



Good things come to those who *innovate.*
To those who weather the storm,
who challenge the norms,
who stay true to their vision, values and beliefs.

To those who follow their *passion,*
stick to their commitments and keep
their heads up high in times of difficulty.

As we continue on our path to growth & success
we will tackle setbacks and difficulties with the same focus,

persistence
strength
that we believe in.

ANNUAL REPORT | 2012 - 2013

IDEA CELLULAR LIMITED



Mr. Aditya Birla
We live by his values.
Integrity, Commitment, Passion, Seamlessness and Speed.

The Chairman's Letter to Shareholders



Dear Shareholder,

The global scenario

Across the world in 2012 the economy remained a worry. Global GDP fell to 3.2% compared to 4% in 2011. Many of the systemic vulnerabilities continued. Among these were fiscal fragility, hidden and unknown risks of financial derivative instruments and the problems of the weaker Eurozone economies. The increasing instances of political gridlock aggravated the situation.

While these are not totally left behind, there are strong positives. The unwinding of financial leverage, several rounds of liquidity injections, with Japan also joining in augur well for the global economy. Alongside, continuing low interest rates, sharp corrections in commodity and energy prices and a modest recovery in the US housing market ring in a degree of optimism. Furthermore, the private corporate sector seems on the path to stepping up investment outlays. Thankfully, the worst case outcomes have been averted. The US has not fallen off the fiscal cliff. And despite the recent financial shocks in Cyprus, government bond yields have fallen. The global economy has clearly shown a lot of resilience.

The global economy is now moving on to a surer recovery mode. The IMF projects growth at 3.25% in 2013, increasing to 4.0% in 2014. GDP growth in emerging markets and developing countries is placed at 5.3%

“The Financial Year 2012-13 was a tumultuous one for the telecom sector, with a number of regulatory decisions, which impacted the industry, forcing it to incur high costs.”

in 2013, increasing to 5.7% in 2014. US GDP is expected to grow 1.9% in 2013, rising sharply to 3.0% in 2014. Europe will remain a laggard, with growth projected at -0.3% this year, and inching to just over 1% in 2014. China’s growth will scale back from its recent double digit levels to 7-8%, which is still respectable.

Developments on the global front undeniably dented India’s growth level, besides the issues at home.

The Indian economy – ongoing resilience

Slow growth, investor diffidence, the rupee falling to an all time low, power outages and a poor monsoon added to the country’s woes. High commodity prices and supply constraints of critical raw material, such as coal and natural gas further compounded the problem. Unsurprisingly then, India’s GDP growth slowed markedly in 2012-13, to 5%, down from 6.2% in the previous year. The manufacturing sector recorded a growth of only 1.9% in 2012-13, down from 2.7% in 2011-12. Export growth in 2012-13 was 5.1%, compared to 15.3% in the previous year.

There are good signs, as we move into fiscal 2013 – 2014. There have been some positive policy developments in recent months. These include a decline in interest rates and a move towards market-based pricing for diesel and petrol. If this pricing flexibility persists, it could make a considerable dent in the subsidy bill. The expectation of a normal monsoon is a positive, going forward.

In FY 2013-14, GDP growth is projected to rise modestly to around 6.0% with much of the improvement likely only in the second half of the year. Industrial activity will continue to be adversely affected by regulatory bottlenecks. The recent decline in commodity prices, particularly of crude oil, and continuing buoyancy of FII inflows will pave the way for greater exchange rate stability, and a moderation of inflation. The RBI projects a 5.5% increase in the wholesale price index in FY 2013-14, down from 7.3% in the previous year.

The Telecom Sector

The Financial Year 2012-13 was a tumultuous one for the telecom sector, with a number of regulatory decisions,

which impacted the industry, forcing it to incur high costs. The February 2012 license cancellation by the Supreme Court was followed up with the November 2012 1800 MHz spectrum auctions with a very high regulator recommended reserve price. Furthermore, a cost and manpower intensive 'new subscriber acquisition process' was introduced. Various other regulations that impacted VAS and voice business were issued.

I am pleased to share with you that your Company has weathered these and other industry driven challenges to once again report a splendid performance. Your Company continues on its enviable track record of being India's 'fastest growing large mobile operator'. Your Company consolidated its 3rd position in terms of Revenue Market Share (RMS) as it improved RMS from 15.0% in Q4 FY 11-12 to 15.7% in Q4 FY 12-13.

Your Company beat the industry growth by 1.5 times to achieve a Revenue growth of 14.9% over FY 11-12 clocking ₹ 224,577 Mn in Gross Revenue and an EBITDA of ₹ 60,046 Mn, a rise of 17.9% over the previous year. On the back of strong top line performance and tight execution, PAT soared by 39.8% over FY 11-12 to ₹ 10,109 Mn and Cash Profits increased by 24% over FY 11-12 to ₹ 49,794 Mn.

Subscriber growth remained a focus area resulting in a gain of 1.2% VLR market share reaching 16.6% and ending with 121.6 Mn subscribers. This makes your Company the 7th largest single country telecom operator globally by subscriber count. Your Company led the industry in VLR subscriber additions in FY 12-13 by garnering 37.2% of total industry subscriber additions. Significantly, while gaining volumes, it retained the distinction of the best subscriber quality at 98.9% of subscribers on VLR, way above industry average of 83%.

Even as your Company added over 6,900 GSM sites to augment growth of voice services, taking its overall GSM sites to over 90,000, it has propelled the data traffic growth by ongoing investments in its mobile broadband backbone. It rolled out more than 4,300 3G overlay sites, with the total count crossing over 17,100 sites taking

"Your Company consolidated its 3rd position in terms of Revenue Market Share (RMS) as it improved RMS from 15.0% in Q4 FY 11-12 to 15.7% in Q4 FY 12-13. Given Idea's excellent performance, I am delighted to report that after 16 years of the start of your Company's operations, your Board has recommended its maiden dividend of 3 per cent."

“On the back of strong execution and a clear focused strategy keeping quality of service and consumers at its center, your Company’s management is confident that it will not only overcome any impending regulatory and market challenges but also come out a healthier and stronger operator, set to become a challenger to the incumbent leaders.”

the OFC network to 74,000 km of cable. Your Company’s data users generate more than 3.75 Bn MB of data traffic per month on its global quality High Speed Data network.

Given Idea’s excellent performance, I am delighted to report that after 16 years of the start of your Company’s operations, your Board has recommended its maiden dividend of 3 per cent. I appreciate the unequivocal commitment of your Company’s over 270,000 institutional and retail investors to its growth and their faith in the Company.

Outlook

The sector offers growth opportunities, both in voice and data. While there is still much to be derived from voice business, data is emerging as the next driver of growth. On the back of strong execution and a clear focused strategy keeping quality of service and consumers at its center, your Company’s management is confident that it will not only overcome any impending regulatory and market challenges but also come out a healthier and stronger operator, set to become a challenger to the incumbent leaders.

To our Teams

I thank all of our teams. For most of our employees, I can say with certitude that their commitment towards their responsibility to give results has been incredibly overwhelming. They have enriched your Company and determined its course over the years. I am confident that as we move into an even higher growth trajectory, our people will continue to rise to the increasing demands of their work.

The Aditya Birla Group in perspective

Over the last two years, significant changes have impacted the global and domestic business scenario. Given our resilience, our Group has managed to weather the storm. Our consolidated revenue at US 42 billion dollars is marginally above that of the last year.

I believe, that if we have been able to sustain our revenues, it is because of the quality of our 136,000

strong workforce spread over 36 countries and 42 nationalities. The hallmark of our overall leadership development efforts has been our belief in taking “bets on our people”. And it has indeed paid off.

Our entrepreneurial DNA also encourages risk taking which includes taking risks with people, of course with safety nets. We believe that people are endowed with immense capability - our task is to spot them, early in their careers and provide them with suitable opportunities to try their hand at and test their skills. Our investment in people processes has enabled us have a robust bench strength of talent. Our entire focus is on ensuring that we always remain a meritocracy. This pool of talent is developed through a series of planned exposures, assignments and training opportunities so that they are prepared to take on leadership roles as and when these emerge.

Let me elucidate these aspects with an overview of our talent management and leadership development processes.

Two new programmes namely “Step UP” and “Turning Point” have been launched. These aim primarily to prepare Departmental Heads and Functional Heads for the next stage of their career development as Functional heads and Cost Centre heads respectively. The first pilot batches have already undergone the initial rounds of training. These programmes will be further institutionalized.

Last year, I had alluded to the launch of our *P&L Leaders Development Program*, called - “*The Cutting Edge*”. The objective of this program is to prepare our high-performing functional heads to take on P&L roles. The program has taken off to a solid start. The first batch of participants has been already absorbed in the global immersion program across 4 different countries. The second batch of “*The Cutting Edge*” will soon start their programme.

To augment talent on the technical side, we have also been hiring, for the first time, a select set of manufacturing professionals directly at the Group level - The first group has already moved into our businesses.

“Our entrepreneurial DNA also encourages risk taking which includes taking risks with people, of course with safety nets. We believe that people are endowed with immense capability - our task is to spot them, early in their careers and provide them with suitable opportunities to try their hand at and test their skills.”

“It was very heartening for me to see that 92% of employees have an overwhelming sense of pride in our Group. More than 80% are engaged employees and again over 90% say that they understand the connect between their work and goals of business. Today, we are reckoned as an Employer of Choice that offers a World of Opportunities for talent. I take great pride in sharing with you that our Group (Aditya Birla Group) has topped Nielsen’s Corporate Image Monitor 2012-13.”

Our in-house learning university ‘Gyanodaya’ is a globally benchmarked institution. It leverages resources from around the world to meet the development needs of our leadership. Last year it had 28,000 touch points and partnered with several external institutions and corporations for collaborative learning. More than a 1,000 executives take courses at Gyanodaya each year.

Alongside, we have institutionalized global career paths - driven both by the individual and the organization’s needs. To a great extent this allows an individual to ‘take charge of his own career’. We leverage vacancies across the Group and stimulate talent mobility by identifying and moving leaders across geographies and functions and into new roles as part of their career development. Development for us today means providing people opportunities to learn from their work rather than taking them away from their work to learn.

Let me give you some statistics relating to fast tracking of talent. Since April 2011, from our management cadre comprising of 37,600 colleagues 15%, i.e. 5,824 have been promoted, 18% i.e. 6,481 have moved roles and 12% i.e. 4,543 have moved location.

Additionally, we seek feedback in an institutionalized way and conduct conversations with our people across the Group to gauge their engagement with our Group. We call it ‘Vibes’. The Vibes survey is carried out by a global reputed external HR research agency. This year 94% of our 35,000 Executives participated in the Vibes survey - which is an indication of their engagement with the Group. It was very heartening for me to see that 92% of employees have an overwhelming sense of pride in our Group. More than 80% are engaged employees and again over 90% say that they understand the connect between their work and goals of business.

Today, we are reckoned as an Employer of Choice that offers a World of Opportunities for talent.

I take great pride in sharing with you that our Group (Aditya Birla Group) has topped Nielsen’s Corporate Image Monitor 2012-13. An extract from their media release would interest you -

“Aditya Birla Group has emerged as the Number 1 corporate, the ‘Best in Class’ across all the six pillars of

Corporate Image, according to the annual Corporate Image Monitor 2012-13, conducted by Nielsen, a leading global provider of insights and information into what consumers watch and buy. The six pillars of Corporate Image comprise of Product & Service quality, Vision and Leadership, Workplace Management, Financial Performance, Operating style and Social responsibility.

Nielsen's Corporate Image Monitor measures the reputation of the 40 leading companies in India across sectors and serves as an important indicator of the strength of the corporate brand".

The survey was conducted among policy makers, the financial media, financial analysts, investors, professionals from the corporate sector and the general public across 7 metros. The 40 corporates covered in this survey were selected using The Economic Times-500 and the Business Today-500 list of listed companies. Nielsen is a global market research company, headquartered in New York and operating in 60 countries.

In sum

Let me conclude that we have strong Balance Sheets, robust cash-flows and gearing levels well within reasonable limits. The global presence of our Group and the experience of operating in 36 countries invests us with the strength to acquire assets or grow organically anywhere in the world in different business environments.

And finally, our indomitable strength of running low cost, highly-efficient and vastly productive operations, through our embedded culture of continuous improvement and innovation, will see us through good times as well as tough times.

Yours sincerely,



Kumar Mangalam Birla

"Our indomitable strength of running low cost, highly-efficient and vastly productive operations, through our embedded culture of continuous improvement and innovation, will see us through good times as well as tough times."

Idea Rings All India

!idea

What a network!

HONEYBUNNY



ADITYA BIRLA GROUP

An idea can change your life

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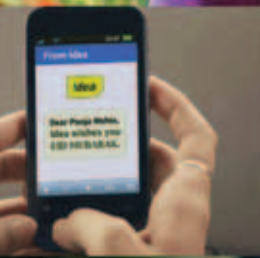
Celebrating every festival is a good Idea.



Idea



Diwali offer
50% OFF



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Corporate Information

Board of Directors

Mr. Kumar Mangalam Birla
Mrs. Rajashree Birla
Dr. Rakesh Jain
Mr. Biswajit A. Subramanian
Dr. Shridhir Sariputta Hansa Wijayasuriya
Mr. Sanjeev Aga
Mr. Arun Thiagarajan
Mr. Gian Prakash Gupta
Mr. Mohan Gyani
Ms. Tarjani Vakil
Mr. R.C. Bhargava
Mr. P. Murari
Ms. Madhabi Puri Buch
Mr. Himanshu Kapania
Mr. James Maclaurin

Chairman
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director
Independent Director
Independent Director
Independent Director
Independent Director
Independent Director
Independent Director
Independent Director
Managing Director
Alternate Director to Dr. Shridhir Sariputta Hansa Wijayasuriya

Chief Financial Officer

Mr. Akshaya Moondra

Company Secretary

Mr. Pankaj Kapdeo

Auditors

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

Registered Office

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

Corporate Office

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

Registrar and Share Transfer Agents

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

Website

<http://www.ideacellular.com>

!idea

What you want is what you get.

Get the freedom to choose
with **Choice Recharge**
and **Choice Number**.

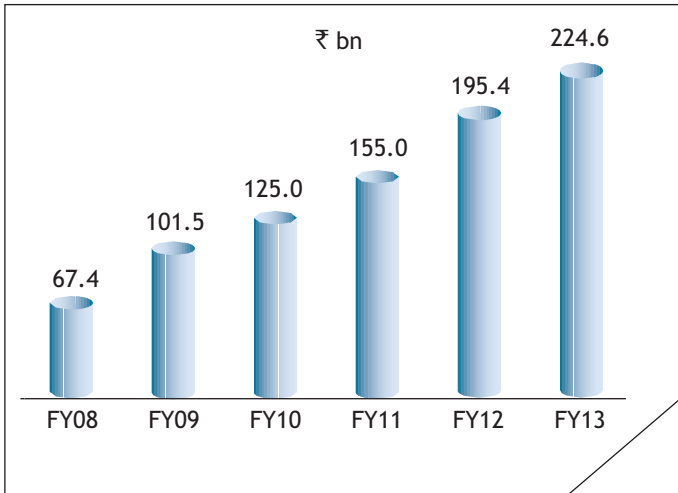


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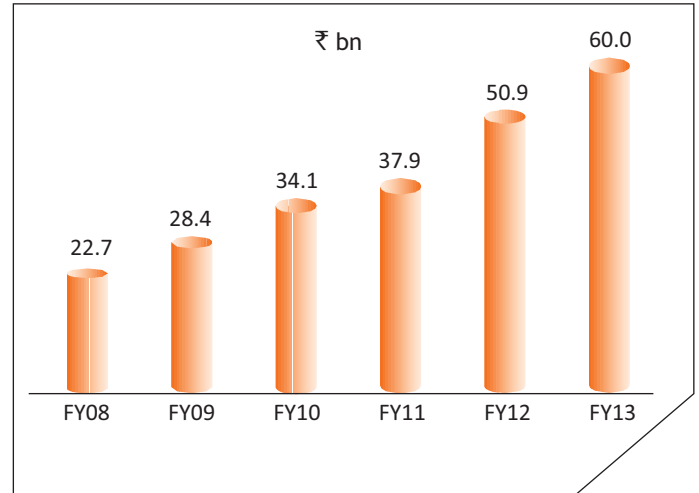


Performance Highlights

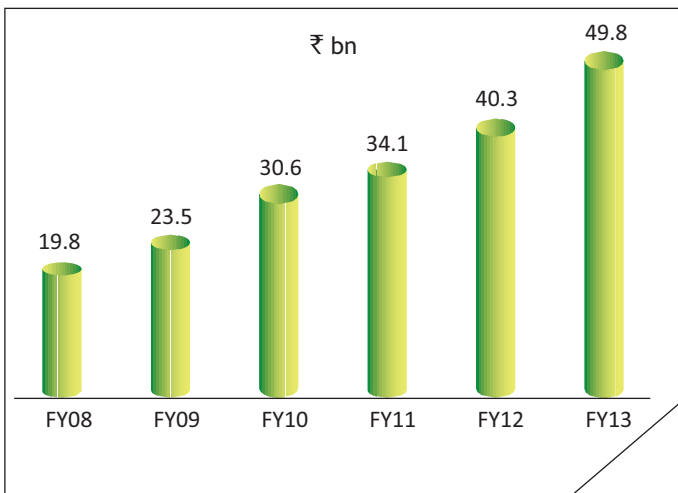
Robust Growth in Top Line



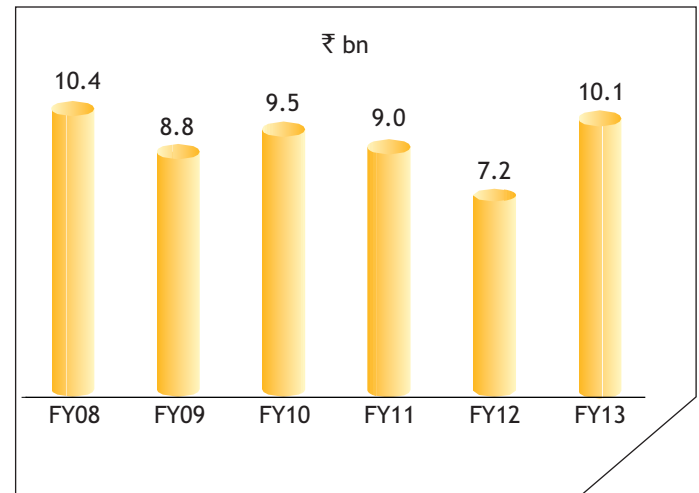
Robust Growth in EBITDA



Robust Growth in Cash Profits



Net Profits



Magic Recharge

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Get surprise talktime
of up to ₹100 on
recharge of ₹60.

Minimum talktime of ₹51.



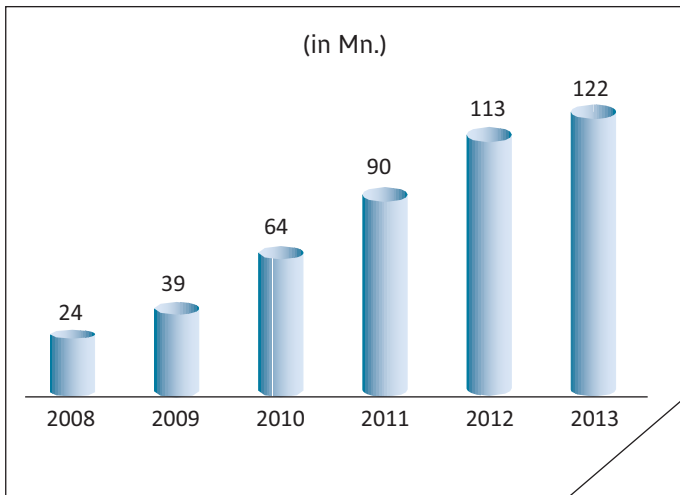
Conditions apply.

An idea can change your life

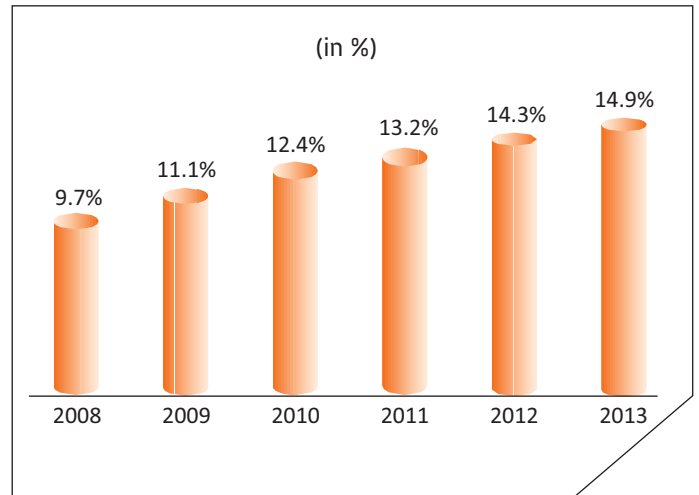


Key Performance Indicators

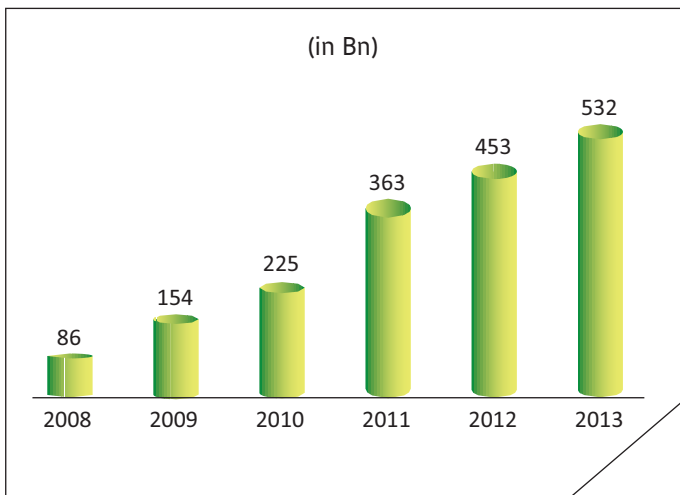
EoP Subscribers



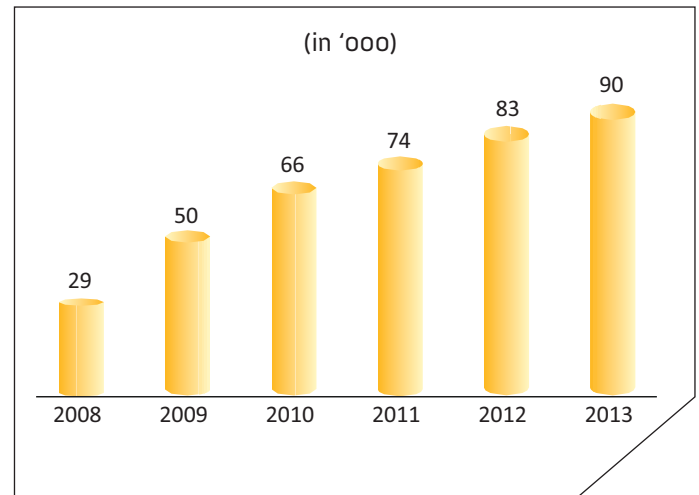
Revenue Market Share*



Minutes of Usage



Cellsites Count



*Based on gross revenue for Mobile and UAS Licenses, released by the TRAI

!idea

Ek doosre ko samajhne ke liye telephone exchange

What an idea!



ADITYA BIRLA GROUP

An idea can change your life

Management Discussion And Analysis Report

Indian Wireless Sector

The Indian wireless sector continued to expand its reach with the addition of more than 40 million VLR (active) subscribers during the year. However, revenue growth for the sector during the Financial Year 2012-13 remained subdued, and was lower than that of Financial Year 2011-12. The uncertain, complex and litigation prone regulatory environment, arising out of cancellation of licenses by Supreme Court in February 2012 and subsequent adoption of astronomical reserve prices for spectrum auctions by Government, continued diverting energies from operations to regulation.

The spectrum auction in November 2012 witnessed a luke-warm response from operators, with reacquisition of only ~1/7th of cancelled licenses. In terms of quantum of spectrum, out of the total 236 blocks of 1.25 MHz put to auction in 1800 MHz band, only 102 blocks were taken up, while no bids were placed for the service areas of Mumbai, Delhi, Karnataka and Rajasthan. There were no participants in the auction for spectrum in 800 MHz band. The second round of spectrum auction in March, 2013, which was limited to 3 'Metro' service areas for 900 MHz and limited to 4 service areas for 1800 MHz (where no bids were received in November 2012 auction) with 30% reduction in reserve price of November 2012 auction, witnessed no participation at all. For auction in 800 MHz band with 50% reduction in reserve price, which was conducted for all 22 service areas, there was only one bidder, bidding/winning spectrum in only 8 service areas out of the 21 service areas for which its licenses were cancelled.

These events led to contraction of capacities in some of the service areas. This coupled with stretched financial performance of the marginal operators, reduced the tariff led competition. As a result, the realisation remained almost stable.

The industry subscriber base reached 867.8 Mn, a penetration of 70.85%. However with the VLR (active) subscriber ratio of 83.3%, the real penetration stands at around 59%, reflecting the significant growth potential for voice business in the coming years. The 3G network coverage was further expanded during the year by most of the strong operators, resulting in improved data revenues. With the latent demand for broadband coupled with growing availability and usage of smart phones, 3G services hold the key for the data growth in the sector.

Discussion on Idea's Operational Performance and Consolidated Financial statements

Mobile Business

Your Company is a pan India wireless operator providing GSM based mobile services in all 22 service areas of the Country. In addition, the Company won 3G spectrum in 11 services areas and currently provides 3G services in 20 service areas, including roaming arrangements with other operators for 10 service areas. Your Company holds a leadership position in revenue market share in 4 service areas (representing 21.3% of Industry wireless revenue) and among the top 3 operators in 11 service areas (representing 60.2% of Industry wireless revenue). These 11 service areas contribute over 83.1% of mobile revenues. Your

Company is focused on expansion in these service areas to further consolidate its leadership position. Seven operating licenses (representing 20.5% of Industry wireless revenue and 4.7% of Company revenues) of the Company were cancelled by Supreme Court in February 2012, which were re-acquired in November 2012 auctions. These 7 service areas, where the commercial operations were started in FY 09-10, are gestating in terms of profitability. With reduction in competitive intensity, your Company intends to increase its coverage and market share in these service areas to achieve break even.

Long Distance and Other Services

Your Company holds licenses for NLD, ILD and ISP services. Its fibre cable transmission network (owned as well as under IRU arrangement with other telecom operators) expanded to 74,000 kms, compared to 65,000 kms a year ago. Your Company has also increased the OFC PoPs to over 2,308 PoPs in 128 cities and linked highways. The fibre network optimally serves its 2G/3G/NLD/ILD/ISP/Wireless Broadband needs.

Idea NLD currently carries around 95% of Idea's captive NLD minutes. Idea ILD now handles over 99% of captive ILD outgoing minutes, besides bringing large volume of incoming minutes from top international carriers across the globe. The ISP services, which were launched in FY 11-12, to cater for the captive requirement of mobile business, currently handles more than 86% of captive requirements. It is also ready to offer alternative choice to small ISPs and enterprise customers for their wholesale internet backhaul needs.

Telecom Infrastructure

Your Company continued to expand its 2G and 3G network. It has a network of 90,094 2G sites as on March 31, 2013, adding 6,904 2G cell sites during the year. Your Company has also increased its 3G presence with launch of 4,315 3G cell sites, taking the 3G cell site count to 17,140 by end of the financial year in the 10 service areas where it provides 3G services with own spectrum. Your Company and its subsidiaries own 9,401 towers with a tenancy of over 1.57 and additionally 11,094 towers are under IRU arrangement with Indus Towers Limited (Indus), which will get vested into Indus upon the scheme of amalgamation becoming effective.

3G services

Your Company, in 2010, won spectrum in 2100 MHz band in 11 service areas. Your Company's 3G investment plans are on track with high speed broad band services now available in 20 service areas (including those with roaming arrangements), with around 5.1 Mn subscribers actively using 3G platform and enjoying wireless broadband services.

Revenue Market Share

Improvement in the Revenue Market Share (RMS) remained as one of the key focus areas for your Company. It has increased its all India revenue market share from 15.0% in Q4 FY 11-12 to 15.7% in Q4 FY 12-13, consolidating its national position.

IDEA CELLULAR LIMITED

Quality Subscriber Base

Your Company has always stringently monitored the quality of its subscriber base. The subscriber base of the Company stands at 121.6 Mn as at end March 31, 2013 compared to 112.7 Mn at the end of last year, an increase of 7.9%. The Company retained its leadership position with 98.9 % of reported subscribers as active (VLR) subscribers, as per data released by TRAI as of March, 2013. Your Company has gained 37.2 % of total VLR subscribers added by the Mobile Industry during the year. Its VLR subscriber market share stands at 16.6% as at the March 31, 2013 compared to a reported subscriber market share of 14.0 %, reflecting the true competitive strength of your Company.

Mobile Number Portability

While the number of the subscribers who opted for the Mobile Number Portability (MNP), a facility which allows customers to change their operator while retaining their mobile number (in the same service area), continues to grow, they are not very large in numbers. However, the trends emerging from MNP are clearly distinguishing the strong operators in terms of customers' preference for better quality of services and brand value, thereby reflecting the market power of the operators. With the net gain of 6.7 Mn subscribers since the launch of MNP and the lowest port-out ratio of 59 subscribers against every 100 port-in subscribers, Idea leads the industry.

Idea's success on the MNP front clearly shows the strength of its 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

The fixed line wired broadband penetration remains at around 1% in India, allowing your Company to capitalize on the significant growth opportunity offered by the data segment. The expansion of 3G network in last few years since the launch of 3G services in FY 10-11, has resulted in improved share of Non Voice Revenue in the total revenue. The growth in Non Voice revenue is primarily driven by growth witnessed in data revenue, while other Non Voice revenue remained almost flat. Your Company continues to launch innovative product offerings, with high quality content, to improve its share of Non Voice revenue.

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', 'Population' (India busy on Idea 3G), and 'Old Idea - New Idea' which have not only won many awards but also millions of hearts.

