IDEA Cellular Limited

An Aditya Birla Group Company

Registered Office: Suman Tower, Plot No. 18, Sector-11, Gandhinagar– 382011, India

Corporate Office: 5th Floor, Windsor, Off C.S.T. Road, Near Vidya Nagari, Kalina Santacruz (East), Mumbai 400 098, India

Quarterly Report of Unaudited Results

Second Quarter Ended September 30, 2008

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 entirely dependent on the reader's level of 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 those differences or quantify their impact on the financial data included herein.

For definitions, please see "Glossary" on page 20 of this report. 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.

In this report, the terms "we", "us", or "our", unless the context otherwise implies, refer to Idea Cellular Limited and its subsidiaries namely Swinder Singh Satara & Co. Limited, Aditya Birla Telecom Limited, Idea Cellular Services Limited, Idea Cellular Infrastructure Services Limited, Idea Cellular Tower Infrastructure Ltd.

We have included statements in this report which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions that could be considered to be "forward-looking statements". Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements.

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.

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1. Overview

Introduction

A leading GSM mobile services operator, Idea Cellular has licenses to operate in all 22 service areas of India with commercial operations in 13 service areas. With a customer base of over 30 million, Idea Cellular runs operations in Delhi, Himachal Pradesh, Rajasthan, Haryana, Uttar Pradesh (East), Uttar Pradesh (West) & Uttaranchal, Madhya Pradesh & Chattisgarh, Gujarat, Maharashtra & Goa, Andhra Pradesh, Kerala, Mumbai (w.e.f Aug 08) and Bihar & Jharkhand (w.e.f Oct 08).

Idea Cellular had a national market share of 9.8 % as on Sep 30th 2008. Idea also has a license to provide National Long Distance services and the company carries part of its own traffic under the license.

Idea has acquired from MCorp Global Communications Private Limited, the erstwhile promoters of Spice Communications Ltd, its 40.8% equity stake in Spice, having operations in the service areas of Punjab and Karnataka.

Idea holds spectrum for Orissa, Tamilnadu (including Chennai) and Karnataka, and licenses for the remaining 6 service areas. With the planned launch of services in Orissa and Tamilnadu (including Chennai) before the end of this calendar year, and after the proposed amalgamation of Spice Communications (Punjab and Karnataka service areas), Idea's footprint will soon cover approximately 90% of India's telephony potential. Idea is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) in India.

Idea Cellular is a part of Aditya Birla Group, India's first truly multinational corporation. The group operates in 20 countries, and is anchored by 100,000 employees belonging to 25 nationalities.

The performance at a glance is provided below:

Business Overview

Idea had commercial operation in 12 telecom service areas as of 30th September 2008, out of which 3 were rolled out during the third quarter of FY 07 and 1 in the second quarter of FY 09. For analysis, we have classified the operations into 11 service areas and 1 newly launched service area.

Rs. Mn

	Quarter Ended Sep-08	Jun-08	QoQ	Quarter Ended Sep-07	YoY
Gross Revenue	**23,037**	**21,781**	**5.8%**	**15,643**	**47.3%**
Gross Revenue- 11 Service Areas	*22,985*	*21,781*	*5.5%*	*15,643*	*46.9%*
Gross Revenue- 1 Service Area	*52*	-		-	
EBITDA	**6,068**	**7,203**	**-15.8%**	*5,128*	**18.3%**
EBITDA - 11 Service Areas	*6,405*	*7,203*	*-11.1%*	*5,128*	*24.9%*
EBITDA- 1 New Service Area	*(337)*	-		-	
EBITDA Margin	**26.3%**	**33.1%**	**-6.7%**	**32.8%**	**-6.4%**
EBITDA Margin - 11 Service Areas	*27.9%*	*33.1%*	*-5.2%*	*32.8%*	*-4.9%*
PAT	**1,441**	**2,631**	**-45.2%**	**2,203**	**-34.6%**
PAT margin	6.3%	12.1%	-5.8%	14.1%	-7.8%

