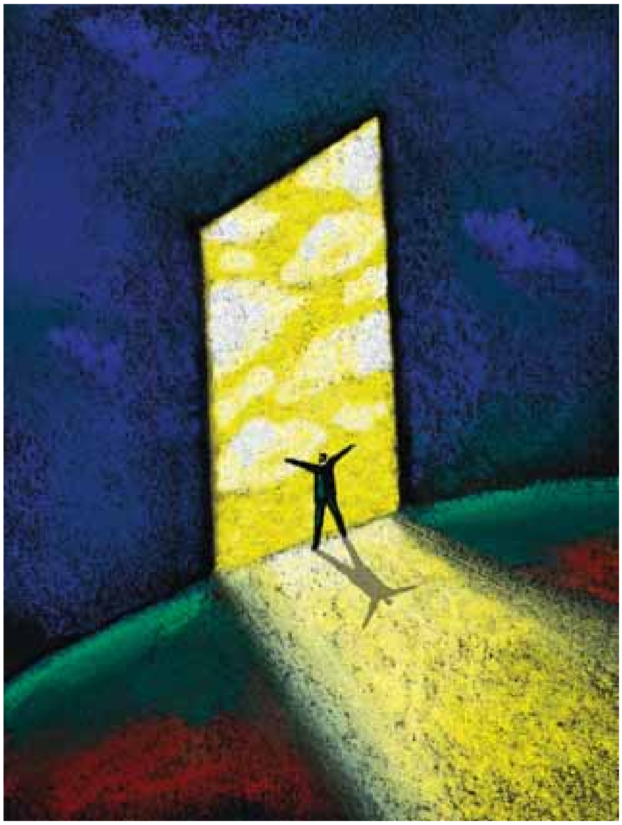
LAST MAN STANDING



FIRST MAN FORWARD

ANNUAL REPORT
2011-2012

IDEA CELLULAR LIMITED

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,

Almost four years after the greatest financial and economic upheaval since the Great Depression, the global economy is regaining a measure of stability and confidence. But the risks to growth remain. The situation looks unsteady once again, with the problems in the Euro Zone. The IMF projects that the global economic growth will decline from 4% in 2011 to 3.5% in 2012, before picking up to 4% in 2013. The Euro zone shows signs of slipping into a recession again, though that is expected to be offset by around 2% growth in the US and 6% in the emerging and developing economies. The economies of Africa, particularly sub-Saharan Africa, are demonstrating structural improvement. Japan is on the road to normalcy after the twin disasters of the tsunami and the Fukushima nuclear reactor accident. The global supply chains, disrupted by the disasters in Japan and the floods in Thailand, have been restored. The financial condition of the large global corporations is extremely strong, and their cash holdings at an all-time high.

The worst-case scenarios for the global economy have not come to pass. That, in no small measure, is due to the unprecedented stimulus provided by governments and central banks. Europe has also reached a degree of consensus on fiscal reforms. The ECB has also put in place firewalls to ward off a widespread economic contagion.

Clearly, the road ahead is not yet smooth. The bond, inter-bank and sovereign debt markets in

Europe remain jittery. The process of financial deleveraging still has a long way to go. Oil prices remain stubbornly high. Unemployment is proving extremely sticky and concerns about inequality are growing. A major worry is the political gridlock in many major countries, that makes it difficult to strike the right trade-offs between growth and fiscal and monetary restraint.

The Indian economy was quick off the mark in recovering after the 2008 shocks. But the growth momentum has slowed considerably over the past year. GDP growth in the third quarter of FY 2011-12 was 6.1%, down from 8.3% in the corresponding quarter of FY 2010-11. Some of the key indicators are bearish. Gross fixed capital formation has contracted in recent months. Growth in industrial production in the April 2011-February 2012 period slid to 3.5%, compared to 8.1% during the same period last year. Inflation, particularly in food items, remains high. There have been major slippages on the fiscal side. The current account deficit, in the April-December 2011 period widened to 4.0% of GDP, a clear warning sign. On a trade-weighted basis the Rupee depreciated around 8% in the past year. Given the slippage in growth, RBI's decision to ease monetary policy was timely. Even so monetary policy will not be effective unless it is supported by fiscal restraint. India's economy is poised delicately. The extended pause in reforms, together with some recent retrograde policy moves, have clouded business sentiment.

The telecom sector, undeniably plays a critical role in the economic growth of the country and in its journey towards inclusive growth.
Even as the sector's direct contribution is just around 2% to 2.5% of GDP, the manner in which it impacts the lives of over 919 million Indians, is beyond quantification.

The telecom sector, undeniably plays a critical role in the economic growth of the country and in its journey towards inclusive growth. Even as the sector's direct contribution is just around 2% to 2.5% of GDP, the manner in which it impacts the lives of over 919 million Indians, is beyond quantification. Regrettably, the sector is going through a phase of uncertain regulatory environment, post the cancellation of licenses by the Hon'ble Supreme Court in February' 2012, which were awarded in 2008. Furthermore, the proposed policy changes towards spectrum auctioning, pricing and re-farming, by the regulator, bode ill for the sector.

The significant strides made by your Company become all the more creditable when set against the unprecedented stress and uncertainty running through the sector. For the year 2011-12, your Company has posted an impressive performance.

It continues to grow its revenues at almost twice the industry growth rate. During FY12 your Company's annual revenue growth stood at 26%. Your Company is the third largest wireless operator in India, with a revenue market share of 14.4% - up by 1.1% during the calendar year 2011. We strongly believe that there is a significant growth potential in the Non Voice revenue. A focused execution in this direction has resulted in raising the share of Non Voice revenue to 14.3% compared to 12.1%, a year ago.

For the first time since its listing, your Company has improved its EBITDA margin, which for FY12 stands at 26.1% vis-à-vis 24.5% in FY11, a 1.6% uptick. However, the Profit After Tax of your Company was lower compared to the last year, given higher depreciation, amortisation and interest costs related to 3G investments.

Your Company enjoys the pole position in terms of quality of subscribers in this industry. The ratio of VLR (active) subscribers to reported subscribers is over 93%, the highest in the sector and significantly higher compared to the industry average of 74%. Your Company is today the third largest Indian wireless operator, in terms of total VLR subscribers.

Your Company has maintained its leadership position in terms of net subscriber additions under MNP facility. A net gain of around 2.9 million subscribers with a lowest port out ratio of 0.62 subscribers reflects the strong faith of over 113 million customers in your Company's quality of network, better customer services, customer centric product offerings and superior brand strength.

Your Company won 3G spectrum in 11 service areas and has entered into roaming arrangements with other operators to offer 3G services in the remaining service areas (except Orissa). The 3G reach of your Company has been extended to more than 3,000 towns and 10,000 villages in 20 service areas. This allows its 113 million subscribers to experience the world of faster internet with the speed of upto 21 Mbps, video calling, Mobile TV, Idea Mall applications store and many other futuristic services. The "Idea brand" 3G handsets at attractive price points launched this year have met with an encouraging response.

Your Company enjoys the pole position in terms of quality of subscribers in this industry. The ratio of VLR (active) subscribers to reported subscribers is over 93%, the highest in the sector and significantly higher compared to the industry average of 74%. Your Company is today the third largest Indian wireless operator, in terms of total VLR subscribers.

The biggest overhang is the regulatory environment in the sector which are detrimental to the sector's future. However, your Company has improved its competitive standing in the Indian wireless market, across all parameters. The service areas specific strategy has enabled your Company to focus and consolidate its position in established service areas while following a calibrated approach in the new service areas. Based on the strong balance sheet, coupled with the growing cash generation, your management is confident that it will tide over the current regulatory phase, emerge stronger, consolidate its position in the telecom voice market and participate aggressively in the evolving wireless broadband business.

To our teams

I thank of all our teams for their solid performance, undiluted commitment and laser sharp focus on delivering results.

The Aditya Birla Group in perspective

Despite a choppy global economy, our Group turned in a solid performance in FY 2011-12, anchored by our 133,000 strong workforce comprising 42 nationalities spanning 36 countries. Our consolidated revenues were a little over 40 billion dollars, reflecting a 14% growth.

It is my abiding belief that our people are the single most important enablers from every perspective. It is with a sense of deep pride that I share with you the fact that our continuous investment in the people area has paid rich dividends. Our Group has been ranked fourth in the Global Top Companies for Leaders and first in Asia Pacific in the Top Companies for Leaders' 2011 study conducted by Aon Hewitt, Fortune and the RBL Group. 470 companies worldwide participated in this study. This recognition is personally heartening for me, given that we have competed against the best of breed global companies.

It is my abiding belief that our people are the single most important enablers from every perspective.

I personally am convinced that we are now forging ahead on the people front. Our dedicated efforts in enhancing the quality of life of our employees and their families, continues unabated.

Our Talent Management and Leadership Development processes have been further enhanced, to meet our very specific talent requirements, with many more employees being included. To mention a few, launched:

- a Global Manufacturing Leadership Program to induct lateral recruits and fortify our technical talent in our Units.
- a Continuing Education Policy to support managers in acquiring higher specialist education for skills upgradation while they continue to be in their jobs.
- “Cutting Edge”, the accelerated P&L Leadership development Program, to enable function leaders to transition to P&L roles.
- And over 30,000 touch points to our learners through multiple learning formats. With these the number of people being targeted for honing competencies and developing skills has risen many times over. This is in sync with our “World of Opportunities” proposition. The customization of these learning programmes is far sharper this year on.

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470 companies worldwide participated in this study. This recognition is personally heartening for me, given that we have competed against the best of breed global companies.

Beyond Business

Given that our employees have a desire to contribute to the larger community, including those of their colleagues who need support, we are setting up a new trust called the “World Of Opportunities Foundation”, thorough which our employees can contribute to supporting the higher education of children in need.

Last Man Standing-First Man Forward

And finally let me add that over the years, we have through determined and deliberate effort come to be in this position of being the ‘Last Man Standing’, almost across each of our businesses. And when we do face a downturn today, from our position of strength, the message I want to convey is that, the last man standing has the best chance at being the first man forward. The first man forward to consolidate market positions, to show superior performance in each industry and get a few steps ahead of competition.

Yours sincerely,

Kumar Mangalam Birla

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An idea can change your life

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. Sanjeev Aga	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
Ms. Madhabi Puri Buch	Independent Director
Mr. Himanshu Kapania	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

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Open up a new world.
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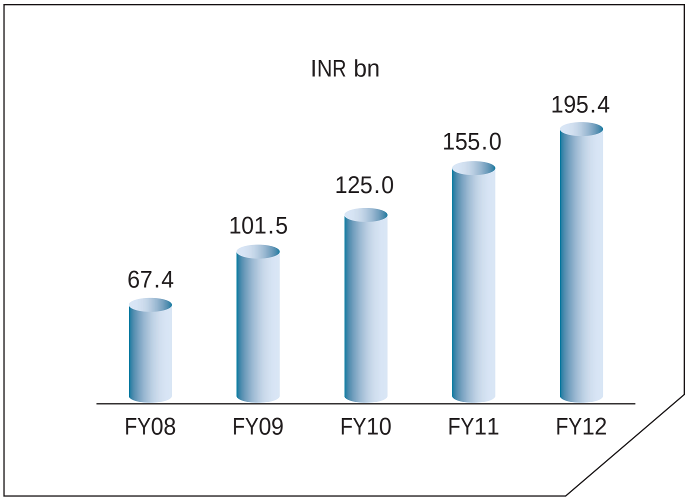
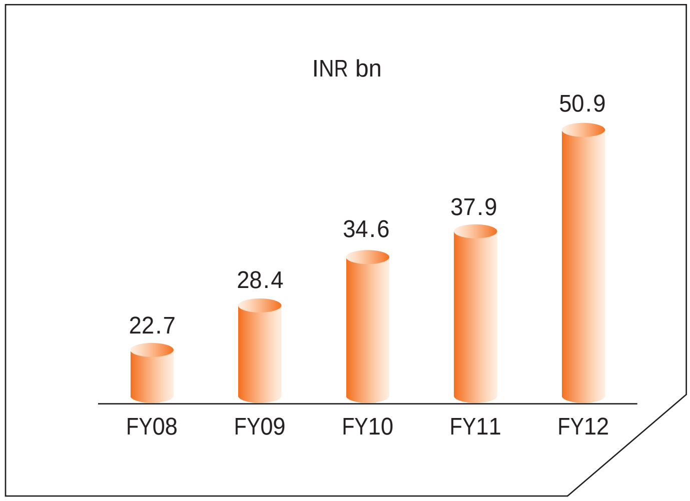
Performance Highlights

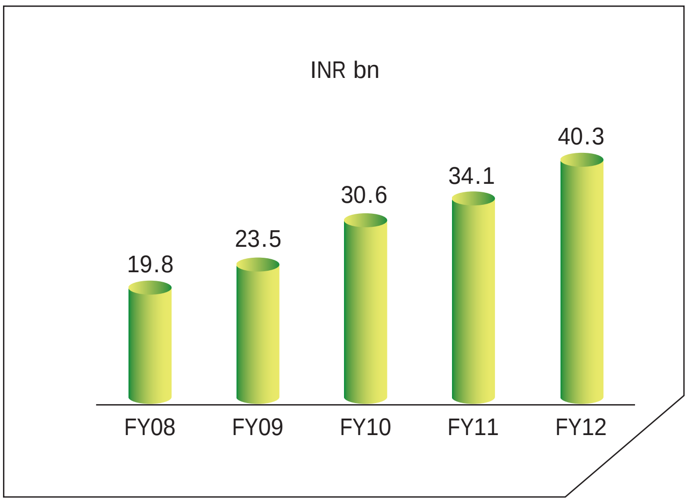
Robust Growth in Top Line



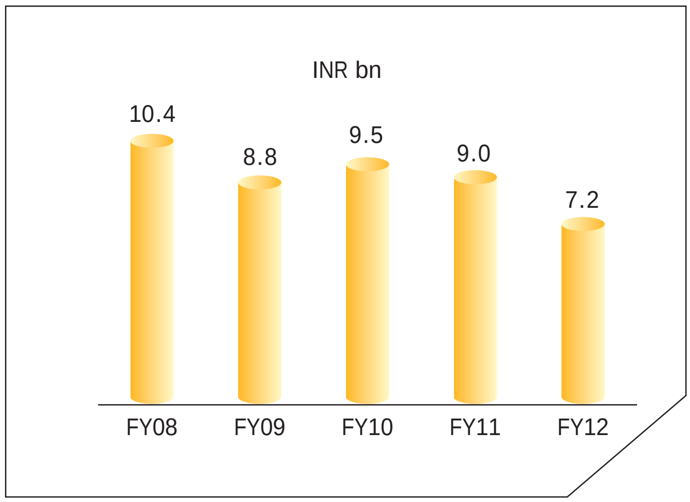
Robust Growth in EBITDA



Robust Growth in Cash Profits



Net Profits

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An idea can change your life

Management Discussion And Analysis Report

Indian Wireless Sector

The Indian wireless sector, which actively participated in the economic growth of the country and still contributes to a large part of the GDP, directly and indirectly, is currently suffering through a phase of uncertain regulatory environment following the cancellation of licenses by the Hon'ble Supreme Court in February, 2012. The recommendations by the regulator towards spectrum auctions, pricing and re-farming in April, 2012, has fueled the already existing uncertainty. These recommendations have been viewed negatively by most of the Industry players.

The phenomenon of savage price cuts seen in earlier years, got arrested in financial year 2012, giving a sigh of relief in terms of un-sustainability of these low tariffs to yield reasonable return on investments. However, during the last quarter of the year, the tariff based competition aggravated again, leading to decrease in realized rate after almost nine months of marginally improved realization.

India, the second largest wireless market in the world by subscribers continued to see strong subscriber additions during the year. With more than 107 Mn subscribers joining the wireless network, the total subscriber base has reached 919.2 Mn as on March 31, 2012, reflecting a tele-density of 76%. Though the rural tele-density still remains at only 38.3% compared to urban tele-density of 162.8%, on an incremental basis, more than 46% subscribers are joining the wireless network from the rural parts of the country.

The 3G services were launched in India at the end of last financial year. This provides significant data opportunity to the quality 3G operators as the broadband penetration in India stands at only 1.1%.

Discussion on Idea's Operational Performance and Consolidated Financial statements

Mobile Business

Your Company is a pan India operator providing mobile services in all 22 service areas of the Country. The Company reviews its mobile business segregated into 13 Established Service Areas and 9 New Service Areas. The Established Service Areas have evolved with time in terms of profitability and contribute over 89% of the Company's mobile revenues and where the focus is to further consolidate the leadership position. The New Service Areas launched in FY09 and FY10 are gestating in terms of profitability and are being pursued with a calibrated approach towards expanding network footprint.

Long Distance & Other Services

Your Company holds licenses for NLD, ILD, ISP and IP-1 services. The Company has pan India coverage, with around 65,000 km of own built fibre cable transmission network and additional IRU arrangement with other telecom operators. The Company is also expanding OFC PoPs and presently has over 1,700 PoPs in 128 cities and linked highways. The fibre network of the Company optimally serves Company's 2G/ 3G/ NLD/ ILD/ ISP/Wireless Broadband needs. Company's NLD and ILD network currently carries over 93% of captive NLD and ILD outgoing minutes, the capacity of which is further being expanded.

Telecom Infrastructure

As on March 31, 2012, the Company has a network of 83,190 2G sites of which 9,522 2G cell sites have been added during the year. Further the company has expanded its 3G network to 12,825 cell sites. The Company and its subsidiaries own 9,240 towers with a tenancy of over 1.55 and additionally 11,094 towers are under IRU arrangement with Indus.

Launch of 3G services

Your Company, in 2010, won spectrum in 2100 MHz band in 11 service areas. Idea has launched 3G services in all these service areas (except Punjab) and has entered into roaming arrangement with other operators to provide 3G services in remaining service areas (except Orissa). At the end of FY12, Idea 3G services are available in more than 3,000 towns and 10,000 villages, in 20 service areas.

Idea's 3G services, considered to be one of the best, connect to the world of faster internet with the speed of upto 21 Mbps, video calling and conferencing on the handset, Mobile TV, Idea Mall applications store, besides being capable of many other futuristic services.

Idea has introduced a choice of affordable data billing option for Pre-paid and Post-paid subscribers, including time based billing plans for 3G services, enabling users to avail high end data services without worrying about the volume of usage. Idea is the first company to introduce the sachet pricing at as low as ₹ 8 for trial purpose and attractive 'Gigabyte' bundles, targeted towards medium to heavy users.

With launch of 3G services and improvement in 3G ecosystem in terms of devices, applications and contents, your Company is all set to exploit the untapped wireless broadband data market and other emerging verticals of revenue like Mobile banking, M-commerce, M-health, M-education etc.

Revenue Market Share

The strategy to remain focused on improving the Revenue Market Share (RMS) has enabled the Company to consolidate its 3rd ranked position with an increase of revenue market share from 13.3% at beginning of calendar year 2011 to 14.4% at the end of calendar year 2011.

Quality Subscriber Base

As at end March, 2012, the Company's subscriber base stands at 112.7 Mn as compared to 89.5 Mn last year, an increase of 25.9%. Idea has always been stringent in monitoring the quality of its subscriber base. As per data released by TRAI for the month of March, 2012, your Company leads the industry with 93.4% of reported subscribers as VLR subscribers. The VLR EoP subscriber market share for the Company stands at 15.5% in March, 2012 compared to a reported subscriber market share of 12.3%, reflecting the true competitive strength of the Company.

Mobile Number Portability

The subscribers who opted for the Mobile Number Portability (MNP), a facility which allows customers to change their operator while retaining their mobile number, are not very large in numbers. However, the trends emerging from MNP are clearly distinguishing the strong operators and weak operators. With the net gain of 2.9 Mn subscribers since the launch of MNP and the lowest port-out ratio of 62 subscribers against every 100 port-in subscribers, Idea leads the Industry. The MNP leadership reflects customers' preference for better quality of services and perception of brand value.

Idea's success on MNP front clearly shows the strength of Company's seamless network coverage, low call drop rate, better voice quality, advanced and precise billing systems, customer oriented call centers and innovative/competitive product offerings.

Non Voice Revenue

For Indian telecom operators, revenue contribution by VAS is around 15-20%, which is much lower than their counterparts in other economies. In the absence of mass scale wired broadband, Idea believes there is a significant potential for the growth in the data segment.

Idea VAS strategy is to offer rich and high quality content around music, bollywood, cricket and other mass appeal products to over 112.7 Mn mobile users.

Power Brand

Idea is envisioned as a 'Champion' brand, driven by a cause. Our mission is to shift paradigms, making mobile telephony a way of life. To be a leader in the fast changing telecom industry, it is important to be ahead of the times. Idea represents innovation and vitality, is imaginative and future ready. Idea strives to build preference for the brand through its services.

Idea's communication has been about simple ideas that have the potential to change your life. It paints a picture of possibilities that lift mobile telephony from just communication to being an enabler of positive change in the lives of millions. We have creatively used the role mobile services is playing in uniting the country and providing innovative suggestions to long standing societal issues. The brand communication is designed to be perceived as humane, caring, warm and friendly.

This framework has led to the creation of some very noticeable and memorable advertising like the Caste War, Education for all, Use Mobile Save Paper, Break the Language Barrier and Population (India busy on Idea 3G), which have not only won many awards but also millions of hearts.

This year, the launch of Idea 3G Smartfones was supported with the "Old Idea – New Idea" campaign. It demonstrated, in an interesting way, how 'digital lifestyle' is changing our behavior, challenging our beliefs and enabling us to live more fulfilling lives through applications on Smartfones. The "Fear" film in the same series was a gripping thriller. It challenged people to overcome fear and fight for justice in a smart way using Idea 3G Smartfone with social networking applications like YouTube, facebook and twitter.

Idea is the fastest growing leading telecom operator in the world's fastest growing telecom market. It's brand building efforts have been recognized in various forums, both national as well as international.

Global Scale of Operation at World's Lowest Pricing Points

The Company carried 453 billion minutes on its network during FY12, placing it amongst the top 10 operators in the world in terms of voice minutes.

A more rational competition during the year has resulted in improvement of ARPM from 40.6p in Q4FY11 to 42.2p in Q4FY12. However, even though there is marginal improvement in the realisation rate, it still remains amongst the lowest across the globe. The inflationary pressure coupled with the increased roaming and access charges resulted in per minute cost to rise to 33.8p in Q4FY12 compared to 32.6p in Q4FY11.

New Initiatives in Subsidiaries

Launch of Idea Smartphones

In an effort to accelerate the adoption of 3G services, Idea Telesystems Limited launched Idea smartphones at attractive price points enabling the subscribers to experience and exploit the world of such services.

Mobile Banking

Idea Mobile Commerce Services Limited (IMCSL), provides Mobile Banking services through an alliance with Axis Bank with a facility titled 'Idea MyCash' which provides basic banking services including money transfer using the mobile platform. This is a mobile based financial inclusion initiative, which besides providing basic banking services to the unbanked, like cash deposit, cash withdrawal and balance enquiry, will also enable money transfer, to the migrant population in urban areas for remitting their funds to the beneficiaries back home.

RBI has recently increased the limit for the transaction for the Semi Closed Prepaid Instruments from ₹ 10,000 to ₹ 50,000 and has also permitted money transfer from peer to peer and back to his bank account. IMCSL is exploring this business opportunity.

Revenues

Revenues and Other Income for the year ended March 31, 2012, stood at ₹ 195,412 Mn, as compared to ₹ 155,032 Mn during the previous year, registering a growth of 26.0%. Non-voice revenues from subscribers grew at 30.9% over the previous year. Revenues from International Long Distance services, forming part of total revenues after inter segment eliminations, were ₹ 1,175 Mn while revenues from Passive Infrastructure services were ₹ 681 Mn.

Operating Expenses

Operating Expenses stood at ₹ 144,489 Mn vis-à-vis ₹ 117,124 Mn for the previous year. The contributors to the total Operating Expense of 73.9% were Personnel Expenditure 4.9%, Network Operating Expenses 24.9%, License and WPC charges 11.9%, Roaming and Access Charges 16.8%, Subscriber Acquisition and Servicing Expenses 10.2%, Advertisement & Business Promotion Expenditure 2.2% and Cost of Goods sold, Administration & Other Expenditure 3.0%.

Profit before Interest, Depreciation and Amortisation

The Company generated a Profit before Interest, Depreciation and Amortisation of ₹ 50,923 Mn for the year ended March 31, 2012, as compared to ₹ 37,908 Mn for the previous year. The operating profit margin for the current financial year stood at 26.1% compared to 24.5% for the previous year.

Depreciation, Amortisation and Finance Charges

Depreciation and Amortisation expenses increased by 24.4% to ₹ 29,813 Mn for the year ended March 31, 2012 as against ₹ 23,973 Mn for the previous year. Net Finance Charges for the year increased substantially from ₹ 3,966 Mn to ₹ 10,557 Mn largely due to pre-operative interest capitalization in the previous year and higher exchange loss during the current year.

