Idea Cellular Limited

An Aditya Birla Group Company

Quarterly Report

Second Quarter ended September 30, 2009

THE ECONOMIC TIMES AWARDS

FOR CORPORATE EXCELLENCE 2009

EMERGING COMPANY

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Supplemental Disclosures

Unless stated otherwise, the financial data in this report is derived from our unaudited / audited consolidated financial statements prepared in accordance with Indian GAAP. Our financial year ends on March 31 of each year, so all references to a particular financial year are to the twelve months ending March 31 of that year. In this report, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off. There are significant differences between Indian GAAP, IFRS, and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements will provide meaningful information is dependent on the reader's familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial information presented in this report should accordingly be limited. We have not attempted to explain such differences or quantify their impact on the financial data included herein.

Unless stated otherwise, industry data used throughout this report has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this report is reliable, it has not been independently verified.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry

Report Structure — Page No.

1. Performance at a glance – Idea Standalone[1]

Particulars	Unit	Quarter Ended		Year Ended			
		Sep-09	Jun-09 [2]	FY 09 [2]	FY 08	FY 07	FY 06
Operating Service Areas (EoP)	nos.	15	15	13	11	11	8
Subscriber base (EoP)	mn	46.8	42.8	38.9	24.0	14.0	7.4
Cell Sites (EoP)	nos.	50,915	48,067	44,230	24,793	10,114	4,763
Gross Revenue	mn	28,909	28,883	99,713	67,374	43,873	29,869
EBITDA	mn	7,307	7,700	27,548	22,693	14,862	10,864
PAT	mn	2,507	3,075	9,561	10,423	5,023	2,118
Cash Profit	mn	7,068	7,292	23,374	19,842	11,751	7,613
Net Worth	mn	139,029	136,502	133,405	35,446	21,798	11,336
Loan Funds	mn	59,169	60,879	77,631	65,154	42,505	32,856
Cash & Cash Equivalent	mn	23,136	26,564	49,614	10,535	18,212	1,493
Net Debt to EBITDA [3]	unit	1.23	1.11	1.02	2.41	1.63	2.89
Net Debt to Net Worth	unit	0.26	0.25	0.21	1.54	1.11	2.77
ROCE	%	7.7%	9.3%	11.6%	18.2%	15.3%	11.8%

[1] does not include joint ventures, i.e. Spice Communications and Indus Towers

[2] FY09 audited figures are after giving the effect of Scheme for de-merger of towers to ICTIL and Scheme of arrangement for financial restructuring. June'09 figures are also effected accordingly .

[3] Net Debt to EBIDTA, for the quarter, is based on the annualised figure of quarterly EBITDA

2. Company Overview

Idea Cellular Limited ("Idea") is a leading mobile services operator in India. Idea has a subscriber market share of 18.6% in its 8 established service areas, and 12.4% in its 15 operating service areas. After inclusion of Spice Communications, brand !dea has 51.5 mn subscribers, corresponding to a 10.9% national subscriber market share as on September 30, 2009.

A. Promoter Group

Idea is part of the Aditya Birla Group, India's first truly multinational group. The Group has businesses in sectors ranging from metals, garments, cement, fertilisers, life insurance and financial services among others. Over half of the Group's revenues are derived from overseas operations. The group operates in 25 countries, and is anchored by an extraordinary force of over 130,000 employees belonging to 30 nationalities. The current Group holding of 49.05% in Idea is made up of;

Aditya Birla Nuvo Ltd.	27.02%
Birla TMT Holdings Pvt. Ltd.	9.15%
Hindalco Industries Ltd.	7.37%
Grasim Industries Ltd.	5.52%
Total	**49.05%**

B. Key Shareholders

AXIATA Group Berhad (previously TM International Berhad), through its affiliates, has 14.99% shareholding in Idea Cellular, and a 49.0% holding in Spice Communications. With the proposed merger of Spice Communications into Idea Cellular, the Axiata Group holding in Idea Cellular would increase to around 20%. AXIATA has controlling stakes in its affiliates in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia, and significant stakes in India and Singapore. India and Indonesia are among the fastest growing markets in the world. As of June 2009, the Group has close to 100 million mobile subscribers in Asia, and provides employment to over 25,000 people in 10 countries.

Providence Equity Partners, through its affiliates has a 10.6% shareholding in Idea, and has also invested INR 20982 mn in ABTL through Compulsorily Convertible Preference Shares.