2. Financial Highlights

Consolidated Summarized Statement of Operations

Rs Mn

	Quarter ended Sep-08	Jun-08	QoQ	Quarter Ended Sep-07	YoY
Gross Revenue	**23,037**	**21,781**	**5.8%**	**15,643**	**47.3%**
Opex	16,968	14,578	16.4%	10,515	61.4%
EBITDA	**6,068**	**7,203**	**-15.8%**	**5,128**	**18.3%**
Depreciation & Amortisation	3,032	2,749	10.3%	2,007	51.1%
EBIT	**3,036**	**4,454**	**-31.8%**	**3,121**	**-2.7%**
Int. & Fin. Cost (Net)	1,497	1,526	-1.9%	641	133.5%
PBT	**1,540**	**2,928**	**-47.4%**	**2,480**	**-37.9%**
Tax	99	297	-66.7%	277	-64.3%
PAT	**1,441**	**2,631**	**-45.2%**	**2,203**	**-34.6%**
Cash Profit	**4,544**	**5,653**	**-19.6%**	**4,471**	**1.6%**

Consolidated Summarized Balance Sheet

Rs Mn

	As on Sep-08	Mar-08
Sources of Funds		
Equity Share Capital	31,001	26,354
Outstanding Emp. Stk. Options	118	38
Reserves & Surpluses	91,253	23,134
Loan Funds	98,973	65,154
Deferred Tax Liability(Net)	1,006	661
Total	**222,351**	**115,340**
Application of Funds		
Gross Block	162,493	139,010
Depreciation & Amortisation	46,013	42,219
Net Block	**116,481**	**96,791**
CWIP	16,222	10,372
Total	**132,702**	**107,163**
Goodwill	61	61
Cash & Cash Equivalent	67,053	10,535
Advance for Purchase of Shares	27,551	-
Net Current Assets	(15,024)	(16,497)
Profit & loss A/c	10,008	14,079
Total	**222,351**	**115,340**
Ratio		
ROCE	9.1%	17.9%
Net Debt to Funded Equity	0.26	1.10
Net Debt to Annualised EBITDA	1.32	2.03

Note: ROCE and Net Debt to Annualised EBITDA is for the quarter.

3. Operational Highlights

Trending for Key Performance Indicators:

	Unit	Quarter Ended				
		Sep-07	Dec-07	Mar-08	Jun-08	Sep-08
Operations						
Operating Circles	No.	11	11	11	11	12
Population Coverage	%	45.7%	50.0%	53.2%	55.2%	61.1%
%age of All India mobile subs in Operating cirlces	%	58.2%	58.0%	57.9%	58.0%	63.3%
Subscribers						
Subscriber Base	000	18,672	21,054	24,002	27,194	30,380
Prep subs as a % of EoP subscribers	%	91.8%	92.6%	93.0%	93.7%	94.0%
Company's subs market share-EoP	%	15.6%	15.8%	16.2%	16.6%	15.5%
Market share – mobility net adds	%	17.5%	17.5%	19.4%	20.8%	17.3%
Pre-paid % of mobility net adds	%	99.5%	97.6%	96.5%	98.4%	96.8%
Post-paid Churn	%	3.7%	2.9%	2.5%	2.5%	2.5%
Prepaid Churn	%	4.5%	4.9%	4.8%	4.1%	4.0%
Blended Churn	%	4.5%	4.7%	4.6%	4.0%	3.9%
Revenue Parametrs						
Average Revenue Per User (ARPU)	Per Sub	288	279	287	278	261
Average Minutes of Use Per User	Per Sub	360	377	411	428	417
Average Realised Rate (ARR)	Per Min	0.80	0.74	0.70	0.65	0.62
VAS revenue (% of ARPU)	%	8.3%	8.0%	8.2%	8.9%	9.8%
Coverage						
Minutes of Usage	Mn	18,831	22,457	27,824	33,087	36,315
Towns and Villages Covered	No.	55,655	70,556	82,630	90,204	110,850
Manpower						
Manpower	No.	5,865	5,923	6,107	6,380	6,521