Profits and Taxes

For the year ended March 31, 2012, Cash Profit stood at ₹ 40,253 Mn, a growth of 18.1% over the previous year. The Profit before Tax at ₹ 10,553 Mn, for the year increased by 5.9% over the previous year. The tax charge, mainly consisting of deferred tax charge stood at ₹ 3,323 Mn. Due to increased financing cost and higher depreciation & amortisation, Net Profit for the year ended March 31, 2012 was lower by 19.6% at ₹ 7,230 Mn.

Capital Expenditure

During the year ended March 31, 2012, the Company incurred a capital expenditure (including capital advances) of ₹ 45,447 Mn.

Balance Sheet

During the year, the paid-up equity share capital of the Company increased by ₹ 55.73 Mn, due to issuance of equity shares to the employees pursuant to exercise of stock options granted under Employee Stock Option Scheme, 2006. The total shareholders' funds stood at ₹ 130,483 Mn as at March 31, 2012.

The Gross Block and Net Block [including Capital Work in Progress (CWIP)] stood at ₹ 410,917 Mn and ₹ 276,675 Mn respectively as at March 31, 2012. Total loans outstanding as at March 31, 2012 were ₹ 133,372 Mn, an increase by ₹ 12,667 Mn.

Human Resources

The human resource philosophy and strategy of your Company has been designed to attract and retain the best talent, creating workplace environment that keep employees engaged, motivated and encourages innovation. This talent has, through strong alignment with your Company's vision, successfully built and sustained your Company's standing as one of India's most admired and valuable corporations despite unrelenting competitive pressures.

Your Company has fostered a culture that rewards continuous learning, collaboration and development, making it future-ready with respect to the challenges posed by ever-changing market realities. Employees are your Company's most valuable assets and your Company's processes are designed to empower employees and support creative approaches in order to create enduring value. Your Company's unflagging commitment to investing in talent development ensures performance and achievement of the highest order.

Driven by its socially conscious parent Group, your Company stays committed to the cause of giving back to the environment & society. The Company continues to drive the efforts towards environment sustainability by reducing carbon footprint and energy consumption. The Company also associates itself with several social causes and empowers its employees to contribute to the society through online monthly payroll contribution & regular CSR activities reaching out to the less privileged. The Aditya Birla Group is ranked No. 4 in the list of global top companies for leaders and No.1 in Asia Pacific for 2011, in a study conducted by Aon Hewitt, Fortune Magazine and RBL (a strategic HR and Leadership Advisory firm).The employee strength on rolls stood at 7,661 as on March 31, 2012.

Risk Management

The Risk Management framework of the Company ensures compliance with the requirements of clause 49 of the Listing Agreement. This framework provides for risk identification, risk evaluation and prioritisation followed by development of risk mitigation plans. The framework requires that the Audit Committee be periodically informed about the risk assessment, impact of risk on the business and mitigation plans. These processes are periodically reviewed. The various risks, including the risks associated with the economy, regulations, competition, foreign exchange, interest rate etc., are documented, monitored and managed efficiently.

Internal Control Systems

The Company has appropriate internal control systems for business processes, covering operations, financial reporting and compliance with applicable laws and regulations. Process controls are reviewed periodically and strengthened to create a robust control environment. The operating parameters are also monitored and controlled. Regular internal audits and management reviews ensure that the responsibilities are executed effectively. The Audit Committee actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them, as appropriate.

Regulatory

Major regulatory developments for the period are:

Activation of VAS Services

TRAI, on July 04, 2011, issued direction to Service Providers on provision of Value Added Services (VAS). As per the directions the service provider shall obtain confirmation from the consumer through consumer originated SMS or e-mail or

FAX or in writing within twenty four hours of activation of the value added service and charge the consumer only if the confirmation is received from him for such value added service and shall discontinue such value added service if no confirmation is received from the consumer. Service provider shall also, at least three days before the due date of renewal of a subscribed value added service, inform the consumer through SMS, the due date for renewal of such service, the charges for renewal and toll free telephone number for unsubscribing the value added service. In case of insufficient balance in the account of a consumer at the time of renewal of subscription to a VAS, the service provider shall send a request, through SMS, to the consumer to indicate his consent for continuing such service by sending an SMS as "Yes" or "No" to a toll free number and if, in response to such request, the consumer indicates his explicit consent by conveying "Yes", such value added service shall be renewed and such consumer shall be informed by the service provider through SMS that the charges for renewal of subscription of value added service shall be deducted from subsequent recharge.

Draft National Telecom Policy (NTP)

The DoT on October 11, 2011, announced the Draft National Telecom Policy, with a vision of *Broadband on Demand*. Key highlights of the policy are:

- Strive to create *One Nation - One License* across services and service areas and achieve *One Nation - Full Mobile Number Portability* and work towards *One Nation - Free Roaming*.
- To establish appropriate institutional framework to coordinate with different government departments/ agencies for laying of *Optical Fibre Cable networks* for rapid expansion of broadband in the country.
- To *delink spectrum in respect of all future licenses*. Spectrum shall be made available at a price through market related processes.
- Re-recognition of telecom as Infrastructure Sector
- To enact a separate *Spectrum Act* which *inter-alia* deals with all issues connected with wireless (spectrum) licenses and their terms and conditions including re-farming/withdrawal of allotted spectrum, spectrum pricing, cancellation or revocation of spectrum license, exemptions on use of spectrum, spectrum sharing, spectrum trading etc.

Supreme Court order on quashing of licenses granted in January 2008

The Hon'ble Supreme Court, vide its judgment dated February 02, 2012 quashed the Press Release dated January 10, 2008 issued by DoT and consequent grant of licenses and allocation of related spectrum. This directive which was originally to have come into effect after four months from February 02, 2012 has now been further extended till September 07, 2012. The Supreme Court has also directed TRAI to give fresh recommendations for grant of license and allocation of spectrum in 2G band in 22 Service Areas, as was done for 3G band, by auction by August 31, 2012. The said judgment impacts seven operational licenses and six non-operational licenses granted by DoT to the Company in January 2008.

Press Statement by Telecom Minister

The Telecom Minister released a press statement on February 15, 2012. The statement noted that Recommendations of TRAI on 'Spectrum Management and Licensing Framework' of May 11, 2010 along with its further recommendations of February 08, 2011, clarification of May 03, 2011 and response dated November 03, 2011 were considered by the Telecom Commission. Key highlights of the statement are –

- All future licenses will be Unified Licenses and spectrum will be delinked from the license.
- Uniform license fee across all telecom licenses and service areas which will progressively be made equal to 8% of the Adjusted Gross Revenue (AGR) in two yearly steps starting from 2012-13, subject to a minimum presumptive AGR.
- To bring IP-I Service Providers under licensing regime.
- Validity of existing UAS, CMTS and Basic services licenses may be extended for another 10 years at one time. On extension, the UAS licensee will be required to pay a fee of ₹ 2 crore for Metro and 'A' Circles, ₹ 1 crore for 'B' circles and ₹ 0.5 crore for 'C' circles.
- Need for re-farming of spectrum is accepted in-principle.
- Prescribed limit of spectrum assigned will be 2X8MHz/ 2X5MHz for GSM/CDMA technologies respectively for all service areas other than in Delhi and Mumbai where it will be 2X10MHz / 2X6.25 MHz.
- Intra-service area merger of CMTS/UAS licenses will be allowed if the market share by both subscriber base and Adjusted Gross Revenue of the resultant entity is upto 35%. If it is above 35% & upto 60%, transparent criteria will be prescribed/adopted after receipt of TRAI's recommendations. The total spectrum held by the resultant entity shall not exceed 25% of the spectrum assigned, by way of auction or otherwise.
- Sharing of 2G spectrum (800/900/1800 MHz bands) will be permitted between two spectrum holders in the same service area, with the prior permission of the licensor, for a period of 5 years and can be renewed for a further one term of five years, on terms to be prescribed. Spectrum usage charges will be levied on both the operators individually but on the total spectrum held by both the operators together.
- Spectrum sharing will not be permitted among licensees having 3G spectrum.

The DoT is yet to issue any detailed license amendment or policy guidelines, basis the above press statement.

TRAI Regulation on Consumer protection

TRAI has introduced the Telecom Consumer Protection Regulation which mandates marketing of only 3 types of vouchers, Plan voucher, Top up Voucher and Special tariff voucher. These vouchers will be differentiated by specific colors given to each type of voucher. The Regulation has also mandated to provide information to prepaid customers on activation/usage/deduction of the voucher. The prepaid itemized bill is also required to be given to the customer on request for last 6 months. A toll free short code is to be created to enable the customer to seek through sms, information regarding tariff plan opted/charges/balance available/vas activated. Premium rate service charges must be conveyed to the customer through a voice alert prior to materialization of call.

The Regulation would lead to restrictions in the manner in which vouchers are currently sold in the market. The Company has taken necessary steps for complying with the said Regulation.

Recommendations on Auction of Spectrum

The TRAI in May 2010 had issued recommendations on Spectrum Management and Licensing Framework broadly covering the limit of Spectrum that may be held by a Telecom Operator, re-farming of Spectrum, Spectrum sharing among operators, license fees to be charged etc. These recommendations were yet to be adopted by DoT.

Further, pursuant to the judgment of Supreme Court dated February 02, 2012 on quashing of licenses and the directive issued to TRAI for giving fresh recommendations for grant of licenses and allocation of Spectrum in 2G band, the TRAI on April 23, 2012 has issued recommendation on Auction of Spectrum, the key highlights of which are as under -

- All spectrum to be assigned through the auction process in future shall be liberalized.
- Refarming of spectrum in the 800 MHz and 900 MHz bands should be carried out progressively at an early date but not later than the due date of renewal of the licenses.
- The spectrum available with the service providers in the 900 MHz band should be replaced by spectrum in the 1800 MHz band, which should be charged at the price prevalent at the time of refarming.
- The Government must actively explore the possibility of refarming of the spectrum in the 900 MHz band immediately, by invoking the authority to change the license conditions.
- The auction of spectrum in 700 MHz band may be carried out preferably in 2014.
- The reserve price for spectrum in 1800 MHz is proposed using as a base 1.08x of 3G winning price, while for 900 MHz and 700 MHz bands it is 2x and 4x of 3G winning price, respectively.
- 5 MHz of 1800 MHz band- This auction would be to establish the market value of spectrum. This could be done in the current year 2012-13 as early as possible.
- Licensees who have acquired spectrum only through auction conducted here onwards shall be levied spectrum usage charge only at the rate of 1% of the Adjusted Gross Revenue.
- Schedule for payment of spectrum will be as follows –

Spectrum	Initial Payment	Moratorium	Period for balance Payment
Supra-1 GHz (1800, 2100 and 2300 MHz bands)	33% of the Bid Amount	2 years	10 years (equal annual installments)
Sub-1 GHz bands(700,800 and900 MHz bands)	25% of the Bid Amount	2 years	10 years (equal annual installments)

Opportunities, Risks, Concerns and Threats

The Indian telecom sector has grown by around 15.4% in terms of revenue in CY11. This growth has come based on a continued robust growth in mobile subscribers. Today, with 56.3% penetration, in terms of active subscribers, the mobile telephony market continues to offer healthy growth in voice minutes. With the launch of 3G services during last year, this market has opened up new opportunity towards data and related applications. The broadband market in India is still at a nascent stage and with the evolving needs of subscribers, 3G becomes the preferred choice for usage of any broadband based application. While, the Company continues to grow in terms of voice revenues, it is focusing towards increasing subscriber base in 3G space and putting efforts to build the future data factory. The Company believes that data offers substantial opportunity in coming years.

The Company had acquired licenses, for a period of 20 years for different service areas at different points in time, to offer 2G services. The recent directive of the Hon'ble Supreme Court has quashed the 7 operating licenses of the Company acquired in year 2008. These licenses would be operative till September 07, 2012 and spectrum auction needs to be conducted by the Government/DoT by August 31, 2012. Further, seven licenses of the Company followed by two licenses, all with initial spectrum allocated in 900 MHz band, are due for renewal/extension in December 2015 and April 2016 respectively. The remaining six licenses with spectrum in 1800MHz band are due for renewal/extension between FY 2022 to FY 2027. These renewals/extensions would be as per the applicable policy, which is under formulation. The Company runs a risk of renewals/extensions at unfavorable terms. However, the Company is hopeful that the continuation of services on a level playing field and protection of investment will be ensured by the Government in the interest of all stakeholders like subscribers, employees and shareholders.

The Company works with various local, state and central agencies for specific permissions to operate its mobile licenses and is required to meet various regulatory/policy guidelines of the DoT. The Company takes best effort to adhere to all such requirements.

The Company's business is dependent on key Network and IT equipment suppliers for management and continuity of its Network, IT and business processes. The Company is in partnership with global leaders in Network equipment and IT services and enjoys very long standing healthy relations with all its suppliers.

The telecom sector is characterized by technological changes and competition from new technologies is an inherent threat. However, till date, the Indian telecom sector has not faced any disruptive phase arising out of any technological changes. Your Company, with an assortment of spectrum in 900/1800/2100 MHz has an attractive spectrum footprint to adapt to any future technological changes.

Outlook

The sector continues to offer opportunities, both in voice and data, to the quality operators in the long run. However, some of the recent regulatory developments are impacting most of the operators, negatively, though the final outcome of these developments is yet to be decided by the Government/DoT. In terms of operational performance, Idea has cemented its position in the leadership circles, maintained the quality of subscribers, expanded reach to new geographies, launched 3G services, enhanced the power of brand, and more importantly, improved the position in its non-leadership circles. These factors clearly position Idea as one of the strongest operator in the sector.

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 seventeenth Annual Report, together with the audited financial statements of the Company for the financial year ended March 31, 2012.

Financial Results

The standalone and consolidated financial results of your Company for the financial year ended March 31, 2012 are summarised below:

₹ Mn

Particulars	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Income from Services	192,753	153,328	194,887	154,384
Other Income	470	562	525	648
Total Revenue	193,223	153,890	195,412	155,032
Operating Expenses	150,095	122,609	144,489	117,124
EBITDA	43,128	31,281	50,923	37,908
Depreciation and Amortisation	25,628	19,730	29,813	23,973
EBIT	17,501	11,551	21,110	13,935
Interest and Financing Charges	9,078	2,487	10,557	3,966
EBT	8,423	9,063	10,553	9,969
Taxes	2,657	617	3,323	982
Net Profit after Tax	5,765	8,446	7,230	8,987
Balance brought forward from Previous year	4,482	(3,964)	3,949	(5,038)
Cumulative Profit	10,248	4,482	11,179	3,949

Operations Review

Your Company continues its enviable four year track record of being the fastest growing major Indian mobile operator in terms of revenue growth. The Company's revenue market share increased from 13.3% at the beginning of the calendar year 2011 to 14.4% at the end of the calendar year 2011.

Your Company's total subscriber base as on March 31, 2012 stood at 112.7 Mn, an increase of 25.9% over the previous year. On a national basis, your Company's subscriber market share stood at 12.3% as of end March, 2012. The subscriber base of your Company is among the best in terms of percentage of active subscribers to total subscribers. As on March 31, 2012, your Company had around 93.4% of total subscribers as active subscribers, which is highest in the Industry.

Your Company's 3G investment plans are on track with high speed broad band services now available in more than 3,000 towns and 10,000 villages in 20 service areas (including those with roaming arrangements), with around 2.6 Mn subscribers actively using the Company's 3G platform and enjoying services whose time has come.

Your Company's total minutes of usage on the network for the financial year 2011-12 crossed 453 billion minutes, strengthening the Company's position among the top 10 Telecom Operators in the world.

During the financial year 2011-12, on a standalone basis, the total revenues of the Company were ₹ 193,223 Mn, representing a growth of 25.6% over the Previous year, primarily driven by 25% growth in total Minutes of Usage. The EBITDA also increased to ₹ 43,128 Mn, a growth of 37.9% compared to the previous year.

The Profit after Tax was lower at ₹ 5,765 Mn, a decrease of 31.7% as compared to the previous year, primarily on account of higher depreciation & amortisation and interest charges due to 3G investments. As of March 31, 2012, your Company has accumulated Profits of ₹ 10,248 Mn.

On a consolidated basis, the total revenues were ₹ 195,412 Mn, representing a growth of 26% over the previous year. The EBITDA also increased to ₹ 50,923 Mn, a growth of 34.3% as compared to previous year. The consolidated Profit after Tax stood at ₹ 7,230 Mn, a decrease of 19.6% compared to the previous year.

Dividend

The Company is in the telecommunication sector which continues to see tremendous growth and significant new investments. Keeping in view the future requirement of funds and emerging regulatory challenges, your Directors have decided not to recommend any Dividend for the financial year ended on March 31, 2012.

Share Capital

During the year under review, your Company issued and allotted 5,573,605 Equity Shares of ₹ 10/- each, fully paid-up, to the option grantees pursuant to the exercise of stock options by eligible employees under the Employee Stock Option Scheme, 2006 (ESOS-2006).

Consequently, the issued, subscribed and paid-up equity share capital of your Company as on March 31, 2012 stood at ₹ 33,088,451,100/-, comprising of 3,308,845,110 Equity Shares of ₹ 10/- each.

Credit Rating

Your Company continues to enjoy credit rating of CARE A1+ and CRISIL A1+ for its short term debt program and CARE AA rating for its long term debt program.

Capital Expenditure

Your Company continues to expand its reach to tap the uncovered population and enhance the quality of its network, including investments towards roll out of 3G services. During the year your Company added 9,522 2G cell sites and expanded its 3G network to 12,825 3G cell sites. On consolidated level, the capital expenditure (including capital advances) stands at ₹ 45,447 Mn during the financial year 2011-12.

Your Company also made significant progress in rolling out its Long Distance network. As at end March, 2012, it carried over 93% of its captive NLD and ILD outgoing traffic.

Employee Stock Option Scheme

Your Company values its employees and is committed to adopt the best HR practices for rewarding them suitably. In this direction your Company had implemented the Employee Stock Option Scheme, 2006 (ESOS-2006) and made grants to eligible employees under the said Scheme from time to time.

The relevant disclosure in compliance with clause 12 of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended, is set out in Annexure 'A' to this Report.

A certificate from M/s. Deloitte Haskins & Sells, Statutory Auditors, with respect to the implementation of the Company's Employees Stock Option Scheme, would be placed before the shareholders at the ensuing Annual General Meeting and a copy of the same will also be available for inspection at the registered office of the Company.

Human Resources

The human resource philosophy and strategy of your Company is structured to attract and retain the best talent that encourages innovation and creates engaging and motivating workplace environment. This strategy has, through strong alignment with your Company's vision, successfully built and sustained your Company's standing as one of India's most admired and valuable corporations despite unrelenting competitive pressures.

Significant Developments:

- *Supreme Court Judgment on quashing of licenses granted in January, 2008*

The Hon'ble Supreme Court, on petitions filed by the Centre for Public Interest Litigation and others, has quashed all the telecom licenses granted by the DoT, to various Telecom Operators in January, 2008 pursuant to two Press Releases dated January 10, 2008, issued by the DoT. These licenses included seven operating licenses held by the Company in respect of the Tamilnadu (including Chennai), Kolkata, West Bengal, Orissa, Assam, North East and Jammu & Kashmir service areas and two non-operating licenses in respect of Punjab and Karnataka service areas. Besides, the Company was also holding non-operative telecom licenses for four service areas granted by the DoT in January, 2008 to erstwhile Spice Communications Limited (Spice), which has since been merged with the Company. These four licenses pertained to Andhra Pradesh, Maharashtra, Delhi and Haryana service areas. The judgment has also cancelled the allocation of start-up spectrum which was earmarked pursuant to grant of these licenses. Through the said judgment, as modified by a further order dated April 24, 2012, the TRAI has been directed to make fresh recommendations for grant of licenses and allocation of spectrum in 2G band by auction, as was done for allocation of spectrum in 3G band and the DoT has been directed to complete the auction by August 31, 2012.

The shareholders may note that your Company is committed to take all necessary steps to safeguard its interest in the matter. As the impact, if any, on the operations in the said seven service areas and on the carrying values of these licenses as on March 31, 2012 amounting to ₹ 2,777.8 Mn is dependent upon the steps that the DoT may take and on the outcome of the auction to be conducted as per directive of the Hon'ble Supreme Court, operations in these seven service areas currently continue as usual and accordingly the financial statements include the operational results of these service areas on a going concern basis.

- *3G Services*

Your Company during the period March, 11 to October, 11, launched 3G services in 10 out of the 11 service areas (except Punjab) where it had won 3G spectrum. The DoT has not allowed commercial usage of the earmarked 3G spectrum for Punjab service area to the Company. The Company has also entered into bilateral roaming arrangements with other leading operators in 10 other service areas except Orissa.

The DoT had, vide its order dated December 23, 2011, ordered Telecom Operators to stop provision of services under 3G Intra Circle Roaming Agreements in service areas where it has not won 3G Spectrum. The Company alongwith other Telecom Operators has challenged the said order and Hon'ble Telecom Dispute Settlement Appellate Tribunal (TDSAT) has passed a "no coercive action" order till the time the dispute is decided. The final hearing in the matter has concluded and judgement is reserved.

- *Merger of Spice Communications Limited*

The Hon'ble High Court of Delhi vide its order dated July 04, 2011, pursuant to an application filed by the DoT, while re-affirmed the amalgamation of erstwhile Spice Communications Limited (Spice) with the Company, has transferred unto DoT, inter alia, the operating licenses held by erstwhile Spice in respect of Punjab and Karnataka service areas. Your Company has challenged the said order before appellate bench of the Hon'ble Delhi High Court, which through interim orders has directed DoT to continue to accept the payment of the License Fee from your Company as was being done before the said order dated July 04, 2011 and has directed DoT not to enforce any demand in respect of non-operative licenses. Meanwhile the hearing in the said matter is complete and judgment reserved.

- *Notices from DoT for alleged violation of terms and conditions of License Agreement*

Due to the DoT's alleged contention that the acquisition of erstwhile Spice Communications Limited and its subsequent amalgamation violates certain license conditions/guidelines, the Company had received various Show Cause/Demand Notices from the DoT in respect of the operational and non-operational licenses and also on certain other alleged violations of license agreement. Your Company is contesting the same before the Hon'ble TDSAT.

- *3G Spectrum for Punjab Service Area*

The DoT, though, has earmarked the 3G spectrum in respect of Punjab service area, which was won by the Company in the

3G spectrum auction conducted by DoT in May, 2010, has not yet allowed commercial use of the same to your Company, due to, inter alia, alleged violation of certain license conditions.

The Company had approached the Hon'ble TDSAT and filed a Petition for necessary direction to the DoT to allow the commercial usage of allocated 3G Spectrum for Punjab service area. The TDSAT has dismissed the said petition in view of order passed by Delhi High Court in July, 2011 concerning amalgamation of erstwhile Spice Communications Limited with the Company, which was holding the operative 2G license in respect of Punjab service area. The Company has since filed an appeal against the order of TDSAT in the Supreme Court, where the matter remains sub judice.

Awards and Recognitions

Your Company's brand initiatives have been recognized and appreciated across forums, and we have won many awards, both nationally and internationally.

- Idea won prestigious Gold EFFIE for 'no idea–get Idea' (number portability) campaign and Silver EFFIE for 'Break the Language Barrier' campaign.
- 'No Idea–Get Idea' and 'Break the Language Barrier' campaigns transcended national boundaries to be ranked globally as the Best Brand Campaign, 2011 by World Communication Awards, London.
- The "Most Trusted Brands Survey" by Brand Equity ranked Idea as 28th amongst all Products and Services Brands climbing 117 ranks over last year. The same survey ranked Idea 4th amongst all Service Brands.
- In radio, Idea won 6 awards at the Golden Mikes Awards 2011 and was adjudged the 'Advertiser of the Year'.
- Idea won a number of awards for interesting and innovative work on the Digital medium:
  - A Gold at The Yahoo Big Chair.
  - At the WAT Awards: Silver for Social Media Campaign of the Year and Digital Media Campaign of the Year.
  - At exchange 4media Indian Digital Media Awards (IDMA): A Silver for the Best Video Creative made for Internet/Mobile Media

New Initiatives

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

- The Company launched some interesting enterprise solutions for large scale businesses. One such significantly big solution is the first of its kind IVR based LPG gas booking for IOCL & HPCL across 15 circles which is touching lives of about 30 million IOCL/HPCL consumers and generates about 20 million gas refills every month. The product has enabled customers to book their gas cylinder by dialing an IVR number on a 24x7 basis and to receive SMS confirmations for the booking and the dispatch.
- The Company's large array of Value Added Services has added many more innovative and customer friendly services. One such significant one is Text Subscription services in 9 vernacular/local languages which has significant relevance for the non-metro and rural customers.
- The Company also introduced the 'Complaint Availability Status' on web for its prepaid and postpaid customers, wherein customers can avail the status of their complaint, by simply logging on to the Idea web portal.
- The Company launched a unique first of its kind loyalty program that rewards customers with free instant talk time.
- To facilitate higher adoption of 3G services by customers and to provide better face-to-face interaction, 3G Experience Zones have been established at the Service Centers across various cities. The 3G Experience Zones are managed by trained Data Specialists equipped with TV's, Netbook's, 3G compatible handset's, NetSetter's and device simulators for demonstration and query handling.
- Idea's continued focus on communicating 3G through its blockbuster media campaigns have resulted in Idea having the strongest brand association with '3G'
- Idea strengthened its brand through number of high impact media properties like Kaun Banega Crorepati, Idea Filmfare Awards, Citizen Journalist Awards, in addition to several regional media properties. The brand continues its association with the Delhi Daredevils team in IPL 5.

