PROSPECTUS
Dated February 21, 2007
100% BOOK BUILDING ISSUE

IDEA CELLULAR LIMITED

an Aditya Birla Group Company

(Incorporated as Birla Communications Limited on March 14, 1995 under the Companies Act, 1956 and granted a certificate of commencement of business dated August 11, 1995. The name of the Company was subsequently changed to Birla AT&T Communications Limited pursuant to a fresh certificate of incorporation dated May 30, 1996. The name was subsequently changed to Birla Tata AT&T Limited pursuant to a fresh certificate of incorporation dated November 6, 2001. The name of the Company was further changed to Idea Cellular Limited pursuant to a fresh certificate of incorporation dated May 1, 2002.) Pursuant to a certificate of registration dated October 22, 1996 our registered office was transferred from Mumbai to Gandhinagar. (For further details see **"Our History and Corporate Structure"** on page 137 of this Prospectus).

Registered Office: Suman Tower, Plot No. 18, Sector-11, Gandhinagar – 382011 **Tel:** +91 79 6671 4000 **Fax:** + 91 79 2323 2251
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PUBLIC ISSUE OF 283,333,333 EQUITY SHARES OF Rs. 10 EACH FOR CASH AT A PRICE OF Rs. 75 AGGREGATING Rs. 21,250 MILLION (HEREINAFTER REFERRED TO AS THE "ISSUE"). THERE IS A RESERVATION OF 6,666,666 EQUITY SHARES OF Rs. 10 EACH AGGREGATING Rs. 500 MILLION FOR THE ELIGIBLE EMPLOYEES OF THE COMPANY ("EMPLOYEE RESERVATION PORTION"). THE NET ISSUE TO THE PUBLIC OF 276,666,667 EQUITY SHARES OF Rs. 10 AGGREGATING Rs. 20,750 MILLION (HEREINAFTER REFERRED TO AS THE "NET ISSUE"). THERE SHALL ALSO BE A GREEN SHOE OPTION FOR ALLOCATING UP TO 42,500,000 EQUITY SHARES OF Rs. 10 EACH NOT EXCEEDING Rs. 3,187.50 MILLION, IN EXCESS OF THE EQUITY SHARES THAT ARE INCLUDED IN THE ISSUE. THE ISSUE WITH THE GREEN SHOE OPTION AGGREGATES Rs. 24,437.50 MILLION.

THE ISSUE WOULD CONSTITUTE 10.9% OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY CAPITAL OF THE COMPANY ASSUMING NO EXERCISE OF THE GREEN SHOE OPTION AND 12.4% ASSUMING THE GREEN SHOE OPTION IS EXERCISED IN FULL.

ISSUE PRICE : Rs. 75 PER EQUITY SHARE OF FACE VALUE Rs. 10 EACH.

THE ISSUE PRICE IS 7.5 TIMES THE FACE VALUE PER EQUITY SHARE

In terms of Rule 19(2)(b) of the Securities Contracts Regulation Rules, 1957, as amended from time to time ("SCRR"), with respect to the issue being less than 25% of post Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 10% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% of the Net Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 6,666,666 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first public issue of Equity Shares, there has been no formal market for our Equity Shares. The face value of our Equity Shares is Rs. 10 per Equity Share and the Issue Price is 7.5 times of the Face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for our Equity Shares issued by way of book building) should not be taken to be indicative of the market price of our Equity Shares after our Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in our Equity Shares or regarding the price at which our Equity Shares will be traded after listing.

The Company has not opted for IPO grading for this Issue.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares issued/offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to the summarized and detailed statements in "Risk Factors" beginning on page 15 of this Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

We, having made all reasonable inquiries, accept responsibility for and confirm that this Prospectus contains all information with regard to us and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on the NSE and BSE. We have received in-principle approvals from NSE and BSE for the listing of our Equity Shares pursuant to letters dated December 20, 2006 and December 22, 2006, respectively. For the purposes of the Issue, the Designated Stock Exchange is NSE.

BOOK RUNNING LEAD MANAGERS		SENIOR CO-BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
JM MORGAN STANLEY PRIVATE LIMITED 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India Tel.: +91 22 6630 3030 Fax.: +91 22 2204 7185 Email: ideaipo@jmmorganstanley.com Website: www.jmmorganstanley.com Contact person: Mayank Jain	**DSP MERRILL LYNCH LIMITED** Mafatlal Center, 10th Floor, Nariman Point Mumbai 400 021, India Tel: +91 22 2262 1071 Fax: +91 22 2262 1187 Email: idea_ipo@ml.com Website: www.dspml.com Contact person: N S Shekhar	**CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED** Bakhtawar, 12th Floor, Nariman Point Mumbai 400 021, India Tel: + 91 22 5631 9999 Fax: +91 22 5631 9803 Email: idea.ipo@citigroup.com Website:www.citibank.co.in Contact person: Pankaj Jain	**UBS SECURITIES INDIA PRIVATE LIMITED** 2/F, Hoechst House Nariman Point, Mumbai 400 021, India. Tel: + 91 22 2286 2005 Fax: +91 22 2281 4676 Email: idea@ubs.com Website: www.ibb.ubs.com/ Corporates/indianipo/ Contact person: Avi Mehta	**BIGSHARE SERVICES PRIVATE LIMITED** E/2 Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072 Tel: + 91 22 2847 0652 Fax: +91 22 2847 5207 Email: ideaipo@bigshareonline.com Website: www.bigshareonline.com Contact person: Prakash Khare

ISSUE PROGRAMME	
BID/ISSUE OPENED ON : MONDAY, FEBRUARY 12, 2007	**BID/ISSUE CLOSED ON : THURSDAY, FEBRUARY 15, 2007**

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DEFINITIONS AND ABBREVIATIONS

A. Company Related Definitions and Abbreviations

Definition/Abbreviation	Description/Full form
Additional Director	Director appointed pursuant to section 260 of the Companies Act, 1956, in place of a regular director on the board of a company
Asian	Asian Telephone Services Limited
AWS Group	Companies including the AT&T Wireless Services Inc. that constitute part of the AWS Group
Bhagalaxmi	Bhagalaxmi Investments Private Limited
BTA Cellcom	BTA Cellcom Limited
CFO	Chief Financial Officer of the Company
Escotel	Escotel Mobile Communications Limited, now known as 'Idea Mobile Communications Limited'
Escorts	Escorts Telecommunications Limited, now known as 'Idea Telecommunications Limited'
Established Circles	The telecom Circles in which the Company had commercial operations as at March 31, 2006, namely: the Andhra Pradesh, Delhi, Gujarat, Haryana, Kerala, Madhya Pradesh, Maharashtra and Uttar Pradesh (West) Circles
"the Group"	Unless the context otherwise requires, refers to Idea Cellular Limited and its Subsidiaries
"Idea Cellular" or "the Company" or " our Company" or "Idea Cellular Limited" or "we" or "us" and "our" or "ICL"	Idea Cellular Limited, a public limited company incorporated under the Companies Act, 1956
IMCL	Idea Mobile Communications Limited
ITL	Idea Telecommunications Limited
License Applications	Applications made by us to the DoT for the grant to us of UAS Licenses in the Circles of Tamil Nadu (including Chennai), Kolkata, Karnataka, Punjab, West Bengal (and the Andaman and Nicobar Islands), Orissa, Assam, North East, Jammu and Kashmir
Managing Director	A director who, by virtue of an agreement with the company or a resolution passed by the company in general meeting or by its board of directors, or by virtue of its memorandum or articles of association, is entrusted with substantial powers of management which would not otherwise be exercisable by him. Currently, Mr. Sanjeev Aga is the Managing Director of the Company
New Circles	The Circles where the Company has had a commercial launch between September and November 2006, namely, the Himachal Pradesh, Rajasthan and Uttar Pradesh (East) Circles
Our 13 Circles	Our Established Circles, the New Circles, Mumbai and Bihar Circles
P5 Asia	P5 Asia Investments (Mauritius) Limited
Preference Shares	Preference shares of face value of Rs. 10 million each issued by the Company

Definition/Abbreviation	Description/Full form
Sapte	Sapte Investments Private Limited
Serious Resident Indian Investor	In terms of Press Note 5 of 2005, a Serious Resident Indian Investor is defined as a resident Indian promoter who holds at least 10 per cent of the equity share capital of the Company
SPVs	Asian Telephone Services Limited, Bhagalaxmi Investments Private Limited, Sapte Investments Private Limited and Vsapte Investments Private Limited
SSS & Co.	Swinder Singh Satara & Co. Limited
Subsidiary/Subsidiaries	BTA Cellcom, IMCL, ITL, the SPVs and SSS & Co.
TATA Group	Companies including Tata Industries Limited, Tata Sons Limited and Tata Steel Limited constitute part of the TATA Group
Vsapte	Vsapte Investments Private Limited

B. Issue Related Definitions and Abbreviations

Definition/Abbreviation	Description/Full form
ABNL	Aditya Birla Nuvo Limited (formerly Indian Rayon and Industries Limited)
Aditya Birla Group	Companies including the Promoters and the Promoter Group constitute part of the Aditya Birla Group
Allocation Amount	The amount payable by a Bidder on or prior to the Pay-in Date after deducting any Bid Amounts that may already have been paid by such Bidder
Allotment	Unless the context otherwise requires, the issue or transfer of Equity Shares pursuant to the Issue to the successful Bidders
Articles/Articles of Association/AoA	The Articles of Association of Idea Cellular Limited
Auditors	The joint statutory auditors of the Company: Deloitte Haskins and Sells and RSM & Co.
Banker(s) to the Issue	HDFC Bank Limited, Standard Chartered Bank, Citibank N.A., The Hongkong and Shanghai Banking Corporation Limited, Deutsche Bank AG and UTI Bank Limited
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto
Bid Price/Bid Amount	The amount equal to highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Closing Date/Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated Gujarati daily, an English national newspaper and a Hindi national newspaper
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares and which will be considered as the application for transfer of Equity Shares in terms of the Red Herring Prospectus
Bid Opening Date/Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a Gujarati daily, an English national newspaper and a Hindi national newspaper

Definition/Abbreviation	Description/Full form
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus
Bidding Period/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Birla TMT	Birla TMT Holdings Private Limited
Board/Board of Directors	The Board of Directors of Idea Cellular Limited or a committee thereof
Book Building Process	Book building route as provided under Chapter XI of the SEBI DIP Guidelines, in terms of which the Issue is being made
BRLMs	Book Running Lead Managers to the Issue, in this case being JM Morgan Stanley Private Limited and DSP Merrill Lynch Limited
BSE	The Bombay Stock Exchange Limited, Mumbai
CAN	Confirmation of Allocation Note, which means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
CDSL	Central Depository Services (India) Limited
Chairman	Chairman of the Board of Directors
Companies Act/the Act	The Companies Act, 1956 as amended from time to time
Co-Manager	Co-Manager, which in this case is Macquarie India Advisory Services Private Limited
Cut-off Price	Cut-off price refers to any price within the Price Band finalized by the Company in consultation with the BRLMs and SCBRLMs. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band. Only Retail Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 are allowed to bid at the Cut-off price
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act and registered with SEBI
Designated Date	The date on which funds are transferred from the Escrow Account of the Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful Bidders
Designated Stock Exchange	NSE
Director(s)	Director(s) of Idea Cellular Limited unless otherwise specified
Draft Red Herring Prospectus/DRHP	Means the draft red herring prospectus filed with SEBI on December 5, 2006 for their observations and issued in accordance with Section 60B of the Companies Act and does not have complete particulars of the Issue Price and Issue Size
EGM	Extraordinary General Meeting

Definition/Abbreviation	Description/Full form
Employee Reservation Portion	That portion of Issue being a maximum of Rs 500 million available for allocation to Eligible Employees.
Eligible Employees	Means permanent employees or Directors of the Company (or its Subsidiaries), who are Indian nationals based in India and are physically present in India on the date of submission of the Bid-cum-Application form.
EPS	Earnings per Equity Share
Equity Shares	Equity shares of Face Value Rs. 10 each of the Company
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s), the BRLMs, the SCBRLMs, the Co-Manager and the Syndicate Members for collection of the Bid Amounts from and refunds (if any) of the amounts collected to the Bidders
Escrow Collection Bank(s)	The banks at which the Escrow Accounts of the Company for the Issue will be opened
ESOS	Employee Stock Option Scheme
Face Value	Value of paid up equity capital per Equity Share in this case being Rs. 10
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FII/Foreign Institutional Investor	Foreign Institutional Investor registered with SEBI
Financing Documents	The documents dated August 8, 2006 executed by the Company, its Subsidiaries and the Promoters for obtaining long-term rupee loan facilities from a syndicate of seventeen (17) banks and financial institutions lead arranged by IDBI Bank Limited
Financial Year/Fiscal/FY	Period of twelve months ended March 31 of that particular year
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form
FDI	Foreign Direct Investment
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
FIPB	Foreign Investment Promotion Board, Ministry of Finance, GoI
GDR	Global Depository Receipt
Grasim	Grasim Industries Limited
Green Shoe Lender	Aditya Birla Nuvo Limited
Green Shoe Option	An option to the BRLMs and the Company, in consultation with the Stabilizing Agent, to allocate Equity Shares in excess of the Equity Shares included in the Issue and operate a post-listing price stabilization mechanism in accordance with Chapter VIII-A of the SEBI DIP Guidelines, which is to be exercised through the Stabilizing Agent

Definition/Abbreviation	Description/Full form
Green Shoe Portion	The portion in excess of the Issue being 42,500,000 Equity Shares not exceeding Rs. 3,187.50 million if exercised in full
GSO Bank Account	The bank account opened by the Stabilizing Agent under the Stabilization Agreement
GSO Demat Account	The demat account opened by the Stabilizing Agent under the Stabilization Agreement
Hindalco	Hindalco Industries Limited
HUF	Hindu Undivided Family
Investor Protection Fund	A fund set up by the Stock Exchanges to meet the claims of investors against the defaulting members
Indian GAAP	Generally accepted accounting principles in India
IPO	Initial Public Offering
Issue	Public issue of 283,333,333 Equity Shares aggregating Rs. 21,250 million.
Issue Price	The final price at which Equity Shares will be allotted in terms of this Prospectus, as determined by us in consultation with the BRLMs on the Pricing Date
Issue Size	Rs. 21,250 million
Issuer	Idea Cellular Limited
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Memorandum/Memorandum of Association	The Memorandum of Association of Idea Cellular Limited
Mutual Fund Portion	5% of the QIB or 8,300,000 Equity Shares aggregating Rs. 622.50 million available for allocation to Mutual Funds only, out of the QIB Portion, on a proportionate basis
Mutual Funds	A Mutual Fund registered with SEBI under the SEBI (Mutual Funds) Regulation, 1996
Net Issue	Issue less the Employee Reservation Portion
Net Proceeds	The proceeds of the Issue after deduction of costs and expenses of the Issue
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders
Non-Institutional Portion	The portion of the Issue being at least 27,666,667 Equity Shares aggregating Rs. 2,075 million available for allocation to Non-Institutional Bidders
Non Residents	All eligible Bidders including eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI who are not persons resident in India
NRI/Non-Resident Indian	Non-Resident Indian is a person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000

Definition/Abbreviation	Description/Full form
NRE Account	Non Resident External Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body(ies) as defined under Indian Laws
Over-Allotment Shares	Equity Shares allotted pursuant to the Green Shoe Option
Pay-in Date	The Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pre-IPO placement	The pre-IPO placement of 50,000,000 Equiy Shares aggregating to Rs. 3,750 million to certain of our Promoters, our Directors and certain high net worth individuals alloted on January 24, 2007.
Price Band	Being the price band of a minimum price ("Floor Price") of Rs. 65 and the maximum price ("Cap Price") of Rs. 75 and includes revisions thereof
Pricing Date	The date on which we, in consultation with the BRLMs and SCBRLMs, finalize the Issue Price
Promoters	Certain companies belonging to the Aditya Birla Group, namely, Birla TMT, Hindalco, Grasim and ABNL
Prospectus	The prospectus, to be filed with the RoC in terms of section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	In accordance with section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, Mutual Funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Net Issue to the public being at least 166,000,000 Equity Shares aggregating Rs. 12,450 million available for allocation to QIBs on a proportionate basis
RBI	The Reserve Bank of India
Red Herring Prospectus/RHP	Means the red herring prospectus filed with the RoC on January 25, 2007 in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which our Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid Opening Date. It will become a Prospectus after filing with Registrar of Companies after the pricing and allocation

Definition/Abbreviation	Description/Full form
Registered Office of the Company	Suman Tower, Plot No. 18, Sector-11, Gandhinagar – 382011
Registrar/Registrar to the Issue	Registrar to the Issue, in this case being Bigshare Services Private Limited having its office as indicated on the cover page of this Prospectus
Regulation S	Regulation S under the U.S. Securities Act
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for Equity Shares of more than Rs. 100,000 in value in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being at least 83,000,000 Equity Shares aggregating Rs. 6,225 million available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s)
RoC	Registrar of Companies, ROC Bhavan, CGO Complex, Opposite Rupal Park, Near Ankur Cross Road, Naranpura, Ahmedabad-380013, Gujarat, India
Rupees/Rs.	Currency of India
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI DIP Guidelines/SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Senior Co-Book Running Lead Managers/ Senior Co-BRLMs/SCBRLMs	Citigroup Global Markets India Private Limited and UBS Securities India Private Limited
Stabilizing Agent	JM Morgan Stanley Private Limited
Stabilization Agreement	The agreement entered into between us, the Green Shoe Lender and the Stabilizing Agent
Stabilization Period	The period not exceeding 30 days from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares under the Issue
Stock Exchanges	BSE and NSE
Supreme Court	The Supreme Court of India
Syndicate	The BRLMs, SCBRLMs, Co-Manager and the Syndicate Members
Syndicate Agreement	The agreement to be entered into by the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs, SCBRLMs and Co-Manager. In this case, JM Morgan Stanley Financial Services Private Limited.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid
UK	United Kingdom

Definitions/Abbreviation	Description/Full Form
Underwriters	The BRLMs, SCBRLMs, Co-Manager and the Syndicate Members
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date
U.S. GAAP	Generally accepted accounting principles in the United States
U.S. Securities Act	The U.S. Securities Act of 1933, as amended
US or U.S.	United States
UTI	Unit Trust of India
USD	United States Dollar

C. Business Related Definitions and Abbreviations

Definitions/Abbreviation	Description/Full Form
ADC	Access Deficit Charge
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
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)
BSC	Base Station Controller
BSNL	Bharat Sanchar Nigam Limited
BSO	Basic service operator
BTS	Base Transceiver Station
CAGR	Compounded Annual Growth Rate
Carriage Charge	Charges levied by other operators to carry calls originated by our subscribers through their network
Census Towns	A place satisfying the following three criteria simultaneously: (i) a minimum population of 5,000; (ii) at least 75% of male working population engaged in non-agricultural pursuits; and (iii) a density population of at least 400 per square km (1,000 per square mile)
CDMA	Code Division Multiple Access
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.

Definitions/Abbreviation	Description/Full Form
Circle	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
CMSP	Cellular Mobile Service Provider
CMTS	Cellular Mobile Telephone Service
COAI	Cellular Operators Association of India
CPP	Calling Party Pays
CSAT Index	Customer Satisfaction Index as per a survey conducted by TNS
DHQ	District Head Quarters
DoT	Department of Telecommunications
Erlang	A unit of measurement of traffic density in a telecommunications system. The erlang describes the total traffic volume of one hour, or 3600 seconds
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
EDGE	Enhanced Data Rates for Global Evolution
Entry Fees	The prescribed non-refundable amount of fees to be paid before signing of a license agreement
EOP	End of period
Ericsson	Ericsson AB and Ericsson India Private Limited who supply cellular network components and provide maintenance support for our networks
ESOP	Employees Stock Option Plan
FCT (Fixed Cellular Terminal)	This is a fixed cellular communications system consisting of a cellular mobile communications network that provides coverage of voice and/or data communications services to terminals located in a set of cells in any one of which there can be at least one fixed cellular terminal that communicates, on one side, by radio, with one of the base stations of the cellular mobile communications network and on the other side, by cable, with at least one base station of a cordless communications system through control and interface means that perform the adaptation between the two systems to provide communications services to a number of cordless terminals
FY /Fiscal	Financial year ending March 31
GAAP	Generally Accepted Accounting Principles

Definitions/Abbreviation	Description/Full Form
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/Government	Government of India
GSM (Global System for Mobile Communications)	A main standard for digital cellular mobile networks which is accepted in most of Europe, the Middle East, Africa, Australia, USA and Asia (with the exception of, among others, Japan and South Korea). GSM supports Roaming and can be implemented in the 900 MHz, 1800 MHz or 1900 MHz frequency bands
ILD	International Long Distance
IFRS	International Financial Reporting Standards
IN	Intelligent Network
Indian GAAP	Indian Generally Accepted Accounting Principles
IUC	Interconnect Usage Charge
Motorola	Motorola Inc, a Delaware Corporation which supplies cellular network components
MSC	Mobile Switch Center
MTNL	Mahanagar Telephone Nigam Limited
NAV	Net Asset Value
Net Adds	Refers to net customer additions which is calculated as the difference between the closing and the opening total customers for the period
NLD	National Long Distance. An NLD license allows an operator to offer long-distance domestic calls across Circles in India
NOC	No Objection Certificate
Nokia	Includes Nokia Corporation which supplies cellular network components and Nokia India Private Limited which provides maintenance support for our networks
NSDP	Net State Domestic Product
NTP	New Telecommunications Policy
Original License	The licenses for the Andhra Pradesh, Gujarat, Haryana, Kerala, Madhya Pradesh, Maharashtra and Uttar Pradesh (West) Circles
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PCO	Public Call Office
POI	Point of Interconnection
PSTN	Public Switched Telephone Network
Roaming	Facility that permits a network's subscriber to use his phone and telephone number on another operator's network that is not assigned by the provider for use as that subscriber's default network

Definitions/Abbreviation	Description/Full Form
RONW	Return on Net Worth
SACFA	Standing Advisory Committee on Radio Frequency Allocation
SDCA	Short Distance Charging Area
SDCCH (Standalone Dedicated Control Channel)	A communication channel between a mobile station and a BTS which signals during call set up before a TCH is allocated
Siemens	Siemens AG which supplies cellular network components and Siemens Public Communications Networks Private Limited which provides maintenance support for our networks
SIM (Subscriber Identity Module)	A small printed circuit board that is inserted in any mobile phone when registering as a subscriber. A SIM contains the personal identification number of the subscriber, the network to which the subscriber belongs, security information and memory for a personal directory of numbers
SMS (Short Messaging Service)	A protocol using GSM technology for the transmission of text messages of up to 160 characters
Spectrum	The distribution of wavelengths and frequencies, that exist in a continuous range and have a common characteristic, containing electromagnetic frequencies used for electronic communications including, amongst other things, mobile communications
STD (subscriber trunk dialing)	A service used by subscribers to make long distance calls where two telephone exchanges are connected by a telephone cable
Subscribers	Mobile telephone service customers
TCH	A traffic channel which is used to carry voice and data traffic
TDSAT	Telecommunications Dispute Settlement Appellate Tribunal
TEC	Telecommunications Engineering Center
telecalling	Outsourcing arrangements for call handling services such as making initial contact with prepaid and postpaid subscribers and a follow-up call after a specified period to cross-sell and promote VAS
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
USSD (Unstructured Supplementary Service Data)	Method of transmitting messages via the GSM network in an interactive, open session environment. It is GSM based; therefore it works on all existing GSM mobile phones. It is also supported in SIM Application toolkit and WAP.
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
VPN	Virtual Private Network

Definitions/Abbreviation	Description/Full Form
VSAT	Very Small Aperture Terminal. A satellite communications technology that employs frequencies in the Ku band or C band and very small receiving dishes. VSAT systems employ satellite transponders; the receiving dishes may be leased or owned by the VSAT user
VSNL	Videsh Sanchar Nigam Limited
WAP	Wireless Application Protocol, which presents internet content in a manner suitable for use by low data-rate mobile phones
WLL(M)	Wireless in Local Loop (Limited Mobility)
WLL(F)	Wireless in Local Loop (Fixed line)
WPC	Wireless and Planning Commission wing of the DoT
3G (UMTS)	A digital mobile communications technology which uses a technology known as W-CDMA (or UMTS) to deliver high-speed mobile communications

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Prospectus is derived from our restated consolidated financial statements prepared in accordance with Indian GAAP and included in this Prospectus. 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. Our current financial year commenced on April 1, 2006 and will end on March 31, 2007. In this Prospectus, 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 included in this Prospectus 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 disclosures presented in this Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For definitions, please see "Definitions and Abbreviations" on page 1 of this Prospectus. Unless stated otherwise, industry data used throughout this Prospectus 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 Prospectus is reliable, it has not been independently verified.