4. Stock Market Highlights

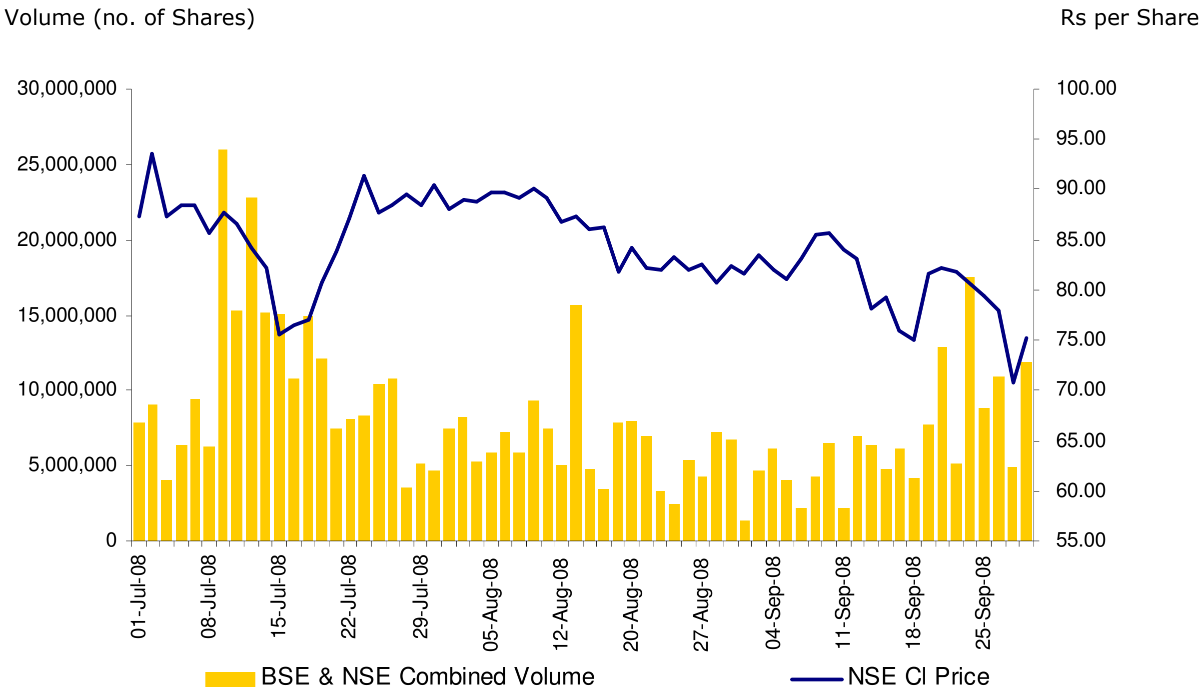
General Information		
BSE Code		532822
NSE Symbol		IDEA
Reuters		IDEA.BO/IDEA.NS
No of Shares Outstanding (30/09/08)	Million Nos.	3100.10
Closing Market Price - NSE (30/09/08)	Rs/Share	75.15
Combined Volume (NSE & BSE) (01/07/08 to 30/09/08)	No. in Mn/Day	8.0
Combined Value (NSE & BSE) (01/07/08 to 30/09/08)	Rs in Mn/Day	670.39
Market Capitalisation (30/09/08)	Rs Bn	233
Consolidated EPS for the Quarter	Rs/Share	0.50
Net Debt to annualised EBITDA	Times	1.32
Enterprise Value (30/09/08)	Rs Bn	265

Shareholding Pattern as on September 30, 2008:

Promoter and Promoter Group	No of Shares	% holding
Indian	1,520,445,714	49.05%
Sub Total	**1,520,445,714**	**49.05%**
Public Shareholding	**No of Shares**	**% holding**
Foreign Holding	1,273,668,210	41.08%
Indian Institutions	178,549,867	5.76%
Others	127,431,418	4.11%
Sub Total	**1,579,649,495**	**50.95%**
Total	**3,100,095,209**	**100.00%**

Stock Performance

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



Source: BSE & NSE web site

5. Management Discussion & Analysis

Significant Industry Development

DoT Guidelines on auction & allotment of spectrum for 3G services. (Issue date: August 1, 2008) **and Clarification/Amendments to the Guidelines on auction & allotment of spectrum for 3G services**. (Issue date: September 11, 2008)

As per the guidelines and the clarifications/amendments issued, any person who holds a UAS license or gives the undertaking to obtain UASL & has previous experience of running 3G services would be eligible to participate in the 3G auction. 3G spectrum would be permitted in 2.1GHz with 5-10 blocks of 2*5 MHz spectrum available for each service area for 20 years. Bidding for only one block/ service area would be permitted. Reserve price for 2*5 MHz block of spectrum would be Rs 160, 80 and 30 crores for Mumbai-Delhi-Category A, Kolkata-Category B and Category C circle respectively. One block of spectrum would be allocated to MTNL & BSNL in their respective service areas at a price equivalent to the highest bid. All bidders would have to match the highest bid & the bidders would be given spectrum blocks as per their preference in decreasing order of their bids. Bidders having existing UAS licenses would be given license extension of their license validity period in the 19th year so as to make it co-terminus with 3G spectrum period. Bidders not having existing UAS license would be issued a new UAS license for 3G services at payment equivalent to entry fee of UASL. They also need to meet the roll-out obligations specified. Annual spectrum charges would be 1% of incremental 3G revenue, after first year.

Spectrum would also be auctioned in 450 MHz/ 800 MHz for EVDO services and in 1900 MHz as & when it becomes available. CDMA UASL holders will receive the spectrum block of 2 * 1.25 MHz in 800 MHz; reserve price for the same should be equal to 25% of reserve price for 2*5 MHz in 2.1GHz band. Reserve price for spectrum in 450 MHz and 1900 MHz will be notified separately.

Further clarifications are awaited from the DoT.

DoT guidelines on MNP service license (Issue date: August 1, 2008)

For the purpose of grant of MNP license, the country would be divided in two MNP zones. Each MNP zone would have 11 licensed service areas each (including two metro). One license would be allowed in each MNP zone. Licensee would have exclusivity for a period of 5 years.

Total license period will be of 10 years & would be extendable by further 10 years. MNP licensee to be chosen on basis of bidding. The applicant company should have a paid up capital 10 crore. Though the bidder can apply for both MNP zone, eventually same bidder would not be allowed in both MNP zones. Intra Service area MNP would be implemented for all service areas on an intra-service area basis. In the first 6 months of license period, all Metros & Category A service area would be covered, while other service areas would be covered within first year. Each MNP licensee would have to operate on "BOO" basis. Customer should approach the recipient operator for porting of number and number should be ported in two working days. One time entry fees of Rs. 1 Crore is required to be paid and license fees would be 1% AGR, after 2 years.

TRAI recommendations on Mobile Virtual Network Operators (MVNO) - (Issue date: August 06, 2008)

MVNO is a licensee in any service area that does not have spectrum of its own for access service, but can provide wireless (mobile) access services to its own customers through an agreement with the licensed access provider, UAS/CMTS Licensee. As per recommendations Any Indian Company having a net worth of Rs. 10 crore, 5 crores and 3 crores for Metro/Category A, Category B and Category C service area respectively with paid up capital of 10% of prescribed net worth and satisfying licence conditions such as FDI, substantial equity etc., eligible to apply for MVNO licence. A separate license to be issued under Indian telegraph act; however they need to submit the agreement with a Mobile Network Operator (MNO) before issue of license. MVNO will be free to chose there business model but they can not set up there own Radio Access Network. There will be no roll our obligations but they will be subject to merger & acquisition guidelines issued for MNOs. Annual licence fees same as that of MNO of the service area. Allocation of Numbers, Number portability, Interconnection with other service providers and roaming to be provided by parent MNO. Subscribers to be protected for failure of agreement between MNO and MVNO quitting service. At present these are only recommendations & final decision is yet to be taken by the Government.