Subsidiaries and Joint Ventures

Your Company has the following subsidiaries and joint ventures:

Subsidiaries

- Aditya Birla Telecom Limited, holds 16% shareholding in Indus Towers Limited and 100% shareholding in Idea Cellular Towers Infrastructure Limited and is engaged in the trading of communication devices.
- Idea Cellular Services Limited, provides manpower services to the Company.
- Idea Cellular Infrastructure Services Limited, 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 has filed a scheme of arrangement in the Hon'ble High Court of Delhi which provides for its merger into Indus Towers Limited.
- Idea Mobile Commerce Services Limited, is engaged in the business of Mobile Banking.
- Idea Telesystems Limited (formerly Swinder Singh Satara and Company Limited), is engaged in the trading of communication devices.

In terms of general exemption granted by the Ministry of Corporate Affairs, Government of India, vide its Circular No. 2/2011 dated February 8, 2011, and in compliance with the conditions enlisted therein, the reports and annual accounts of the subsidiary companies for the financial year ended March 31, 2012 have not been attached to the Company's Accounts.

The annual accounts and other related information of the Subsidiary Companies shall be available for inspection during business hours by the members at the Registered Office of the Company. The copies of these documents will also be made available to the members upon request.

Joint Ventures

Indus Towers Limited, in which Aditya Birla Telecom Limited (ABTL) holds a 16% stake, is a joint venture with the Bharti Infratel and Vodafone Essar 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. Company continues to be compliant with the requirements enshrined in clause 49 of the Listing Agreement which relates to Corporate Governance.

A Report on Corporate Governance as stipulated under clause 49 of the Listing Agreement forms part of the Annual Report. A certificate from the Statutory Auditors of the Company, confirming compliance with the conditions of Corporate Governance, as stipulated under clause 49 forms part of this Report.

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.

Directors

During the year under review, Ms. Madhabi Puri Buch was appointed as an Additional Independent Director on the Board of your Company with effect from December 22, 2011. As per the provisions of Section 260 of the Companies Act, 1956, she holds office upto the date of the ensuing Annual General Meeting of the Company.

Your Company has received a notice under Section 257 of the Act 1956, together with the requisite deposit, from a member proposing the appointment of Ms. Buch as a Director on the Board of the Company. Resolution seeking approval of the Members for the appointment of Ms. Buch as a Director of the Company has been incorporated in the Notice of the ensuing Annual General Meeting together with a brief resume.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Mohan Gyani, Mr. Arun Thiagarajan, Mr. R.C. Bhargava and Mr. P. Murari retire from office by rotation, and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

Brief profile 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 17th 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 'B' 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 Companies Act, 1956, 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 2011-12 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 along with proper explanation relating to material departures;

b) the accounting policies have been applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as 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

The Statutory Auditors of the Company, M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, 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 Board recommends their re-appointment for the next term.

Auditors' Report and Notes to Accounts

The Board has duly reviewed the Statutory Auditors' Report on the Accounts. The observations appearing in the Auditors' Report, including the sub-judice matter 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.

Cost Audit

During the year under review, the Ministry of Corporate Affairs (MCA) has issued Telecom Industry specific Cost Audit Order dated May 2, 2011, making appointment of Cost Auditor mandatory, inter-alia, for the Companies to whom the Cost Accounting Records (Telecommunications) Rules, 2002 apply.

Accordingly, in terms of the above order and pursuant to the provisions of Section 233B of the Act, your Directors have appointed M/s. Sanjay Gupta & Associates, Cost Accountants, as the Cost Auditors of the Company to audit the cost records/ accounts maintained as per the Cost Accounting Records (Telecommunications) Rules, 2002 for the financial year ending March 31, 2012. The Cost Audit Report for the financial year 2011-12 is yet to be placed before the Board.

Acknowledgements

Your Directors wish to express their sincere appreciation to the Department of Telecommunications, the Central Government, the State Governments, bankers and all the business associates for their support and look forward to continued support in future. Your Directors also wish to place on record their appreciation to the employees for their commitment in the progress of the Company.

For and on behalf of the Board

Place: Mumbai
Date: April 26, 2012

Kumar Mangalam Birla
Chairman

Annexure 'A' 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)	Tranche IV (January 24, 2011)
a) Number of Stock Options granted	19,931,000	6,131,250	6,918,750	2,524,500
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 ₹ 112.57 to ₹ 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 ₹ 84.03 to ₹ 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 - ₹ 57.55 per option	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 - ₹ 68.86 per option
c) Options vested	15,903,250	3,963,934	2,853,358	611,621
d) Options exercised	7,659,637	1,161,491	746,742	28,562
e) The total number of shares arising as a result of exercise of options	7,659,637	1,161,491	746,742	28,562
f) Options forfeited/ cancelled/ lapsed	4,632,000	1,249,522	1,444,061	112,125
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 ₹ 112.57 to ₹ 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 ₹ 84.03 to ₹ 45.55 per option on December 22, 2009.	NIL	NIL
h) Money realized by exercise of options	₹ 301,023,734.10	₹ 52,905,915.05	₹ 42,975,002.10	₹ 1,966,779.32
i) Total number of options in force	7,639,363	3,720,237	4,727,947	2,383,813
j) Employee wise details of options granted:				
i) Senior managerial personnel:	Mr. Himanshu Kapania:- 267,500	Mr. Himanshu Kapania:- 66,875	NIL	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	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	NIL
k) Diluted Earnings Per Share	₹ 1.74			
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.	₹ 115.23 Mn			

Annexure 'A' to the Directors' Report (Contd.)

Particulars	ESOS - 2006			
	Tranche I (December 31, 2007)	Tranche II (July 24, 2008)	Tranche III (December 22, 2009)	Tranche IV (January 24, 2011)
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 2011-12 is as presented below:			
	Particulars			₹ Mn
	Net Profit after Tax but before exceptional items			5,765.38
	Add: Intrinsic Value compensation cost			35.88
	Less: Fair Value compensation cost			151.11
	Adjusted Net Income			5,650.15
	Earnings Per Share (₹)		Basic	Diluted
	As Reported		1.74	1.74
	As Adjusted		1.71	1.70
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: ₹ 39.30 Weighted-average fair value of options: ₹ 31.76	Weighted–average exercise price: ₹ 45.55 Weighted-average fair value of options: ₹ 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: ₹ 57.55 Weighted - average fair value of options: ₹ 31.34	Weighted–average exercise price: ₹ 68.86 Weighted - average fair value of options: ₹ 37.47
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	8.04 - 8.14
(ii) expected life (No. of years)	6 years 6 months	6 years 6 months	6 years 6 months	6 years 6 months
(iii) expected volatility (%)	40.00	45.80	54.54	50.45
(iv) dividend yield (%)	Nil	Nil	Nil	Nil
(v) the price of the underlying share in market at the time of option grant	₹ 139.10	₹ 87.75	₹ 57.05	₹ 68.55
On the date of Re-pricing				
(i) risk-free interest rate (%)	7.36	7.36		
(ii) expected life (No. of years)	4 years 6 months	5 years 9 months		
(iii) expected volatility (%)	54.54	54.54	N.A.	N.A.
(iv) dividend yield (%)	Nil	Nil		
(v) the price of the underlying share in market at the time of option Re-pricing	₹ 57.05	₹ 57.05		

Annexure 'B' 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 utilisation of Electricity is continuously monitored and steps are taken to reduce the consumption and also use more renewable energy technologies. The additional measures adopted / being tried out by the Company for energy conservation are: (i) Solar-DG Hybrid Solutions (ii) DG-Battery Hybrid Solutions (iii) Induction of highly efficient Telecom Hardware (iv) 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 a 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
4. 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 (on receipt basis) : ₹ 1,486.80 Mn Outgo (on accrual basis) : ₹ 15,671.06 Mn

For and on behalf of the Board

Place : Mumbai
Date : April 26, 2012

Kumar Mangalam Birla
Chairman

Corporate Governance Report

Company's Philosophy on Corporate Governance

Corporate Governance refers to set of systems and practices that enables an organisation to perform business efficiently with the highest levels of accountability and transparency in all its transactions. The fundamental objective of Corporate Governance is to ethically generate wealth and create long-term shareholders value. A sound Corporate Governance practice ensures financial viability of the business and enhances shareholders' value in the long term.

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 trusteeship that is deeply ingrained in our value system and reflected in our strategic thought process.

Our governance philosophy rests on five basic tenets:

- 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
- 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. The Company constantly endeavors to adopt innovative approaches for leveraging resources and fostering its growth. Your Company has always demonstrated high standards of Corporate Governance by ensuring compliance with all the applicable laws, demonstrating high level of accountability, maintaining high standards of transparency and conducting business in ethical manner.

Your Company confirms the compliance of Corporate Governance as contained in clause 49 of the Listing Agreement, the details of which for the financial year ended March 31, 2012 are as follows:

1. BOARD OF DIRECTORS

An active, informed and independent Board is necessary to ensure highest standards of Corporate Governance. The primary role of the Board is to safeguard and enhance shareholders value through effective functioning of the Company. The Board lays down business strategy, sets strategic goals and seeks accountability for their fulfillment. The Board provides strategic direction to the Company and exercises appropriate control to ensure that the business of the Company is conducted in the best interests of the shareholders and society at large. The Board is assisted by the Managing Director/Senior Management Personnel in ensuring effective functioning of the Company.

Composition of the Board

The Board of Directors of your Company comprises eminent members from diversified background having rich and varied expertise in the areas of technology, finance, law, general management and entrepreneurship. The Company has a balanced board with optimum combination of Executive and Non-Executive Directors which includes independent professionals.

Pursuant to the appointment of Mr. Himanshu Kapania as the Managing Director of the Company with effect from April 1, 2011, the number of Independent Directors had fallen below fifty percent. To broad base the Board, Ms. Madhabi Puri Buch was inducted as an Independent Director on the Board of the Company effective from December 22, 2011, pursuant to which the balance in the composition of the Board was restored. Brief profile of Ms. Madhabi Puri Buch as required under clause 49 of the Listing Agreement is annexed to the Notice convening the Seventeenth Annual General Meeting forming part of this Annual Report.

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 as on March 31, 2012 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	16	-	-
Mrs. Rajashree Birla	Non-Executive	6	12	1	-
Dr. Rakesh Jain	Non-Executive	5	1	-	-
Mr. Biswajit A. Subramanian	Non-Executive	2	-	-	-
Mr. Juan Villalonga Navarro[3]	Non-Executive	-	-	-	-
Dr. Shridhir Sariputta Hansa Wijayasuriya[4]	Non-Executive	-	-	-	-
Mr. Sanjeev Aga	Non-Executive	2	-	1	-
Mr. Arun Thiagarajan	Independent	7	4	6	-

Name of Director	Category	No. of Outside Directorship(s) Held[1]		Outside Committee Positions Held[2]	
		Public	Private	Member	Chairman/ Chairperson
Mr. Gian Prakash Gupta	Independent	10	3	3	3
Mr. Mohan Gyani	Independent	-	-	-	-
Ms. Tarjani Vakil	Independent	5	2	1	3
Mr. R.C. Bhargava	Independent	9	1	5	5
Mr. P. Murari	Independent	9	-	5	2
Ms. Madhabi Puri Buch[5]	Independent	1	1	-	-
Mr. Himanshu Kapania	Managing Director	7	-	-	-

1. *Directorships held by the Directors as mentioned above, excludes alternate directorships, directorships held in foreign companies and companies registered 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. *Nominee of Axiata Group Berhad.*
4. *Alternate Director to Mr. Juan Villalonga Navarro.*
5. *Appointed as an Independent Director with effect from December 22, 2011.*

Appointment and Tenure

The Directors of the Company are appointed by the shareholders at the General Meeting. All Directors except the Managing Director are subject to retirement by rotation and at every Annual General Meeting, one third of such Directors, if eligible, offer themselves for re-appointment. The Managing Director is appointed for maximum period of 5 years and is eligible for re-appointment upon completion of the term.

Board Meetings and Procedure

The annual calendar of meetings is broadly determined at the beginning of each year. The Board meets atleast 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 Board Meetings are scheduled well in advance and the notice of such board meeting is given in writing to all the Directors. The Meetings are governed by a structured agenda. The Company Secretary in consultation with the Chairman and Managing Director prepares the detailed agenda for the meetings. All the agenda items are backed by comprehensive agenda notes and relevant supportings 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 well 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. In special and exceptional circumstances, additional or supplementary agenda items are taken-up for discussion with the permission of the Chairman. The members of the Board in consultation with the Chairman may bring up any matter for the consideration of the Board.

The Chief Financial Officer and other Senior Management Personnel are invited to the Board/Committee Meetings to present reports on the items being discussed at the meeting.

All the relevant information as enumerated in Annexure 1A 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 periodically reviews the compliance status of all the applicable laws. Action Taken Report in respect of the matters arising out of the previous meetings is placed at the succeeding meeting of the Board/Committee for noting. The draft minutes of each Board/Committee Meetings are circulated to all Directors for their comments, before being recorded in the minutes book. The Company Secretary records the minutes of each Board/Committee Meeting.

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. Senior Management Personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when necessary. The important decisions taken at the Board/Committee meetings are communicated to the concerned departments promptly.

During the financial year 2011-12, four meetings of the Board were held on June 13, 2011, July 29, 2011, October 21, 2011 and January 23, 2012.

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	Yes
Mrs. Rajashree Birla	4	3	No
Dr. Rakesh Jain	4	4	No
Mr. Biswajit A. Subramanian	4	3	No
Mr. Juan Villalonga Navarro	4	0	No
Dr. Shridhir Sariputta Hansa Wijayasuriya*	4	4	Yes
Mr. Arun Thiagarajan	4	4	No
Mr. Gian Prakash Gupta	4	4	Yes
Mr. Mohan Gyani	4	2	No
Ms. Tarjani Vakil	4	3	No
Mr. R.C. Bhargava	4	2	No
Mr. P. Murari	4	1	No
Mr. Sanjeev Aga	4	4	No
Mr. Himanshu Kapania	4	4	No
Ms. Madhabi Puri Buch	1	1	N.A.

** Attended as an Alternate Director to Mr. Juan Villalonga Navarro.*

Code of Conduct

The Board of Directors 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 attached and forms part of this Report.

2. COMMITTEES OF THE BOARD

The Board of Directors of the Company has constituted six Board Committees viz. Audit Committee, Remuneration Committee, Shareholders'/Investors' Grievance Committee, ESOS Compensation Committee, Finance Committee and IPO Committee. The terms of reference of each of these Committees are determined by the Board. The Minutes of the Committee Meetings are noted by the Board.

The role and composition of the aforesaid Committees, including the number of meetings held and the related attendance of the members are given below:

A. Audit Committee

The Board of Directors 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 including review of the internal audit reports and action taken report. The Committee also oversees the appointment, performance and remuneration of the internal and statutory auditors. 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, inter-alia, has the following powers:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice; and
- 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 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 Meeting. 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 that are discussed at the meetings from time to time.

During the financial year 2011-12, seven meetings of the Audit Committee were held on April 15, 2011, June 13, 2011, July 28, 2011, October 21, 2011, November 2, 2011, January 23, 2012 and February 13, 2012.

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	7	7
Mr. Arun Thiagarajan	Independent	7	7
Ms. Tarjani Vakil	Independent	7	7
Mr. Juan Villalonga Navarro*	Non-Executive	7	-

** Dr. Shridhir Sariputta Hansa Wijayaurisya, Alternate Director to Mr. Juan Villalonga Navarro attended three Audit Committee Meetings.*

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, 2012, the Committee comprised of Mr. Arun Thiagarajan, Ms. Tarjani Vakil and Mr. Gian Prakash Gupta.

During the financial year 2011-12, no meetings of the Remuneration Committee were held.

Remuneration of Directors

(i) Remuneration to the Managing Director

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

Details of the Managerial Remuneration paid to the Managing Director during Financial Year 2011 -12 is as under:

Executive Director	Relationship with other Directors	Business relationship with the Company, if any	Remuneration during 2011-12			
			All elements of remuneration package i.e. salary, benefits, bonus, pension etc.	Fixed component & performance linked incentives, along with performance criteria	Service Contract, notice period, severance fee	Stock Option details, if any
Mr. Himanshu Kapania	None	Managing Director	₹ 33.13 Mn	See note (a)	See note (b)	See note (c)

(a) *Mr. Himanshu Kapania was paid a sum of ₹ 8.31 Mn towards performance incentive, linked to achievement of targets.*

(b) *The appointment of Mr. Himanshu Kapania is for a period of five years effective from April 1, 2011. The appointment is subject to termination by three months notice on either side. No severance fees is payable to the Managing Director. The remuneration paid to Mr. Himanshu Kapania for financial year 2011-12 is as per the terms approved by the Shareholders at the 16th Annual General Meeting held on 28.09.2011.*

(c) *Mr. Himanshu Kapania has been granted 2,67,500 stock options (Tranche I) on December 31, 2007 at an exercise price of ₹ 112.57 per option. Further, on July 24, 2008, the Company granted 66,875 stock options (Tranche II) at an exercise price of ₹ 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 ₹ 39.30 per option and stock options granted in Tranche II to ₹ 45.55 per option.*

Each Option is convertible into one equity share of the Company upon vesting. These Options 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 vesting. Mr. Himanshu Kapania has exercised 51,700 stock options under Tranche I upto March 31, 2012.

(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 ₹ 20,000/- for each meeting of the Board and ₹ 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, 2012 are as under:

Name of Non-Executive Director	Sitting Fees (₹)
Mr. Kumar Mangalam Birla	110,000
Mrs. Rajashree Birla	60,000
Dr. Rakesh Jain	150,000
Mr. Biswajit A. Subramanian	60,000
Dr. Shridhir Sariputta Hansa Wijayasuriya*	110,000
Mr. Juan Villalonga Navarro	0
Mr. Arun Thiagarajan	180,000
Mr. Gian Prakash Gupta	150,000
Mr. Mohan Gyani	40,000
Ms. Tarjani Vakil	150,000
Mr. R.C. Bhargava	40,000
Mr. P. Murari	20,000
Ms. Madhabi Puri Buch	20,000
Mr. Sanjeev Aga	150,000

** Dr. Shridhir Sariputta Hansa Wijayasuriya was paid sitting fees for the meetings attended by him as an Alternate Director to Mr. Juan Villalonga Navarro.*

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

(iii) Details of Shareholding of Directors

The details of shareholding of Directors as on March 31, 2012 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. Himanshu Kapania	56,700

 # Shares held singly or as a first shareholder are only considered.

Stock Options to Non-Executive Directors:

Mr. Sanjeev Aga, former Managing Director of the Company was granted 1,712,000 stock options under Tranche I and 428,000 stock options under Tranche II of the Employee Stock Option Scheme, 2006 (ESOS-2006).

Mr. Sanjeev Aga, had relinquished the office of the Managing Director with effect from close of business hours on March 31, 2011 and is continuing as a Non-Executive Director on the Board of the Company.

Consequent to the retirement of Mr. Sanjeev Aga, the ESOS Compensation Committee had, in accordance with the terms of ESOS-2006 approved vesting of all the unvested options, which otherwise would have been lapsed.

Mr. Sanjeev Aga has exercised 1,090,000 stock options under Tranche I of ESOS -2006 upto March 31, 2012.

Apart from Mr. Sanjeev Aga no other Non-Executive director has been granted stock options.

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

As on March 31, 2012, the Committee comprises of two members namely, Dr. Rakesh Jain and Mr. Sanjeev Aga. The Company Secretary acts as a Secretary to the Committee. During the financial year 2011-12, the Shareholders'/Investors' Grievance Committee met once on January 23, 2012 which was attended by both the members.

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

Investor Grievances Redressal Status

During the financial year 2011-12, the complaints and queries received from the shareholders were general in nature and were mainly pertaining to non-receipt of annual reports, request for subsidiary annual accounts etc. All the complaints were resolved to the satisfaction of the investors.

The status of Investors' Complaints as on March 31, 2012, is as follows:

No. of complaints as on April 1, 2011	0
No. of complaints received during the financial year 2011-12	171
No. of complaints resolved upto March 31, 2012	169
No. of complaints pending as on March 31, 2012	*2

** Resolved as of date*

To redress investor grievances, the Company has a dedicated E-mail ID shs@idea.adityabirla.com to which investors may send complaints.

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 of three Non-Executive Directors, of whom two members are Independent Directors. During the financial year 2011-12, three meetings of the Committee were held on May 31, 2011, October 21, 2011 and January 23, 2012.

The composition of the ESOS Compensation 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. Kumar Mangalam Birla	Non-Executive	3	3
Mr. Arun Thiagarajan	Independent	3	3
Ms. Tarjani Vakil	Independent	3	2

E. Finance Committee

The Company has constituted a Finance Committee to approve matters relating to availing of financial/banking facilities. As on March 31, 2012, the Committee comprises of Dr. Rakesh Jain and Mr. Sanjeev Aga.

During the financial year 2011-12, six meetings of the Finance Committee were held on May 2, 2011, August 11, 2011, October 3, 2011, December 19, 2011, March 14, 2012 and March 27, 2012, which were attended by both the members.

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. As on March 31, 2012, the Committee comprises of Dr. Rakesh Jain and Mr. Sanjeev Aga.

During the financial year 2011-12, no meetings of the Committee were held.

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, 2012, the Company had 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. Idea Telesystems Limited
   (Formerly known as Swinder Singh Satara and Company Limited)
6. Idea Mobile Commerce Services Limited
   (Formerly known as Carlos Towers Limited)

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 the Board of Directors on a quarterly basis. For the financial year ended March 31, 2012, there were no transactions of material nature entered into with the 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 46 of the financial statements.

b. Disclosure of Accounting Treatment

While preparing the financial statements, the Company has followed all the relevant/applicable Accounting Standards issued by the Institute of the Chartered Accountants of India.

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. 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 standards 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 17th 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 in Gujarat).

At the end of each quarter, the Company organizes earnings call with the analysts and investors and the transcripts of the same 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)
2010-11	September 28, 2011	12.00 noon	Cambay Spa and Resort, Plot No. X-22/23 GIDC Electronic Estate, Sector 25, Gandhinagar -382 044, Gujarat.	None
2009-10	September 27, 2010	12.00 noon	Cambay Spa and Resort, Plot No. X-22/23 GIDC Electronic Estate, Sector 25, Gandhinagar -382 044, Gujarat.	None
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.

Extra Ordinary General Meeting

During the financial year 2011-12, no Extra-ordinary General Meetings were held.

Postal Ballot

There was no Special Resolution passed through Postal Ballot during the financial year 2011-12.

