

Idea Cellular Limited
An Aditya Birla Group Company

Quarterly Report

First Quarter ended June 30, 2009



ADITYA BIRLA GROUP

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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

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1. Performance at a glance – Idea Standalone¹

Particulars	Unit	Quarter Ended		Year Ended			
		Jun-09	Mar-09 ²	FY 09 ²	FY 08	FY 07	FY 06
Operating Service Areas (EoP)	nos.	15	13	13	11	11	8
Subscriber base (EoP)	mn	42.8	38.9	38.9	24.0	14.0	7.4
Cell Sites (EoP)	nos.	48,067	44,230	44,230	24,793	10,114	4,763
Gross Revenue	mn	28,883	28,626	99,622	67,374	43,873	29,869
EBITDA	mn	7,700	7,415	27,537	22,693	14,862	10,864
PAT	mn	3,075	3,032	9,754	10,423	5,023	2,118
Cash Profit	mn	7,292	6,896	23,366	19,842	11,751	7,613
Net Worth	mn	142,126	139,038	139,038	35,446	21,798	11,336
Loan Funds	mn	60,879	77,631	77,631	65,154	42,505	32,856
Cash & Cash Equivalent	mn	26,564	49,614	49,614	10,535	18,212	1,493
Net Debt to EBITDA ³	unit	1.11	0.94	1.02	2.41	1.63	2.89
Net Debt to Net Worth	unit	0.24	0.20	0.20	1.54	1.11	2.77
ROCE	%	9.0%	8.9%	11.5%	18.2%	15.3%	11.8%

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

² as the schemes of arrangement for financial restructuring and the demerger of passive infrastructure are presently before the courts, FY09 figures are unaudited.

³ Net Debt to EBITDA, 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 19.3 % in its 8 established service areas, and 12.9 % in its 15 operating service areas. After inclusion of Spice Communications, brand !idea has 47.1 mn subscribers, corresponding to a 11.0% national subscriber market share as on June'09.

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 49.13% 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%
IGH Holdings Pvt. Ltd.	0.08%
Total	49.13%

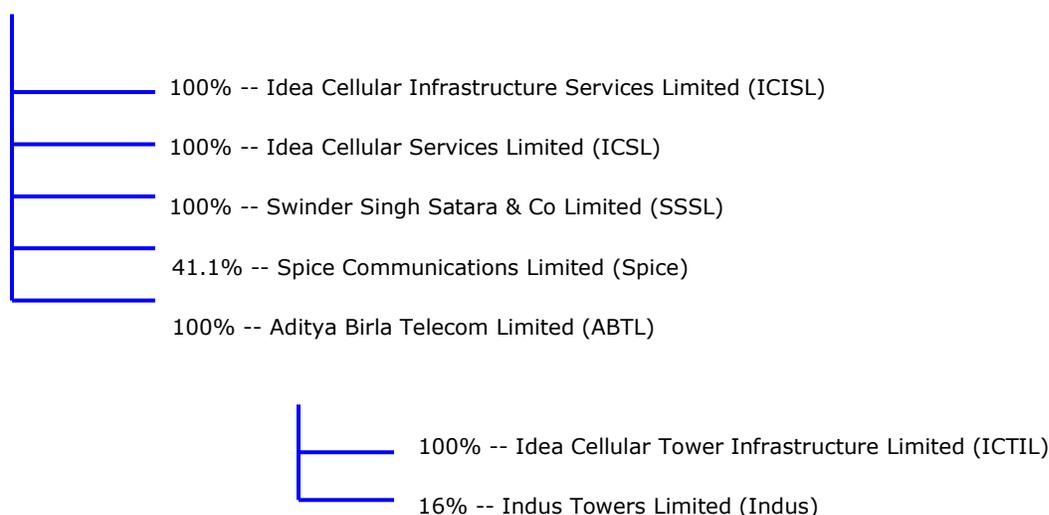
B. Key Shareholders

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 March 2009, the Group has close to 94 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)



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

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

SSSL – holds MSC real estate in the Delhi service area.