Idea's advertising over the years has found its way into the popular culture with its catch phrases like "What an idea, Sirjee", "no Idea - get Idea" etc. becoming part of common man's lingo. This year saw the nation sway to the tune of "honey-bunny" song. The highly viralled campaign got stupendous response from online and offline audience alike. The campaign that had its tagline as "Idea rings all India", and established Idea's all India presence, could not have come at a more opportune time, just when Idea had won back licenses in seven circles. This was followed by another thought provoking advertising campaign - "Telephone Exchange". It addressed not so much a societal issue but an endearingly "closer to my life" story with the potential of impacting a very large part of the society. Synthesizing two simple insights (a) empathy in personal relationships is the first casualty of today's fast paced and stressful life, and (b) our mobile phone is a true reflection of who we are and what's going on in our lives, the campaign aptly brought alive the core insight - "ek doosre ko samajhne ke liye telephone exchange, what an ideal".

These two large campaigns were peppered with a series of short bursts of festive campaigns. It blended the spirit of celebration with India's pluralistic society into a simple yet powerful thought - "it is a good idea to celebrate festivals of all religions, no matter what faith one may follow". The campaign thought was brought alive through a number of films on Diwali, Eid, Christmas, Holi and even Valentine's Day. The campaign continues with more festivals to come.

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.

New Initiatives

Launch of Wi-Fi services

Your Company soft launched its Wi-Fi services in Pune and Ahmedabad. It launched both, prepaid and postpaid plans, and provides upto 2MBPS of broadband speed.

STANDALONE FINANCIAL RESULTS

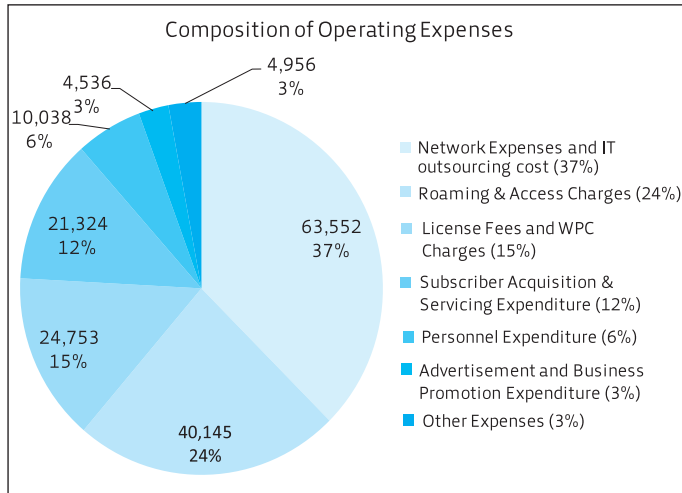
Revenues

Revenues and Other Income for the year ended March 31, 2013, stood at ₹ 220,869 Mn, as compared to ₹ 193,223 Mn during the previous year, registering a growth of 14.3%, against the industry average growth of 9.2% in the current year. Non-voice revenues from subscribers grew at 25.6 % over the previous year. Revenues from International Long Distance services, forming part of total revenues after inter segment eliminations, were ₹ 2,317 Mn.

Operating Expenses

Operating Expenses stood at ₹ 169,304 Mn (76.7% of total revenues) vis-à-vis ₹ 150,095 Mn for the previous year (77.7% of

total revenues). Of the total Operating Expense of 76.7% of revenues, Personnel Expenditure accounted for 4.5%, Network Operating Expenses 28.8%, License and WPC charges 11.2%, Roaming and Access Charges 18.2%, Subscriber Acquisition and Servicing Expenses 9.7%, Advertisement & Business Promotion Expenditure 2.1% and Other Expenditure 2.2%. The composition of total operating expenses (amount and %age to total operating expenses) is as follows:



Profit before Interest, Depreciation and Amortisation

The high revenue growth of your Company coupled with better cost management resulted in the Profit before Interest, Depreciation and Amortisation to increase from ₹ 43,128 Mn for the previous year to ₹ 51,565 Mn for the year ended March 31, 2013. The EBITDA margin for the current financial year stood at 23.3% compared to 22.3% for the previous year.

Depreciation, Amortisation and Finance Charges

Depreciation and Amortisation expenses rose by 19.2% to ₹ 30,544 Mn for the year ended March 31, 2013 as against ₹ 25,628 Mn for the previous year. Net Finance Charges for the year reduced from ₹ 9,078 Mn to ₹ 8,135 Mn largely due to higher treasury income and lower foreign exchange loss during the current year.

Profits and Taxes

Profit before Tax stood at ₹ 12,886 Mn, against ₹ 8,423 Mn for the previous year, up by 53.0% over the previous year. Cash Profit increased by 27.4% over the previous year and stood at ₹ 43,430 Mn.

The tax charge consisting of deferred tax stood at ₹ 4,704 Mn. Net Profit for the year ended March 31, 2013 was higher by 41.9% at ₹ 8,183 Mn.

Capital Expenditure

Your Company successfully bid for 1800 MHz spectrum band in the auction held in November 2012 and incurred ₹ 20,313 Mn (₹ 19,849 Mn to win back spectrum in the seven service areas where its operational licenses were cancelled and ₹ 464 Mn for one additional block of spectrum for Bihar service area) and also incurred ₹ 60 Mn for acquiring fresh licenses for these seven service areas.

Additionally your Company incurred a capital expenditure (including capital advances) of ₹ 37,542 Mn.

Balance Sheet

During the year, the paid-up equity share capital of your Company increased by ₹ 55 Mn, due to issuance of 5,476,656 equity shares to the employees, pursuant to exercise of stock options granted under Employee Stock Option Scheme, 2006 (ESOS-2006). The reserves of your Company increased from ₹ 96,257 Mn to ₹ 107,056 Mn due to current year's profits, premium amount on issue of shares under ESOS-2006, credit to securities premium (refer Note 29 to the standalone financials), which was partially offset by the proposed dividend and dividend distribution tax on same. The total shareholders' funds stood at ₹ 140,199 Mn as at March 31, 2013.

Total loans outstanding as at March 31, 2013 were ₹ 129,481 Mn, an increase by ₹ 8,525 Mn, mainly due to deferred payment liability towards the purchase of spectrum under auction. Deferred Tax liability as at March 31, 2013 stood at ₹ 10,231 Mn. Other Liabilities and provisions increased from ₹ 54,012 Mn to ₹ 64,355 Mn.

The Gross Block and Net Block [including Capital Work in Progress (CWIP)] was at ₹ 420,415 Mn and ₹ 267,820 Mn respectively as at March 31, 2013. As on March 31, 2013, investment in subsidiaries and liquid mutual funds was ₹ 16,377 Mn and ₹ 9,296 Mn respectively. Other Assets increased by ₹ 1,067 Mn and stood at ₹ 50,774 Mn.

Cash Flow Statement

Your Company generated ₹ 57,083 Mn from operating activities which was primarily used for purchase of fixed assets (₹ 32,100 Mn), net repayment of borrowings (₹ 8,909 Mn) and payment of interest and financing charges (₹ 8,055 Mn).

Cash and cash equivalents as on March 31, 2013 stood at ₹ 10,408 Mn, an increase of ₹ 9,108 Mn.

CONSOLIDATED FINANCIAL RESULTS

Revenues

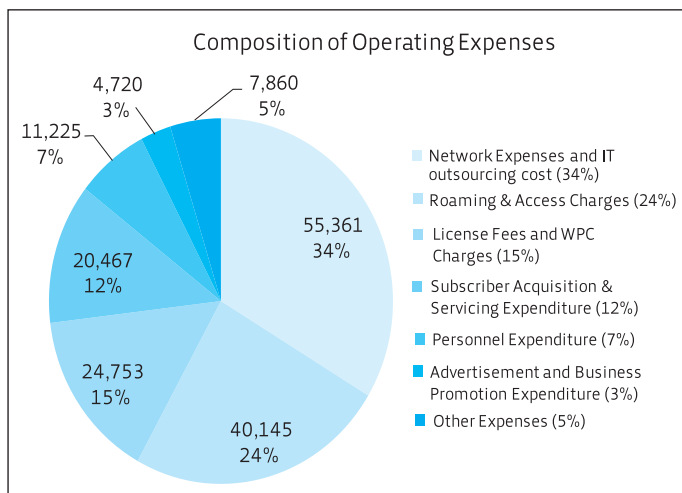
Revenues and Other Income earned for the year ended March 31, 2013, was ₹ 224,577 Mn, as compared to ₹ 195,412 Mn during the previous year, registering a growth of 14.9%, against the industry average growth of 9.2%. Non-voice revenues from subscribers grew at 25.6% over the previous year. Revenues from International Long Distance services, forming part of total revenues after inter segment eliminations, were ₹ 2,317 Mn while revenues from Passive Infrastructure services were ₹ 1,041 Mn.

Operating Expenses

Operating Expenses were at ₹ 164,531 Mn (73.3% of total revenues) vis-à-vis ₹ 144,489 Mn for the previous year (73.9% of total revenues). Of the total Operating Expense of 73.3% of revenues, Personnel Expenditure was 5.0%, Network Operating Expenses 24.7%, License and WPC charges 11.0%, Roaming and Access Charges 17.9%, Subscriber Acquisition and Servicing Expenses 9.1%, Advertisement & Business Promotion Expenditure 2.1% and Cost of Goods sold, Administration & Other

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Expenditure 3.5%. The composition of total operating expenses (amount and %age to total operating expenses) is as follows:



Profit before Interest, Depreciation and Amortisation

The high revenue growth of your Company coupled with better cost management resulted in the Profit before Interest, Depreciation and Amortisation to go up from ₹ 50,923 Mn for the previous year to ₹ 60,046 Mn for the year ended March 31, 2013. The EBITDA margin for the current financial year stood at 26.7% compared to 26.1% for the previous year.

Depreciation, Amortisation and Finance Charges

Depreciation and Amortisation expenses were higher by 16.7% to ₹ 34,778 Mn for the year ended March 31, 2013 as against ₹ 29,813 Mn for the previous year. Net Finance Charges for the year reduced from ₹ 10,557 Mn to ₹ 9,495 Mn largely due higher treasury income and lower foreign exchange loss during the current year.

Profits and Taxes

For the year ended March 31, 2013, Profit before Tax stood at ₹ 15,773 Mn, against ₹ 10,553 Mn for the previous year an increase of 49.5% over the previous year. Cash Profit increased by 23.7% over previous year and stood at ₹ 49,794 Mn.

The tax charge, mainly consisting of deferred tax stood at ₹ 5,664 Mn Net Profit for the year ended March 31, 2013 was higher by 39.8% at ₹ 10,109 Mn.

Capital Expenditure

Your Company successfully bid for 1800 MHz spectrum band in the auction held in November 2012 and incurred ₹ 20,313 Mn (₹ 19,849 Mn to win back spectrum in the seven service areas where its operational licenses were cancelled and ₹ 464 Mn for one additional block of spectrum for Bihar service area) and also incurred ₹ 60 Mn for acquiring fresh licenses for these seven service areas.

Furthermore your Company incurred a capital expenditure (including capital advances) of ₹ 41,441 Mn.

Balance Sheet

During the year, the paid-up equity share capital of your Company increased by ₹ 55 Mn, due to issuance of 5,476,656 equity shares to the employees pursuant to exercise of stock options granted under Employee Stock Option Scheme, 2006. Its reserves increased from ₹ 97,394 Mn to ₹ 109,890 Mn due to current year's profits, premium amount on issue of shares under ESOS, 2006, credit to securities premium (refer Note 29 to the consolidated financials), and partially offset by dividend and dividend distribution tax. The total shareholders' funds stood at ₹ 143,034 Mn as at March 31, 2013.

Total loans outstanding as at March 31, 2013 were ₹ 140,438 Mn, an increase by ₹ 7,066 Mn, mainly due to deferred payment liability towards the purchase of spectrum under auction. Deferred Tax liability as at March 31, 2013 stood at ₹ 11,180 Mn. Other Liabilities and provisions (including Compulsorily Convertible Preference Shares issued by a subsidiary company) increased from ₹ 56,224 Mn to ₹ 69,129 Mn.

The Gross Block and Net Block [including Capital Work in Progress (CWIP)] stood at ₹ 474,860 Mn and ₹ 300,350 Mn respectively as at March 31, 2013. Investment in liquid mutual funds increased by ₹ 9,304 Mn to ₹ 10,280 Mn as at March 31, 2013. Other Assets increased by ₹ 4,450 Mn and stood at ₹ 53,151 Mn.

Cash Flow Statement

Your Company generated ₹ 62,971 Mn from operating activities which was primarily used for purchase of fixed assets (₹ 35,200 Mn), net repayment of borrowings (₹ 10,368 Mn) and payment of interest and financing charges (₹ 9,283 Mn).

Cash and cash equivalents as on March 31, 2013 were at ₹ 11,658 Mn, an increase of ₹ 9,209 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 keeps 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 unflinching commitment to investing in talent development ensures performance and achievement of the highest order. The employee strength on rolls stood at 9,746 as on March 31, 2013.

Responsible Growth and Sustainability

Driven by its socially conscious parent Group, your Company stays committed to the cause of giving back to the environment

and society. Your Company sees its association with social causes as a part of its core purpose and the same is projected through both business activities and employee contributions.

Social Responsibility

Your Company's advertising has earlier tried to explore mobility based solutions to the challenges faced by society through campaigns based on 'World without Caste', 'Going beyond the Language Barrier', 'Education for All' and 'Use Mobile, Save Paper'. Idea's network covers over 308,000 villages and towns to bring into its ambit a large share of rural mobility subscribers. Your Company has consciously expanded its network coverage and invested in the strife ridden Naxalite belts of Chhattisgarh, Jharkhand, Maharashtra and Andhra Pradesh as well as into tribal and economically depressed regions of other states to promote inclusiveness and to make available to those citizens of our country the advantages of mobile communication. To promote localization of manufacture, which in turn would generate employment, we encouraged a SIM Card supplier to move his factory setup from outside the country to set it up in Bangalore. Your Company has also worked with global companies and has encouraged them to develop local vendors for imported equipments like antennas.

Your employees are making an ongoing contribution of around ₹ 4 lacs per month through its payroll to Give India foundation which works with over 200 NGOs working for various charitable causes.

Through the year several blood donation camps were organized by its offices across cities in India as well as specific visits to houses and schools for underprivileged were organized on the occasion of Women's Day, etc. During the Joy of Giving week, employees donated a total of around ₹ 7.8 lacs in cash and 350 cartons of clothes and other items for the lesser privileged.

Your Company is clear that its growth paradigm will be built on Porter's 'Shared Value' model.

Environmental Sustainability

Your Company continues to drive the efforts towards environmental sustainability by reducing carbon footprint and energy consumption.

It has started voluntarily measuring its carbon footprint and is taking initiatives which will reduce its energy consumption. Your Company operates its base stations with one of the highest tenancy ratios in the industry and has the highest proportion of outdoor BTS amongst operators. It has progressively introduced low power consuming hardware in its network. It has already started commercially deploying alternate energy solutions to run its base stations - those already deployed include solar power and hydrogen fuel cell run sites. Your Company is currently working on a project which will use solar power to reduce its MSC energy consumption as well.

EMF radiation emanating from mobile cell-sites has made much news in the recent times, unfortunately for the wrong reasons. In this regard, one will note that the norms laid down for permissible radiation by the Department of Telecommunication (DoT) of the Government of India are 10 times more stringent than the widely accepted global norms for EMF radiation. All cell-sites of your Company operate within these DoT laid stringent

radiation norms and new sites go on-air only on meeting the prevailing radiation norms.

Your Company has in the past reduced the size of its SIM-card pack twice to come to the current 'pico SIMs' and thereby reducing plastic usage by more than 70%. There is a formal documented policy in place for Electronic Waste Disposal. This policy not only takes care of but also tries to exceed all government norms for disposal of electronic waste like PCBs, batteries, telecom equipment.

All these contribute towards reduction in emissions and are an effort towards 'Going Green'.

Risk Management

Your Company has developed the Risk Management framework which ensures compliance with the requirements of clause 49 of the Listing Agreement. The management regularly follows the process of risk identification, risk evaluation, risk prioritisation and development of risk mitigation plans. The framework requires that the Audit Committee be periodically informed about risk minimization procedures adopted by your Company. These processes are periodically reviewed. The various risks, including the risks associated with the economy, regulation, competition, foreign exchange, interest rate etc., are documented, monitored and managed efficiently.

Internal Control Systems

Your Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The internal controls cover operations, financial reporting, compliance with applicable laws and regulations, safeguarding assets from unauthorised use and ensure compliance of corporate policies. All internal controls are reviewed periodically by the internal auditors, and are subject to management reviews with significant audit observations and follow up actions reported to Audit Committee. The Audit Committee actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them in accordance with the changes in the business dynamics, if required.

Regulatory

Major regulatory developments for the period are:

National Telecom Policy- 2012

The Department of Telecommunications finally unveiled the new National Telecom Policy. The thrust of NTP 2012 is to underscore the imperative that sustained adoption of technology would offer viable options in overcoming developmental challenges in education, health, employment generation, financial inclusion and much more.

NTP Mission

- Develop a robust, secure, state-of-the-art telecom network with special focus on rural / remote.
- Create an inclusive knowledge based society through proliferation of affordable / high quality broad band.
- Make India a global hub for telecom equipment manufacture and a centre for converged services.

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- Promote R&D, design in cutting edge ICTE technologies / products/services for meeting domestic/global needs.
- Promote development of new standards, generation of IPRs and participation in International standardization bodies
- To attract investment, both domestic and foreign.

Key Targets

- Rural Tele-density : Move from current 39% to 70% by 2017, 100% by 2020
- No. of broadband connections : 175 million by 2017 & 600 million by 2020 @ 2Mbps
- Spectrum for IMT services : Make available 300 MHz by 2017 another 200 MHz by 2020.
- Broadband download speeds : revise from current 256 Kbps to 512, 2Mbps by 2015
- Broadband access : Village Panchayats by 2014, to all habitations by 2020

Change in Annual License Fee

On June 25, 2012 the DoT announced that a uniform license fee rate of 8% of Adjusted Gross Revenues (AGR) shall be adopted across all categories of service areas in two steps starting from July 1, 2012, as follows:

Category of UASL/ CMTS /BASIC Service License	Existing License Fee	Annual Licenses Fees rate as % of AGR	
		For period from 01.07.2012 to 31.03.2013	For year 2013-14 and onwards
Metro/Category 'A'	10%	9%	8%
Category 'B'	8%	8%	8%
Category 'C'	6%	7%	8%

Further w.e.f. 01.07.2012, the annual license fee and spectrum charges are payable by the operators on 'actual AGR' basis subject to a minimum presumptive AGR. The minimum presumptive AGR will be announced by licensor every year basis of TRAI review & recommendations.

Guidelines for Auction of spectrum in 1800 MHz and 800 MHz

On July 3, 2012 the DoT issued guidelines on Auction of spectrum in 1800 MHz and 800 MHz band. The key highlights were:

- Eligibility Criteria: Holder of CMTS/UAS Licenses or who fulfills the eligibility for award of Unified License (UL) and the companies/licensees whose licenses are slated to be quashed as per the direction of Supreme Court will be treated as new entrants.
- Auction of 1800 MHz band: A minimum of 8 blocks each of 1.25 MHz (10 MHz) across all circles will be put to auction. In addition, a provision may also be made for spectrum upto 3 blocks each of 1.25 MHz (3.75 MHz), wherever available for topping upto the 8 blocks of spectrum put for auction i.e. upto a total of 11 blocks each of 1.25 MHz to meet the requirement of new entrants, if such an exigency arises. For existing operators a maximum of 2 blocks of 1.25 MHz to be allowed. New entrants can bid for min 4 blocks and one additional block of 1.25 MHz each.

- Auction of 800 MHz band: 3 blocks each of 1.25 MHz (3.75 MHz) will be put to auction. In addition, a provision may also be made for spectrum of 1 block of 1.25 MHz, wherever available, for topping up the 3 blocks of spectrum to meet the requirement of new entrants, if such an exigency arises. For existing operators a maximum of 1 block of 1.25 MHz to be allowed. New entrants can bid for minimum 2 blocks and one additional block of 1.25 MHz.

- Liberalization of Spectrum: The spectrums to be assigned shall be liberalized. Service providers may be allowed to convert their existing 1800 MHz spectrum to liberalized spectrum for a period of 20 years on payment of auction determined price.

- Validity period of spectrum to be auctioned shall be for 20 years.

Union Cabinet decision on reserve price for spectrum auctions

The Government of India vide its press release dated August 03, 2012, announced following decision, approved by the Union Cabinet:

- Reserve price of ₹ 14,000 Cr for 5 MHz pan India spectrum in 1800 MHz band.
- Reserve price for 800 MHz band to be at 1.3 times that of 1800 MHz band.
- Existing slab rate system for Spectrum Usage Charge (SUC), as recommended by EGoM.

November 2012 Auction of Spectrum in 1800 MHz and 800 MHz

On November 12, 2012, the Government of India conducted the auction of spectrum in 1800 MHz band. The auction concluded in 2 working days and at the end of the auction five operators including your Company won the spectrum in 1800 MHz band for certain service areas. No bids were received for the service areas of Mumbai, Delhi, Karnataka and Rajasthan. As there were no participants for auction in 800 MHz band, the auction was postponed.

March 2013 Auction of Spectrum in 900/1800 MHz and 800 MHz

On January 30, 2013 the DoT issued NIA for auction of Spectrum in 900 / 1800 MHz and 800 MHz band, to be conducted in March, 2013. The auction for 900 MHz band (spectrum held by existing players) was limited to the service areas of Mumbai, Delhi and Kolkata while auction for 1800 MHz band was limited to four service areas where no bids were received in November 2012 auction and 800 MHz band auction was for pan India. No operator applied for participation in 900/1800 MHz spectrum auction, forcing government to cancel auction for these bands. For 800 MHz spectrum auction, a single CDMA player participated and won spectrum in 8 service areas out of the 21 service areas for which its licenses were cancelled.

DoT instructions on verification of subscribers

The DoT came out with fresh instructions for verification of subscribers. The new guidelines were made effective from November 2012. The new verification instructions has brought

in wide ranging changes in subscriber activation process, specified changes in activation of bulk subscribers, outstation subscribers and foreign subscribers, provided norms for change in name and address of subscribers and also deals with issues relating to timely disconnection, filing of FIR etc.

DoT's order on One-time spectrum charge

On December 31, 2012, the DoT issued an order for levying one-time spectrum charges based on the following:

- For Spectrum held beyond 6.2 MHz: Charges based on PLR adjusted entry fee paid in 2001, for the period July 1, 2008 to December 31, 2012.
- For Spectrum held beyond 4.4 MHz: Charges based on November 2012 auction determined price (administrative determined reserve price, where not determined), for the period January 1, 2013 till expiry of the license.

TRAI Amendments on Consumers Protection Regulation

These amendments relate to deactivation of cellular mobile telephone connection of pre-paid consumer due to non-usage (Automatic Number Retention Scheme). Briefly, the Regulation states that no mobile connection of a prepaid consumer be deactivated for non-usage, for a minimum period of 90 days or such longer period. However if an amount exceeding ₹ 20/- or a lesser amount, is available in the account of such consumer, then the Service provider may deduct an amount not exceeding ₹ 20/-, as may be specified by the service provider, for the extension of period of non-usage beyond 90 days, in which case the non-usage period of the cellular connection of the consumer shall be extended by a further period of 30 days. Further, the Regulation also mandates that every service provider shall implement a safe custody scheme for postpaid consumers. No service provider shall deactivate the cellular mobile telephone connection of a post-paid consumer for non-usage if such consumer makes a request for safe custody of his telephone connection and makes payment of an amount not exceeding ₹ 150/- for every three months or part thereof, as may be specified by the service provider.

Other key Regulations by TRAI

- a. The International Telecommunication Cable Landing Stations Access Facilitation Charges and Co-Location Charges Regulations, 2012 specified revised charges for Annual Access Facilitation Charges & Annual Operation and Maintenance Charges for capacity provided on IRU Basis and Co-Location Charges. The downward revision of such charge generally augurs well for our carrier business.
- b. The Standards of Quality of Service for Wireless Data Services Regulations, 2012, specified the new parameters to ensure the Quality of data services. The parameters include those related to Provision or activation of Data Services, Successful data transmission download attempts from a test server, minimum download speed from a test server covering all tariff plans, average throughput for packet data from a test server etc.
- c. The Standards of Quality of Service Cellular Mobile Telephone Service (Second Amendment) Regulations, 2012 (24 of 2012) prescribe financial disincentives on the service

providers for failure to meet the prescribed Quality of Service (QoS) benchmarks for Cellular Mobile Telephone Service. Financial disincentive on Cellular Mobile Telephone Service operators for non-compliance with the benchmark for the Network Service Quality Parameters, customer service delivery norms or in event of failure to submit compliance report on time.

Opportunities, Risks, Concerns and Threats

The revenue growth for the Indian telecom sector came down to 9.2% in FY 12-13 (over FY 11-12), compared to 15.5% growth achieved last year FY 11-12 (over FY 10-11). The reduced thrust on promotional customer acquisition spending coupled with new subscriber verification norms, led to fewer subscriber additions to the Industry and better management of subscriber acquisition cost. The reduced thrust on tariff led competition resulting in stabilized and rationalized tariffs going forward along with rapid data growth, provide opportunity for sustained revenue growth in future. The launch of 3G services in FY 10-11 has opened up the market for new opportunity towards data and related applications and resulted in improved addition of data subscribers. As the fixed line broadband market in India is not developed, 3G should become the preferred choice for usage of any broadband based application in future, though lower penetration of Smartphone remains a challenge. While, the Company continues to grow in terms of voice revenues, it is focused towards increasing subscriber base in 3G space and building future ready network for data opportunity. The Company believes that data offers substantial opportunity in coming years.

The regulatory environment governing telecom sector in India is currently uncertain and prone to litigations. Your Company has several ongoing litigations, the adverse determination of which is a risk. Your Company believes in sound Corporate Governance Practices and believes that these litigations would be settled in due course to the best interest of all stakeholders.

The seven initial licenses of your Company followed by two other licenses, all with an initial spectrum allocated in 900 MHz band, are due for extension in December 2015 and April 2016 respectively. Apart from these nine licenses, another lot of six licenses with spectrum in 1800 MHz band are due for extension between FY 2022 to FY 2027. The Company runs a risk of extension at unfavorable terms. 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.

Your 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. Your 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. Your Company is in partnership with global leaders in Network equipment and IT services and enjoys very long standing healthy relations with all its suppliers.

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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 strong and customer focused wireless operators should continue to exploit the growth opportunities offered by the second largest wireless market (by number of subscribers) in the world, in both voice as well as data segment. Though, some of the recent regulatory developments are posing a temporary

bottleneck to growth, your Company believes that in the long run, these would impact all operators similarly. The operators with superior networks, superior quality of services, superior brand image, superior organization and superior management processes, would keep on consolidating their competitive positions in the Indian telecom sector. During the last few years, Idea has shown continuous improvement across all the operating parameters, while consolidating its position as the No. 3 operator in the wireless market. The clear vision of your company and sheer passion for excellent execution has not only improved its position in the service areas where it started operations in the last 3 years, but also increased the RMS in its leadership service areas. Your Company remains confident to sail over this uncertain regulatory phase and consolidate its position the wireless market.

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 eighteenth Annual Report, together with the audited financial statements of the Company for the financial year ended March 31, 2013.

Financial Results

The standalone and consolidated financial results of your Company for the financial year ended March 31, 2013 are summarised below:

Particulars	₹ Mn			
	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
Income from Services	220,434	192,753	224,075	194,887
Other Income	435	470	502	525
Total Revenue	220,869	193,223	224,577	195,412
Operating Expenses	169,304	150,095	164,531	144,489
EBITDA	51,565	43,128	60,046	50,923
Depreciation and Amortisation	30,544	25,628	34,778	29,813
EBIT	21,021	17,501	25,268	21,110
Interest and Financing charges	8,135	9,078	9,495	10,557
EBT	12,886	8,423	15,773	10,553
Taxes	4,703	2,657	5,664	3,323
Profit after Tax	8,183	5,765	10,109	7,230

Operations Review

Your Company maintained its track record of continued superior performance in terms of revenue growth year on year and grew faster than the industry. The revenue market share of your company increased from 15.0% in Q4 FY 11-12 to 15.7% in Q4 FY 12-13.

The total subscriber base of your Company as on March 31, 2013 was 121.6 Mn, representing an increase of 7.9% over the previous year. On a national basis, your Company's subscriber market share stood at 14.0% as of March 31, 2013 compared to 12.3% as of March 31, 2012. The percentage of active subscriber base to total subscriber base at 98.9% is best in the industry.

Your Company's 3G investment plans are on track with high speed broad band services now available in 20 service areas (including those with roaming arrangements), with around 5.1 Mn subscribers actively using the Company's 3G platform and enjoying wireless broadband services.

Your Company's total minutes of usage on the network for the financial year 2012-13 crossed 532 billion minutes, maintaining its position among the top 10 Telecom Operators in the world.

On a standalone basis, the total revenues of your Company were ₹ 220,869 Mn, representing a growth of 14.3% over the previous year, primarily driven by 17.4% growth in total minutes of use. The EBITDA also increased to ₹ 51,565 Mn, representing a growth of 19.6% over the previous year.

The Profit after Tax stood at ₹ 8,183 Mn, a rise of 42% as compared to the previous year, led by an increase in EBITDA and lower Finance & Treasury charges. As of March 31, 2013, your Company has accumulated Profits of ₹ 17,174 Mn.

On a consolidated basis, the total revenues were ₹ 224,577 Mn, representing a growth of 14.9% over the previous year. The EBITDA at ₹ 60,046 Mn, reflects a growth of 17.9% as compared to the previous year. The consolidated Profit after Tax stood at ₹ 10,109 Mn, up by 39.8% compared to the previous year.

Dividend

Your Directors are pleased to recommend a maiden dividend of ₹ 0.30 per equity share of ₹ 10/- each (3% of face value) for the year ended March 31, 2013. The total dividend payout will amount to ₹ 1,163 Mn inclusive of ₹ 169 Mn of dividend distribution tax. This payment is subject to your approval at the ensuing Annual General Meeting of the Company.

Transfer to Reserves

Out of the profit earned ₹ 93 Mn has been transferred to Debenture Redemption Reserve. Further, the balance of ₹ 169 Mn, lying unutilized in the Business Restructuring Reserve, created pursuant to a Scheme of Amalgamation of the erstwhile Spice Communications Limited was transferred to the General Reserve.

Share Capital

Your Company issued and allotted 5,476,656 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) during the year.