C. Corporate Structure

Idea Cellular Limited (Idea)

- 100% -- Idea Cellular Infrastructure Services Limited (ICISL)
- 100% -- Idea Cellular Services Limited (ICSL)
- 100% -- Swinder Singh Satara & Co Limited (SSSL)
- 41.1% -- Spice Communications Limited (Spice)
- 100% -- Aditya Birla Telecom Limited (ABTL)
  - 100% -- Idea Cellular Tower Infrastructure Limited (ICTIL)
  - 16% -- Indus Towers Limited (Indus)

ICISL – a tower company owning towers in Bihar and Orissa service areas.

ICSL – provides manpower services to operating entities i.e. Idea & ABTL.

SSSL – Engaged in the business of sale and purchase of Data Cards, Mobile Hand Sets and Fixed Wireless Phones

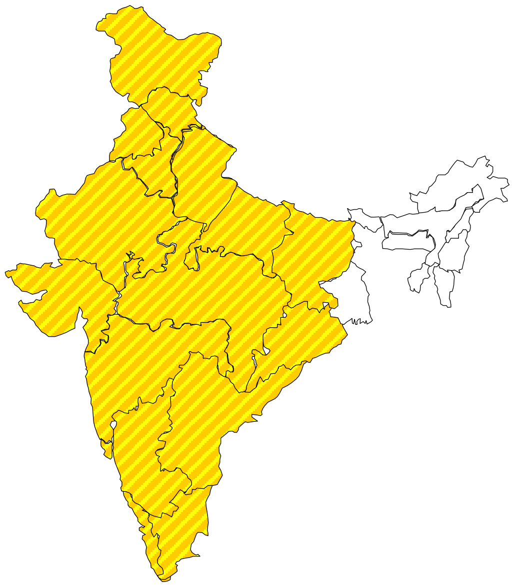
Spice – provides GSM based mobile services in Punjab and Karnataka service areas and has NLD/ILD operations.

ABTL – provides GSM based mobile services in Bihar service area, and has a 16% shareholding in Indus.

ICTIL – holds towers de-merged from Idea, which will subsequently merge in Indus.

Indus – a joint venture between Bharti Infratel, Vodafone Essar and Idea (through ABTL), to provide passive infrastructure services in 15 service areas.

D. Operating Service Areas (as on October 2009)



Brand !dea covers 18 telecom service areas, viz, Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana, Uttar Pradesh West & Uttaranchal, Uttar Pradesh East, Rajasthan, Himachal Pradesh, Mumbai, Bihar & Jharkhand, Orissa, Tamil Nadu, Jammu & Kashmir, Punjab and Karnataka, covering ~ 91% of the all India subscriber base.

The service areas of Mumbai and Bihar became operational during Aug-Oct'08 and the service areas of Punjab and Karnataka were added through Spice acquisition w.e.f October 16, 2008. Services areas of Orissa and Tamil Nadu (excl. Chennai) were launched in April'09 and May'09 respectively. Services in Chennai were launched in July'09.

Brand !dea launched commercial operations in J&K on 14th Oct, 2009. With the imminent launch in Kolkata & West Bengal in October, and North East & Assam service areas in Q3, Idea will, within 2009, become a pan-India operator.

3. Reporting Guidelines:

To facilitate an analytical perspective, the results have been formatted and grouped as under:

a) **Standalone** – Idea, and its 100% subsidiaries incl. the ABTL service area of Bihar. Effectively, this encompasses all operations, excluding Spice and Indus.

b) **Consolidated** – Idea, its 100% subsidiaries, and its JVs, grouped together. In addition to Idea standalone, this covers the proportionate consolidation of Indus (16%), and Spice (41.09% w.e.f. October 16, 2008).

JV financials have been consolidated as jointly controlled entities as per "**AS 27 - Financial reporting of Interests in Joint Ventures**". It may be noted that the consolidation of financials of two or more entities requires elimination of inter entity transactions. Illustratively, rentals paid by Idea to Indus, become expenses for Idea and revenues for Indus, on a standalone basis. However, upon consolidation, the proportionate revenue of Indus gets reduced to the extent contributed by Idea. The rental expenses of Idea also stand correspondingly reduced in the consolidated financials.