In this Prospectus, the word "mobile" refers to a mobile telecommunications business and/or network based on either GSM or CDMA technology.

In this Prospectus, the terms "we", "us", or "our", unless the context otherwise implies, refer to Idea Cellular Limited. In this Prospectus, the terms "the group", unless the context otherwise, refer to Idea Cellular Limited including its Subsidiaries, BTA Cellcom Limited, Asian Telephone Services Limited, Bhagalaxmi Investments Private Limited, Sapte Investments Private Limited, Vsapte Investments Private Limited, Swinder Singh Satara & Co. Limited, Idea Telecommunications Limited (formerly Escorts Telecommunications Limited) and Idea Mobile Communications Limited (formerly Escotel Mobile Communications Limited).

FORWARD-LOOKING STATEMENTS

We have included statements in this Prospectus 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. For further discussion of factors that could cause our actual results to differ, see "Risk Factors" on page 15 of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could be materially different from those that have been estimated. Neither we, nor the BRLMs, SCBRLMs and Co-Manager nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition or differ from actuality. In accordance with SEBI requirements, we and the BRLMs, SCBRLMs and Co-Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

Prior to investing in Equity Shares, prospective investors should carefully consider the risk factors relating to our business and our industry described below together with all other information contained in this Prospectus including the restated consolidated financial statements included in this Prospectus beginning on page 194 before making any investment decision relating to our Equity Shares. These risks and uncertainties are not the only issues that we face; additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our financial condition or business success. The occurrence of any, or a combination of, the following events could have a material adverse effect on our business, results of operations, financial condition and prospects and cause the market price of our Equity Shares to fall significantly and you to lose all or part of your investment. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

Unless stated otherwise, the financial data in this section is as per our restated consolidated financial statements prepared in accordance with Indian GAAP. In this section, any reference to "we", "us", "our" or "the Company" refers to Idea Cellular Limited on a consolidated basis.

Internal Risks – Factors relating to the Company

1. ***There are criminal actions pending against us, our Directors, our Promoter and our Promoter Group***

   There are 68 criminal actions pending against our Company, our Directors, our Promoters and our Promoter Group companies in various forms including actions relating to fraud and criminal breach of trust. The aforesaid actions include 8 proceedings initiated against our Company. For details of all the pending criminal actions and cases against the Company, its Directors and Promoter Group Companies please refer to the section "Outstanding Litigations and other Material Developments" on page 319 of this Prospectus."

   The impact of these litigations cannot be quantified.

   For details of all the pending criminal actions and cases against the Company, its Directors and Promoter Group Companies please refer to the section "Outstanding Litigations and other Material Developments" on page 319 of this Prospectus.

2. ***We have substantial capital requirements and may not be able to raise the additional funds required to meet these requirements.***

   We operate in a capital intensive industry with relatively long periods before returns are realized on investments. Our funding requirements are primarily for network expansion and upgrades, the roll-out of new networks following awards of new licenses and technological advancements. Currently, we plan to expand and upgrade the networks in the Established Circles and to further build and roll-out networks in the New Circles, all of which will require additional capital resources. In addition, we are planning to launch our services in the Mumbai and Bihar Circles following our recently successful license applications, which will require us to build and roll-out mobile networks and to invest in equipment and IT to establish a system pursuant to our recently awarded NLD license, all of which will require additional capital resources. As part of our growth strategy, we have filed License Applications and may in the future seek additional licenses. Success in acquiring any of the licenses which are the subject of the License Applications would require additional resources to meet license fees and to fund any roll-out of our operations. The actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen delays or cost overruns, future cash flows being less than anticipated, price increases, unanticipated expenses, regulatory and technological changes, limitations on Spectrum availability, market developments and new opportunities in the industry.

   The financing required for such investments may not be available to us on acceptable terms or at all and we may be restricted by our existing or future financing arrangements. If we decide to raise additional funds through the incurrence of debt, our interest obligations will increase and we may be subject to additional

covenants, which, among other things, could limit our ability to access cash flows from our operations and significantly affect financial measures such as our earnings per share ("EPS"). Our ability to raise additional funds through the issue of equity may be restricted by, among other things, the limitations on foreign ownership imposed by Indian law (for further details see "Restrictions on Foreign Ownership of Indian Securities" on page 476 of this Prospectus). If we do raise additional funds through the issuance of equity, your ownership interest in us will be diluted. Any inability to obtain sufficient financing could result in the delay or abandonment of our development and expansion plans, the failure to meet roll-out obligations pursuant to our licenses or our inability to continue to provide appropriate levels of service in all or a portion of our markets (which may lead to penalties or loss of license). As a result, if adequate capital is not available, there could be a material adverse effect on our business, results of operations, financial condition and prospects.

3. Our lenders have substantial rights to determine how we conduct our business.

We have entered into various financing arrangements that contain provisions that restrict our ability to do, among other things, any of the following:

- incur additional debt;
- pay dividends;
- merge into or acquire any other company;
- issue Equity Shares;
- make investments or dispose of assets; and
- enter into, amend or terminate material contracts.

We must obtain the approval of the lenders under our financing arrangements before undertaking these significant corporate actions. We cannot assure you that the lenders will grant the required consents in a timely manner or at all. The time required to secure consents may hinder us from taking advantage of a dynamic market environment. In the past, we have been able to obtain consents or otherwise proceed with transactions that, although discussed with our lenders, could arguably have given rise to technical, though not substantive, breaches of certain covenants under our financing arrangements. We cannot guarantee that our lenders will take the same approach in the future, or that they would not enforce their rights against us on the basis of what we would consider a technical, though not a substantive, breach. However should our lenders enforce their rights against us in this matter, our business, results of operations, financial condition and prospects could be negatively impacted.

In addition to the restrictions listed above, we are required to maintain certain financial ratios under our financing arrangements. These financial ratios and the restrictive provisions could limit our flexibility to engage in certain business transactions or activities, which could put us at a competitive disadvantage and could have a material adverse effect on our business, results of operations, financial condition and prospects.

Certain of our financing arrangements enable the lenders under these arrangements to cancel any outstanding commitments, accelerate the facilities, exercise cross default provisions, convert their loans into equity and enforce their security interests on the occurrence of events of default such as a breach of financial covenants, failure to obtain the proper consent and such other covenants that are not cured. It is possible that we would not have sufficient funds upon such an acceleration of our financial obligations to pay the principal and interest in full. Upon the occurrence of an event of default, certain lenders have the right to convert a percentage of their outstanding loan into Equity Shares at par. If we are forced to issue equity to the lenders, your ownership interest in us will be significantly diluted. The lenders under certain of our financing arrangements have the right to appoint or remove one nominee director on the board of directors of each borrower and lender consent is required for the appointment or removal of any executive Managing Director. Currently, no

such lenders have exercised this right, nor have they intimated their desire to do so, but we cannot assure you that they will not avail themselves of this right in the future. Additionally, in the case of an event of default, they have the right to appoint or remove executive directors and the right to appoint or remove up to the majority of the Directors on our Board. It is also possible that future financing arrangements may contain similar or more onerous covenants. For further details of our financing arrangements, see "Description of Certain Indebtedness" on page 311 of this Prospectus.

4. We may be unable to manage our rapid growth.

We have experienced significant growth in recent periods. Our total number of subscribers has increased from approximately 0.80 million subscribers as at March 31, 2002 to approximately 7.36 million as at March 31, 2006. Our total subscribers as at December 31, 2006 increased to approximately 12.44 million. Based on statistics compiled by the Cellular Operators Association of India ("COAI"), we acquired 6.05 million subscribers in the four financial years ended March 31, 2006 and, also according to COAI, we acquired a further approximately 5.08 million subscribers in the last nine months, of which our records indicate approximately 97.0% were pre-paid subscribers. Our total gross annual revenues have increased from approximately Rs. 7,282.58 million in the 12 month period ending March 31, 2002 to Rs. 29,733.83 million in the 12 month period ending March 31, 2006. To meet anticipated growth in demand for mobile services we intend to increase the capacity of the Established Circles and to continue to roll-out network in the New Circles. We also plan to roll-out services in the Mumbai and Bihar Circles and to operate our NLD license. We are actively seeking further licenses and have filed the License Applications. There can be no assurance that we will be able to execute our strategy on time and within budget or that we will retain our subscribers on our network, achieve the network quality, capacity or revenues or enroll the number of new subscribers that we have planned.

We expect our rapid growth pattern will place significant demands on our management and other resources and will require us to continue developing and improving our operational, financial and other internal controls. Larger operations also will increase our fixed operating costs and there can be no assurance that we will experience a sustained increase in revenues or derive operational synergies to offset these higher costs. Our inability to manage our growth could have a material adverse effect on our business, results of operations, financial condition and prospects.

5. Our revenues are derived solely from providing mobile services and we are dependent on four of the Established Circles for a significant proportion of our revenues.

We are focused exclusively on providing mobile services, which constituted approximately 99.1% and 99.2% of our revenues during the financial years 2005 and 2006, respectively. Our future success depends, to a large extent, on the continued growth of the mobile market and there being no adverse regulatory, technological or other changes impacting the mobile industry, our ability to add new revenue streams profitably or our ability to offer complete telecommunications solutions to our subscribers.

Further, we are substantially dependent on four of the Established Circles, namely the Andhra Pradesh, Delhi, Gujarat and Maharashtra Circles, for our revenues and continued growth. According to COAI, we had in aggregate approximately 2.42 million, 3.19 million and 4.61 million subscribers in these Circles as at March 31, 2004, 2005 and 2006, respectively, which represented approximately 88.8%, 62.9% and 62.6%, respectively, of our total subscribers at those dates. We believe that these Circles will contribute a significant portion of our revenues and EBITDA in the foreseeable future. Any changes in subscriber preferences or other related factors, such as increased competition in these Circles (which may come from new entrants as a result of license applications), could have a material adverse effect on our business, results of operations, financial condition and prospects.

6. We face intense competition from other operators.

The competition in the Indian telecommunications industry is intense. We face significant competition from companies that have a pan-India footprint such as Bharti Airtel Limited, Tata Teleservices Limited and Reliance Communications Ventures Limited.

Competition may affect our subscriber growth and profitability by causing our subscriber base to decline and cause both a decrease in tariff rates and average revenue per user ("ARPU") and an increase in Churn and selling and promotional expenses. For example, the provision by Code Division Multiple Access ("CDMA") operators of a free handset and extended validity card to their subscribers has led to increased competitive pressure and increased promotional expenses by all mobile operators, including us.

Competition has increased notably due to deregulation. Deregulation led to the privatization of the telecommunication industry and allowed and encouraged foreign direct investment ("FDI") and the provision of services by several mobile operators in each Circle. Deregulation also allowed fixed-line operators, who previously offered only limited mobile services, to provide full mobility under the UAS License regime in addition to their fixed line, national long distance ("NLD") and international long distance ("ILD"), data and other service offerings. With further deregulation, we expect the entry of new foreign and domestic competitors, which will increase competition even further. As at December 31, 2006, we faced, on average, competition from six to seven operators in each of the Established Circles and New Circles, which we expect to rise in the near future as a result of current license applications.

Even though the demand for mobile services is growing, a new entrant in the Established Circles and New Circles may reduce our market share and adversely affect us. Competition also will increase as we continue to roll-out our network in the New Circles and enter new markets in competition with well established telecommunication service providers such as in the Mumbai and Bihar Circles and the Circles for which we have recently acquired UAS Licenses. In the Mumbai Circle we are the eighth operator and in the Bihar Circle we are the sixth operator and, if we are successful with respect to any or all of the pending License Applications, we will be the fifth, sixth, seventh or eighth operator to enter such Circles, which will increase the difficulty and cost of our obtaining market share as a new entrant. Each new entrant also requires Spectrum and, in those Circles where we are a late entrant, we may not be able to obtain the Spectrum we require on time.

Certain of our competitors may be able to offer mobile services at relatively lower costs if they cross-subsidize from revenues they derive from other telecommunications services. They also may be able to bundle services and offer a complete telecommunications solution to their subscribers in ways that we cannot individually provide. We expect competition in our 13 Circles to intensify as licenses are awarded to new entrants.

In the last few years following the intra-Circle guidelines dated February 21, 2004 issued by the DoT, the Indian telecommunications industry has experienced significant consolidation. For example, besides our acquisition of both Escotel Telecommunications Limited and Escorts Mobile Communications Limited, (for further details see "Our History and Corporate Structure" on page 137 of this Prospectus), Hutchison Essar Limited has acquired BPL Mobile Communications Limited and majority interests have been taken by Hutchison Telecommunications International Limited in Hutchison Essar Limited, Maxis Communications Berhad in Aircel Limited and by Bharti Tele-Ventures Limited in Hexacom. It is currently reported that Hutchison Whampoa is considering selling its majority interest in Hutchison Essar. Minority stakes have also been taken by Telekom Malaysia Berhad in Spice, by Vodafone Group Plc and Singapore Telecommunications in Bharti Tele-Ventures Limited and by Temasek Holding Private Limited in Tata Teleservices Limited. This trend of consolidation may continue given the flexibility provided by the afore-mentioned guidelines (for further details see "Indian Telecommunications Industry Regulation" on page 105 of this Prospectus).

7. We face competition from Government-owned companies such as BSNL and MTNL.

We compete with players like MTNL in the Delhi Circle and BSNL in our other Circles. MTNL and BSNL also are incumbent operators in certain of the Circles for which we have submitted License Applications. These telecommunications operators are state-owned enterprises and are controlled by the Government and thus enjoy certain advantages. For example, BSNL is not required to pay Entry Fees, giving it a significant competitive edge over other mobile operators. These companies also have interconnect benefits allowing, for example, MTNL to provide, as it has recently done, local call rates to its subscribers for calls between the metros of Mumbai and Delhi. Additionally, BSNL holds an NLD license. There can be no assurance that we will be able to compete successfully with the Government operators and, if the Government does not ensure a level playing field our business, results of operations, financial condition and prospects could be negatively impacted.

8. We may face additional competition from alternative or new mobile technologies.

Alternative technology is constantly evolving in the telecommunications industry and it is difficult to predict how and when this new technology will be realized. For example, the "WiFi" and "WiFi Max" technology which allows for voice data transfer has now been tested and hand sets have been developed and are being made available. It may emerge as serious competition to our business in voice data communications. Similarly "Skype", which is a satellite communication voice data transport medium, may become a serious competitor in the long distance voice data transfer business. The Government is currently evaluating the possibility of opening the 3G Spectrum and we shall consider the possibility of exploring 3G opportunity when it becomes available which shall require further investment by us. There may also be other developments which may compete with certain aspects of GSM service. Consequently, there is a risk that new technology could have a material adverse effect on our business, results of operations, financial condition and prospects.

9. We are dependent on our interconnection and leased line arrangements for all our services.

Our services depend to a large degree upon our interconnection arrangements. Currently, interconnection is necessary for all local, national and international calls made or received by our subscribers.

We have entered into interconnection and transmission line leasing agreements with a number of relevant fixed-line operators, NLD operators, ILD operators and other mobile operators and the terms of our interconnection arrangements and leased line arrangements have a material effect on our operating revenues and expenses and any material increase in these costs could adversely affect our business, financial condition and results of operations. Similarly, difficulties in agreeing, maintaining or replacing such agreements may affect our operations. There can be no assurance that we will continue to have unrestricted interconnection access to other networks on terms acceptable to us, or that the quality of those networks will not deteriorate in the future, in which case our business, results of operations, financial condition and prospects could be negatively impacted.

10. Our revenues from Roaming are dependent on our ability to enter into appropriate arrangements with other operators.

Currently all mobile operators offer Roaming services to both their pre-paid and post-paid subscribers. Until recently, Roaming was a sizeable source of revenue for mobile operators.

The strategy deployed by integrated operators and those having a pan-India footprint is to encourage preferred domestic Roaming whereby the subscriber roams with the same operator even when outside his or her home network. Until we achieve a pan-India footprint we will not be able to provide such seamless Roaming services to our subscribers (especially when compared to our major competitors) unless we continue to have appropriate arrangements with other operators. Any failure to conclude such agreements on acceptable terms could result in our services being less attractive than those of our major competitors, which could result in us losing or failing to acquire new subscribers according to our growth plan, with a subsequent impact on our financial

results. Any resulting decrease in our incremental market share would adversely impact our growth plans, and our business, results of operations, financial condition and prospects could be negatively impacted.

The international Roaming market is unregulated, leaving us vulnerable to the imposition of unfavorable terms or refusal of Roaming services by overseas operators. Any such onerous terms or restrictions on services would have an adverse effect on our ability to provide a seamless service to our subscribers and/or on our costs. As such, our ability to use international Roaming revenues as a source of revenue to offset the reduction in our domestic Roaming revenues will also depend on our ability to enter into appropriate arrangements with international operators.

11. Our ability to provide a quality mobile network is dependent on the Spectrum allocated to us.

Spectrum is defined as the distribution of wavelengths and frequencies that exist in a continuous range and have a common characteristic, containing electromagnetic frequencies used for electronic communications including, amongst other things, mobile communications.

A mobile network's capacity is, to a certain extent, limited by the amount of frequency Spectrum available for its use. Thus the capacity of our network is limited by the amount of Spectrum allocated to us. The DoT manages and allocates frequency Spectrum to mobile operators. Spectrum is generally allocated within two frequency bands: 900 MHz and 1800 MHz. The 900 MHz frequency band is preferable as it leads to a lower overall capital cost as compared to the 1800 MHz band. Frequencies in the 900 MHz band generally are granted to the first operators in a particular Circle. We have been allocated the 900 MHz frequency bands for seven of the Circles in which we currently operate, namely Andhra Pradesh, Gujarat, Haryana, Kerala, Madhya Pradesh, Maharashtra, and Uttar Pradesh (West) Circles. We operate on the 1800 MHz frequency bands in the Delhi, Himachal Pradesh, Rajasthan and Uttar Pradesh (East) Circles. Under current regulations and according to the terms of our licenses, we can apply for additional Spectrum upon reaching certain threshold numbers of subscribers. For example, on reaching a certain threshold level of subscribers and traffic on our network in our Uttar Pradesh (West) Circle, we received an additional Spectrum in the 1800 MHz frequency band to operate our services.

We need additional Spectrum to accommodate future subscriber growth. The DoT currently is planning to free up Spectrum, presently used by Indian defense forces, for commercial use, however, we cannot guarantee that we will get the Spectrum we require, that it will be of the preferred frequency or that our competitors will not achieve more favorable allocations of additional capacity. In circumstances where we are constrained by a lack of Spectrum availability, for example in certain parts of the Maharashtra and Gujarat Circles, our subscribers experience a lower quality of service and we are required to increase capital expenditure for network infrastructure to seek to mitigate the Spectrum constraints. The network expansion plans for our 13 Circles and any additional Circles may be affected if we are unable to obtain additional Spectrum or if we are unable to do so in a reasonable timescale. This could, in turn, constrain our future network capacity growth and could have a material adverse effect on our business, results of operations, financial condition and prospects.

Additional Spectrum is also required to maintain quality of service. As the number of callers simultaneously using the same Spectrum capacity in a particular Circle (or areas therein) increases towards the maximum capacity of that Spectrum, the quality of the service may suffer. Where this happens with respect to Spectrum that has been assigned to us in a particular area, the quality of our service may suffer, leading to a loss of subscribers and revenues. This could have a material adverse effect on our business, results of operations, financial condition and prospects.

12. We are dependent on a limited number of vendors to supply critical network and other equipment and services.

We depend upon key suppliers and vendors to provide us with equipment and services that we need to build, develop, maintain and roll-out our networks and operate our businesses. Ericsson is our principal supplier for

the Gujarat, Himachal Pradesh, Madhya Pradesh, Maharashtra and Rajasthan Circles, Nokia is our principal supplier for our Andhra Pradesh, Delhi and Haryana Circles and Siemens is our principal supplier for the Kerala, Uttar Pradesh (East) and Uttar Pradesh (West) Circles. These vendors also provide maintenance support for the relevant mobile networks. We are substantially dependent on these vendors for critical components for future expansions in the Established Circles and the New Circles. We cannot be certain that we will be able to obtain satisfactory equipment and service on economically attractive terms or that our vendors will perform as expected. Should we fail to receive the quality of equipment and maintenance services that we require, to negotiate appropriate financial terms for equipment and services or to obtain adequate supplies of equipment in a timely manner, or if our key suppliers discontinue the supply of such equipment and services by withdrawal from the Indian telecommunications market or otherwise, we may find it difficult to replace a vendor on a timely basis without significant capital expenditure. This could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our outsourcing policy has made and may make us further dependent upon certain external suppliers of important services both to us and to our customers. For example, external vendors provide services relating to our customer service functions. As a result, we are exposed to the supply and service capabilities of each of these vendors, which may be impacted by their ability to retain and attract appropriate personnel, their financial position and many other factors which are outside our control. If such a vendor fails to perform adequately or we terminate the vendor, we may not be able to provide such services ourselves or find an alternative supplier without disruption to our services or incurring additional costs.

The rapid build up of capacity and expansion of networks by various operators in the industry has put a strain on the ability of all network and infrastructure vendors in India to provide equipment on a timely basis and has reduced the availability of discounts and/or preferential pricing. Given the anticipated continuation of rapid growth, we believe these factors will continue to be a critical factor in the speed with which we can roll-out additional network capacity and on our costs.

13. We rely on sophisticated billing and credit control systems any failure of which could lead to a loss of revenue and customers.

We are dependent on several sophisticated processes, IT systems and software packages for mobile services usage, billing and credit control. We also have outsourced certain aspects of these systems to specialist source providers. Although we have sought to build-in appropriate margins of redundancy and security, including the development of a stand alone disaster recovery center in Delhi which we anticipate will be fully operational in late 2008, any failure of critical IT systems, including those provided by third parties, could have a material adverse effect on our business, results of operations, financial condition and prospects, and lead to a loss of revenue and customers.

We are dependent on several complex software packages which record minutes used, calculate the appropriate charge and then deliver the bill to the subscriber. Any failure to properly capture the services provided and to charge the appropriate fees will have a material adverse effect on our revenue. No system or process can ensure total capture and some loss of revenue is normal. However, if our revenue leakages increase, or are greater than those of our competitors, then our business, results of operations, financial condition and prospects could be negatively impacted. Although we have several processes and systems in place to monitor and audit the operations of our measurement and billing systems, we have not fully automated these procedures and until we do, which we expect to have completed by mid 2007, we will be further exposed to these risks.