Consequently, the issued, subscribed and paid-up equity share capital of your Company as on March 31, 2013 stood at ₹ 33,143,217,660/-, comprising of 3,314,321,766 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 unpenetrated areas and enhance the quality of its network. During the year your Company added 6,904 2G cell sites and 4,315 3G cell sites, thereby expanding its network to 90,094 2G cell sites and 17,140 3G cell sites.

At a consolidated level, the capital expenditure (including capital advances) incurred during the year was ₹ 41,441 Mn.

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In addition to this, your Company also incurred ₹ 20,313 Mn towards spectrum in the 1800 MHz band (₹ 19,849 Mn to win back spectrum in the seven service areas where its operational licenses were cancelled and ₹ 464 Mn for one additional block of spectrum for Bihar service area) and also incurred ₹ 60 Mn for acquiring fresh licenses for these seven service areas.

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 ESOS-2006 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.

Further, the Board of Directors of your Company has vide resolution dated May 10, 2013 approved formulation of a new Employee Stock Option Scheme viz. "Idea Cellular Limited Employee Stock Option Scheme - 2013" ("ESOS-2013") in terms of the SEBI guidelines. The Board has mandated the existing ESOS Compensation Committee to implement and administer the ESOS-2013.

Items seeking your approval for introduction and implementation of ESOS-2013 and granting such number of Stock Options exercisable into not more than 3,55,49,000 equity shares of ₹ 10/- each to permanent employees, including any Managing or Whole-time Director(s) of your Company and its holding and / or subsidiary companies are included in the Notice convening the Annual General Meeting together with the Explanatory Statement.

Human Resources

The human resource philosophy and strategy of your Company is structured to attract and retain the best talent, encourage innovation and create an 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, and will continue to be a source of competitive advantage in the future.

The Aditya Birla Group Human Resources function has played and continues to play an integral role in your Company's Talent Management Process.

Several innovative people-focused initiatives have been instituted at the Group level, and these are translated into action at all of the Group Companies. Your Company's basic objective is to ensure that a robust talent pipeline and a high-performance culture, centered around accountability is in place. Your Company feels this is critical to enable us to maintain our competitive edge.

Significant Developments:

• *One Time Spectrum Charges*

The Department of Telecommunications (DoT) had issued demand notices towards one time spectrum charges for spectrum held beyond 6.2 MHz in respect of certain service areas for the retrospective period from July 1, 2008 to December 31, 2012, amounting to ₹ 3,691.3 Mn, and for spectrum held beyond 4.4 MHz in respective service areas effective January 1, 2013 until the expiry of the period as per respective licenses amounting to ₹ 17,443.7 Mn. As the above demands amount to alteration of financial terms of the licenses issued in the past, your Company therefore, filed a petition before the Hon'ble High Court of Bombay, which granted stay and directed DoT to respond and not to take any coercive action until the next date of hearing. The matter is pending for further hearing.

• *Supreme Court Judgment on quashing of licenses granted in January, 2008 and subsequent Auction of Spectrum*

The Department of Telecommunications (DoT) conducted an auction for the 1800 MHz spectrum in November 2012 as required by the Hon'ble Supreme Court's judgment dated February 2, 2012 which quashed the licenses and spectrum granted to telecom operators on or after January 10, 2008 pursuant to two press releases issued on January 10, 2008. As your Company was impacted by the said judgment in seven service areas, we participated in the said auction and were successful in winning back the spectrum for these impacted service areas at a price of ₹ 19,848.8 Mn. DoT then set-off ₹ 6,845.9 Mn earlier paid by your Company as entry fee for licenses granted in 2008 and as per the payment option available as part of the auction, we have chosen the deferred payment option for the balance amount. DoT has issued Letter of Intent(s) (LoI) earmarking the spectrum won in these seven service areas and also for award of Unified Licenses. Your Company has applied to DoT for issue of new licenses in these seven service areas and paid the license fee aggregating to ₹ 60 Mn. Pending conversion of LoI's into unified licenses, the ongoing operations continue in these service areas.

• *3G Services and Intra Circle Roaming Arrangements*

Your Company is providing 3G services to its customers in 10 service areas out of the 11 service areas (except Punjab), where it had won 3G spectrum during the May 2010 auction. The DoT has not yet allowed commercial usage of the earmarked 3G spectrum for Punjab service area to your Company. We have also entered into intra circle roaming arrangements with other leading operators in 10 other service areas where we did not win 3G spectrum to provide 3G services to the customers.

The DoT issued notices to your Company and other operators to stop providing 3G services in the service areas where the operator had not won 3G spectrum, besides levying a penalty of ₹ 50 crore in each service area. Out of such notices issued to operators, your Company received notices for six service areas. It has challenged the said notices before the Hon'ble High Court of Delhi. The court has granted interim stay subject to restriction that facilities based on 3G ICR arrangement will not be available to any new subscriber.

Your Company has implemented the directions of Hon'ble Court for all such service areas where 3G services are provided under intra circle roaming arrangements and awaits the final decision on the matter.

- **Transfer of licenses to the Company consequent to merger of erstwhile Spice Communications Limited**

The Division bench of the Hon'ble High Court of Delhi vide its order dated July 13, 2012, has re-affirmed the High Court Order dated February 5, 2010 and July 4, 2011 sanctioning the amalgamation of erstwhile Spice Communications Limited (Spice) with your Company. The said order also re-vested unto your Company the operating licenses held by erstwhile Spice in respect of Punjab and Karnataka service areas, which were transferred to and vested unto Department of Telecommunications (DoT) pursuant to order dated July 4, 2011, passed by single Judge of Hon'ble Delhi High Court. Further the Division Bench of the Hon'ble High Court of Delhi has also pronounced that DoT has to take a decision regarding the transfer of licenses held by erstwhile Spice to your Company arising out of the amalgamation within a period of three months (which had been extended to January 5, 2013 vide order dated December 11, 2012). The final decision of the DoT in the matter is still awaited.

- **3G Spectrum for Punjab Service Area**

The DoT had earmarked 3G spectrum in respect of Punjab service area, which was won by your Company in the 3G spectrum auction conducted by DoT in May, 2010, but the DoT is yet to allow commercial use of the same to your Company.

Your Company had approached 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 had dismissed the said petition in view of order passed by Delhi High Court in July 2011 concerning amalgamation of erstwhile Spice Communications Limited with your Company, which was holding the operative 2G license in respect of Punjab service area. Your Company has since filed an appeal against the order of TDSAT in the Supreme Court, where the matter remains sub judice.

- **Tax demand**

During the year under review, the Income Tax department has issued a demand of ₹ 15,177 Mn, arising out of assessment of tax return filed for Assessment Year 2010-11. Your Company is contesting the said demand at appropriate forums.

Awards and Recognitions

Your Company's outstanding work in the field of business, advertising and marketing continues to be recognized not only nationally but even at international forums.

- 'Population' campaign (*India busy on Idea 3G*) won the Gold at APPIES 2012, Singapore.
- 'Population' campaign was rated Best Brand Campaign at World Communication Awards, London, which is second year

in a row.

- The much talked about 'Idea Rings All India' (*'honey-bunny'*) campaign was awarded Best Brand Campaign by tele.net.
- 'Honey-bunny' won the Gold ABBY'S for best original score film under the category Film Craft. (Jamic Films won this for their work on Honey-bunny campaign).
- MNP campaign (*No Idea, Get Idea*) won the award for 'Excellence in Marketing' at the ET Telecom Awards, 2012.
- Won Gold in Golden Mikes award, 2012 for best on ground promotion by a network of Radio station (Club FM won for their work on Idea Magic recharge campaign in Kerala).
- Voice & Data Awards 2012, in the category 'CTO of the Year Award'.
- Yahoo Big Idea Chair 2012, for 'Best Online Advertising'.
- Digital Media Awards 2012, for 'Best use of Online Banner Advertising'.
- Aegis Graham Bell Awards 2012, in the 'Innovative Telecom Business Model' category.
- Won 3 Awards at the ET Telecom Awards 2012, in the categories of Customer Experience Enhancement, Excellence in Marketing and Innovative products.
- Won 'The Best Rural Service Provider of the Year - 2012' by Amity Telecom Excellence Award.
- Tele.Net Awards 2013, in the categories 'Telecom CEO of the Year'.
- 'NDTV Business Leadership Award' in the telecom category for 2012.

New Initiatives

During the year under review, your Company together with its subsidiaries 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 -

- To increase 3G device penetration amongst Idea customers, your Company (through its subsidiary) further strengthened "Idea Smartfone" brand by launching five new models in the market in FY 12-13.
- To grow data usage adoption in its base, the Company took multiple initiatives by introducing innovative pricing, changing systems and processes to ensure ease of internet access. This has resulted in the addition of more than 10 Mn data users taking the data penetration from 14.1% in March 2012 to 21.6% on entire subscriber base in March 2013.
- Idea launched Wi-Fi services on a pilot basis in the cities of Pune and Ahmedabad.
- Idea (through its subsidiary) launched M-Banking services commercially in UP (East) and Mumbai.
- Idea maintained high impact visibility on national media throughout the year. After having regained licenses, Idea reinforced its all India presence through 'Idea Rings All India' campaign. The campaign song "honey-bunny" became a

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viral rage. The jingle was heard by 4.8 million unique users on digital media and was downloaded more than 2.7 million times. 5 million Dialer- Tones were activated. The song got more than 2.5 million views on Youtube as well making it one of the top 10 viral videos of 2012.

- Idea revived one of its most successful ground events – Idea Jalsa.
- One of the major consumer passions – Bollywood Music has been used through Idea Rocks India which is a mega 16 city tour across metros and towns. It engaged 16 to 30 years old urban youth and also projected Idea as a tech savvy brand by using digital media as the main touchpoint for Talent Hunt, webcerts and all other promotions.
- 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 6.

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 your Company. A scheme of amalgamation for merger of ICTIL and certain other companies with Indus Towers Limited with an appointed date of April 1, 2009 has been approved by the Hon'ble High Court of Delhi on April 18, 2013. The Scheme will be effective only upon the filing of the certified copy of the judgment with all the respective RoC's.
- Idea Mobile Commerce Services Limited, is engaged in the business of Mobile Banking.
- Idea Telesystems 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, 2013 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 Group and Vodafone Group and provides passive infrastructure services in 15 service areas.

Fixed Deposits

Your Company does not accept or hold any deposits from public under Section 58A of the Companies Act, 1956 and as such, no amount of principal or interest on fixed deposits was outstanding on the date of the Balance Sheet.

Non-Convertible Debentures

During the year under review, your Company raised ₹ 10,000 Mn through issuance of 1,000 Secured Redeemable Non-Convertible Debentures (NCDs) of ₹ 10 Mn each on private placement basis, of which NCDs worth ₹ 3,740 Mn have been re-purchased at par. These NCDs are rated "CARE AA".

Enterprise Risk Management

Your Company has established an Enterprise-wide Risk Management (ERM) framework to optimise the identification and management of risks, as well as to comply with clause 49 of the Listing Agreement with stock exchanges. In line with your Company's commitment to delivering sustainable value, this framework aims to provide an integrated and organised approach for evaluating and managing risks.

Corporate Governance

Your Company is committed to maintain the highest standards of Corporate Governance. Your 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 the Annual 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.

Business Responsibility Reporting

SEBI, vide its circular CIR/CFD/DIL/8/2012 dated August 13, 2012, mandated the top 100 listed entities based on market capitalization at BSE and NSE, to include Business Responsibility Report as part of the Annual Report describing the initiatives taken by the Companies from Environmental, Social and Governance perspectives.

Accordingly, a Business Responsibility Report, as stipulated under clause 55 of the Listing Agreement is presented in a separate section forming part of the Annual Report.

Directors

Consequent upon the change in nomination by Axiata Group Berhad, Mr. Juan Villalonga Navarro ceased to be a Director on the Board of your Company with effect from January 29, 2013 and in his place Dr. Shridhir Sariputta Hansa Wijayasuriya has

been nominated as an Additional Director on the Board of your Company with effect from January 29, 2013. As per the provisions of Section 260 of the Companies Act, 1956, he will hold office upto the date of the ensuing Annual General Meeting of the Company.

Your Company has received a Notice under Section 257 of the Companies Act 1956, together with the requisite deposit, from a member proposing the appointment of Dr. Wijayasuriya as a Director on the Board of the Company. Resolution seeking approval of the Members for the appointment of Dr. Wijayasuriya 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, Smt. Rajashree Birla, Ms. Tarjani Vakil, Dr. Rakesh Jain and Mr. Biswajit A. Subramanian retire from office by rotation, and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

Brief 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 18th 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 2012-13 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 your 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 your 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 including emphasized matters relating to transfer of licenses of erstwhile Spice Communication Limited to the Company and one time spectrum demands.

As explained in Significant Development section of this report, the matters remain sub-judice and do not call for any further explanation/clarification under Section 217(3) of the Companies Act, 1956.

Cost Audit

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 re-appointed M/s. Sanjay Gupta & Associates, Cost Accountants, as the Cost Auditors of your Company to audit the cost records/accounts maintained as per the Cost Accounting Records (Telecommunications) Rules, 2002 for the Financial Year ended March 31, 2013. The Cost Audit Report for the Financial Year 2012-13 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 your Company.

For and on behalf of the Board



Kumar Mangalam Birla
Chairman

Place: Mumbai
Date: June 8, 2013

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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	5,023,193	4,169,462	1,185,937
d) Options exercised	10,948,412	1,966,219	1,891,475	266,982
e) The total number of shares arising as a result of exercise of options	10,948,412	1,966,219	1,891,475	266,982
f) Options forfeited/ cancelled/ lapsed	4,658,000	1,259,272	1,540,060	217,500
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	₹ 430,272,591.60	₹ 89,561,275.45	₹ 108,854,386.25	₹ 18,384,380.52
i) Total number of options in force	4,324,588	2,905,759	2,171,111	891,393
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			₹ 2.47	
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.			₹ 38.44 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 2012-13 is as presented below:			
	Particulars			₹ Mn
	Net Profit after Tax but before exceptional items			8,182.59
	Add: Intrinsic Value compensation cost			0.32
	Less: Fair Value compensation cost			38.76
	Adjusted Net Income			8,144.15
	Earnings Per Share (₹)		Basic	Diluted
	As Reported		2.47	2.47
	As Adjusted		2.46	2.45
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) Grid-Battery Hybrid Solutions
 - (iv) Solar energy for MSC Facilities
 - (v) Off Site Solar Energy Generation
 - (vi) Methanol based Fuel Cell Trials
 - (vii) Induction of highly efficient Telecom Hardware
 - (viii) Hydrogen Fuel Cell Solutions with Clean Energy Funding, GOI
- B. RESEARCH & DEVELOPMENT (R&D)
- 1. Specific areas in which R & D is carried out by the Company : Nil
 - 2. Benefits derived as result of the above R & D : Nil
 - 3. Future Plan of Action : The Company will explore various options to adopt latest technology/use of equipment for its operations.
 - 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, telecom equipments are imported on a regular basis.
 - b) Year of import : The telecom 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 : ₹ 2,970.26 Mn
Outgo : ₹ 17,679.29 Mn

For and on behalf of the Board



Kumar Mangalam Birla
Chairman

Place: Mumbai
Date: June 8, 2013

Corporate Governance Report

Company's Philosophy on Corporate Governance

Corporate Governance refers to set of systems and practices which ensures that business and affairs of an organisation are conducted in a manner that promotes sustainable business model and enhances shareholders' value in the long term. Corporate Governance is about commitment to conduct business in a fair and transparent manner. The good Governance framework encourages the efficient use of resources and creates a mechanism of checks and balances to ensure that business is conducted in the best interests of the stakeholders and society at large. We believe that sound Corporate Governance practices can deliver sustainable, profitable growth and create long term value not only for our shareholders but also for all our stakeholders.

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; and
- 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. Corporate Governance has always been intrinsic to the management of the business and affairs of our Company. Our governance framework enjoins demonstrating high levels of accountability, transparency and integrity in all its transactions. The Company constantly endeavors to adopt innovative approaches for leveraging resources and fostering its growth. Your Company is committed in meeting aspirations of the all the stakeholders by benchmarking its corporate governance practices with global standards.

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, 2013 are as follows:

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	17	-	-
Mrs. Rajashree Birla	Non-Executive	6	13	1	-
Dr. Rakesh Jain	Non-Executive	5	1	-	-
Mr. Biswajit A. Subramanian	Non-Executive	3	-	-	-
Mr. Juan Villalonga Navarro ³	Non-Executive	-	-	-	-
Dr. Shridhir Sariputta Hansa Wijayasuriya ³	Non-Executive	-	-	-	-
Mr. Sanjeev Aga	Non-Executive	3	-	1	-
Mr. Arun Thiagarajan	Independent	5	3	6	-

1. BOARD OF DIRECTORS

An active, informed and independent Board is necessary to ensure highest standards of Corporate Governance. The Board plays a crucial role in overseeing how the management safeguards the interests of shareholders and stakeholders. The Board lays down business strategy, sets strategic goals and seeks accountability for their fulfillment. The Board critically evaluates strategic direction of 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 and Senior Management Personnel in ensuring effective functioning of the Company.

Composition of the Board

The Company has a balanced board with optimum combination of Executive and Non-Executive Directors, including independent professionals, which plays a crucial role in Board processes and provides independent judgment on issues of strategy and performance. Presently the Board comprises of 14 members, comprising of a Non-Executive Chairman, a Managing Director, Seven Independent Directors and Five Non-Executive Directors. The present strength of the Board reflects judicious mix of professionalism, competence and sound knowledge which enables the Board to provide effective leadership to the Company.

The members of our Board comprises of eminent professionals from diversified background having rich and varied expertise in the areas of technology, finance, general management and entrepreneurship. The Board periodically evaluates the need for change in its size and composition to ensure that it remains aligned with statutory and business requirements.

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 of Listing Agreement), 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, 2013 and the number of Directorships and Committee position held by them are as under:

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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	8	3	3	3
Mr. Mohan Gyani	Independent	-	-	-	-
Ms. Tarjani Vakil	Independent	5	2	1	3
Mr. R.C. Bhargava	Independent	8	1	4	5
Mr. P. Murari	Independent	9	-	4	4
Ms. Madhabi Puri Buch	Independent	1	1	-	-
Mr. Himanshu Kapania	Managing Director	7	-	-	-

- 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.*
- Represents Membership/Chairmanship of two Committees viz. Audit Committee and shareholders'/Investors' Grievance Committee of Public Limited Companies.*
- Pursuant to change in nomination of Director by Axiata Group Berhad, Mr. Juan Villalonga Navarro ceased to be a Director w.e.f. 29.01.2013 and Dr. Shridhir Sariputta Hansa Wijayasuriya was appointed as an Additional Director on the Board of your Company w.e.f. 29.01.2013.*

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 a 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 at least once in every 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. Video Conferencing / teleconferencing facilities are also made available to enable participation of Directors, in case they cannot be physically present at the Meeting.

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. The Board is regularly updated on various legal and regulatory developments involving the Company. Action Taken Report in respect of the matters arising out of the previous meetings is placed at every 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 as and when necessary. The important decisions taken at the Board/Committee meetings are communicated to the concerned departments promptly.

During the financial year 2012-13, four meetings of the Board were held on April 26, 2012, July 23, 2012, October 22, 2012 and January 29, 2013.

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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	2	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	Yes
Mr. Gian Prakash Gupta	4	4	Yes
Mr. Mohan Gyani	4	1	No
Ms. Tarjani Vakil	4	4	No
Mr. R.C. Bhargava	4	4	No
Mr. P. Murari	4	1	Yes
Mr. Sanjeev Aga	4	3	No
Mr. Himanshu Kapania	4	4	Yes
Ms. Madhabi Puri Buch	4	4	Yes

* 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 Committees play a vital role in ensuring sound Corporate Governance practices. The Committees are constituted to handle specific activities and ensure speedy resolution of the diverse matters. 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 Securities Allotment 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 as follows:

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 Company has appropriate internal control systems for business processes, covering operations, financial reporting and compliance with applicable laws and regulations. Regular internal audits and management reviews ensure that the responsibilities are discharged effectively. The Audit Committee actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them, as appropriate.

The Committee also oversees the performance of the internal and statutory auditors and also recommends their appointment and remuneration to the Board. The minutes of the Audit Committee forms part of the Board Agenda. The Chairman of the Audit Committee Meeting briefs the Board on the discussions held during Audit Committee Meeting.

The Company has also developed and implemented Enterprise Risk Management Framework which provides for identification of risks, risk evaluation and development of risk mitigation plans. The Audit Committee is periodically informed about the risk assessment, impact of the risk on the business and mitigation plans.

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;

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- 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 judgment 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; and
 - 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, debentureholders, 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 2012-13, five meetings of the Audit Committee were held on April 26, 2012, July 23, 2012, September 3, 2012, October 22, 2012 and January 29, 2013.

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	5	5
Mr. Arun Thiagarajan	Independent	5	5
Ms. Tarjani Vakil	Independent	5	4
Mr. Juan Villalonga Navarro*	Non-Executive	5	—
Dr. Shridhir Sariputta Hansa Wijayaurisya*	Non-Executive	0	0

* Dr. Shridhir Sariputta Hansa Wijayaurisya attended four Audit Committee Meetings in his capacity as an Alternate Director to Mr. Navarro. Pursuant to change in nomination of Axiata Group, Berhad, Mr. Juan Villalonga Navarro ceased to be the Member of the Audit Committee w.e.f. 29.01.2013 and Dr. Shirdhir Sariputta Hansa Wijayasuriya, former Alternate Director to Mr. Navarro, was appointed as the Director and also a Member of the Committee w.e.f. 29.01.2013.

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. The Committee is entrusted with the responsibility of evaluating and approving the remuneration packages and polices for Directors and senior officials of the Company.

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Terms of reference

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

- Review of remuneration payable to the Directors and senior officials of the Company;
- Reviewing and advising the Board over the remuneration policies of the Company generally; and
- 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 the Secretary to the Committee. As on March 31, 2013, the Committee comprised of Mr. Arun Thiagarajan, Ms. Tarjani Vakil and Mr. Gian Prakash Gupta.

During the Financial Year 2012-13, one meeting of the Remuneration Committee was held on October 22, 2012 and the same was attended by all the members.

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. A fair portion of the remuneration of the Managing Director is linked to the Company's performance, thereby creating a strong alignment of interest with shareholders.

Details of the Managerial Remuneration paid to the Managing Director during Financial Year 2012 -13 is as under:

Executive Director	Relationship with other Directors	Business relationship with the Company, if any	Remuneration during 2012-13			
			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	₹ 87.54 Mn	See Note(a)	See Note(b)	See Note(c)

- (a) Mr. Himanshu Kapania was paid a sum of ₹ 19.98 Mn towards performance incentive, linked to achievement of targets.
- (b) The appointment of Mr. 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. Kapania for Financial Year 2012-13 is as per the terms approved by the Shareholders at the 16th Annual General Meeting held on 28.09.2011.
- (c) Mr. 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. Kapania has exercised 208,200 stock options under Tranche I upto March 31, 2013.

(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. Further, effective from January 29, 2013, sitting fees in respect of each Committee Meeting was increased from ₹ 10,000/- to ₹ 20,000/- for each Committee Meeting. 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, 2013 are as under:

Name of Non-Executive Director	Sitting Fees (₹)
Mr. Kumar Mangalam Birla	100,000
Mrs. Rajashree Birla	40,000
Dr. Rakesh Jain	140,000
Mr. Biswajit A. Subramanian	60,000
Dr. Shridhir Sariputta Hansa Wijayasuriya*	130,000
Mr. Juan Villalonga Navarro	-

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Name of Non-Executive Director	Sitting Fees (₹)
Mr. Arun Thiagarajan	170,000
Mr. Gian Prakash Gupta	150,000
Mr. Mohan Gyani	20,000
Ms. Tarjani Vakil	160,000
Mr. R.C. Bhargava	80,000
Mr. P. Murari	20,000
Ms. Madhabi Puri Buch	80,000
Mr. Sanjeev Aga	100,000

* 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, 2013 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	213,200

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, had been 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. Aga has exercised 1,712,000 stock options under Tranche I of ESOS -2006 upto March 31, 2013.

Apart from Mr. 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 dematerialisation/rematerialisation of shares issued by the Company.

Composition, Meetings and Attendance

As on March 31, 2013, the Committee comprises of three members namely, Dr. Rakesh Jain, Mr. Sanjeev Aga and

Mr. Himanshu Kapania. Mr. Kapania was appointed as a Member of the Committee with effect from October 22, 2012. The Company Secretary acts as the Secretary to the Committee. During the Financial Year 2012-13, the Shareholders'/Investors' Grievance Committee met once on January 29, 2013 which was attended by Dr. Rakesh Jain and Mr. Himanshu Kapania.

Compliance Officer

Mr. Pankaj Kapdeo, 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 2012-13, 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, 2013, is as follows:

No. of complaints as on April 1, 2012	2
No. of complaints received during the Financial Year 2012-13	191
No. of complaints resolved upto March 31, 2013	193
No. of complaints pending as on March 31, 2013	0

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

D. ESOS 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 are Independent Directors. During the Financial Year 2012-13, two meetings of the Committee were held on April 26, 2012 and July 23, 2012, which were attended by all the members.

E. Finance Committee

The Company has constituted a Finance Committee to approve matters relating to availing of financial/banking facilities. As on March 31, 2013, the Committee comprises of Mr. Himanshu Kapania, Dr. Rakesh Jain and Mr. Sanjeev Aga.

During the Financial Year 2012-13, three meetings of the Finance Committee were held on September 21, 2012, October 8, 2012 and March 18, 2013.

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

Name of Director	Category	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Sanjeev Aga	Non-Executive	3	3
Dr. Rakesh Jain	Non-Executive	3	3
Mr. Himanshu Kapania	Managing Director	1	1

**Appointed as a Member with effect from October 22, 2012*

F. Securities Allotment Committee (Formerly 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. During the year under review, IPO Committee was renamed as “Securities Allotment Committee” and the Committee was empowered to make allotment of all kinds of securities that may be issued by the Company, from time to time. As on March 31, 2013, the Committee comprises of Mr. Himanshu Kapania, Dr. Rakesh Jain and Mr. Sanjeev Aga. Mr. Himanshu Kapania was appointed as a Member of the Committee with effect from October 22, 2012.

During the Financial Year 2012-13, 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, 2013, 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 (ICTIL)*
5. Idea Telesystems Limited
6. Idea Mobile Commerce Services Limited

**A scheme of arrangement for merger of ICTIL and certain other companies with Indus Towers Limited with an appointed date of April 1, 2009 has been approved by the Hon'ble High Court of Delhi on April 18, 2013. The scheme will be effective upon filing of the certified copy of the judgment with all the respective ROC's.*

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

All the related party transactions are undertaken on arms length basis. The related party transactions are placed before the Audit Committee on a quarterly basis. The details of related party transactions have been disclosed under Note 44 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. Risk Management

Your Company has established an Enterprise Risk Management (ERM) framework to identify and manage risks associated with the Company, which is monitored on a continuous basis. The Audit Committee reviews the efficacy of the risk Management process, the key risks associated with the business of your Company and the measures in place to mitigate the same.

d. 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

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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.

e. Proceeds from Public Issues, Rights Issues, Preferential Issues etc.

During the year, the Company did not raise any funds by way of Public, Rights, Preferential Issues etc.

5. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on Management Discussion and Analysis forms part of the Annual 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

18th 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)
2011-2012	June 18, 2012	12.00 noon	Cambay Spa and Resort, Plot No. X-22/23 GIDC Electronic Estate, Sector 25, Gandhinagar - 382 044, Gujarat.	None
2010-2011	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
2009-2010	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

Extra-ordinary General Meeting

During the Financial Year 2012-13, no Extra-ordinary General Meetings were held.

Postal Ballot

There was no Special Resolution passed through Postal Ballot during the Financial Year 2012-13.

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, 2012	102	19,433
Number of shareholders who approached to the Issuer / Registrar for transfer of shares from suspense account during the Financial Year 2012-13	10	1,785
Number of shareholders to whom shares were transferred from suspense account during the Financial Year 2012-13	10	1,785
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, 2013	92	17,648

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.

Financial reporting for the quarter ending December 31, 2013 : End January, 2014

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).

Financial reporting for the year ending March 31, 2014 : End April, 2014
Annual General Meeting for the year ended March 31, 2014 : August / September, 2014

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.

3. **Book Closure Date** : 7th September, 2013 to 16th September, 2013 (both days inclusive)
4. **Dividend** : ₹ 0.30 per share of ₹ 10/- each (i.e. 3%)
5. **Dividend Payment Date** : On or after 17th September, 2013
6. **Registered Office** : Suman Tower, Plot No. 18, Sector - 11, Gandhinagar - 382 011, Gujarat, India.
Tel: +91-79-66714000
Fax: +91-79-23232251
7. **Plant Locations** : The Company being a service provider, has no Plant Locations.

GENERAL SHAREHOLDERS' INFORMATION

1. Annual General Meeting

Day and Date : Monday, 16th September, 2013
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 2013-14 (Tentative)

Financial reporting for the quarter ending June 30, 2013 : End July, 2013
Financial reporting for the quarter ending September 30, 2013 : End October, 2013

8. 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 annual listing fee for the financial year 2013-14 has been paid to the above Stock Exchanges.