4. Financial Highlights

A. Standalone Profit & Loss Account

INR mn

	Quarter Ended				
	Sep-09	Jun-09	Mar-09	Dec-08	Sep-08
Gross Revenue	28,909	28,883	28,717	26,209	23,006
Opex	21,602	21,183	21,290	19,404	16,926
EBITDA	7,307	7,700	7,427	6,805	6,081
EBITDA Margin	**25.3%**	**26.7%**	**25.9%**	**26.0%**	**26.4%**
Depreciation & Amortisation	4,200	4,064	3,885	3,579	2,996
Other Receipt	(317)	-	-	-	-
EBIT	3,424	3,636	3,541	3,226	3,085
Interest and Financing Cost (net)	557	406	493	600	1,455
PBT	2,867	3,230	3,048	2,626	1,630
Tax	360	156	209	63	129
PAT	**2,507**	**3,075**	**2,839**	**2,562**	**1,501**
Cash Profit	**7,068**	**7,292**	**6,905**	**6,180**	**4,600**

Note: March 09 quarter figures contain annual audit effects

B. Consolidated Profit & Loss Account

INR mn

	Quarter Ended				
	Sep-09	Jun-09	Mar-09	Dec-08	Sep-08
Gross Revenue	29,739	29,759	29,416	27,311	23,037
Opex	21,644	21,160	21,295	20,337	16,969
EBITDA	8,095	8,599	8,119	6,974	6,068
EBITDA Margin	**27.2%**	**28.9%**	**27.6%**	**25.5%**	**26.3%**
Depreciation & Amortisation	4,796	4,555	4,310	3,937	3,032
Other Receipt	(317)	-	-	-	-
EBIT	3,616	4,044	3,810	3,037	3,036
Interest and Financing Cost (net)	1,057	869	1,049	874	1,497
PBT	2,559	3,175	2,760	2,163	1,540
Tax	357	204	210	(31)	99
PAT	**2,202**	**2,971**	**2,550**	**2,195**	**1,441**
Cash Profit	**7,357**	**7,726**	**7,041**	**6,075**	**4,544**

Note: March 09 quarter figures contain annual audit effects

C. Revenue & Profitability Break-up

INR mn

Revenue Break-up	Quarter Ended	
	Sep-09	Jun-09
Gross Revenue-11 Service Areas	27,087	27,456
Gross Revenue - New Service Areas*	1,822	1,427
Revenue - Idea Standalone	**28,909**	**28,883**
Revenue Contribution - Spice (@41.09%)	1,401	1,359
Revenue Contribution - Indus (@16.00%)	1,925	1,990
Consolidation Eliminations	(2,496)	(2,472)
Revenue - Idea Consolidated	**29,739**	**29,759**

EBITDA Break-up	Quarter Ended	
	Sep-09	Jun-09
EBITDA -11 Service Areas	8,137	8,345
EBIDTA - New Service Areas*	(830)	(644)
EBITDA - Idea Standalone	**7,307**	**7,700**
EBITDA Contribution - Spice (@41.09%)	182	294
EBITDA Contribution - Indus (@16.00%)	606	605
EBITDA - Idea Consolidated	**8,095**	**8,599**

EBITDA Margins	Quarter Ended	
	Sep-09	Jun-09
EBITDA % - Idea 11 Service Areas	30.0%	30.4%
EBITDA % - New Service Areas*	-45.6%	-45.2%
EBITDA % - Idea Standalone	**25.3%**	**26.7%**
Derived EBITDA % Spice	13.0%	21.6%
Derived EBITDA % Indus	31.5%	30.4%
Idea EBITDA % - Consolidated	**27.2%**	**28.9%**

Dep. & Amort. Break-up	Quarter Ended	
	Sep-09	Jun-09
Dep & Amort. - Idea Standalone	4,200	4,064
Dep. & Amort. Cost from Spice (@41.09%)	262	261
Dep. & Amort. Cost from Indus (@16.00%)	334	230
Dep. & Amort. - Idea Consolidated	**4,796**	**4,555**

INR mn

EBIT Break-up	Quarter Ended	
	Sep-09	Jun-09
Other Receipt - Idea Standalone	317	-
EBIT - Idea Standalone	3,424	3,636
EBIT Contribution - Spice (@41.09%)	(80)	33
EBIT Contribution - Indus (@16.00%)	271	375
EBIT - Idea Consolidated	**3,616**	**4,044**

Interest & Finance Cost Break-up	Quarter Ended	
	Sep-09	Jun-09
Gross Interest Cost - Idea Standalone	1,317	1,665
Gross Interest Income - Idea Standalone	(798)	(1,134)
Forex Loss/(Gain) - Idea Standalone	38	(125)
Int. & Fin. Cost (net) - Idea Standalone	**557**	**406**
Int. & Fin. Cost (net) from Spice (@41.09%)	177	176
Int. & Fin. Cost (net) from Indus (@16.00%)	323	287
Int & Fin Cost (net) - Idea Consolidated	**1,057**	**869**