14. We are dependent on the services of key management personnel and our ability to recruit and retain employees: our business may be adversely impacted if we are unable to do so.

We are a professionally managed company and are governed by our Board of Directors. We have, over time, built a strong team of experienced professionals to oversee the operations and growth of our businesses. We

have a full-time Managing Director, seven senior professionals overseeing various functions and 12 senior professionals heading operations in the Established Circles and the New Circles. We believe that our success in the future is substantially dependent on the expertise of our management team, the loss of any of whom could have a material adverse effect on our business, results of operations, financial condition and prospects.

The telecommunications industry requires personnel with diverse skills. Any failure to recruit and retain appropriate employees would adversely affect our business. We also face significant challenges in training our employees in the rapidly changing telecommunications industry and our inability to do so successfully could adversely impact our operations.

15. The Churn rate in our networks is high increasing our subscriber acquisition costs and resulting in the loss of future subscriber revenues.

Churn, or subscriber attrition, is 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. Churn in mobile networks in India is high especially among pre-paid customers. Our average monthly Churn was 6.2%, 7.3% and 6.2% for financial years 2004, 2005 and 2006, respectively, comprising 6.7%, 8.2% and 6.4% of pre-paid subscribers, respectively, and 4.6%, 4.4% and 5.3% of post-paid subscribers, respectively.

Our pre-paid subscribers accounted for approximately 75.7% and 81.8% of our total end of period ("EOP") subscribers as at March 31, 2005 and 2006, respectively. Although pre-paid subscribers account for a major share of our subscribers, reflecting the trend witnessed in the growing Indian telecommunications industry and our strategy of seeking to tap the mass market, the relatively lower realization and higher Churn amongst pre-paid subscribers in comparison with post-paid subscribers may adversely affect us.

Given the number of competitors we face, it is possible that our Churn rate may increase. A high Churn rate increases our subscriber acquisition costs and results in the loss of future subscriber revenues. We may be unable to recover any acquisition costs not already covered and find it difficult to recover outstanding liabilities from post-paid subscribers who have been deactivated from the system. Higher Churn in our post-paid subscribers increases the incidence of bad debts. The amount of bad debts provisioned in our profit and loss account was approximately Rs. 271.21 million and Rs. 348.66 million for financial years 2005 and 2006, respectively, which represented approximately 1.2% and 1.2% of our gross revenues for these periods, respectively. A high rate of Churn or an increase in bad debts could have a material adverse effect on our business, results of operations, financial condition and prospects.

16. We will not be in a position to pay dividends to our shareholders in the foreseeable future.

We have not paid any dividends since incorporation and do not anticipate paying any dividends in the foreseeable future. For financial years 2005 and 2006, our accumulated losses were approximately Rs. 19.22 billion and Rs. 17.19 billion, respectively. We will not be in a position to pay dividends until we have cleared our accumulated losses. Additionally, our debt arrangements restrict our ability to pay dividends unless we maintain certain financial ratios and adequate reserves and obtain approval from our lenders. In addition, to pay a dividend, we will need the approval of the Promoters. We also will need to pay dividends to any preference shareholders prior to considering paying any dividends on our Equity Shares. Further, the declaration and payment of any dividends in the future will be recommended by our Board, in their own discretion, and will depend on a number of factors, including Indian legal requirements, our earnings, cash generated from operations, capital requirements and overall financial condition.

17. Our Promoters will continue to have the right to approve certain corporate actions and appoint the Chairman as well as the Managing Director even after the completion of the Issue.

We are part of the Aditya Birla Group. Following completion of the Issue the Aditya Birla Group, will continue

to hold a 57.7% (assuming the Green Shoe Option is exercised in full) of our equity, and therefore will have the ability to significantly influence our operations. This will include the ability to appoint Directors to our Board and the right to approve significant actions at Board and at shareholders' meetings, including the issue of Equity Shares and dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture, any amendment to our Memorandum and Articles of Association, and any assignment or transfer of our interest in any of our licenses (for further details see "Our History and Corporate Structure" on page 137 of this Prospectus). Since only 12.4% of the post-Issue capital is being offered in this Issue (assuming the Green Shoe Option is exercised in full), the Aditya Birla Group will have the ability to approve or reject all shareholder resolutions which require a simple majority of 50% or more and all Board resolutions following the completion of the Issue. The trading price of the Equity Shares could be materially adversely affected if potential new investors are disinclined to invest in us because they perceive disadvantages to a large shareholding being concentrated in the Aditya Birla Group. The existence of the Aditya Birla Group as our principal shareholder may also discourage takeover bids from third parties.

There can be no assurance that the Aditya Birla Group will not have conflicts of interest with other shareholders or with us. Any such conflicts may adversely affect our ability to execute our business strategy or to operate our business.

Furthermore, in terms of our Articles of Association, ABNL, one of the Promoters, has the right to select the Chairman and appoint our Managing Director so long as it remains a Serious Resident Indian Investor as defined in and for the purpose of Press Note 5 of 2005 (for further details see "Main Provisions of the Articles of Association" on page 449 of this Prospectus). Also, a majority of the Directors on our Board are required to be appointed in consultation with ABNL for as long as ABNL remains a Serious Resident Indian Investor.

18. We may be required to obtain additional Government licenses and approvals for implementation of our projects.

We require certain approvals, licenses, registrations and permissions for operating our business, some of which have expired and for which we have either applied or are in the process of applying for obtaining the approval or its renewal (for further details see "Licensing Arrangements – Technical Approvals" on page 406 of this Prospectus). If we fail to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business, results of operations, financial condition and prospects could be negatively impacted.

We are awaiting several operational approvals, including the approval from the Standing Advisory Committee on Radio Frequency Allocation ("SACFA"), to set up additional cell sites in the Established Circles and the New Circles. We have also applied for approvals for assignment of additional radio frequency channels for our networks from the Wireless and Planning Commission ("WPC") wing of the DoT. We have, so far, not received approvals from the DoT for some of our Circles, applications for which are pending. Although we have applied for and we plan to continue applying for certain approvals pursuant to our network roll-out schedule, these approvals may not be available to us on a timely basis or on favorable terms and conditions or at all. We will require several operational approvals to set up cell sites in the Mumbai and Bihar Circles and to operate the NLD license. Any delay or failure to acquire these and other approvals, or the imposition or restrictions on our business pending receipt of these approvals, may result in delays and cost overruns, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, regulators may impose conditions in relation to the grant to us of licenses and approvals, such as the establishment of services in rural areas unlikely to be profitable without a level of subsidy sufficient to offset our costs. Any such requirements could have a material adverse effect on our business, results of operations, financial condition and prospects.

As part of our expansion plans we have made the License Applications. There is, however, no guarantee that we will be successful in obtaining these or any other licenses and/or any necessary operation approvals in a timely manner, without onerous conditions or at all. Any failure to obtain these licenses could have a material adverse effect on our business, results of operations, financial condition and prospects.

19. There are outstanding litigations pending against us, our Subsidiaries, our Directors and our Promoters and their group companies.

We are involved in a number of legal cases, including among others, tax, consumer and labor claims. To date, we believe that these cases are not material to our business as a whole. However, in the event that all of these cases were decided against us, they could have a material adverse effect on our results of operations. In addition, a majority of these cases are in connection with customer complaints. If these cases continue to increase in number, they may have a material adverse effect on our customer relations and market share and may divert our resources (for further details see "Outstanding Litigations and Other Material Developments" on page 319 of this Prospectus).

We are defendants in legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable, excluding contingent liabilities and including amounts claimed jointly and severally from us and other parties. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in the financial statements of the respective persons/entities, which could increase expenses and current liabilities.

There are certain claims pending in various courts and before various authorities and at different levels of adjudication against us, our Subsidiaries, our Directors, our Promoters and companies belonging to our Promoters' group:

We have 8 cases pending against our Directors with an aggregate amount claimed of Rs. 10.72 million.

We have 894 cases pending against our Promoters with an aggregate amount claimed of Rs. 21,429.59 million.

We have 606 cases pending against our Promoter's group companies with an aggregate amount claimed of Rs. 1,314.64 million.

We have 33 Civil Suits filed against the Company for various claims aggregating to Rs. 1.97 million.

We have 85 civil cases filed against the Company with respect to cell site related disputes. There is no financial implication other than relocation of sites.

We have 8 criminal cases filed against the Company (person in charge) for various claims amounting to Rs. 0.62 million.

We have 1 arbitration matter pending against the Company for a claim of Rs. 9.6 million.

We have 7 labor law related matters against the Company aggregating to a claim of Rs. 8.13 million.

We have 2 civil cases filed against the company for recovery of an amount of Rs. 1.27 million.

We have 1 Special Leave petition filed against the Company for claim of Rs. 3.5 million towards demand made by Municipal authorities.

We have 5 Public Interest Litigation cases pending against the Company objecting installation of communication towers.

We have 2 cases filed against the Company towards Motor accident claims aggregating to Rs. 0.1 million.

We have 1 case pending before MRTP commission for alleged deficiency of services and claim for damages amounting to Rs. 0.05 million.

We have 11 appeals filed against the orders passed in consumer disputes challenging orders passed for an amount of Rs. 0.16 million.

We have 28 cases filed by municipal and other local bodies against us demanding taxes amounting to Rs. 7.67 million.

We have filed 2 cases challenging demand made by DOT for a sum of 795 million.

There are 2 cases filed against us by BSNL for a demand of Rs. 65.7 million.

We have 10 cases involving COAI, pending before various authorities and the Company is an interested Party to the said litigation.

The DoT has raised 2 claims against us aggregating Rs. 555 million.

For further details of outstanding litigation against us, our Directors, our Promoter and our Promoter group companies see further "Outstanding Litigations and Other Material Developments" on page 319 of this Prospectus.

20. There are outstanding tax litigations pending against us and our Subsidiaries

We have 32 income tax cases pending against us and our Subsidiaries across our 13 Circles aggregating Rs. 33.63 million.

We have 51 sales tax/service tax show cause notices/cases pending against us and our Subsidiaries across our 13 Circles aggregating Rs. 211.98 million.

For further details of outstanding litigation against us and our Subsidiaries see further "Outstanding Litigations and Other Material Developments" on page 319 of this Prospectus.

21. We have only limited trademark protection for the "Idea" logo.

We have filed a number of applications with the trademarks registry for registration of the "Idea" mark under various classes. Some of these applications are still pending as of the date of this Prospectus. We have also filed applications for registration of "Idea" as a service mark. Whilst we have been granted registration of 'Idea Chitchat', the registration of the "Idea" mark is still pending. We operate in a competitive environment where generating and maintaining brand recognition is a significant element of our business strategy. If we fail to successfully obtain or enforce our trademark on our logo, we may need to amend or change our logo. Any such change could require us to incur additional costs and could have a material adverse effect on our business, results of operations, financial condition and prospects.

22. Three of our Subsidiaries have received notices from RBI for not meeting standards relating to Non Banking Financial Companies (NBFC).

All the SPVs are NBFCs and are therefore subject to several requirements issued by the Reserve Bank of India (RBI) including maintaining adequate capital, as well as various reporting obligations. These companies have, in the past, received notices from the RBI requesting certain information regarding whether these companies are still in existence. Furthermore, the RBI has issued notices to these companies stating that they are in contravention of their capital adequacy requirements. In the event that the companies fail to satisfy the RBI with respect to the aforementioned issues, it may lead to penal action including cancellation of their registrations. To the extent that the SPVs are wholly owned subsidiaries of the Company, the Company may be responsible for the payment of penalties, if the SPVs do not have the ability to do so. Please see section entitled "Subsidiaries" on page 142 of this Prospectus for further details of notices received.

23. As stated in our latest audited consolidated financial statements, we are subject to certain contingent liabilities.

Our aggregate contingent liabilities as at March 31, 2005, March 31, 2006 and December 31, 2006 were Rs.

5,895.79 million, Rs. 7,516.03 million and Rs. 13,926.54 million, respectively.

The following is the restated schedule of contingent liabilities, guarantees, capital commitments and export obligations as extracted from our restated consolidated financial statements:

Rs. Million

Particulars	As at December 31, 2006
Contingent Liabilities	
Income Tax matters	33.63
Sales Tax / Service Tax matters	211.98
License fees on interest and dividend income, not acknowledged as debts	-
Dividend on cumulative preference shares	2,119.05
Other claims not acknowledged as debts	472.38
Carriage Charges to BSNL not acknowledged as debts	294.44
WPC Charges to DOT not acknowledged as debts	401.29
Total	**3,532.77**
Guarantees	
Financial Guarantees to DOT	2,421.71
Performance Guarantees to DOT	1,090.00
Guarantees issued by Banks	223.22
Corporate Guarantee	-
Total	**3,734.93**
Capital commitments	
Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for	6,357.78
Total	**6,357.78**
Export obligation	
Export obligation of the company under EPCG	301.06

Please see Annexure 15 to our restated consolidated financial statements on page 231 of this Prospectus for further details.

It is possible that one or more of these contingent liabilities will arise. Such occurrence could have a material adverse impact on our business, results of operations financial condition and prospects.

24. If we make acquisitions, we may not be successful in integrating the acquired businesses into our operations.

We intend to focus on organic growth in our 13 Circles and in any Circles where we are granted a license pursuant to a successful License Application. Further, currently we do not have any proposals on hand respecting, and we are not evaluating, any potential acquisitions. However we may avail of any such acquisition/ opportunity, which enhances value to shareholders although we may not successfully identify appropriate candidates, complete transactions on terms satisfactory to us, integrate acquired businesses or Circles, effectively manage newly acquired operations or realize cost savings anticipated in connection with these transactions. Furthermore, we may be unable to arrange financing of acquired businesses (including acquisition financing)

on favorable terms, and we may elect to fund acquisitions with cash otherwise allocated for other uses in our existing operations. We may also be constrained due to covenants in our existing or future debt facilities. Problems we may experience with respect to future acquisitions include, but are not limited to, possible inconsistencies in systems and procedures (including accounting systems and controls), policies and business cultures, the diversion of management attention from day-to-day business operations, the departure of key employees and the assumption of liabilities. In the event that we are unable to successfully integrate new acquisitions, we may need to invest heavily in the reorganization of our operations, which may lead to lower operating profits. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

25. A failure to identify and obtain and renew agreements for use of appropriate cell sites may adversely impact our planned network roll-out and/or lead to increased costs.

A large part of our strategy is the continued roll-out of our network in the Established Circles and New Circles and rolling-out network in the Mumbai and Bihar Circles and any Circles where we are granted a license pursuant to a successful License Application. The success of this program will depend, in part, on our ability to identify and establish new cell sites on a timely and cost-effective basis, including our ability to identify prime cell sites and to negotiate acceptable financial terms in licenses for such sites. In addition, our cell site strategy is dependent on us having licenses for cell sites that allow us to share those sites with other operators to facilitate reciprocal sharing arrangements. There can be no assurance that we will be able to identify new cell sites on a timely or profitable basis or that we will be able to secure site licenses on acceptable terms and/or that any such licenses can be renewed on economically acceptable terms when they are up for renewal. In addition to holding licenses to use cell sites, we have several leasehold interests in real estate used for offices and showrooms which are important to us and are subject to the usual leasehold risks of termination and inability to renew. Any inability to secure cell-sites or renew licenses for cell-sites may have a material adverse impact on our business, results of operations, financial condition and prospects.

26. Our costs are increasingly impacted by global commodity and equipment prices.

We purchase commodities such as copper and steel to support the maintenance, expansion and roll-out of our networks. The volatility of global commodity prices, especially metals prices, has adversely impacted the cost of equipment for our network maintenance and expansion. The volatility of such prices also has adversely impacted roll-out plans and timing. Not only is the cost and availability of critical items of network equipment influenced by global commodity prices, but prices and availability also are affected by the demand in other countries for such equipment. We are unable to pass on these increased costs to our subscribers because competition has driven down the tariffs. Continued increases and volatility in global commodity and equipment prices could adversely impact our costs and could have a material adverse effect on our business, results of operations, financial condition and prospects.

27. One of our Promoters and certain companies in our Promoters group and Subsidiaries have incurred losses/ have negative net worth in the last three years.

One of our Promoters, two companies forming part of our Promoters group and seven Subsidiaries have

incurred losses in recent years, as set forth in the tables below:

(in Rs. Million)

Name of the company	Year ended March 31,		
	2004	2005	2006
Birla TMT	(217.17)	(130.13)	(83.62)
PSI Data Systems Limited	(123.70)	(20.49)	(14.45)
Shree Digvijay Cement Company Limited	-	(99.88)	-
Asian Telephone Services Limited	(36.53)	(0.00)	(0.05)
Bhagalaxmi Investments Private Limited	(36.25)	(0.05)	(0.05)
Sapte Investments Private Limited	(36.48)	(0.07)	(0.10)
Vsapte Investments Private Limited	(37.15)	(0.07)	(0.13)
BTA Cellcom	(150.05)	-	-
IMCL	(1,051.10)	(337.92)	-
ITL	(1,295.17)	(78.48)	-

One of our Promoters, two companies forming part of our Promoters group and seven Subsidiaries had negative net worth, as set forth in the tables below:

(in Rs. Million)

Name of the company	Year ended March 31,		
	2004	2005	2006
Birla TMT	(121.13)	-	-
PSI Data Systems Limited	(76.29)	(96.79)	(111.24)
Shree Digvijay Cement Company Limited	(1,832.77)	(1,932.65)	(1,444.78)
Asian Telephone Services Limited	(120.08)	(120.08)	(120.13)
Bhagalaxmi Investments Private Limited	(121.48)	(121.54)	(121.58)
Sapte Investments Private Limited	(122.72)	(122.79)	(122.89)
Vsapte Investments Private Limited	(134.82)	(134.89)	(135.02)
BTA Cellcom	(959.79)	(462.79)	-
IMCL	(4,382.89)	(4,720.81)	(4,555.69)
ITL	(685.17)	-	-

28. The proposed merger of our subsidiaries (other than SSS & Co.) with our Company may have an adverse impact on our net worth.

Our Board and the boards of directors of our Subsidiaries (other than SSS & Co.) have approved the merger of the Subsidiaries (other than SSS & Co.) with our Company and the appointed date of the merger shall be April 1, 2006. The scheme of merger, subject to the approval of the relevant High Courts, has been finalized under the pooling of interest method in accordance with Accounting Standard 14, pursuant to which the goodwill arising out of the merger aggregating approximately Rs. 11,608 million will be added to our opening profit and loss balance as at April 1, 2006. This will, consequently, result in a diminution of our net worth, as

and when it takes effect, by approximately Rs. 11,608 million. For further details please see section entitled "Subsidiaries" at page 142 of this Prospectus.

29. Further dilution as a result of the ESOS

Our Board has, at its meeting held on October 19, 2006, approved an employee stock option scheme ("ESOS") for the grant of options not exceeding 40,000,000 Equity Shares or 1.5% of our issued capital following the issue and allotment of Equity Shares pursuant to this Issue. The issue of options under the ESOS is subject to the approval of shareholders and the exercise of such options will result in dilution of your shareholding.

30. A part of the Issue proceeds will be utilized to redeem the Preference Shares held by Hindalco, one of our Promoters.

As at the date of this Prospectus, Hindalco holds 275 Preference Shares. We intend to redeem the Preference Shares (including those held by Hindalco) along with the redemption premium aggregating Rs 7,567 million, constituting 35.6% of the Issue size, from the issue proceeds. For further details refer to the section of "Objects of the Issue" on page 74 of this Prospectus.

31. We have not entered into any definitive agreement or placed orders for the purchase of plant and machinery for the new projects.

As of the date of this Prospectus, we have not entered into definitive agreements or placed orders for the purchase of any of the telecommunications equipment which constitute part of the total cost of plant and machinery for the projects detailed in the section entitled "Objects of the Issue".

32. We have to pay a premium on redemption of our Preference Shares and such premium can only be paid from profits or our share premium account

We have to pay a premium to the holders of our Preference Shares, namely Standard Chartered Bank and Hindalco Industries Limited, on any redemption of our Preference Shares. As per the terms of the issue of our Preference Shares and the provisions of the Companies Act, 1956, we will be required to provide for the premium on redemption of Preference Shares either out of our profits or out of any share premium account. This premium, amounting to Rs. 2,577.10 million as at December 31, 2006 (Rs. 2,210.48 million as at March 31, 2006), has not been provided for in our financial statements. Such redemption premium shall be reduced by the amount of dividend declared, if any, on these Preference Shares. The redemption of Preference Shares along with premium thereon is guaranteed by the Promoters. Any premium required to be paid by us on any future redemption of outstanding Preference Shares will reduce our profit or share premium account, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

33. We had negative cash flows in the financial years 2002, 2003 and 2006. Any negative cash flows in the future could have an adverse effect on our results of operations.

We operate in a capital-intensive industry and have historically financed our capital expenditure requirements through a combination of cash generated from operations, the sale of equity interests and secured and unsecured borrowings. We made substantial investments to meet our capital expenditure requirements in financial years ended 2002, 2003 and 2006 and, in consequence, had negative cash flows of Rs. 126.23 million, Rs. 4.21 million and Rs. 227.97 million, respectively.

We anticipate a significant increase in outflows based on our capital expenditure requirements. These outflows are based on our business plans for the expansion and upgrade of our network in our New Circles, rollout of services in the Mumbai and Bihar Circles and any other Circles in which our License Applications are successful. In addition to the foregoing, we also anticipate outflows on account of capital expenditure to upgrade our services in the Established Circles.

For details of our cash flow statements please see "Financial Statements" on page 194 of this Prospectus.

External Risks – Factors relating to the Indian Telecommunications Industry

34. We are subject to extensive Government regulation of the telecommunications industry in India.

The Government along with TRAI regulates many aspects of the telecommunications industry in India. The extensive regulatory structure under which we operate could constrain our flexibility to respond to market conditions, competition or changes in our cost structure, and thereby adversely affect us. For example, the Indian Government has allowed fixed-line operators who previously could only offer limited mobile services using WLL to provide full mobile services under the UAS License, thereby increasing competition.

In addition, we are required to obtain a wide variety of approvals from various regulatory bodies. There can be no assurance that these approvals will be forthcoming on a timely basis or at all, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

The Government may replace or revise regulations or policies, including the introduction of number portability, guidelines for Spectrum allocation and pricing rules. Any such changes, and related uncertainties with respect to their implementation, could have a material adverse effect on our business, results of operations, financial condition and prospects. We also may incur capital expenditure to comply with and benefit from anticipated changes in regulation that are then postponed, not implemented or not implemented on terms favorable to us.

In addition, our inability to complete certain actions required by our regulators on time or at all may adversely affect our operations and financial condition. For example, an amendment of all licenses on August 12, 2002 required customer verification when activating new subscribers. We have received notices from the DoT in respect of our operations in the Andhra Pradesh, Delhi and Haryana Circles asking us to disconnect all mobile connections of subscribers in these Circles who have been allegedly given connections prior to May 31, 2006 without first being subject to proper verification. Since May 31, 2006 we have obtained identification documents from subscribers, placing additional burdens on our distributors and retailers and on our internal systems and adding to our costs. However, we are discussing the said notices, in conjunction with other mobile operators who are similarly affected, with the DoT on grounds of the logistical and practical difficulties involved in verifying all details of subscribers who were given mobile connections prior to May 31, 2006, and we are taking action which we believe will satisfy the DoT. However, if we have to either fully verify or disconnect such subscribers it will have a material adverse effect on our business, results of operations, financial condition and prospects. In addition, the imposition of onerous requirements on subscribers to prove their identity may deter subscriptions for our services and adversely affect the growth of our business.