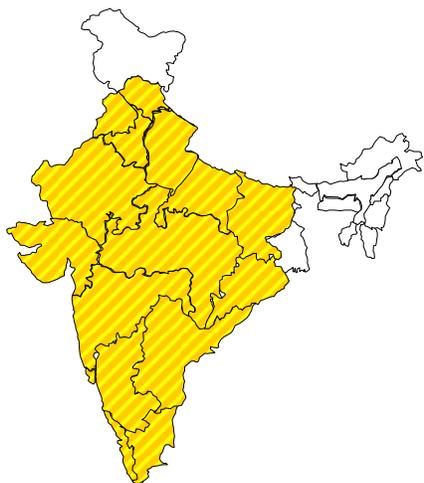
Spice – provides GSM based mobile services in Punjab and Karnataka service areas.

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

ICTIL – to hold 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 July 2009)



Brand !dea covers 17 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, Punjab and Karnataka, covering ~ 90% of the all India subscriber base.

Of these, the 3 service areas of UP East, Rajasthan and Himachal Pradesh, were rolled out during Sep-Nov'06, while the 2 service areas of Mumbai and Bihar became operational during Aug-Oct'08. The service areas of Punjab and Karnataka were added through Spice w.e.f October 16, 2008.

Brand !dea has extended its coverage to Orissa service area in April'09 and the Tamil Nadu service area (excl. Chennai) in May'09. Services in Chennai were launched in July'09.

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				
	Jun-09	Mar-09	Dec-08	Sep-08	Jun-08
Gross Revenue	28,883	28,626	26,209	23,006	21,781
Opex	21,183	21,211	19,404	16,926	14,545
EBITDA	7,700	7,415	6,805	6,081	7,236
EBITDA Margin	26.7%	25.9%	26.0%	26.4%	33.2%
Depreciation & Amortisation	4,064	3,897	3,579	2,996	2,740
EBIT	3,636	3,519	3,226	3,085	4,495
Interest and Financing Cost (net)	406	491	600	1,455	1,523
PBT	3,230	3,027	2,626	1,630	2,973
Tax	156	(5)	63	129	314
PAT	3,075	3,032	2,562	1,501	2,659
Cash Profit	7,292	6,896	6,180	4,600	5,690

B. Consolidated Profit & Loss Account

INR mn

	Quarter Ended				
	Jun-09	Mar-09	Dec-08	Sep-08	Jun-08
Gross Revenue	29,759	29,356	27,311	23,037	21,781
Opex	21,160	21,247	20,337	16,969	14,578
EBITDA	8,599	8,108	6,974	6,068	7,203
EBITDA Margin	28.9%	27.6%	25.5%	26.3%	33.1%
Depreciation & Amortisation	4,555	4,321	3,937	3,032	2,749
EBIT	4,044	3,787	3,037	3,036	4,454
Interest and Financing Cost (net)	869	1,047	874	1,497	1,525
PBT	3,175	2,740	2,163	1,540	2,929
Tax	204	(3)	(31)	99	297
PAT	2,971	2,743	2,195	1,441	2,632
Cash Profit	7,726	7,031	6,075	4,544	5,653