Tax Break-up	Quarter Ended	
	Sep-09	Jun-09
Tax - Idea Standalone	360	156
Tax from Spice (@41.09%)	-	-
Tax from Indus (@16.00%)	(3)	48
Tax - Idea Consolidated	**357**	**204**

PAT Break-up	Quarter Ended	
	Sep-09	Jun-09
PAT - Idea Standalone	2,507	3,075
PAT Contribution - Spice (@41.09%)	(257)	(143)
PAT Contribution - Indus (@16.00%)	(49)	40
PAT - Idea Consolidated	**2,202**	**2,971**

* incl.service areas of Mumbai, Bihar, Orissa & Tamil Nadu (incl Chennai)

Note 1: Impact of the joint venture is presented to provide a perspective to Idea's consolidated financials. Due to differences in accounting treatment, these may not be representative of the financial statements of joint ventures.

Note 2: The IRU income from Indus (w.e.f. 01st January, 2009) is treated as revenue in Idea standalone. This treatment may change, for the past period from the appointed date of merger to the effective date of merger of ICTIL into Indus.

D. Summarized Balance Sheet

INR mn

Particulars	Idea Standalone		Spice Standalone		Idea Consolidated	
	Sep-09	Mar-09	Sep-09	Mar-09	Sep-09	Mar-09
Sources of Funds						
Equity Share Capital	31,001	31,001	6,899	6,899	31,001	31,001
Preference Share Capital	19	19			19	19
Outstanding Emp. Stock Options	224	182			226	182
Reserves & Surplus	106,714	106,714	4,943	4,943	106,714	106,714
Loan Funds	59,169	77,631	18,359	20,586	72,063	89,122
Deferred Tax Liability(net)	1,787	1,274			1,689	1,130
Total	**198,914**	**216,821**	**30,201**	**32,427**	**211,711**	**228,169**
Application of Funds						
Gross Block	202,101	183,349	33,157	32,441	228,608	205,234
Depreciation	61,566	53,365	16,474	15,223	69,250	59,971
Net Block	**140,535**	**129,984**	**16,684**	**17,218**	**159,358**	**145,263**
CWIP	17,585	18,461	825	1,036	19,767	21,409
Goodwill	61	61			22,457	22,457
Cash & Cash equivalent	23,136	49,614	540	2,327	23,470	51,316
Investments	22,042	22,042				
Net Current Assets	(3,375)	(7,853)	(2,490)	(1,821)	(13,432)	(17,540)
Profit & loss A/c	(1,070)	4,511	14,642	13,668	91	5,263
Total	**198,914**	**216,821**	**30,201**	**32,427**	**211,711**	**228,169**

Note: March 09 Idea Stanalone figures are audited after giving the effect of Scheme for de-merger of towers to ICTIL and Scheme of arrangement for financial restructuring. Similar effect has been given to March 09 Idea Consolidated

5. Key Performance Indicators

A. Financial Indicators – Idea Standalone

Parameters	Quarter Ended				
	Sep-09	Jun-09	Mar-09	Dec-08	Sep-08
Gross Revenue (INR mn)	28,909	28,883	28,717	26,209	23,006
Growth (%) QoQ	0.1%	0.6%	9.6%	13.9%	5.6%
EBITDA (INR mn)	7,307	7,700	7,427	6,805	6,081
EBITDA (%)	25.3%	26.7%	25.9%	26.0%	26.4%
EBIT (INR mn)	3,424	3,636	3,541	3,226	3,085
EBIT (%)	11.8%	12.6%	12.3%	12.3%	13.4%
Revenue/min (INR)	0.56	0.58	0.63	0.64	0.62
EBIT/min (INR)	0.07	0.07	0.08	0.08	0.08
Gross Fixed Assets	202,101	194,438	183,349	169,300	152,390
Annualised Revenue/Gross Fixed Assets	57.2%	59.4%	62.6%	61.9%	60.4%

Note:Gross Fixed Assets and CWIP figures for June 09, Dec 08 and Sep 08 have been re-grouped in line with March 09 audited groupings.