Restrictions on Internet telephony removed by TRAI's recommendations – (Issue date: August 18, 2008)

TRAI has permitted unrestricted internet telephony by ISPs. National Long Distance (NLD) operators are also permitted to connect to ISPs through public Internet (Internet cloud) for unrestricted Internet telephony. There is no change in existing IUC regime however Quality of service (QoS) for unrestricted telephony has not been mandated. Telephone numbers from identified blocks shall be allocated to ISPs, UASPs, BSOs & CMSPs for Internet telephony. At present these are only recommendations & final decision is yet to be taken by the Government.

Provision of Calling Cards by National and International Long Distance Operators. (Issue date: August 20, 2008)

To make it possible for the subscribers with the means of selecting Long Distance Carrier TRAI has sent the above recommendation to DoT. With this Consumer can subscribe to any access provider and still not be dependent on the access provider for long distance calls. This will encourage the competition and affordable innovative tariff plans would become available. At present these are only recommendations & final decision is yet to be taken by the Government.

TRAI announces further measures to improve transparency in tariff offers and to protect the interests of consumers. - (Issue date: September 01, 2008)

TRAI issued a Tariff Order and a Direction mandating several regulatory measures to improve transparency in tariff offers in access service and other consumer protection measures. Directions includes, administrative fees of talk time recharge shall not be more than Rs. 2, Subscribers to automatically get the benefit of straight tariff reductions without any preconditions of any explicit action by the subscriber, Customers in existing lifetime plans can migrate to new lifetime plans with lower entry fee without having to make additional payment or recharges, Lifetime customers need not recharge more than once in 6 months to remain connected, Customers to get key tariff information in vernacular language, Blackout days (customary/festival days on which free/ concessional calls/SMS are not available) limited to a maximum of 5 days in a calendar year. Such days to be pre-specified and no subsequent alteration or addition permitted. These directions are effective from 15th September.

Amendments of UASL/CTMS and Basic service license agreement w.r.t. license fees (Issue date: October 3, 2008)

The licence fee shall be reduced by 2% if the licensee covers more than 95% of the development blocks in the service area. However metro service areas will be out of the scope of this amendment.

Results of Operations of Idea Cellular Limited – Consolidated

Key Highlights for the Quarter ended September 2008

- Consolidated Revenues – Rs 23.0 billion
- Consolidated EBITDA – Rs 6.1 billion
- Consolidated Cash Profit - Rs 4.5 billion
- Consolidated PAT – Rs 1.4 billion

Revenues

During this quarter, revenues grew by 5.8 % over the quarter ended June 30, 2008, and stood at Rs 23037 million.

Operating Expenditure

During this quarter, the operating expenditure stood at Rs 16969 million at 73.7% of revenues giving an EBITDA margin of 26.3% against EBITDA margins of 33.1 % during the quarter ended June 08.

The EBITDA margin for this quarter for 11 service areas is lower at 27.9% compared to 33.1% in the preceding quarter. The Company has maintained its sustained growth program during the first half adding 34.6% cell sites to its opening count, launched services in Mumbai and increased spent on Brand built. These coupled with 4% drop in realized rate during the quarter have led to a decline in EBITDA margin.

The total EBITDA is further lower by another 1.5% at 26.3% due to EBITDA losses relating to the Mumbai launch towards the end of the quarter.