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, 2011	108	20,653
Number of shareholders who approached to the Issuer/Registrar for transfer of shares from suspense account during the Financial Year 2011-12	6	1,220
Number of shareholders to whom shares were transferred from suspense account during the Financial Year 2011-12	6	1,220
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, 2012	102	19,433

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

The Company is compliant with the requirements as prescribed in clause 49 of the Listing Agreement. A Certificate from the Statutory Auditors of the Company, as stipulated in clause 49 of the Listing Agreement entered into 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, 18th June, 2012
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 2012-13 (Tentative)

Financial reporting for the quarter ending June 30, 2012	:	End July, 2012
Financial reporting for the quarter ending September 30, 2012	:	End October, 2012
Financial reporting for the quarter ending December 31, 2012	:	End January, 2013
Financial reporting for the year ending March 31, 2013	:	End April, 2013
Annual General Meeting for the year ended March 31, 2013	:	August/September, 2013

3.	Book Closure Date	:	June 11, 2012 to June 18, 2012 (both days inclusive)
4.	Dividend Payment Date	:	Not Applicable (Since no dividend is proposed for the Financial Year 2011-12)
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 – 400 051	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

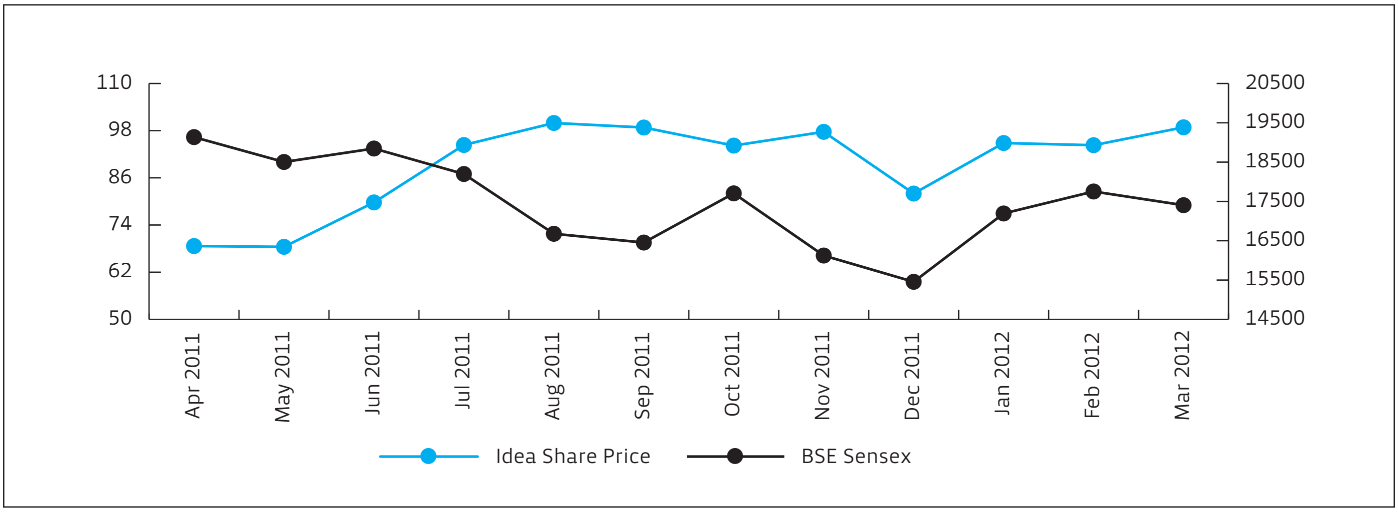
The monthly high and low prices and volume of shares of the Company at the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year 2011-12 are as under:

Month	Bombay Stock Exchange Limited				National Stock Exchange of India Limited			
	High (in ₹)	Low (in ₹)	Close (in ₹)	Avg. Vol. (in Nos.)	High (in ₹)	Low (in ₹)	Close (in ₹)	Avg. Vol. (in Nos.)
April, 2011	73.10	63.00	68.65	687,966	80.90	63.00	68.90	3,897,617
May, 2011	69.45	62.65	68.45	198,527	69.50	62.10	68.65	1,479,300
June, 2011	80.60	68.45	79.75	725,886	80.70	67.00	79.85	5,060,660
July, 2011	95.35	75.00	94.35	1,015,242	95.40	75.90	94.35	11,179,173
August, 2011	101.50	89.70	99.95	1,372,743	101.75	89.70	99.95	9,832,649
September, 2011	103.65	93.00	98.80	720,318	103.70	93.15	98.50	5,061,316
October, 2011	99.25	85.00	94.20	600,907	100.00	86.05	94.60	4,837,767
November, 2011	103.10	89.20	97.70	684,897	103.15	89.20	97.95	8,733,111
December, 2011	99.00	78.30	82.00	646,136	98.40	78.00	82.30	7,093,981
January, 2012	96.90	80.10	94.85	437,071	96.90	80.25	95.35	4,157,517
February, 2012	99.75	88.85	94.30	641,844	99.80	88.80	94.50	5,507,344
March, 2012	102.15	92.80	98.85	236,600	102.20	92.60	98.80	3,924,648

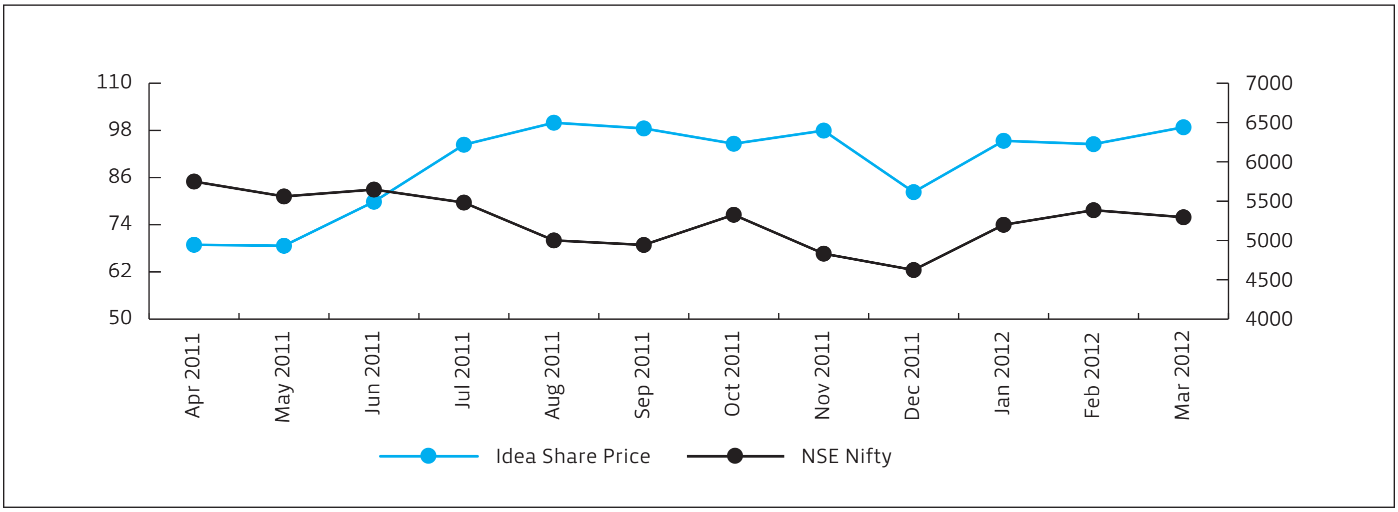
10. Stock Performance

The performance of the Company's share price vis-à-vis the broad based BSE and NSE indices during the year 2011-12 is as under:

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



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



11. Share Transfer System

Transfer of shares in dematerialized form is done through the depositories without any involvement of the Company. Transfer of shares in physical form is normally processed within a period of 12 days from the date of the lodgement, subject to documents being valid and complete in all respects. All transfers are first processed by the Registrar and Share Transfer Agent and are submitted to the Company for approval thereafter.

12. Distribution of Shareholding

The distribution of shareholding of the Company as on March 31, 2012 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	298,382	94.31	40,670,533	1.23
5000 – 10000	10,719	3.39	8,133,203	0.24
10001– 20000	4,017	1.27	5,863,749	0.18
20001 – 30000	1,139	0.36	2,891,616	0.09
30001 – 40000	437	0.14	1,556,799	0.05
40001 – 50000	396	0.12	1,867,051	0.05
50001 – 100000	502	0.16	3,624,240	0.11
100001 & above	802	0.25	3,244,237,919	98.05
Total	316,394	100.00	3,308,845,110	100.00

13. Shareholding Pattern

The shareholding pattern of the Company as on March 31, 2012 is as follows:

Category	No. of Shares	% Share-holding
Promoter and Promoter Group	1,520,679,047	45.96
Foreign Institutional Investors	504,862,049	15.26
Non-Resident Indians/Overseas Corporate Bodies	992,038,451	29.98
Mutual Funds, Financial Institutions, Banks and Insurance Companies	205,178,495	6.20
Domestic Bodies Corporate	17,044,484	0.52
Resident Indians and Others	69,042,584	2.08
Total	3,308,845,110	100.00

14. Dematerialisation of Shares and Liquidity

The Shares of the Company are compulsorily tradable in dematerialized form through both the Depository Systems in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). A total number of 3,308,831,704 Equity Shares of the Company constituting over 99.99% of the issued, subscribed and paid-up share capital were held in dematerialised form as on March 31, 2012.

15. Outstanding GDRs/ADRs etc.

The Company has not issued any GDRs/ADRs/Warrants and hence no amount is outstanding as at the year end.

16. 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

17. 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 with the Stock Exchange(s), it is hereby declared that all the Board Members and Senior Management personnel of **Idea Cellular Limited** have affirmed compliance with the Code of Conduct for the year ended March 31, 2012.

Place : Mumbai	**Himanshu Kapania**
Date : April 26, 2012	Managing Director

CEO/CFO Certification

To,
The Board of Directors
Idea Cellular Limited

We, Himanshu Kapania, Managing Director and Akshaya Moondra, Chief Financial Officer of **Idea Cellular Limited** ('the Company'), to the best of our knowledge and belief, hereby certify that:

a) We have reviewed the financial statements and cash flow statements of the Company for the year ended March 31, 2012 and:

   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.

b) There are no transactions entered into by the Company during the year ended March 31, 2012, 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 systems 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, wherever applicable, 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	**Himanshu Kapania**	**Akshaya Moondra**
Date : April 26, 2012	Managing Director	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 March 31, 2012, 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.

Without qualifying our opinion, we draw attention to matter mentioned under the heading "Composition of the Board" of the Corporate Governance Report, stating that the balance in composition of the Board of the Company, which was disturbed pursuant to appointment of the Managing Director, was restored by appointment of another Independent Director.

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 : April 26, 2012

Auditors' Report

To the Members of
Idea Cellular Limited

1. We have audited the attached Balance Sheet of **Idea Cellular Limited** ('the Company') as at March 31, 2012, the Statement of Profit and Loss 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. Without qualifying our opinion, we draw attention to Note 30 to the financial statements, the Hon'ble Supreme Court of India, vide judgment dated February 2, 2012 has quashed the Press Release dated January 10, 2008 issued by the Department of Telecommunications (DoT) and consequent grant of 122 licenses. The company and erstwhile Spice have been issued 9 and 4 licenses respectively in January, 2008 which have been cancelled due to the above mentioned order of the Hon'ble Supreme Court.

   Of the 13 licenses, 7 licenses are being operated by the Company and balance 6 overlapping licenses have been impaired in previous financial years. Vide a further order dated April 24, 2012 the Supreme Court has allowed the company to operate these licenses upto September 7, 2012.

   The impact, if any, on the operations of the said 7 service areas and on the carrying values of these licenses as on March 31, 2012 amounting to ₹ 2,778 Mn, is dependent upon the steps taken by DoT and outcome of the auction.
4. Without qualifying our opinion, we draw attention to Note 32 to the financial statements, the Hon'ble High Court of Delhi on July 4, 2011 has reaffirmed its order dated February 5, 2010 sanctioning the Scheme of Amalgamation of Spice Communications Limited (Spice) with the Company. However the judgment transferred & vested unto the Department of Telecommunications (DoT), the six telecom licenses granted to erstwhile Spice along with the spectrum (including two operational licenses for Punjab & Karnataka service areas) till the time permission of DoT is granted for transfer thereof upon an application from the Company to that effect.

   The Company has filed an appeal before the Appellate Bench of Hon'ble High Court of Delhi, challenging the above judgment dated July 4, 2011.The Appellate Bench of Hon'ble High Court of Delhi through interim order has directed DoT to maintain status quo in respect of the two operational licenses for Punjab & Karnataka and not to take any coercive action for remaining four non-operational licenses. The Appellate Bench of Hon'ble High Court of Delhi has reserved the judgment on the said matter.

   Since the matter is sub-judice, the outcome of which is uncertain at this stage, we are unable to comment on the consequential impact, if any, on the financial statements.
5. 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.
6. Further to our comments in paragraph 3 and 4 above and the Annexure referred to in paragraph 5 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012;
      (ii) in the case of the Statement of Profit and Loss, 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.
7. On the basis of the written representations received from the Directors as on March 31, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 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 : April 26, 2012

Annexure to the Auditors' Report

(Referred to in paragraph 5 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 control 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 explanations 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, Cess and other material statutory dues in arrears, as at March 31, 2012 for a period of more than six months from the date they became payable.

   c) There are no dues of Wealth Tax and Cess which have not been deposited on account of any dispute. Details of dues of Income Tax, Sales Tax, Service Tax, Customs duty and Entry Tax which have not been deposited as on March 31, 2012 by the Company on account of disputes.

Name of the Statute	Nature of Dues	Period to which the amount pertains	Amount (₹ Mn)	Forum where the dispute is pending
Customs Act, 1962	Custom Duty	2003-04	7.12	Customs Excise & Service Tax Appellate Tribunal
Haryana Land Development Tax Act, 2001	Entry Tax	2002-03	9.52	Appellate Tribunal
Himachal Pradesh Entry Tax Act, 2010	Entry Tax	2010-11, 2011-12	25.45	Asst. Excise & Taxation Commissioner, Shimla
Karnataka Tax on Entry of Goods Act, 1979	Entry tax	2004-05	8.92	Karnataka High Court
MP Entry Tax Act, 1976	Entry Tax	1998-99 to 2000-01	0.13	Asst.Commissioner, Entry Tax
MP Entry Tax Act, 1976	Entry Tax	1998-99 to 2006-07	14.85	Commercial Tax Tribunal - Madhya Pradesh
MP Entry Tax Act, 1976	Entry Tax	2007-08	21.51	Deputy Commissioner (Appeals)
Orissa Entry Tax Act, 1999	Entry Tax	2009-10	5.20	Orissa High Court
The Bihar Value Added Tax Act, 2005	Entry Tax	2007-08, 2009-10	1.77	Commercial Tax Officer
The Jammu & Kashmir Entry Tax on Goods Act, 2000	Entry Tax	2009-10 to 2011-12	81.30	Srinagar High Court
The Uttar Pradesh Tax on Entry of Goods Act, 2000	Entry Tax	1999-00, 2001-02, 2002-03, 2003-04, 2006-07	9.13	Allahabad High Court
The Uttar Pradesh Tax on Entry of Goods Act, 2000	Entry tax	2007-08	8.29	Assessing Officer, Joint Commissioner
The Uttar Pradesh Tax on Entry of Goods Act, 2000	Entry Tax	2007-08	2.03	Commercial Tax Tribunal
The Uttar Pradesh Tax on Entry of Goods Act, 2000	Entry Tax	2004-05	2.08	Joint Commissioner (Appeals)
Uttar Pradesh Trade Tax Act, 1948	Entry Tax	2005-06	0.30	Joint Commissioner (Appeals)
Uttar Pradesh Trade Tax Act, 1948 (Uttrakhand Amendment)	Entry Tax	2001-02 to 2003-04	0.57	Uttarakhand High Court
Income Tax Act, 1961	Income Tax	2008-09, 2011-12	29.15	Assistant Commissioner of Income Tax (TDS)
Income Tax Act, 1961	Income Tax	2002-03 to 2011-12	682.91	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2003-04 to 2009-10	60.47	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	2007-08, 2008-09	0.28	Income Tax Officer - TDS
Income Tax Act, 1961	Income Tax	2002-03 to 2004-05	4.15	Karnataka High Court
Central Sales Tax Act, 1956	Sales Tax	2009-10	0.63	Commercial Tax Officer
Delhi Sales Tax Act, 1975	Sales Tax	2003-04, 2004-05	92.74	Additional Commissioner (Appeals)
Delhi Value Added Tax Act, 2004	Sales Tax	2007-08	14.05	Delhi Value Added Tax Appellate Tribunal
Gujarat Sales Tax Act, 1969	Sales Tax	1998-99 to 2001-02	7.04	Sales Tax Appellate Tribunal
Gujarat Sales Tax Act, 1969	Sales Tax	2006-07	0.83	Sales Tax Officer
Kerala Sales Tax Act, 1963	Sales Tax	1998-99	0.06	Deputy Commissioner, Sales Tax
Kerala Sales Tax Act, 1963	Sales Tax	1997-98, 2000-01	0.20	Sales Tax Appellate Tribunal
Madhya Pradesh Commercial Tax Act, 1994	Sales Tax	2000-01	0.31	CG Appellate Board
Madhya Pradesh Commercial Tax Act, 1994	Sales Tax	2003-04 to 2007-08	26.77	Commercial Tax Tribunal - Madhya Pradesh
Punjab VAT Act, 2005	Sales Tax	2006-07, 2007-08	61.56	Asst. Excise & Taxation Commissioner, Chandigarh
The Bihar Value Added Tax Act, 2005	Sales Tax	2008-09	3.40	Joint Commissioner, Commerial Tax (Appeals) Department, Patna
The Jammu & Kashmir General Sales Tax Act, 1962	Sales Tax	2009-10 to 2011-12	56.59	Srinagar High Court

Name of the Statute	Nature of Dues	Period to which the amount pertains	Amount (₹ Mn)	Forum where the dispute is pending
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	2007-08	2.54	Allahabad High Court
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	2004-05	0.05	Joint Commissioner (Appeals)
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	1999-00, 2000-01, 2006-07, 2007-08, 2008-09	5.18	Trade Tax Tribunal
Uttar Pradesh Trade Tax Act, 1948 (Uttrakhand Amendment)	Sales Tax	2007-08, 2009-10	1.75	Deputy Commissioner, Sales Tax
Uttar Pradesh Trade Tax Act, 1948 (Uttrakhand Amendment)	Sales Tax	2006-07	1.04	Joint Commissioner (Appeals)
Uttar Pradesh Value Added Tax Act, 2008	Sales Tax	2007-08	0.22	Additional Commissioner (Appeals)
Uttar Pradesh Value Added Tax Act, 2008	Sales Tax	2006-07, 2007-08, 2009-10	34.13	Commercial Tax Tribunal Bench II Lucknow
Uttar Pradesh Value Added Tax Act, 2008	Sales Tax	2009-10	5.48	Deputy Commissioner (Appeals)
Uttar Pradesh Value Added Tax Act, 2008	Sales Tax	2011-12	0.32	Joint Commissioner (Appeals)
Finance Act, 1994 (Service Tax provisions)	Service tax	2005-06, 2006-07, 2007-08	8.19	Commissioner of Central Excise (Appeals)
Finance Act, 1994 (Service Tax provisions)	Service tax	2004-05, 2005-06	7.36	Commissioner of Service Tax
Finance Act, 1994 (Service Tax provisions)	Service Tax	2004-05 to 2009-10	1,186.93	Customs Excise & Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax provisions)	Service Tax	1998-99, 2002-03	2.98	Punjab & Haryana High Court

10. The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses in the financial year and in 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 the repayment of dues to banks and financial institutions.

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, other than temporary deployment pending application.

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 explanations 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 explanations given to us, the Company has not issued any debentures during the year.

20. According to information and explanations given to us, during the year covered by our audit report, the Company has not raised any money by public issue.

21. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

Hemant M. Joshi
Partner
(Membership No.: 38019)

Place : Mumbai
Date : April 26, 2012

Balance Sheet as at March 31, 2012

₹ Mn

Particulars	Note	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	33,088.45	33,032.72
Reserves and Surplus	3	96,256.93	90,274.30
		129,345.38	123,307.02
Non-Current Liabilities			
Long-Term Borrowings	4	86,121.56	75,787.60
Deferred Tax Liabilities (Net)	5	5,527.39	2,870.15
Other Long-Term Liabilities	6	4,519.08	2,277.73
Long-Term Provisions	7	1,389.63	1,230.93
		97,557.66	82,166.41
Current Liabilities			
Short-Term Borrowings	8	15,260.14	16,933.76
Trade Payables (includes amount referred in Note 41 & 46)		29,703.76	35,725.20
Other Current Liabilities	9	37,910.31	28,087.47
Short-Term Provisions	10	63.28	60.80
		82,937.49	80,807.23
TOTAL		309,840.53	286,280.66
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	168,938.21	142,538.67
Intangible Assets	11	68,494.36	48,777.57
Capital Work-in-Progress	11	6,332.73	35,491.86
Non-Current Investments	12	16,368.07	16,368.07
Long-Term Loans and Advances	13	25,824.03	13,634.19
		285,957.40	256,810.36
Current Assets			
Current Investments	14	-	9,360.00
Inventories	15	529.39	522.16
Trade Receivables	16	8,075.54	5,347.49
Cash and Bank Balances	17	1,341.90	4,515.35
Short-Term Loans and Advances	18	13,918.62	9,717.22
Other Current Assets	19	17.68	8.08
		23,883.13	29,470.30
TOTAL		309,840.53	286,280.66
Significant Accounting Policies	1		
The accompanying notes are an integral part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Place : Mumbai
Date : April 26, 2012

For and on behalf of the Board

Gian Prakash Gupta
Director

Arun Thiagarajan
Director

Himanshu Kapania
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2012

₹ Mn

Particulars	Note	For the year ended March 31, 2012	For the year ended March 31, 2011
INCOME			
Service Revenue		192,753.18	153,327.77
Sale of Trading Goods		-	0.25
Other Income	20	470.15	561.95
TOTAL		193,223.33	153,889.97
OPERATING EXPENDITURE			
Cost of Trading Goods Sold	21	-	0.20
Personnel Expenditure	22	8,588.27	7,288.83
Network Expenses and IT Outsourcing Cost	23	56,592.56	48,724.57
License Fees and WPC Charges	24	23,231.83	17,728.00
Roaming & Access Charges	25	32,798.75	24,754.48
Subscriber Acquisition & Servicing Expenditure	26	20,540.75	16,427.53
Advertisement and Business Promotion Expenditure		4,210.76	3,848.38
Administration & Other Expenses	27	4,132.04	3,837.32
		150,094.96	122,609.31
PROFIT BEFORE FINANCE CHARGES, DEPRECIATION, AMORTISATION & TAXES		43,128.37	31,280.66
Finance & Treasury Charges (Net)	28	9,078.04	2,487.35
Depreciation	11	20,194.55	17,229.95
Amortisation of Intangible Assets	11	5,433.16	2,500.15
PROFIT BEFORE TAX		8,422.62	9,063.21
Provision for Taxation - Current		1,808.11	1,580.90
- Deferred		2,657.24	613.79
- MAT Credit		(1,808.11)	(1,577.45)
PROFIT AFTER TAX		5,765.38	8,445.97
Earnings Per Share of ₹ 10/- each fully paid up (in ₹)	50		
Basic		1.74	2.56
Diluted		1.74	2.55
Significant Accounting Policies	1		
The accompanying notes are an integral part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Place : Mumbai
Date : April 26, 2012

For and on behalf of the Board

Gian Prakash Gupta
Director

Arun Thiagarajan
Director

Himanshu Kapania
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Notes forming part of the Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

a) 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.

All assets and liabilities have been classified as current or non-current as per the operating cycle criteria set out in the Revised Schedule VI to the Companies Act, 1956.

b) 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.

c) 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.

d) Depreciation and Amortisation:

Depreciation on fixed assets is provided on straight-line method (except stated otherwise) on pro-rata basis on their 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, Licences including the fees paid on fixed basis prior to revenue share regime and Spectrum fee is amortised on straight-line method on commencement of operations over the validity period.

ii) Software, which is not an integral part of hardware, is treated as an intangible asset and is amortized over its useful economic life 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 ₹ 5,000/- are depreciated fully in the month of purchase.

e) Inventories:

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

f) Foreign currency transactions, forward contracts & other Derivatives:

i) Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rates prevailing at the date of the transactions. As per the transitional provisions given in the notification issued by Ministry of Corporate Affairs dated March 31, 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 and its further amendment.

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

- Short term foreign currency monetary assets and liabilities: recognised in the Statement of Profit and Loss.
- 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.
- 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 March 31, 2020.

ii) Forward contracts & other Derivatives

Premium / discount amount on forward contract is amortised on period basis related to the contract it pertains to. Profit or loss arising on cancellation of forward exchange contract is recognised in the period in which the contract is cancelled.

Derivative contracts not covered under Accounting Standard 11 "'The Effects of Changes in Foreign Exchange Rates", entered for hedging foreign currency fluctuations and interest rate risk are marked to market at each reporting date. Loss, if any, on such valuation is recognised in the Statement of Profit & Loss in that period and gains, if any, are not recognised as per the principle of prudence enunciated in Accounting Standard 1, "Disclosure of Accounting Policies".

g) Taxation:

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

ii) 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.

iii) Minimum Alternate Tax (MAT) credit: MAT 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 the Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and is 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.

h) Retirement Benefits:

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

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

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

i) 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.

Service Income from Passive infrastructure is recognized on accrual basis (net of reimbursements) as per the contractual terms on straight line method over the contract period.

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 agreed terms.

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.

j) 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.

k) 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.

l) 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 Statement of Profit and Loss 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.

m) Use of Estimate:

The preparation of financial statements in conformity with generally accepted accounting principles require 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.

n) Leases:

i) 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 Statement of Profit and Loss, on a straight-line or other systematic basis over the lease term.

ii) Finance: Leased assets acquired on which significant risks and rewards 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.

o) Earnings Per Share:

The earnings considered in ascertaining the Company's EPS comprise of 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 "Earnings 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.

p) 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 with Accounting Standard-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.

q) 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.

r) Issue Expenditure:

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

s) 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 for as employee cost over the remaining vesting period.