Our licenses reserve broad discretion to the Government to influence the conduct of our businesses by giving the Government the right to modify, at any time, the terms and conditions of our licenses, take-over our networks and to terminate or suspend our licenses in the interests of national security or in the event of a national emergency, war or similar situations. Under our licenses, the Government also may impose certain penalties including suspension, revocation or termination of a license in the event of default by us in complying with the terms and conditions of the license. Our licenses are for a fixed term of 20 years and there can be no assurance that any of our licenses will be renewed at all or renewed on the same or better terms. Our licenses with the shortest remaining terms are scheduled to expire beginning in December 2015. In addition, any adverse change to the license fees we pay in connection with our licenses could have a material adverse effect on our business, results of operations, financial condition and prospects. For example, withdrawal of either the 2% reduction in license fee granted to all mobile operators in April 2004 or the additional 2% reduction given to incumbent GSM operators for a period of four financial years from April 1, 2004, could have such a material adverse effect.

Our licenses also require us to comply with certain network roll-out obligations within time periods stipulated by the Government. These obligations may impact our roll-out plan and cause us to incur expenditure at a level above that which we consider to be warranted by commercial considerations. We may also be required

to roll-out our network into areas we do not consider to be commercially viable or that we anticipate will be less profitable for us. Failure to meet roll-out obligations would allow the Government to terminate the relevant licenses and/or take other action against us. We have in the past paid penalties for failure to meet roll-out obligations.

Further, our licenses require us to maintain a complete and updated list of subscribers on our website and also to publish a mobile services directory from time to time. Licenses pertaining to the New Circles stipulate that the requirement to publish such a directory will be based on the determination of TRAI. Although we follow the industry practice in this regard, to the extent we have not been able to maintain either such web based list of subscribers or publish a mobile services directory, we are in technical breach of these conditions of the license agreements. Any action taken by TRAI in relation to this technical breach could increase our costs or otherwise impact our operations, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

35. We may be adversely affected by changes in technology.

The telecommunications industry is subject to rapid and significant changes in technology. The GSM communications technologies we currently employ may become obsolete or subject to competition from new technologies in the future, and the technology in which we invest in the future may not perform as we expect or may be superseded by competing technologies before our investment costs have been recouped. In addition, the cost of implementing new technologies, upgrading our networks or expanding network capacity to effectively respond to technological changes and the introduction of third-generation mobile communications technologies may be substantial. Our ability to meet such costs will, in turn, depend upon our ability to obtain additional financing on commercially acceptable terms. Moreover, there can be no assurances that technologies will develop according to anticipated schedules, or that they will perform according to expectations or be commercially accepted. As a result, our business, results of operations, financial condition and prospects could be negatively impacted.

36. Adverse changes in foreign exchange and custom duty rates will adversely affect our business.

A substantial portion of the equipment that we intend to deploy for the expansion of the Established Circles, the continuing roll-out in the New Circles, roll-out in the Mumbai and Bihar Circles, and for any future roll-outs following the acquisition of additional licenses as a result of the License Applications or otherwise, is imported and requires payments in foreign currencies. Imports are subject to Government regulations and approvals, the availability of foreign exchange credit and the levy of customs duties. Where there is no local alternative, delays in obtaining required approvals, changes in customs duties or foreign exchange rates or adverse movements in the value of the Rupee could lead to a delay in the acquisition of necessary equipment and adverse financial implications due to price movements thereof, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

37. The Indian economy has had sustained periods of high interest rates and/or inflation.

The majority of our direct costs are incurred in India. India has experienced high levels of inflation since 1980, with inflation peaking at an annual rate of 14.1% in 1991. Notwithstanding recent reductions in the inflation rate, which was 3.7% in 2003, 3.9% in 2004 and 4.0% in 2005, we tend to experience inflation-driven increases in certain of our costs, such as salaries and related allowances, that are linked to general price levels in India. However, we may not be able to increase the tariffs that we charge for our services sufficiently to preserve operating margins. Accordingly, high rates of inflation in India could increase our costs and decrease our operating margins, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

The majority of our borrowings are denominated in Rupees and are linked to floating Indian interest rates. Any increase, especially over a prolonged period, in Indian interest rates would increase our costs of borrowing and adversely affect our financial results and might make additional borrowing to fund investment uneconomic and/or unaffordable. To the extent borrowings (including vendor financings) are linked to floating external rates such as LIBOR, we are exposed to similar risks of high or variable interest rates used to determine the amounts payable under such arrangements.

38. India's infrastructure is less developed than that of many developed nations.

India's infrastructure is less developed than that of many developed nations and problems with its port, rail and road networks, electricity grid, communication systems or other public facilities could disrupt our normal business activity. Any material deterioration of India's physical infrastructure could harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations and reduce demand for our services, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

39. Technical failures, natural disasters or terrorism could damage our telecommunications networks.

Our telecommunications networks are vulnerable to technological failures and natural disasters such as earthquakes and floods. They also may be subject to break-ins, sabotage, terrorism, vandalism and other similar occurrences. We maintain insurance coverage for our networks against damage caused by fire and special perils including aircraft damage, landslide earthquakes, burglary and terrorist attack. We also maintain business interruption insurance to protect us from technological failures or from any other factors that could result in a disruption of our business operations. While a significant portion of the replacement value of our existing telecommunications networks is covered by insurance, a loss to our telecommunications networks, including loss of customer data for any reason, including those covered by insurance, could have a material adverse effect on our business, results of operations, financial condition and prospects. There can be no assurance that any claim under our insurance policies will be honored fully or in part or in a timely manner or payment of such claim would fully compensate us if, for example, we are unable to recover customer data.

Our main IT hub is in Pune and we are in the process of completing a new IT center in Delhi, which will function as a disaster recovery site. We anticipate that this site will be fully operational in late 2008. This new center will provide disaster recovery support and back-up facilities for information and processing but will not replicate in full the functions of the Pune site. As such, any interruption to the use of the Pune hub could have a material adverse effect on our business, results of operations, financial condition and prospects. In particular, although the Pune hub has been designed to include significant redundancy in its systems to cope with system failures, any such interruption prior to completion of the Delhi center is likely to cause significant disruption. Although we are implementing a structure to cover the risk of loss of information, there can be no assurance that we will be able to control losses caused by any natural, technological or human calamity.

40. Our equipment is vulnerable to attack by disaffected social elements.

There have been isolated incidents of damage to our installations and those of our competitors as a result of attacks by disaffected sections of the community or groups seeking various forms of recognition or redress. New laws and regulations such as customer verification and reporting requirements which apply to us may further antagonize sections of the community which may seek to attack our installations as a means of publicity and/or retribution. Although the nature of our network is such that these incidents are likely to remain isolated and not impact our overall provision of services, there can be no guarantee that these attacks will not increase or be more disruptive. Although we believe such attacks are presently covered by insurance, we cannot guarantee that in the future such insurance will be available or that available policies will fully cover the direct and consequential damage of any such attack. As a result, our business, results of operations, financial condition and prospects could be negatively impacted.

41. Concerns about health risks relating to the use of mobile handsets and cell sites may adversely affect our prospects.

Our business may be adversely affected by real or perceived health risks. We may be subject to costly and time consuming litigation. As research and studies are ongoing, we cannot assure you that further research and studies will not definitively demonstrate a link between radio frequency emissions and health concerns, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Media and other reports have linked radio frequency emissions from mobile handsets and cell sites to various health concerns, including cancer, and to interference with various electronic medical devices, including hearing aids and pacemakers. Concerns over radio frequency emissions may discourage the use of mobile handsets and may adversely affect our ability to find or retain suitable cell sites, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

A public interest petition was filed in the High Court of Bombay in 2004, to which the Company is a party, alleging that radio emissions from cell sites are a health hazard. This petition is at a preliminary stage and the High Court of Bombay is yet to consider the merits of the allegations made in this petition. There are presently 11 other petitions pending in various courts in India involving the Company where it has been alleged that radio emissions from cell sites are a health hazard.

42. We are subject to restrictions on foreign investment in India.

According to the prescribed limits under the Foreign Exchange Management Act, 1999 and applicable policy guidelines including the manual on Foreign Direct Investment ("FDI"), as amended from time to time, no more than 74% of our equity capital currently may be held by foreign investors. This limitation may adversely affect the value of our then listed Equity Shares and our ability to raise capital for the expansion of our business.

Notes to Risk Factors

1. Public issue of 283,333,333 equity shares of Rs. 10 each aggregating Rs. 21,250 million (hereinafter referred to as the "Issue"). There is a reservation of 6,666,666 Equity Shares of Rs. 10 each aggregating Rs. 500 million for the Eligible Employees of the Company ("Employee Reservation Portion"). The net issue to the public of 276,666,667 Equity Shares of Rs. 10 aggregating Rs. 20,750 million (hereinafter referred to as the "Net Issue"). There shall also be a Green Shoe Option for allocating up to 42,500,000 Equity Shares of Rs. 10 each not exceeding Rs. 3,187.50 million, in excess of the Equity Shares that are included in the Issue. The Issue with the Green Shoe Option aggregates Rs. 24,437.50 million. The Issue will constitute 10.9% of the fully diluted post issue paid-up Equity Capital of the Company assuming no exercise of the Green Shoe Option, and 12.4% of the fully diluted post issue paid-up Equity Capital of the Company assuming the Green Shoe Option is exercised in full.
2. Our net worth was Rs. 14,613.74 million as of December 31, 2006 as per our restated consolidated financial statements under Indian GAAP. However, due to the accounting treatment of the merger of our Company with its Subsidiaries (except for SSS & Co), following the implementation of a scheme of merger on April 1, 2007, the goodwill arising out of the merger aggregating approximately Rs. 11,608 million will be added to our opening profit and loss balance as at the appointed date. This in turn will result in a diminution of our net worth by approximately Rs. 11,608 million as and when the merger is effected.
3. The net asset value per Equity Share was Rs. 4.34 as of December 31, 2006, as per our restated consolidated financial statements under Indian GAAP.

   The proposed merger as mentioned in point number 2 above, as and when it takes effect, would lead to a diminution in net worth by approximately Rs. 11,608 million and hence the NAV per Equity Share will reduce accordingly.

4. Investors may note that in case of over-subscription in the Issue, Allotment to QIBs, Non-Institutional Bidders and Retail Individual Bidders shall be on a proportionate basis. For further details see "Basis of Allotment" on page 442 of this Prospectus.
5. Investors are advised to refer to "Basis for the Issue Price" on page 82 of this Prospectus.
6. The average cost of acquisition of the Equity Shares by our Promoters is as follows:
   - ABNL – Rs. 28.12 per Equity Share
   - Grasim – Rs. 10.00 per Equity Share
   - Hindalco – Rs. 10.00 per Equity Share
   - Birla TMT – Rs. 34.29 per Equity Share
7. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
8. Any clarification or information relating to the Issue shall be made available by the BRLMs, SCBRLMs and Co-Manager or our Company to the investors at large and no selective or additional information would be available for investors in any manner whatsoever. Investors may contact the BRLMs and the Syndicate Members for any complaints pertaining to the Issue.
9. For details of the interests of our Promoters and Directors in the Company see "Our Promoters" and "Management – Shareholdings of the Directors in the Company" on pages 167 and 154, respectively, of this Prospectus.
10. For details of all the loans and advances made to any persons or companies in whom Directors are interested, please refer to "Financial Statements" on page 194 of this Prospectus.
11. **Related Party Transactions (Consolidated)**

Rs. Million

Particulars	**As at March 31**					**As at December 31,**	
	2002	**2003**	**2004**	**2005**	**2006**	**2005**	**2006**
RELATED PARTY TRANSACTIONS							
Transactions							
Promoters							
ICDs accepted	5,160.00	1,915.00	2,041.50	0.30	-	-	-
Interest on ICDs accepted	144.90	121.60	104.12	-	-	-	-
ICDs placed	40.00	-	-	-	-	-	-
Interest on ICDs placed	0.80	-	-	-	-	-	-
Repayment of Loans taken	-	-	-	139.23	-	-	-
Interest on Loan	42.70	43.22	-	178.19	-	-	-
Others	-	42.00	-	-	-	-	-
Loan taken	319.23	-	-	-	-	-	-
Security Deposit	-	-	40.03	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	-	-	5.39
Employee Expenses / Deposits	-	-	-	-	-	-	6.00
Expense incurred on behalf of	-	-	-	-	-	-	0.01
Investment	-	-	132.80	-	-	-	-

Rs. Million

Particulars	As at March 31					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
Key Management Personnel							
Salary to the MD	-	-	-	-	-	-	4.28
Salary to the CEO	14.81	-	6.15	9.64	12.94	7.90	9.44
Salary to the Manager	2.49	3.37	4.20	7.20	9.57	3.89	3.16
Housing Deposit with CEO's relative	1.40	-	-	-	-	-	-
Rent paid to CEO's relative	1.15	-	-	-	-	-	-
Associates							
ICDs accepted	50.00	270.00	580.00	-	-	-	-
Interest on ICDs accepted	1.54	29.74	22.11	0.38	-	-	-
Expatriate Salary	39.42	-	-	-	-	-	-
OUTSTANDINGS AS ON YEAR END							
Promoters							
ICDs accepted	1,810.20	1,170.00	-	-	-	-	-
Interest on ICDs accepted	10.69	23.30	-	-	-	-	-
Interest on Loan	42.70	137.85	177.89	-	-	-	-
Expense incurred on behalf of						-	0.63
Loan taken	319.23	319.23	139.23	-	-	-	-
Key Management Personnel							
Salary of the MD	-	-	-	-	-	-	0.11
Salary of the CEO	1.20	-	2.06	3.90	-	1.99	0.19
Salary of the Manager	0.49	0.91	1.15	1.35	-	0.71	0.09
Associates							
Expatriate Salary	6.42	-	-	-	-	-	-
ICDs accepted	-	270.00	10.00	-	-	-	-
Interest on ICDs accepted	-	5.91	-	-	-	-	-

For further details see "Related Party Transactions" on page 191 of this Prospectus.

SUMMARY - OUR BUSINESS

You should read the following summary with the Risk Factors included from page numbers 15 to 35 and the more detailed information about us and our financial statements included in this Prospectus.

Indian Telecommunications Industry

The Indian telecommunications market is currently among the fastest growing telecommunication markets in the world. India's current mobile subscriber base is approximately 146.54 million as at December 31, 2006 as compared with 3.6 million as at March 31, 2001, according to COAI and AUSPI. There has been rapid growth in the industry following several initiatives undertaken by TRAI and the DoT.

The Mobile Landscape in India

The Indian telecommunications market has been segregated into 23 areas referred to as "Circles". There are four metropolitan Circles (Mumbai, Delhi, Kolkata and Chennai) and 19 regional Circles which are classified into three categories – 'A', 'B' and 'C'. There are five category 'A' Circles, eight category 'B' Circles and six category 'C' Circles.

Although the metropolitan Circles currently account for only 5% of the total population of India, they account for approximately 30.06 million, 20.52%, of the total number of subscribers in India, as at December 31, 2006. The category 'A', category 'B' and category 'C' Circles, by comparison, currently account for approximately 31%, 44% and 19% of the total population of India and account for approximately 35.84%, 34.78% and 8.86% of the total number of subscribers, respectively.

For further details see "Overview of the Mobile Telecommunications Industry in India" and "Indian Telecommunications Industry Regulation" on pages 92 and 105 of this Prospectus.

Our Business

We are amongst the leading mobile operators and currently operate in 11 Circles which comprise one metropolitan Circle, three category A Circles, six category B Circles and one category C Circle. In addition, we hold licenses for the Metropolitan Circle of Mumbai and the category C Circle of Bihar. We rank amongst the top three operators in six of the Established Circles. We are currently one of the fastest growing mobile operators and have consistently grown in the Established Circles and New Circles with a market share of Net Adds of approximately 16.7% in the period between April and December 2006.

We are an experienced and well-positioned GSM service provider with original licenses in seven of our 13 Circles as a result of which we benefit from various incumbency advantages. We have a history of expanding, integrating and rebranding Circles, as we did with, for example, the Uttar Pradesh (West), Haryana and Kerala Circles. We have demonstrated our ability to roll-out networks, as we did in the Delhi Circle and our recent launch in the New Circles. In November 2002 we commercially launched in the highly competitive Delhi Circle and have gained a market share of 11.5% as at December 31, 2006. We believe that we are well positioned to capitalize on the growth opportunities in the Indian telecommunications market and will be able to leverage our existing strengths in all our 13 Circles and into additional Circles where we commence operations.

Following our formation as a joint venture company in 1995 by Aditya Birla Group and the AWS Group we experienced changes in our shareholding structure (for further details see "Our History and Corporate Structure" on page 137 of this Prospectus). We are now part of the Aditya Birla Group, which is our sole promoter and is currently amongst the largest business groups in India in terms of market capitalization.

We are expanding our coverage in the Established Circles and the New Circles, and also pursuing new licenses to create a pan-India footprint. We have recently received a UAS License for the Mumbai Circle and, through Aditya Birla Telecom Limited, a UAS License for the Bihar Circle. The Mumbai Circle is attractive to us because Mumbai is the commercial capital of India and also because of the community of telephony interests including the benefit of traffic flows with our other Circles, particularly Maharashtra, Delhi and Gujarat Circles. We have also recently obtained an NLD license which should reduce our operating costs. In addition, we have nine License Applications pending for further Circles which, if obtained, will give us complete access to the Indian market.

Our competitive strengths

Our competitive strengths include:

- Attractive existing footprint;
- Critical mass of 12.44 million subscribers;
- Strong distribution channels;
- High quality network structure;
- A national brand; and
- Part of the Aditya Birla Group.

Our Growth Strategies

We believe that we are well positioned to grow in the rapidly expanding Indian telecommunications industry. We believe our growth strategies have and will continue to enable us to:

- Build on our strong position in the Established Circles;
- Derive synergies and economies of scale from an expanding operation;
- Build a meritocratic organization with a strong focus on people; and
- Focus on customer service to enhance brand appeal.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The selected historical restated consolidated summary financial information presented below as at and for the financial years ended March 31, 2004, 2005 and 2006, and as at and for the nine months ended December 31, 2005 and 2006 has been prepared in accordance with Indian GAAP and should be read together with the Auditors' Reports and the consolidated financial statements and notes thereto contained in this Prospectus and the sections entitled "Financial Statements", "Management's Discussions and Analysis of Financial Conditions and Results of Operations" and "Business" on pages 194, 283 and 110, respectively of this Prospectus. Also included below are certain unaudited operational data which have been derived from our operating systems and not from our audited financial statements for the periods described above. The summary consolidated financial information presented below does not purport to project our results of operation or financial condition.

A. Restated Summary of Profit and Loss Statement (Consolidated)

(in Rs. Million)

Particulars	Year ended March 31,			Nine months ended December 31,	
	2004	2005	2006	2005	2006
Total Income	13,113.87	22,674.56	29,733.83	21,142.92	30,635.93
Operating Expenditure	9,202.95	14,381.50	18,878.65	13,558.93	20,306.24
Profit Before Interest, Depreciation and Amortisation[1]	3,910.92	8,293.06	10,855.18	7,583.99	10,329.69
Interest and Finance charges (net)	2,870.88	3,188.54	3,224.50	2,434.76	2,316.50
Depreciation and Amortization	3,048.69	4,421.79	5,519.77	4,209.53	4,956.83
Profit/Loss before tax	(2,008.65)	682.73	2,110.91	939.70	3,056.36
Tax on profit (loss) on ordinary activities	0.70	-	80.48	54.05	40.69
Profit (loss)	**(2,009.35)**	**682.73**	**2,030.43**	**885.65**	**3,015.67**

Note:

(1) This is also commonly known as "EBITDA" (Earnings Before Interest, Depreciation, Tax and Amortization). EBITDA is a supplementary measure for some investors to determine our operating cash flow and historical ability to meet debt service and capital expenditure requirements. EBITDA is not a measure of financial performance under Indian GAAP and should not be considered as an alternative to cash flow from operating activities, a measure of liquidity or an alternative to net profit as indicators of our operating performance or any other measures of performance derived in accordance with Indian GAAP.

B. Restated Summary of Assets and Liabilities (consolidated)

(in Rs. Million)

Particulars		As At March 31,			As At December 31,	
		2004	2005	2006	2005	2006
Fixed Assets						
Gross Block (At Cost)		25,775.43	40,631.79	47,934.21	44,054.32	63,053.48
Less: Depreciation		7,478.07	16,436.56	20,831.00	19,829.87	24,929.53
Net Block		18,297.36	24,195.23	27,103.21	24,224.45	38,123.95
Intangible Assets (Net)		9,668.71	10,825.31	9,934.30	10,137.15	11,904.62
Capital Work-in-Progress		899.67	954.36	1,731.41	1,726.78	4,564.12
Total	**A**	**28,865.74**	**35,974.90**	**38,768.92**	**36,088.38**	**54,592.69**

(in Rs. Million)

Particulars		As At March 31,			As At December 31,	
		2004	2005	2006	2005	2006
Goodwill on Consolidation	**B**	**4,468.72**	**11,604.69**	**11,604.69**	**11,604.69**	**11,604.69**
Investments	**C**	**450.00**	**-**	**-**	**20.00**	**950.00**
Deferred Tax Asset		88.07	370.09	605.98	577.95	484.92
Deferred Tax liability		(88.07)	(370.09)	(605.98)	(577.95)	(481.72)
Total	**D**	**-**	**-**	**-**	**-**	**3.20**
Current Assets, Loans and Advances						
Inventories		96.82	175.87	114.44	142.21	182.20
Sundry Debtors		836.96	1,513.63	1,456.56	1,527.54	1,629.49
Cash and Bank Balances		962.37	1,771.53	1,492.53	1,089.65	1,947.06
Other Current Assets		270.30	514.17	529.35	469.61	628.47
Loans and Advances		1,228.98	1,593.74	2,393.85	2,019.38	3,773.54
Total	**E**	**3,395.43**	**5,568.94**	**5,986.73**	**5,248.39**	**8,160.75**
Total Assets (A+B+C+D+E)	**F**	**37,179.89**	**53,148.53**	**56,360.34**	**52,961.46**	**75,311.33**
Liabilities & Provisions						
Secured Loans		15,064.06	22,431.26	15,708.59	18,088.67	35,361.14
Unsecured Loans		8,651.73	14,507.36	17,147.36	14,847.36	4,397.36
Current Liabilities and Provisions		4,944.93	7,008.01	12,272.07	9,937.88	20,939.09
Total	**G**	**28,660.72**	**43,946.63**	**45,128.02**	**42,873.91**	**60,697.59**
Net Worth (F-G)	**H**	**8,519.17**	**9,201.90**	**11,232.32**	**10,087.55**	**14,613.74**
Net Worth represented by						
Share Capital		27,425.27	27,425.27	27,425.27	27,425.27	27,425.27
Advance against Share capital		-	-	-	-	-
Reserves and Surplus		998.41	998.41	998.41	998.41	1,499.32
Miscellaneous Expenditure		-	-	-	-	(12.50)
Profit & Loss Account		(19,904.51)	(19,221.78)	(17,191.36)	(18,336.13)	(14,298.35)
Total	**I**	**8,519.17**	**9,201.90**	**11,232.32**	**10,087.55**	**14,613.74**

C. Restated Summary of Cash Flow Statement (Consolidated)

(in Rs. Million)

Particulars	Year ended March 31,			Nine months ended December 31,	
	2004	2005	2006	2005	2006
Sources of Cash					
Cash from operations (Net of tax)	1,761.62	7,752.03	12,776.73	9,137.81	11,784.25
Non-operating income (Interest on FD's & Profit on sale of Mutual Funds)	13.00	54.42	37.29	18.90	16.92
Net debt inflows / (outflow)	4,430.69	2,942.52	(4,459.59)	(4,007.12)	6,876.72
Extraordinary Items (Share call money received, Sale of Investments)	1,020.50	-	-	-	-
Total	**7,225.81**	**10,748.97**	**8,354.43**	**5,149.59**	**18,677.89**
Application of Cash					
Net capital expenditure	3,704.87	5,327.32	5,258.39	3,234.06	14,862.61
Net debt outflow	-	-	-	-	-
Investment / Deposits in subsidiaries	133.30	2,600.00	-	-	-
Advance for purchase of Equity shares / licenses	-	-	-	-	100.00
Share Issue Expenses	-	-	-	-	12.50
Other treasury Investments (Net)	432.76	(510.00)	-	11.89	930.06
Interest charges	2,405.80	3,252.22	3,375.04	2,585.52	2,320.43
Total	**6,676.73**	**10,669.54**	**8,633.43**	**5,831.47**	**18,225.60**
Increase / (Decrease) in cash and cash equivalents	**549.08**	**79.43**	**(279.00)**	**(681.88)**	**452.29**
Cash and cash equivalent at the beginning	**413.29**	**962.37**	**1,771.53**	**1,771.53**	**1,492.53**
Add: Cash and cash equivalents taken over on acquisition	**-**	**729.73**	**-**	**-**	**2.24**
Cash and cash equivalent at the end	**962.37**	**1,771.53**	**1,492.53**	**1,089.65**	**1,947.06**

SELECTED UNAUDITED OPERATING DATA

The selected historical unaudited non-financial data presented below and throughout this document as at and for the financial years ended 31 March, 2004, 2005 and 2006, and as at and for the nine months ended December 31, 2006, have been extracted from the Company's records and should be read in conjunction with the other detailed information included elsewhere in this Prospectus.