EBITDA and Cash Profit

For this quarter, EBITDA and Cash Profit (PAT + Depreciation & Amortization + Deferred tax liability) stood at Rs 6068 million and Rs 4544 million showing an reduction of 15.8% and 19.6% respectively compared to the quarter ended June 08.

Finance & Treasury Charges (Net)

The gross interest cost for the quarter is Rs 2509 million, reduced by interest income of Rs 1199 million from the investment of surplus funds, resulting in the net Interest cost of Rs 1310 million. In addition, Company has incurred Foreign Exchange loss of Rs 187 million for the quarter against a loss of Rs 152 million during the quarter ended June 08.

Net Profits

Net Profits for the quarter stood at Rs 1441 million against Rs 2631 million for the quarter ended June 08. The reduction of Rs 1190 in net profits is mainly attributable to EBITDA contraction of Rs 1135 million and increase in Depreciation & Amortization by Rs 283 million.

BALANCE SHEET

During the quarter, Gross Block including CWIP increased by around Rs 11950 million indicating that pace of the network expansion is being maintained. Out of the above addition, Rs 1916 million is on account of proportionate Indus consolidation. Loan Funds stood at Rs 98973 million with an increase of around Rs 1545 million during the quarter which is mainly because of Proportionate consolidation of Indus for an amount of Rs 1676 million.

During the quarter, Company has completed the preferential allotment of 464.73 million equity shares to TMI at a price of Rs 156.96 per share and received a sum of Rs 72945 million. With this, Shareholders fund stood at Rs 122372 million on gross basis which after reducing the Profit & loss debit balance of Rs 10008 million results in net-worth of Rs 112364 million. Cash and cash equivalents stood at Rs 67053 million resulting in net debt of Rs 31920 million giving net debt to equity ratio of 0.28.

6. Key Accounting Policies

1. Basis of Preparation of Financial Statements:

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

2. Principles of Consolidation:

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

The Financial Statements (The Balance Sheet, the Profit and Loss Account, and the Cash Flow Statement) of the Company and its subsidiaries 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 Sep 30, 2008, the same reporting date as that of the Company
The differential with respect to the cost of investments in the subsidiaries over the Company's portion of equity is recognised as Goodwill or Capital Reserve, as the case may be.
The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances except where stated otherwise.
The list of subsidiaries, which are included in this Consolidated Financial Statements along with Company's holding therein, is as under:

No.	Name of the Company	Voting Power % as at	
		Sep 30, 2008	**March 31, 2008**
1.	Swinder Singh Satara and Co. Limited	100.00	100.00
2.	Aditya Birla Telecom Limited	100.00	100.00
3.	Idea Cellular Services Limited	100.00	100.00
4.	Idea Cellular Infrastructure Services Limited	100.00	100.00
5.	Idea Cellular Tower Infrastructure Limited	100.00	100.00

All the above subsidiaries are incorporated in India.

3. Fixed Assets:

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

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

4. Expenditure during pre-operative period of 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.

5. Depreciation and amortisation :

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

Tangible Assets	**Years**
Buildings	9 to 30
Network Equipments	10 to 13
Optical Fibre	15
Other Plant and Machineries	5
Office Equipment	3 to 9
Computers	3
Furniture and Fixtures	3 to 10
Motor Vehicles	4 to 5
Leasehold improvements	Period of lease

Intangible Assets :

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

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

6. Licence 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 profit and loss account in the Period in which the related revenue arises. Revenue for this purpose comprises adjusted gross revenue as per the license agreement of the license area to which the license pertains.

7. Inventories:

Inventories are valued at cost or net realisable value, whichever is lower.

8. Foreign currency transactions:

Transactions in foreign currency are recorded at the exchange rates prevailing at the dates of the transactions. Gains/losses arising out of fluctuation in exchange rates on settlement are recognised in the Profit and Loss account.

Foreign currency monetary assets and liabilities are restated at the exchange rate prevailing at the Period end and the overall net gain/ loss is adjusted to the Profit and Loss account.