Notes forming part of the Financial Statements

2 SHARE CAPITAL

a) Authorised, Issued, Subscribed and Paid-up Share Capital:

Particulars	As at March 31, 2012		As at March 31, 2011	
	Numbers	₹ Mn	Numbers	₹ Mn
Authorised				
Equity Shares of ₹ 10/- each	67,750,000,000	67,750.00	67,750,000,000	67,750.00
Redeemable Cumulative Non-Convertible Preference Shares of ₹ 10/- Mn each	1,500	15,000.00	1,500	15,000.00
	67,750,001,500	82,750.00	67,750,001,500	82,750.00
Issued, Subscribed and Paid-up				
Equity Share Capital				
Equity Shares of ₹ 10/- each fully Paid-up	3,308,845,110	33,088.45	3,303,271,505	33,032.72
Total	3,308,845,110	33,088.45	3,303,271,505	33,032.72

(i) Out of the above, 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

b) Reconciliation of the number of Shares outstanding:

Particulars	As at March 31, 2012		As at March 31, 2011	
	Numbers	₹ Mn	Numbers	₹ Mn
Equity shares outstanding at the beginning of the year	3,303,271,505	33,032.72	3,299,837,792	32,998.38
Equity shares allotted pursuant to exercise of ESOP	5,573,605	55.73	3,433,713	34.34
Equity shares outstanding at the end of the year	3,308,845,110	33,088.45	3,303,271,505	33,032.72

c) Shareholders' holding more than 5% shares of the Company:

Name of Shareholder	Class of Shares	As at March 31, 2012		As at March 31, 2011	
		Numbers	%age	Numbers	%age
Aditya Birla Nuvo Limited	Equity Shares	837,526,221	25.31	837,526,221	25.35
Birla TMT Holdings Private Limited	Equity Shares	283,565,373	8.57	283,565,373	8.58
Grasim Industries Limited	Equity Shares	171,013,894	5.17	171,013,894	5.18
Hindalco Industries Limited	Equity Shares	228,340,226	6.90	228,340,226	6.91
P5 Asia Investments (Mauritius) Limited	Equity Shares	330,000,000	9.97	330,000,000	9.99
Axiata Investments 2 (India) Limited [Formerly TMI India Ltd]	Equity Shares	195,427,333	5.91	165,650,992	5.01
TMI Mauritius Limited	Equity Shares	464,734,670	14.05	464,734,670	14.07

Notes forming part of the Financial Statements

d) Share Options granted under the Employee Stock Option Scheme:

Under the Employee Stock Option Scheme ("ESOS 2006"), the Company has granted options to its eligible employees. Each option when exercised would be converted into one fully paid-up equity share of ₹ 10/- of the Company. Options granted under the ESOS 2006 carry no rights to dividends and no voting rights till the date of exercise. As at the end of financial year reporting date, details of outstanding options are as follows:

Particulars	As at March 31, 2012 No. of Options	As at March 31, 2011 No. of Options
Options outstanding at the beginning of the year	24,516,925	27,119,449
Options granted during the year	-	2,524,500
Options forfeited/lapsed during the year	471,960	1,693,311
Options exercised during the year	5,573,605	3,433,713
Options outstanding at the end of the year	18,471,360	24,516,925
Weighted average exercise price of outstanding options (Amount in ₹)	49.04	47.65

₹ Mn

Particulars	As at March 31, 2012	As at March 31, 2011
3 RESERVES AND SURPLUS		
a) Securities Premium Account		
Balance at the beginning of the year	64,450.77	64,230.05
Add: Premium on issue of shares under ESOS scheme	345.86	220.72
Balance at the end of the year	64,796.63	64,450.77
b) Outstanding Employee Stock Options		
Balance at the beginning of the year	478.09	444.45
Add: Charge for the year (Refer Note 42)	35.88	150.34
Less: Transfer to Securities Premium Account on exercise of Options	164.49	116.70
Balance at the end of the year	349.48	478.09
c) Reserve for Business Restructuring		
Balance at the beginning and end of the year	168.67	168.67
d) General Reserve		
Balance at the beginning and end of the year	20,694.54	20,694.54
e) Surplus/(Deficit) in Statement of Profit and Loss		
Balance at the beginning of the year	4,482.23	(3,963.74)
Add: Profit during the year	5,765.38	8,445.97
Balance at the end of the year	10,247.61	4,482.23
Total	96,256.93	90,274.30

Notes forming part of the Financial Statements

₹ Mn

Particulars	As at March 31, 2012	As at March 31, 2011
4 LONG TERM BORROWINGS		
SECURED LOANS		
Term Loans		
Foreign Currency Loan		
- From Banks	1,857.22	5,032.92
- From Others	36,882.16	12,920.82
Rupee Loan		
- From Banks	26,826.39	45,175.90
- From Others	5,075.82	2,522.99
Vehicle Loan from Banks	234.46	149.04
Total	70,876.05	65,801.67
UNSECURED LOANS		
Term Loans		
Foreign Currency Loan		
- From Banks	15,245.51	9,979.93
Vendor Finance	-	6.00
Total	15,245.51	9,985.93
	86,121.56	75,787.60

a) Secured Loans are covered by:

Term Loans including current maturities are secured by way of first charge/assignment ranking pari-passu interse the lenders, as under:

(i) First charge on all the movable and immovable properties of the Company respectively,

(ii) First charge over all intangible assets (excluding 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 guarantees, provided in favour of the Company.

Out of the above Loan, Foreign Currency Loan amounting to ₹ 43,698.74 Mn (Previous year ₹ 18,349.02 Mn) & Rupee Loan amounting to ₹ 21,506.00 Mn (Previous year ₹ 40,531.98 Mn) additionally have pledge on 60% shareholding of Indus Towers Limited held by wholly owned subsidiary. Further Foreign Currency Loan amounting to ₹ 8,660.71 Mn (Previous year ₹ 8,733.34 Mn) & Rupee Loan amounting to ₹ 21,506.08 Mn (Previous year ₹ 40,531.98 Mn) included above, have additional security as first priority charge over Telecom Licenses also.

Vehicle Loans including current maturities is secured by hypothecation of Vehicles against which the loans have been taken.

b) Repayment Terms of outstanding long term borrowings (excluding current maturities) as on March 31, 2012

Repayment Terms for Secured Foreign Currency Borrowings:

Facility 1 (₹ 1,541.14 Mn) - Balance amount is repayable in 2 equal annual installments starting August, 2013

Facility 2 (₹ 316.08 Mn) - Repayable in April, 2013

Notes forming part of the Financial Statements

Facility 3 (₹ 11,320.23 Mn) -

Tranche 1 - Balance amount is repayable in 13 equal half yearly installments starting September, 2013

Tranche 2 - Balance amount is repayable in 16 equal half yearly installments starting August, 2013

Facility 4 - (₹ 3,992.35 Mn) - Balance amount is repayable in 17 equal half yearly installments starting June, 2013

Facility 5 (₹ 8,745.94 Mn) -

Tranche 1 - Balance amount is repayable in 14 equal half yearly installments starting April, 2013

Tranche 2 - Balance amount is repayable in 2 equal half yearly installments starting April, 2020

Facility 6 (₹ 6,959.75 Mn) - Balance amount is repayable in 17 equal half yearly installments starting May, 2013

Facility 7 (₹ 897.00 Mn) -

Tranche 1 - 19 equal half yearly installments starting July, 2013

Tranche 2 - 17 equal half yearly installments starting July, 2013

Facility 8 (₹ 4,966.90 Mn) - Balance amount is repayable as follows:

1) 9 equal quarterly installments of 1.25% each of the total drawn amount starting April, 2013
2) 16 equal quarterly installments of 4.13% each of the total drawn amount starting July, 2015
3) 4 equal quarterly installments of 4.75% each of the total drawn amount starting July, 2019

Repayment Terms for Secured INR Borrowings:

Facility 1 (₹ 15,902.21 Mn) - Balance amount is repayable as follows:

1) 8 equal quarterly installments of 6.25% each of the total drawn amount starting April, 2013
2) 4 equal quarterly installments of 5.00% each of the total drawn amount starting April, 2015

Facility 2 (₹ 16,000.00 Mn) - Balance amount is repayable as follows:

1) 8 equal quarterly installments of ₹ 400 mn each starting June, 2013
2) 4 equal quarterly installments of ₹ 800 mn each starting June, 2015
3) 8 equal quarterly installments of ₹ 1,200 mn each starting June, 2016

Repayment Terms for Unsecured Foreign Currency Borrowings:

Facility 1 (₹ 6,762.30 Mn) - 5 years from drawdown date ending October, 4, 2015

Facility 2 (₹ 2,370.90 Mn) - Balance amount is repayable as follows:

1) 35% of the total drawn amount in February, 2014
2) 35% of the total drawn amount in February, 2015

Facility 3 (₹ 6,112.32 Mn) - Balance amount is repayable as follows:

1) 20% in June, 2013
2) 20% in June, 2014
3) 60% in June, 2018

Vehicles Loans are repayable in equal monthly installments over the term of the loan ranging from 2 to 4 years.

Notes forming part of the Financial Statements

₹ Mn

Particulars	As at March 31, 2012	As at March 31, 2011
5 DEFERRED TAX LIABILITIES		
Major components of Deferred Tax are:		
a) Deferred Tax Liability:		
Depreciation & Amortisation	14,954.94	8,640.74
Total Deferred Tax Liability (A)	14,954.94	8,640.74
b) Deferred Tax Asset:		
Provision for Doubtful Debts	933.37	773.72
Expenses Allowable on Payment Basis	565.56	432.11
Brought Forward Losses	7,865.10	4,496.98
Others	63.52	67.78
Total Deferred Tax Asset (B)	9,427.55	5,770.59
Net Deferred Tax Liability (A-B)	5,527.39	2,870.15
6 OTHER LONG TERM LIABILITIES		
a) Trade Payables	2,398.20	1,819.75
b) Unearned Income	2,120.88	457.98
Total	4,519.08	2,277.73
7 LONG TERM PROVISIONS		
a) Gratuity (Refer Note 44)	263.02	186.81
b) Leave Encashment	687.41	604.92
c) Asset Retirement Obligation (Refer Note 51)	439.20	439.20
Total	1,389.63	1,230.93

Notes forming part of the Financial Statements

₹ Mn

Particulars	As at March 31, 2012	As at March 31, 2011
8 SHORT TERM BORROWINGS		
a) SECURED LOANS		
Short Term Loan from Banks	7,065.33	-
(Secured by way of second charge on current and movable assets. Further, an amount of ₹ 3,001.22 Mn included above have additional security by way of second charge on immovable assets)		
b) UNSECURED LOANS		
Short Term Loan		
- from Banks	248.19	8,156.77
- from Others	500.00	-
Buyers' Credit in Foreign Currency from Banks	6,446.62	3,776.99
Commercial Papers from Banks	1,000.00	5,000.00
Total	15,260.14	16,933.76
9 OTHER CURRENT LIABILITIES		
a) Current Maturities of Long Term Debt	19,574.83	12,853.24
b) Interest accrued but not due on Borrowings	653.22	450.80
c) Advance from Customers and Unearned Income	9,143.16	8,211.54
d) Deposits from Customers and Others	1,745.30	1,686.77
e) Book Bank Overdraft	334.29	328.16
f) Taxes and Other Liabilities	6,459.51	4,556.96
Total	37,910.31	28,087.47
10 SHORT TERM PROVISIONS		
Leave Encashment	63.28	60.80
Total	63.28	60.80

Notes forming part of the Financial Statements

11. FIXED ASSETS

A - TANGIBLE ASSETS

₹ Mn

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at April 1, 2011	Additions for the year ended March 31, 2012	Disposal / Adjustments for the year ended March 31, 2012	As at March 31, 2012	As at April 1, 2011	Additions for the year ended March 31, 2012	Disposal / Adjustments for the year ended March 31, 2012	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Freehold Land	92.53	-	-	92.53	-	-	-	-	92.53	92.53
Leasehold Land	193.34	0.44	-	193.78	65.73	12.20	-	77.93	115.85	127.61
Buildings	1,427.90	22.98	-	1,450.88	397.08	61.29	-	458.37	992.51	1,030.82
Plant & Machinery	210,403.92	46,004.24	618.47	255,789.69	70,335.45	19,548.05	614.55	89,268.95	166,520.74	140,068.47
Furniture & Fixtures	1,461.44	122.19	9.46	1,574.17	878.98	161.48	8.71	1,031.75	542.42	582.46
Office Equipment	3,353.20	156.16	55.32	3,454.04	3,039.66	205.67	55.08	3,190.25	263.79	313.54
Vehicles	901.94	309.46	146.59	1,064.81	578.70	205.86	130.12	654.44	410.37	323.24
TOTAL	217,834.27	46,615.47	829.84	263,619.90	75,295.60	20,194.55	808.46	94,681.69	168,938.21	142,538.67
Previous year	191,923.75	27,127.37	1,216.85	217,834.27	58,796.98	17,229.95	731.33	75,295.60	142,538.67	

Notes:

1. Plant & Machinery includes assets held for disposal- Gross Block ₹ 66.09 Mn (Previous year ₹ 175.98 Mn) and Net Block ₹ 1.29 Mn (Previous year ₹ 1.16 Mn).
2. Plant & Machinery includes Gross Block of assets capitalised under finance lease ₹ 7,046.64 Mn (Previous year ₹ 5,194.53 Mn) and corresponding Accumulated Depreciation being ₹ 4,664.16 Mn (Previous year ₹ 3,055.16 Mn).
3. Exchange loss amounting to ₹ 5,635.25 Mn(Previous year exchange gain ₹ 75.54 Mn) capitalised as per transitional provisions of notification under AS-11, issued by the Ministry of Corporate Affairs.
4. Depreciation charge for the year includes accelerated depreciation of ₹ 149.13 Mn due to change in estimated useful life of certain fixed assets.

B - INTANGIBLE ASSETS

₹ Mn

Particulars	Gross Block				Accumulated Amortisation				Net Block	
	As at April 1, 2011	Additions for the year ended March 31, 2012	Disposal / Adjustments for the year ended March 31, 2012	As at March 31, 2012	As at April 1, 2011	Additions for the year ended March 31, 2012	Disposal / Adjustments for the year ended March 31, 2012	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Entry/License Fees	65,318.27	20,807.90	-	86,126.17	19,398.59	4,461.50	-	23,860.09	62,266.08	45,919.68
Computer - Software	4,248.18	825.28	-	5,073.46	3,119.39	735.30	-	3,854.69	1,218.77	1,128.79
Bandwidth	1,986.81	3,516.77	-	5,503.58	257.71	236.36	-	494.07	5,009.51	1,729.10
TOTAL	71,553.26	25,149.95	-	96,703.21	22,775.69	5,433.16	-	28,208.85	68,494.36	48,777.57
Previous year	36,420.21	35,140.51	7.46	71,553.26	20,276.39	2,500.15	0.85	22,775.69	48,777.57	
Grand Total	289,387.53	71,765.42	829.84	360,323.11	98,071.29	25,627.71	808.46	122,890.54	237,432.57	191,316.24

Notes:

1. Computer - Software include Gross Block of assets capitalised under finance lease ₹ 1,965.26 Mn (Previous year ₹ 1,751.21 Mn) and corresponding Accumulated Amortisation being ₹ 1,311.98 Mn (Previous year ₹ 758.81 Mn).
2. The remaining amortisation period of license/ spectrum fees as at March 31, 2012 ranges between 4 to 19 years based on the respective Telecom Service License period.

Capital Work in Progress (Net of impairment provision of ₹ 8,430.40 Mn)	6,332.73	35,491.86

Notes forming part of the Financial Statements

₹ Mn

Particulars	As at March 31, 2012	As at March 31, 2011
12 NON CURRENT INVESTMENTS		
Long-term Trade Investment (Unquoted) at Cost		
Investments in Shares of Subsidiaries		
Aditya Birla Telecom Limited 10,000,000 fully paid Equity Shares of ₹ 10/- each	16,327.76	16,327.76
Idea Cellular Infrastructure Services Limited 50,000 fully paid Equity Shares of ₹ 10/- each	0.50	0.50
Idea Mobile Commerce Services Limited 100,000 fully paid Equity Shares of ₹ 10/- each	1.00	1.00
Idea Cellular Services Limited 50,000 fully paid Equity Shares of ₹ 10/- each	0.50	0.50
Idea Telesystems Limited (Formerly known as Swinder Singh Satara & Co. Ltd.) 50,000 fully paid Equity Shares of ₹ 10/- each	38.31	38.31
Total	16,368.07	16,368.07
13 LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
a) Capital Advances	233.43	448.65
b) Deposits and balances with Government Authorities	333.22	297.47
c) Deposits with Body Corporates and Others (includes amount referred in Note 46)	14,463.38	3,677.03
d) MAT Credit Entitlement	7,151.01	5,342.90
e) Other Loans and Advances (includes amount referred in Note 46)	3,642.99	3,868.14
Total	25,824.03	13,634.19
14 CURRENT INVESTMENTS		
Investment in units of Liquid Mutual Funds	-	9,360.00
Total	-	9,360.00
15 INVENTORIES		
Sim and Recharge Vouchers	529.39	522.16
Total	529.39	522.16

Notes forming part of the Financial Statements

₹ Mn

Particulars	As at March 31, 2012	As at March 31, 2011
16 TRADE RECEIVABLES		
a) Billed Receivables		
Unsecured - Considered Good		
Outstanding for period exceeding six months	358.42	230.89
Other Receivables	4,536.62	2,995.62
	4,895.04	3,226.51
Unsecured - Considered Doubtful		
Outstanding for period exceeding six months	2,679.94	2,185.97
Other Receivables	196.80	171.94
	2,876.74	2,357.91
Less: Provision for Doubtful Debts	2,876.74	2,357.91
	4,895.04	3,226.51
b) Unbilled Receivables	3,180.50	2,120.98
Total	8,075.54	5,347.49
Trade receivables include certain parties from whom Security Deposits of ₹ 204.55 Mn (Previous year ₹ 200.64 Mn) have been taken and are lying with the Company		
17 CASH AND BANK BALANCES		
a) Cash and Cash Equivalents		
Cash on hand	16.61	12.47
Cheques on hand	114.17	124.02
Balances with banks		
- In Current Accounts	265.02	338.18
- In Deposit Accounts	904.47	4,001.44
	1,300.27	4,476.11
b) Other Bank Balances		
Margin Money with Banks	41.63	39.24
Total	1,341.90	4,515.35
18 SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
a) Advance Income Tax (Net of provision of ₹ 1,808.11 Mn, Previous year ₹ 1,580.90 Mn)	2,951.52	1,374.73
b) Deposits with Body Corporates and Others (includes amount referred in Note 46)	1,990.76	1,576.33
c) Cenvat Credit and expenses paid in Advance	4,370.97	4,146.19
d) Other Loans and Advances (includes amount referred in Note 46)		
- Considered Good	4,605.37	2,619.97
- Considered Doubtful	586.04	585.51
	5,191.41	3,205.48
Less: Provision for Doubtful Advances	586.04	585.51
	4,605.37	2,619.97
Total	13,918.62	9,717.22
19 OTHER CURRENT ASSETS		
Interest Receivable	17.68	8.08
Total	17.68	8.08

Notes forming part of the Financial Statements

₹ Mn

Particulars		For the year ended March 31, 2012	For the year ended March 31, 2011
20	OTHER INCOME		
	Liabilities/Provisions no longer required written back	398.84	474.55
	Miscellaneous Receipts	71.31	87.40
	Total	470.15	561.95
21	COST OF TRADING GOODS SOLD		
	Opening Stock	-	-
	Add: Purchases	-	0.20
	Less: Closing Stock	-	-
	Total	-	0.20
22	PERSONNEL EXPENDITURE		
	Salaries and Allowances etc.	7,751.45	6,559.51
	Contribution to Provident and Other Funds	416.89	384.51
	Staff Welfare	315.03	249.74
	Recruitment and Training	104.90	95.07
	Total	8,588.27	7,288.83
23	NETWORK EXPENSES AND IT OUTSOURCING COST		
	Security Service Charges	658.98	586.73
	Power and Fuel	15,532.52	13,926.57
	Repairs and Maintenance - Plant and Machinery	5,300.47	4,509.49
	Switching & Cellsites Rent	1,391.22	1,310.47
	Lease Line and Connectivity Charges	5,876.70	5,212.10
	Network Insurance	85.92	58.22
	Passive Infrastructure Charges	24,303.82	20,788.59
	Other Network Operating expenses	525.71	406.00
	IT Outsourcing Cost	2,917.22	1,926.40
	Total	56,592.56	48,724.57
24	LICENSE FEES AND WPC CHARGES		
	License Fees	14,629.71	11,076.44
	WPC and Spectrum Charges	8,602.12	6,651.56
	Total	23,231.83	17,728.00
25	ROAMING & ACCESS CHARGES		
	Roaming Charges	4,188.96	705.23
	Access Charges	28,609.79	24,049.25
	Total	32,798.75	24,754.48

Notes forming part of the Financial Statements

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
26 SUBSCRIBER ACQUISITION & SERVICING EXPENDITURE		
Cost of Sim & Recharge Vouchers	1,897.80	1,615.68
Commission & Discount to Dealers	12,845.71	9,401.46
Customer Verification Expenses	1,403.65	1,585.16
Collection, Telecalling & Servicing Expenses	3,959.37	3,462.55
Customer Retention & Customer Loyalty Expenses	434.22	362.68
Total	20,540.75	16,427.53
27 ADMINISTRATION & OTHER EXPENSES		
Repairs and Maintenance - Building	60.45	47.02
- Others	306.19	259.26
Other Insurance	12.20	12.65
Non Network Rent	706.57	631.26
Rates and Taxes	88.52	82.58
Electricity	345.41	321.87
Printing and Stationery	82.87	81.47
Communication Expenses	99.14	110.67
Travelling and Conveyance	648.98	577.49
Provision for bad and doubtful debts/advances	519.36	444.41
Bank Charges	71.41	71.51
Directors Sitting Fees	1.24	1.00
Legal and Professional Charges	510.53	434.11
Audit Fees (Refer Note 37)	38.20	35.45
Loss/(Gain) on Sale of Fixed Assets/Asset disposed off (Net)	(30.69)	172.30
Miscellaneous expenses	671.66	554.27
Total	4,132.04	3,837.32
28 FINANCE AND TREASURY CHARGES (NET)		
Interest		
- On Fixed Period Loan (Net of ₹ 42.24 Mn capitalised, Previous year ₹ 4,093.13 Mn)	8,252.06	3,184.60
- Others	238.58	249.22
Financing Charges	445.17	230.72
	8,935.81	3,664.54
Less:		
Interest Received (Gross)	104.41	652.65
Profit on Sale of Mutual Funds	246.39	448.03
Gain/(Loss) on foreign exchange fluctuation (Net)	(493.03)	76.51
Total	9,078.04	2,487.35

Notes forming part of the Financial Statements

29. The revised Schedule VI as notified under the Companies Act, 1956, has become applicable to the Company for presentation of its financial statements for the year ending March 31, 2012. The adoption of the revised Schedule VI requirements has significantly modified the presentation and disclosures which have been complied with in these financial statements. Previous year figures have been reclassified in accordance with current year requirements.

30. The Hon'ble Supreme Court, while pronouncing its judgment dated February 2, 2012 in the Writ Petition filed, inter alia, by the Centre for Public Interest Litigations & others, quashed the Press Release dated January 10, 2008 issued by the Department of Telecommunications and consequent grant of 122 licenses including operational licenses held by the Company for 7 (seven) service areas and 6 (six) non operational licenses, (four out of the said six non operational licenses having been granted to erstwhile Spice Communications Limited) and allocation of related spectrum. This directive of the Hon'ble Supreme Court, which was originally to have come into effect after four months from February 2, 2012 has now been further extended till September 7, 2012 pursuant to the order dated April 24, 2012 passed while disposing off the clarificatory applications filed, inter alia, by the Union of India. As part of the judgment of February 2, 2012, the Hon'ble Supreme Court had directed TRAI to make fresh recommendations for grant of license and allocation of spectrum in 2G band in 22 service areas by auction as was done for allocation of spectrum in 3G band. The Hon'ble Supreme Court has on April 24, 2012, further directed the DoT to ensure that the auction is necessarily finalized on or before August 31, 2012. The Company is committed to take all necessary steps to safeguard its interests in this matter. As the impact, if any, on the operations in the said seven service areas and on the carrying values of these licenses as on March 31, 2012 amounting to ₹ 2,777.8 Mn is dependent upon the steps to be taken by the DoT and outcome of the auction, operations in these seven service areas continue and accordingly the financial statements include the operational results of these service areas on a going concern basis.

31. The Company has challenged, along with other Telecom Operators, the order of DoT dated December 23, 2011, ordering Telecom Operators to stop provision of services under 3G Intra Circle Roaming Agreements where it has not won 3G Spectrum. The Hon'ble Telecom Dispute Settlement Appellate Tribunal (TDSAT) has passed a "no coercive action" order till the time the dispute is decided. The final hearing on the matter has concluded and final judgment is awaited.

32. The erstwhile Spice Communications Limited (Spice) was amalgamated with the Company effective March 1, 2010 pursuant to sanction of the Scheme of Amalgamation by Hon'ble High Court of Gujarat and Hon'ble High Court of Delhi. However, upon an application made by the DoT on March 30, 2011 for recall of the order dated February 5, 2010, sanctioning the above scheme, the Hon'ble High Court of Delhi while pronouncing its judgment on July 4, 2011, reaffirmed the amalgamation of Spice with the Company. However, the said judgment transferred and vested unto the DoT, the six licenses granted to erstwhile Spice along with the spectrum (including the two operational licenses for Punjab & Karnataka service areas), till the time permission of DoT is granted for transfer thereof upon an application from the Company to that effect.

The Company then filed an appeal, before the Appellate Bench of the Hon'ble High Court of Delhi, challenging the above judgment of July 4, 2011. The final judgment in the said matter has been reserved. Meanwhile, the position under interim orders, passed on various dates by the Appellate Bench remains as follows:-

(i) DoT has been directed to accept the License Fee from the Company without prejudice, as the Company is continuing to operate the licenses for Punjab & Karnataka service areas granted to erstwhile Spice;

(ii) DoT to maintain status quo in relation to the aforesaid two operating licenses and not to take any coercive steps in relation to any demand pertaining to the four non operating licenses.