B. Operational Indicators – Idea Standalone

	Unit	Quarter Ended				
		Sep-09	Jun-09	Mar-09	Dec-08	Sep-08
Operating Service Areas	no.	15	15	13	13	12
Subscriber Base (EoP)	mn	46.8	42.8	38.9	34.2	30.4
Pre-paid Subs (% of EoP subscribers)	%	95.3%	95.1%	94.6%	94.3%	94.0%
Market Share (11 Service areas)	%	15.8%	16.2%	16.4%	16.7%	16.5%
Market Share (Operating Service areas)	%	12.4%	12.9%	14.5%	14.5%	15.2%
Average Revenue per User (ARPU)	INR	209	232	255	268	263
Average Minutes of Use per User (MoU)	min	375	399	402	416	421
Average Realised Rate (ARR)	INR	0.56	0.58	0.63	0.64	0.62
VAS as a % of Revenue	%	10.6%	10.1%	9.5%	9.5%	9.8%
Post-paid Churn	%	3.0%	2.9%	3.0%	2.7%	2.5%
Pre-paid Churn	%	7.4%	6.9%	5.3%	4.4%	4.0%
Blended Churn	%	7.2%	6.7%	5.2%	4.3%	3.9%
Total Minutes of Use	mn	50,339	48,729	44,224	40,254	36,315
Total Cell Sites (EoP)	no.	50,915	48,067	44,230	39,289	33,377
Cell Sites - Rented Indus (EoP)	no.	28,924	27,081	25,150		
Cell Sites - Rented Others (EoP)	no.	13,958	13,130	11,603	21,459	16,628
Owned Towers (EoP)	no.	8,033	7,856	7,477	17,830	16,749
Tenancy Ratio - Owned Towers	times	1.53	1.51	1.48	1.47	1.43
Owned Towers - IRU (EoP)	no.	11,094	11,094	11,094		
Manpower on Rolls (EoP)	no.	6,011	5,864	5,658	5,604	5,309
Average Revenue per Employee per Month	INR '000	1,597	1,654	1,675	1,555	1,440
Subscribers per Employee	no.	7,779	7,293	6,873	6,103	5,722

C. Operational Indicators – Spice

	Unit	Quarter Ended				
		Sep-09	Jun-09	Mar-09	Dec-08	Sep-08
Subscriber Base (EoP)	000	4,696	4,320	4,133	3,802	3,600
Pre-paid Subs (% of EoP subscribers)	%	89.4%	88.2%	87.0%	85.7%	84.5%
EOP Market Share (2 Service areas)	%	10.3%	10.5%	10.8%	11.0%	11.2%
Average Revenue per User (ARPU)	INR	226	244	271	284	265
Average Minutes of Use per User (MoU)	min	429	454	467	494	434
Average Realised Rate (ARR)	INR	0.53	0.54	0.58	0.57	0.61
VAS as a % of Revenue	%	11.7%	11.3%	11.8%	10.9%	8.7%
Post-paid Churn	%	4.1%	5.5%	4.9%	5.4%	6.2%
Pre-paid Churn	%	10.5%	9.1%	8.1%	6.3%	15.3%
Blended Churn	%	9.8%	8.6%	7.7%	6.2%	13.9%
Total Minutes of Use	mn	5,735	5,730	5,589	5,460	5,133
Cell Sites - Rented (EoP)	no.	6,455	6,025	5,448	4,672	4,571
Cell Sites - Owned (EoP)	no.	188	182	182	176	172
Total Cell Sites (EoP)	no.	6,643	6,207	5,630	4,848	4,743
Manpower on Rolls (EoP)	no.	801	812	823	828	846
Average Revenue per Employee per Month	INR '000	1,409	1,350	1,310	1,312	1,391
Subscribers per Employee	000	5,863	5,320	5,022	4,592	4,255

6. Management Discussion & Analysis

Hyper Competitive and Over Capacitised Sector

The bubble days of 2007-08 had blurred the distinction between the real and the fanciful, in the Indian mobile sector. The resultant overcapacity has manifested in tariffs, unrelated to economics. Market prices have plumbed depths which predicate that the market itself will eventually work the overcapacity out of the sector.

The Indian market has been characterised by high multiple SIM usage. This phenomenon has now proliferated with the availability of the Dual-SIM device, priced under Rs. 20, which facilitates the simultaneous use of dual-SIMs on the handset. An estimated 20% of all India subscribers are currently using multiple SIMs, the proportion being higher in urban areas. Such consumers are inclined to retain their original subscription for better coverage, service, and reliability considerations, but selectively pursue price arbitrage for outgoing calls. This phenomenon is causing a realignment of competitive tariff structures. Popular subscriber based metrics like ARPU and churn lose relevance, and give way to more orthodox metrics. While it has become easier to grab traffic through cut pricing, by the same token, such traffic can flow away with the same facility. The multiple SIM phenomenon, timed as it comes together with sector overcapacity, will accelerate the impending shake-out of the sector overcapacity.