C. Revenue & Profitability Break-up

INR mn			INR mn		
Revenue Break-up	Quarter Ended		EBIT Break-up	Quarter Ended	
	Jun-09	Mar-09		Jun-09	Mar-09
Gross Revenue-11 Service Areas	27,456	27,642	EBIT - Idea Standalone	3,636	3,519
Gross Revenue - New Service Areas*	1,427	985	EBIT Contribution - Spice (@41.09%)	33	73
Revenue - Idea Standalone	28,883	28,626	EBIT Contribution - Indus (@16.00%)	375	194
Revenue Contribution - Spice (@41.09%)	1,359	1,339	EBIT - Idea Consolidated	4,044	3,786
Revenue Contribution - Indus (@16.00%)	1,990	1,870			
Consolidation Eliminations	(2,472)	(2,479)			
Revenue - Idea Consolidated	29,759	29,356			
EBITDA Break-up	Quarter Ended		Interest & Finance Cost Break-up	Quarter Ended	
	Jun-09	Mar-09		Jun-09	Mar-09
EBITDA -11 Service Areas	8,345	8,069	Gross Interest Cost - Idea Standalone	1,665	1,995
EBITDA - New Service Areas*	(644)	(654)	Gross Interest Income - Idea Standalone	1,134	1,667
EBITDA - Idea Standalone	7,700	7,415	Forex (Loss)/Gain - Idea Standalone	125	(163)
EBITDA Contribution - Spice (@41.09%)	294	336	Int. & Fin. Cost (net) - Idea Standalone	406	491
EBITDA Contribution - Indus (@16.00%)	605	358	Int. & Fin. Cost (net) from Spice (@41.09%)	176	326
EBITDA - Idea Consolidated	8,599	8,108	Int. & Fin. Cost (net) from Indus (@16.00%)	287	229
			Int & Fin Cost (net) - Idea Consolidated	869	1,046
EBITDA Margins	Quarter Ended		Tax Break-up	Quarter Ended	
	Jun-09	Mar-09		Jun-09	Mar-09
EBITDA % - Idea 11 Service Areas	30.4%	29.2%	Tax - Idea Standalone	156	(5)
EBITDA % - New Service Areas*	-45.2%	-66.4%	Tax from Spice (@41.09%)	-	1
EBITDA % - Idea Standalone	26.7%	25.9%	Tax from Indus (@16.00%)	48	1
Derived EBITDA % Spice	21.6%	25.1%	Tax - Idea Consolidated	204	(3)
Derived EBITDA % Indus	30.4%	19.1%			
Idea EBITDA % - Consolidated	28.9%	27.6%			
Dep. & Amort. Break-up	Quarter Ended		PAT Break-up	Quarter Ended	
	Jun-09	Mar-09		Jun-09	Mar-09
Dep & Amort. - Idea Standalone	4,064	3,897	PAT - Idea Standalone	3,075	3,032
Dep. & Amort. Cost from Spice (@41.09%)	261	262	PAT Contribution - Spice (@41.09%)	(143)	(254)
Dep. & Amort. Cost from Indus (@16.00%)	230	162	PAT Contribution - Indus (@16.00%)	40	(36)
Dep. & Amort. - Idea Consolidated	4,555	4,321	PAT - Idea Consolidated	2,971	2,743

* incl. Mumbai & Bihar service areas for the quarter ended March'09, and further include Orissa & Tamil Nadu service areas for the quarter ended June'09.

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: Like in the quarter ended March'09, the IRU income from Indus for this quarter is treated as revenue in Idea standalone. This treatment may change, depending upon the appointed date of the merger of ICTIL into Indus.

D. Summarized Balance Sheet

Particulars	INR mn			
	Standalone		Consolidated	
	Jun-09	Mar-09	Jun-09	Mar-09
Sources of Funds				
Equity Share Capital	31,001	31,001	31,001	31,001
Preference Share Capital	19	19	19	19
Outstanding Emp. Stock Options	205	182	205	182
Reserves & Surplus	112,154	112,154	112,154	112,154
Loan Funds	60,879	77,631	70,354	89,165
Deferred Tax Liability(net)	1,212	1,061	1,116	917
Total	205,469	222,048	214,848	233,439
Application of Funds				
Gross Block	201,255	189,586	225,190	211,471
Depreciation	57,437	53,376	64,533	59,982
Net Block	143,818	136,210	160,657	151,489
CWIP	9,472	12,005	12,049	14,952
Goodwill	61	61	22,457	22,457
Cash & Cash equivalent	26,564	49,614	26,952	51,316
Non-Compete fees	5,440	5,440	5,440	5,440
Investments	22,042	22,042	-	-
Net Current Assets	(3,180)	(7,642)	(14,815)	(17,286)
Profit & loss A/c	1,252	4,318	2,108	5,070
Total	205,469	222,048	214,848	233,439

Note : as the schemes of arrangement for financial restructuring and the demerger of passive infrastructure are presently before the courts, FY09 figures are unaudited.