	As at March 31,			As at December
	2004	2005	2006	31, 2006
Existing Circles				
Number of EOP subscribers (in '000s)	2,732.7	5,069.7	7,366.0	12,442
Percentage of pre-paid EOP subscribers	80.3%	75.7%	81.8%	88.0%
Churn[1]				
Pre-paid subscribers	6.7%	8.2%	6.4%	4.3%
Post-paid subscribers	4.6%	4.4%	5.3%	4.6%
Blended Churn	6.2%	7.3%	6.2%	4.3%
Minutes of Use (MoU)[2]				
Pre-paid subscribers	199	185	224	297
Post-paid subscribers	583	463	523	683
Blended MoU	279	248	289	353
ARPU (in Rupees) [1]				
Pre-paid subscribers	381	307	304	279
Post-paid subscribers	1149	779	707	679
Blended ARPU	541	414	391	338

Notes:

[1] Average Revenue Per Subscriber or User ("ARPU") and Churn are provided per month.

[2] Minutes of Use ("MOU") is set out as per subscriber per month.

THE ISSUE

Issue of	283,333,333 Equity Shares of Rs. 10 each aggregating Rs. 21,250 million
Employee Reservation[1]	Not less than 6,666,666 Equity Shares of Rs. 10 each aggregating Rs. 500 million
Net Issue to the Public	276,666,667 Equity Shares of Rs. 10 each aggregating Rs. 20,750 million
Of which:	
1. Qualified Institutional Buyers portion[2]	At least 166,000,000 Equity Shares of Rs. 10 each aggregating Rs. 12,450 million
a. Reservation for Mutual Funds	8,300,000 Equity Shares of Rs. 10 each aggregating Rs. 622.50 million
b. Balance available for all QIBs including Mutual Funds	157,700,000 Equity Shares of Rs. 10 each aggregating Rs. 11,827.50 million
2. Non-Institutional Bidders portion[2]	At least 27,666,667Equity Shares of Rs. 10 each aggregating Rs. 2,075 million
3. Retail Individual Bidders portion[2]	At least 83,000,000 Equity Shares of Rs. 10 each aggregating Rs. 6,225 million
Green Shoe Option[3]	Up to 42,500,000 Equity Shares of Rs. 10 each not exceeding Rs. 3,187.50 million
Equity Shares outstanding prior to the Issue	2,309,527,206 Equity Shares of Rs. 10 each
Equity Shares outstanding after the Issue	2,592,860,539 Equity Shares of Rs. 10 each
Equity Shares outstanding after the Issue (assuming Green Shoe Option is fully exercised)	2,635,360,539 Equity Shares of Rs. 10 each
Objects of the Issue	For details please refer to "Objects of the Issue" on page 74 of this Prospectus

1 Undersubscription, if any, in the Employee Reservation Portion will be added back to the Non Institutional Bidders portion and the Retail Individual Bidders portion and the proportionate allocation of such Equity Shares will be at the sole discretion of the Company in consultation with the BRLMs and the SCBRLMs.

2 Undersubscription, if any, in Retail Bidders category would be first allowed to be met with spill over from Non Institutional Bidder category, Non Institutional Bidders category would be first allowed to be met with spill over from Retail Bidder category at the sole discretion of the Company, in consultation with the BRLMs and the SCBRLMs.

3 The Green Shoe Option will be exercised at the discretion of the Stabilizing Agent.

GREEN SHOE OPTION

We intend to establish an option for allocating Equity Shares in excess of the Equity Shares that are included in the Issue and, in consultation with the Stabilizing Agent, to operate a price stabilization mechanism in accordance with applicable SEBI DIP Guidelines. The Green Shoe Option was authorized by our shareholders at the extraordinary general meeting held on November 15, 2006. The Green Shoe Option will operate in the manner set out below.

In accordance with Chapter VIII A of the SEBI DIP Guidelines and pursuant to the Stabilization Agreement described below, we have appointed JM Morgan Stanley Private Limited as the Stabilizing Agent, to perform the functions envisaged in such Stabilization Agreement, including price-stabilization after the listing, if required. If commenced, stabilization will be conducted in accordance with applicable laws and regulations and may be discontinued at any time. Stabilization will not continue for a period exceeding 30 days from the date when trading permission is given by the Stock Exchanges. The Stabilizing Agent will borrow Equity Shares from Aditya Birla Nuvo Limited ("ABNL"), which along with the Equity Shares purchased from the market, if any, for stabilizing purposes will be in demat form only. The Equity Shares available for allocation under the Green Shoe Option will be available for allocation to Qualified Institutional Buyers, Non-Institutional Bidders and Retail Individual Bidders in the ratio of 60:10:30, assuming full demand in each category. On December 4, 2006, we entered into a Stabilization Agreement with ABNL and the Stabilizing Agent. ABNL has agreed to lend the following number of Equity Shares for the purpose of the Green Shoe Option:

Name of the Green Shoe Lender	No. of Equity Shares	Total Amount if Green Shoe Option fully exercised (in Rs. million)
ABNL	42,500,000	3,187.50

The terms of the Stabilization Agreement provide that:

Stabilization Period

"Stabilization Period" shall mean the period commencing from the date of obtaining the trading permission from the Stock Exchanges for the Equity Shares allotted in the Issue and ending on the earlier of thirty calendar days thereafter or the date on which a number of shares equal to the Over-Allotment Shares has been repurchased by the Stabilizing Agent.

Procedure for Over Allotment and Stabilization

The monies received from the applications for Equity Shares in the Issue to be allotted pursuant to the Green Shoe Option shall be kept in the GSO Bank Account, an account distinct and separate from the Public Issue Account that shall be used only for the purpose of stabilization of the post listing price of the Equity Shares.

(i) The allocation of the Over-Allotment Shares shall be undertaken in conjunction with the allocation of the Equity Shares so as to achieve *pro-rata* distribution.

(ii) Upon such allocation, the Stabilizing Agent shall transfer the Over-Allotment Shares from the GSO Demat Account to the respective depository accounts of successful Bidders.

(iii) For the purpose of purchasing the Equity Shares from the market, the Stabilizing Agent shall use the funds in the GSO Bank Account.

(iv) The Stabilizing Agent shall determine in its sole discretion the timing of purchasing the Equity Shares, the quantity to be purchased and the price at which the Equity Shares are to be purchased from the market for the purposes of stabilizing the price of the Equity Shares after listing.

(v) The Equity Shares purchased from the market by the Stabilizing Agent, if any, shall be credited to the GSO Demat Account and shall be returned to ABNL immediately on the expiration of the Stabilization Period, but in no event later than two business days thereafter.

(vi) In the event that the number of Equity Shares in the GSO Demat Account at the end of the Stabilization Period, but before the transfer of the Equity Shares to ABNL, is less than the number of Over-Allotment Shares, upon being notified by the Stabilizing Agent and the equivalent amount being remitted to the Company from the GSO Bank Account, the Company

shall, within four days of the receipt of notice from the Stabilizing Agent of the end of the Stabilization Period, allot new Equity Shares in dematerialized form in an amount equal to such shortfall to the GSO Demat Account. The Company shall in any event allot the number of shortfall shares not later than five days after the end of the Stabilization Period. The newly issued Equity Shares shall be returned by the Stabilizing Agent to ABNL in final settlement of Equity Shares borrowed within two business days of such shares being credited into the GSO Demat Account, time being of the essence in this regard.

(vii) Upon the return of Equity Shares to ABNL pursuant to and in accordance with sub-clauses (v) and (vi) above, the Stabilizing Agent shall close the GSO Demat Account.

(viii) The Equity Shares returned to ABNL under this clause shall be subject to the remaining lock-in-period, if any, as provided in the SEBI DIP Guidelines.

GSO Bank Account

The Stabilizing Agent shall remit to the Company from the GSO Bank Account an amount, in Indian Rupees, equal to the aggregate price of the Equity Shares to be allotted by the Company to the GSO Demat Account at the Issue Price. The amount left in this account, if any, after this remittance and the deduction of expenses, including depository, brokerage and transfer fees and taxes, if any, incurred by the Stabilizing Agent in connection with the activities under the Stabilization Agreement, shall be transferred ratably to the Investor Protection Funds of the Stock Exchanges.

Reporting

During the Stabilization Period, the Stabilizing Agent will submit a report to the Stock Exchanges on a daily basis. The Stabilizing Agent will also submit a final report to SEBI in the format prescribed in Schedule XXIX of the SEBI DIP Guidelines. This report will be signed by the Stabilizing Agent and the Company and be accompanied by the depository statement for the GSO Demat Account for the Stabilization Period indicating the flow of Equity Shares into and from the GSO Demat Account. If applicable, the Stabilizing Agent will, along with the report, give an undertaking countersigned, if required, by the respective depositories of the GSO Demat Account and ABNL regarding confirmation of the lock-in of the Equity Shares returned to ABNL in lieu of the Over-Allotment Shares.

Rights and obligations of the Stabilizing Agent

The Stabilizing Agent shall have the following rights and obligations:

(i) Open a special bank account, the "Special Account for GSO Proceeds of Idea Cellular Limited" (the "GSO Bank Account"), and deposit the money received against the over-allotment in the GSO Bank Account.

(ii) Open a special account for securities, the "Special Account for GSO Equity Shares of Idea Cellular Limited" (the "GSO Demat Account"), received in that account Equity Shares lent by ABNL and allocate Equity Shares from that account to successful Bidders and credit the Equity Shares bought by the Stabilizing Agent, if any, during the Stabilization Period to the GSO Demat account.

(iii) Stabilize the market price for Equity Shares only in the event of the market price falling below the Issue Price, in accordance with SEBI DIP Guidelines, including determining the quantity and the price at which Equity Shares will be purchased and the timing thereof.

(iv) Upon exercise of the Green Shoe Option at the end of the Stabilization Period, the Stabilizing Agent shall request the Company to issue Equity Shares and to transfer funds from the GSO Bank Account to the Company within a period of five working days of the close of the Stabilization Period.

(v) At the expiration of the Stabilization Period, the Stabilizing Agent shall return the Equity Shares to ABNL from the GSO Demat Account that were acquired either through market purchases or through the new Equity Shares issued by the Company upon exercise of the Green Shoe Option as part of the stabilizing process.

(vi) To submit daily reports to the Stock Exchanges during the Stabilization Period and to submit a final report to SEBI.

(vii) To maintain a register of its activities and retain the register for three years. Net gains on account of market purchases in the GSO Bank Account shall be transferred net of all expenses and net of taxes, if any, ratably to the Investor Protection Funds of the Stock Exchanges.

Rights and obligations of ABNL

ABNL shall have the following rights and obligations:

(i) To execute and deliver all necessary documents and give all necessary instructions to procure that all rights, title and interest in the Equity Shares lent pass to the Stabilizing Agent in the GSO Demat Account free from all liens, charges and encumbrances.

(ii) On receipt of notice from the Stabilizing Agent, to transfer the loaned Equity Shares into the GSO Demat Account.

(iii) Not to recall or create any lien or encumbrance on the loaned Equity Shares until the transfer of Equity Shares to the GSO Demat Account under the terms of the Stabilization Agreement.

Fees and Expenses

(i) The Company shall pay to ABNL a fee of Re.1 plus any applicable taxes with respect to lending the Equity Shares and facilitating the Stabilization Process.

(ii) The Company will pay the Stabilizing Agent a fee of Re.1 plus any applicable service tax for providing the stabilizing services.

(iii) The Stabilizing Agent shall deduct from the GSO Bank Account the following expenses:

- Demat and transfer costs; and
- Brokerage / underwriting fees and selling commissions, including any service tax and securities transaction tax.

However, these expenses will be subject to the availability of any proceeds in the GSO Bank Account and as stipulated in the SEBI DIP Guidelines in this regard.

Procedure for Exercise of Green Shoe Option

The primary objective of the Green Shoe Option is the stabilization of the market price of Equity Shares after listing. After the listing of the Equity Shares, if the market price of the Equity Shares falls below the Issue Price, the Stabilizing Agent, at its sole discretion, may purchase Equity Shares from the market with the objective of stabilizing the market price of the Equity Shares. The Stabilizing Agent, at its sole discretion, shall decide the quantity of Equity Shares to be purchased, the purchase price and the timing of any such purchases. The Stabilizing Agent, at its sole discretion, may spread orders over a period of time or may not purchase any Equity Shares under certain circumstances where it believes purchases of Equity Shares may not result in the stabilization of the market price of the Equity Shares.

Further, the Stabilizing Agent does not give any assurance that it will be able to maintain the market price at or above the Issue Price through stabilization activities.

The funds in the GSO Bank Account will be utilized by the Stabilizing Agent to purchase the Equity Shares from the market and such Equity Shares will be credited to the GSO Demat Account. The operation of the GSO Demat Account and GSO Bank Account are described in the paragraphs above.

Example of how the Green Shoe Option works (investors should note that the following description is solely for the purpose of illustration and is not specific to this Issue)*:*

As an example, assume a public issue of 100,000 equity shares at a price of Rs. 100 each where a green shoe option of 10% of the issue size is given:

Issue size - 100,000 equity shares aggregating Rs. 10,000,000

Green shoe - 10,000 equity shares aggregating Rs. 1,000,000

In this case, 10,000 equity shares corresponding to the green shoe option would be borrowed from a green shoe lender. The green shoe lender could be the promoter of a company or any shareholder who can lend such number of equity shares.

After the issue has closed and assuming bids have been received for 110,000 equity shares, the issuer company, in consultation with the book running lead managers, will allot a total of 110,000 equity shares aggregating Rs. 11,000,000 to successful applicants.

After the listing of the equity shares on the (selected) stock exchange(s) two situations may arise:

Market price of Equity Shares falls below the issue price of Rs. 100 during the stabilization period:

The stabilizing agent, at its sole discretion, shall determine the timing and quantity of any purchases of shares, and the price at which such shares are purchased in the market to stabilize the price. The stabilizing agent can purchase equity shares up to the total number of equity shares borrowed from the green shoe lender, which is the size of the green shoe option (i.e. 10,000 equity shares), as the stabilizing agent deems fit.

Assume the green shoe period were 30 days, during which time the stabilizing agent purchased 2,500 equity shares. After the stabilization period has ended the stabilizing agent will return the shares purchased in the market to the green shoe lender (2,500 equity shares) and the company will issue fresh shares to the green shoe account to cover the balance equity shares which have to be returned to the green shoe lender (10,000 – 2,500, or 7,500 shares). Therefore, the 10,000 equity shares which were borrowed from the green shoe lender will be duly returned to the green shoe lender.

In this case the total equity shares issued by the company will be 107,500 equity shares and the issue size will be Rs. 10,750,000.

Market price of equity shares rises above the issue price during the stabilization period:

In such a case the stabilizing agent will not need to stabilize the price and will not purchase any equity shares in the market. At the end of the stabilization period, the company will issue 10,000 fresh equity shares to the green shoe account which will be returned to the green shoe lender.

In this case the total equity shares issued by the company will be 110,000 equity shares and the issue size will be Rs. 11,000,000.

GENERAL INFORMATION

Registered Office of the Company:

Idea Cellular Limited
Suman Tower
Plot No. 18, Sector-11
Gandhinagar – 382 011, India
Registration Number: 04-30976 of 1996
Phone: +91 79 6671 4000
Fax: +91 79 2323 2251
Website: www.ideacellular.com

Corporate Office of the Company

Idea Cellular Limited
11/1, Sharada Center
Off Karve Road
Erandwane, Pune 411 004
India
Phone: +91 98500 03222
Fax: +91 98500 03999
Website: www.ideacellular.com

We are registered at the Registrar of Companies, Gujarat, Dadra and Nagar Haveli located at ROC Bhavan, CGO Complex, Opposite Rupal Park, Near Ankur Cross Road, Naranpura, Ahmedabad-380013, India.

We were incorporated as Birla Communications Limited on March 14, 1995 under the Companies Act, 1956 and granted a certificate of commencement of business dated August 11, 1995. Our name was subsequently changed to Birla AT&T Communications Limited pursuant to a fresh certificate of incorporation dated May 30, 1996. Our name was subsequently changed to Birla Tata AT&T Limited pursuant to a fresh certificate of incorporation dated November 6, 2001. Our name was further changed to Idea Cellular Limited pursuant to a fresh certificate of incorporation dated May 1, 2002. For details regarding change in registered office please refer to "Our History and Corporate Structure" on page 137.

Board of Directors

Our Board comprises of:

Name, Designation, Father's Name, Residential Address, Occupation, Date of Birth and Term	Age (years)
Dr. Kumar Mangalam Birla Designation: Chairman Father's name: Mr. Aditya Vikram Birla Residential Address: Mangal Adityayan 20, Carmichael Road Mumbai - 400 026 Occupation: Industrialist Date of Birth: June 14, 1967 Liable to retire by rotation	39

Name, Designation, Father's Name, Residential Address, Occupation, Date of Birth and Term	Age (years)
Mrs. Rajashree Birla Designation: Director Husband's name: Mr. Aditya Vikram Birla Residential Address: Mangal Adityayan 20, Carmichael Road Mumbai - 400 026 Occupation: Industrialist Date of Birth: September 15, 1945 Liable to retire by rotation	61
Mr. Debu Bhattacharya Designation: Director Father's name: Mr. Shankari Pada Bhattacharya Residential Address: 14-A, Woodlands, Peddar Road, Mumbai – 400 026 Occupation: Service Date of Birth: September 13, 1948 Liable to retire by rotation	58
Mr. M.R. Prasanna Designation: Director Father's name: Mr. Mysore Srinivasa Rangacharya Residential Address: 901, Citadel, 9th Floor, 18-B.L.D. Ruparel Marg, Malabar Hill, Mumbai – 400 006 Occupation: Service Date of Birth: September 15, 1947 Liable to retire by rotation	**59**

Name, Designation, Father's Name, Residential Address, Occupation, Date of Birth and Term	Age (years)
Mr. Sanjeev Aga Designation: Managing Director Father's name: Dr. Hari Mohan Aga Residential Address: 703, Raheja Grande, Turner Road, Bandra (West) Mumbai – 400 050 Occupation: Service Date of Birth: February 1, 1952 Liable to retire on October 30, 2011	54
Mr. Saurabh Misra Designation: Director Father's name: Mr. Satish Chandra Misra Residential Address: Sorrento, Flat No. 2, Mount Pleasant Road, Mumbai – 400 006 Occupation: Service Date of Birth: November 16, 1947 Liable to retire by rotation	59
Mr. Arun Thiagarajan Designation: Independent Director Father's name: Mr. K.T. Pillai Residential Address: Grace Home, 37 Kanakapura Road, Basavangudi, Bangalore – 560 004 Occupation: Professional Date of Birth: September 7, 1944 Liable to retire by rotation	**62**

Name, Designation, Father's Name, Residential Address, Occupation, Date of Birth and Term	Age (years)
Ms. Tarjani Vakil Designation: Independent Director Father's name: Mr. Manmukhram Vakil Residential Address: A-1, Ishwardas Mansions Nana Chowk, Mumbai – 400 007 Occupation: Consultant Date of Birth: October 30, 1936 Liable to retire by rotation	70
Mr. Mohan Gyani Designation: Independent Director Father's name: Mr. Harbans S. Gyani Residential Address: 2137 Cascara Ct., Pleasanton, California, USA 94588 Occupation: Service Date of Birth: June 15, 1951 Liable to retire by rotation	55
Mr. Biswajit Anna Subramanian Designation: Additional Director Father's name: Mr. Anna Ramachary Subramanian Residential Address: 31 Lancaster Gate, London W2 3LP, U.K. Occupation: Professional Date of Birth: September 19, 1965 Liable to retire by rotation	**41**

Name, Designation, Father's Name, Residential Address, Occupation, Date of Birth and Term	Age (years)
Mr. Gian Prakash Gupta Designation: Independent Director Father's name: Shri Dharam Prakash Gupta Residential Address: 101, Kaveri, B Wing, Neelkanth Valley, 7th Road, Rajawadi, Ghatkopar (E), Mumbai – 400 077 Occupation: Professional Date of Birth: January 11, 1941 Liable to retire by rotation	**66**

The following table outlines the status of our Directors:

Name of the Director	Designation	Status
Dr. Kumar Mangalam Birla	Chairman	Non-Executive and Non-Independent
Mrs. Rajashree Birla	Director	Non-Executive and Non-Independent
Mr. Debu Bhattacharya	Director	Non-Executive and Non-Independent
Mr. M.R. Prasanna	Director	Non-Executive and Non-Independent
Mr. Sanjeev Aga	Managing Director	Executive and Non-Independent
Mr. Saurabh Misra	Director	Non-Executive and Non-Independent
Mr. Arun Thiagarajan	Director	Independent and Non-Executive
Ms. Tarjani Vakil	Director	Independent and Non-Executive
Mr. Mohan Gyani	Director	Independent and Non-Executive
Mr. Biswajit Anna Subramanian	Additional Director	Non-Executive and Non-Independent
Mr. G P Gupta	Director	Independent and Non-Executive

All Directors on our Board are non-executive Directors except Mr. Sanjeev Aga who has been appointed as our Managing Director with effect from November 1, 2006.

For further details regarding the Board see "Management" on page 148 of this Prospectus.