Pending the final disposal of the appeal, the consequential financial impact, if any, cannot be ascertained.

33. Contingent Liabilities:

₹ Mn

Particulars	As on March 31, 2012	As on March 31, 2011
Income Tax matters not acknowledged as debts (see i below)	**1,332.16**	765.09
Sales Tax matters not acknowledged as debts (see ii below)	**2,757.84**	3,124.01
Service Tax matters not acknowledged as debts (see iii below)	**4,241.74**	3,906.72
Entry Tax and Customs matters not acknowledged as debts (see iv below)	**390.19**	353.91
Licensing Disputes (see v below)	**4,760.08**	5,038.58
Other claims not acknowledged as debts (see vi below)	**2,011.54**	1,388.03

(i) Income Tax Matters:

The appeals which are pending before various Appellate Authorities include mainly, the appeals filed by the Company against the demands raised by various Income Tax Authorities on account of non deduction of tax on discount allowed to prepaid distributors, non deduction of tax on roaming charges etc.

(ii) Sales Tax:

The Sales Tax demands as at March 31, 2012 mainly relate to the demands raised by the VAT/Sales Tax authorities of few states on Broadband Connectivity, SIM cards etc. on which the Company has already paid Service Tax.

(iii) Service Tax:

The Service Tax demands as at March 31, 2012 mainly relate to the following matters:

- Interpretation issues arising out of Rule 6(3) of the Cenvat Credit Rules, 2004;
- Denial of Cenvat credit related to Towers, Shelters and OFC ducts.
- Disallowance of Cenvat Credit on input services viewed as not related to output service.

(iv) Entry Tax:

In certain states, Entry Tax is being demanded on receipt of material from outside the state. However, the Company has challenged the constitutional validity of the levy.

(v) Licensing Disputes:

Disputes relating to alleged non compliance of licensing conditions & other disputes with DoT, either filed by or against the Company and pending before Hon'ble Supreme Court/TDSAT.

(vi) Other claims not acknowledged as debts:

Mainly include miscellaneous disputed matters with Local Municipal Corporation, Electricity Board and others.

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

35. Details of Guarantees given:

₹ Mn

Particulars	As on March 31, 2012	As on March 31, 2011
Bank guarantees given	21,654.62	16,306.11

36. Capital and other Commitments:

Estimated amount of commitments as on March 31, 2012 towards:

- Contracts remaining to be executed for capital expenditure (net of advances) and not provided for is ₹ 10,467.51 Mn (Previous year ₹ 20,246.02 Mn)
- Long term contracts remaining to be executed including early termination commitments (if any) is ₹ 7,439.13 Mn

37. Auditors' Remuneration (excluding Service Tax):

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Statutory audit fees	38.20	35.45
Certification (included in legal and professional charges)	3.65	3.15
Out of pocket expenses (included in misc. expenses)	0.42	0.49
Total Remuneration	42.27	39.09

38. CIF value of imports:

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Capital Goods (including spares)	11,918.68	13,980.86

39. Expenditure in Foreign Currency (on Accrual basis):

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest and Financing Charges	1,749.94	786.62
Travel	3.96	2.61
Professional and Consultancy fees	18.20	37.94
International Roaming Charges	471.82	384.09
Termination / Carriage Charges	1,301.78	1,123.40
Others	206.68	92.07

40. Earnings in Foreign Currency (on Receipt basis):

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
International roaming charges*	701.38	811.67
Termination / Carriage charges#	785.42	301.58

** On accrual basis ₹ 874.27 Mn for current year and ₹ 946.79 Mn for previous year.*
 # On accrual basis ₹ 885.44 Mn for current year and ₹ 247.97 Mn for previous year.

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

₹ Mn

Particulars	2011-12	2010-11
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in trade payables	2.31	32.91
(ii) The interest due on above	Nil	Nil
Total of (i) & (ii)	2.31	32.91
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

42. Personnel Expenditure includes ₹ 35.88 Mn (Previous year ₹ 150.34 Mn) being the amortisation of intrinsic value of ESOPs for the year ending March 31, 2012.

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 ₹ 115.23 Mn (Previous year ₹ 229.74 Mn) and earnings per share as reported would be as indicated below:

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Net Profit after Tax	5,765.38	8,445.97
Add: Total stock-based employee compensation expense determined under intrinsic value base method	35.88	150.34
Less: Total stock-based employee compensation expense determined under fair value base method	151.11	380.08
Adjusted Net Profit	5,650.15	8,216.23
Basic Earnings Per Share (in ₹)		
- As reported	1.74	2.56
- Adjusted	1.71	2.49
Diluted Earnings Per Share (in ₹)		
- As Reported	1.74	2.55
- Adjusted	1.70	2.48

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 IV	Tranche I	Tranche II
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil
Expected life	6 yrs 6 months	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	8.04-8.14	7.36	7.36
Volatility (%)	40.00	45.80	54.54	50.45	54.54	54.54

43. Details of Foreign Currency Exposures:

A. Hedged by a Derivative Instrument:

Amount in Mn

Particulars	As at March 31, 2012	As at March 31, 2011
Foreign Currency Loan*		
Foreign Currency Loan in USD^	575.22	327.31
Vendor Finance in USD	0.10	18.86
Foreign Currency Loan in JPY	15,058.36	17,727.73
Equivalent INR of Foreign Currency Loan	34,161.45	22,371.62
Trade Payables and other Current Liabilities		
Trade Payables in USD	7.88	17.75
Interest accrued but not due on Foreign Currency Loans in USD	2.67	2.29
Interest accrued but not due on Foreign Currency Loans in JPY	27.23	26.29
Equivalent INR of Trade Payables and other Current Liabilities	551.87	940.41

* *Fully hedged for interest and principal repayments.*

^ *Includes USD 267.60 Mn (Previous year USD 68 Mn) fully hedged for principal repayments only.*

B. Not hedged by a Derivative Instrument or otherwise:

Amount in Mn

Particulars	As at March 31, 2012	As at March 31, 2011
Foreign Currency Loan		
Foreign Currency Loan in USD	657.13	296.06
Vendor Finance in USD	0.03	0.03
Equivalent INR of Foreign Currency Loan	33,617.76	13,222.04
Trade Payables and other Current Liabilities		
Trade Payables in USD	57.02	128.31
Trade Payables in EURO	0.06	0.02
Interest accrued but not due on Foreign Currency Loans in USD	3.73	1.53
Equivalent INR of Trade Payables and other Current Liabilities	3,111.83	5,798.48
Trade Receivables:		
Trade Receivables in USD	10.03	8.20
Trade Receivables in EURO	0.15	0.16
Equivalent INR of Trade Receivables in Foreign Currency	523.16	375.89

44. 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.

₹ Mn

Sr. No.	Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
1.	**Assumptions**		
	Discount Rate	8.25%	8.00%
	Expected return on Plan Assets	7.50%	7.50%
	Salary Escalation	7.00%	7.00%
2.	**Table showing changes in present value of Obligations**		
	Present value of obligations as at beginning of year	365.36	255.51
	Interest Cost	34.40	22.90
	Current Service Cost	71.85	55.30
	Benefits Paid	(12.64)	(17.75)
	Actuarial (Gain)/Loss on obligations	8.01	49.40
	Present value of Obligations as at end of year	466.98	365.36
3.	**Table showing changes in the fair value of Plan Assets**		
	Fair value of Plan Assets as at beginning of year	178.55	144.78
	Expected return on Plan Assets	14.35	12.27
	Contributions	21.11	34.68
	Asset Acquired on Acquisition	-	-
	Benefits paid	(12.64)	(17.75)
	Actuarial Gain/(Loss) on Plan Assets	2.59	4.57
	Fair value of Plan Assets at the end of year	203.96	178.55
	Funded Status	263.02	186.81
	Actual return on Plan Assets	16.94	17.60

₹ Mn

Sr. No.	Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
4.	Actuarial Gain/Loss recognized		
	Actuarial Gain/(Loss) for the year - Obligation	(8.01)	(49.40)
	Actuarial (Gain)/Loss for the year - Plan Assets	(2.59)	(4.57)
	Total (Gain)/Loss for the year	5.42	44.83
	Actuarial (Gain)/Loss recognized in the year	5.42	44.83
5.	Amounts to be recognized in the Balance Sheet		
	Present value of obligations as at the end of year	466.98	365.36
	Fair value of plan assets as at the end of year	203.96	178.55
	Funded status	263.02	186.81
	Net Asset/(Liability) recognized in Balance Sheet	(263.02)	(186.81)
6.	Expenses Recognised in statement of Profit & Loss		
	Current Service Cost	71.85	55.30
	Interest Cost	34.40	22.90
	Expected return on Plan Assets	(14.35)	(12.27)
	Net Actuarial (Gain)/Loss recognised in the year	5.42	44.83
	Expenses recognised in Statement of Profit & Loss	97.32	110.76
7.	Investment Details of Plan Assets (% allocation)		
	Insurer managed funds*	100%	100%

₹ Mn

Sr. No.	Particulars	For the year ended				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
8.	Experience Adjustments					
	Defined Benefit Obligation	466.98	365.36	255.51	132.69	84.92
	Plan Assets	203.96	178.55	144.78	124.55	80.33
	Surplus/ (Deficit)	(263.02)	(186.81)	(110.73)	(8.14)	(4.59)
	Experience Adjustments on Plan Liabilities	24.08	25.07	57.02	14.11	-
	Experience Adjustments on Plan Assets	2.59	5.33	0.28	-	-

* *The funds are managed by LIC and LIC does not provide breakup of plan assets by investment type.*

The estimates of future salary increases, considered in actuarial valuation, take into account 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 Statement of Profit and Loss:

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Employers' Contribution to Provident & Pension Fund	250.62	211.35
Employers' Contribution to Superannuation Fund	43.58	40.68

45. Segment Reporting:

1. Primary Segments:

The Company operates in two business segments:

a) Mobility Services: providing GSM based mobile and related telephony services.

b) International Long Distance (ILD): providing international long distance services.

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 March 31, 2012

₹ Mn

Particulars	Business Segments		Elimination	Total
	Mobility	ILD		
Revenue				
External Revenue	192,047.84	1,175.49	-	193,223.33
Inter-segment Revenue	642.79	1,419.96	(2,062.75)	-
Total Revenue	**192,690.63**	**2,595.45**	**(2,062.75)**	**193,223.33**
Segment Result	**17,288.34**	**212.32**	**-**	**17,500.66**
Interest & Financing Charges (Net)	-	-	-	9,078.04
Profit before Tax	-	-	-	8,422.62
Provision for Tax (Net)	-	-	-	2,657.24
Profit after Tax	-	-	-	5,765.38
Other Information				
Segment Assets	277,270.42	451.27	(35.85)	277,685.84
Unallocated Corporate Assets	-	-	-	32,154.69
Total Assets	**277,270.42**	**451.27**	**(35.85)**	**309,840.53**
Segment Liabilities	174,747.20	256.41	(35.85)	174,967.76
Unallocated Corporate Liabilities	-	-	-	5,527.39
Total Liabilities	**174,747.20**	**256.41**	**(35.85)**	**180,495.15**
Capital Expenditure	42,494.15	112.14	-	42,606.29
Depreciation & Amortisation	25,572.93	54.78	-	25,627.71

Primary Business Information (Business Segments) for the year ended March 31, 2011

₹ Mn

Particulars	Business Segments		Elimination	Total
	Mobility	ILD		
Revenue				
External Revenue	153,520.75	369.22	-	153,889.97
Inter-segment Revenue	102.52	1,390.00	(1,492.52)	-
Total Revenue	**153,623.27**	**1,759.22**	**(1,492.52)**	**153,889.97**
Segment Result	**11,409.63**	**140.93**	**-**	**11,550.56**
Interest & Financing Charges (Net)	-	-	-	2,487.35
Profit before Tax	-	-	-	9,063.21
Provision for Tax (Net)	-	-	-	617.24
Profit after Tax	-	-	-	8,445.97

₹ Mn

Particulars	Business Segments		Elimination	Total
	Mobility	ILD		
Other Information				
Segment Assets	244,538.56	388.20	(113.71)	244,813.05
Unallocated Corporate Assets	-	-	-	41,467.61
Total Assets	**244,538.56**	**388.20**	**(113.71)**	**286,280.66**
Segment Liabilities	159,961.89	255.31	(113.71)	160,103.49
Unallocated Corporate Liabilities	-	-	-	2,870.15
Total Liabilities	**159,961.89**	**255.31**	**(113.71)**	**162,973.64**
Capital Expenditure	93,496.93	85.65	-	93,582.58
Depreciation & Amortisation	19,690.82	39.28	-	19,730.10

46. Related Party Transactions:

As per Accounting Standard-18 on "Related Party Disclosures", 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

Idea Telesystems Limited (ITL) (Formerly known as Swinder Singh Satara & Co. Ltd.)

Aditya Birla Telecom Limited (ABTL)

Idea Cellular Services Limited (ICSL)

Idea Cellular Infrastructure Services Limited (ICISL)

Idea Cellular Towers Infrastructure Limited (ICTIL)

Idea Mobile Commerce Services Limited (IMCSL)

Joint Venture

Indus Towers Limited (Indus)

Entities having significant influence

TMI Mauritius Ltd.

Axiata Investments 2 (India) Ltd. (AI2) (Formerly known as TMI India Ltd.)

Axiata Group Berhad

Key Management Personnel (KMP)

Mr. Himanshu Kapania, MD

Mr. Akshaya Moondra, CFO

Mr. Sanjeev Aga, MD (Upto March 31, 2011)

B. Transactions with Related Parties

₹ Mn

Particulars	Promoters			Joint Venture	Subsidiaries						KMP
	Hindalco	Grasim	ABNL	Indus	ICSL	ICISL	ICTIL	ABTL	ITL	IMCSL	
Remuneration											60.05 (90.03)
Security Deposit Given				337.23 (375.56)							
Purchase of Fixed Assets						2.87 (11.36)					
Sale of Fixed Assets	- (0.03)			- (3.40)		- (29.90)					
Investments										- (0.50)	
Purchase of Service/goods				14,855.29 (13,251.26)	672.38 (535.97)	450.14 (427.91)		3.52 (-)	40.84 (22.31)		
Sale of Service/goods	19.37 (21.42)	16.24 (29.06)	9.89 (7.47)								
Unsecured Loan/ICD Taken							- (71.33)				
Unsecured Loan/ICD Repaid							- (115.64)				
Unsecured Loans/ICD given						1,639.82 (1,746.10)	503.57 (253.64)	1,327.11 (15.10)	1,571.50 (562.50)		
Unsecured Loans/ICD repaid by				- (5,651.20)		1,020.44 (968.54)	309.13 (207.89)	68.96 (-)	1,547.14 (432.78)		
Interest on Unsecured loans Given				- (63.48)							
Pass through and reimbursement of expenses incurred on behalf of				3.16 (575.54)							
Pass through and reimbursement of expenses incurred on Company's behalf by				7,177.30 (6,537.22)		650.90 (556.03)					
Advances given	- (5.74)										
Expense incurred by Company on behalf of	0.17 (0.41)	4.17 (0.57)	0.20 (0.37)		5.58 (5.42)	53.55 (50.35)			- (3.37)	0.01 (0.20)	
Expenses incurred on Company's behalf by	0.87 (0.66)	0.05 (-)	0.09 (0.43)			0.09 (0.28)					
Rent Paid									2.70 (2.70)		

(Figures in bracket are for the year ended March 31, 2011)

C. Balances Outstanding as on March 31, 2012

₹ Mn

Particulars	Promoters			Joint Venture	Subsidiaries						KMP
	Hindalco	Grasim	ABNL	Indus	ICSL	ICISL	ICTIL	ABTL	ITL	IMCSL	
Deposit Given (grouped under deposits with Body Corporates and others)				4,098.83 (3,761.65)							
Unsecured Long Term and Short Term Loans & Advances						3,010.02 (3,457.26)	240.18 (45.75)	1,269.73 (15.10)	178.31 (197.22)	0.21 (0.20)	
Remuneration Payable											11.44 (26.42)
Trade Receivables	1.60 (7.38)	6.70 (2.31)	4.20 (0.31)	25.09 (31.12)							
Trade Payables				2,590.96 (3,985.98)	25.87 (8.34)	- (12.88)					

(Figures in bracket are as of March 31, 2011)

47. Disclosure of amounts at the year end and the maximum amount of loans & advances outstanding during the year:

₹ Mn

Name of the Party	Outstanding as on March 31, 2012	Maximum amount outstanding during the current year	Outstanding as on March 31, 2011	Maximum amount outstanding during the previous year
Subsidiary:				
Aditya Birla Telecom Limited (ABTL)	**1,269.73**	1,285.48	15.10	21.25
Idea Cellular Infrastructure Services Limited (ICISL)	**3,010.02**	3,621.75	3,457.26	3,877.52
Idea Cellular Towers Infrastructure Limited (ICTIL)	**240.18**	361.61	45.75	84.46
Idea Telesystems Limited (ITL)	**178.31**	410.71	197.22	243.34
Idea Mobile Commerce Services Limited (IMCSL)	**0.21**	0.21	0.20	0.20

48. Operating Lease: As a Lessee

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 minimum lease payments in respect of the above are as follows:

₹ Mn

Particulars	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum Lease payments	12,878.41	49,164.28	23,215.20
	(12,290.00)	(41,952.54)	(31,755.65)

(Figures in bracket are as of March 31, 2011)

Lease payments amounting to ₹ 26,430.40 Mn (Previous year ₹ 22,720.30 Mn) are included in rental expenditure in the statement of profit and loss during the current year.

Operating Lease: As a Lessor

The Company has leased under operating lease arrangements certain Optical Fibre Cables (OFC) on Indefeasible Rights of Use ("IRU") basis. The gross block, accumulated depreciation and depreciation expense of the assets given on IRU basis is not separately identifiable and hence not disclosed.

Rental income of ₹ 107.45 Mn (Previous year ₹ 56.45 Mn) in respect of such leases has been recognized in the statement of Profit and Loss during the current year.

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

₹ Mn

Particulars	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum Lease receivables	139.65	48.49	0.48
	(39.39)	(67.59)	(0.53)

(Figures in bracket are as of March 31, 2011)

49. 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.

50. Basic & Diluted Earnings Per Share:

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Nominal value of Equity Shares (₹)	10/-	10/-
Profit after Tax (₹ Mn)	5,765.38	8,445.97
Profit attributable to Equity Shareholders (₹ Mn)	5,765.38	8,445.97
Weighted average number of Equity Shares outstanding during the year	3,305,571,126	3,300,989,307
Basic Earnings Per Share (₹)	1.74	2.56
Dilutive effect on weighted average number of Equity Shares outstanding during the year	10,381,939	8,230,796
Weighted average number of diluted Equity Shares	3,315,953,065	3,309,220,103
Diluted Earnings Per Share (₹)	1.74	2.55

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

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Opening Balance	439.20	455.70
Additional Provision	-	-
Utilisation	-	(16.50)
Closing Balance	439.20	439.20

52. Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year grouping.

For and on behalf of the Board

Gian Prakash Gupta
Director

Arun Thiagarajan
Director

Himanshu Kapania
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Place : Mumbai
Date : April 26, 2012

Cash Flow Statement for the year ended March 31, 2012

₹ Mn

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
A) Cash Flow from Operating Activities				
Net Profit after Tax		5,765.38		8445.97
Adjustments For				
Depreciation	20,194.55		17,229.95	
Amortisation of Intangible Assets	5,433.16		2,500.15	
Interest and Financing Charges	8,935.81		3,664.54	
Profit on sale of Current Investment	(246.39)		(448.03)	
Provision for Bad & Doubtful Debts/Advances	519.36		444.41	
Employee Stock Option Cost	35.88		150.34	
Provision for Gratuity, Leave Encashment	161.18		218.53	
Provision for Deferred Tax	2,657.24		613.79	
Provision for Current Tax (Net of MAT Credit entitlement)	-		3.45	
Liabilities/Provisions no longer required written back	(398.84)		(474.55)	
Interest Income	(104.41)		(652.65)	
(Profit)/Loss on sale of Fixed Assets/Assets Discarded	(30.69)		172.30	
		37,156.85		23,422.23
Operating Profit before Working Capital Changes		42,922.23		31,868.20
Adjustments for changes in Working Capital				
(Increase)/Decrease in Trade Receivables	(3,247.41)		(747.01)	
(Increase)/Decrease in Inventories	(7.23)		(55.17)	
(Increase)/Decrease in Other Current and Non Current Assets	(2.39)		223.35	
(Increase)/Decrease in Long Term and Short Term Loans and Advances	(12,464.66)		9,425.64	
Increase/(Decrease) in Trade Payables, Other Current and Non Current Liabilities and Provisions	6,734.47		6,716.57	
		(8,987.22)		15,563.38
Cash generated from Operations		33,935.01		47,431.58
Tax paid (including TDS) (net)		(3,384.90)		(2,201.25)
Net Cash from/(used in) Operating Activities		30,550.11		45,230.33
B) Cash Flow from Investing Activities				
Purchase of Fixed Assets & Intangible Assets (including CWIP)	(44,056.72)		(80,179.90)	
Proceeds from sale of Fixed assets	52.07		319.83	
Additional Investment in Idea Mobile Commerce Services Limited	-		(0.50)	
Profit on sale of Current Investments and Interest Received	341.20		1,592.53	
Net Cash from/(used in) Investing Activities		(43,663.45)		(78,268.04)

Cash Flow Statement for the year ended March 31, 2012

₹ Mn

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
C) Cash Flow from Financing Activities				
Proceeds from issue of Equity Share Capital	237.10		138.36	
Proceeds from Long Term Borrowings	38,322.59		37,924.27	
Repayment of Long Term Borrowings	(26,585.21)		(13,919.91)	
Proceeds from Short Term Borrowings	39,809.37		28,696.33	
Repayment of Short Term Borrowings	(41,482.99)		(11,959.00)	
Payment of Interest and Financing Charges	(9,723.36)		(7,731.74)	
Net Cash from/(used in) Financing Activities		577.50		33,148.31
Net Increase/(Decrease) in Cash and Cash Equivalents		(12,535.84)		110.60
Cash and Cash Equivalents at the beginning		13,836.11		13,725.51
Cash and Cash Equivalents at the end		1,300.27		13,836.11

Notes to Cash flow Statement for the year ended March 31, 2012

1. Cash and Cash Equivalents include the following Balance Sheet amounts

Cash on hand	16.61	12.47
Cheques on hand	114.17	124.02
Balances with banks		
- In Current Accounts	265.02	338.18
- In Deposit Accounts	904.47	4,001.44
Investment in Units of Liquid Mutual Funds	-	9,360.00
	1,300.27	13,836.11

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

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Place : Mumbai
Date : April 26, 2012

For and on behalf of the Board

Gian Prakash Gupta
Director

Arun Thiagarajan
Director

Himanshu Kapania
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

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 ventures (the Company, its subsidiaries and joint ventures constitute "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss 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 venture accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These consolidated 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. Without qualifying our opinion, we draw attention to Note 29 to the consolidated financial statements, the Hon'ble Supreme Court of India, vide judgment dated February 2, 2012 has quashed the Press Release dated January 10, 2008 issued by the Department of Telecommunications (DoT) and consequent grant of 122 licenses. The company and erstwhile Spice have been issued 9 and 4 licenses respectively in January, 2008 which have been cancelled due to the above mentioned order of the Hon'ble Supreme Court.

   Of the 13 licenses, 7 licenses are being operated by the Company and balance 6 overlapping licenses have been impaired in previous financial years. Vide a further order dated April 24, 2012 the Supreme Court has allowed the company to operate these licenses upto September 7, 2012.

   The impact, if any, on the operations of the said 7 service areas and on carrying values of these licenses as on March 31, 2012 amounting to ₹ 2,778 Mn is dependent upon the steps taken by DoT and outcome of the auction.

4. Without qualifying our opinion, we draw attention to Note 31 to the consolidated financial statements, the Hon'ble High Court of Delhi on July 4, 2011 has reaffirmed its order dated February 5, 2010 sanctioning the Scheme of Amalgamation of Spice Communications Limited (Spice) with the Company. However the judgment transferred & vested unto the Department of Telecommunications (DoT), the six telecom licenses granted to erstwhile Spice along with the spectrum (including two operational licenses for Punjab & Karnataka service areas) till the time permission of DoT is granted for transfer thereof upon an application from the Company to that effect.

   The Company has filed an appeal before the Appellate Bench of Hon'ble High Court of Delhi, challenging the above judgment dated July 04, 2011. The Appellate Bench of Hon'ble High Court of Delhi through interim order has directed DoT to maintain status quo in respect of the two operational licenses for Punjab & Karnataka and not to take any coercive action for remaining four non-operational licenses. The Appellate Bench of Hon'ble High Court of Delhi has reserved the judgment on the said matter.

   Since the matter is sub judice, the outcome of which is uncertain at this stage, we are unable to comment on the consequential impact, if any, on the consolidated financial statements.