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9. Stock Codes

	Stock Code	Reuters	Bloomberg
Bombay Stock Exchange	532822	IDEA.BO	IDEA IN
National Stock Exchange	IDEA	IDEA.NS	NIDEA IN
ISIN No. of Equity Shares	INE669E01016		

10. Stock 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 2012-13 are as under:

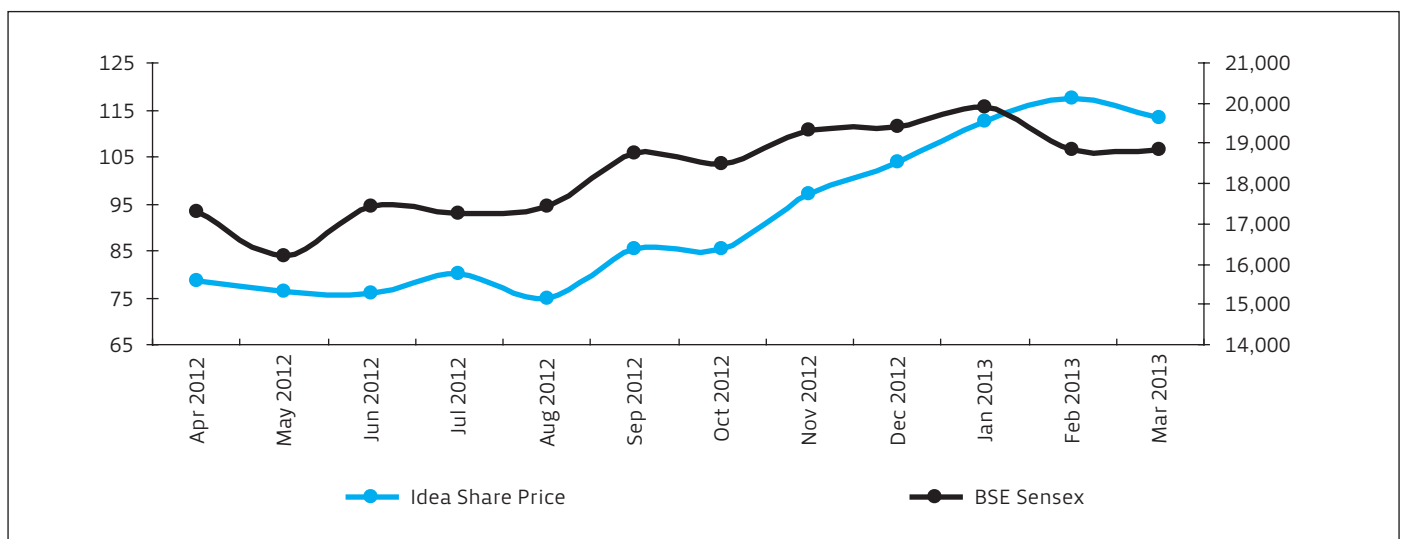
Month	Bombay Stock Exchange Limited				National Stock Exchange of India Limited			
	High (in ₹)	Low (in ₹)	Close (in ₹)	Avg. Vol. (in Nos.)	High (in ₹)	Low (in ₹)	Close (in ₹)	Avg. Vol. (in Nos.)
April, 2012	101.20	71.20	78.50	507,017	101.20	75.25	78.50	4,805,498
May, 2012	84.70	73.05	76.25	295,453	84.70	65.60	76.00	2,874,887
June, 2012	79.80	73.25	75.85	151,407	79.95	73.25	75.80	1,954,271
July, 2012	87.95	75.00	80.00	225,914	87.15	75.25	79.95	2,502,873
August, 2012	82.30	72.05	74.75	166,627	83.05	71.50	74.65	2,074,212
September, 2012	91.90	74.35	85.35	138,820	90.00	74.30	85.30	2,228,619
October, 2012	86.50	78.60	85.25	165,919	86.45	78.20	85.60	1,756,118
November, 2012	101.90	84.60	97.15	213,896	101.95	84.60	97.05	2,811,098
December, 2012	106.30	92.45	103.70	194,190	106.40	92.30	103.80	2,215,135
January, 2013	124.00	103.55	112.60	597,223	123.50	103.50	112.95	5,442,131
February, 2013	119.85	104.80	117.30	409,943	120.00	104.70	117.60	3,478,542
March, 2013	119.50	105.85	113.20	175,726	119.90	105.75	113.90	2,507,206

Source: BSE and NSE Website

11. Stock Performance

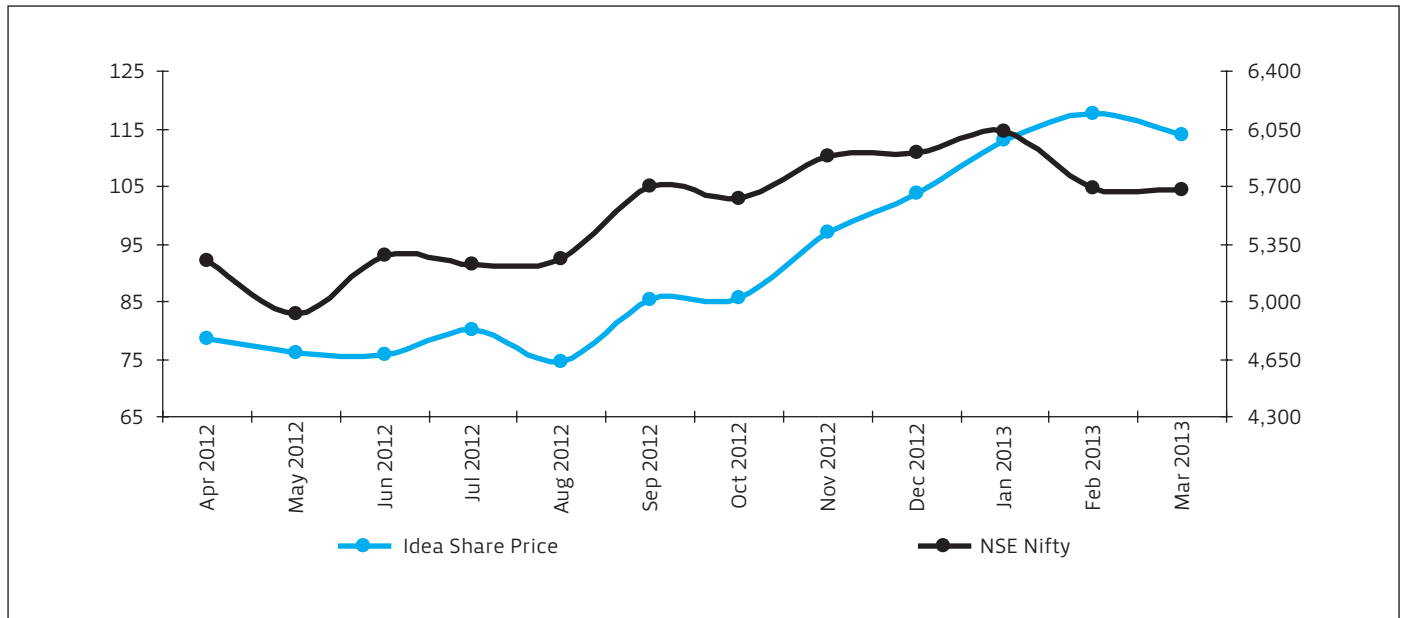
The performance of the Company's share price vis-à-vis the broad based BSE and NSE indices during the year 2012-13 is as under:

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



Annual Report 2012-13

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



12. 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.

13. Distribution of Shareholding

The distribution of shareholding of the Company as on March 31, 2013 is as follows:

Number of Equity Shares held	Number of Shareholders	% to total Shareholders	No. of Shares held	% to total Shareholding
Upto 5000	257,877	95.23	33,637,283	1.01
5000 - 10000	7,630	2.82	5,892,947	0.18
10001- 20000	2,597	0.96	3,841,197	0.12
20001 - 30000	813	0.30	2,081,876	0.06
30001 - 40000	403	0.15	1,421,679	0.04
40001 - 50000	291	0.11	1,382,330	0.04
50001 - 100000	425	0.16	3,152,334	0.10
100001 & above	744	0.27	3,262,912,120	98.45
Total	270,780	100.00	3,314,321,766	100.00

14. Shareholding Pattern

The shareholding pattern of the Company as on March 31, 2013 is as follows:

Category	No. of Shares	% Shareholding
Promoter and Promoter Group	1,520,679,047	45.88
Foreign Institutional Investors	541,590,728	16.34
Non-Resident Indians / Overseas Corporate Bodies	991,553,987	29.92
Mutual Funds, Financial Institutions, Banks and Insurance Companies	189,507,322	5.72
Domestic Bodies Corporate	16,063,735	0.48
Resident Indians and Others	54,926,947	1.66
Total	3,314,321,766	100.00

15. 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 3,314,309,422 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, 2013.

16. Outstanding GDRs / ADRs etc.

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

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17. 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

18. Investor Correspondence

In order to facilitate quick redressal of the grievances / queries, the Investors and Shareholders may contact the

Company Secretary at the under mentioned address for any assistance:

Mr. Pankaj Kapdeo
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 the compliance with the Code of Conduct for the year ended March 31, 2013.

Place : Mumbai
Date : April 25, 2013

Himanshu Kapania
Managing Director

CEO/CFO Certification

To,
The Board of Directors
Idea Cellular Limited
Mumbai

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, 2013 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, 2013, 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
Date : April 25, 2013

Himanshu Kapania
Managing Director

Akshaya Moondra
Chief Financial Officer

Auditors' Certificate

To the Members of
Idea Cellular Limited

We have examined the compliance of conditions of Corporate Governance by **Idea Cellular Limited**, for the year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

Khurshed Pastakia
Partner
(Membership No. 31544)

Place : Mumbai
Date : April 25, 2013

Business Responsibility Report

The Securities and Exchange Board of India (SEBI) has mandated the top 100 listed entities based on market capitalization on the BSE and NSE, to include Business Responsibility Report as part of the Annual Report describing the initiatives taken by the Companies from Environmental, Social and Governance perspectives.

This Business Responsibility Report, as stipulated under Clause 55 of the Listing Agreement provides general information about the Company and its business responsibility as required by SEBI.

Section A: General Information about the Company

Sr. No.	Description	Information
1	Corporate Identity Number	L32100GJ1996PLC030976
2	Name of the Company	Idea Cellular Limited
3	Registered address	Suman Tower, Plot No. 18, Sector 11, Gandhinagar - 382 011, Gujarat
4	Website	www.ideacellular.com
5	Email Id	shs@idea.adityabirla.com
6	Financial Year reported	April 1, 2012 to March 31, 2013
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Telecommunication services Heading : 9984 Group : 99841 Class : 998413
8	List three key products/services that the Company manufactures/provides (as in Balance Sheet)	Idea Cellular Limited (Idea) is one of the leading national telecommunication service providers in India. The Company is engaged in the business of mobility and long distance services.
9	Total number of locations where business activity is undertaken by the Company	
	i. Number of International Locations (provide details of major 5)	None
	ii. Number of National Locations	Company provides mobile telephony services across India
10	Markets served by the Company - Local/State/National/International	National

Section B: Financial Details of the Company

Sr. No.	Description	Information
1	Paid-up Capital (INR)	The paid-up equity capital of the Company as on March 31, 2013 is ₹ 33,143,217,660 comprising of 3,314,321,766 Equity Shares of ₹ 10/- each.
2	Total Turnover (INR)	₹ 220,869 Mn
3	Total Profit After Taxes (INR)	₹ 8,183 Mn
4	Total spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%)	As part of the Aditya Birla Group, Idea actively contributes to the Group's CSR activities and has continued to do so during the reporting period. Healthcare, education, sustainable livelihood and Infrastructure development and are some of the focus areas for CSR activities.
5	List of activities in which expenditure in 4 above has been incurred	

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Section C: Other Details

Sr. No.	Description	Information
1	Does the Company have any Subsidiary Company/ Companies?	Yes, the Company has 6 subsidiaries, the details of which have been provided in the Directors' Report.
2	Do the Subsidiary Company/Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).	No
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].	Other entities viz. suppliers, distributors etc. with whom the Company does business, do not participate in the Business Responsibility initiatives of the Company.

Section D: BR Information

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies:

DIN Number	03387441
Name	Mr. Himanshu Kapania
Designation	Managing Director

b) Details of BR head:

Sr. No.	Description	Information
1	DIN Number (if applicable)	Not Applicable
2	Name	Mr. Pankaj Kapdeo
3	Designation	Company Secretary
4	Telephone number	+91-9594003434
5	Email-id	shs@idea.adityabirla.com

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility, as listed below:

- P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 – Businesses should promote the well-being of all employees.
- P4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 – Businesses should respect and promote human rights.
- P6 – Businesses should respect, protect, and make efforts to restore the environment.
- P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 – Businesses should support inclusive growth and equitable development.
- P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner.

2. Principle-wise (as per NVGs) BR policy/policies (Reply in Y/N)

Sr. No.	Questions	Business Ethics	Product Responsibility	Employee Wellbeing	Stakeholders Engagement	Human Rights	Environment	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for	Y ¹	Y ²	Y ^{3,4}	Y ³	Y ⁵	Y ²	—	Y ⁶	Y ³
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	—	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Yes, the policies conform to aspects of the nine principles of the National Voluntary Guidelines for Business Responsibilities (NVGs)								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	—	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	The Company has recently constituted a Business Responsibility (BR) Committee to oversee the implementation and review of the BR related policies.								
6.	Indicate the link for the policy to be viewed online?	#	—	—	—	—	—	—	—	—
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, the policies have been communicated to all relevant stakeholders of Idea. Our communication with internal and external stakeholders on such matters is a continuous process.								
8.	Does the Company have in-house structure to implement the policy/policies?	There are defined management structures and oversight in place to oversee the implementation of all policies. The Company has recently constituted a Business Responsibility (BR) Committee to oversee the implementation and review of the BR related policies.								
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	—	Y	—	Y	—	—	—	—
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Idea has an internal review mechanism for its key policies. The Company has recently constituted a Business Responsibility (BR) Committee to oversee the implementation and review of the BR related policies.								

^{1#} Code of Conduct: http://www.ideacellular.com/wps/wcm/connect/home/idea/investor_relation/code+of+conduct

² Safety Health and Environment Policy*

³ Policy on Mission, Vision, Values

⁴ Policy on Prevention of Sexual Harassment

⁵ Human Rights Policy*

⁶ Corporate Social Responsibility Policy*

*Safety, Health and Environment Policy, Human Rights Policy, and Corporate Social Responsibility Policy were formally adopted in April 2013.

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2a. If answer to S.No. against any Principle is 'No', please explain why?

Sr. No.	Principle	Response
1	Principle 7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	The Company plays a role in advocating on issues pertaining to the telecom sector, through participation in various industry forums, in which the senior management of the Company plays an active role in framing, reviewing, modifying relevant policies (described under Section E). The Company currently does not have a stated policy on policy advocacy. However Idea continues to assess the evolving business and regulatory environment in this regard.

Section E: Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

At Idea, all business activities and stakeholder interactions are guided and governed by the Vision, Mission and Values adopted by the Aditya Birla Group.

As a Pan India organization with diverse markets and cultures, all employees of Idea are brought together by five core values – Integrity, Commitment, Passion, Seamlessness and Speed. The Company's senior management guides the organization along these values, which are applicable to employees of the Company and its subsidiaries.

Idea is committed to acting in a manner and taking decisions that are fair, honest and follow the highest standards of professionalism. Integrity is a cornerstone for all the Company's dealings, be it with customers, employees, suppliers, partners, shareholders, communities or the Government.

At Idea, a robust consequence management process has been articulated through various policies to maintain checks and balances on these values and policies.

Apart from the core values, the Company has adopted a Code of Conduct for Board Members and Senior Management, in compliance with the provisions of Clause 49 of the Listing Agreement. The Code is derived from three inter-linked fundamental principles of good corporate governance, good corporate citizenship and exemplary personal conduct. All Board Members and Senior Management personnel affirm their compliance to the Code of Conduct annually.

Additionally, the Company also has in place a Code of Conduct which prescribes that all employees should transact with each other in a fair and dignified manner, while being diversity sensitive. The Code covers the aspects of integrity in personal conduct, conduct at work, conflict of interest, and interface with the external world.

Idea also extends the principle of ethical conduct in business to its vendors. As a part of its policy on Health Safety and

Environment, vendors are required not to engage in bribery, corruption or other unethical practices in order to gain competitive advantage.

At Idea, transparent and timely communication is encouraged to enable positive results and faster decisions. Transparent communications enhances the credibility of the management.

SEBI – BRR Questionnaire Responses for Principle 1:

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to group/joint ventures/suppliers/contractors/NGOs/Others?

The Company has adopted its own Code of Conduct which is based on the Aditya Birla Group Code of Conduct, which addresses the aspects of ethics, bribery and corruption. This is applicable to Group businesses, including the employees of Idea and its subsidiaries. The five core values – Integrity, Commitment, Passion, Seamlessness and Speed – have also been adopted across the Aditya Birla Group. In addition, the Company's vendor/supplier contracts include clauses on ethical behavior, bribery and corruption.

2. How many stakeholder complaints have been received in the financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

No complaints were received during the year.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Idea believes that integrating sustainability into the core business improves product quality and strengthens trust amongst the customers. The Company looks at sustainability in a way which allows its stakeholders to prosper while taking a proactive approach to managing environmental impact. This belief is reflected in the environmentally and socially responsible practices. Idea has adopted across the lifecycle of its operations, products and services.

Outlined below are some of the key sustainable initiatives adopted by Idea:

- **Sustainable Innovation** - Idea was the first Indian telecom Company to switch the size of the SIM cards from normal (ISO) to half cut (Nano) and later to quarter size. This initiative has reduced the plastic usage by 70%, which roughly equates to 425 tons of plastic annually for Idea has 2,200 tons for the industry.
- **Route Optimization** - Idea has optimized its routes for site dispatch, adopted the 'Milk Run' concept and initiated clubbing of transport runs of hardware from warehouses to destinations. These initiatives have led to a significant decrease in diesel consumption and the resulting lowering of the carbon footprint. Dispatch through clubbing has been adopted for over 50% of the sites.
- **Vehicle Optimization** - Idea has also switched to smaller sized vehicles for transportation of hardware, further decreasing the diesel consumption. A majority of the current dispatches are being made through small sized vehicles which consume lesser fuel compared to medium or large sized vehicles.
- **Consolidation of Shipments** - Idea encourages the practice of consolidation of shipments with other shipments headed in the same primary route, thereby decreasing redundancy on such routes.
- **Recharge Vouchers** - Idea was the only telecom operator to retain the original small size of the recharge voucher while still meeting the requirements of new Telecom Regulatory Authority of India's Telecom Consumer Protection Regulation (TCPDR - TRAI) regulations. Retaining the size of recharge vouchers has led to a decrease of approximately 840 tons of paper consumption annually.

Compliance on EMF (Electro Magnetic Field) radiation related regulation is another business priority at Idea. The Company has made significant monetary investment in the purchase of EMF monitoring equipment and is compliant with existing Department of Telecommunications (DoT) regulations. The Company is proactive in policy development and public education initiatives led by the Cellular Operators Association of India (COAI) on the issue of EMF. A senior company official also heads the sub-committee on EMF.

Idea also contributes to economic development around areas where it operates by generating local employment opportunities, wherever possible. Idea was the first in the Indian telecommunication industry to initiate the 'Hub and Spoke' model for call center operations in Tier 2 and Tier 3 towns which has generated local employment. Moreover, technicians rendering operations and maintenance services to sites and security guards, wherever deployed, are recruited

from the local communities. The Company has launched a 'Son of Soil' initiative to recruit local youth in rural areas for day to day sales operations, leading to generation of employment and skills development.

SEBI - BRR Questionnaire Responses for Principle 2:

1. *List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.*

Following are some of the examples of the Company's product / service features that incorporate the aspect of environmental conservation: (i) Plastic reduction in SIM cards; (ii) Paper conservation in recharge vouchers; (iii) Paper conservation through customer E-billing.

2. *For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional). (i) Reduction during sourcing / production / distribution achieved since previous year throughout the value chain; (ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year:*

With respect to the environmental initiatives listed above, the corresponding resource conservation is as follows: (i) Annual reduction of approximately 425 tons plastics achieved; (ii) Annual reduction of 840 tons of paper achieved; (iii) Approximate paper equivalent of over 3900 trees saved annually.

3. *Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.*

Idea has adopted a variety of environmentally conscious transportation practices, including route optimization, maximizing sea shipments for imports, vehicle optimization and consolidation of shipment. These are described above.

4. *Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?*

Idea is committed to provide skill development and employment to local youth in rural areas through commissioning of call centers in non-metro towns and recruitment of rural youth for local sales operations under the 'Son of Soil' initiative. A significant portion of procurement is decentralised and is done through local vendors across India.

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5. *Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.*

Recycling and environmentally safe disposal of waste is an integral aspect of the Company's environmental commitment. In this regard, all electronic and hazardous wastes are disposed off to authorized vendors as per the relevant regulations. Further, the Company has initiated pilot paper re-use and recycling projects across its locations.

Principle 3: Businesses should promote the wellbeing of all employees

Idea believes that human capital plays a vital role in the firm's ability to compete in the global economy and considers it at the heart of its success. To this end, Idea strives to foster a working environment which is conducive for a productive workforce, and ensures their continued well-being and development.

Idea believes that an energetic, intuitive zeal from emotional engagement makes work joyful and inspires every employee to give his / her best to the organizational vision and objectives.

The importance the Company places on its human resources is evident in the Chairman's belief given below:

"Without 'people power' even the best of operational and strategic thinking will come to naught"- Chairman, Idea.

In order to achieve the goals of employee well-being and development, the Company has adopted the following specific policies:

- Whistleblower Policy;
- Safety, Occupational Health and Environment Policy;
- Human Rights Policy;
- Policy to Prevent Sexual Harassment at the Workplace;
- Training Policy; and
- Continuing Education Policy.

Idea has been able to maintain a high level of employee motivation along with sustaining growth in an extremely challenging business environment. The scores on employee engagement and internal communication at Idea have improved steadily over the years. The rate of participation of employees in various surveys as well as the satisfaction levels have also improved significantly. As a result of its strong focus on human resources development, Idea enjoys high levels of employee satisfaction and retention.

Respect for employee rights and genuine needs, which include non-discrimination, work-life balance, safety and dignity, forms the basis of the Company's policies and practices. The Company follows all applicable legal requirements in this regard.

Idea relentlessly works on monetary and non-monetary recognition systems to reward employees for their achievements. This reinforces faith in shared values and strengthens the organizational culture, while helping it retain employees.

To create a culture for mid-career education that aids in development of employees through knowledge and skills enhancement, Idea has adopted the Aditya Birla Group's Continuing Education Policy to help employees become more effective in their current and future roles.

In order to develop and build an environment that facilitates employee development, encourages open and transparent communication, Idea has instituted various initiatives, some of which are outlined below:

- !INVEST - Framework for career path and capability development plan;
- !Aspire – Framework of internal development centers for high potential and high performing employees;
- !Evolve – 'Competency based grid' training framework to develop people through different interventions on competencies;
- i-Mitra - Employee query / request management tool; and
- Pragya initiative – Building a culture of inclusion based on gender diversity.

Further, Idea actively engages with its employees through various forums like 'Samvaad', 'MD's chat', 'Team Meets/ Town Halls' and 'Idea Connect'.

In an effort to enhance employee satisfaction, the Company has developed a formal process ('VOICE') which provides the employees across the organization a platform to voice any unresolved workplace concerns and seek resolution in a fair and transparent manner. Under this initiative, Employee Satisfaction Champions and Employee Satisfaction Teams have been entrusted with the task of addressing employee concerns as per a defined process.

SEBI – BRR Questionnaire Responses for Principle 3:

1. *Please indicate the total number of employees:*

The Company has 9,746 employees.

2. *Please indicate the total number of employees hired on temporary/contractual/casual basis:*

The Company has 6,830 employees on temporary/contractual/casual basis.

3. *Please indicate the number of permanent women employees:*

The Company has 751 permanent women employees.

4. *Please indicate the number of permanent employees with disabilities:*

The Company does not have any permanent employees with disabilities.

5. *Do you have an employee association that is recognized by management?*

The Company has no employee association.

6. *What percentage of your permanent employees is members of this recognized employee association?*

The Company has no employee association.

7. *Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.*

There have been no cases reported, relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year.

8. *What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year? - Permanent Employees, Permanent Women Employees, Casual/Temporary/Contractual Employees, Employees with Disabilities:*

Total training man-days for the company in FY 2012-13 = 45,079

Average training man-days per employee = 5.63 for FY 2012-13

Total training man-days given to sales team in FY 2012-13 = 230,412

Safety drills and evacuation are conducted across all offices on an annual basis.

to align its social, environment and economic performance with the stakeholder needs and expectations.

The Company's key internal stakeholders are employees and external stakeholders include adjudicators, courts, licensors, industry associations, regulators, network operators and subscribers. The Company formally engages with its stakeholders to identify and work towards meeting their expectations.

In order to promote inclusive growth, Idea encourages its partners to employ physically challenged people at its call centers. Idea also encourages employment of women at its service centers as front end executives. Going forward, Idea proposes to have more than half of its front desk executive positions as women.

Idea is focused on expanding its services in rural areas and promotes schemes such as minimum top up of ₹10/- in order to provide affordable access to communication to the economically disadvantaged population.

Idea has set up its rural distribution network so as to cater to customers far away from the urban centers with its vast variety of services. As of March 31, 2013, the Company has 3,142 Rural Service Centers (Idea Points and Idea Service Points) across 3,036 rural towns. Products with starting prices as low as ₹4 or ₹5 ensure that everyone can experience these products while ensuring value for their money.

In order to cater to remote communities, Idea organizes camps in rural areas where customers are unable to easily access its service centers. The Company has also set up call centers in Tier 2 and Tier 3 cities in order to reach the rural customers.

Idea also provides Interactive Voice Response (IVR) in 17 regional languages so that customers are able to understand and avail of various services.

Other than the usual applications, Idea has launched several mobile applications aimed at improving information access and quality of life for non-urban communities across the country, which are often economically disadvantaged. These initiatives pertain to education and learning, mobile banking, agricultural information, health and safety, government schemes and employment generation. Details of such initiatives are provided under Principle 8 below.

SEBI – BRR Questionnaire Responses for Principle 4:

1. *Has the company mapped its internal and external stakeholders?*

Idea has mapped its key internal and external stakeholders, which include employees, adjudicators, courts, licensors, industry associations, regulators, network operators and subscribers.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Idea recognizes the critical role played by internal and external stakeholders in its sustainability agenda, and strives

2. *Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders?*

Idea operates in all 22 telecom circles in the country, and has a relatively strong presence in non-urban areas in several circles. In this context, the Company has identified economically disadvantaged people residing in rural and geographically remote villages as marginalized and vulnerable stakeholder groups. Details of schemes and mobile applications addressing the needs of this demographic are detailed in the section above.

3. *Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.*

With regard to the rural, geographically remote and economically challenged population in the country, the Company recognizes its responsibility to improve their development and well-being through generation of local employment and deployment of various rural-focused mobile solutions. Idea's efforts towards job creation for the rural populace have been outlined in the preceding response, while its unique mobile-based applications for health, education and financial inclusion are described under Principle 8 below.

Principle 5: Businesses should respect and promote human rights

Idea is committed to sustaining a culture which upholds respect and support for human rights. The Company believes that all its employees should be able to live with social and economic dignity and with freedom, regardless of nationality, gender or religion.

The Company complies with all applicable local, state and national laws regarding human rights and worker's rights wherever it does business.

Idea has also recently adopted a Human Rights Policy which reinforces its commitment to human rights issues. The policy outlines the Company's commitment to developing a culture of respect and support for human rights, which include diversity in workplace, provision of secure environment for all personnel, proactive communications, and contribution to socio-economic development of communities where the Company operates.

The Human Rights Policy further encourages the Company's key suppliers to uphold human rights in their operations and communities and reinforce awareness on these issues. The Company's key vendor/supplier contracts include clauses addressing human rights aspects such as abolition of forced and child labour, worker safety and hygiene, absence of abuse and intimidation, etc.

SEBI – BRR Questionnaire Responses for Principle 5:

1. *Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?*

The Company's Human Rights Policy is applicable to all employees of Idea and its subsidiaries and major suppliers.

2. *How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?*

No complaints related to human rights were received in the past financial year.

Principle 6: Business should respect, protect, and make efforts to restore the environment

Environmental conservation is an important aspect of the Company's sustainability strategy. Idea is committed to working towards environmental sustainability by undertaking initiatives to reduce its carbon footprint and energy consumption, creating environmental awareness amongst its stakeholders, and upholding all applicable regulations.

The Company has adopted a Safety, Occupational Health and Environment Policy, which outlines its responsibility towards the environment as well as the safety and health of employees and communities.

Idea has initiated several initiatives to reduce its resource use, conserve non-renewable energy sources, improve efficiency, and decrease the Greenhouse Gas (GHG) emissions from its mobile network operations and other business activities.

The key environmental initiatives adopted by Idea in its network operations in FY 2012-13 are presented below:

- **Solar Hybrid Technology** – Mobile network sites (technically referred to as Base Transceiver Stations or BTS) form an integral link between the mobile phone users and the public network, and have heavy reliance on grid power and diesel. In order to decrease its energy and GHG emissions footprint, the Company has installed solar hybrid power technology at several of its network sites. During FY 2012-13, solar hybrid systems worked for a total of 3,803 site-months resulting in reduction of about 5,210 tons of CO₂ emissions. Idea has a target to roll out these systems to 1,200 sites next year.
- **Hydrogen Fuel Cell Hybrid Technology** – Idea is exploring the use of this technology to reduce its conventional energy requirement at network sites. During FY 2012-13, Hydrogen fuel cell hybrid systems worked for a total of 300 site-months resulting in the reduction of about

155 tons of CO₂ emissions. Idea aims to further roll out and expand the implementation of this technology at 100 additional sites next year.

- **Outdoor Hardware** – The use of outdoor hardware, which does not require air conditioning, is being adopted in the network, leading to a decrease in almost 25% less energy need per site.
- **Low Power Network Hardware** – Through the use of low power hardware at some network sites, the energy consumption has decreased by upto 40% per site.
- **Carbon Management** – Idea is currently exploring the possibility of deploying a software for carbon footprint calculation, for better management of CO₂ emissions data.
- **Re-use** - Idea encourages maximum re-use of hardware at its sites and hence minimal scrapping of hardware is required.
- **Shared telecom infrastructure** – Idea designs networks in a manner that the infrastructure can be utilized by multiple telecom operators, thus reducing environmental footprint.

As part of an environmentally responsible corporate group, Idea promotes various good practices in its day to day operations (such as video and teleconferencing). Idea also encourages its customers to follow the environmentally friendly practice of E-billing in place of paper-based billing. As of March 31, 2013, Idea had 1.37 million postpaid accounts (39% of postpaid accounts) were subscribed to the E-bill facility. On an annual basis, the Company saves approximately 232 tons on paper (equivalent to 3943 trees) through this initiative.

Idea has received external recognition for its adoption of fuel cell technology, including the Economic Times Telecom Award 2012 for Innovative Telecom Infrastructure Award, and its green network has been featured as a case study in the Greenpeace Report 'Enabling Clean Talking.'

SEBI – BRR Questionnaire Responses for Principle 6:

1. *Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?*

The Safety, Health and Environment Policy extends to the Company and its subsidiaries, as well as to its third party vendors/suppliers.