5. Key Performance Indicators

A. Financial Indicators – Idea Standalone

Parameters	Jun-09	Mar-09	Dec-08	Sep-08	Jun-08
Gross Revenue (INR mn)	28,883	28,626	26,209	23,006	21,781
Growth (%) QoQ	0.9%	9.2%	13.9%	5.6%	9.7%
EBITDA (INR mn)	7,700	7,415	6,805	6,081	7,236
EBITDA (%)	26.7%	25.9%	26.0%	26.4%	33.2%
EBIT (INR mn)	3,636	3,519	3,226	3,085	4,495
EBIT (%)	12.6%	12.3%	12.3%	13.4%	20.6%
Revenue/min (INR)	0.58	0.63	0.64	0.62	0.65
EBIT/min (INR)	0.07	0.08	0.08	0.08	0.14
Gross Fixed Assets	201,255	189,586	176,146	159,336	145,687
Annualised Revenue/Gross Fixed Assets	57.4%	60.4%	59.5%	57.8%	59.8%

B. Operational Indicators – Idea Standalone

	Unit	Quarter Ended				
		Jun-09	Mar-09	Dec-08	Sep-08	Jun-08
Operating Service Areas	no.	15	13	13	12	11
Subscriber Base (EoP)	mn	42.8	38.9	34.2	30.4	27.2
Pre-paid Subs (% of EoP subscribers)	%	95.1%	94.6%	94.3%	94.0%	93.7%
Market Share (11 Service areas)	%	16.2%	16.4%	16.7%	16.5%	16.3%
Market Share (Operating Service areas)	%	12.9%	14.5%	14.5%	15.2%	16.3%
Average Revenue per User (ARPU) *	INR	232 [#]	255	268	263	280
Average Minutes of Use per User (MoU)	min	399	402	416	421	431
Average Realised Rate (ARR)	INR	0.58	0.63	0.64	0.62	0.65
VAS as a % of Revenue	%	10.1%	9.5%	9.5%	9.8%	8.9%
Post-paid Churn	%	2.9%	3.0%	2.7%	2.5%	2.5%
Pre-paid Churn	%	6.9%	5.3%	4.4%	4.0%	4.1%
Blended Churn	%	6.7%	5.2%	4.3%	3.9%	4.0%
Total Minutes of Use	mn	48,729	44,224	40,254	36,315	33,087
Total Cell Sites (EoP)	no.	48,067	44,230	39,289	33,377	27,594
Cell Sites - Rented Indus (EoP)	no.	27,081	25,150			
Cell Sites - Rented Others (EoP)	no.	13,130	11,603	21,459	16,628	12,903
Owned Towers (EoP)	no.	7,856	7,477	17,830	16,749	14,691
Tenancy Ratio - Owned Towers	times	1.51	1.48	1.47	1.43	1.42
Owned Towers - IRU (EoP)	no.	11,094	11,094			
Manpower on Rolls (EoP)	no.	5,864	5,658	5,604	5,309	5,139
Average Revenue per Employee per Month	INR '000	1,654	1,675	1,555	1,440	1,410
Subscribers per Employee	no.	7,293	6,873	6,103	5,722	5,292

[#] ARPU for the quarter ending June'09 is not comparable to earlier quarters due to change in IUC.

* the definition of ARPU has been changed to include activation revenue, in line with industry practice, and accordingly, all previous figures have also been restated.