5. We did not audit the financial statements of Indus Towers Limited, joint venture of Aditya Birla Telecom Limited (Subsidiary of the company) whose financial statements reflect total assets of ₹ 25,955.20 Mn as at March 31, 2012, total revenue of ₹ 12,542.08 Mn and net cash inflow amounting to ₹ 78.56 Mn 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 Towers Limited is based solely on the report of an another auditor.

6. 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.

7. 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 venture, and to the best of our information and according to the explanations given to us and read with our comments in Para 3 and 4 above, 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, 2012;

   b) in case of the Consolidated Statement of Profit and Loss, 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 : April 26, 2012

Consolidated Balance Sheet as at March 31, 2012

₹ Mn

Particulars	Note	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	33,088.45	33,032.72
Reserves and Surplus	3	97,394.48	89,947.35
		130,482.93	122,980.07
Compulsorily Convertible Preference Shares (issued by Subsidiary Company)		19.25	19.25
Non-Current Liabilities			
Long-Term Borrowings	4	95,221.56	89,947.60
Deferred Tax Liabilities (Net)	5	6,272.98	3,099.33
Other Long-Term Liabilities	6	4,312.43	2,346.41
Long-Term Provisions	7	1,920.41	1,709.47
		107,727.38	97,102.81
Current Liabilities			
Short-Term Borrowings	8	17,275.34	17,903.93
Trade Payables		31,417.93	35,779.63
Other Current Liabilities	9	39,356.25	28,263.97
Short-Term Provisions	10	72.72	67.06
		88,122.24	82,014.59
TOTAL		326,351.80	302,116.72
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	201,304.75	175,997.74
Intangible Assets	11	68,571.89	48,851.21
Capital Work-in-Progress	11	6,798.50	36,005.53
Goodwill		61.20	61.20
Long-Term Loans and Advances	12	22,562.74	9,217.52
		299,299.08	270,133.20
Current Assets			
Current Investments	13	976.00	10,200.00
Inventories	14	925.66	659.18
Trade Receivables	15	8,226.98	5,557.12
Cash and Bank Balances	16	1,520.73	4,577.44
Short-Term Loans and Advances	17	15,385.67	10,981.70
Other Current Assets	18	17.68	8.08
		27,052.72	31,983.52
TOTAL		326,351.80	302,116.72
Significant Accounting Policies	1		
The accompanying notes are an integral part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Place : Mumbai
Date : April 26, 2012

For and on behalf of the Board

Gian Prakash Gupta
Director

Arun Thiagarajan
Director

Himanshu Kapania
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2012

₹ Mn

Particulars	Note	For the year ended March 31, 2012	For the year ended March 31, 2011
INCOME			
Service Revenue		193,381.85	153,965.51
Sale of Trading Goods		1,505.00	418.47
Other Income	19	524.78	648.18
TOTAL		195,411.63	155,032.16
OPERATING EXPENDITURE			
Cost of Trading Goods Sold	20	1,413.72	412.24
Personnel Expenditure	21	9,499.16	8,055.51
Network Expenses and IT Outsourcing Cost	22	48,608.39	42,057.26
License Fees and WPC Charges	23	23,231.83	17,728.00
Roaming & Access Charges	24	32,798.75	24,754.48
Subscriber Acquisition & Servicing Expenditure	25	19,869.00	15,884.53
Advertisement and Business Promotion Expenditure		4,281.21	3,858.16
Administration & other Expenses	26	4,786.20	4,373.60
		144,488.26	117,123.78
PROFIT BEFORE FINANCE CHARGES, DEPRECIATION, AMORTISATION & TAXES		50,923.37	37,908.38
Finance & Treasury Charges (Net)	27	10,557.29	3,966.38
Depreciation	11	24,356.93	21,452.86
Amortisation of Intangible Assets	11	5,456.42	2,520.55
PROFIT BEFORE TAX		10,552.73	9,968.59
Provision for Taxation - Current		2,227.52	1,802.41
- Deferred		3,173.60	957.32
- MAT Credit		(2,078.27)	(1,778.21)
PROFIT AFTER TAX		7,229.88	8,987.07
Earnings Per Share of ₹ 10/- each fully paid up (in ₹)	45		
Basic		2.19	2.72
Diluted		2.18	2.72
Significant Accounting Policies	1		
The accompanying notes are an integral part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Place : Mumbai
Date : April 26, 2012

For and on behalf of the Board

Gian Prakash Gupta
Director

Arun Thiagarajan
Director

Himanshu Kapania
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Notes forming part of the Consolidated Financial Statements

1. Significant Accounting Policies

a) 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.

b) Principles of Consolidation:

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

The Financial Statements (The Balance Sheet and the Statement of Profit and Loss) 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, 2012, 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 Consolidated Financial Statements includes following subsidiaries along with Company's holding therein, is as under:

Sr. No.	Name of the Company	Voting Power % as at	
		March 31, 2012	March 31, 2011
1	Idea Telesystems Limited (Formerly known as 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	Idea Mobile Commerce Services Limited	**100.00**	100.00

All the above subsidiaries are incorporated in India.

The Consolidated Financial Statements also include following Joint Venture along with Company's holding therein, is as under:

Sr. No.	Name of the Company	Voting Power % as at	
		March 31, 2012	March 31, 2011
1	Indus Towers Limited (Indus)	**16.00***	16.00*

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

c) 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.

d) Expenditure during pre-operative period of licence:

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.

e) Depreciation and Amortisation:

Depreciation on fixed assets is provided on straight line method (except stated otherwise) on prorata basis on their 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, Licences including the fees paid on fixed basis prior to revenue share regime and Spectrum Fee is amortised on commencement of operations over the validity period.

ii) Software, which is not an integral part of hardware, is treated as intangible asset and is amortised over its useful economic life 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 ₹ 5,000/- are depreciated fully in the month of purchase.

f) Inventories:

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

g) Foreign currency transactions, forward contracts & other derivatives:

i) 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 March 31, 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 and its further amendment.

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

- Short term foreign currency monetary assets and liabilities: recognised in the Statement of Profit and Loss.
- 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.
- 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 March 31, 2020.

ii) Forward contracts & other derivatives

Premium/discount amount on forward contract is amortised on period basis related to the contract it pertains to. Profit or loss arising on cancellation of forward exchange contract is recognised in the period in which the contract is cancelled.

Derivative contracts not covered under Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", entered for hedging foreign currency fluctuations and interest rate risk are marked to market at each reporting date. Loss, if any, on such valuation is recognised in the Statement of Profit & Loss in that period and gain, if any, is not recognised as per the principle of prudence enunciated in Accounting Standard 1, "Disclosure of Accounting Policies".

h) Taxation:

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

ii) 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.

iii) Minimum Alternate 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 Statement of Profit and Loss and is 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.

i) Retirement Benefits:

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

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

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.

j) 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 agreed terms.

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.

k) 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.

l) 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.

m) 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 Statement of Profit and Loss 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.

n) 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.

o) Leases:

i) 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 Statement of Profit and Loss, on a straight-line or other systematic basis over the lease term.

ii) Finance: Leased assets acquired on which significant risks and rewards 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.

p) Earnings Per Share:

The earnings considered in ascertaining the Group's EPS comprise of 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 "Earnings 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.

q) 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 with 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.

r) 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.

s) Issue Expenditure:

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

t) 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 for as employee cost over the remaining vesting period.

Notes forming part of the Consolidated Financial Statements

2 SHARE CAPITAL

a) Authorised, Issued, Subscribed and Paid-up Share Capital

Particulars	As at March 31, 2012		As at March 31, 2011	
	Numbers	₹ Mn	Numbers	₹ Mn
Authorised				
Equity Shares of ₹ 10/- each	67,750,000,000	67,750.00	67,750,000,000	67,750.00
Redeemable Cumulative Non Convertible Preference Shares of ₹ 10/- Mn Each	1,500	15,000.00	1,500	15,000.00
	67,750,001,500	82,750.00	67,750,001,500	82,750.00
Issued, Subscribed and Paid-up				
Equity Share Capital				
Equity Shares of ₹ 10/- each fully Paid-up	3,308,845,110	33,088.45	3,303,271,505	33,032.72
Total	3,308,845,110	33,088.45	3,303,271,505	33,032.72

(i) Out of the above, 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.

b) Share Options granted under the Employee Stock Option Scheme

Under the Employee Stock Option Scheme ("ESOS 2006"), the Company has granted options to its eligible employees. Each option when exercised would be converted into one fully paid-up equity share of ₹ 10/- of the Company. Options granted under the ESOS 2006 carry no rights to dividends and no voting rights till the date of exercise. As at the end of financial year reporting date, details of outstanding options are as follows:

Particulars	As at March 31, 2012 No. of Options	As at March 31, 2011 No. of Options
Options outstanding at the beginning of the year	24,516,925	27,119,449
Options granted during the year	-	2,524,500
Options forfeited / lapsed during the year	471,960	1,693,311
Options exercised during the year	5,573,605	3,433,713
Options outstanding at the end of the year	18,471,360	24,516,925
Weighted average exercise price of outstanding options (Amount in ₹)	49.04	47.65

₹ Mn

Particulars	As at March 31, 2012	As at March 31, 2011
3 RESERVES AND SURPLUS		
a) Securities Premium Account		
Balance at the beginning of the year	85,351.05	85,130.33
Add : Premium on issue of shares under ESOS scheme	345.86	220.72
Balance at the end of the year	85,696.91	85,351.05
b) Outstanding Employee Stock Options		
Balance at the beginning of the year	478.09	444.45
Add: Charge for the year (Refer Note 38)	35.88	150.34
Less: Transfer to Securities Premium Account on exercise of Options	164.49	116.70
Balance at the end of the year	349.48	478.09

Notes forming part of the Consolidated Financial Statements

₹ Mn

Particulars	As at March 31, 2012	As at March 31, 2011
c) Reserve for Business Restructuring		
Balance at the beginning and end of the year	168.67	168.67
d) Surplus/(Deficit) in Statement of Profit and Loss		
Balance at the beginning of the year	3,949.54	(5,037.53)
Add: Profit during the year	7,229.88	8,987.07
Balance at the end of the year	11,179.42	3,949.54
Total	97,394.48	89,947.35
4 LONG TERM BORROWINGS		
SECURED LOANS		
Term Loans		
Foreign Currency Loan		
- From Banks	1,857.22	5,032.92
- From Others	36,882.16	12,920.82
Rupee Loan		
- From Banks	33,664.24	55,815.90
- From Others	7,337.97	6,042.99
Vehicle Loan from Banks	234.46	149.04
Total	79,976.05	79,961.67
UNSECURED LOANS		
Term Loans		
Foreign Currency Loan		
- From Banks	15,245.51	9,979.93
Vendor Finance	-	6.00
Total	15,245.51	9,985.93
	95,221.56	89,947.60
5 DEFERRED TAX LIABILITIES		
Major components of Deferred Tax are:		
a) Deferred Tax Liability:		
Depreciation & Amortisation	15,689.70	9,260.19
Others	179.02	97.78
Total Deferred Tax Liability (A)	15,868.72	9,357.97
b) Deferred Tax Asset:		
Provision for Doubtful Debts	970.42	788.39
Expenses allowable on payment basis	593.22	455.84

Notes forming part of the Consolidated Financial Statements

₹ Mn

Particulars	As at March 31, 2012	As at March 31, 2011
Brought Forward Losses	7,877.22	4,883.21
Others	154.88	131.20
Total Deferred Tax Asset (B)	9,595.74	6,258.64
Net Deferred Tax Liability (A - B)	6,272.98	3,099.33
6 OTHER LONG TERM LIABILITIES		
Trade Payables	2,191.55	1,888.43
Unearned Income	2,120.88	457.98
Total	4,312.43	2,346.41
7 LONG TERM PROVISIONS		
Gratuity (Refer Note 40)	272.54	193.35
Leave Encashment	717.04	627.92
Asset Retirement Obligation (Refer Note 48)	930.83	888.20
Total	1,920.41	1,709.47
8 SHORT TERM BORROWINGS		
a) SECURED LOANS		
Short Term Loan from Banks	7,065.33	-
b) UNSECURED LOANS		
Short Term Rupee Loan:		
- From Banks	248.19	8,156.77
- From Others	2,515.20	957.43
Buyers' Credit in Foreign Currency from Banks	6,446.62	3,789.73
Commercial Papers from Banks	1,000.00	5,000.00
Total	17,275.34	17,903.93
9 OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debt	20,874.86	12,853.42
Interest accrued but not due on Borrowings	653.93	451.11
Advance from Customers and Unearned Income	9,144.69	8,213.92
Deposits from Customers and Others	1,745.54	1,686.93
Book Bank Overdraft	353.11	333.79
Taxes and Other Liabilities	6,584.12	4,724.80
Total	39,356.25	28,263.97
10 SHORT TERM PROVISIONS		
Provision for Leave Encashment	69.20	65.12
Provision for Gratuity (Refer Note 40)	3.52	1.88
Current Tax	-	0.06
Total	72.72	67.06

Notes forming part of the Consolidated Financial Statements

11. FIXED ASSETS

A - TANGIBLE ASSETS

₹ Mn

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at April 1, 2011	Additions for the year ended March 31, 2012	Disposal / Adjustments for the year ended March 31, 2012	As at March 31, 2012	As at April 1, 2011	Additions for the year ended March 31, 2012	Disposal / Adjustments for the year ended March 31, 2012	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Freehold Land	95.83	-	-	95.83	-	-	-	-	95.83	95.83
Leasehold Land	193.34	0.44	-	193.78	65.73	12.20	-	77.93	115.85	127.61
Buildings	1,509.13	41.09	1.77	1,548.45	421.59	77.99	1.24	498.34	1,050.11	1,087.54
Plant & Machinery	257,692.46	49,062.36	722.79	306,032.03	84,291.92	23,667.69	705.73	107,253.88	198,778.15	173,400.54
Furniture & Fixtures	1,477.10	123.50	9.46	1,591.14	885.14	164.99	8.71	1,041.42	549.72	591.96
Office Equipment	3,449.32	161.69	55.32	3,555.69	3,078.64	228.11	55.08	3,251.67	304.02	370.68
Vehicles	902.34	309.91	146.59	1,065.66	578.76	205.95	130.12	654.59	411.07	323.58
TOTAL	265,319.52	49,698.99	935.93	314,082.58	89,321.78	24,356.93	900.88	112,777.83	201,304.75	175,997.74
Previous year	234,092.52	32,932.61	1,705.61	265,319.52	68,620.42	21,452.86	751.50	89,321.78	175,997.74	

Notes:

1. Plant & Machinery includes assets held for disposal- Gross Block ₹ 66.09 Mn (Previous year ₹ 175.98 Mn) and Net Block ₹ 1.29 Mn (Previous year ₹ 1.16 Mn).
2. Plant & Machinery includes Gross Block of assets capitalised under finance lease ₹ 7,046.64 Mn (Previous year ₹ 5,194.53 Mn) and corresponding Accumulated Depreciation being ₹ 4,664.16 Mn (Previous year ₹ 3,055.16 Mn).
3. Exchange loss amounting to ₹ 5,635.25 Mn capitalised (Previous year exchange gain ₹ 75.54 Mn decapitalised) as per transitional provisions of notification under Accounting Standard-11, issued by the Ministry of Corporate Affairs.
4. Depreciation charge for the year includes accelerated depreciation of ₹ 149.13 Mn due to change in estimated useful life of certain fixed assets.

B - INTANGIBLE ASSETS

₹ Mn

Particulars	Gross Block				Accumulated Amortisation				Net Block	
	As at April 1, 2011	Additions for the year ended March 31, 2012	Disposal / Adjustments for the year ended March 31, 2012	As at March 31, 2012	As at April 1, 2011	Additions for the year ended March 31, 2012	Disposal / Adjustments for the year ended March 31, 2012	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Entry/License Fees	65,318.27	20,807.90	-	86,126.17	19,398.59	4,461.50	-	23,860.09	62,266.08	45,919.68
Computer - Software	4,352.13	852.43	-	5,204.56	3,149.70	758.56	-	3,908.26	1,296.30	1,202.43
Bandwidth	1,986.81	3,516.77	-	5,503.58	257.71	236.36	-	494.07	5,009.51	1,729.10
TOTAL	71,657.21	25,177.10	-	96,834.31	22,806.00	5,456.42	-	28,262.42	68,571.89	48,851.21
Previous year	36,492.80	35,171.87	7.46	71,657.21	20,286.31	2,520.55	0.86	22,806.00	48,851.21	
GRAND TOTAL	336,976.73	74,876.09	935.93	410,916.89	112,127.78	29,813.35	900.88	141,040.25	269,876.64	

Notes:

1. Computer - Software include Gross Block of assets capitalised under finance lease ₹ 1,965.26 Mn (Previous year ₹ 1,751.21 Mn) and corresponding Accumulated Amortisation being ₹ 1,311.98 Mn (Previous year ₹ 758.81 Mn).
2. The remaining amortisation period of license/spectrum fees as at March 31, 2012 ranges between 4 to 19 years based on the respective Telecom Service License period.

Capital Work in Progress (Net of impairment provision of ₹ 8,430.40 Mn)	6,798.50	36,005.53

Notes forming part of the Consolidated Financial Statements

₹ Mn

Particulars	As at March 31, 2012	As at March 31, 2011
12 LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Capital Advances	240.29	461.87
Deposits and balances with Government Authorities	580.54	507.64
Deposits with Body Corporates and Others	12,817.15	1,901.11
MAT Credit Entitlement	7,687.73	5,609.46
Other Loans and Advances	1,237.03	737.44
Total	22,562.74	9,217.52
13 CURRENT INVESTMENTS		
Investment in units of Liquid Mutual Funds	976.00	10,200.00
Total	976.00	10,200.00
14 INVENTORIES		
Sim and Recharge Vouchers	529.39	522.16
Trading Goods	396.27	137.02
Total	925.66	659.18
15 TRADE RECEIVABLES		
a) Billed Receivables		
Unsecured-Considered Good		
Outstanding for period exceeding six months	361.03	230.89
Other Receivables	4,586.16	3,168.62
	4,947.19	3,399.51
Unsecured-Considered Doubtful		
Outstanding for period exceeding six months	2,728.10	2,207.86
Other Receivables	255.03	194.22
	2,983.13	2,402.08
Less: Provision for Doubtful Debts	2,983.13	2,402.08
	4,947.19	3,399.51
b) Unbilled Receivables	3,279.79	2,157.61
Total Trade Receivables	8,226.98	5,557.12

Notes forming part of the Consolidated Financial Statements

₹ Mn

Particulars	As at March 31, 2012	As at March 31, 2011
16 CASH AND BANK BALANCES		
a) **Cash and Cash Equivalents**		
Cash on hand	16.66	12.52
Cheques on hand	135.06	129.05
Balances with Banks		
- In Current Accounts	354.48	390.59
- In Deposit Accounts	967.40	4,001.52
	1,473.60	4,533.68
b) **Other Bank Balances**		
Margin Money with Banks	47.13	43.76
Total	1,520.73	4,577.44
17 SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advance Income Tax (Net of provisions)	4,460.16	2,546.85
Deposits with Body Corporates and Others	1,991.73	1,576.33
Cenvat Credit and expenses paid in Advance	4,734.07	4,474.11
Other Loans and Advances		
- Considered Good	4,199.71	2,384.41
- Considered Doubtful	587.30	585.99
	4,787.01	2,970.40
Less: Provision for Doubtful Advances	587.30	585.99
	4,199.71	2,384.41
Total	15,385.67	10,981.70
18 OTHER CURRENT ASSETS		
Interest receivable	17.68	8.08
Total	17.68	8.08

Notes forming part of the Consolidated Financial Statements

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
19 OTHER INCOME		
Liabilities/Provisions no longer required written back	450.89	558.73
Miscellaneous Receipts	73.89	89.45
Total	524.78	648.18
20 COST OF TRADING GOODS SOLD		
Opening Stock	137.02	69.36
Add: Purchases	1,672.97	479.90
Less: Closing Stock	396.27	137.02
Total	1,413.72	412.24
21 PERSONNEL EXPENDITURE		
Salaries and Allowances etc.	8,575.54	7,245.07
Contribution to Provident and Other Funds	466.53	428.11
Staff Welfare	338.65	272.49
Recruitment and Training	118.44	109.84
Total	9,499.16	8,055.51
22 NETWORK EXPENSES AND IT OUTSOURCING COST		
Security Service Charges	1,168.84	1,216.33
Power and Fuel	15,705.81	14,184.89
Repairs and Maintenance-Plant and Machinery	7,187.27	6,066.42
Switching & Cellsites Rent	3,875.64	3,486.81
Lease Line and Connectivity Charges	5,876.70	5,212.10
Network Insurance	87.74	59.98
Passive Infrastructure Charges	11,259.58	9,496.10
Other Network Operating expenses	529.59	408.23
IT outsourcing cost	2,917.22	1,926.40
Total	48,608.39	42,057.26
23 LICENSE FEES AND WPC CHARGES		
License Fees	14,629.71	11,076.44
WPC and Spectrum Charges	8,602.12	6,651.56
Total	23,231.83	17,728.00
24 ROAMING & ACCESS CHARGES		
Roaming Charges	4,188.96	705.23
Access Charges	28,609.79	24,049.25
Total	32,798.75	24,754.48

Notes forming part of the Consolidated Financial Statements

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
25 SUBSCRIBER ACQUISITION & SERVICING EXPENDITURE		
Cost of Sim & Recharge Vouchers	1,897.80	1,615.68
Commission & Discount to Dealers	12,173.96	8,858.46
Customer Verification Expenses	1,403.65	1,585.16
Collection, Telecalling & Servicing Expenses	3,959.37	3,462.55
Customer Retention & Customer Loyalty Expenses	434.22	362.68
Total	19,869.00	15,884.53
26 ADMINISTRATION & OTHER EXPENSES		
Repairs and Maintenance - Building	60.63	47.35
- Others	314.66	265.57
Other Insurance	33.30	30.95
Non Network Rent	821.65	715.87
Rates and Taxes	93.18	85.24
Electricity	353.42	329.34
Printing and Stationery	83.60	81.83
Communication Expenses	102.91	111.64
Travelling and Conveyance	830.58	734.46
Provision for bad and doubtful debts / advances	597.31	445.86
Bank Charges	73.76	75.77
Directors Sitting Fees	1.24	1.00
Legal and Professional Charges	644.27	574.55
Audit Fees	40.57	37.51
Loss on Sale of Fixed Assets/Asset disposed off (Net)	11.95	247.92
Miscellaneous Expenses	723.17	588.74
Total	4,786.20	4,373.60
27 FINANCE AND TREASURY CHARGES (NET)		
Interest		
- On Fixed Period Loan (Net of Interest Capitalised ₹ 42.24 Mn)	9,554.28	4,653.59
- Others	384.89	250.85
Financing Charges	542.57	257.15
	10,481.74	5,161.59
Less:		
Interest Received (Gross)	134.52	645.15
Profit on Sale of Mutual Funds	291.71	472.68
Gain/(Loss) on Foreign Exchange Fluctuation (Net)	(501.78)	77.38
Total	10,557.29	3,966.38

Notes forming part of the Consolidated Financial Statements

28. The revised Schedule VI as notified under the Companies Act, 1956, has become applicable to the Company for presentation of its financial statements for the year ending March 31, 2012. The adoption of the revised Schedule VI requirements has significantly modified the presentation and disclosures which have been complied with in these financial statements. Previous year figures have been reclassified in accordance with current year requirements.

29. The Hon'ble Supreme Court, while pronouncing its judgment dated February 2, 2012 in the Writ Petition filed, inter alia, by Centre for Public Interest Litigations & others, quashed the Press Release dated January 10, 2008 issued by the Department of Telecommunications and consequent grant of 122 licenses including operational licenses held by the Company for 7 (seven) service areas and 6 (six) non operational licenses, (four out of the said six non operational licenses having been granted to erstwhile Spice Communications Limited) and allocation of related spectrum. This directive of the Hon'ble Supreme Court, which was originally to have come into effect after four months from February 2, 2012 has now been further extended till September 7, 2012 pursuant to the order dated April 24, 2012 passed while disposing off the clarificatory applications filed, inter alia, by Union of India. As part of the judgment of February 2, 2012, the Hon'ble Supreme Court had directed TRAI to make fresh recommendations for grant of license and allocation of spectrum in 2G band in 22 service areas by auction as was done for allocation of spectrum in 3G band. The Hon'ble Supreme Court has on April 24, 2012, further directed the DoT to ensure that the auction is necessarily finalized on or before August 31, 2012. The Company is committed to take all necessary steps to safeguard its interests in this matter. As the impact, if any, on the operations in the said seven service areas and on the carrying values of these licenses as on March 31, 2012 amounting to ₹ 2,777.8 Mn is dependent upon the steps to be taken by the DoT and outcome of auction, operations in these seven service areas continue and accordingly the financial statements include the operational results of these service areas on a going concern basis.

30. The Company has challenged, along with other Telecom Operators, order of DoT dated December 23, 2011, ordering Telecom Operators to stop provision of services under 3G Intra Circle Roaming Agreements where it has not won 3G Spectrum. The Hon'ble Telecom Dispute Settlement Appellate Tribunal (TDSAT) has passed a "no coercive action" order till the time the dispute is decided. The final hearing on the matter has concluded and final judgment is awaited.