However, Idea has anticipated and prepared itself for these changing times. The company focuses unrelentingly upon strengthening of market position in its established areas by exploiting its advantages of scale and spectrum. The newer service areas follow a disciplined and measured approach. Across India, process maturities and operating efficiencies are continually advancing, as does the consumer experience and brand strength. Idea is fully equipped for this phase of hyper-competition, and expects to emerge competitively even stronger.

Performance During the Quarter

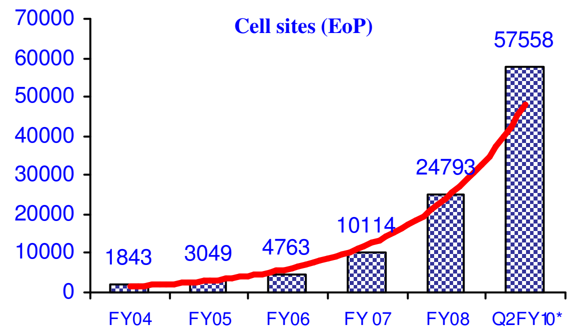
Idea obtains about 40% of its revenues from the rural consumer, and this proportion is expanding over the years. The July-Sept quarter marks seasonally subdued demand. Additionally this year, delayed monsoons have caused a further contraction in aggregate rural demand. While this phenomenon has impacted Q2, it has negligible long term consequence.

The standalone revenue of Rs. 28,909 mn for the quarter almost remained unchanged compared to the previous quarter, while EBITDA margin for the quarter stood at 25.3%, down 1.4% on a QoQ basis, due to lower EBITDA margin in the 11 service areas and higher EBITDA losses in the new service areas. Margin in the 11 service areas was down mainly due to reduction in average realised rate per minute. The launch of Chennai during Q2 as well as the operations of Tamil Nadu for the entire quarter increased the EBITDA losses for the new service areas. Prepayment of Escort Bond resulted in a one time gain of Rs. 317 mn. Standalone PAT of Rs. 2507 mn was down by Rs. 567 mn compared to last quarter, due to lower EBITDA and higher depreciation, financing charges and tax. With Q2 profits, Idea has in this quarter wiped off its brought forward losses of earlier years.

On a consolidated basis, revenue for the quarter stood at Rs. 29,739 mn. EBITDA margin of 27.2% was lower by 1.7% on a QoQ basis, due to lower EBITDA margins of Idea standalone and Spice. Consolidated PAT of Rs. 2,202 mn is lower by Rs. 769 mn compared to last quarter, due to lower contribution by Idea and increased negative contribution by Spice and Indus.

Idea's Average Realised Rate per minute for Q2 was 56 p, down from 58 p in the previous quarter. Total Minutes on the Network were 50,339 mn in Q2, against 48,729 mn in Q1 showing a growth of 3.3% on a q o q basis. Brand !dea crossed the 50 mn subscriber mark in August'09. With the addition of 3.99 mn subscribers during the quarter, brand !dea as on Q2 end had 51.5 mn subscribers with a national market share of 10.9%.

Capex



* includes Spice's Cell sites

Idea (incl. Spice) rolled out 3,284 cell sites during the quarter, taking EoP cell sites to 57,558. Total addition to the gross block including CWIP during the quarter for Idea (standalone) and Spice (@ 100%) was around Rs. 9.6 bn.

We have revised our total capex (network and non-network) guidance for the FY10 to Rs. 45 bn, excluding the impact of a possible 3G auction.

New Launches

Brand !dea now covers 18 service area. !dea has recently expanded its wings to the service area of Jammu & Kashmir (14th Oct'09), With the imminent launch in Kolkata & West Bengal in October, and North East & Assam service areas in Q3, Idea will, within 2009, become a pan-India operator, befitting its standing and potential.

Update on Spice Communications

The accounts of Spice continue to be consolidated in proportion of the shareholding of 41.09%, until its eventual merger into Idea. The merger scheme has been filed with the Hon'ble High Court of Gujarat and Delhi. The Shareholders and Creditors of Idea and Spice have approved the scheme with requisite majority on 04th Sep'09 and 11th Sep'09 respectively. The petition for the scheme has been filed with the High Courts of Gujarat and Delhi.

Update on Indus Towers

As the 3 shareholders, Bharti Infratel, Vodafone Essar Ltd and ABTL (100% subsidiary of Idea) signed the IRU with Indus effective January 01, 2009, Indus has started invoicing respective entities also for the sites covered by the IRU.