C. Operational Indicators – Spice

	Unit	Quarter Ended				
		Jun-09	Mar-09	Dec-08	Sep-08	Jun-08
Subscriber Base (EoP)	000	4,320	4,133	3,802	3,600	4,548
Pre-paid Subs (% of EoP subscribers)	%	88.2%	87.0%	85.7%	84.5%	87.3%
EOP Market Share (2 Service areas)	%	10.5%	10.8%	11.0%	11.2%	14.7%
Average Revenue per User (ARPU) *	INR	244 [#]	271	284	265	236
Average Minutes of Use per User (MoU)	min	454	467	494	434	371
Average Realised Rate (ARR)	INR	0.54	0.58	0.57	0.61	0.64
VAS as a % of Revenue	%	11.3%	11.8%	10.9%	8.7%	8.7%
Post-paid Churn	%	5.5%	4.9%	5.4%	6.2%	3.6%
Pre-paid Churn	%	9.1%	8.1%	6.3%	15.3%	3.0%
Blended Churn	%	8.6%	7.7%	6.2%	13.9%	3.1%
Total Minutes of Use	mn	5,730	5,589	5,460	5,133	4,906
Cell Sites - Rented (EoP)	no.	6,025	5,448	4,672	4,571	4,346
Cell Sites - Owned (EoP)	no.	182	182	176	172	170
Total Cell Sites (EoP)	no.	6,207	5,630	4,848	4,743	4,516
Manpower on Rolls (EoP)	no.	812	823	828	846	630
Average Revenue per Employee per Month	INR '000	1,350	1,310	1,312	1,391	1,848
Subscribers per Employee	000	5,320	5,022	4,592	4,255	7,219

ARPU for the quarter ending June'09 is not comparable to earlier quarters due to change in IUC.

* the definition of ARPU has been changed to include activation revenue, in line with industry practice, and accordingly, all previous figures have also been restated.

6. Management Discussion & Analysis

Change in Interconnect Usage Charges (IUC) – Impact on Financials

On 9th March 2009, the TRAI released the Interconnection Usage Charges (IUC) Xth Amendment. With effect from 1st April 2009, termination charges for incoming calls stood reduced to INR 0.20 per minute from INR 0.30 per minute, while the termination charges for international incoming calls stood increased from INR 0.30 per minute to INR 0.40 per minute.

The operating results for this quarter are not comparable to earlier quarters due to the said change in IUC. These changes have caused a pro-forma contraction in revenue for this quarter of INR 1,355 mn (standalone) and INR 1,421 mn (consolidated). They have also caused a pro-forma contraction in costs of INR 1,294 mn (standalone) and INR 1,357 mn (consolidated). The net impact has depressed EBITDA by INR 61 mn (standalone) and INR 64 mn (consolidated) for the quarter. On pro-forma terms, the q o q growth of revenue is ~5.6% (standalone) and ~ 6.2% (consolidated). The EBITDA margin on a pro-forma basis is 25.7% (standalone) and 27.8% (consolidated).

Idea - Standalone	Q4FY09 Reported	Q1 FY10		Pro-forma QoQ Growth	Idea - Consolidated	Q4FY09 Reported	Q1 FY10		Pro-forma QoQ Growth
		Reported	Pro-forma				Reported	Pro-forma	
Revenue	28,626	28,883	30,238	5.6%	Revenue	29,356	29,759	31,180	6.2%
Opex	21,211	21,183	22,477	6.0%	Opex	21,247	21,160	22,517	6.0%
EBIDTA	7,415	7,700	7,761	4.7%	EBIDTA	8,109	8,599	8,663	6.8%
EBIDTA %	25.9%	26.7%	25.7%	-0.2%	EBIDTA %	27.6%	28.9%	27.8%	0.2%
PAT	3,032	3,075	3,135	3.4%	PAT	2,743	2,971	3,035	10.6%

(INR mn)

Depreciation & Amortisation, Interest & Finance Cost (net), Tax are assumed same as reported for the current quarter, to arrive at the pro-forma PAT

Strong Performance in a Heightened Competitive Environment

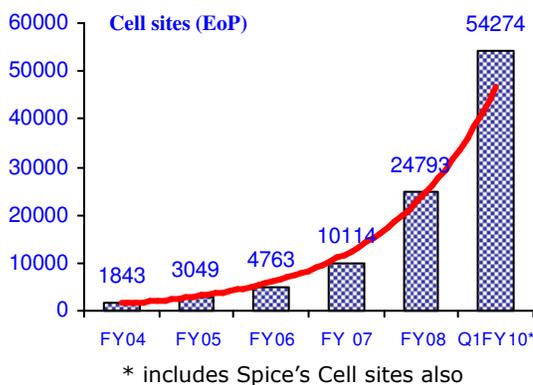
The last 6 months have witnessed extraordinary entry pricing from various new competitive launches, ranging from lower base tariffs, higher acquisition payouts, rock bottom segment offerings, and sundry freebies. Nonetheless, Idea added 4.1 mn subscribers during the quarter and maintained its national subscriber market share. The pro-forma drop in average realised rate per minute has been contained to 2 paisa. The drop in rate has not been accompanied by a rise in average MoU, chiefly due to the proliferation of multiple SIM usage. Yet, total minutes on the network grew q o q by a strong 10.2%. Pro-forma revenues q o q grew by a resilient 5.6% (standalone) and 6.2% (consolidated).