Company Secretary and Compliance Officer

Mr. A. J. S. Jhala
Chief Financial Officer and Company Secretary
Idea Cellular Limited
11/1 Sharada Center, Off Karve Road
Erandawane, Pune 411 004, India
Tel: +91 98500 03222
Fax: +91 98500 03999
Email: shs@ideacellular.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary account or credit of refund amounts or refund orders etc.

Issue Management Team

Book Running Lead Managers

JM MORGAN STANLEY PRIVATE LIMITED
141, Maker Chambers III
Nariman Point
Mumbai 400 021, India
Tel.: +91 22 6630 3030
Fax.: +91 22 2204 7185
Email: ideaipo@jmmorganstanley.com
Website: www.jmmorganstanley.com
Contact person: Mayank Jain

DSP MERRILL LYNCH LIMITED
Mafatlal Center
10th Floor, Nariman Point
Mumbai 400 021, India
Tel: +91 22 2262 1071
Fax: +91 22 2262 1187
Email: idea_ipo@ml.com
Website: www.dspml.com
Contact person: N S Shekhar

Senior Co-Book Running Lead Managers

CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED
Bakhtawar, 12th Floor
Nariman Point
Mumbai 400 021, India
Tel: + 91 22 5631 9999
Fax: +91 22 5631 9803
Email: idea.ipo@citigroup.com
Website: www.citibank.co.in
Contact person: Pankaj Jain

UBS SECURITIES INDIA PRIVATE LIMITED
2/F, Hoechst House
Nariman Point
Mumbai 400 021, India
Tel: + 91 22 2286 2000
Fax: +91 22 2281 4676
Email: idea@ubs.com
Website: www.ibb.ubs.com/Corporates/indianipo/
Contact person: Avi Mehta

Co-Manager

MACQUARIE INDIA ADVISORY SERVICES PRIVATE LIMITED
Mafatlal Centre, 3rd Floor
Nariman Point
Mumbai 400 021, India
Tel: +91 22 6653 3100
Fax: +91 22 6653 3198
Email: mudit.gera@macquarie.com
Website: www.macquarie.com.in
Contact person: Mudit Gera

Syndicate Members

JM Morgan Stanley Financial Services Private Limited
Apeejay House
3 Dinshaw Waccha Road
Churchgate, Mumbai 400 020, India
Tel: +91 22 6704 3184/ 3185
Fax: +91 22 6654 1511
Email: ideaipo@jmmorganstanley.com
Website: www.jmmorganstanley.com
Contact person: Deepak Vaidya/T N Kumar

Registrar to the Issue

Bigshare Services Private Limited
E/2 Ansa Industrial Estate,
Sakivihar Road,
Saki Naka,
Andheri (East),
Mumbai 400 072
Tel: + 91 22 2847 0652
Fax: +91 22 2847 5207
Email: ideaipo@bigshareonline.com
Website: www.bigshareonline.com
Contact person: Prakash Khare

Legal Advisors

Domestic Legal Counsel to the Company
Amarchand and Mangaldas and Suresh A. Shroff and Co.
Peninsula Chambers, Peninsula Corporate Park
Ganpat Rao Kadam Marg, Lower Parel
Mumbai 400 013, India
Tel: +91 22 2496 4455
Fax: +91 22 2496 3666
Email: projectlakshya@amarchand.com

International Legal Counsel to the Company
Freshfields Bruckhaus Deringer
65 Fleet Street
London EC4Y 1HS
United Kingdom
Tel: +44 20 7936 4000
Fax:+44 20 7832 7001
Email: freshfieldslakshyateam@freshfields.com

Domestic Legal Counsel to the Underwriters
Khaitan and Co.
Meher Chambers
R. K. Marg, Ballard Estate
Mumbai 400 038, India
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050
Email: bom@khaitanco.com

International Legal Counsel to the Underwriters
Milbank, Tweed, Hadley & McCloy LLP
10 Gresham Street
London EC2V 7JD
United Kingdom
Tel: +44 20 7615 3000
Fax: +44 20 7615 3100
Email: ideacell@milbank.com

Bankers to the Issue and Escrow Collection Banks

HDFC Bank
26-A, Narayan Properties, Chandivali Farm Road,
Saki Naka, Andheri (E), Mumbai- 400 072
Tel: +91 22 2856 9202
Fax: +91 22 2856 9256
Email: viral.kothari@hdfcbank.com

UTI Bank Limited
E Block, 3rd Floor, Maker Towers,
Cuffe Parade, Mumbai- 400 005
Tel: +91 22 5507 1657
Fax: +91 22 2215 5157
Email: prashant.fernandes@utibank.co.in

Standard Chartered Bank
90, M.G Road, Fort, Mumbai- 400 001
Tel: +91 22 2209 2213
Fax: +91 22 2267 0232
Email: rajesh.malwade@in.standardchartered.com

The Hongkong and Shanghai Banking Corporation Limited
52/60, M.G. Road, Fort, Mumbai-400 001
Tel: +91 22 2268 1673
Fax: +91 22 2273 4388
Email: dhiraj.bajaj@hsbc.co.in

Deutsche Bank AG, India
222, Kodak House, Dr. D.N. Road, Fort,
Mumbai- 400 001
Tel: +91 22 6658 4045
Fax: +91 22 2207 6553
Email: shyamal.malhotra@db.com

Citi Bank N.A
Citigroup Center, G Block, Plot C-61,
Bandra Kurla Complex, Bandra (E), Mumbai 400 051
Tel: +91 22 4001 5646
Fax: +91 22 4006 5852
Email: divyesh.dalal@citigroup.com

Statutory Auditors

Deloitte Haskins and Sells
Chartered Accountants
706, B Wing
ICC Trade Tower
Senapati Bapat Road,
Pune- 411 016
Tel: +91 20 6624 4600
Fax: +91 20 6624 4605
Email: hmjoshi@deloitte.com

RSM & Co.
Chartered Accountants
Ambit RSM House
449, Senapati Bapat Marg
Lower Parel
Mumbai – 400 013, India
Tel: +91 22 3982 1819
Fax: +91 22 3982 3020
Email: vilasrane@rsmin.com

Bankers to the Company

HDFC Bank
26-A, Narayan Properties, Chandivali Farm Road,
Saki Naka, Andheri (E), Mumbai- 400 072
Tel: +91 22 2856 9202
Fax: +91 22 2856 9256
Email: viral.kothari@hdfcbank.com

UTI Bank Limited
Sterling Plaza, 1262/B,
J.M. Road, Deccan Gymkhana, Pune – 411 004
Tel: +91 20 6601 2695
Fax: +91 20 2552 0530
Email: sanjay.prabhu@utibank.co.in

Standard Chartered Bank
90, M.G Road, Fort, Mumbai- 400 001
Tel: +91 22 2209 2213
Fax: +91 22 2267 0232
Email: rajesh.malwade@in.standardchartered.com

IDBI Limited
IDBI House, Dnyaneshwar Paduka Chowk,
F.C. Road, Shivajinagar, Pune- 04
Tel: +91 20 2567 8383/8585
Fax: +91 20 2567 2193
Email: anita_singh@idbibank.com

Deutsche Bank AG, India
222, Kodak House, Dr. D.N. Road,
Fort, Mumbai- 400 001
Tel: +91 22 6658 4045
Fax: +91 22 2207 6553
Email: shyamal.malhotra@db.com

Statement of Inter se Allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and coordination for various activities among the BRLMs and SCBRLMs:

No.	Activities	Responsibility	Co-ordinator
1	Capital Structuring with relative components and formalities such as type of instruments, etc.	JM Morgan Stanley Limited, DSP Merrill Lynch Limited, Citigroup Global Markets India Private Limited, UBS Securities India Private Limited	JM Morgan Stanley Limited
2	Due diligence of Company's operations/management/business plans/legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of all prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing.	JM Morgan Stanley Limited, DSP Merrill Lynch Limited, Citigroup Global Markets India Private Limited, UBS Securities India Private Limited	JM Morgan Stanley Limited
3	Drafting and approval of all publicity material including statutory advertisement including corporate advertisement, brochure, etc.	JM Morgan Stanley Limited, DSP Merrill Lynch Limited, Citigroup Global Markets India Private Limited, UBS Securities India Private Limited	Citigroup Global Markets India Private Limited
4	Appointment of Registrar, Bankers, Printers and Ad Agency	JM Morgan Stanley Limited, DSP Merrill Lynch Limited, Citigroup Global Markets India Private Limited, UBS Securities India Private Limited	Citigroup Global Markets India Private Limited

No.	Activities	Responsibility	Co-ordinator
5	Non-Institutional Marketing and Retail Marketing of the Issue, which will cover, inter alia, Formulating marketing strategies, preparation of publicity budget Finalize Media & PR Strategy Finalizing centers for holding conferences for brokers, etc. Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material Finalize collection centers	JM Morgan Stanley Limited, DSP Merrill Lynch Limited, Citigroup Global Markets India Private Limited, UBS Securities India Private Limited	Citigroup Global Markets India Private Limited
6	Domestic Institutional marketing of the Issue, which will cover, inter alia Finalizing the list and division of investors for one to one meetings, and Finalizing road show schedule and investor meeting schedules Road show presentation	JM Morgan Stanley Limited, DSP Merrill Lynch Limited, Citigroup Global Markets India Private Limited, UBS Securities India Private Limited	JM Morgan Stanley Limited
7	International Institutional marketing of the Issue, which will cover, inter alia Finalizing the list and division of investors for one to one meetings, and Finalizing road show schedule and investor meeting schedules Road show presentation	JM Morgan Stanley Limited, DSP Merrill Lynch Limited, Citigroup Global Markets India Private Limited, UBS Securities India Private Limited	DSP Merrill Lynch Limited
8	Finalization of pricing in consultation with company.	JM Morgan Stanley Limited, DSP Merrill Lynch Limited, Citigroup Global Markets India Private Limited, UBS Securities India Private Limited	JM Morgan Stanley Limited
9	Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc. The post Issue activities of the Issue will involve essential follow up steps, which must include finalization of listing of instruments and dispatch of refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements	JM Morgan Stanley Limited, DSP Merrill Lynch Limited, Citigroup Global Markets India Private Limited, UBS Securities India Private Limited	DSP Merrill Lynch Limited

Notwithstanding the inter se allocation described above, the BRLMs and the SCBRLMs shall be jointly and severally responsible to SEBI for all activities.

Credit Rating

As the Issue is of Equity Shares, credit rating is not required.

IPO Grading

We have not opted for grading for this Issue.

Monitoring Agency

IDBI Bank Limited

Address: IDBI Tower, WTC Complex, Cuffe Parade, Mumbai 400 005
Telephone: +91 22 6655 2081
Fax: +91 22 2215 5742
E-mail: raj.kumar@idbi.co.in
Contact Person: Rajeev Kumar

Trustees

As the Issue is of Equity Shares, the appointment of trustees is not required.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs and the SCBRLMs, reserve the right not to proceed with the Issue at anytime, including after the Bid/Issue Closing Date, without assigning any reason therefor.

Book Building Process

The Book Building Process refers to the process of the collection of Bids, on the basis of the Red Herring Prospectus, within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

(1) The Company;

(2) The Book Running Lead Managers;

(3) The Senior Co- Book Running Lead Managers;

(4) The Co-Manager;

(5) The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the BSE/NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs and SCBRLMs; and

(6) The Registrar to the Issue.

In terms of Rule 19(2)(b) of the Securities Contracts Regulation Rules, 1957, as amended from time to time ("SCRR"), with respect to the Issue being less than 25% of post Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 10% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% of the Net Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 6,666,666 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, QIBs are required to pay a 10% Margin Amount upon submission of their Bid and allocation to QIBs will be on a proportionate basis. For further details see "Terms of the Issue" on page 415 of this Prospectus.

We shall comply with applicable guidelines issued by SEBI for this Issue. In this regard, we have appointed JM Morgan Stanley Private Limited and DSP Merrill Lynch Limited as the BRLMs and Citigroup Global Markets India Private Limited, UBS Securities India Private Limited as the SCBRLMs and Macquarie India Advisory Services Private Limited as the Co-Manager to manage the Issue and to procure subscription to the Issue.

The process of Book Building under the SEBI DIP Guidelines is subject to change from time to time and investors are advised to make their own judgment about investing through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building and Price Discovery Process

Illustration of Book Building and Price Discovery Process (investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue).

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, an issue size of 3,000 equity shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs. 24 per share while another has bid for 1,500 shares at Rs. 22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as set forth below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Amount (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1000	23	1,500	50.00%
1500	22	3,000	100.00%
2000	21	5,000	166.67%
2500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off, Rs. 22 in the above example. The issuer, in consultation with the BRLMs, will finalize the issue price at or below such cut off price, at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken for bidding:

1. Check eligibility for making a Bid (see "Issue Procedure - Who Can Bid" on page 422 of this Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form.
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid-cum-Application Form (see section titled "Issue Procedure – Permanent Account Number or PAN" on page 437 of this Prospectus);
4. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Prospectus and in the Bid-cum-Application Form; and
5. The Bidder should ensure the correctness of his or her Demographic Details (as defined in the section "Issue Procedure - Bidder's Depository Account Details" on page 433 of this Prospectus) given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.

Bid/Issue Program

BID/ISSUE OPENED ON	**: MONDAY**	**FEBRUARY 12,**	**2007**
BID/ISSUE CLOSED ON	**: THURSDAY**	**FEBRUARY 15,**	**2007**

Bids and any revisions in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form except that on the Bid /Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid /Issue Closing Date. Bids will only be accepted on working days i.e. Monday to Friday (excluding any public holidays).

We reserve the right to revise the Price Band during the Bidding Period in accordance with the SEBI DIP Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Bidding Period/Issue Period will be extended for three additional days after revision of the Price Band, subject to the Bidding Period/Issue Period not exceeding 10 days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLMs, SCBRLMs and at the terminals of the Syndicate.

Underwriting Agreement

On February 16, 2007, we entered into an Underwriting Agreement with the Underwriters for our Equity Shares proposed to be issued through this Issue. Pursuant to the terms of the Underwriting Agreement, the Underwriters shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Indicative Amount Underwritten (Rs. million, except where otherwise indicated))
JM MORGAN STANLEY PRIVATE LIMITED 141, Maker Chambers III Nariman Point Mumbai 400 021, India Tel.: +91 22 6630 3030 Fax.: +91 22 2204 7185 Email: ideaipo@jmmorganstanley.com Website: www.jmmorganstanley.com	113,333,193 Equity Shares	8,499.9
DSP MERRILL LYNCH LIMITED Mafatlal Center, 10th Floor Nariman Point, Mumbai 400 021, India Tel: +91 22 2262 1071 Fax: +91 22 2262 1187 Email: idea_ipo@ml.com Website: www.dspml.com	113,333,293 Equity Shares	8,500.0
CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED Bakhtawar, 12th Floor Nariman Point, Mumbai 400 021, India Tel: + 91 22 5631 9999 Fax: +91 22 5631 9803 Email: idea.ipo@citigroup.com Website: www.citibank.co.in	42,499,985 Equity Shares	3,187.5

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Indicative Amount Underwritten (Rs. million, except where otherwise indicated))
UBS SECURITIES INDIA PRIVATE LIMITED 2/F, Hoechst House Nariman Point Mumbai 400 021, India Tel: + 91 22 2286 2005 Fax: +91 22 2281 4676 Email: idea@ubs.com Website: www.ibb.ubs.com/Corporates/indianipo/	14,166,662 Equity Shares	1,062.5
MACQUARIE INDIA ADVISORY SERVICES PRIVATE LIMITED Mafatlal Centre, 3rd Floor Nariman Point Mumbai 400 021, India Tel: +91 22 6653 3100 Fax: +91 22 6653 3198 Email: mudit.gera@macquarie.com Website: www.macquarie.com.in	100 Equity Shares	7500[#]
JM Morgan Stanley Financial Services Private Limited Apeejay House 3, Dinshaw Waccha Road Churchgate Mumbai 400 020, India Tel: +91 22 6704 3184/ 3185 Fax: +91 22 6654 1511 Email: ideaipo@jmmorganstanley.com Website: www.jmmorganstanley.com	100 Equity Shares	7500[#]

[#] *Amounts in Rs.*

The amounts mentioned above are indicative and shall be finalized after determination of the Issue Price and actual allocation of our Equity Shares. The Underwriting Agreement is dated February 16, 2007.

In the opinion of our Board (based on a certificate given to them by the BRLMs, SCBRLMs, Co-Manager, and the Syndicate Members), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under section 12(1) of the SEBI Act or registered as brokers with the stock exchanges.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to our Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter, in addition to other obligations to be set forth in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount except in case where the allocation to QIB is less than 60% of the Net Issue, in which case the entire subscription monies will be refunded.

CAPITAL STRUCTURE

The share capital of the Company as of the date of this Prospectus is set forth below:

(Rs. in million)

		Aggregate Value at nominal value	Aggregate Value at Issue Price
A)	**AUTHORIZED SHARE CAPITAL**		
3,775,000,000	Equity Shares of Rs. 10 each	37,750.00	
500	Redeemable cumulative non-convertible preference shares of Rs. 10 million each[1]	5,000.00	
B)	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**		
2,309,527,206	Fully paid up Equity Shares of Rs. 10 each	23,095.27	
483	Redeemable cumulative non-convertible preference shares of Rs. 10 million each[1]	4,830.00	
C)	**ISSUE**		
283,333,333	Equity Shares of Rs. 10 each	2,833.33	21,250.00
Out of the above:			
EMPLOYEE RESERVATION PORTION			
6,666,666	Equity Shares of Rs. 10 each	66.67	500.00
NET ISSUE			
276,666,667	Equity Shares of Rs. 10 each	2,766.67	20,750.00
D)	**GREEN SHOE OPTION**		
42,500,000	Equity Shares of Rs. 10 each	425.00	3,187.50
E)	**EQUITY CAPITAL AFTER THE ISSUE**		
2,592,860,539	Equity Shares of Rs. 10 each (assuming Green Shoe Option is not exercised)	25,928.61	
2,635,360,539	Equity Shares of Rs. 10 each (assuming Green Shoe Option is fully exercised)	26,353.61	
F)	**SHARE PREMIUM ACCOUNT**		
Before the Issue		3,250.00	
After the Issue		-	21,666.67
After the Issue (assuming Green Shoe Option is fully exercised)		-	24,429.17

Notes:

1. For terms and conditions relating to our Preference Shares see "Description of Certain Indebtedness" on page 311 of this Prospectus. The amount outstanding in respect of these preference shares as of date is Rs. 7,567 million. This amount is inclusive of face value of each of the preference shares and redemption premium.

The Board of Directors at its meetings held on June 20, 2006 and on October 19, 2006 approved the Issue and authorized the convening of a general meeting of our shareholders to approve the Issue. By a special resolution passed by our members in an extraordinary general meeting held on November 15, 2006, our shareholders have approved the Issue.

We have received the approval of the FIPB, Ministry of Finance, Government of India dated January 10, 2007 permitting up to 74% FDI in the paid up capital of our Company. Pursuant to Press Note 1 of 2007, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce, the Government has notified a further extension of the time period for the telecom service provider companies to comply with the conditions set out in Press Note 5 of 2005, by three months i.e. from January 3, 2007 to April 2, 2007.

Notes to the Capital Structure

1. Equity Share Capital History:

Date of allotment of our Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for allotment	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
18-03-1995	70	10	10	Cash	Subscribers to Memorandum	700	Nil
07-05-1996	500,000	10	10	Cash	Allotment to promoters	5,000,700	Nil
20-05-1997	498,800,000	10	10	Cash	Allotment to promoters	4,993,000,700	Nil
25-06-1997	35,000,000	10	10	Cash	Allotment to promoters	5,343,000,700	Nil
04-06-1998	83,280,000	10	10	Cash	Allotment to promoters	6,175,800,700	Nil
05-10-1998	85,000,000	10	10	Cash	Allotment to promoters	7,025,800,700	Nil
24-12-1998	27,000,000	10	10	Cash	Allotment to promoters	7,295,800,700	Nil
24-03-1999	150,000,000	10	10	Cash	Allotment to promoters	8,795,800,700	Nil
30-06-1999	14,872,000	10	10	Cash	Allotment to promoters	8,944,520,700	Nil
04-12-2001	336,000,000	10	10	Cash	Allotment to promoters	12,304,520,700	Nil
04-12-2001	578,778,695	10	10	Shares[1]	Pursuant to a scheme of amalgamation	18,092,307,650	Nil
04-12-2001	38,456,441	10	10	Shares[1]	Pursuant to a scheme of amalgamation	18,476,872,060	Nil
20-06-2002	291,840,000	10	10	Cash	Allotment to promoters	21,395,272,060	Nil
18-11-2003	120,000,000	10	10	Cash	Allotment to promoters	22,595,272,060	Nil
24-01-2007	50,000,000	10	75	Cash	Allotment under Pre-IPO	23,095,272,060	3,250,000,000
Total	**2,309,527,206**					**23,095,272,060**	**3,250,000,000**

1. Relates to the merger of Tata Cellular Limited, a mobile operator in Andhra Pradesh, with Idea Cellular Limited.

2. Preference Share Capital History

Date of allotment of the Preference Shares	No. of Preference Shares	Face Value *(Rs. in million)*	Issue Price *(Rs. in million)*	Nature of Payment	Cumulative Issued Capital *(Rs. in million)*
21-03-2002	169	10	10	Cash	1,690
15-05-2002	70	10	10	Cash	2,390
29-05-2002	27	10	10	Cash	2,660
31-05-2002	25	10	10	Cash	2,910
19-10-2002	96	10	10	Cash	3,870
21-04-2003	80	10	10	Cash	4,670
03-07-2003	16	10	10	Cash	4,830

The build-up of share holding of the Promoters in the Company is as set out below:

Promoters/ Promoter Group	Nature of issue (bonus, consideration other than cash)	Date of allotment/ acquisition	No. of Equity Shares	Consid-eration (per Equity Shares)	Pre Issue share-holding Percen-tage	Post Issue share-holding Percen-tage (without Green Shoe)	Post Issue share holding Percen-tage (with Green Shoe)	Lock-in period (without Green Shoe)	Lock-in period (with Green Shoe)
ABNL	Allotment to promoters	07-05-1996	44,625	10				3 years	3 years
	Allotment to promoters	20-05-1997	49,534,367	10				3 years	3 years
	Allotment to promoters	25-06-1997	3,475,395	10				3 years	3 years
	Allotment to promoters	04-06-1998	8,269,454	10				3 years	3 years
	Allotment to promoters	05-10-1998	8,440,245	10				3 years	3 years
	Allotment to promoters	24-12-1998	2,681,019	10				3 years	3 years
	Allotment to promoters	24-03-1999	14,894,550	10	36.26%	32.30%	31.78%	3 years	3 years
	Allotment to promoters	30-06-1999	1,476,745	10				3 years	3 years
	Allotment to promoters	18-11-2003	8,000,000	10				3 years	3 years
	Acquisition	28-09-2005	371,780,740	17.77				3 years	3 years
	Acquisition	20-06-2006	169,464,541	40.50				1 years	1 years
	Acquisition	28-08-2006	169,464,540	40.50				1 years	1 years
	Allotment	24-01-2007	30,000,000	75				3 years	3 years
Total Equity Shares held			**837,526,221**						
Birla TMT	Allotment to promoters	04-12-2001	168,000,000	10	12.28%	10.94%	10.76%	#	##
	Allotment to promoters	20-06-2002	97,280,000	10					

Promoters/ Promoter Group	Nature of issue (bonus, consideration other than cash)	Date of allotment/ acquisition	No. of Equity Shares	Consid-eration (per Equity Shares)	Pre Issue share-holding Percen-tage	Post Issue share-holding Percen-tage (without Green Shoe)	Post Issue share holding Percen-tage (with Green Shoe)	Lock-in period (without Green Shoe)	Lock-in period (with Green Shoe)
	Acquisition	14-01-2004	10	10					
	Acquisition	14-01-2004	10	10					
	Acquisition	14-01-2004	10	10					
	Acquisition	14-01-2004	10	10					
	Acquisition	20-06-2006	546,593,587	40.50					
	Acquisition	20-06-2006	371,780,750	40.50					
	Sale	20-06-2006	(169,464,540)	40.50					
	Sale	13-09-2006	(7)	40.50					
	Sale	26-10-2006	(537,300,000)	41.50					
	Sale	01-11-2006	(40,196,178)	41.50					
	Sale	02-11-2006	(171,413,619)	41.50					
	Allotment	24-01-2007	18,285,340	75					
Total Equity Shares held			**283,565,373**						
Hindalco	Allotment to promoters	07-05-1996	76,500	10					
	Allotment to promoters	20-05-1997	96,815,161	10					
	Allotment to promoters	25-06-1997	6,791,925	10					
	Allotment to promoters	04-06-1998	16,160,900	10					
	Allotment to promoters	05-10-1998	16,494,675	10					
	Allotment to promoters	24-12-1998	5,239,485	10					
	Allotment to promoters	24-03-1999	29,108,250	10					
	Allotment to promoters	30-06-1999	2,885,986	10					
	Allotment pursuant to merger of Indo Gulf Fertilizers with Hindalco	18-08-2003	36,767,344	Pursuant to merger of Indo Gulf Fertilizers with Hindalco	9.89%	8.81%	8.66%	1 year	1 year
	Allotment to promoters	18-11-2003	18,000,000	10					
Total Equity Shares held			**228,340,226**						

Promoters/ Promoter Group	Nature of issue (bonus, consideration other than cash)	Date of allotment/ acquisition	No. of Equity Shares	Consid-eration (per Equity Shares)	Pre Issue share-holding Percen-tage	Post Issue share-holding Percen-tage (without Green Shoe)	Post Issue share holding Percen-tage (with Green Shoe)	Lock-in period (without Green Shoe)	Lock-in period (with Green Shoe)
Grasim	Allotment to promoters	07-05-1996	76,500	10					
	Allotment to promoters	20-05-1997	87,571,621	10					
	Allotment to promoters	25-06-1997	6,143,970	10					
	Allotment to promoters	04-06-1998	14,619,138	10					
	Allotment to promoters	05-10-1998	14,921,070	10	7.40%	6.60%	6.49%	1 year	1 year
	Allotment to promoters	24-12-1998	4,739,634	10					
	Allotment to promoters	24-03-1999	26,331,300	10					
	Allotment to promoters	30-06-1999	2,610,661	10					
	Allotment to promoters	18-11-2003	14,000,000	10					
Total Equity Shares held			**171,013,894**						

 # Out of the total shareholding of Birla TMT, 19,974,968 shares would be locked in for three years as part of the Minimum Promoters Contribution, when the Green Shoe option is not exercised.