2. *Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.*

Idea is committed to addressing global environmental issues such as climate change and global warming

through adoption of green technologies, cleaner power sources for network sites, and lowering of diesel use and emissions in transportation. These initiatives have helped the Company to reduce its energy and Greenhouse Gas emissions footprint. Examples of key initiatives are described under Principle 2 and Principle 8 in this section of the Business Responsibility Report.

3. *Does the company identify and assess potential environmental risks? Y/N*

Idea has set up an Enterprise Risk Management (ERM) system, wherein two environmental compliances related issues viz. EMF radiation and air pollution have been included in its risk management dashboard.

4. *Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?*

Idea does not have any project related to Clean Development Mechanism.

5. *Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.*

Idea has adopted cleaner and non-conventional energy sources such as fuel cell hybrid and solar hybrid technology across several of its BTS sites, apart from installation of energy efficient hardware. Details of these initiatives are provided above in Section 6.

6. *Are the emissions / waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?*

Idea gives utmost importance to the issue of EMF radiation, and its commitment in this regard is evident from the Company's stringent monitoring systems and financial investment in emissions testing equipment. All of the Company's network sites are in compliance with the relevant radiation limits prescribed by the regulatory agency.

7. *Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.*

The company has received two legal notices from CPCB/SPCB.

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Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

As one of the largest mobile operators in the country, Idea recognizes its potential to advocate policies that will allow the overall socio-economic growth of the country, including the role of the telecom sector for promoting development, inclusive growth and information access.

Idea is an active member in the following national and international industry associations (either directly or through its subsidiaries):

- Confederation of Indian Industry (CII);
- The Associated Chambers of Commerce and Industry of India (ASSOCHAM);
- Federation of Indian Chambers of Commerce and Industry (FICCI);
- Cellular Operations Associations of India (COAI);
- GSM Association (GSMA); and
- Tower and Infrastructure Providers Association (TAIPA).

Through its membership in the above bodies, Idea actively participates in policy development on several issues pertaining to the telecom industry, including the TRAI Directives on Green Telecom and Electro-Magnetic Field (EMF) related regulations. An Idea official currently heads the COAI Infrastructure Committee.

In addition, Idea is a member of the CII National Committee on Telecom and Broadband, which actively advocates on telecom industry issues such as inclusive growth, rural telecom, driving higher quality of service and security for customers, and industry challenges and opportunities.

The Company's Managing Director is the current Chairman of COAI.

Idea is also the principal sponsor of the IIMA IDEA Telecom Centre of Excellence (IIT-CoE) at the Indian Institute of Management Ahmedabad (IIM-A). The Centre came into existence in 2007 as a result of a tri-partite Memorandum of Understanding (MoU) between the Company, the Department of Telecommunication (DoT) and IIM-A. The Idea Telecom Center of Excellence, along with other TCoEs, is playing an instrumental role in capacity building and all round growth of the Indian telecom industry (including manufacturing through Application Research). It also serves as a think tank to the Government and industry decision makers.

SEBI – BRR Questionnaire Responses for Principle 7:

1. *Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.*

Idea is a member of several key industry associations, which are listed above.

2. *Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others.*

Idea actively advocates on telecom industry issues, including rural penetration of telecom, driving higher quality of service and security for customers, and EMF radiation, environmental issues in telecom, innovation and technology, etc.

Principle 8: Businesses should support inclusive growth and equitable development

As part of a corporate group committed to societal growth and development, Idea considers community development and nation-building as key components of its sustainability strategy.

Idea is a fully integrated telecom services provider offering its 121.6 million mobile subscribers a choice of national, international and internet services. The Company's services are available in 4,634 census towns and 298,686 villages across India. Moreover, the Company's rural penetration was more than 50% by the end of fifth year from issuance of its license, which is more than its licensing obligation.

Idea has adopted a Corporate Social Responsibility (CSR) Policy, which aims at inclusive growth and poverty alleviation through focus on education, health care, sustainable livelihood, infrastructure development and espousing various social causes.

As a telecom Company, Idea believes in harnessing the transformational potential of mobile telephony and information technology to develop a better society, cleaner environment, improving the quality of life, and nation-building through creative and innovative applications. Idea's contribution towards achieving inclusive growth and equitable development include the unique initiatives described below:

- 'Behtar Zindagi' - An initiative mainly for rural population which provides information on following aspects over mobile phones:
 - Agriculture (crops and cultivation);
 - Weather forecast and advisory;
 - Livestock management;
 - Inland and coastal fisheries;
 - Health;
 - Education; and
 - Finance.

- **HPCL and IOCL Gas booking system** – Idea has successfully provided first of its kind IVRS based LPG gas booking solution to IOCL and HPCL who are among fortune 500 companies and among Navratnas in the country. The solution has made it convenient for millions of Indians to book LPG from their mobile phone round the clock.
- **'Son of Soil'** - Rural youth is recruited for day to day sales operations in villages. This initiative not only provides employment for local communities but also helps build sustained relationship with the rural population.
- **Mobile Banking** – Given that India has more than 70% mobile penetration and only 35% of the population has access to banking facilities, mobile banking addresses the critical issue of financial inclusion. Idea Mobile Commerce Service Ltd., a 100% subsidiary of Idea Cellular Ltd, launched a pilot project in association with Axis Bank, wherein the bank leveraged the strength of Idea's mobile subscriber base and distribution reach. The pilot project begun in October 2011 and lasted till May 2012 in selected areas of Dharavi (Mumbai) and Allahabad (Uttar Pradesh - East), under the brand name of 'Idea MyCash'. Based on the encouraging response, the commercial service was rolled out on August 1, 2012 in selected districts of Uttar Pradesh - East, Bihar, Delhi and Mumbai telecom circles. Moreover, basic banking services like Cash Deposit, Cash withdrawal, Recharges, Direct To Home (DTH) recharge, Utility Payments, Remittance to MyCash customers etc. are being offered and are receiving encouraging response.
- **Nokia Life Tools** – Idea was the first GSM operator in India to collaborate with Nokia to provide Nokia Life Tools, a range of innovative agriculture information, educational and entertainment services to non-urban customers. These services are designed to help overcome information constraints and improve quality of life for the next generation of mobile users.

In addition to the above, Idea is also associated with non-governmental organizations such as Teach India and Give India where Company employees are encouraged to participate and volunteer their time and knowledge for societal development and nation-building.

SEBI – BRR Questionnaire Responses for Principle 8:

1. *Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.*

Idea has adopted a Corporate Social Responsibility (CSR) policy which outlines its vision to “actively contribute to the social and economic development of the communities in which we operate. In so doing

build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.” The focus areas of the Company's CSR strategy are Education, Healthcare, Sustainable Livelihood, Infrastructure Development and Social Change.

2. *Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?*

The Aditya Birla Centre for Community Initiatives and Rural Development provides the overall CSR vision under the leadership of its Chairperson, Mrs. Rajashree Birla. The Company's CSR efforts are supported by a robust implementation structure, which includes a team of dedicated professionals, is in place at the Company units.

The CSR strategy also includes collaborative partnerships with the Government, District Authorities, Village Panchayats, Non-Governmental Organizations and other like-minded stakeholders. In collaboration with FICCI, the Aditya Birla CSR Centre for Excellence has also been established with an aim of making CSR an integral part of corporate culture. Idea also engages with well established and recognized programs and national platforms such as the CII, FICCI, ASSOCHAM, given their commitment to inclusive growth.

3. *Have you done any impact assessment of your initiative?*

In order to measure the impact of its CSR projects, the Aditya Birla Centre for Community Initiatives and Rural Development engages external agencies to conduct a social satisfaction surveys and audit.

4. *What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?*

As an Aditya Birla Group company, Idea actively contributes to the Group's CSR activities and has continued to do so during the reporting period. The CSR projects undertaken fall under the broad focus areas of infrastructure development, health care, sustainable livelihood and education.

5. *Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.*

As part of its focus on rural penetration, Idea has developed mobile applications for the rural population and provides employment opportunities to rural youth through initiatives such as 'Son of Soil', as described in detail under Principle 8. Providing affordable

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telecommunication access to rural population is Idea's contribution to sustainable development in India.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

Idea believes that customers form the foundation of its business success. The Company's focus on customers derives from its Value Book, which emphasizes the need to respond to internal and external customers with a sense of urgency, continuously striving to finish before deadline, and choosing the best rhythm to optimize organizational efficiencies.

In order to accomplish the Company's mission "*We will delight our customers while meeting their individual communication needs anytime anywhere*", it constantly work towards meeting customer needs, adding value and exceeding their expectations.

The Company strongly believes that it should be upfront and honest about its operations with customers. Hence, it engages with its customers in a transparent manner by displaying all the tariff plans on the web in an unambiguous manner. This information is easily accessible to customers either by telecom circle or by package.

The Company also installs its network devices in a way that maintains data integrity, confidentiality and availability while preventing unauthorized use of confidential data.

Idea always focuses on meeting and exceeding customer needs. Some innovative initiatives in this regard include a quick and easy way of 'Electronic top-up' for recharging accounts, camps in rural areas for providing education on mobile, and provision of customer care services in vernacular languages.

Idea has also introduced several value-added services (VAS) focusing on education, health and family care for rural population.

At urban locations, kiosks are set up at select My Ideas (Service Centers) to create awareness about 3G services that the Company offers.

Customer satisfaction is of prime importance to the Company. A customer satisfaction (C-SAT) study is conducted every quarter in order to track the quality of customer experience with Company's product and services and to benchmark the Company's performance with respect to its competitors.

Idea ranked third in a customer satisfaction survey conducted in FY 2011-12. Over the past one year, focused activities were taken up to address this area, and Idea has now moved to the first place as on March 2013.

Idea also conducts other consumer satisfaction surveys such as 'Process Experience Survey', 'Mystery Audits at Service Centers', 'Post Paid Lost Customer Assessment', and 'Franchisee Satisfaction Survey' during the course of the year

to get customer feedback and undertake corrective actions and initiatives.

An additional feedback taken from customers on a daily basis is Instant Customer Feedback (ICF) wherein, an SMS is sent to customers seeking feedback on the quality of service provided to him after he / she has contacted any of the Company's touch points. This on-going instant feedback from customers helps in improving the Company's processes.

After the surveys are completed, the results are presented to the senior management team and detailed action plans are prepared specific to all the concerned functions. The same are tracked at periodic intervals to ensure that the execution meets the planning requirements leading to higher customer satisfaction.

SEBI – BRR Questionnaire Responses for Principle 9:

1. *What percentage of customer complaints/ consumer cases is pending as on the end of financial year?*

Out of the total calls received by the Company from customers, approximately 2% are related to complaints. 0.08% of the total complaints received during FY 2012-13 were in an open stage as on March 31, 2013. The rest were closed satisfactorily.

2. *Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks*

The Company adheres to all product labeling and product information requirements as per the law of the land. Transparency in tariff through detailed plans being available on the website for consumers and focus on responsible advertising is the hallmark of Idea.

3. *Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.*

There are no cases pending with the Competition Commission of India. However, disgruntled subscribers of the Company generally file their cases in consumer protection forums for alleged deficiency in expected level of service by the Company, in the normal course of business. Some of these cases are pending with such forums.

4. *Did your company carry out any consumer survey/ consumer satisfaction trends?*

Idea conducts a C-SAT survey every quarter as well as other assessment surveys such as 'Process Experience Survey', 'Mystery Audits at Service Centers', 'Post Paid Lost Customer Assessment', and 'Franchisee Satisfaction Survey'.

Independent Auditors' Report

To the Members of
Idea Cellular Limited

Report on the Financial Statements

We have audited the accompanying financial statements of IDEA CELLULAR LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

- a) We draw attention to Note 30 to the financial statement. The Division Bench of the Hon'ble High Court of Delhi on 13th July 2012 has reaffirmed High Court Order dated 5th February 2010 and 4th July 2011 sanctioning the Scheme of Amalgamation of Spice Communications Limited (Spice) with the Company. Further the Division Bench of the Hon'ble High Court of Delhi has also pronounced that the Department of Telecommunications (DoT) has to take decision regarding transfer of licenses held by erstwhile Spice to the Company arising out of amalgamation within a period of three months (which had been extended to 5th January 2013 vide order dated 11th December 2012) and dispute, if any, between the Company and DoT related to transfer of licenses should be referred to Hon'ble TDSAT for resolution.

The impact, if any, on the Company is dependent upon the steps to be taken by DoT in this regard.

- b) We draw attention to Note 31 (i) to the financial statement. The DoT has issued demand notices dated 8th January 2013 towards one time spectrum charges for spectrum held by the Company beyond 6.2 Mhz for period from 1st July 2008 to 31st December 2012 amounting to ₹ 3,691.30 Mn. and beyond 4.4 Mhz for period from 1st January 2013 till the expiry of the license

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amounting to ₹17,443.70 Mn. in the respective telecom service areas. In the opinion of the Company, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past. The Company therefore filed a petition before the Hon'ble High Court of Bombay, which directed DoT to respond and not to take any coercive action until next date of hearing, which is scheduled for 6th May 2013.

The financial impact of the above mentioned matter is dependent upon the outcome of the petition filed by Company in the Hon'ble High Court of Bombay and therefore no effect for the one time spectrum charges has been given in these Financial Statements.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (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 comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Khurshed Pastakia
Partner
(Membership No. 31544)

Place: Mumbai
Date : 25th April, 2013

Annexure to the Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section 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 Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. 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. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered 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 is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the rendering of services. During the course of our audit, we have not observed any major weaknesses in such internal control system.
5. In our opinion and according to the information and explanations given to us, there were no contracts or arrangements, 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 cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine 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 Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues in arrears, as at 31st March 2013 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 31st March 2013 by the Company on account of disputes are given below:

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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 to 2012-13	36.44	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 2005-06	11.82	Commercial Tax Tribunal - Madhya Pradesh
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	2005-06 to 2007-08, 2009-10	34.14	Madhya Pradesh High Court
MP Entry Tax Act, 1976	Entry Tax	2006-07 to 2008-09, 2010-11	35.20	Deputy Commissioner (Appeals)
Orissa Entry Tax Act, 1999	Entry Tax	2008-09, 2009-10	5.20	Orissa High Court
The Jammu & Kashmir Entry Tax on Goods Act, 2000	Entry Tax	2009-10 to 2012-13	78.77	Srinagar High Court
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	1999-00 to 2003-04, 2005-06, 2006-07	5.88	Allahabad High Court
The Uttar Pradesh Tax on Entry of Goods Act, 2000	Entry Tax	2004-05	2.08	Joint Commissioner (Appeals)
The Uttar Pradesh Tax on Entry of Goods Act, 2000	Entry Tax	2007-08	6.45	Trade Tax Tribunal
Uttar Pradesh Trade Tax Act, 1948	Entry Tax	2005-06	0.30	Deputy Commissioner DC-12
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	2004-05 to 2009-10	12.54	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	2002-03, 2003-04, 2004-05 to 2012-13	15,841.60	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2003-04	3.08	CIT Appeals
Income Tax Act, 1961	Income Tax	2007-08 to 2009-10	0.32	Gujarat High Court
Income Tax Act, 1961	Income Tax	2002-03 to 2005-06	4.15	Karnataka High Court
Income Tax Act, 1961	Income Tax	2007-08, 2008-09	11.37	Assistant Commissioner of Income Tax (TDS)
Income Tax Act, 1961	Income Tax	2007-08, 2008-09	0.09	Income Tax Officer - TDS
Delhi Sales Tax Act, 1975	Sales Tax	2003-04, 2004-05	89.21	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	Apr-06 to Dec-06	0.83	Sales Tax Officer
Kerala Sales Tax Act, 1963	Sales Tax	1997-98, 2000-01	0.20	Sales Tax Appellate Tribunal
Kerala Sales Tax Act, 1963	Sales Tax	1998-99	0.06	Deputy Commissioner, Sales Tax
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 2005-06, 2007-08	18.49	Commercial Tax Tribunal - Madhya Pradesh
Madhya Pradesh Commercial Tax Act, 1994	Sales Tax	2008-09 to 2010-11	9.51	Deputy Commissioner (Appeals)
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	2.32	Commercial Tax Tribunal
The Jammu & Kashmir General Sales Tax Act, 1962	Sales Tax	2009-10 to 2012-13	111.24	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	2005-06, 2008-09, 2009-10	0.59	Joint Commissioner (Appeals)
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	2007-08	0.58	Trade Tax Tribunal
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	2007-08	2.73	Allahabad High Court
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	2012-13	2.77	Assessing Officer, Joint Commissioner
Uttar Pradesh Trade Tax Act, 1948 (UTTRAKHAND AMENDEMENT)	Sales Tax	Nov-06 to Mar-07	0.93	Joint Commissioner (Appeals)
Uttar Pradesh Value Added Act, 2008	Sales Tax	2007-08 to 2009-10, 2012-13	21.26	Commercial Tax Tribunal Bench II Lucknow
Uttar Pradesh Value Added Act, 2008	Sales Tax	2011-12	4.61	Additional Commissioner (Appeals)
Finance Act, 1994 (Service Tax provisions)	Service Tax	2004-05, 2005-06, 2006-07, 2007-08, 2008-09, Oct-08 To Feb-10	1,295.39	Customs Excise & Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax provisions)	Service Tax	2004-Upto Dec-08	53.70	Commissioner Service Tax
Finance Act, 1994 (Service Tax provisions)	Service Tax	2005-06, 2006-07, Oct-06 to Sep-07	8.19	Commissioner of Central Excise (Appeals)
Finance Act, 1994 (Service Tax provisions)	Service Tax	Oct-98 to Mar-99, Apr-02 to Sep-02	2.98	Punjab & Haryana High Court
Finance Act, 1994 (Service Tax provisions)	Service Tax	2004-05, Apr-05 to Sep-05	2.44	Commissioner of Service Tax

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, financial institutions and debenture holders.
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 of the Company, we report that funds raised on short term basis amounting to ₹ 20,766.26 Mn. have been used 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, during the year covered by our audit report, the Company had issued 1,000 debentures of ₹ 10 Mn. each. The Company has created security in respect of the debentures issued.
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 fraud on the Company has been noticed or reported during the year other than few cases of unauthorised services utilised by external parties valued at ₹ 13.13 Mn. (Approx) detected and appropriately dealt with by the Management.

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

Khurshed Pastakia
Partner
(Membership No: 31544)

Place : Mumbai
Date : April 25, 2013

IDEA CELLULAR LIMITED

Balance Sheet as at March 31, 2013

₹ Mn

Particulars	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	33,143.22	33,088.45
Reserves and Surplus	4	107,055.79	96,256.93
		140,199.01	129,345.38
Non-Current Liabilities			
Long-Term Borrowings	5	105,743.96	86,121.56
Deferred Tax Liabilities (Net)	6	10,231.17	5,527.39
Other Long-Term Liabilities	7	8,266.48	6,264.38
Long-Term Provisions	8	2,018.86	1,389.63
		126,260.47	99,302.96
Current Liabilities			
Short-Term Borrowings	9	7,050.38	15,260.14
Trade Payables (includes amount referred in Note 41 & 44)		24,315.89	20,964.91
Other Current Liabilities	10	45,201.05	44,903.86
Short-Term Provisions	11	1,239.69	63.28
		77,807.01	81,192.19
TOTAL		344,266.49	309,840.53
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	176,859.46	168,938.26
Intangible Assets	12	82,526.00	68,494.31
Capital Work-in-Progress	12	8,434.25	6,332.73
Non-Current Investments	13	16,377.07	16,368.07
Long-Term Loans and Advances	14	30,018.68	25,824.03
		314,215.46	285,957.40
Current Assets			
Current Investments	15	9,296.00	-
Inventories	16	545.10	529.39
Trade Receivables	17	9,156.79	8,075.54
Cash and Bank Balances	18	1,157.36	1,341.90
Short-Term Loans and Advances	19	9,887.34	13,918.62
Other Current Assets	20	8.44	17.68
		30,051.03	23,883.13
TOTAL		344,266.49	309,840.53
Significant Accounting Policies	2		
The accompanying notes are an integral part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Khurshed Pastakia
Partner
Membership No.: 31544

Place : Mumbai
Date : April 25, 2013

For and on behalf of the Board

Gian Prakash Gupta
Director

Akshaya Moondra
Chief Financial Officer

Sanjeev Aga
Director

Pankaj Kapdeo
Company Secretary

Himanshu Kapania
Managing Director

Statement of Profit and Loss for the year ended March 31, 2013

₹ Mn

Particulars	Note	For the year ended March 31, 2013	For the year ended March 31, 2012
INCOME			
Service Revenue		220,434.35	192,753.18
Other Income	21	434.39	470.15
TOTAL		220,868.74	193,223.33
OPERATING EXPENDITURE			
Personnel Expenditure	22	10,038.30	8,588.27
Network Expenses and IT Outsourcing Cost	23	63,551.95	56,592.56
License Fees and WPC Charges	24	24,752.50	23,231.83
Roaming & Access Charges	25	40,145.27	32,798.75
Subscriber Acquisition & Servicing Expenditure	26	21,324.32	20,540.75
Advertisement and Business Promotion Expenditure		4,535.61	4,210.76
Administration & Other Expenses	27	4,956.29	4,132.04
		169,304.24	150,094.96
PROFIT BEFORE FINANCE CHARGES, DEPRECIATION, AMORTISATION & TAXES		51,564.50	43,128.37
Finance & Treasury Charges (Net)	28	8,134.55	9,078.04
Depreciation	12	25,383.58	20,194.55
Amortisation of Intangible Assets	12	5,159.99	5,433.16
PROFIT BEFORE TAX		12,886.38	8,422.62
Provision for Taxation - Current		2,737.36	1,808.11
- Deferred		4,703.79	2,657.24
- MAT Credit		(2,737.36)	(1,808.11)
PROFIT AFTER TAX		8,182.59	5,765.38
Earnings Per Share of ₹ 10 each fully paid up (in ₹)	48		
Basic		2.47	1.74
Diluted		2.47	1.74
Significant Accounting Policies	2		
The accompanying notes are an integral part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered AccountantsKhurshed Pastakia
Partner
Membership No.: 31544Place : Mumbai
Date : April 25, 2013

For and on behalf of the Board

Gian Prakash Gupta
DirectorAkshaya Moondra
Chief Financial OfficerSanjeev Aga
DirectorPankaj Kapdeo
Company SecretaryHimanshu Kapania
Managing Director

Notes forming part of the Financial Statements

1. CORPORATE INFORMATION

Idea Cellular Limited ("the Company"), an Aditya Birla Group company, is one of the leading national telecom service providers in India. The Company is engaged in the business of Mobility and Long Distance services.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements:

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

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, issued in 2011.

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 5
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.

Notes forming part of the Financial Statements

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. Advance Income Tax and Provision for Current Tax is disclosed in the balance sheet at net as these are settled on net basis.

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 Licence fee computed at prescribed rates of revenue share is

Notes forming part of the Financial Statements

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 licence agreement of the licence area to which the licence 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

3 SHARE CAPITAL

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Numbers	₹ Mn	Numbers	₹ Mn
Authorised				
Equity Shares of ₹10 each	6,775,000,000	67,750.00	6,775,000,000	67,750.00
Redeemable Cumulative Non-Convertible Preference Shares of ₹10 Mn. each	1,500	15,000.00	1,500	15,000.00
	6,775,001,500	82,750.00	6,775,001,500	82,750.00
Issued, Subscribed and Paid-Up				
Equity Share Capital				
Equity Shares of ₹10 each fully Paid-up	3,314,321,766	33,143.22	3,308,845,110	33,088.45
Total	3,314,321,766	33,143.22	3,308,845,110	33,088.45

(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, 2013		As at March 31, 2012	
	Numbers	₹ Mn	Numbers	₹ Mn
Equity shares outstanding at the beginning of the year	3,308,845,110	33,088.45	3,303,271,505	33,032.72
Equity shares allotted pursuant to exercise of ESOP	5,476,656	54.77	5,573,605	55.73
Equity shares outstanding at the end of the year	3,314,321,766	33,143.22	3,308,845,110	33,088.45

c) Rights attached to Equity Shareholders:

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

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

Name of Shareholder	Class of Shares	As at March 31, 2013		As at March 31, 2012	
		Numbers	%age	Numbers	%age
Aditya Birla Nuvo Limited	Equity Shares	837,526,221	25.27%	837,526,221	25.31%
Birla TMT Holdings Private Limited	Equity Shares	283,565,373	8.56%	283,565,373	8.57%
Grasim Industries Limited	Equity Shares	171,013,894	5.16%	171,013,894	5.17%
Hindalco Industries Limited	Equity Shares	228,340,226	6.89%	228,340,226	6.90%
P5 Asia Investments (Mauritius) Limited	Equity Shares	330,000,000	9.96%	330,000,000	9.97%
Axiata Investments 2 (India) Limited	Equity Shares	195,427,333	5.90%	195,427,333	5.91%
TMI Mauritius Limited	Equity Shares	464,734,670	14.02%	464,734,670	14.05%

Notes forming part of the Financial Statements

e) 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, 2013	As at March 31, 2012
	No. of Options	No. of Options
Options outstanding at the beginning of the year	18,471,360	24,516,925
Options granted during the year	-	-
Options forfeited / lapsed during the year	237,124	471,960
Options exercised during the year	5,476,656	5,573,605
Options outstanding at the end of the year	12,757,580	18,471,360
Weighted average exercise price of outstanding options (Amount in ₹)	50.44	49.04

Particulars	₹ Mn	
	As at March 31, 2013	As at March 31, 2012
4 RESERVES AND SURPLUS		
a) Debtore Redemption Reserve		
Balance at the beginning of the year	-	-
Add: Transfer from Statement of Profit and Loss	93.15	-
Balance at the end of the year	93.15	-
b) Securities Premium Account		
Balance at the beginning of the year	64,796.63	64,450.77
Add: Premium on issue of shares under ESOS scheme	329.04	345.86
Add: Cost of licenses impaired earlier and debited to securities premium now adjusted against new spectrum taken in auction (Refer Note 29)	3,585.80	-
Balance at the end of the year	68,711.47	64,796.63
c) Outstanding Employee Stock Options		
Balance at the beginning of the year	349.48	478.09
Add: Charge for the year (Refer Note 42)	0.32	35.88
Less: Transfer to Securities Premium Account on exercise of Options	135.61	164.49
Balance at the end of the year	214.19	349.48
d) Reserve for Business Restructuring		
Balance at the beginning of the year	168.67	168.67
Less: Transfer to General Reserve	168.67	-
Balance at the end of the year	-	168.67
e) General Reserve		
Balance at the beginning of the year	20,694.54	20,694.54
Add: Transfer from Reserve for Business Restructuring	168.67	-
Balance at the end of the year	20,863.21	20,694.54
f) Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	10,247.61	4,482.23
Add: Profit during the year	8,182.59	5,765.38
Less: Transfer to Debtore Redemption Reserve	93.15	-
Less: Proposed Dividend	994.30	-
Less: Dividend Distribution Tax on Proposed Dividend	168.98	-
Balance at the end of the year	17,173.77	10,247.61
Total	107,055.79	96,256.93

Notes forming part of the Financial Statements

₹ Mn

Particulars	As at March 31, 2013	As at March 31, 2012
5 LONG TERM BORROWINGS		
SECURED LOANS		
626 (Previous year Nil) 9.45% Redeemable Non Convertible Debentures (NCD) of ₹ 10 Mn. each	6,260.00	-
(The Company has re-purchased 374 NCDs of ₹ 10 Mn. each, at par, aggregating to ₹ 3,740 Mn. with an option to re-issue the same in future)		
Term Loans		
Foreign Currency Loan		
- From Banks	770.57	1,857.22
- From Others	48,507.17	36,882.16
Rupee Loan		
- From Banks	20,522.49	26,826.39
- From Others	3,000.00	5,075.82
Vehicle Loan from Banks	266.61	234.46
Total	79,326.84	70,876.05
UNSECURED LOANS		
Term Loans		
Foreign Currency Loan		
- From Banks	13,103.14	15,245.51
Deferred Payment Liabilities towards Spectrum	13,313.98	-
	26,417.12	15,245.51
Total	105,743.96	86,121.56

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 ₹ 56,110.84 Mn. (Previous year ₹ 43,698.74 Mn.) and Rupee Loan amounting to ₹ 9,590.46 Mn. (Previous year ₹ 21,506.08 Mn.) additionally have pledge on 60% shareholding of Indus Towers Limited held by wholly owned subsidiary. Further Foreign Currency Loan amounting to ₹ 7,010.50 Mn. (Previous year ₹ 8,660.71 Mn.) & Rupee Loan amounting to ₹ 9,590.46 Mn. (Previous year ₹ 21,506.08 Mn.) included above, have additional security as first priority charge over Telecom Licenses also. NCD amounting to ₹ 6,260.00 Mn. have pari passu charge only on the tangible fixed assets of the Company.