The standalone EBITDA margin, on a pro-forma basis, was almost unchanged from the previous quarter's level of 25.9%, even after absorbing start up losses from the Orissa and Tamil Nadu service areas newly launched during this quarter. This was due to improved EBITDA margin, both from the 11 Service Areas and the new Service Areas of Mumbai and Bihar. The EBITDA margin on a consolidated pro-forma basis improved to 27.8% from 27.6% in the previous quarter, mainly due to a higher EBITDA margin of Indus. The pro-forma standalone PAT for the quarter at INR 3,135 mn against INR 3,032 mn for the last quarter, marked an improvement of 3.4%. Similarly, pro-forma consolidated PAT at INR 3,035 mn was higher by 10.6% compared to the last quarter, mainly on account of higher PAT contribution by Indus and lower PAT losses from Spice.

In its 8 established service areas, Idea ranks second with a subscriber market share of ~ 19.3 %. In the service areas of UP East, Rajasthan and HP, launched during Sep-Nov'06, Idea has a combined subscriber market share of 6.5%. In the service areas of Mumbai and Bihar, which were launched in Aug'08 and Oct'08 respectively, Idea has gained a market share of ~ 5.4 %. In the newly launched service area of Orissa (launched in April 09), Idea's net adds market share was ~ 12.1 % for the quarter, while Tamil Nadu (excl. Chennai) (launched in May 09) gained a net adds market share of 5.3 % in June'09.

Idea continues to drive its service area tailored strategy, exploiting the advantages of spectrum and scale in its 900 MHz areas, and optimisation in certain new 1800 MHz service areas. The pro-forma Revenue, EBITDA, and PAT performance for the quarter, on the back of the robust performance in the previous quarter, underscore Idea's strong fundamentals, sophisticated management processes and brand power, and its ability to emerge competitively stronger through a phase of sector over-capacity and hyper-competition.

Capex



Idea (incl. Spice) rolled out 4,414 cell sites during the quarter, taking EoP cell sites to 54,274. Investment in many older operating service areas peaked in FY09. Going forward, lower capex coupled with enhanced performance will drive capex and opex efficiencies.

Total addition to the gross block including CWIP during the quarter for Idea (standalone) and Spice (@ 100%) was around INR 9.1 bn. For FY10, total (network and non-network) capex guidance stands at INR 55 bn, consisting of all new service area launches, and the existing service areas for Idea and Spice. This guidance does not factor the unknown impact of a possible 3G auction.

New Launches

Brand !dea expanded its wings to its 17th service area, with the commercial launch of Tamil Nadu (excl. Chennai) in May 2009, and of Chennai in July 2009. Idea operating service areas now cover ~ 90% of the national subscriber base. Preparatory work for other roll outs is on track, and Idea will be a pan-India operator within the calendar year.

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 Courts of Gujarat & Delhi and the subsequent shareholders and creditors meetings are to be scheduled.

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.

Idea has filed the scheme for de-merger of towers (which are to be eventually transferred to Indus Towers) to ICTIL (a wholly owned subsidiary of Idea) with an appointed date of 1st January 2009, with the Hon'ble High Court of Gujarat. Accordingly Shareholders and Creditors meetings were held on June 25, 2009 and June 26, 2009, respectively, wherein the scheme was approved by the requisite majority. The petition for the scheme has been filed with High Court of Gujarat, for which the date of hearing has been fixed in the month of August'09.

