birla Telecom Limited	Idea Cellular Services Limited	Idea Cellular Infrastructure Services Limited	Idea Cellular Towers Infrastructure Limited	Swinder Singh Satara & Company Limited	Carlos Towers Limited
1.	Financial year of the Subsidiary ended on	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
2.	Shares of the Subsidiary held by the Company on the above date :-						
	(a) Number & face value	10,000,000 Ordinary Shares of Rs.10/- each	50,000 Ordinary Shares of Rs.10/- each	50,000 Ordinary Shares of Rs.10/- each	50,000 Ordinary Shares of Rs.10/- each	50,000 Ordinary Shares of Rs.10/- each	50,000 Ordinary Shares of Rs.10/- each
	(b) Extent of holding	100%	100%	100%	*100%	100%	#100%
3.	Net aggregate amount of profits / (losses) of the subsidiary for the above financial year on the subsidiary so far as they concern members of the company :-						
	(a) Dealt within the accounts of the company for the year ended March 31, 2010 (Rs. Mn)	NIL	NIL	NIL	NIL	NIL	NIL
	(b) Not dealt with the accounts of the company for the year ended March 31, 2010 (Rs. Mn)	(0.03)	(0.24)	92.53	(331.91)	1.68	(0.14)
4.	Net aggregate amount of profits / (losses) for previous year of the subsidiary so far as they concern members of the company :-						
	(a) Dealt within the accounts of the company for the year ended March 31, 2009 (Rs. Mn)	NIL	NIL	NIL	NIL	NIL	NIL
	(b) Not dealt with the accounts of the company for the year ended March 31, 2009 (Rs. Mn)	(285.65)	0.11	(37.86)	(129.57)	1.74	-

* *Shares held through Aditya Birla Telecom Limited*

\# *Became subsidiary pursuant to Amalgamation of Spice Communications Limited with the Company*

For and on behalf of the Board

Arun Thiagarajan
Director

Gian Prakash Gupta
Director

Sanjeev Aga
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Place: Mumbai
Date: May 3, 2010

Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies for the year ended March 31, 2010

(Rupees in Million)

Sr. No.	Name of the Company	Country of Registration	Capital	Reserves (Incl. P&L balance)	Total Assets	Total Liabilities	Investments other than Investments in subsidiary	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend
1	Aditya Birla Telecom Limited	India	119.25	73,188.77	-	0.04	73,307.56	-	(0.03)	-	(0.03)	-
2	Idea Cellular Services Limited	India	0.50	(2.10)	29.44	31.04	-	368.28	(0.45)	(0.21)	(0.24)	-
3	Idea Cellular Infrastructure Services Limited	India	0.50	54.57	4,316.10	4,261.03	-	867.22	166.32	73.79	92.53	-
4	Idea Cellular Towers Infrastructure Limited	India	0.50	15,766.22	15,897.73	131.01	-	1,603.75	(331.91)	-	(331.91)	-
5	Swinder Singh Satara & Co Limited	India	0.50	13.52	133.36	119.34	-	338.51	2.05	0.37	1.68	-
6	Carlos Towers Limited	India	0.50	(0.14)	0.47	0.11	-	-	(0.06)	-	(0.06)	