31. The erstwhile Spice Communications Limited (Spice) was amalgamated with the Company effective March 1, 2010 pursuant to sanction of the Scheme of Amalgamation by Hon'ble High Court of Gujarat and Hon'ble High Court of Delhi. However, upon an application made by DoT on March 30, 2011 for recall of the order dated February 5, 2010, sanctioning the above scheme, the Hon'ble High Court of Delhi while pronouncing its judgment on July 4, 2011, reaffirmed the amalgamation of Spice with the Company. However, the said judgment transferred and vested unto the DoT, the six licenses granted to erstwhile Spice along with the spectrum (including the two operational licenses for Punjab & Karnataka service areas), till the time permission of DoT is granted for transfer thereof upon an application from the Company to that effect.

    The Company then filed an appeal, before the Appellate Bench of the Hon'ble High Court of Delhi, challenging the above judgment of July 4, 2011. The final judgment in the said matter has been reserved. Meanwhile, the position under interim orders, passed on various dates by the Appellate Bench remain as follows:-

    (i) DoT has been directed to accept the License Fee from the Company without prejudice, as the Company is continuing to operate the licenses for Punjab & Karnataka service areas granted to erstwhile Spice;

    (ii) DoT to maintain status quo in relation to the aforesaid two operating licenses and not to take any coercive steps in relation to any demand pertaining to the four non operating licenses.

    Pending the final disposal of the appeal, the consequential financial impact, if any, cannot be ascertained.

32. A scheme of arrangement under Section 391 to 394 of the Companies Act, for transfer of all assets and liabilities of Idea Cellular Towers Infrastructure Limited (a 100% subsidiary of the Company), Vodafone India Infrastructure Limited and Bharti Infratel Ventures Limited to joint venture of the Company Indus Towers Limited, with an appointed date of April 1, 2009 is pending before the Hon'ble High Court of Delhi. Effects of the scheme on the consolidated financials will be given in the accounting period in which the scheme is sanctioned and becomes effective.

33. Contingent Liabilities:

₹ Mn

Particulars	As on March 31, 2012	As on March 31, 2011
Income Tax matters not acknowledged as debts (see i below)	10,505.72	765.09
Sales Tax matters not acknowledged as debts (see ii below)	2,758.73	3,505.38
Service Tax matters not acknowledged as debts (see iii below)	4,769.13	3,906.72
Entry Tax and Custom matters not acknowledged as debts (see iv below)	406.44	353.91
Licensing Disputes (see v below)	4,760.08	5,038.58
Other claims not acknowledged as debts (see vi below)	2,070.04	1,429.59

i. Income Tax Matters:

The appeals which are pending before various Appellate Authorities includes mainly the appeals filed by the Company against the demands raised by various income tax authorities on account of non deduction of tax on discount allowed to prepaid distributors, non deduction of tax on roaming charges etc.

ii. Sales Tax:

The Sales Tax demands as at March 31, 2012 mainly relates to the demands raised by the VAT/Sales Tax authorities of few states on Broadband Connectivity, SIM cards etc. on which the Company has already paid Service Tax.

iii. Service Tax:

The service tax demands as at March 31, 2012 mainly relates to the following matters:

- Interpretation issues arising out of Rule 6(3) of the Cenvat Credit Rules, 2004;
- Denial of Cenvat credit related to Towers, Shelters and OFC Ducts
- Disallowance of Cenvat credit on input services viewed as not related to output Service.

iv. Entry Tax:

In certain states entry tax is being demanded on receipt of material from outside the state. However, the Company has challenged the constitutional validity of the levy.

v. Licensing Disputes:

Disputes relating to alleged non compliance of licensing conditions & other disputes with DoT, either filed by or against the Company and pending before Hon'ble Supreme Court / TDSAT.

vi. Other claims not acknowledged as debts:

Mainly includes miscellaneous disputed matters with Local Municipal Corporation, Electricity Board and others.

34. Group's share in certain disputed tax demand notices and show cause notices relating to Indirect tax matters amounting to ₹ 6,301.60 Mn (Previous year ₹ 381.44 Mn) have neither been acknowledged as claims nor considered as contingent liabilities by the Joint Venture of the Company. Based on internal assessment and independent advice taken from tax experts by the Joint Venture, the Joint Venture is of the view that the possibility of any of these tax demands materialising is remote.

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

36. Details of guarantees given:

₹ Mn

Particulars	As on March 31, 2012	As on March 31, 2011
Bank guarantees given	21,655.92	16,307.21

37. Capital and other Commitments:

Estimated amount of commitments as on March 31, 2012 towards:

- Contracts remaining to be executed for capital expenditure (net of advances) and not provided for is ₹ 10,860.10 Mn (Previous year ₹ 21,960.22 Mn)
- Long term contracts remaining to be executed including early termination commitments (if any) is ₹ 7,439.13 Mn

38. Personnel Expenditure includes ₹ 35.88 Mn (Previous year ₹ 150.34 Mn) being the amortisation of intrinsic value of ESOPs for the year ending March 31, 2012.

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 ₹ 115.23 Mn (Previous year: ₹ 229.74 Mn) and earnings per share as reported would be as indicated below:

₹ Mn

Particulars	For the year ended March 31, 2012	For the year Ended March 31, 2011
Net Profit after Tax but before exceptional items	7,229.88	8,987.07
Add: Total stock-based employee compensation expense determined under intrinsic value base method	35.88	150.34
Less: Total stock-based employee compensation expense determined under fair value base method	151.11	380.08
Adjusted Net Profit	7,114.65	8,757.33
Basic Earnings Per Share (in ₹)		
- As Reported	2.19	2.72
- Adjusted	2.15	2.65
Diluted Earnings Per Share (in ₹)		
- As Reported	2.18	2.72
- Adjusted	2.15	2.65

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 IV	Tranche I	Tranche II
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil
Expected life	6 yrs 6 months	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	8.04-8.14	7.36	7.36
Volatility (%)	40.00	45.80	54.54	50.45	54.54	54.54

39. Details of Foreign Currency Exposures:

A. Hedged by a derivative instrument:

Amount in Mn

Particulars	As at March 31, 2012	As at March 31, 2011
Foreign Currency Loan*		
Foreign Currency Loan in USD^	575.22	327.60
Vendor Finance in USD	0.10	18.86
Foreign Currency Loan in JPY	15,058.36	17,727.73
Equivalent INR of Foreign Currency Loan	34,161.45	22,371.62
Trade Payables and other Current Liabilities		
Trade Payables in USD	12.08	17.75
Interest accrued but not due on Foreign Currency Loans in USD	2.67	0.47
Interest accrued but not due on Foreign Currency Loans in JPY	27.23	26.29
Equivalent INR of Trade Payables and other Current Liabilities	768.68	940.41

**Fully hedged for interest and principal repayments.*
^Includes USD 267.60 Mn (Previous year USD 68.29 Mn) fully hedged for principal repayments only.

B. Not hedged by a derivative instrument or otherwise:

Amount in Mn

Particulars	As at March 31, 2012	As at March 31, 2011
Foreign Currency Loan		
Foreign Currency Loan in USD	657.13	296.06
Vendor Finance in USD	0.03	0.03
Equivalent INR of Foreign Currency Loan	33,617.76	13,222.04
Trade Payables		
Trade Payables in USD	57.02	128.31
Trade Payables in EURO	0.06	0.02
Interest accrued but not due on Foreign Currency Loans in USD	3.73	1.53
Equivalent INR of Trade Payables & interest accrued in Foreign Currency	3,111.99	5,798.48
Trade Receivables		
Trade Receivables in USD	10.03	8.20
Trade Receivables in EURO	0.15	0.16
Equivalent INR of Trade Receivables in Foreign Currency	523.16	375.89

40. 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:

₹ Mn

Sr. No	Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
1	Assumptions		
	Discount Rate	8.00% - 8.25%	8.00%
	Expected return on Plan Assets	7.50%	7.50%
	Salary Escalation	5.00% - 7.00%	5.00% - 7.00%
2	Table showing changes in present value of Obligations		
	Present value of obligations as at beginning of year	369.83	258.36
	Interest Cost	34.76	23.13
	Current Service Cost	74.87	57.87
	Benefits Paid	(12.66)	(17.75)
	Actuarial (Gain)/Loss on obligations	6.45	48.22
	Present value of obligations as at end of year	473.25	369.83
3	Table showing changes in the fair value of Plan Assets		
	Fair value of Plan Assets at beginning of year	183.70	148.23
	Expected return on Plan Assets	14.82	12.62
	Contribution	21.61	36.03
	Benefits paid	(12.66)	(17.75)
	Actuarial Gain/(Loss) on Plan Assets	2.59	4.57
	Fair value of Plan Assets at the end of year	210.06	183.70
	Funded Status	263.19	186.13
	Actual return on Plan Assets	16.94	17.60
4	Actuarial Gain/Loss recognized		
	Actuarial Gain/(Loss) for the year - Obligation	(6.45)	(48.22)
	Actuarial (Gain)/Loss for the year - Plan Assets	(2.59)	(4.57)
	Total (Gain)/Loss for the year	3.86	43.65
	Actuarial (Gain)/Loss recognized in the year	3.86	43.65
5	The amounts to be recognized in the Balance Sheet		
	Present value of obligations as at the end of year	473.25	369.83
	Fair value of Plan Assets as at the end of year	210.06	183.70
	Funded status	263.19	186.13
	Net Asset/(Liability) recognized in Balance Sheet	(263.19)	(186.13)
6	Expenses Recognised in Statement of Profit & Loss		
	Current Service Cost	74.87	57.87
	Interest Cost	34.76	23.13
	Expected return on Plan Assets	(14.82)	(12.62)
	Net Actuarial (Gain)/Loss recognised in the year	3.86	43.65
	Expenses Recognised in Statement of Profit & Loss	98.67	112.03
7	Investment Details of Plan Assets (% allocation)		
	Insurer managed funds*	100%	100%

₹ Mn

Sr. No.	Particulars	For the year ended				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
8	Experience Adjustments					
	Defined benefit Obligation	**473.25**	369.83	258.36	133.77	84.92
	Plan Assets	**210.06**	183.70	148.23	124.55	80.33
	Surplus/(Deficit)	**(263.19)**	(186.13)	(110.13)	(9.22)	(4.59)
	Experience Adjustments on Plan Liabilities	**25.64**	26.25	57.02	14.11	-
	Experience Adjustments on Plan Assets	**2.59**	5.33	0.28	-	-

**The funds are managed by LIC and LIC does not provide breakup of plan assets by investment type.*

The estimate of future salary increase, considered in actuarial valuation, takes 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

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Current service cost	**4.16**	3.07
Interest cost	**0.96**	0.63
Actuarial losses	**0.48**	0.60
Total amount recognized in Statement of Profit and Loss	**5.60**	4.30

b) Amount recognised in the Balance Sheet

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Opening defined benefit obligation	**9.10**	5.96
Liability taken over from joint venturers	**-**	-
Total amount recognised in Statement of Profit and Loss	**5.60**	4.30
Benefits paid during the year	**(1.90)**	(1.16)
Amount recognised in the Balance Sheet	**12.80**	9.10

c) Experience Adjustments

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011	For the year ended March 31, 2010
Defined benefit obligation	**12.80**	9.10	5.96
Surplus/(Deficit)	**(12.80)**	(9.10)	(5.96)
Experience adjustments on Plan Liabilities	**0.80**	0.74	0.21

d) Financial Assumptions

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Discount Rate	8.40%	7.90%
Salary Escalation Rate	First 2 years- 10% and 7% thereafter	First 3 years-10% and 7% thereafter

B. **Defined Contribution Plan :** During the year, the Company has recognised the following amounts in the Statement of Profit and Loss :

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Employers' Contribution to Provident & Pension Fund	**279.91**	237.47
Employers' Contribution to Superannuation Fund	**43.68**	40.85

41. Segment Reporting

1. **Primary Segments:**

The Group operates in three business segments:

a) Mobility Services: providing GSM based mobile and related telephony services.
b) International Long Distance (ILD): providing international long distance services.
c) Passive Infrastructure (PI): providing passive infrastructure services.

2. **Secondary Segment:**

The Group 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 March 31, 2012

₹ Mn

Particulars	Business Segments			Elimination	Total
	Mobility	ILD	PI		
Revenue					
External Revenue	193,555.18	1,175.49	680.96	-	195,411.63
Inter-Segment Revenue	642.79	1,419.96	13,131.06	(15,193.81)	-
Total Revenue	**194,197.97**	**2,595.45**	**13,812.02**	**(15,193.81)**	**195,411.63**
Segment Result	**17,299.46**	**212.32**	**3,598.24**	**-**	**21,110.02**
Interest & Financing Charges (Net)	-	-	-	-	10,557.29
Profit before Tax	-	-	-	-	10,552.73
Provision for Tax (Net)	-	-	-	-	3,322.85
Profit after Tax	-	-	-	-	7,229.88
Other Information					
Segment Assets	280,906.97	451.27	37,565.04	(8,237.50)	310,685.78
Unallocated Corporate Assets	-	-	-	-	15,666.02
Total Assets	**280,906.97**	**451.27**	**37,565.04**	**(8,237.50)**	**326,351.80**
Segment Liabilities	175,116.63	256.41	22,441.10	(8,237.50)	189,576.64
Unallocated Corporate Liabilities	-	-	-	-	6,272.98
Total Liabilities	**175,116.63**	**256.41**	**22,441.10**	**(8,237.50)**	**195,849.62**
Capital Expenditure	42,493.91	112.14	3,062.99	-	45,669.04
Depreciation & Amortisation	25,573.71	54.78	4,184.86	-	29,813.35

Primary Business Information (Business Segments) for the year ended March 31, 2011

₹ Mn

Particulars	Business Segments			Elimination	Total
	Mobility	ILD	PI		
Revenue					
External Revenue	153,944.83	369.22	718.11	-	155,032.16
Inter-segment Revenue	102.52	1,390.00	11,393.09	(12,885.61)	-
Total Revenue	**154,047.35**	**1,759.22**	**12,111.20**	**(12,885.61)**	**155,032.16**
Segment Result	**11,410.21**	**140.93**	**2,381.99**	**-**	**13,933.13**
Interest & Financing Charges (Net)	-	-	-	-	3,964.54
Profit before Tax	-	-	-	-	9,968.59
Provision for Tax (Net)	-	-	-	-	981.52
Profit after Tax	-	-	-	-	8,987.07
Other Information					
Segment Assets	248,118.81	388.20	38,815.71	(9,125.66)	278,197.06
Unallocated Corporate Assets	-	-	-	-	23,919.66
Total Assets	**248,118.81**	**388.20**	**38,815.71**	**(9,125.66)**	**302,116.72**
Segment Liabilities	160,028.22	255.31	24,860.14	(9,125.66)	176,018.01
Unallocated Corporate Liabilities	-	-	-	-	3,099.39
Total Liabilities	**160,028.22**	**255.31**	**24,860.14**	**(9,125.66)**	**179,117.40**
Capital Expenditure	93,496.94	85.65	5,524.06	-	99,106.65
Depreciation & Amortisation	19,692.09	39.28	4,242.04	-	23,973.41

42. 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.

Axiata Investments 2 (India) Ltd. (AI2) (Formerly known as TMI India Ltd.)

Axiata Group Berhad

Key Management Personnel (KMP)

Mr. Himanshu Kapania, MD

Mr. Akshaya Moondra, CFO

Mr. Sanjeev Aga, MD (Upto March 31, 2011)

B. Transactions with Related Parties

₹ Mn

Particulars	Promoters			KMP
	Hindalco	Grasim	ABNL	
Remuneration				60.05
				(90.03)
Sale of Fixed Assets	-			
	(0.03)			
Purchase of service/goods	-			
	(0.60)			
Sale of service/goods	19.37	16.24	9.89	
	(21.42)	(29.06)	(7.47)	
Advances given	-			
	(5.74)			
Expense incurred by Company on behalf of	0.17	4.17	0.20	
	(0.41)	(0.57)	(0.37)	
Expenses incurred on Company's behalf by	0.87	0.05	0.09	
	(0.66)	(-)	(0.43)	

(Figures in bracket are for the year ended March 31, 2011)

C. Outstanding as on March 31, 2012

₹ Mn

Particulars	Promoters			KMP
	Hindalco	Grasim	ABNL	
Remuneration Payable				11.44 (26.42)
Trade Receivable	1.60 (7.38)	6.70 (2.31)	4.20 (0.31)	

(Figures in bracket are as of March 31, 2011)

43. Operating Lease: As a Lessee

The Company has entered into non-cancellable operating leases for offices, switches and cell sites for periods ranging from 36 months to 240 months. For the current year, total minimum lease payments amounting to ₹ 14,651.17 Mn (Previous year ₹ 12,496.15 Mn) are charged to Statment of Profit & Loss.

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

₹ Mn

Particulars	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum Lease Payments	8,734.25 (8,232.56)	27,673.41 (22,627.68)	13,005.55 (14,027.21)

(Figures in bracket are as of March 31, 2011)

Operating Lease: As a Lessor

The Company has leased under operating lease arrangements certain Optical Fibre Cables (OFC) on Indefeasible Rights of Use ("IRU") basis. The gross block, accumulated depreciation and depreciation expense of the assets given on IRU basis is not separately identifiable and hence not disclosed.

Rental income of ₹ 107.45 Mn (Previous year ₹ 56.45 Mn) in respect of such leases have been recognized in the Statement of Profit and Loss during the current year.

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

₹ Mn

Particulars	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum Lease Receivables	139.65 (39.39)	48.49 (67.59)	0.48 (0.53)

(Figures in bracket are as of March 31, 2011)

44. During the financial year 2007-08, company had entered into a composite IT outsourcing agreement wherein fixed assets and services related to IT have been supplied by the vendor. Such fixed assets received have been accounted for as 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.

45. Basic & Diluted Earnings Per Share:

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Nominal value of Equity Shares (₹)	10/-	10/-
Profit after Tax (₹ Mn)	7,229.88	8,987.07
Profit attributable to equity shareholders (₹ Mn)	7,229.88	8,987.07
Weighted average number of equity shares outstanding during the year	3,305,571,126	3,300,989,307
Basic Earnings Per Share (₹)	2.19	2.72
Dilutive effect on weighted average number of equity shares outstanding during the year	10,381,939	8,230,797
Weighted average number of diluted equity shares	3,315,953,065	3,309,220,103
Diluted Earnings Per Share (₹)	2.18	2.72

46. The Company has the following joint venture as on March 31, 2012 and its percentage holding is given below:

Name of the Joint Venture	Percentage Holding	
	As on March 31, 2012	As on March 31, 2011
Indus Towers Limited (Indus)	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:

₹ Mn

Particulars	As on March 31, 2012	As on March 31, 2011
Assets		
Net Block (including CWIP)	18,702.32	18,263.87
Non Current Investment	-	-
Other Non Current Assets	1,537.77	877.46
Deferred Tax Assets	-	-
Current Investment	976.00	840.00
Other Current Assets	4,415.30	4,156.25

₹ Mn

Particulars	As on March 31, 2012	As on March 31, 2011
Liabilities		
Reserves & Surplus	1,425.34	231.94
Long Term Borrowings	9,100.00	14,160.00
Other Non Current Liabilities	2,892.85	2,794.43
Deferred Tax Liability	605.68	159.56
Short Term Borrowings	4,863.92	3,818.89
Other Current Liabilities	6,743.41	2,972.57

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Revenues	12,716.56	11,045.46
Operating Costs	6,952.43	6,401.07
EBITDA	5,764.14	4,644.39
Finance Cost	1,471.17	1,475.80
Depreciation & Amortisation	2,535.97	2,245.72
PBT	1,757.00	922.87
Taxes	563.60	313.77
PAT	1,193.40	609.10
Contingent Liability	585.44	422.51
Capital Commitment	347.52	1,460.04

47. Information with respect to Subsidiaries as on March 31, 2012:

₹ Mn

Particulars	Aditya Birla Telecom Limited	Idea Cellular Services Limited	Idea Cellular Infra-structure Services Limited	Idea Cellular Towers Infra-structure Limited	Idea Telesystems Limited	Idea Mobile Commerce Services Limited
Capital	119.25	0.50	0.50	0.50	0.50	1.00
Reserves	73,188.71	(5.17)	247.38	15,775.60	17.78	(0.35)
Total Assets	1,273.32	44.65	3,580.80	16,330.42	534.68	1.07
Total Liabilities	1,273.42	49.32	3,332.92	554.32	516.40	0.42
Investments other than Investments in subsidiary	73,308.06	-	-	-	-	-
Turnover	65.00	678.99	973.69	1,546.13	1,493.57	0.10
Profit/(Loss) before Taxation	(0.03)	(0.74)	215.76	154.80	3.33	(0.01)
Provision for Taxation	-	(0.58)	70.81	30.97	0.81	-
Profit/(Loss) after Taxation	(0.03)	(0.16)	144.95	123.83	2.52	(0.01)
Proposed Dividend	-	-	-	-	-	-

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

₹ Mn

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Opening Balance	888.20	1,259.03
Additional Provision	47.46	87.19
Utilisation	(4.83)	(458.02)
Closing Balance	930.83	888.20

49. Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year grouping.

For and on behalf of the Board

Gian Prakash Gupta
Director

Arun Thiagarajan
Director

Himanshu Kapania
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Place : Mumbai
Date : April 26, 2012

Consolidated Cash Flow Statement for the year ended March 31, 2012

₹ Mn

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
A) Cash Flow from Operating Activities				
Net Profit after Tax		7,229.88		8,987.07
Adjustments For				
Depreciation	24,356.93		21,452.86	
Amortisation of Intangible Assets	5,456.42		2,520.55	
Interest and Financing Charges	10,481.74		5,161.59	
Profit on sale of Current Investment	(291.71)		(472.68)	
Provision for Bad & Doubtful Debts / Advances	597.31		445.86	
Employee Stock Option Cost	35.88		150.34	
Provision for Gratuity, Leave Encashment	174.03		232.21	
Provision for Deferred Tax	3,173.60		957.32	
Provision for Current Tax (Net of MAT Credit Entitlement)	149.25		24.20	
Liabilities/Provisions no longer required written back	(450.89)		(558.73)	
Interest Income	(134.52)		(645.15)	
(Profit)/Loss on sale of Fixed Assets / Assets Discarded	11.95		247.92	
		43,559.99		29,516.29
Operating Profit before Working Capital Changes		50,789.87		38,503.36
Adjustments for changes in Working Capital				
(Increase)/Decrease in Trade Receivables	(3,267.17)		1,131.71	
(Increase)/Decrease in Inventories	(266.48)		(122.83)	
(Increase)/Decrease in Other Current and Non Current Assets	(3.37)		219.43	
(Increase)/Decrease in Long Term and Short Term Loans and Advances	(13,291.34)		9,204.28	
Increase/(Decrease) in Trade Payables, Other Current and Non Current Liabilities and Provisions	8,360.20		5,323.27	
		(8,468.16)		15,755.86
Cash generated from Operations		42,321.71		54,259.22
Tax paid (including TDS) (Net)		(4,140.89)		(3,327.03)
Net Cash from/(used in) Operating Activities		38,180.82		50,932.19
B) Cash Flow from Investing Activities				
Purchase of Fixed assets & Intangible assets (including CWIP)	(47,326.59)		(85,472.73)	
Proceeds from sale of Fixed Assets	59.04		271.28	
Profit on sale of Current Investments and Interest Received	416.63		1,609.68	
Net Cash from/(used in) Investing Activities		(46,850.92)		(83,591.77)

Consolidated Cash Flow Statement for the year ended March 31, 2012

₹ Mn

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
C) Cash Flow from Financing Activities				
Proceeds from issue of Equity Share Capital	237.10		138.36	
Proceeds from Long Term Borrowings	38,322.60		38,804.29	
Repayment of Long Term Borrowings	(30,345.21)		(13,919.91)	
Proceeds from Short Term Borrowings	42,521.84		29,737.02	
Repayment of Short Term Borrowings	(43,150.47)		(12,078.27)	
Payment of Interest and Financing Charges	(11,199.84)		(9,228.59)	
Net Cash from/(used in) Financing Activities		(3,613.98)		33,452.90
Net Increase/(Decrease) in Cash and Cash Equivalents		(12,284.08)		793.32
Cash and Cash Equivalents at the beginning		14,733.68		13,940.36
Cash and Cash Equivalents at the end		2,449.60		14,733.68

Notes to Cash Flow Statement for the year ended March 31, 2012

1. Cash and Cash Equivalents include the following Balance Sheet amounts:

Cash on hand	16.66	12.52
Cheques on hand	135.06	129.05
Balances with Banks		
- In Current Accounts	354.48	390.59
- In Deposit Accounts	967.40	4,001.52
Investment in units of Liquid Mutual Funds	976.00	10,200.00
	2,449.60	14,733.68

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

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Place : Mumbai
Date : April 26, 2012

For and on behalf of the Board

Gian Prakash Gupta
Director

Arun Thiagarajan
Director

Himanshu Kapania
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Infomedia 18 Limited