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, 2013:

Repayment Terms for Secured Foreign Currency Borrowings

Facility 1 (₹ 770.81 Mn.) - Balance amount is repayable in August, 2014

Notes forming part of the Financial Statements

Facility 2 (₹ 10,910.07 Mn.) -

Tranche 1 - Balance amount is repayable in 11 equal half yearly installments starting September, 2014

Tranche 2 - Balance amount is repayable in 14 equal half yearly installments starting August, 2014

Facility 3 (₹ 7,060.86 Mn.) - Balance amount is repayable in 15 equal half yearly installments starting June, 2014

Facility 4 (₹ 2,722.15 Mn.) - Balance amount is repayable in 19 equal half yearly installments starting April, 2014

Facility 5 (₹ 8,392.50 Mn.) -

Tranche 1 - Balance amount is repayable in 12 equal half yearly installments starting April, 2014

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

Facility 6 (₹ 6,732.26 Mn.) - Balance amount is repayable in 15 equal half yearly installments starting May, 2014

Facility 7 (₹ 7,497.36 Mn.) -

Tranche 1 - 17 equal half yearly installments starting July, 2014

Tranche 2 - 15 equal half yearly installments starting July, 2014

Facility 8 (₹ 5,191.74 Mn.) - Balance amount is repayable as follows:

- 1) 5 equal quarterly installments of 1.25% each of the total drawn amount starting April, 2014
- 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 (₹ 9,122.49 Mn.) - Balance amount is repayable as follows:

- 1) 4 equal quarterly installments of 6.25% each of the total drawn amount starting April, 2014
- 2) 4 equal quarterly installments of 5.00% each of the total drawn amount starting April, 2015

Facility 2 (₹ 14,400.00 Mn.) - Balance amount is repayable as follows:

- 1) 4 equal quarterly installments of ₹ 400 Mn. each starting June, 2014
- 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

NCDs (₹ 6,260.00 Mn.) - Repayable in October, 2019

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

Repayment Terms for Unsecured Foreign Currency Borrowings

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

Facility 2 (₹ 1,185.43 Mn.) - Balance amount is repayable in February, 2015

Facility 3 (₹ 5,155.41 Mn.) - Balance amount is repayable as follows:

- 1) 20% of total drawdown is repayable in June, 2014
- 2) 60% of total drawdown is repayable in June, 2018

Deferred Payment Liability towards Spectrum is repayable in 10 equated annual installments starting December, 2015.

c) Summary of Repayment terms:

₹ Mn

Particulars	Loan repayable in		
	1 to 2 years	2 to 5 years	After 5 years
Secured	14,148.82	38,378.49	26,799.54
Unsecured	2,424.79	10,756.49	13,235.84

Notes forming part of the Financial Statements

₹ Mn

Particulars	As at March 31, 2013	As at March 31, 2012
6 DEFERRED TAX LIABILITIES		
Major components of Deferred Tax are:		
a) Deferred Tax Liability:		
Depreciation & Amortisation	18,254.37	14,954.94
Total Deferred Tax Liability (A)	18,254.37	14,954.94
b) Deferred Tax Asset:		
Provision for Doubtful Debts	1,246.75	933.37
Expenses allowable on Payment Basis	785.71	565.56
Brought Forward losses	5,928.67	7,865.10
Others	62.07	63.52
Total Deferred Tax Asset (B)	8,023.20	9,427.55
Net Deferred Tax Liability (A - B)	10,231.17	5,527.39
7 OTHER LONG TERM LIABILITIES		
a) Trade Payables	2,925.73	2,320.35
b) Capex Creditors	48.38	77.85
c) Unearned Income	2,950.92	2,120.88
d) Deposits from Customers and Others	1,904.60	1,745.30
e) Interest accrued but not due	436.85	-
Total	8,266.48	6,264.38
8 LONG TERM PROVISIONS		
a) Gratuity (Refer Note 42)	732.69	263.02
b) Leave Encashment	865.72	687.41
c) Asset Retirement Obligation (Refer Note 49)	420.45	439.20
Total	2,018.86	1,389.63

IDEA CELLULAR LIMITED

Notes forming part of the Financial Statements

₹ Mn

Particulars	As at March 31, 2013	As at March 31, 2012
9 SHORT TERM BORROWINGS		
a) SECURED LOANS		
Short Term Loan from Banks	-	7,065.33
b) UNSECURED LOANS		
Short Term Loan		
- from Banks	2.12	248.19
- from Others (includes amount referred in Note 44)	2,793.87	500.00
Buyers Credit in Foreign Currency from Banks	4,254.39	6,446.62
Commercial Papers from Banks	-	1,000.00
Total	7,050.38	15,260.14
10 OTHER CURRENT LIABILITIES		
a) Current Maturities of Long Term Debt	16,687.12	19,574.83
b) Interest accrued but not due on Borrowings	913.28	653.22
c) Advance from Customers and Unearned Income	9,608.39	9,143.16
d) Capex Creditors	10,302.60	8,738.85
e) Book Bank Overdraft	174.98	334.29
f) Taxes and Other Liabilities	7,514.68	6,459.51
Total	45,201.05	44,903.86
11 SHORT TERM PROVISIONS		
a) Leave Encashment	76.41	63.28
b) Proposed Dividend	994.30	-
c) Dividend Distribution Tax on Proposed Dividend	168.98	-
Total	1,239.69	63.28

Notes forming part of the Financial Statements

12. FIXED ASSETS

A - TANGIBLE ASSETS

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at April 1, 2012	Additions for the year ended March 31, 2013	Disposal / Adjustments for the year ended March 31, 2013	As at April 1, 2012	Additions for the year ended March 31, 2013	Disposal / Adjustments for the year ended March 31, 2013	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Freehold Land	92.53	-	-	-	-	-	92.53	-	92.53
Leasehold Land	193.78	0.74	-	77.93	12.34	-	104.25	90.27	115.85
Buildings	1,450.88	1.07	-	458.62	60.03	-	933.30	518.65	992.26
Plant & Machinery	256,169.24	33,068.35	857.24	89,647.92	24,776.62	654.00	174,609.81	113,770.54	166,521.32
Furniture & Fixtures	1,581.44	41.16	3.97	1,032.27	160.80	3.16	428.72	1,189.91	549.17
Office Equipment	3,476.90	128.52	78.81	3,221.27	147.73	77.70	235.31	3,291.30	255.63
Vehicles	1,064.67	288.65	120.81	653.17	226.06	102.26	455.54	776.97	411.50
TOTAL	264,029.44	33,528.49	1,060.83	95,091.18	25,383.58	837.12	176,859.46	119,637.64	168,938.26

Notes:

- Plant & Machinery includes assets held for disposal- Gross Block ₹ 243.76 Mn. (Previous year ₹ 66.09 Mn.) and Net Block ₹ 24.61 Mn. (Previous year ₹ 1.29 Mn.).
- Plant & Machinery includes Gross Block of assets capitalised under finance lease ₹ 10,470.14 Mn. (Previous year ₹ 7,046.64 Mn.) and corresponding Accumulated Depreciation being ₹ 6,584.01 Mn. (Previous year ₹ 4,664.16 Mn.).
- Exchange loss amounting to ₹ 4,120.31 Mn. (Previous year exchange loss ₹ 5,635.25 Mn.) capitalised as per transitional provisions of notification under AS-11, issued by the Ministry of Corporate Affairs.
- Depreciation charge for the year includes accelerated depreciation of ₹ 170.21 Mn. due to change in estimated useful life of certain fixed assets.

B - INTANGIBLE ASSETS

Particulars	Gross Block			Accumulated Amortisation			Net Block		
	As at April 1, 2012	Additions for the year ended March 31, 2013	Disposal / Adjustments for the year ended March 31, 2013	As at April 1, 2012	Additions for the year ended March 31, 2013	Disposal / Adjustments for the year ended March 31, 2013	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Entry/License Fees & Spectrum	86,126.17	20,373.10	3,260.10	23,860.09	4,120.63	-	27,980.72	75,258.45	62,266.08
Computer - Software	4,663.92	189.33	1.58	3,445.20	634.77	1.58	4,078.39	773.28	1,218.72
Bandwidth	5,503.58	1,890.18	0.83	494.07	404.59	-	898.66	6,494.27	5,009.51
TOTAL	96,293.67	22,452.61	3,262.51	27,799.36	5,159.99	1.58	32,957.77	82,526.00	68,494.31
Grand Total	360,323.11	55,981.10	4,323.34	122,890.54	30,543.57	838.70	259,385.46	152,595.41	237,432.57

Notes:

- Computer - Software include Gross Block of assets capitalised under finance lease ₹ 2,151.48 Mn. (Previous year ₹ 1,965.26 Mn.) and corresponding Accumulated Amortisation being ₹ 1,763.99 Mn. (Previous year ₹ 1,311.98 Mn.).
- The remaining amortisation period of License / Spectrum fees as at March 31, 2013 ranges between 4 to 19 years based on the respective Telecom Service License period.

Capital Work in Progress (Net of impairment provision of ₹ 4,844.60 Mn.)

8,434.25

6,332.73

Notes forming part of the Financial Statements

12. FIXED ASSETS

C - TANGIBLE ASSETS

Particulars	Gross Block			Accumulated Depreciation			Net Block 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 April 1, 2011	Additions for the year ended March 31, 2012	Disposal / Adjustments for the year ended March 31, 2012	
Freehold Land	92.53	-	-	-	-	-	92.53
Leasehold Land	193.34	0.44	-	65.73	12.20	-	115.85
Buildings	1,427.90	22.98	-	397.08	61.54	-	992.26
Plant & Machinery	210,806.85	45,980.86	618.47	70,736.56	19,525.91	614.55	166,521.32
Furniture & Fixtures	1,467.50	123.40	9.46	879.41	161.57	8.71	549.17
Office Equipment	3,353.84	178.38	55.32	3,048.88	227.47	55.08	255.63
Vehicles	901.80	309.46	146.59	577.43	205.86	130.12	411.50
TOTAL	218,243.76	46,615.52	829.84	75,705.09	20,194.55	808.46	168,938.26

D - INTANGIBLE ASSETS

Particulars	Gross Block			Accumulated Amortisation			Net Block 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 April 1, 2011	Additions for the year ended March 31, 2012	Disposal / Adjustments for the year ended March 31, 2012	
Entry/License Fees	65,318.27	20,807.90	-	19,398.59	4,461.50	-	62,266.08
Computer - Software	3,838.69	825.23	-	2,709.90	735.30	-	1,218.72
Bandwidth	1,986.81	3,516.77	-	257.71	236.36	-	5,009.51
TOTAL	71,143.77	25,149.90	-	22,366.20	5,433.16	-	68,494.31
Grand Total	289,387.53	71,765.42	829.84	98,071.29	25,627.71	808.46	237,432.57

Notes forming part of the Financial Statements

₹ Mn

Particulars	As at March 31, 2013	As at March 31, 2012
13 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 1,000,000 (Previous year 100,000) fully paid equity shares of ₹ 10 each	10.00	1.00
Idea Cellular Services Limited 50,000 fully paid equity shares of ₹ 10 each	0.50	0.50
Idea Telesystems Limited 50,000 fully paid equity shares of ₹ 10 each	38.31	38.31
Total	16,377.07	16,368.07
14 LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
a) Capital Advances	65.41	233.43
b) Deposits and Balances with Government Authorities	343.13	333.22
c) Deposits with Body Corporates and Others (includes amount referred in Note 45)	12,614.72	14,463.38
d) MAT Credit Entitlement	9,888.37	7,151.01
e) Advance Income Tax (Net of provision of ₹ 2,737.36 Mn)	2,647.05	-
f) Other Loans and Advances (includes amount referred in Note 44)	4,460.00	3,642.99
Total	30,018.68	25,824.03
15 CURRENT INVESTMENTS		
Investment in Units of Liquid Mutual Funds (Refer Note 38)	9,296.00	-
Total	9,296.00	-
16 INVENTORIES		
Sim and Recharge Vouchers	545.10	529.39
Total	545.10	529.39

Notes forming part of the Financial Statements

₹ Mn

Particulars	As at March 31, 2013	As at March 31, 2012
17 TRADE RECEIVABLES		
a) Billed Receivables		
Unsecured - Considered Good		
Outstanding for a period exceeding six months from due date	743.96	358.42
Other Receivables	5,459.66	4,536.62
	6,203.62	4,895.04
Unsecured - Considered Doubtful		
Outstanding for a period exceeding six months from due date	3,376.11	2,679.94
Other Receivables	291.84	196.80
	3,667.95	2,876.74
Less: Provision for Doubtful Debts	3,667.95	2,876.74
	6,203.62	4,895.04
Trade receivables include certain parties from whom Security Deposits of ₹ 266.57 Mn. (Previous year ₹ 204.55 Mn.) have been taken and are lying with the Company		
b) Unbilled Receivables	2,953.17	3,180.50
Total	9,156.79	8,075.54
18 CASH AND BANK BALANCES		
a) Cash and Cash Equivalents		
Cash on Hand	26.43	16.61
Cheques on Hand	203.30	114.17
Balances with Banks		
- In Current Accounts	655.28	265.02
- In Deposit Accounts	227.25	904.47
	1,112.26	1,300.27
b) Other Bank Balances		
Margin Money with Banks	45.10	41.63
Total	1,157.36	1,341.90
19 SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
a) Advance Income Tax (Net of provision of ₹ Nil, Previous year ₹ 1,808.11 Mn.)	1,402.28	2,951.52
b) Deposits with Body Corporates and Others (includes amount referred in Note 44)	1,993.27	1,990.76
c) Cenvat Credit	3,142.00	3,002.10
d) Other Loans and Advances (includes amount referred in Note 45)		
- Considered Good	3,349.79	5,974.24
- Considered Doubtful	589.93	586.04
	3,939.72	6,560.28
Less: Provision for Doubtful Advances	589.93	586.04
	3,349.79	5,974.24
Total	9,887.34	13,918.62
20 OTHER CURRENT ASSETS		
Interest Receivable	8.44	17.68
Total	8.44	17.68

Notes forming part of the Financial Statements

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
21 OTHER INCOME		
Liabilities/Provisions no longer required written back	360.00	398.84
Miscellaneous Receipts	74.39	71.31
Total	434.39	470.15
22 PERSONNEL EXPENDITURE		
Salaries and Allowances etc.	8,707.56	7,751.45
Contribution to Provident and Other Funds	847.11	416.89
Staff Welfare	365.57	315.03
Recruitment and Training	118.06	104.90
Total	10,038.30	8,588.27
23 NETWORK EXPENSES AND IT OUTSOURCING COST		
Security Service Charges	685.39	658.98
Power and Fuel	18,414.84	15,532.52
Repairs and Maintenance - Plant and Machinery	6,776.36	5,300.47
Switching & Cellsites Rent	1,499.47	1,391.22
Lease Line and Connectivity Charges	5,455.04	5,876.70
Network Insurance	104.83	85.92
Passive Infrastructure Charges	27,168.34	24,303.82
Other Network Operating Expenses	568.26	525.71
IT Outsourcing Cost	2,879.42	2,917.22
Total	63,551.95	56,592.56
24 LICENSE FEES AND WPC CHARGES		
License Fees	15,545.28	14,629.71
WPC and Spectrum Charges	9,207.22	8,602.12
Total	24,752.50	23,231.83
25 ROAMING & ACCESS CHARGES		
Roaming Charges	6,660.23	4,188.96
Access Charges	33,485.04	28,609.79
Total	40,145.27	32,798.75

Notes forming part of the Financial Statements

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
26 SUBSCRIBER ACQUISITION & SERVICING EXPENDITURE		
Cost of Sim & Recharge Vouchers	1,685.16	1,897.80
Commission & Discount to Dealers	12,974.65	12,845.71
Customer Verification Expenses	1,611.91	1,403.65
Collection, Telecalling & Servicing Expenses	4,569.66	3,959.37
Customer Retention & Customer Loyalty Expenses	482.94	434.22
Total	21,324.32	20,540.75
27 ADMINISTRATION & OTHER EXPENSES		
Repairs and Maintenance - Building	61.11	60.45
- Others	356.72	306.19
Other Insurance	14.43	12.20
Non Network Rent	871.99	706.57
Rates and Taxes	97.81	88.52
Electricity	398.23	345.41
Printing and Stationery	79.56	82.87
Communication Expenses	90.35	99.14
Travelling and Conveyance	728.01	648.98
Provision for Bad and Doubtful Debts / Advances	795.10	519.36
Bank Charges	88.45	71.41
Directors Sitting Fees	1.25	1.24
Legal and Professional Charges	495.59	510.53
Audit Fees (Refer Note 34)	40.00	38.20
Loss/(Gain) on Sale of Fixed Assets/Asset disposed off (Net)	65.61	(30.69)
Miscellaneous Expenses	772.08	671.66
Total	4,956.29	4,132.04
28 FINANCE AND TREASURY CHARGES (NET)		
Interest		
- On Fixed Period Loan (Previous year net of ₹ 42.24 Mn. capitalised)	7,897.34	8,252.06
- Others	258.85	238.58
Financing Charges	493.72	445.17
	8,649.91	8,935.81
Less:		
Interest Income	125.87	104.41
Profit on Sale of Mutual Funds	574.72	246.39
Gain/(Loss) on Foreign Exchange Fluctuation (Net)	(185.23)	(493.03)
Total	8,134.55	9,078.04

Notes forming part of the Financial Statements

29. The Department of Telecommunications (DoT) conducted auction for the 1800 Mhz spectrum in November 2012 as required by the Hon'ble Supreme Court's judgment dated 2nd February 2012, quashing the licenses granted to private operators on or after 10th January 2008 pursuant to two press releases issued on 10th January 2008 and subsequent allocation of spectrum to the licensees. As the Company was impacted by the said judgment in seven operating licenses, the Company participated in the said auction and was successful in winning back the spectrum for these impacted service areas at a price of ₹ 19,848.80 Mn. DoT then adjusted ₹ 6,845.90 Mn. paid by the Company for licenses applied in 2008 and as per the payment options available as part of the auction, the Company has chosen the deferred payment option for the balance amount.

DoT has issued LOI's earmarking the spectrum won in these seven service areas and award of unified licenses. The Company has applied to DoT for the issue of new licenses in these seven service areas and paid the license fee on the basis of LOI's.

While services in these seven service areas continue, the effects provided in these financial statements for the year ended 31st March 2013 are:

- a) Out of the above ₹ 6,845.90 Mn. adjusted by DoT,
 - License fee amounting to ₹ 3,260.10 Mn. paid for the seven operational licenses has been de capitalized.
 - License fee amounting to ₹ 3,585.80 Mn. paid earlier for overlapping licenses which was impaired in FY2009-10 and set off by withdrawal of an equivalent amount from the Securities Premium Account has been credited to Securities Premium Account.
 - b) Reversal of accumulated amortization on the seven operational licenses amounting to ₹ 482.30 Mn., thereby the current year amortization charge stands reduced to that extent.
 - c) Capitalisation of the the new licenses and earmarked spectrum.
30. The Division bench of Hon'ble Delhi High Court, vide its Order dated 13th July 2012, reaffirmed amalgamation of erstwhile Spice Communications Limited (Spice) with the Company. The said order also re-vested unto the Company the telecom licenses which were transferred to and vested unto DoT pursuant to order dated 4th July 2011, passed by single Judge of Hon'ble Delhi High Court. Vide a separate order dated 13th July 2012, the said Division bench also directed the DoT to decide on transfer of licenses to the Company within a period of 3 months and dispute if any, between the Company and DoT relating to such transfer should be referred to Hon'ble TDSAT for resolution. Vide its letter dated 28th September 2012, DoT requested the Company to submit a fresh application to consider transfer of licenses, which the Company has since complied. Meanwhile the DoT made an application to the said division bench of Hon'ble Delhi High Court to extend the period of three months, which expired on 12th October 2012, by a further period of four months. The division bench of Hon'ble Delhi High Court, vide its order passed on 17th October 2012 gave further time to the DoT till 11th November 2012 to take final decision on transfer of licenses. Thereafter, DoT again filed another application, to further extend the period by three months. The said application of DoT was disposed off by Hon'ble Delhi High Court vide order dated 11th December 2012, wherein DoT was directed to convey the final decision by 5th January 2013. The final decision of the DoT in the matter is awaited.

31. **Contingent Liabilities:**

- i. DoT has issued demand notices towards one time spectrum charges -
 - for spectrum beyond 6.2 Mhz in respective service areas for retrospective period from 1st July 2008 to 31st December 2012, amounting to ₹ 3,691.30 Mn., and
 - for spectrum beyond 4.4 Mhz in respective service areas effective 1st January 2013 till expiry of the period as per respective licenses amounting to ₹ 17,443.70 Mn.

In the opinion of Company, *inter-alia*, the above demand amounts to alteration of financial terms of the licenses issued in the past. The Company therefore, petitioned the Hon'ble High Court of Bombay, which directed DoT to respond and not to take any coercive action until next date of hearing, which is scheduled for 6th May 2013.

- ii. The Company has a contingent obligation to buy compulsorily convertible preference shares issued by ABTL from the holder at ₹ 21,548.16 Mn. (Previous year ₹ 20,982.50 Mn.).
- iii. Other Matters -

₹ Mn

Particulars	As on March 31, 2013	As on March 31, 2012
Income Tax Matters not acknowledged as debts (see a. below)	16,807.88	1,332.16
Sales Tax Matters not acknowledged as debts (see b. below)	395.64	2,757.84
Service Tax Matters not acknowledged as debts (see c. below)	1,381.91	4,241.74
Entry Tax and Customs Matters not acknowledged as debts (see d. below)	610.65	390.19
Licensing Disputes (see e. below)	9,955.78	4,760.08
Other claims not acknowledged as debts (see f. below)	2,050.38	2,011.54

Notes forming part of the Financial Statements

a. Income Tax Matters:

- Appeals filed by the Company against the demands raised by Income Tax Authorities which are pending before Appellate Authorities include mainly, disputes on account of incorrect disallowance of revenue share license fee, disputes on non applicability of tax deduction at source on pre-paid margin allowed to prepaid distributors & roaming settlements, disallowance of interest proportionate to interest free advances given to wholly owned subsidiaries etc.
- Appeals filed for tax demand on the net value of assets and liabilities vested with the company consequent to High Court approved de-merger of telecom undertaking from its wholly owned subsidiary.

b. Sales Tax:

Sales Tax demands as at 31st March 2013 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.

c. Service Tax:

Service Tax demands as at 31st March 2013 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.

d. 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.

e. Licensing Disputes:

- 3G Intra Circle Roaming Arrangements (ICR) – The Company had entered into roaming arrangements with other operators to provide 3G services in service areas where it did not win 3G spectrum. DoT has sent notices to stop the 3G services in these service areas and also imposed penalty for providing 3G services in select service areas under roaming arrangements. The matter is currently pending before the Hon'ble High Court of Delhi.
- Demands due to difference in interpretation of definition of Revenue and other license fee assessment related matters
- 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.

f. Other claims not acknowledged as debts:

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

32. Details of Guarantees given:

₹ Mn

Particulars	As on March 31, 2013	As on March 31, 2012
Bank Guarantees given	25,832.11	21,654.62

33. Capital and other Commitments:

Estimated amount of commitments as on 31st March, 2013 towards -

- Contracts remaining to be executed for capital expenditure (net of advances) and not provided for are ₹ 17,495.40 Mn. (Previous year ₹ 10,467.51 Mn.)
- Long term contracts remaining to be executed including early termination commitments (if any) is ₹ 18,076.12 Mn. (Previous year ₹ 7,439.13 Mn.)

Notes forming part of the Financial Statements

34. Auditors' Remuneration (excluding Service Tax):

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Statutory Audit Fees	40.00	38.20
Certification (included in Legal and Professional Charges)	4.20	3.65
Out of Pocket Expenses (included in Misc. Expenses)	0.40	0.42
Total Remuneration	44.60	42.27

35. CIF Value of Imports:

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Capital Goods (including spares)	12,863.71	11,918.68

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

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest and Financing Charges	2,377.55	1,749.94
Travel	2.04	3.96
Professional and Consultancy Fees	12.95	18.20
International Roaming Charges	429.22	471.82
Termination / Carriage Charges	1,635.80	1,301.78
Others	358.02	206.68

37. Earnings in Foreign Currency (on Accrual basis):

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
International Roaming Charges	902.39	874.27
Termination / Carriage Charges	2,067.87	885.44

38. Details of Current Investments:

₹ Mn

Particulars	As at March 31, 2013		As at March 31, 2012	
	Qty in '000 Units	₹ in Mn. Value	Qty in '000 Units	₹ in Mn. Value
Birla Sun Life Cash Plus - Growth - Direct Plan	20,685.23	3,883.00	-	-
UTI - Floating Rate STP - Growth - Direct	755.05	1,413.00	-	-
Religare Ultra Short Term Fund - Direct Plan - Growth	620.26	1,000.00	-	-
Birla Sun Life Floating Rate - Long Term - Growth - Direct Plan	14,407.99	2,000.00	-	-
IDFC Ultra Short Term Fund - Direct Plan - Growth	61,502.13	1,000.00	-	-
Total	97,970.66	9,296.00	-	-

Notes forming part of the Financial Statements

39. Information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006:

₹ Mn

Particulars	2012-13	2011-12
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in trade payables.	10.60	2.31
(ii) The interest due on above.	Nil	Nil
The Total of (i) & (ii)	10.60	2.31
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

40. Personnel Expenditure includes ₹ 0.32 Mn. (Previous year ₹ 35.88 Mn.), being the amortisation of intrinsic value of ESOPs for the year ending 31st March 2013.

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 ₹ 38.44 Mn. (Previous year ₹ 115.23 Mn.) and earnings per share would be as indicated below:

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Net Profit After Tax	8,182.59	5,765.38
Add: Total stock-based employee compensation expense determined under intrinsic value base method	0.32	35.88
Less: Total stock-based employee compensation expense determined under fair value base method	38.76	151.11
Adjusted Net Profit	8,144.15	5,650.15
Basic Earnings per Share (in ₹)		
- As Reported	2.47	1.74
- Adjusted	2.46	1.71
Diluted Earnings per Share (in ₹)		
- As Reported	2.47	1.74
- Adjusted	2.45	1.70

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

Notes forming part of the Financial Statements

41. Details of Foreign Currency Exposures:

A. Hedged by a Derivative Instrument:

Particulars	Amount in Mn	
	As at March 31, 2013	As at March 31, 2012
Foreign Currency Loan*		
Foreign Currency Loan in USD^	654.06	575.22
Vendor Finance in USD	-	0.10
Foreign Currency Loan in JPY	10,626.43	15,058.36
Equivalent INR of Foreign Currency Loan	40,398.95	34,161.45
Trade Payables and Other Current Liabilities		
Trade Payables in USD	19.00	7.88
Interest accrued but not due on Foreign Currency Loans in USD	2.85	2.67
Interest accrued but not due on Foreign Currency Loans in JPY	18.21	27.23
Equivalent INR of Trade Payables and Other Current Liabilities	1,216.70	551.87

* Fully hedged for interest and principal repayments.

^ Includes USD 431.22 Mn. (Previous year USD 267.60 Mn.) fully hedged for principal repayments only.

B. Not hedged by a Derivative Instrument or otherwise:

Particulars	Amount in Mn	
	As at March 31, 2013	As at March 31, 2012
Foreign Currency Loan		
Foreign Currency Loan in USD	657.48	657.13
Vendor Finance in USD	-	0.03
Equivalent INR of Foreign Currency Loan	35,760.06	33,617.76
Trade Payables and Other Current Liabilities		
Trade Payables in USD	51.85	57.02
Trade Payables in EURO	0.17	0.06
Trade Payables in GBP	0.01	-
Interest accrued but not due on Foreign Currency Loans in USD	4.84	3.73
Equivalent INR of Trade Payables and Other Current Liabilities	3,095.98	3,111.83
Trade Receivables:		
Trade Receivables in USD	10.21	10.03
Trade Receivables in EURO	0.12	0.15
Equivalent INR of Trade Receivables in Foreign Currency	564.23	523.16

Notes forming part of the Financial Statements

42. 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, 2013	For the year ended March 31, 2012
1	Assumptions		
	Discount Rate	8.10%	8.25%
	Expected return on Plan Assets	9.00%	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	466.98	365.36
	Interest Cost	44.19	34.40
	Current Service Cost	81.71	71.85
	Benefits Paid	(18.72)	(12.64)
	Actuarial (Gain)/Loss on Obligations	132.46	8.01
	Past Service Cost	237.90	-
	Present value of Obligations as at end of year	944.52	466.98
3	Table showing changes in the Fair value of Plan Assets		
	Fair value of Plan Assets as at beginning of year	203.96	178.55
	Expected return on Plan Assets	15.82	14.35
	Contributions	8.81	21.11
	Benefits Paid	(18.72)	(12.64)
	Actuarial Gain / (Loss) on Plan Assets	1.96	2.59
	Fair value of Plan Assets at the end of year	211.83	203.96
	Funded Status	732.69	263.02
	Actual return on Plan Assets	17.78	16.94
4	Actuarial Gain/Loss recognized		
	Actuarial Gain/(Loss) for the year - Obligation	(132.46)	(8.01)
	Actuarial (Gain)/Loss for the year - Plan Assets	(1.96)	(2.59)
	Total (Gain)/Loss for the year	130.50	5.42
	Actuarial (Gain)/Loss recognized in the year	130.50	5.42
5	Amounts to be recognized in the Balance Sheet		
	Present value of Obligations as at the end of the year	944.52	466.98
	Fair value of Plan Assets as at the end of the year	211.83	203.96
	Funded Status	732.69	263.02
	Net Asset/(Liability) recognized in Balance Sheet	(732.69)	(263.02)

Notes forming part of the Financial Statements

₹ Mn

Sr. No.	Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
6	Expenses Recognised in Statement of Profit & Loss		
	Current Service Cost	81.71	71.85
	Interest Cost	44.19	34.40
	Expected return on Plan Assets	(15.82)	(14.35)
	Net Actuarial (Gain)/Loss recognised in the year	130.50	5.42
	Past Service Cost	237.90	-
	Expenses recognised in Statement of Profit & Loss	478.48	97.32
7	Investment Details of Plan Assets (% allocation)		
	Insurer Managed Funds*	100%	100%

₹ Mn

Sr. No.	Particulars	For the year ended				
		March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
8	Experience Adjustments					
	Defined Benefit Obligation	944.52	466.98	365.36	255.51	132.69
	Plan Assets	211.83	203.96	178.55	144.78	124.55
	Surplus/(Deficit)	(732.69)	(263.02)	(186.81)	(110.73)	(8.14)
	Experience Adjustments on Plan Liabilities	112.89	24.08	25.07	57.02	14.11
	Experience Adjustments on Plan Assets	1.96	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, 2013	For the year ended March 31, 2012
Employers' Contribution to Provident & Pension Fund	289.94	250.62
Employers' Contribution to Superannuation Fund	47.37	43.58

43. Segment Reporting:

1. Primary Segments:

The Company operates in two business segments:

- Mobility Services: providing GSM based mobile and related telephony services.
- International Long Distance (ILD): providing international long distance services.

Transactions between segments are accounted on agreed terms on arm's length basis and have been eliminated at the company level.