The scheme for de-merger of passive infrastructure (which are to be eventually transferred to Indus Towers) to ICTIL (a wholly owned subsidiary of Idea), has been approved by the Hon'ble High Court of Gujarat. Pursuant to the receipt of the High Court Order(s) and filing of the same with the Registrar of Companies on 29th September, 2009, the passive infrastructure in respect of the nine telecom service areas has been de-merged from the Company to ICTIL, with an appointed date of 1st January 2009. FY09 audited figures are after taking into account the impact of the scheme.

Update on ABTL

The telecom operations of Bihar Service Area (including Jharkhand), which are currently in ABTL (a wholly owned subsidiary) are also proposed to be merged with the Idea. A scheme has been filed to de-merge the UASL of Bihar (including Jharkhand) service area, including related assets and liabilities from ABTL to Idea.

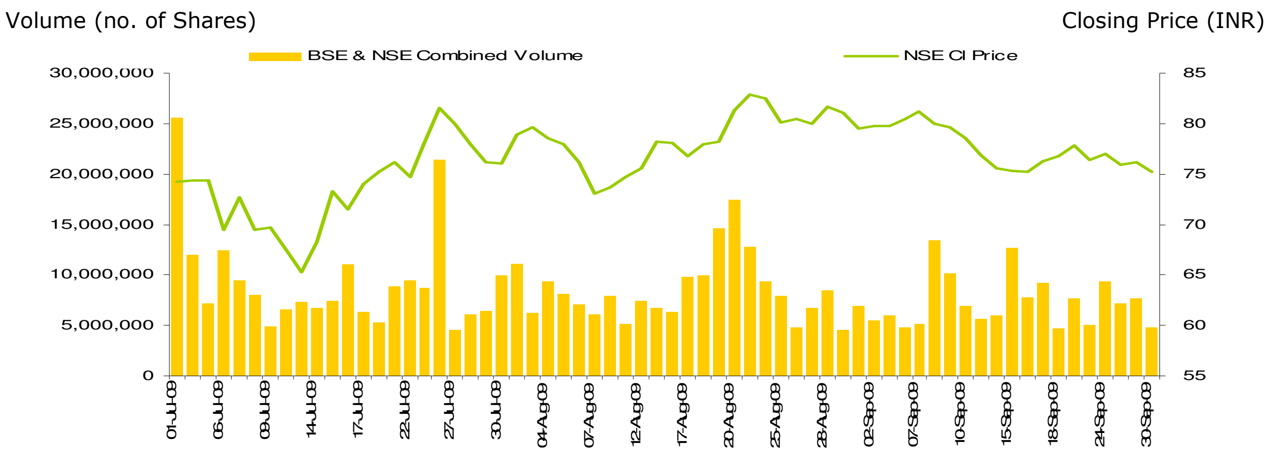
Impact on Financials of FY 09 due Scheme of Arrangement for Financial Restructuring

The scheme of arrangement for financial restructuring (appointed date of 1st July 2008) has received the approval from the Hon'ble High Court of Gujarat and accordingly the non-compete fee of Rs. 5440 mn, paid as a part of Spice acquisition transaction, was charged off to the Profit and Loss Account, and an equal amount was credited to the Profit and Loss Account from the Share Premium Account. FY09 audited figures are after taking into account the impact of the scheme.

7. Stock Market Highlights

General Information		
BSE Code		532822
NSE Symbol		IDEA
Reuters		IDEA.BO/IDEA.NS
No of Shares Outstanding (30/09/09)	mn	3100.10
Closing Market Price - NSE (30/09/09)	INR/share	75.25
Combined Volume (NSE & BSE) (01/07/09 to 30/09/09)	mn/day	8.4
Combined Value (NSE & BSE) (01/07/09 to 30/09/09)	INR mn/day	648
Market Capitalisation (30/09/09)	INR bn	233
EPS (excl. Joint Ventures) for the Quarter	INR/share	0.81
Enterprise Value (30/09/09)	INR bn	269
Price to Earning	times	23.26
Price to Cash Earning	times	8.25
Price to Book Value	times	1.7

Idea Cellular Daily Stock Price (NSE) & Volume (Combined of BSE & NSE) Movement



8. Shareholding Pattern as on September 30, 2009:

Particulars	Idea Cellular Ltd.		Spice Comm. Ltd.	
Promoter and Promoter Group	**No. of Shares**	**% holding**	**No. of Shares**	**% holding**
Indian	1,520,445,714	49.05%	344,257,393	49.90%
Foreign	-	-	338,063,250	49.00%
Public Shareholding	**No. of Shares**	**% holding**	**No. of Shares**	**% holding**
Foreign Holding	1,178,085,394	38.00%	190,682	0.03%
Indian Institutions	251,261,650	8.10%	-	-
Others	150,302,451	4.85%	7,413,675	1.10%
Total	**3,100,095,209**	**100.00%**	**689,925,000**	**100.00%**

Note: Indian Promoters' holding in Spice Comm. consists of 41.09% by Idea Cellular and 8.81% by Green Acre Agro Services P. Ltd.