In case of Forward Exchange Contracts, the difference between the forward rate and the exchange rate at the date of transaction is recognised in the Profit and Loss account over the life of the contract.

9. Leases:

Operating: Lease of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as expense in the profit and loss account, on a straight-line basis over the lease term.
Finance: Leased assets acquired on which significant risk and reward of ownership effectively transferred to the Company are capitalised at lower of fair value or the amounts paid under such lease arrangements. Such assets are amortised over the period of lease.

10. Taxation:

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

11. Contingent Liability:

Disclosure for contingent liabilities are considered to the extent of notices / demands received by Idea group.

12. Retirement Benefits:

Contributions to Provident and pension funds are funded with the appropriate authorities and charged to the profit and loss account.

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

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

Provision in accounts for leave benefits to employees is based on the revised AS-15 which is as under:

- Actuarial valuation done by projected accrued benefit method at the period end for long term compensated absences.
- On actual basis for the portion of accumulated leave which an employee can encash during the short term period.

13. Revenue Recognition and Receivables:

Revenue on account of mobile telephony services 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

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

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

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

14. 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.

15. 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.

16. Earnings Per Share:

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

17. Impairment of Assets:

Assets that are subject to impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is higher of the assets fair value less costs to sell and value in use, For the purpose of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

18. Provisions:

Provisions are recognised when the Group 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.

19. Issue Expenditure:

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

20. Employee Stock Option:

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

7. Glossary

Definitions/Abbreviation	Description/Full Form
AGR (Adjusted Gross Revenues)	Total revenue less interconnect charges payable to other operators, roaming revenues actually passed on to other service providers and service tax/sales tax (if any is included in total revenue). This revenue figure is used for computing license fees paid to the DoT
Annualized EBITDA	Annualisation of last quarter EBITDA
ARPU (Average Revenue Per User)	We calculate ARPU by dividing services revenue (exclusive of activation charges and 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
AUSPI	Association of Unified Telecom Service Providers of India (formerly Association of Basic Telecommunications Operators)
Churn	An industry term used to refer to subscribers leaving a network. We calculate Churn by dividing the total deactivations in a period by the average number of subscribers for that period and dividing the result by the number of months in the relevant period. The Churn calculation varies from operator to operator as there are no set standards for calculation of the same.
Circle/ Service Area	Unless otherwise specifically mentioned, means telecom circles in India (including metropolitan circles) as defined by the DoT. Circles are classified as metropolitan circles and as category 'A', 'B' or 'C' Circles. The Circles are classified on the basis of the revenue generation capacity of each circle with category 'A' being considered the most revenue generating
COAI	Cellular Operators Association of India
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

Definitions/Abbreviation	Description/Full Form
	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
EOP	End of period
FY /Fiscal	Financial year ending March 31
Indian GAAP	Indian Generally Accepted Accounting Principles
Net Adds	Refers to net customer additions which is calculated as the difference between the closing and the opening total customers for the period
Net Debt	Total loan funds reduced by cash and cash equivalents
NLD	National Long Distance. An NLD license allows an operator to offer long-distance domestic calls across Circles in India
P/E Ratio	Price/Earnings Ratio
ROCE	The same has been calculated as under :- (PAT + Gross Interest and Financing cost) / (average capital employed)
Subscribers	Mobile telephone service customers
TDSAT	Telecommunications Dispute Settlement Appellate Tribunal
Tele-density	The number of telephone connections in use for every 100 individuals in an area
TRAI	Telecommunications Regulatory Authority of India, constituted under the Telecommunications Regulatory Authority of India Act, 1997
UAS License	Unified Access Services License
USO	Universal Service Obligation
VAS (Value Added Service)	All services other than standard voice calls, including services, such as SMS, data transfer or internet connectivity
3G (UMTS)	A digital mobile communications technology which uses a technology known as W-CDMA (or UMTS) to deliver high-speed mobile communications

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