Notes forming part of the Financial Statements

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, 2013

₹ Mn

Particulars	Business Segments		Elimination	Total
	Mobility	ILD		
Revenue				
External Revenue	218,551.51	2,317.23	-	220,868.74
Inter-segment Revenue	697.21	1,514.06	(2,211.27)	-
Total Revenue	219,248.72	3,831.29	(2,211.27)	220,868.74
Segment Result	20,655.40	365.53	-	21,020.93
Interest & Financing Charges (Net)				8,134.55
Profit before Tax				12,886.38
Provision for Tax (Net)				4,703.79
Profit after Tax				8,182.59
Other Information				
Segment Assets	300,204.15	677.13	(99.87)	300,781.41
Unallocated Corporate Assets				43,485.08
Total Assets	300,204.15	677.13	(99.87)	344,266.49
Segment Liabilities	192,456.07	316.83	(99.87)	192,673.03
Unallocated Corporate Liabilities				11,394.45
Total Liabilities	192,456.07	316.83	(99.87)	204,067.48
Capital Expenditure	58,058.89	23.73	-	58,082.62
Depreciation & Amortisation	30,492.55	51.02	-	30,543.57

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

Notes forming part of the Financial Statements

₹ Mn

Particulars	Business Segments		Elimination	Total
	Mobility	ILD		
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

44. 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)
- 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 of Subsidiary (JV)

- Indus Towers Limited (Indus)

Entities having significant influence

- TMI Mauritius Ltd
- Axiata Investments 2 (India) Ltd.
- Axiata Group Berhad

Key Management Personnel (KMP)

- Mr. Himanshu Kapania, MD
- Mr. Akshaya Moondra, CFO

Notes forming part of the Financial Statements

B. Transactions with Related Parties:

₹ Mn

Particulars	Promoters			Joint Venture	Subsidiaries						KMP
	Hindalco	Grasim	ABNL	Indus	ICSL	ICISL	ICTIL	ABTL	ITL	IMCSL	
Remuneration											105.76 (60.05)
Security Deposit Given				62.44 (337.23)							
Security Deposit Refunded by				1,651.36 (-)							
Purchase of Fixed Assets						- (2.87)					
Inter Corporate Deposit (ICD) given										2.50 (-)	
Sale of Fixed Assets						0.01 (-)					
Investments										9.00 (-)	
Purchase of Service /goods				24,901.80 (14,855.29)	861.25 (672.38)	1,201.71 (450.14)		10.24 (3.52)	102.29 (40.84)		
Sale of Service/goods	28.33 (19.37)	17.06 (16.24)	26.92 (9.89)		3.13 (-)					0.06 (-)	
Unsecured Loan Taken							2,907.97 (-)				
Unsecured Loans repaid							114.10 (-)				
Unsecured Loans given						743.16 (1,639.82)	727.31 (503.57)	260.82 (1,327.11)	261.60 (1,571.50)	10.77 (-)	
Unsecured Loans repaid by						1,212.10 (1,020.44)	967.49 (309.13)	1,324.04 (68.96)	353.56 (1,547.14)	2.21 (-)	
Interest on Unsecured loans / ICD Given							47.72 (-)			0.03 (-)	
Pass through and reimbursement of expenses incurred on behalf of				7.40 (3.16)							
Pass through and reimbursement of expenses incurred on Company's behalf by				- (7,177.30)		- (650.90)					
Expense incurred by Company on behalf of	0.36 (0.17)	0.94 (4.17)	0.43 (0.20)		6.20 (5.58)	55.72 (53.55)				- (0.01)	
Expenses incurred on Company's behalf by	0.36 (0.87)	0.10 (0.05)	0.06 (0.09)			- (0.09)					
Rent Paid									2.70 (2.70)		

(Figures in bracket are for the year ended March 31, 2012)

C. Balances Outstanding as on March 31, 2013:

₹ Mn

Particulars	Promoters			Joint Venture	Nature of Relationship						KMP
	Hindalco	Grasim	ABNL	Indus	ICSL	ICISL	ICTIL	ABTL	ITL	IMCSL	
Deposit Given (grouped under Deposits with Body Corporates and others)				2,509.92 (4,098.83)						2.50 (-)	
Unsecured Long Term and Short Term Loans & Advances						2,487.56 (3,010.02)	- (240.18)	204.44 (1,269.73)	- (178.31)	8.77 (0.21)	
Trade Receivables	2.95 (1.60)	2.51 (6.70)	1.90 (4.20)	- (25.09)							
Interest Receivable										0.03 (-)	
Remuneration Payable											30.52 (11.44)
Unsecured Loan taken							2,793.87 (-)				
Trade Payables				2,135.56 (2,590.96)	41.90 (25.87)				18.69 (-)		
9.45% Redeemable NCD	100.00* (-)										
Interest accrued but not due on the above NCD's	3.94 (-)										

* Purchased from Secondary Market
(Figures in bracket are as of March 31, 2012)

Notes forming part of the Financial Statements

45. 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, 2013	Maximum amount outstanding during the current year	Outstanding as on March 31, 2012	Maximum amount outstanding during the previous year
Subsidiary :				
Aditya Birla Telecom Limited (ABTL)	204.44	1,277.59	1,269.73	1,285.48
Idea Cellular Infrastructure Services Limited (ICISL)	2,487.56	3,018.64	3,010.02	3,621.75
Idea Cellular Towers Infrastructure Limited (ICTIL)	-	528.03	240.18	361.61
Idea Telesystems Limited (ITL)	-	259.22	178.31	410.71
Idea Mobile Commerce Services Limited (IMCSL)	8.77	10.39	0.21	0.21

46. 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	19,220.08 (12,878.41)	56,936.49 (49,164.28)	21,896.91 (23,215.20)

(Figures in bracket are as of March 31, 2012)

Lease payments amounting to ₹ 29,532.92 Mn. (Previous year ₹ 26,430.40 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 certain Optical Fibre Cables (OFC) on Indefeasible Rights of Use ("IRU") basis under operating lease arrangements. 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 ₹ 191.49 Mn. (Previous year ₹ 107.45 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	951.38 (139.65)	20.67 (48.49)	0.84 (0.48)

(Figures in bracket are as of March 31, 2012)

47. 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 at the time of receipt and depreciated on the stated useful life applicable to similar assets of the Company.

Notes forming part of the Financial Statements

48. Basic & Diluted Earnings Per Share:

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Nominal value of equity shares (₹)	10/-	10/-
Profit after Tax (₹ Mn.)	8,182.59	5,765.38
Profit attributable to equity shareholders (₹ Mn.)	8,182.59	5,765.38
Weighted average number of equity shares outstanding during the year	3,310,881,787	3,305,571,126
Basic Earnings Per Share (₹)	2.47	1.74
Dilutive effect on weighted average number of equity shares outstanding during the year	8,292,754	10,381,939
Weighted average number of diluted equity shares	3,319,174,541	3,315,953,065
Diluted Earnings Per Share (₹)	2.47	1.74

49. Asset Retirement Obligation:

The Company installs equipments on lease premises and lays down optical fibre cables (OFC) to provide seamless connectivity to its customers. In certain cases, the Company may have to incur some cost to remove such equipment and OFC. Estimated costs to be incurred for restoration is capitalised along with the assets. The movement of provision as required in AS-29 "Provisions, Contingent Liabilities and Contingent Assets" is given below:

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Opening Balance	439.20	439.20
Additional Provision	-	-
Utilisation	18.75	-
Closing Balance	420.45	439.20

50. The Board of Directors has recommended a dividend at the rate of ₹ 0.30 per share of face value of ₹ 10/- aggregating ₹ 1,163.28 Mn. (including ₹ 168.98 Mn. Dividend Distribution Tax) for the year ended 31st March 2013. The payment of dividend is subject to the approval of the shareholders at the ensuing annual general meeting of the Company.

51. 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

Sanjeev Aga
Director

Himanshu Kapania
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Place : Mumbai
Date : April 25, 2013

Cash Flow Statement for the year ended March 31, 2013

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
₹ Mn		
A) Cash Flow from Operating Activities		
Net Profit after Tax	8,182.59	5,765.38
Adjustments for		
Depreciation	25,383.58	20,194.55
Amortisation of Intangible Assets	5,159.99	5,433.16
Interest and Financing Charges	8,649.91	8,935.81
Profit on sale of Mutual Funds	(574.72)	(246.39)
Provision for Bad & Doubtful Debts/Advances	795.10	519.36
Employee Stock Option Cost	0.32	35.88
Provision for Gratuity, Leave Encashment	661.11	161.18
Provision for Deferred Tax	4,703.79	2,657.24
Liabilities / Provisions no longer required written back	(360.00)	(398.84)
Interest Income	(125.87)	(104.41)
Loss/(gain) on sale of Fixed Assets/Assets disposed off	65.61	(30.69)
	44,358.82	37,156.85
Operating Profit before Working Capital Changes	52,541.41	42,922.23
Adjustments for changes in Working Capital		
(Increase)/Decrease in Trade Receivables	(1,876.35)	(3,247.41)
(Increase)/Decrease in Inventories	(15.71)	(7.23)
(Increase)/Decrease in Other Current and Non Current Assets	(3.47)	(2.39)
(Increase)/Decrease in Long Term and Short Term Loans and Advances	3,605.57	(12,464.66)
Increase/(Decrease) in Trade Payables, Other Current and Non Current Liabilities and Provisions	6,666.77	6,734.47
	8,376.81	(8,987.22)
Cash generated from Operations	60,918.22	33,935.01
Tax paid (including TDS) (net)	(3,835.17)	(3,384.90)
Net Cash from/(used in) Operating Activities	57,083.05	30,550.11
B) Cash Flow from Investing Activities		
Purchase of Fixed assets & Intangible assets (including CWIP)	(31,886.90)	(44,056.72)
Payment towards Spectrum and Licenses*	(213.22)	-
Proceeds from sale of Fixed assets	140.18	52.07
Additional Investment in Idea Mobile Commerce Services Limited	(9.00)	-
Profit on sale of Current Investments and Interest received	709.83	341.20
Net Cash from/(used in) Investing Activities	(31,259.11)	(43,663.45)

Cash Flow Statement for the year ended March 31, 2013

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
₹ Mn		
C) Cash Flow from Financing Activities		
Proceeds from issue of Equity Share Capital	248.20	237.10
Proceeds from Long Term Borrowings*	24,074.24	38,322.59
Repayment of Long Term Borrowings	(24,773.81)	(26,585.21)
Proceeds from Short Term Borrowings	13,455.19	39,809.37
Repayment of Short Term Borrowings	(21,664.95)	(41,482.99)
Payment of Interest and Financing Charges	(8,054.82)	(9,723.36)
Net Cash from / (used in) Financing Activities	(16,715.95)	577.50
Net Increase / (Decrease) in Cash and Cash Equivalents	9,107.99	(12,535.84)
Cash and Cash Equivalents at the beginning	1,300.27	13,836.11
Cash and Cash Equivalents at the end	10,408.26	1,300.27

* Excluding deferred payment liability towards spectrum won in auction, being non cash transaction for the year

Notes to Cash flow Statement for the year ended March 31, 2013

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

Cash on hand	26.43	16.61
Cheques on hand	203.30	114.17
Balances with banks		
- In Current Accounts	655.28	265.02
- In Deposit Accounts	227.25	904.47
Investment in Units of Liquid Mutual Funds	9,296.00	-
	<u>10,408.26</u>	<u>1,300.27</u>

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

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Khurshed Pastakia
Partner
Membership No.: 31544

Place : Mumbai
Date : April 25, 2013

For and on behalf of the Board

Gian Prakash Gupta
Director

Akshaya Moondra
Chief Financial Officer

Sanjeev Aga
Director

Pankaj Kapdeo
Company Secretary

Himanshu Kapania
Managing Director

Independent Auditors' Report on the Consolidated Financial Statements

To the Board of Directors of
Idea Cellular Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IDEA CELLULAR LIMITED (the "Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

- We draw attention to Note 30 to the financial statement. The Division Bench of the Hon'ble High Court of Delhi on 13th July 2012 has reaffirmed High Court Order dated 5th February 2010 and 4th July 2011 sanctioning the Scheme of Amalgamation of Spice Communications Limited (Spice) with the Company. Further the Division Bench of the Hon'ble High Court of Delhi has also pronounced that the Department of Telecommunications (DoT) has to take decision regarding transfer of licenses held by erstwhile Spice to the Company arising out of amalgamation within a period of three months (which had been extended to 5th January 2013 vide order dated 11th December 2012) and dispute, if any, between the Company and DoT related to transfer of licenses should be referred to Hon'ble TDSAT for resolution.

The impact, if any, on the Company is dependent upon the steps to be taken by DoT in this regard.

- We draw attention to Note 32 (i) to the financial statements. The DoT has issued demand notices dated 8th January 2013 towards one time spectrum charges for spectrum held by the Company beyond 6.2 Mhz for period from 1st July 2008 to 31st December 2012 amounting to ₹ 3,691.30 Mn. and beyond 4.4 Mhz for period from 1st January 2013 till the expiry of the license amounting to ₹ 17,443.70 Mn. in the respective telecom service areas. In the opinion of the Company, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past. The Company therefore filed a petition before the Hon'ble High Court of Bombay, which directed DoT to respond and not to take any coercive action until next date of hearing, which is scheduled for 6th May 2013.

The financial impact of the above mentioned matter is dependent upon the outcome of the petition filed by Company in the Hon'ble High Court of Bombay and therefore no effect for the one time spectrum charges has been given in these Financial Results.

Our opinion is not qualified in respect of these matters.

Other Matter

We did not audit the financial statements of Indus Towers Limited, jointly controlled entity of Aditya Birla Telecom Limited (Subsidiary of the company), whose financial statements reflect Group's Share of total assets (net) of ₹ 26,589.44 Mn. as at 31st March, 2013, Group's Share of total revenues of ₹ 21,077.76 Mn. and Group's Share of net cash flows of ₹ 68.16 Mn. for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this jointly controlled entity, is based solely on the reports of the other auditors.

Our report is not qualified in respect of this matter.

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

Khurshed Pastakia
Partner
(Membership No. 31544)

Place : Mumbai
Date : April 25, 2013

IDEA CELLULAR LIMITED

Consolidated Balance Sheet as at March 31, 2013

₹ Mn

Particulars	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	33,143.22	33,088.45
Reserves and Surplus	4	109,890.42	97,394.48
		143,033.64	130,482.93
Compulsorily Convertible Preference Shares (issued by Subsidiary Company)		19.25	19.25
Non-Current Liabilities			
Long-Term Borrowings	5	118,047.16	95,221.56
Deferred Tax Liabilities (Net)	6	11,180.31	6,272.98
Other Long-Term Liabilities	7	7,946.08	6,057.97
Long-Term Provisions	8	3,142.13	1,920.41
		140,315.68	109,472.92
Current Liabilities			
Short-Term Borrowings	9	4,585.31	17,275.34
Trade Payables		26,871.01	21,840.43
Other Current Liabilities	10	47,707.33	47,188.21
Short-Term Provisions	11	1,248.48	72.72
		80,412.13	86,376.70
TOTAL		363,780.70	326,351.80
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	208,947.36	201,304.80
Intangible Assets	12	82,591.76	68,571.84
Capital Work-in-Progress	12	8,810.81	6,798.50
Goodwill on Consolidation		61.20	61.20
Long-Term Loans and Advances	13	30,479.18	22,562.74
		330,890.31	299,299.08
Current Assets			
Current Investments	14	10,280.15	976.00
Inventories	15	726.42	925.66
Trade Receivables	16	9,600.77	8,226.98
Cash and Bank Balances	17	1,429.05	1,520.73
Short-Term Loans and Advances	18	10,845.34	15,385.67
Other Current Assets	19	8.66	17.68
		32,890.39	27,052.72
TOTAL		363,780.70	326,351.80
Significant Accounting Policies	2		-
The accompanying notes are an integral part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Khurshed Pastakia
Partner
Membership No.: 31544

Place : Mumbai
Date : April 25, 2013

For and on behalf of the Board

Gian Prakash Gupta
Director

Akshaya Moondra
Chief Financial Officer

Sanjeev Aga
Director

Pankaj Kapdeo
Company Secretary

Himanshu Kapania
Managing Director

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

₹ Mn

Particulars	Note	For the year ended March 31, 2013	For the year ended March 31, 2012
INCOME			
Service Revenue		221,409.87	193,381.85
Sale of Trading Goods		2,664.58	1,505.00
Other Income	20	502.09	524.78
TOTAL		224,576.54	195,411.63
OPERATING EXPENDITURE			
Cost of Trading Goods Sold	21	2,318.36	1,413.72
Personnel Expenditure	22	11,225.28	9,499.16
Network Expenses and IT outsourcing cost	23	55,360.60	48,608.39
License Fees and WPC Charges	24	24,752.50	23,231.83
Roaming & Access Charges	25	40,145.27	32,798.75
Subscriber Acquisition & Servicing Expenditure	26	20,467.29	19,869.00
Advertisement and Business Promotion Expenditure		4,720.29	4,281.21
Administration & Other Expenses	27	5,541.57	4,786.20
		164,531.16	144,488.26
PROFIT BEFORE FINANCE CHARGES, DEPRECIATION, AMORTISATION & TAXES		60,045.38	50,923.37
Finance & Treasury Charges (Net)	28	9,494.50	10,557.29
Depreciation	12	29,589.50	24,356.93
Amortisation of Intangible Assets	12	5,188.15	5,456.42
PROFIT BEFORE TAX		15,773.23	10,552.73
Provision for Taxation - Current		3,506.98	2,227.52
- Deferred		4,907.46	3,173.60
- MAT Credit		(2,750.48)	(2,078.27)
PROFIT AFTER TAX		10,109.27	7,229.88
Earnings Per Share of ₹ 10/- each fully paid up (in ₹)	43		
Basic		3.05	2.19
Diluted		3.05	2.18
Significant Accounting Policies	2		
The accompanying notes are an integral part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Khurshed Pastakia
Partner
Membership No.: 31544

Place : Mumbai
Date : April 25, 2013

For and on behalf of the Board

Gian Prakash Gupta
Director

Akshaya Moondra
Chief Financial Officer

Sanjeev Aga
Director

Pankaj Kapdeo
Company Secretary

Himanshu Kapania
Managing Director

Notes forming part of the Consolidated Financial Statements

1. CORPORATE INFORMATION

Idea Cellular Limited ("the Company"), an Aditya Birla Group company, is one of the leading national telecom service providers in India. The Company is engaged in the business of Mobility and Long Distance services. The subsidiaries are in the business of sale of handsets and data cards, mobile banking services and passive infrastructure services. The Joint Venture is in the business of providing passive infrastructure services.

2. 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 and mandatory applicable accounting standards in India.

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, 2013, 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. Goodwill arising on consolidation is tested for impairment.

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, 2013	March 31, 2012
1	Idea Telesystems 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, 2013	March 31, 2012
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 5
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 lives as estimated by the management between 3 to 5 years.
- iii) Bandwidth / Fibre taken on Indefeasible Right of Use (IRU) is amortised over the agreement period.

Assets costing upto ₹ 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 31st March 2009, the company has opted for the option of adjusting the exchange difference on long term foreign currency monetary items to the cost of the assets acquired out of these foreign currency monetary items. The company has aligned its accounting policy based on this notification 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 31st March 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. Advance Income Tax and Provision for Current Tax for the same legal entity is disclosed in the balance sheet at net as these are settled on net basis.

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 Licence 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

3 SHARE CAPITAL

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Numbers	₹ Mn	Numbers	₹ Mn
Authorised				
Equity Shares of ₹ 10/- each	6,775,000,000	67,750.00	6,775,000,000	67,750.00
Redeemable Cumulative Non Convertible Preference Shares of ₹ 10/- Mn. Each	1,500	15,000.00	1,500	15,000.00
	6,775,001,500	82,750.00	6,775,001,500	82,750.00
Issued, Subscribed and Paid-up				
Equity Share Capital				
Equity Shares of ₹ 10/- each fully Paid-up	3,314,321,766	33,143.22	3,308,845,110	33,088.45
Total	3,314,321,766	33,143.22	3,308,845,110	33,088.45

- (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

₹ Mn

Particulars	As at March 31, 2013	As at March 31, 2012
4 RESERVES AND SURPLUS		
a) Debenture Redemption Reserve		
Balance at the beginning of the year	-	-
Add: Transfer from Statement of Profit and Loss	93.15	-
Balance at the end of the year	93.15	-
b) Securities Premium Account		
Balance at the beginning of the year	85,696.91	85,351.05
Add : Premium on issue of shares under ESOS scheme	329.04	345.86
Add : Cost of licenses impaired earlier and debited to securities premium now adjusted against new spectrum taken in auction (Refer Note 29)	3,585.80	-
Balance at the end of the year	89,611.75	85,696.91
c) Outstanding Employee Stock Options		
Balance at the beginning of the year	349.48	478.09
Add : Charge for the year (Refer Note 36)	0.32	35.88
Less : Transfer to Securities Premium Account on exercise of Options	135.61	164.49
Balance at the end of the year	214.19	349.48
d) Reserve for Business Restructuring		
Balance at the beginning of the year	168.67	168.67
Less : Transfer to General Reserve	168.67	-
Balance at the end of the year	-	168.67
e) General Reserve		
Balance at the beginning of the year	-	-
Add: Transfer from Statement of Profit and Loss	313.28	-
Add: Transfer by Joint Venture	20.64	-
Add: Transfer from Reserve for Business Restructuring	168.67	-
Balance at the end of the year	502.59	-

Notes forming part of the Consolidated Financial Statements

₹ Mn

Particulars	As at March 31, 2013	As at March 31, 2012
f) Surplus in statement of Profit and Loss		
Balance at the beginning of the year	11,179.42	3,949.54
Add : Profit during the year	10,109.27	7,229.88
Less: Transfer to General Reserve	313.28	-
Less: Transfer to Debenture Redemption Reserve	93.15	-
Less: Dividend Distribution Tax on Interim Dividend by JV	250.24	-
Less: Proposed Dividend	994.30	-
Less: Dividend Distribution Tax on proposed Dividend	168.98	-
Balance at the end of the year	19,468.74	11,179.42
Total	109,890.42	97,394.48
5 LONG TERM BORROWINGS		
SECURED LOANS		
626 (Nil) 9.45% Redeemable Non Convertible Debentures of ₹10 Mn. each (The Company has re-purchased 374 NCDs of ₹ 10 Mn. each, at par, aggregating to ₹ 3,740 Mn. with an option to re-issue the same in future)	6,260.00	-
Term Loans		
Foreign Currency Loan		
- From Banks	770.57	1,857.22
- From Others	48,507.17	36,882.16
Rupee Loan		
- From Banks	25,932.09	33,664.24
- From Others	9,893.60	7,337.97
Vehicle Loan from Banks	266.61	234.46
Total	91,630.04	79,976.05
UNSECURED LOANS		
Term Loans		
Foreign Currency Loan		
- From Banks	13,103.14	15,245.51
Deferred Payment Liability towards Spectrum	13,313.98	-
Total	26,417.12	15,245.51
	118,047.16	95,221.56
6 DEFERRED TAX LIABILITIES		
Major components of Deferred Tax are:		
a) Deferred Tax Liability:		
Depreciation & Amortisation	19,119.38	15,689.70
Others	295.80	179.02
Total Deferred Tax Liability (A)	19,415.18	15,868.72
b) Deferred Tax Asset:		
Provision for Doubtful Debts	1,297.47	970.42
Expenses allowable on payment basis	821.70	593.22

Notes forming part of the Consolidated Financial Statements

₹ Mn

Particulars	As at March 31, 2013	As at March 31, 2012
Brought Forward Losses	5,928.67	7,877.22
Others	187.03	154.88
Total Deferred Tax Asset (B)	8,234.87	9,595.74
Net Deferred Tax Liability (A - B)	11,180.31	6,272.98
7 OTHER LONG TERM LIABILITIES		
Trade Payables	2,428.72	2,113.70
Capex Creditors	48.38	77.85
Unearned Income	2,950.92	2,120.88
Deposits from Customers and Others	2,081.21	1,745.54
Interest accrued but not due	436.85	-
Total	7,946.08	6,057.97
8 LONG TERM PROVISIONS		
Gratuity (Refer Note 38)	748.10	272.54
Leave Encashment	898.54	717.04
Asset Retirement Obligation (Refer Note 46)	1,495.49	930.83
Total	3,142.13	1,920.41
9 SHORT TERM BORROWINGS		
a) SECURED LOANS		
Short Term Loan from Banks	-	7,065.33
b) UNSECURED LOANS		
Short Term Rupee Loan:		
- From Banks	2.12	248.19
- From Others	328.80	2,515.20
Buyers Credit in Foreign Currency from Banks	4,254.39	6,446.62
Commercial Papers from Banks	-	1,000.00
Total	4,585.31	17,275.34
10 OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debt	17,805.36	20,874.86
Interest accrued but not due on Borrowings	914.88	653.93
Advance from Customers and Unearned Income	9,614.40	9,144.69
Capex Creditors	11,375.86	9,577.50
Deposits from Customers and Others	95.39	-
Book Bank Overdraft	224.38	353.11
Taxes and Other Liabilities	7,677.06	6,584.12
Total	47,707.33	47,188.21
11 SHORT TERM PROVISIONS		
Provision for Leave Encashment	82.32	69.20
Provision for Gratuity (Refer Note 38)	2.88	3.52
Proposed Dividend	994.30	-
Dividend Distribution Tax on Proposed Dividend	168.98	-
Total	1,248.48	72.72

12. FIXED ASSETS

A - TANGIBLE ASSETS

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	As at April 1, 2012	Additions for the year ended March 31, 2013	Disposal / Adjustments for the year ended March 31, 2013	As at April 1, 2012	Additions for the year ended March 31, 2013	Disposal / Adjustments for the year ended March 31, 2013	As at March 31, 2013	As at March 31, 2012
Freehold Land	95.83	-	-	-	-	-	95.83	95.83
Leasehold Land	193.78	0.74	-	77.93	12.34	-	104.25	115.85
Buildings	1,548.41	4.40	2.08	498.56	79.66	1.44	973.95	1,049.85
Plant & Machinery	306,411.82	37,025.69	1,365.55	107,632.92	28,939.11	1,114.12	206,614.05	198,776.90
Furniture & Fixtures	1,598.40	42.75	3.97	1,041.87	163.13	3.16	435.34	556.53
Office Equipment	3,578.41	143.22	86.65	3,282.71	169.20	84.74	267.81	295.70
Vehicles	1,065.47	288.60	120.81	653.33	226.06	102.26	456.13	412.14
TOTAL	314,492.12	37,505.40	1,579.06	113,187.32	29,589.50	1,305.72	208,947.36	201,304.80

Notes:

- Plant & Machinery includes assets held for disposal- Gross Block ₹ 245.35 Mn. (Previous year ₹ 66.09 Mn.) and Net Block ₹ 26.00 Mn. (Previous year ₹ 1.29 Mn).
- Plant & Machinery includes Gross Block of assets capitalised under finance lease ₹ 10,470.14 Mn. (Previous year ₹ 7,046.64 Mn) and corresponding Accumulated Depreciation being ₹ 6,584.01 Mn. (Previous year ₹ 4,664.16 Mn.).
- Exchange loss amounting to ₹ 4,120.31 Mn. (Previous year exchange loss ₹ 5,635.25 Mn.) capitalised as per transitional provisions of notification under AS-11, issued by the Ministry of Corporate Affairs.
- Depreciation charge for the year includes accelerated depreciation of ₹ 170.21 Mn. due to change in estimated useful life of certain fixed assets.

B - INTANGIBLE ASSETS

Particulars	Gross Block			Accumulated Amortisation			Net Block	
	As at April 1, 2012	Additions for the year ended March 31, 2013	Disposal / Adjustments for the year ended March 31, 2013	As at April 1, 2012	Additions for the year ended March 31, 2013	Disposal / Adjustments for the year ended March 31, 2013	As at March 31, 2013	As at March 31, 2012
Entry/License Fees & Spectrum	86,126.17	20,373.10	3,260.10	23,860.09	4,120.63	-	75,258.45	62,266.08
Computer - Software	4,795.02	205.52	1.58	3,498.77	662.93	1.78	839.04	1,296.25
Bandwidth	5,503.58	1,890.18	0.83	494.07	404.59	-	6,494.27	5,009.51
TOTAL	96,424.77	22,468.80	3,262.51	27,852.93	5,188.15	1.78	82,591.76	68,571.84
GRAND TOTAL	410,916.89	59,974.20	4,841.57	141,040.25	34,777.65	1,307.50	291,539.12	201,304.80

Notes:

- Computer - Software include Gross Block of assets capitalised under finance lease ₹ 2,151.48 Mn. (Previous year ₹ 1,965.26 Mn) and corresponding Accumulated Amortisation being ₹ 1,763.99 Mn. (Previous year ₹ 1,311.98 Mn).
- The remaining amortisation period of license / spectrum fees as at March 31, 2013 ranges between 4 to 19 years based on the respective Telecom Service License period.