Out of the total shareholding of Birla TMT, 28,474,968 shares would be locked in for three years as part of the Minimum Promoters Contribution, when the Green Shoe option is exercised.

3. Promoters' Contribution and Lock-in

Pursuant to the SEBI DIP Guidelines, an aggregate of 20% of our post issue capital held by our Promoters shall be locked-in for a period of three years from the date of Allotment in the Issue. Accordingly, the entire 31.78% of the post-issue Equity Share capital held by ABNL and part of the 10.04% of the post-Issue Equity share capital held by Birla TMT, will be locked-in (assuming the Green Shoe Option is exercised in full). The details of the Equity Shares avaliable for such lock-in are given below:

Promoters/ Promoter Group	Nature of issue (bonus, consideration other than cash)	Date of allotment/ acquisition	No. of Equity Shares	Consid-eration (per Equity Shares)	Pre Issue share-holding Percen-tage	Post Issue share-holding Percen-tage (without Green Shoe)	Post Issue share holding Percen-tage (with Green Shoe)	Lock-in period (without Green Shoe)	Lock-in period (with Green Shoe)
ABNL	Allotment to promoters	07-05-1996	44,625	10	36.26	32.30%	31.78%	3 years	3 years
	Allotment to promoters	20-05-1997	49,534,367	10					
	Allotment to promoters	25-06-1997	3,475,395	10					
	Allotment to promoters	04-06-1998	8,269,454	10					
	Allotment to promoters	05-10-1998	8,440,245	10					

Promoters/ Promoter Group	Nature of issue (bonus, consideration other than cash)	Date of allotment/ acquisition	No. of Equity Shares	Consid-eration (per Equity Shares)	Pre Issue share-holding Percen-tage	Post Issue share-holding Percen-tage (without Green Shoe)	Post Issue share holding Percen-tage (with Green Shoe)	Lock-in period (without Green Shoe)	Lock-in period (with Green Shoe)
	Allotment to promoters	24-12-1998	2,681,019	10					
	Allotment to promoters	24-03-1999	14,894,550	10					
	Allotment to promoters	30-06-1999	1,476,745	10					
	Allotment to promoters	18-11-2003	8,000,000	10					
	Acquisition	28-09-2005	371,780,740	17.77					
	Allotment	24-01-2007	30,000,000	75					
Total Equity Shares held			**498,597,140**						
Birla TMT	Allotment to promoters	04-12-2001	168,000,000	10					
	Allotment to promoters	20-06-2002	97,280,000	10					
	Acquisition	14-01-2004	10	10	12.28%	10.94%	10.76%	#	##
	Acquisition	14-01-2004	10	10					
	Acquisition	14-01-2004	10	10					
	Acquisition	14-01-2004	10	10					
	Allotment	24-01-2007	18,285,340	75					
Total Equity Shares held									

 # Out of the total shareholding of Birla TMT, 19,974,968 shares would be locked in for three years as part of the Minimum Promoters Contribution, when the Green Shoe option is not exercised.

Out of the total shareholding of Birla TMT, 28,474,968 shares would be locked in for three years as part of the Minimum Promoters Contribution, when the Green Shoe option is exercised.

In addition to the Equity Shares held by ABNL and Birla TMT, to be locked in for a period of three years as set out above, our entire pre-Issue Equity Share capital will be locked in for the period of one year from the date of allotment of Equity Shares in this Issue. Provided that where the Equity Shares held by the Promoters are lent to the Stabilizing Agent in accordance with clause 8.7 of the SEBI DIP Guidelines, they shall be exempt from the lock-in requirements specified above for the period starting from the date of such lending and ending on the date on which they are returned to the same lender(s) under clause 8A.13 or clause 8A.15, as the case may be.

Equity Shares held by the Promoters which are locked-in in accordance with the relevant provisions, may be transferred to companies within the Promoter's group or to persons in control of the Company, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Equity Shares held by persons other than the Promoters, prior to the Issue and which are locked in for one year from the date of Allotment in the Issue, may be transferred to any other person holding such Equity Shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Locked-in Equity Shares held by our Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of our Equity Shares is one of the terms of the

loan. Under our long-term financing arrangements, our Promoters have agreed to pledge 51% of our Equity Shares held by them in the Company in favor of our lenders on the occurrence of a payment event of default under the Financing Documents. We will not obtain any loans from banks and financial institutions which require a pledge of the locked-in shares without informing such banks and financial institutions of the locked-in status of such shares. For further details see "Description of Certain Indebtedness" on page 311 of this Prospectus.

The Company has dispatched a letter dated January 12, 2007, to the existing shareholders intimating them of the lock-in which shall be imposed after the Allotment of Equity Shares. On finalization of the basis of allotment of the Equity Shares, the Company shall mail labels indicating the lock-in period to all shareholders (who hold shares in physical form) whose Equity Shares are to be locked in for one year. The lock-in for Equity Shares held in dematerialized form shall be created in accordance with the bye-laws of the depositories. The Company will also inform Stock Exchanges about the details of Equity Shares locked in for one and three years.

4. Our shareholding pattern

The table below presents our shareholding as on February 19, 2007:

Cate-gory code	Category of shareholder	Number of share-holders	Pre Issue shareholding		Post Issue shareholding (without Green Shoe)		Post Issue shareholding (with Green Shoe)	
			Total number of shares	%	Total number of shares	%	Total number of shares	%
(A)	**Shareholding of Promoter and Promoter Group**							
1	**Indian**							
(a)	Individuals/ Hindu Undivided Family	-	-	0.0%	-	0.0%	-	0.0%
(b)	Central Government/ State Government(s)	-	-	0.0%	-	0.0%	-	0.0%
(c)	Bodies Corporate	4	1,520,445,714	65.8%	1,520,445,714	58.6%	1,520,445,714	57.7%
(d)	Financial Institutions/ Banks	-	-	0.0%	-	0.0%	-	0.0%
(e)	Any Other (Specify)	-	-	0.0%	-	0.0%	-	0.0%
	Sub-Total (A)(1)	**4**	**1,520,445,714**	**65.8%**	**1,520,445,714**	**58.6%**	**1,520,445,714**	**57.7%**
2	**Foreign**							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	0.0%	-	0.0%	-	0.0%
(b)	Bodies Corporate	-	-	0.0%	-	0.0%	-	0.0%
(c)	Institutions	-	-	0.0%	-	0.0%	-	0.0%
(d)	Any Other (specify)	-	-	0.0%	-	0.0%	-	0.0%
	Sub-Total (A)(2)	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**4**	**1,520,445,714**	**65.8%**	**1,520,445,714**	**58.6%**	**1,520,445,714**	**57.7%**

Cate-gory code	Category of shareholder	Number of share-holders	Pre Issue shareholding		Post Issue shareholding (without Green Shoe)		Post Issue shareholding (with Green Shoe)	
			Total number of shares	%	Total number of shares	%	Total number of shares	%
(B)	**Public shareholding**							
1	**Institutions**							
(a)	Mutual Funds/ UTI	-	-	0.0%	-	0.0%	-	0.0%
(b)	Financial Institutions/ Banks	-	-	0.0%	-	0.0%	-	0.0%
(c)	Central Government/ State Government(s)	0	-	0.0%	-	0.0%	-	0.0%
(d)	Venture Capital Funds	0	-	0.0%	-	0.0%	-	0.0%
(e)	Insurance Companies	0	-	0.0%	-	0.0%	-	0.0%
(f)	Foreign Institutional Investors	2	148,358,928	6.4%	148,358,928	5.7%	148,358,928	5.6%
(g)	Foreign Venture Capital Investors	5	467,956,441	20.3%	467,956,441	18.0%	467,956,441	17.8%
(h)	Any Other (specify)	0	-	0.0%	-	0.0%	-	0.0%
	Sub-Total (B)(1)	**7**	**616,315,369**	**26.7%**	**616,315,369**	**23.8%**	**616,315,369**	**23.4%**
2	**Non-institutions**							
(a)	Bodies Corporate	2	375,000	0.0%	375,000	0.0%	375,000	0.0%
(b)	Individuals -							
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	194	1,081,438	0.0%	1,081,438	0.0%	1,081,438	0.0%
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	104	8,258,816	0.4%	8,258,816	0.3%	8,258,816	0.3%
(c)	Foreign Body Corporates	6	163,050,869	7.1%	163,050,869	6.3%	163,050,869	6.2%
	Sub-Total (B)(2)	**306**	**172,766,123**	**7.5%**	**172,766,123**	**6.7%**	**172,766,123**	**6.6%**
3.	**Shares to be issued to Public under IPO**		**-**	**-**	**283,333,333**	**10.9%**	**325,833,333**	**12.4%**
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	**313**	**789,081,492**	**34.2%**	**1,072,414,825**	**41.4%**	**1,114,914,825**	**42.3%**
	TOTAL (A)+(B)	**317**	**2,309,527,206**	**100.0%**	**2,592,860,539**	**100.0%**	**2,635,360,539**	**100.0%**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	0	0	0.0%	0	0.0%	0	0.0%
	GRAND TOTAL (A)+(B)+(C)	**317**	**2,309,527,206**	**100.0%**	**2,592,860,539**	**100.0%**	**2,635,360,539**	**100.0%**

No director of the Promoters has purchased or sold Equity Shares during the six months immediately preceding the date of filing of this Prospectus except as follows:

Name of the Shareholder	No. of shares	Relationship	Price (Rs.)	Date of Purchase
Mr. G.K. Tulsian	1	Director of Birla TMT	40.50	September 13, 2006
Mr. G.K. Tulsian	50,000	Director of Birla TMT	62.00	December 2, 2006
Mr. Sushil Agarwal	1	Director of Birla TMT	40.50	September 13, 2006
Mr. Sushil Agarwal	50,000	Director of Birla TMT	62.00	December 2, 2006
Dr. Kumar Mangalam Birla	100,000	Director of Grasim/ ABNL/Hindalco	62.00	December 8, 2006
Mr. Shailendra K. Jain	30,000	Director of Grasim	62.00	December 6, 2006
Mr. D. D. Rathi	36,000	Director of Grasim	62.00	December 2, 2006
Mr. D. D. Rathi	25,000	Director of Grasim	62.00	December 6, 2006
Mr. B.L. Shah	89,000	Director of ABNL	62.00	December 6, 2006
Mr. Vikram Rao	15,000	Director of ABNL	62.00	December 6, 2006
Dr. Bharat Kumar Singh	25,000	Director of ABNL	62.00	December 6, 2006
Mr. Rakesh Jain	5,000	Director of ABNL	62.00	December 6, 2006
Mr. K.K. Maheshwari	80,000	Director of ABNL	62.00	December 6, 2006
Mr. Adesh Gupta	1	Director of ABNL	40.50	September 13, 2006
Mr. Adesh Gupta	50,000	Director of ABNL	62.00	December 2, 2006
Mr. A.K. Agarwala	10,000	Director of Hindalco	62.00	December 6, 2006
Dr. Kumar Mangalam Birla	133,333	Director of Grasim/ ABNL/Hindalco	75.00	January 24, 2007

4A. Purchases of Equity Shares by Promoter/companies in the Promoter's group during the six months immediately preceding the date of filing of this Prospectus:

Name of Promoter	Date of purchase	Price at which shares purchased (in Rs.)	Number of Equity Shares
ABNL	28-08-2006	40.50	169,464,540
ABNL [(1)]	24-01-2007	75.00	30,000,000
Birla TMT [(1)]	24-01-2007	75.00	18,285,340

Note :

[(1)] Issued pursuant to Pre-IPO placements

4B. Sales of shares by Promoters/companies in the Promoter's group during the six months immediately preceding the date of filing of this Prospectus:

Name of Promoter	Date of sale	Price at which shares sold (in Rs.)	Number of Equity Shares
Birla TMT	13-09-2006	40.50	7
Birla TMT	26-10-2006	41.50	537,300,000
Birla TMT	01-11-2006	41.50	40,196,178
Birla TMT	02-11-2006	41.50	171,413,619

5. The list of our top ten shareholders and the number of Equity Shares held by them is provided below:

(a) Our top ten shareholders as at the date of filing and ten days prior to filing of this Prospectus are as follows:

(i) As at date of filing (as on February 19, 2007):

Shareholder	No. of Equity Shares Held	Percentage
ABNL	837,526,221	32.3
P5 Asia Investments (Mauritius) Limited	330,000,000	12.7
Birla TMT	283,565,373	10.9
Hindalco	228,340,226	8.8
Grasim	171,013,894	6.6
Citigroup Global Markets Mauritius Private Limited	136,300,000	5.3
Wagner Limited	101,500,000	3.9
Monet Limited	89,500,000	3.5
Nomad Structure Limited	21,706,810	0.8
Sequoia Capital Mauritius	18,750,000	0.7

(ii) As at date 10 days prior to date of filing (as on February 9, 2007):

Shareholder	No. of Equity Shares Held	Percentage
ABNL	837,526,221	36.26
P5 Asia Investments (Mauritius) Limited	330,000,000	14.29
Birla TMT	283,565,373	12.28
Hindalco	228,340,226	9.89
Grasim	171,013,894	7.40
Citigroup Global Markets Mauritius Private Limited	136,300,000	5.90
Wagner Limited	101,500,000	4.39
Monet Limited	89,500,000	3.88
Nomad Structure Limited	21,706,810	0.94
Sequoia Capital Mauritius	18,750,000	0.81

(b) Our top ten shareholders as of two years prior to filing this Prospectus (as on February 19, 2005) were as follows:

Shareholder	No. of Equity Shares Held	Percentage
Apex Investments (Mauritius) Holding Private Limited (formerly known as AT&T Cellular Private Limited)	743,561,480	32.9
Tata Industries Limited	620,944,596	27.5
Birla TMT	265,280,040	11.7
Hindalco	228,340,226	10.1
Grasim	171,013,894	7.6
ABNL	96,816,400	4.3
Tata Televentures (Holdings) Limited	95,113,532	4.2
AIG (Mauritius) LLC	38,456,441	1.7
Mr. S.H. Rajadhyaksha	81	0.0
Mr. N.J. Driver	81	0.0

6. We, our Directors, our Promoters, the directors of our Promoters, the BRLMs, SCBRLMs and Co-Manager have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.
7. At least 60% of the Net Issue will be available for allocation on a proportionate basis to Qualified Institutional Buyers, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. From the existing QIB Portion, 5% shall be available for allocation to Mutual Funds only. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further, up to 2% of the Issue aggregating Rs. 500 million would be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price.
8. Under-subscription, if any, in the Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at our discretion in consultation with the BRLMs and SCBRLMs. Under-subscription in the Employee Reservation Portion would be added back to the Retail Portion and the Non-Institutional Bidders Category.
9. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
10. Except as disclosed in this Prospectus, there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until our Equity Shares to be issued pursuant to the Issue have been listed.
11. There shall be only one denomination of our Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
12. As at February 19, 2007, the total number of holders of Equity Shares was 317.
13. We have not raised any bridge loans against the proceeds of the Issue.
14. Except as disclosed in this Prospectus we have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
15. There are no outstanding warrants or financial instruments or any rights, which would entitle the Promoters or the shareholders or any other person any option to acquire any of our Equity Shares.
16. The Equity Shares held by the Promoters are not subject to any pledge, except a covenant to our long term lenders by our

Promoters that 51% of the total Equity Share capital of the Company held by them will be pledged on the occurrence of a payment event of default under the Financing Documents. For more information please see "Description of Certain Indebtedness" at page 311 of this Prospectus.

17. Only Eligible Employees will be eligible to apply in this Issue under the Employee Reservation Portion on a competitive basis. Bids by Eligible Employees can also be made in the Net Issue and such Bids shall not be treated as multiple Bids. Bidders under the Employee Reservation Portion can apply for a maximum of 20,000 Equity Shares. The Allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of an over-subscription in the Employee Reservation Portion, all employees will receive Allotment on a proportionate basis. The unsubscribed portion, if any, from our Equity Shares in the Employee Reservation Portion will be added back to the Non-Institutional Bidders portion and the Retail Individual Bidders portion in accordance with the description in "Issue Procedure" beginning at page 421 of this Prospectus.

18. In accordance with Chapter VIII - A of the SEBI DIP Guidelines, we have availed of the Green Shoe Option for stabilizing the post-listing price of the Equity Shares. We have appointed JM Morgan Stanley Private Limited as the Stabilizing Agent. The Green Shoe Option consists of option to over-allot up to 42,500,000 Equity Shares of Rs. 10/- each at a price of Rs. 75 per Equity Share not exceeding Rs. 3,187.50 million representing 15% of the Issue, exercisable during the period commencing from the date of obtaining trading permission from the Stock Exchanges for our Equity Shares under the Issue, and ending 30 days thereafter unless terminated earlier by the Stabilizing Agent.

The terms of the Green Shoe Option are as follows:

Number of Equity Shares	42,500,000 Equity Shares of Rs. 10 each at a price of Rs. 75 per Equity Share not exceeding Rs. 3,187.50 million assuming the Green Shoe Option is fully exercised.
The maximum increase in the paid-up-capital assuming full exercise of the Green Shoe Option	Rs. 3,187.50 million.
Stabilization Period	The period commencing from the date of obtaining trading permission from the Stock Exchanges for our Equity Shares under the Issue, and ending 30 days thereafter unless terminated earlier by the Stabilizing Agent.

19. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/Issue opening date by way of split or consolidation of the denomination of Equity Shares or further issue of equity (including issue of securities convertible into or exchangeable for, directly or indirectly, for Equity Shares) whether preferential or otherwise. However, during such period or at a later date, we may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in our best interests. In addition, our Board of Directors has, at its meeting held on October 19, 2006, approved an employee stock option scheme ("ESOS") for the grant of options not exceeding 40,000,000 Equity Shares or 1.5% of our issued capital following the issue and Allotment of Equity Shares pursuant to this Issue to our permanent employees and whole time directors and to permanent employees and whole time directors of our Subsidiaries as the Compensation Committee constituted for this purpose may decide. The terms and conditions of the ESOS, which require approval of our members, will be in accordance with the provisions of the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and all the issuances of shares will be done in compliance with guidelines/regulations/ circulars at that time. The price payable on the exercise of the option will be the closing price of one of our Equity Shares on the date of grant of such option.

20. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of the Allotment.

21. Investors may note that in case of over-subscription in the Issue, Allotment to all categories of Bidders would be on a proportionate basis. For further information, refer to page 442 of this Prospectus.

22. We have not issued any Equity Shares in the last one year at a price lower than the IPO price.

23. No natural person is in control (holding 10% or more of the voting rights) of any body corporate forming part of the Promoter Group. Further, details of the natural persons who are on the boards of directors of any body corporate forming part of the Promoter Group have been disclosed in the section entitled "Our Promoters" and "Promoter Group" beginning at page 167 and 179 of this Prospectus.

24. None of our Directors or key managerial personnel holds any of our Equity Shares except as set forth below:

Name of the Shareholder	No. of shares held	Relationship	Price (Rs.)	Date of Purchase
Dr. Kumar Mangalam Birla	100,000	Director	62.00	December 8, 2006
	133,333		75.00	January 24, 2007
Total	**233,333**			
Mr. Sanjeev Aga	100,000	Managing Director	62.00	December 8, 2006
	26,666		75.00	January 24, 2007
Total	**126,666**			
Mr. AJS Jhala	10	Key Management Personnel	40.50	September 1, 2006
Total	**10**			

25. Following are the details of the allotments pursuant to the Pre-IPO Placement:

Sl. No.	Name of the Investor	No. of Equity Shares	Issue Price (Rs. per Equity Share)	Aggregate consideration (Rs. in Millions)	Relationship with Company/ Promoter, if any
1.	Mr. Dhruv Mehta	66,666	75	5.00	
2.	Mr. Amarjeet Singh Gadhok	16,000	75	1.20	
3.	Mr. Manoj Kohli	26,666	75	2.00	
4.	Mr. P. Balaji	21,333	75	1.60	
5.	Mr. T.V. Ramachandran	21,333	75	1.60	
6.	Mr. T. S. Raghupathy	16,000	75	1.20	
7.	Mr. Jagdish Moorjani	26,666	75	2.00	
8.	Mr. Rizwan Koita	26,666	75	2.00	
9.	Mr. Sanjeev Aga	26,666	75	2.00	Managing Director of the Company
10.	Mr. Ashwin Kumar Kothari	666,666	75	50.00	
11.	Mr. Rohit Kumar Dhoot	266,666	75	20.00	
12.	Mr. Ramavtar Goenka	66,666	75	5.00	
13.	Mr. Sanjay Goenka	333,333	75	25.00	
14.	Dr. Kumar Mangalam Birla	133,333	75	10.00	Chairman of the Company/ Director of Grasim/ABNL/ Hindalco
15.	ABNL	30,000,000	75	2,250.00	Promoter of the Company
16.	Birla TMT	18,285,340	75	1,371.40	Promoter of the Company
	Total	**50,000,000**		**3,750.00**	

26. There are no payments, direct or indirect in the nature of a discount, commissions, allowance or otherwise shall be made either by the Company or the Promoters in any public issue, to the persons who have received firm allotment in this Issue.