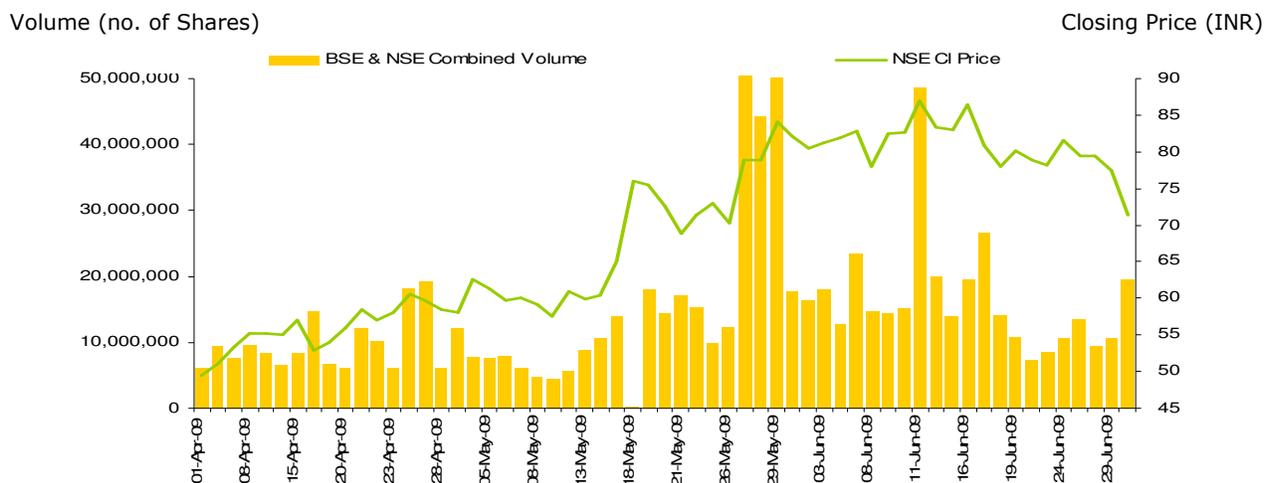
Impact on Financials of FY 09 due Scheme of Arrangement for Financial Restructuring

Idea Cellular has filed a scheme of arrangement for financial restructuring with an appointed date of 1st July 2008, as per which, the non-compete fee paid as a part of Spice acquisition transaction would be charged off to the Profit and Loss Account, and an equal amount will be credited to Profit and Loss Account from the Share Premium Account. The effect of the scheme upon conclusion, on the Balance Sheet would be to reduce the share premium by INR 5,440 mn, and simultaneously the asset entry of the non-compete fee of INR 5,440 mn would be eliminated.

7. Stock Market Highlights

General Information		
BSE Code		532822
NSE Symbol		IDEA
Reuters		IDEA.BO/IDEA.NS
No of Shares Outstanding (30/06/09)	mn	3100.10
Closing Market Price - NSE (30/06/09)	INR/share	71.30
Combined Volume (NSE & BSE) (01/04/09 to 30/06/09)	mn/day	14.5
Combined Value (NSE & BSE) (01/04/09 to 30/06/09)	INR mn/day	1070.74
Market Capitalisation (30/06/09)	INR bn	221
EPS (excl. Joint Ventures) for the Quarter	INR/share	0.99
Enterprise Value (30/06/09)	INR bn	255

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



8. Shareholding Pattern as on June 30, 2009:

Particulars	Idea Cellular Ltd.		Spice Comm. Ltd.	
	No. of Shares	% holding	No. of Shares	% holding
Promoter and Promoter Group				
Indian	1,522,937,212	49.13%	344,257,393	49.90%
Foreign	-	-	338,063,250	49.00%
Public Shareholding				
Foreign Holding	1,157,784,616	37.35%	233,345	0.03%
Indian Institutions	272,985,671	8.81%	-	-
Others	146,387,710	4.72%	7,371,012	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
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
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
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
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
Pro-forma	Pro-forma basis assumes that IUC regulation remains same as it was in last quarter

Definitions/Abbreviation	Description/Full Form
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