9. Glossary

Definitions/Abbreviation	Description/Full Form
8 established service areas	Includes the service areas of Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana and Uttar Pradesh West & Uttaranchal
3 new service areas	Includes the service areas launched in Q3 FY07, namely Uttar Pradesh East, Rajasthan and Himachal Pradesh
11 service areas	Includes the service areas launched up to Q3 FY07, namely Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana, Uttar Pradesh West & Uttaranchal, Uttar Pradesh East, Rajasthan and Himachal Pradesh
Annualized EBITDA	Annualised figure of quarterly EBITDA
ARPU (Average Revenue Per User)	Is calculated by dividing services revenue (exclusive of infrastructure revenues) for the relevant period by the average number of subscribers during the period. The result obtained is divided by the number of months in that period to arrive at the ARPU per month figure
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ARR (Average Realised rate)	ARR is calculated as ARPU divided by MoUs
Book Value/Share	Is calculated as Total assets reduced by loan funds and deferred tax liability, divided by number of outstanding equity shares
BSE	Bombay Stock Exchange
Churn	Churn relates to subscribers who are removed from the EoP base for discontinuing to use the service of the company
Cash Profit	Is calculated as summation of PAT, Depreciation and Deferred tax, for the relevant period.
Cash Earning / Share	Is calculated by dividing the cash profit for the period by weighted average number of outstanding equity shares.
EBIT	Earnings Before Interest and Tax
EBITDA (Earnings before interest, tax, depreciation and amortisation)	This is the amount after deducting operating expenditure from total income. Total income is comprised of service revenue, sales of trading goods and other income. Operating expenditure is comprised of cost of trading goods, personnel expenditure, network operating expenditure, license and WPC charges, roaming and access charges, subscriber acquisition and servicing expenditure, advertisement and business promotion expenditure and administration and other expenses
Enterprise Value	Is calculated as summation of Market Capitalisation and Net Debt
EPS	Earning per share, is calculated by dividing the profit after tax for the period by weighted average number of outstanding equity shares
EoP	End of period
FY	Financial year ending March 31
GSM	Global System for Mobile communications, the most popular standard for mobile phones in the world
Indian GAAP	Indian Generally Accepted Accounting Principles
IRU	Indefeasible right of use
MoUs/Sub (Average Minutes of Usages per Subs)	Is calculated as, total Minutes of Use in our network during the period divided by average of subscribers during the period
MSC	Mobile Switching centre

Definitions/Abbreviation	Description/Full Form
Net Adds	Refers to net customer additions which is calculated as the difference between the closing and the opening customers for the period
Net Debt	Total loan funds reduced by cash and cash equivalents
Net Worth	Calculated as summation of Share Capital and Reserves & Surplus reduced by debit balance of profit & loss account
NSE	National Stock Exchange
PBT	Profit before tax
PAT	Profit after tax
Price to Book Value	Is calculated by diving the closing market price (NSE) by Book Value/ Share
Price to Cash Earning	Is calculated by diving the closing market price (NSE) by annualised Cash Earning/Share
Price to Earning	Is calculated by diving the closing market price (NSE) by annualised EPS
Pro-forma	Pro-forma basis assumes that IUC regulation remains same as it was in last quarter
ROCE	ROCE is calculated as a) for the year: PAT plus gross int. & fin. cost divided by average capital employed for the year, b) for the quarter : PAT plus gross int. & fin. cost for the quarter is annualised and divided by capital employed for the quarter. Capital employed is taken as average of opening and closing of Shareholders funds and Loan Funds reduced by debit balance of P&L account, for the respective period
Subscribers	Mobile telephone service customers
SIM	Subscriber Identity Module
Service Area	Unless otherwise specifically mentioned, means telecom service areas in India (including metropolitan service areas) as defined by the DoT.
TRAI	Telecommunications Regulatory Authority of India, constituted under the Telecommunications Regulatory Authority of India Act, 1997