Capital Work in Progress (Net of impairment provision of ₹ 4,844.60 Mn)

8,810.81

6,798.50

Notes forming part of the Consolidated Financial Statements

12. FIXED ASSETS

C - TANGIBLE ASSETS

Particulars	Gross Block			Accumulated Depreciation			Net Block 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 April 1, 2011	Additions for the year ended March 31, 2012	Disposal / Adjustments for the year ended March 31, 2012	
Land	95.83	-	-	-	-	-	95.83
Leasehold Land	193.34	0.44	-	65.73	12.20	-	115.85
Building	1,509.11	41.06	1.76	421.56	78.28	1.28	1,049.85
Plant & Machinery	258,095.52	49,039.10	722.80	84,693.18	23,645.43	705.69	198,778.90
Furniture & Fixture	1,483.18	124.68	9.46	885.49	165.09	8.71	556.53
Office Equipment	3,449.91	183.82	55.32	3,087.88	249.91	55.08	295.70
Vehicles	902.12	309.94	146.59	577.43	206.02	130.12	412.14
TOTAL	265,729.01	49,699.04	935.93	89,731.27	24,356.93	900.88	201,304.80

D - INTANGIBLE ASSETS

Particulars	Gross Block			Accumulated Depreciation			Net Block 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 April 1, 2011	Additions for the year ended March 31, 2012	Disposal / Adjustments for the year ended March 31, 2012	
Entry/License Fees & Spectrum	65,318.27	20,807.90	-	19,398.59	4,461.50	-	62,266.08
Computer - Software	3,942.64	852.38	-	2,740.21	758.56	-	1,296.25
Bandwidth	1,986.81	3,516.77	-	257.71	236.36	-	5,009.51
TOTAL	71,247.72	25,177.05	-	22,396.51	5,456.42	-	68,571.84
GRAND TOTAL	336,976.73	74,876.09	935.93	112,127.78	29,813.35	900.88	141,040.25

IDEA CELLULAR LIMITED

Notes forming part of the Consolidated Financial Statements

₹ Mn

Particulars	As at March 31, 2013	As at March 31, 2012
13 LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Capital Advances	67.49	240.29
Deposits and balances with Government Authorities	534.74	580.54
Deposits with Body Corporates and Others	12,243.51	12,817.15
MAT Credit Entitlement	10,180.96	7,687.73
Advance Income Tax	3,473.92	-
Other Loans and Advances	3,978.56	1,237.03
Total	30,479.18	22,562.74
14 CURRENT INVESTMENTS		
Investment in units of Liquid Mutual Funds	10,280.15	976.00
Total	10,280.15	976.00
15 INVENTORIES		
Sim and Recharge Vouchers	545.10	529.39
Trading Goods	181.32	396.27
Total	726.42	925.66
16 TRADE RECEIVABLES		
a) Billed Receivables		
Unsecured-Considered Good		
Outstanding for a period exceeding six months from due date	744.19	361.03
Other Receivables	5,557.83	4,586.16
	6,302.02	4,947.19
Unsecured-Considered Doubtful		
Outstanding for a period exceeding six months from due date	3,383.39	2,728.10
Other Receivables	424.88	255.03
	3,808.27	2,983.13
Less: Provision for Doubtful Debts	3,808.27	2,983.13
	6,302.02	4,947.19
b) Unbilled Receivables	3,298.75	3,279.79
Total	9,600.77	8,226.98

Notes forming part of the Consolidated Financial Statements

₹ Mn

Particulars	As at March 31, 2013	As at March 31, 2012
17 CASH AND BANK BALANCES		
a) Cash and Cash Equivalents		
Cash on Hand	26.48	16.66
Cheques on Hand	223.18	135.06
Balances with Banks		
- In Current Accounts	750.43	354.48
- In Deposit Accounts	377.86	967.40
	1,377.95	1,473.60
b) Other Bank Balances		
Margin Money with Banks	51.10	47.13
Total	1,429.05	1,520.73
18 SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
MAT Credit Entitlement	290.08	-
Advance Income Tax (Net of provisions)	1,556.01	4,460.16
Deposits with Body Corporates and Others	1,991.66	1,991.73
Cenvat Credit	3,581.77	3,197.07
Other Loans and Advances		
- Considered Good	3,425.82	5,736.71
- Considered Doubtful	592.01	587.30
	4,017.83	6,324.01
Less: Provision for Doubtful Advances	592.01	587.30
	3,425.82	5,736.71
Total	10,845.34	15,385.67
19 OTHER CURRENT ASSETS		
Interest Receivable	8.66	17.68
Total	8.66	17.68

IDEA CELLULAR LIMITED

Notes forming part of the Consolidated Financial Statements

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
20 OTHER INCOME		
Liabilities/Provisions no longer required written back	414.83	450.89
Miscellaneous Receipts	87.26	73.89
Total	502.09	524.78
21 COST OF TRADING GOODS SOLD		
Opening Stock	396.27	137.02
Add: Purchases	2,103.41	1,672.97
Less: Closing Stock	181.32	396.27
Total	2,318.36	1,413.72
22 PERSONNEL EXPENDITURE		
Salaries and Allowances etc.	9,777.35	8,575.54
Contribution to Provident and Other Funds	912.46	466.53
Staff Welfare	401.13	338.65
Recruitment and Training	134.34	118.44
Total	11,225.28	9,499.16
23 NETWORK EXPENSES AND IT OUTSOURCING COST		
Security Service Charges	1,143.90	1,168.84
Power and Fuel	19,099.53	15,705.81
Repairs and Maintenance-Plant and Machinery	8,549.28	7,187.27
Switching & Cellsites Rent	4,115.80	3,875.64
Lease Line and Connectivity Charges	5,455.04	5,876.70
Network Insurance	106.36	87.74
Passive Infrastructure Charges	13,440.68	11,259.58
Other Network Operating Expenses	570.59	529.59
IT Outsourcing Cost	2,879.42	2,917.22
Total	55,360.60	48,608.39
24 LICENSE FEES AND WPC CHARGES		
License Fees	15,545.28	14,629.71
WPC and Spectrum Charges	9,207.22	8,602.12
Total	24,752.50	23,231.83
25 ROAMING & ACCESS CHARGES		
Roaming Charges	6,660.23	4,188.96
Access Charges	33,485.04	28,609.79
Total	40,145.27	32,798.75

Notes forming part of the Consolidated Financial Statements

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
26 SUBSCRIBER ACQUISITION & SERVICING EXPENDITURE		
Cost of Sim & Recharge Vouchers	1,685.16	1,897.80
Commission & Discount to Dealers	12,117.43	12,173.96
Customer Verification Expenses	1,612.10	1,403.65
Collection, Telecalling & Servicing Expenses	4,569.66	3,959.37
Customer Retention & Customer Loyalty Expenses	482.94	434.22
Total	20,467.29	19,869.00
27 ADMINISTRATION & OTHER EXPENSES		
Repairs and Maintenance - Building	61.47	60.63
- Others	366.23	314.66
Other Insurance	37.88	33.30
Non Network Rent	875.84	821.65
Rates and Taxes	132.76	93.18
Electricity	399.88	353.42
Printing and Stationery	80.88	83.60
Communication Expenses	109.74	102.91
Travelling and Conveyance	913.52	830.58
Provision for Bad and Doubtful Debts / Advances	829.85	597.31
Bank Charges	89.52	73.76
Directors Sitting Fees	1.25	1.24
Legal and Professional Charges	685.81	644.27
Audit Fees	42.45	40.57
Loss on Sale of Fixed Assets/Asset disposed off (Net)	53.27	11.95
Miscellaneous Expenses	861.22	723.17
Total	5,541.57	4,786.20
28 FINANCE AND TREASURY CHARGES (NET)		
Interest		
- On Fixed Period Loan (Previous year net of ₹ 42.24 Mn. capitalised)	9,275.74	9,554.28
- Others	298.45	384.89
Financing Charges	582.77	542.57
	10,156.96	10,481.74
Less:		
Interest Income	193.89	134.52
Profit on Sale of Mutual Funds	667.37	291.71
Gain/(Loss) on Foreign Exchange Fluctuation (Net)	(198.80)	(501.78)
Total	9,494.50	10,557.29

Notes forming part of the Consolidated Financial Statements

29. The Department of Telecommunications (DoT) conducted auction for the 1800 Mhz spectrum in November 2012 as required by the Hon'ble Supreme Court's judgment dated 2nd February 2012, quashing the licenses granted to private operators on or after 10th January 2008 pursuant to two press releases issued on 10th January 2008 and subsequent allocation of spectrum to the licensees. As the Company was impacted by the said judgment in seven operating licenses, the Company participated in the said auction and was successful in winning back the spectrum for these impacted service areas at a price of ₹ 19,848.80 Mn. DoT then adjusted ₹ 6,845.90 Mn. paid by the Company for licenses applied in 2008 and as per the payment options available as part of the auction, the Company has chosen the deferred payment option for the balance amount.

DoT has issued LOI's earmarking the spectrum won in these seven service areas and award of unified licenses. The Company has applied to DoT for the issue of new licenses in these seven service areas and paid the license fee on the basis of LOI's.

While services in these seven service areas continue, the effects provided in these financial statements for the year ended 31st March 2013 are:

- a) Out of the above 6,845.90 Mn. adjusted by DoT,
 - License fee amounting to ₹ 3,260.10 Mn. paid for the seven operational licenses has been de capitalized.
 - License fee amounting to ₹ 3,585.80 Mn. paid earlier for overlapping licenses which was impaired in FY2009-10 and set off by withdrawal of an equivalent amount from the Securities Premium Account has been credited to Security Premium Account.
 - b) Reversal of accumulated amortization on the seven operational licenses amounting to ₹ 482.30 Mn., thereby the current year amortization charge stands reduced to that extent.
 - c) Capitalisation of the new licenses and earmarked spectrum.
30. The Division bench of Hon'ble Delhi High Court, vide its Order dated 13th July 2012, reaffirmed amalgamation of erstwhile Spice Communications Limited (Spice) with the Company. The said order also re-vested unto the Company the telecom licenses which were transferred to and vested unto DoT pursuant to order dated 4th July 2011, passed by single Judge of Hon'ble Delhi High Court. Vide a separate order dated 13th July 2012, the said Division bench also directed the DoT to decide on transfer of licenses to the Company within a period of 3 months and dispute if any, between the Company and DoT relating to such transfer should be referred to Hon'ble TDSAT for resolution. Vide its letter dated 28th September 2012, DoT requested the Company to submit a fresh application to consider transfer of licenses, which the Company has since complied. Meanwhile the DoT made an application to the said division bench of Hon'ble Delhi High Court to extend the period of three months, which expired on 12th October 2012, by a further period of four months. The division bench of Hon'ble Delhi High Court, vide its order passed on 17th October 2012 gave further time to the DoT till 11th November 2012 to take final decision on transfer of licenses. Thereafter, DoT again filed another application, to further extend the period by three months. The said application of DoT was disposed off by Hon'ble Delhi High Court vide order dated 11th December 2012, wherein DoT was directed to convey the final decision by 5th January 2013. The final decision of the DoT in the matter is awaited.
31. The 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 1st April 2009 is approved by the Hon'ble High Court of Delhi on 18th April 2013. The scheme will be effective only upon the filing of the certified copy of the judgment with all the respective ROC's and therefore effects of the scheme on the consolidated financials will be given in the subsequent financial year when the scheme becomes effective.

32. Contingent Liabilities:

- (i) DoT has issued demand notices towards one time spectrum charges -
 - for spectrum beyond 6.2 Mhz in respective service areas for retrospective period from 1st July 2008 to 31st December 2012, amounting to ₹ 3,691.30 Mn., and
 - for spectrum beyond 4.4 Mhz in respective service areas effective 1st January 2013 till expiry of the period as per respective licenses amounting to ₹ 17,443.70 Mn.

In the opinion of Company, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past. The Company therefore, petitioned the Hon'ble High Court of Bombay, which directed DoT to respond and not to take any coercive action until next date of hearing, which is scheduled for 6th May 2013.

- (ii) The group has a contingent obligation to buy compulsorily convertible preference shares issued by ABTL from the holder at ₹ 21,548.16 Mn. (Previous year ₹ 20,982.50 Mn)

(iii) Other Matters

₹ Mn

Particulars	As on March 31, 2013	As on March 31, 2012
Income Tax Matters not acknowledged as debts (see a. below)	50,302.44	10,505.72
Sales Tax Matters not acknowledged as debts (see b. below)	395.64	2,758.73
Service Tax Matters not acknowledged as debts (see c. below)	1,947.67	4,769.13
Entry Tax and Custom Matters not acknowledged as debts (see d. below)	628.09	406.44
Licensing Disputes (see e. below)	9,955.78	4,760.08
Other claims not acknowledged as debts (see f. below)	2,205.52	2,070.04

a. Income Tax Matters:

- Appeals filed by the holding company against the demands raised by Income Tax Authorities which are pending before Appellate Authorities include mainly, disputes on account of incorrect disallowance of revenue share license fee, disputes on non applicability of tax deduction at source on pre-paid margin allowed to prepaid distributors & roaming settlements, disallowance of interest proportionate to interest free advances given to wholly owned subsidiaries etc.
- Tax demands treating proceeds from issue of CCPS as Cash Credit.
- Tax demand on the net value of assets and liabilities vested with the holding company consequent to High Court approved de-merger of telecom undertaking from its wholly owned subsidiary.
- Appeals filed for tax demand of alleged short term capital gain on the fair valuation of investment in JV done as per High Court approved scheme.

b. Sales Tax:

Sales Tax demands as at 31st March 2013 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.

c. Service Tax:

Service tax demands as at 31st March 2013 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.

d. 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.

e. Licensing Disputes:

- 3G Intra Circle Roaming Arrangements (ICR) - The Company had entered into roaming arrangements with other operators to provide 3G services in service areas where it did not won 3G spectrum. DoT has sent notices to stop the 3G services in these service areas and also imposed penalty for providing 3G services in select service areas under roaming arrangements. The matter is currently pending before the Hon'ble High Court of Delhi.
- Demands due to difference in interpretation of definition of Revenue and other license fee assessment related matters
- 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.

f. Other claims not acknowledged as debts:

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

33. Group's share in certain disputed tax demand notices and show cause notices relating to Indirect tax matters amounting to ₹ 6,674.88 Mn. (Previous year ₹ 6,301.60 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.

IDEA CELLULAR LIMITED

34. Details of Guarantees given

₹ Mn

Particulars	As on March 31, 2013	As on March 31, 2012
Bank Guarantees given	25,833.51	21,655.92

35. Capital and other Commitments:

Estimated amount of commitments as on 31st March 2013 towards:

- contracts remaining to be executed for capital expenditure (net of advances) and not provided for is ₹ 17,714.71 Mn. (Previous year ₹ 10,860.10 Mn)
- long term contracts remaining to be executed including early termination commitments (if any) is ₹ 18,076.12 Mn. (Previous year ₹ 7,439.13 Mn)

36. Personnel Expenditure includes ₹ 0.32 Mn. (Previous year ₹35.88 Mn.), being the amortisation of intrinsic value of ESOPs for the year ending 31st March, 2013.

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 ₹ 38.44 Mn. (Previous year: ₹ 115.23 Mn.) and earnings per share as reported would be as indicated below:

₹ Mn

Particulars	For the year ended March 31, 2013	For the year Ended March 31, 2012
Net Profit after Tax but before Exceptional items	10,109.27	7,229.88
Add: Total stock-based employee compensation expense determined under intrinsic value base method	0.32	35.88
Less: Total stock-based employee compensation expense determined under fair value base method	38.76	151.11
Adjusted Net Profit	10,071.26	7,114.65
Basic Earnings per Share (in ₹)		
- As reported	3.05	2.19
- Adjusted	3.04	2.15
Diluted Earnings per Share (in ₹)		
- As reported	3.05	2.18
- Adjusted	3.03	2.15

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

37. Details of Foreign Currency Exposures:

A. Hedged by a Derivative Instrument:

Amount in Mn

Particulars	As on March 31, 2013	As on March 31, 2012
Foreign Currency Loan*:		
Foreign Currency Loan in USD^	654.06	575.22
Vendor Finance in USD	—	0.10
Foreign Currency Loan in JPY	10,626.43	15,058.36
Equivalent INR of Foreign Currency Loan	40,398.95	34,161.45
Trade Payables and Other Current Liabilities:		
Trade Payable in USD	23.60	12.08
Interest accrued but not due on Foreign Currency Loans in USD	2.85	2.67
Interest accrued but not due on Foreign Currency Loans in JPY	18.21	27.23
Equivalent INR of Trade payables and other Current Liabilities	1,469.09	768.68

*Fully hedged for interest and principal repayments.

^Includes USD 431.22 Mn. (Previous year USD 267.60 Mn.) fully hedged for principal repayments only.

B. Not Hedged by a Derivative Instrument or otherwise:

Amount in Mn

Particulars	As on March 31, 2013	As on March 31, 2012
Foreign Currency Loan:		
Foreign Currency Loan in USD	657.48	657.13
Vendor Finance in USD	—	0.03
Equivalent INR of Foreign Currency Loan	35,760.06	33,617.76
Trade Payable:		
Trade Payable in USD	51.85	57.02
Trade Payables in EURO	0.17	0.06
Trade Payables in GBP	0.01	—
Interest accrued but not due on Foreign Currency Loans in USD	4.84	3.73
Equivalent INR of Trade Payables & interest accrued in Foreign Currency	3,095.98	3,111.99
Trade Receivable:		
Trade Receivable in USD	10.21	10.03
Trade Receivable in EURO	0.12	0.15
The Equivalent INR of Trade Receivables in Foreign Currency	564.23	523.16

IDEA CELLULAR LIMITED

38. 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, 2013	For the year ended March 31, 2012
1	Assumptions		
	Discount Rate	8.10%	8.00% - 8.25%
	Expected return on Plan Assets	9.00%	7.50%
	Salary Escalation	7.00%	5.00% - 7.00%
2	Table showing changes in present value of Obligations		
	Present value of obligations as at beginning of year	473.25	369.83
	Interest Cost	44.69	34.76
	Current Service Cost	87.83	74.87
	Benefits Paid	(18.74)	(12.66)
	Actuarial (Gain)/Loss on Obligations	134.45	6.45
	Past Service Cost	237.90	—
	Present value of Obligations as at end of year	959.38	473.25
3	Table showing changes in the fair value of plan assets		
	Fair value of Plan Assets at beginning of year	210.06	183.70
	Expected return on Plan Assets	16.67	14.82
	Contributions	15.58	21.61
	Benefits Paid	(18.74)	(12.66)
	Actuarial Gain / (Loss) on Plan Assets	1.98	2.59
	Fair value of Plan Assets at the end of year	225.55	210.06
	Funded Status	733.83	263.19
	Actual return on Plan Assets	17.78	16.94
4	Actuarial Gain/Loss recognized		
	Actuarial Gain/(Loss) for the year - Obligation	(134.45)	(6.45)
	Actuarial (Gain)/Loss for the year - Plan Assets	(1.98)	(2.59)
	Total (Gain)/Loss for the year	132.47	3.86
	Actuarial (Gain)/Loss recognized in the year	132.47	3.86
5	The amounts to be recognized in the Balance Sheet		
	Present value of Obligations as at the end of year	959.38	473.25
	Fair value of Plan Assets as at the end of the year	225.55	210.06
	Funded status	733.83	263.19
	Net Asset/(Liability) recognized in Balance Sheet	(733.83)	(263.19)
6	Expenses recognised in Statement of Profit & Loss		
	Current Service Cost	87.83	74.87
	Interest Cost	44.69	34.76
	Expected return on Plan Assets	(16.67)	(14.82)
	Net Actuarial (Gain)/Loss recognised in the year	132.47	3.86
	Past Service Cost	237.90	—
	Expenses recognised in Statement of Profit & Loss	486.22	98.67
7	Investment details of Plan Assets (% allocation)		
	Insurer managed funds*	100%	100%

₹ Mn

Sr. No.	Particulars	For the year ended				
		March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
8	Experience Adjustments					
	Defined Benefit Obligation	959.38	473.25	369.83	258.36	133.77
	Plan Assets	225.55	210.06	183.70	148.23	124.55
	Surplus/ (Deficit)	(733.83)	(263.19)	(186.13)	(110.13)	(9.22)
	Experience Adjustments on Plan Liabilities	116.21	25.64	26.25	57.02	14.11
	Experience Adjustments on Plan Assets	1.98	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 Venture:

a) Gratuity cost for the year

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Current Service Cost	4.80	4.16
Interest Cost	1.12	0.96
Actuarial Losses	0.32	0.48
Total amount recognized in Statement of Profit and Loss	6.24	5.60

b) Amount recognised in the Balance Sheet

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Opening Defined Benefit Obligation	12.80	9.10
Total amount recognised in Statement of Profit and Loss	6.24	5.60
Benefits paid during the year	(2.08)	(1.90)
Amount recognised in the Balance Sheet	16.96	12.80

c) Experience Adjustments

₹ Mn

Particulars	For the year ended				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined Benefit Obligation	16.96	12.80	9.10	5.96	4.16
Surplus / (Deficit)	(16.96)	(12.80)	(9.10)	(5.96)	(4.16)
Experience Adjustments on Plan Liabilities	0.48	0.80	0.80	0.21	—

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d) Financial Assumptions

Particulars	As at 31 March 2013	As at 31 March 2012
Discount Rate	8.40%	8.40%
Salary Escalation Rate	First 2 years- 10% and 7% thereafter	First 2 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 :

Particulars	₹ Mn	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Employers' Contribution to Provident & Pension Fund	325.56	279.91
Employers' Contribution to Superannuation Fund	47.47	43.68

39. Segment Reporting:

1. Primary Segments:

The Group operates in three business segments:

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

Transactions between segments are accounted on agreed terms on arm's length basis and have been eliminated at the Group level.

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, 2013

Particulars	Business Segments			Elimination	Total
	Mobility	ILD	PI		
Revenue					
External Revenue	221,218.71	2,317.23	1,040.60	—	224,576.54
Inter-segment Revenue	697.21	1,514.06	22,512.07	(24,723.34)	—
Total Revenue	221,915.92	3,831.29	23,552.67	(24,723.34)	224,576.54
Segment Result	20,779.38	365.13	4,123.22	—	25,267.73
Interest & Financing Charges (Net)					9,494.50
Other Income					—
Profit before Tax					15,773.23
Provision for Tax (Net)					5,663.96
Profit after Tax					10,109.27
Other Information					
Segment Assets	292,483.02	677.13	40,602.14	(10,435.50)	323,326.79
Unallocated Corporate Assets					40,453.91
Total Assets	292,483.02	677.13	40,602.14	(10,435.50)	363,780.70
Segment Liabilities	193,959.16	316.83	24,543.73	(10,435.50)	208,384.22
Unallocated Corporate Liabilities					12,343.59
Total Liabilities	193,959.16	316.83	24,543.73	(10,435.50)	220,727.81
Capital Expenditure	58,058.89	23.73	3,903.90	—	61,986.52
Depreciation & Amortisation	30,493.15	51.02	4,233.48	—	34,777.65

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	19,819.78	(21,882.53)	—
Total Revenue	194,197.97	2,595.45	20,500.74	(21,882.53)	195,411.63
Segment Result	17,299.46	212.32	3,598.24	—	21,110.02
Interest & Financing Charges (Net)					10,557.29
Other Income					—
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

40. 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)
- Axiata Group Berhad

Key Management Personnel (KMP)

- Mr. Himanshu Kapania, MD
- Mr. Akshaya Moondra, CFO

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B. Transactions with Related Parties:

₹ Mn

Particulars	Promoters			KMP
	Hindalco	Grasim	ABNL	
Remuneration				105.76 (60.05)
Sale of Service/goods	28.33 (19.37)	17.06 (16.24)	26.92 (9.89)	
Expense incurred by Company on behalf of	0.36 (0.17)	0.94 (4.17)	0.43 (0.20)	
Expenses incurred on Company's behalf by	0.36 (0.87)	0.10 (0.05)	0.06 (0.09)	

(Figures in bracket are for the year ended March 31, 2012)

C. Outstanding as on March 31, 2013:

₹ Mn

Particulars	Promoters			KMP
	Hindalco	Grasim	ABNL	
Remuneration Payable				30.52 (11.44)
Trade Receivable	2.95 (1.60)	2.51 (6.70)	1.90 (4.20)	
9.45% Redeemable NCD	100.00* (-)			
Interest accrued but not due on the above NCD's	3.94 (-)			

* Purchased from Secondary Market

(Figures in bracket are as of March 31, 2012)

41. 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 ₹ 18,462.24 Mn. (Previous year ₹ 14,651.17 Mn.) are charged to the Statement 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	9,961.06 (8,734.25)	30,921.38 (27,673.41)	14,290.86 (13,005.55)

(Figures in bracket are as of March 31, 2012)

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 ₹ 191.49 Mn. (Previous year ₹ 107.45 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 Later than one one year	Later than year but not later than five years	five years
Minimum Lease Receivables	951.38 (139.65)	20.67 (48.49)	0.84 (0.48)

(Figures in bracket are as of March 31, 2012)

42. 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.

43. Basic & Diluted Earnings per Share:

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Nominal value of Equity Shares (₹)	10/-	10/-
Profit after Tax (₹ Mn.)	10,109.27	7,229.88
Profit attributable to Equity Shareholders (₹ Mn.)	10,109.27	7,229.88
Weighted average number of Equity Shares outstanding during the year	3,310,881,787	3,305,571,126
Basic Earnings Per Share (₹)	3.05	2.19
Dilutive effect on weighted average number of Equity		
Shares outstanding during the year	8,292,754	10,381,939
Weighted average number of diluted Equity Shares	3,319,174,541	3,315,953,065
Diluted Earnings Per Share (₹)	3.05	2.18

44. The Company has the following joint venture as on March 31, 2013 and its percentage holding is given below:

Name of the Joint Venture	Percentage Holding	
	As on March 31, 2013	As on March 31, 2012
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, 2013	As on March 31, 2012
Liabilities		
Reserves & Surplus	1,225.39	1,425.34
Long Term Borrowings	12,303.20	9,100.00
Other Non Current Liabilities	2,557.28	2,892.85
Deferred Tax Liability	767.80	605.68
Short Term Borrowings	328.80	4,863.92
Other Current Liabilities	9,268.65	6,743.41

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₹ Mn

Particulars	As on March 31, 2013	As on March 31, 2012
Assets		
Net Block (including CWIP)	19,808.64	18,702.32
Other Non Current Assets	2,102.45	1,537.77
Current Investment	720.00	976.00
Other Current Assets	3,820.22	4,415.30

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenues	21,362.04	12,716.56
Operating Costs	15,030.56	6,952.43
EBITDA	6,331.48	5,764.14
Finance Cost	1,310.08	1,471.17
Depreciation & Amortisation	2,635.36	2,535.97
PBT	2,386.04	1,757.00
Taxes	813.58	563.60
PAT	1,572.46	1,193.40
Contingent Liability	699.52	585.44
Capital Commitment	187.04	347.52

45. Information with respect to Subsidiaries as on March 31, 2013:

₹ 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	10.00
Reserves	74,741.95	(8.05)	358.77	15,932.31	108.80	(12.80)
Total Assets	1,759.39	62.12	3,326.83	16,061.78	267.74	14.26
Total Liabilities	206.25	69.67	2,967.56	128.97	422.59	17.06
Investments other than Investments in subsidiary	73,307.56	—	—	—	264.15	—
Turnover (Total Revenue)	1,607.45	868.16	2,101.58	1,513.41	2,721.87	3.37
Profit/(Loss) before Taxation	1,555.85	(5.57)	175.77	195.91	134.11	(12.45)
Provision for Taxation	2.61	(2.69)	64.38	39.20	43.09	—
Profit/(Loss) after Taxation	1,553.24	(2.88)	111.39	156.71	91.02	(12.45)
Proposed Dividend	—	—	—	—	—	—

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

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Opening Balance	930.83	888.20
Additional Provision	590.45	47.46
Utilisation	25.79	4.83
Closing Balance	1,495.49	930.83

47. The Board of Directors have recommended a dividend at the rate of ₹ 0.30 per share of face value of ₹ 10/- aggregating ₹ 1,163.28 Mn. (including ₹ 168.98 Mn. Dividend Distribution Tax) for the year ended 31st March 2013. The payment of dividend is subject to the approval of the shareholders at the ensuing annual general meeting of the Company.

48. 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

Sanjeev Aga
Director

Himanshu Kapania
Managing Director

Akshaya Moondra
Chief Financial Officer

Pankaj Kapdeo
Company Secretary

Place : Mumbai

Date : April 25, 2013

Consolidated Cash Flow Statement for the year ended March 31, 2013

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
A) Cash Flow from Operating Activities		
Net Profit after Tax	10,109.27	7,229.88
Adjustments For		
Depreciation	29,589.50	24,356.93
Amortisation of Intangible Assets	5,188.15	5,456.42
Interest and Financing Charges	10,156.96	10,481.74
Profit on Sale of Mutual Funds	(667.37)	(291.71)
Provision for Bad & Doubtful Debts / Advances	829.85	597.31
Employee Stock Option Cost	0.32	35.88
Provision for Gratuity, Leave Encashment	669.54	174.03
Provision for Deferred Tax	4,907.46	3,173.60
Provision for Current Tax (Net of MAT Credit Entitlement)	756.50	149.25
Liabilities / Provisions no Longer Required Written Back	(414.83)	(450.89)
Interest Income	(193.89)	(134.52)
(Profit) / Loss on sale of Fixed Assets / Assets Discarded	53.27	11.95
	50,875.46	43,559.99
Operating Profit Before Working Capital Changes	60,984.73	50,789.87
Adjustments for Changes in Working Capital		
(Increase)/Decrease in Trade Receivables	(2,203.64)	(3,267.17)
(Increase)/Decrease in Inventories	199.24	(266.48)
(Increase)/Decrease in Other Current and Non Current Assets	(3.97)	(3.37)
(Increase)/Decrease in Long Term and Short Term Loans and Advances	(371.99)	(13,291.34)
Increase /(Decrease) in Trade Payables, Other Current and Non Current Liabilities and Provisions	8,476.13	8,360.20
	6,095.77	(8,468.16)
Cash generated from Operations	67,080.50	42,321.71
Tax Paid (including TDS) (Net)	(4,109.58)	(4,140.89)
Net Cash from / (used in) Operating Activities	62,970.92	38,180.82
B) Cash Flow from Investing Activities		
Purchase of Fixed Assets & Intangible Assets (including CWIP)	(34,986.76)	(47,326.59)
Payment towards Spectrum and Licenses*	(213.22)	—
Proceeds from Sale of Fixed Assets	220.70	59.04
Profit on Sale of Current Investments and Interest Received	870.28	416.63
Net Cash from / (used in) Investing Activities	(34,109.00)	(46,850.92)

Consolidated Cash Flow Statement for the year ended March 31, 2013

₹ Mn

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
C) Cash Flow from Financing Activities		
Proceeds from issue of Equity Share Capital	248.20	237.10
Proceeds from Long Term Borrowings*	40,154.25	38,322.60
Repayment of Long Term Borrowings	(37,832.52)	(30,345.21)
Proceeds from Short Term Borrowings	10,547.22	42,521.84
Repayment of Short Term Borrowings	(23,237.33)	(43,150.47)
Dividend Distribution Tax	(250.24)	
Payment of Interest and Financing Charges	(9,283.00)	(11,199.84)
Net Cash from / (used in) Financing Activities	(19,653.42)	(3,613.98)
Net Increase / (Decrease) in Cash and Cash Equivalents	9,208.50	(12,284.08)
Cash and Cash Equivalents at the Beginning	2,449.60	14,733.68
Cash and Cash Equivalents at the End	11,658.10	2,449.60

* Excluding deferred payment liability towards spectrum won in auction, being non cash transaction for the year

Notes to Cash flow Statement for the year ended March 31, 2013

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

Cash on Hand	26.48	16.66
Cheques on Hand	223.18	135.06
Balances with Banks		
- In Current Accounts	750.43	354.48
- In Deposit Accounts	377.86	967.40
Investment in Units of Liquid Mutual Funds	10,280.15	976.00
	<u>11,658.10</u>	<u>2,449.60</u>

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

Khurshed Pastakia
Partner
Membership No.: 31544

Place : Mumbai
Date : April 25, 2013

For and on behalf of the Board

Gian Prakash Gupta
Director

Akshaya Moondra
Chief Financial Officer

Sanjeev Aga
Director

Pankaj Kapdeo
Company Secretary

Himanshu Kapania
Managing Director