OBJECTS OF THE ISSUE

The objects of the Issue are as follows:

- Building, strengthening and expanding our network and related services in the New Circles;
- Entry Fee and capital expenditure for NLD operations;
- Roll-out of services in Mumbai Circle;
- Redemption of Preference Shares;
- General corporate purposes; and
- Issue expenses.

In addition, we expect to derive the benefits from the listing of equity shares, which would provide liquidity to Equity Shares issued in connection with our ESOS, which we intend to issue to our employees, in addition to providing a currency for acquisitions.

Our main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised through this Issue.

Costs of the Project/Activity(ies)

The intended uses of proceeds of the Issue are as follows:

(Rs. in Million)

Activity	**Gross Amount**	**Already incurred as at December 31, 2006**	**To be financed through the Issue proceeds**
Building, strengthening and expanding our network and related services in the New Circles	15,711	6,003	9,708
Entry Fee and capital expenditure for NLD operations	833	25	808
Roll out for services in Mumbai Circle	6,470	-	6,470
Redemption of Preference Shares	7,567	-	7,567
Issue Expenses	825	-	825
Total	**31,406**	**6,028**	**25,378**

Means of finances for the Activity(ies)

The aforementioned objects are proposed to be financed as follows:

(Rs. in Million)

Project/Activity	**Amount**
Pre-IPO placement	3,750.00
Issue Proceeds	21,250.00
Internal Accruals	378.00
Total	**25,378.00**

The funding requirement and deployment of the funds are based on internal management estimates and have not been appraised by any bank or financial institution. The funding requirement below is based on our current business plan for the expansion in the three New Circles where we have recently rolled out services in September-November 2006. For the roll out

of our mobile network in the Mumbai Circle, for which we have recently been granted a UAS License by the DoT, we are in the process of preparing a business plan and the funding requirement may vary based on the business plan. In view of the dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and, consequently, the funding requirement and, accordingly, the utilization of proceeds from the Issue may also change. In the event of any variations in actual utilization of funds earmarked for the above activities, any increased fund deployment for a particular activity may be met from funds earmarked from any other activities and/or from our internal accruals.

Other than the funds used for Redemption of Preference Shares (about 35.6% of the Issue Size) and Issue Expenses (about 3.8% of the Issue Size), about 5% of the project cost proposed to be financed out of the Issue would go towards funding of software and IT related expenditure. Balance funds would be used towards creation of tangible assets. The creation of tangible assets shall exceed 40% of the project cost.

In accordance with our stated means of finance in the section entitled "Objects of the Issue" we have to finance an amount of Rs. 378 million through internal accruals. According to our restated consolidated financial statements, we have Rs. 12,776.73 million and Rs. 11,874.14 million as cash generated from operations during Fiscal 2006 and nine months ended December 31, 2006, respectively. We, therefore, have sufficient funds to meet the requirements under clause 2.8 of the SEBI DIP Guidelines (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed the Issue). However, if we receive any amounts following the Green Shoe Option, such amounts will first be utilized towards satisfying the shortfall currently set out at internal accruals above, and thereafter utilized for general corporate purpose.

In case of a shortfall in the Net Proceeds, we may explore a range of options including utilizing our internal accruals, or seeking additional debt from existing and future lenders.

Deployment of Funds

As at December 31, 2006, we have deployed funds aggregating Rs. 6,028 million towards the activities to be financed through the Issue. The details of project-specific deployment of funds and the means of finance as certified by the statutory auditors of the Company are set forth below:

Funds deployed in the Project/Activity(ies) as at December 31, 2006

(Rs. in Million)

Project/Activity	**Amount**
Building, strengthening and expanding our network and related services in the New Circles	6,003
Entry Fee and capital expenditure for NLD operations	25
Roll-out of services in the Mumbai Circle	Nil
Redemption of Preference Shares	Nil
Total	**6,028**

Sources of the funds deployed in the Project/Activity(ies) as at December 31, 2006

(Rs. in Million)

Project/Activity	**Amount**
Internal accruals/Vendor Financing	6,028
Total	**6,028**

Balance of Fund Deployment Schedule in the Project/Activity(ies)

The annual details of the balance of funds deployment schedule in the projects/activities mentioned above is as follows:

(Rs. in Million)

Project /Activity	Invested till December 31, 2006	January 1, 2007 - March 2007	2007-08	Total
Building, strengthening and expanding services in the New Circles	6,003	1,456	8,252	**15,711**
Entry Fee and capital expenditure for NLD operations	25	-	808	**833**
Roll-out of services in the Mumbai Circle	Nil	647	5,823	**6,470**
Redemption of our Preference Shares	Nil	7,567	Nil	**7,567**
Issue Expenses	Nil	825	Nil	**825**
TOTAL	**6,028**	**10,495**	**14,883**	**31,406**

DETAILS OF THE ACTIVITIES

I. Funding requirement for expanding/upgrading our network and related services in the New Circles

We have recently rolled out our services in the New Circles. As at December 31, 2006, these services are available in 31, 153 and 98 towns in the Himachal Pradesh, Rajasthan and Uttar Pradesh (East) Circles, respectively. We intend to further expand and strengthen our network in these circles and increase the coverage to 86, 394 and 674 towns in Himachal Pradesh, Rajasthan and Uttar Pradesh (East) Circles, respectively. Towards this end, we intend to further install network comprising approximately 105 cell sites in the Himachal Pradesh Circle, 810 cell sites in the Rajasthan Circle, and 1,247 cell sites in the Uttar Pradesh (East) Circle by March 2008.

Item Category	Estimated Costs *(Rs in Million)*	Vendors	Estimated date of placement of order	Expected Date of Delivery
GSM Equipment [1]	2,857	Ericsson / Siemens / Nokia / Motorola/ Huwai etc.	February 2007 - June 2007	Before December 2007
Cell Site Infrastructure [2]	3,375	Reputed Tower / DG & Shelter / Vendor etc.	February 2007 - June 2007	Before December 2007
Transmission & Other Equipment [3]	2,143	Nera / NEC / Ceregon / ECI / Catherine / Andrews / Fibcom / HP / Amritsu	February 2007 - June 2007	Before December 2007
Value Added Services [4]	645	Ericsson / Siemens / Nokia / Motorola / Huwai etc.	February 2007 - June 2007	Before December 2007
Information Technology [5]	451	IBM/ ATOS / HP / CISCO / Juniper / BSES / Comptel / Bharti / Telesoft / Converse / Tech Mahindra etc.	February 2007 - June 2007	Before December 2007
Others	237	Facilities	February 2007 - June 2007	Before December 2007
Total	**9,708**			

Details of Capital Expenditure items under this activity

Telecommunications Service Equipments (Plant & Machinery): As the Company is already providing cellular services in the New Circles, the expenditure to be incurred relates to plant and machinery in order to strengthen our network. For a telecommunications service provider plant and machinery primarily consist of telecommunication equipment and related infrastructure. The Company procures its telecommunication equipment from global telecommunication vendors such as Siemens, Nokia, Motorola and Ericsson. The Company has not purchased any second hand machinery for its operations.

We have sent a number of Requests for Proposal ("RFP") to certain vendors seeking quotations, based on which we intend to place our orders during the period February to June 2007. The above cost estimates are based on our past experience and actual costs will vary based on quotations that are finalized with our vendors.

The key elements of our GSM based wireless network are as follows:-

1. GSM Equipment comprises NSS, BSS, HLR, BTS and Access Link etc.
    a. The Mobile Switching Centre ("MSC"): The MSC is a critical part of the network as it does the role of the exchange, as was performed in the conventional wireline telephone networks. This is a switching centre that performs switching in an associated geographical area (called an MSC area) for calls originating or terminating on its network from a mobile or fixed network. The necessary signaling and interfaces have to be provided. The MSC receives the input from the user regarding what call the subscriber wishes to make and then routes or switches the same to other appropriate network elements. It also receives the call input from other network elements and passes this on to its users. The MSC also gives inputs to billing and Value Added Services ("VAS") adjuncts. It is also capable of performing fax and data functions. The MSC exchanges information with three databases: HLR, VLR and AUC. The MSC updates the database with the latest information and the status on subscriber location. The MSC transfers control as the subscriber moves across cells. Since it manages limited radio resources, the MSC is interfaced to the Public switched telephone network (PSTN) through a global network-switching centre (GNSC). A network could have one or several MSCs, depending on traffic volumes. Different configurations (models) are used to suit different requirements.
    b. Base Station Controller ("BSC"): The BSC acts as an interface between the BTS and the MSC. The BSC is the connection between the BTS and MSC via microwave or optical fiber links. BSCs are a way to segment the network and control congestion. Numerous BTS are deployed to provide coverage within a network area. The BSCs are responsible for connectivity and routing of calls for 50 to 100 wireless base stations. While the BSC provides control functions within a cell such as call handling, operations, maintenance, and signaling, it also manages the radio resources for one or more BTSs. The data to and from the BTS is processed, ordered and systematized by the BSC.
    c. Base Transreceiver station ("BTS"): BTS performs transmission and receiving functions. It receives call signals from the BSC, converts these into RF signals and transmits them to a customer terminal within a specified coverage area. It then receives the corresponding signals from the customer terminal and transmits the same back to the BSC to be passed on to the MSC. The BTS is also responsible for identifying a user's location and passing the call to the intended recipient.
    d. Base Sub-system ("BSS"): The BSS provides radio-electrical coverage to a cell. It has the necessary equipment (BTS and BSC) to communicate with subscribers.
2. Cell Site infrastructure comprises towers, shelters, diesel generators, air-conditioning, civil and electrical works. Infrastructure and Network Interface Units ("NIUs"): Infrastructure relates to the physical setup of the MSC, BSC and BTS sites. These include the physical towers, transmission equipment, power backup equipment and generators. These items are critical for the effective interaction between all network equipments.
3. Transmission and other equipment comprises SDH, microwave, PoI equipment, OFC, antennas, test and measure equipment.
4. VAS comprises IN, SMSC, GPRS, VMS and MMS.
5. IT comprises billing, mediation, call centre, IT infrastructure, BI, data warehouse, sales and customer care management systems and eRecharge system.

Implementation Timetable for the Project/Activity(ies)

The indicative timetable below is based on management estimates and is subject to revision.

Project/Activity(ies)	Completion
Building, strengthening and expanding our network and related services in the New Circles	March 2008

Particulars	Already Installed as at December 31, 2006	To be installed	Total for the Project
No. of BTS	1,343	2,420	3,763
No. of BSC	15	Can be given only after finalization of the vendor and orders	Can be given only after finalization of the vendor and orders
No. of MSC	3	Can be given only after finalization of the vendor and orders	Can be given only after finalization of the vendor and orders

II. Entry Fee and capital expenditure for national long distance networks

We have recently been awarded a license by the DoT to provide national long distance ("NLD") services. This will allow us to carry the subscriber trunk dialing ("STD") traffic on our own network and will allow us to save significant carriage charges that we currently pay. We paid the Entry Fee of Rs. 25 million for the NLD license in September 2006. Additionally, we have also entered into a financial guarantee of Rs. 200 million which is valid until December 26, 2007. We estimate that Rs. 5,000 million of our ongoing capital expenditure, until March 31, 2008, will be deployed towards establishing the intra-Circle backbone architecture using time division multiplexing with an overlay of internet protocol. Additionally, the estimated incremental funding requirement through March 2008 for setting up the NLD network is Rs. 808 million. We are in the process of finalizing specifications and contracts with vendors. Incremental capital expenditure for NLD will be incurred for switching and billing equipments.

The approximate breakdown of capital expenditure comprises the following:

Item Category	Estimated Costs *(Rs in Million)*	Vendors	Estimated date of placement of order	Expected Date of Delivery
Switching and Billing Equipments	604	Ericsson / Siemens / Alcatel	May 2007	By December 2007
Last Mile connectivity	204	Fibcom/ECI/Tejas/ and OFC vendors	June-October 2007	By December 2007
Total	**808**			

Details of Capital Expenditure items under this activity:

Telecommunications Service Equipments (Plant & Machinery): Switching is a critical part of the network which manages inbound and outbound long distance traffic. It functions like a transit exchange and routes the traffic to the different destinations.

Billing equipment includes standard billing software and hardware to process call detail records.

Last mile connectivity comprises optical fiber and related transmission equipment and fiber laying costs including right of way for connecting our NLD switches with other service providers.

Implementation Timetable for the Project/Activity(ies)

The indicative implementation timetable of this project is mentioned:

Project/Activity(ies)	Completion
Entry Fee and capital expenditure for national long distance networks	March 2008

This timing is based on management estimates and remains subject to revision.

III. Roll out for mobile services in Mumbai

We intend to roll out our services in the Mumbai Circle shortly for which we have been recently granted a license. We intend to build and strengthen our network in this Circle to achieve coverage of the entire city of Mumbai. Towards this end, we intend to install network comprising approximately 1,597 cell sites in the Mumbai Circle by March 2008.

Item Category	Estimated Costs *(Rs in Million)*	Vendors	Estimated date of placement of order	Expected Date of Delivery
GSM Equipment [1]	1,794	Ericsson / Siemens / Nokia / Motorola / Huwai etc.	February 2007 - June 2007	Before December 2007
Cell Site Infrastructure [2]	2,128	Reputed Tower / DG & Shelter / Vendor etc.	February 2007 - June 2007	Before December 2007
Transmission & Other Equipment [3]	1,217	Nera / NEC / Ceregon / ECI / Catherine / Andrews / Fibcom / HP / Amritsu	February 2007 - June 2007	Before December 2007
Value Added Services [4]	379	Ericsson / Siemens / Nokia / Motorola/ Huwai etc.	February 2007 - June 2007	Before December 2007
Information Technology [5]	552	IBM / ATOS / HP / CISCO / Juniper / BSES/Comptel / Bharti / Telesoft / Converse /Tech Mahindra etc.	February 2007 - June 2007	Before December 2007
Others	400	Office Infrastructure & Furniture vendors including Blowplast, Godrej etc.	February 2007 - June 2007	Before December 2007
Total	**6,470**			

Details of Capital Expenditure items under this activity:

We plan to lease or leave license, the majority of our facilities such as administrative offices, customer services centers and other network/site premises, as applicable.

Telecommunications Service Equipment (Plant & Machinery):

1. GSM equipment comprises NSS, BSS, HLR, BTS and Access Link etc.
2. Cell site Infrastructure comprises towers, shelters, diesel generators, air-conditioning, civil and electrical works.
3. Transmission and Other Equipment comprises SDH, Microwave, Pol equipment, OFC, antennas, test and measure equipment.
4. VAS comprises IN, SMSC, GPRS, VMS and MMS.
5. IT comprises billing, mediation, call centre, IT infrastructure, BI, data warehouse, sales and customer care management systems and eRecharge system.

The above cost estimates are based on our past experience and actual costs may vary based on the quotations we receive from our vendors.

Implementation Timetable for the Project/Activity(ies)

The indicative implementation timing of this project is as follows:

Project/Activity(ies)	Completion
Roll-out of services in the Mumbai Circle	March 2008

This timing is based on management estimates and remains subject to revision.

IV. Redemption of Preference Shares

Pursuant to certain subscription agreements, we issued 483 Preference Shares in Fiscal 2002, 2003 and 2004 with a tenure of 10 years. In accordance with the terms of these subscription agreements, the Preference Shares may be redeemed on March 28, 2007 or August 3, 2007, at the option of the Company and at the redemption price as defined therein. If the Preference Shares are redeemed on March 28, 2007, then the redemption premium is calculated such that the yield to the holders of Preference Shares is 11.0% per annum compounded annually, up to September 30, 2005 and 7.0% per annum from October 1, 2005 to August 2, 2006, 8.0% from August 3, 2006 to January 2, 2007 and 9.5% from January 3, 2007 to March 27, 2007. If the Preference Shares are redeemed on August 3, 2007, during the period between March 28, 2007 to August 3, 2007 the Company will pay a cumulative preferential dividend at a rate to be agreed between the Company and the holders of the Preference Shares, at least, seven days prior to March 28, 2007.

We will utilize part of the proceeds of the Issue aggregating Rs. 7,567 million towards the redemption of the Preference Shares. This amount has been calculated assuming the redemption of the Preference Shares on March 28, 2007. The actual amount payable on the redemption of the Preference Shares will be determined through negotiation with the holders of the Preference Shares.

We may, however, choose not to redeem the Preference Shares on March 28, 2007 or August 3, 2007. Accordingly, the funds earmarked for the redemption of the Preference Shares may be utilized for general corporate purposes, including but not limited to, any further capital expenditure plans that we may have in the Established Circles or for payment of license fees or establishing network in any Circles in respect of which we have made License Applications.

Implementation Timetable for the Project/Activity(ies)

The indicative implementation timing of this project is as follows:

Project/Activity(ies)	Completion
Redemption of our Preference shares	March 2007

This timing is based on management estimates and remains subject to revision.

V. Issue Expenses

The Issue expenses comprise underwriting fees, selling commissions, fees payable to the BRLMs and SCBRLMs, legal advisors, Bankers to the Issue, escrow bankers, Auditors, and the Registrar, as well as printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses in connection with the Issue. The issue expenses are currently estimated to be Rs 825 million. All expenses with respect to the Issue will be borne by us.

The estimated Issue expenses are as follows: *(Rs. in Million)*

Particulars	**Expense**
Lead management, underwriting and selling commissions	280.90
Advertising and marketing expenses	166.10
Printing and stationery	180.40
Other (Registrar's fees, legal fees, etc.)	197.60
Total estimated Issue expenses	**825.00**

Interim use of proceeds

We intend to use the proceeds of the Issue to meet all or any of the uses of funds described above. Pending utilization of the Net Proceeds for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks or investments in Mutual Funds or temporarily deploy the funds in working capital loan accounts. Such investments would be in accordance with the investment policies or investment approvals approved by the Board from time to time.

Further, we confirm that no part of the Issue proceeds will be paid as consideration to any of our Promoters, Directors, key management personnel, associates or group companies except in the ordinary course of business.

Monitoring of Utilization of Funds

We have appointed Industrial Development Bank of India Limited to monitor the utilization of the proceeds of the Issue.

We will disclose the utilization of the Net Proceeds under a separate head in our balance sheet for all the financial years until the entire amount raised from this Issue has been deployed, clearly specifying the purposes for which such Net Proceeds have been utilized. We will also, in our balance sheets, provide details, if any, in relation to all such Net Proceeds that have not been utilized thereby also indicating investments, if any, of such unutilized Net Proceeds.

Bridge Financing Facilities

We have not raised any bridge loan from any bank or financial institution for any amount as at the date of this Prospectus.

BASIS FOR THE ISSUE PRICE

The Issue Price has been determined by us in consultation with the BRLMs and SCBRLMs on the basis of an assessment of market demand for the offered Equity Shares by way of a Book Building Process. The face value of each Equity Share is Rs. 10 and the Issue Price is 7.5 times the face value of each Equity Share.

You should read the following summary with the Risk Factors on page 15 of this Prospectus and the more detailed information about us and our financial statements included in this Prospectus.

Qualitative factors

Some of our key competitive strengths:

- Attractive existing footprint;
- Operations in 11 Circles in India covering a large part of the Indian market;
- Original licensee in seven of the Established Circles, providing incumbency advantages;
- Market leader in three of, and established positions in the remainder of, the Established Circles;
- Critical mass of 12.44 million subscribers as at December 31, 2006;
- Strong distribution channels;
- High quality network structure;
- A national brand;
- Part of the Aditya Birla Group.

We have made the License Applications and have entered into UAS License agreements for the Mumbai and Bihar Circles and have entered into the NLD license agreement.

Quantitative Factors

1. Basic Earning per equity share (EPS) of face value of Rs. 10

Year	Basic EPS (Rs.)*		Weight
	Restated Standalone	Restated Consolidated	
Fiscal 2004	(1.03)	(1.16)	1
Fiscal 2005	(0.13)	0.07	2
Fiscal 2006	0.35	0.71	3
Weighted Average	**(0.04)**	**0.19**	

* *Earnings per share represents basic earnings per share calculated as net profit attributable to equity shareholders as restated divided by a weighted average number of shares outstanding during the year.*

We have reported an earnings per share ("EPS") of Rs. 1.21 (not annualized) for the nine months ended December 31, 2006.

2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. 75

a) Basic EPS as per restated standalone financials and restated consolidated financials for year ended March 31, 2006 is Rs. 0.35 and Rs 0.71 respectively.

	Particulars	P/E at the Issue Price (no. of times)
a)	Based on year ended March 31, 2006 consolidated restated EPS of Rs. 0.71	105.63
b)	Based on year ended March 31, 2006 standalone restated EPS of Rs. 0.35	214.29
c)	Based on weighted average consolidated restated EPS of Rs. 0.19	394.74

b) Peer Group P/E

	Industry P/E	Telecommunications
a)	Highest	43.0
b)	Lowest	19.8
	Industry Average	**37.5**

Source: Capital Markets Vol. XXI/23 dated January 15-28, 2007. Data based on full year results as reported in the edition.

3. Return on Net Worth ("RONW")

Year	RoNW (%)[1]		Weight
	Restated Standalone	Restated Consolidated	
Fiscal 2004	(16.89)	(23.59)	1
Fiscal 2005	2.31	7.42	2
Fiscal 2006	10.42	18.08	3
Weighted Average	**3.17**	**7.58**	

1 Return on Net Worth is arrived at by dividing net profit after tax as restated by net worth excluding revaluation reserve.

We have reported a return on net worth ("RONW") of 20.64% (not annualized) for the nine months ended December 31, 2006.

4. Minimum Return on increased Net Worth to maintain pre-issue EPS (on consolidated basis):

For Fiscal 2006 – 6.28% (not annualized)

For the nine months ended December 31, 2006 – 8.61% (not annualized)

5. Net Asset Value ("NAV") per share

	NAV (Rs.)	
	Restated Standalone	Restated Consolidated
As at March 31, 2006	3.03	2.83
After the Issue	12.29	12.11
Issue Price	75	75

We have reported a NAV of Rs. 4.34 for the nine months ended December 31, 2006.

Following in-principle approvals of the boards of directors of each of BTA Cellcom, IMCL, ITL and each SPV at their respective meetings held on October 19, 2006, a scheme of merger of our Subsidiaries (except for SSS & Co.) with our Company has been finalized by the Finance Committee of our Board (which has been duly authorized for this purpose) and we will apply to the relevant High Courts for permission to convene general meetings of our members and the members of each of the above Subsidiaries and for approval of the scheme of merger by the respective High Courts. Since we hold 100% of the equity capital of each of these Subsidiaries, the entire share capital of each of these Subsidiaries (except for SSS & Co.) will be cancelled and no Equity Shares will be issued pursuant to the scheme of merger. The appointed date of the merger will be April 1, 2006.

The scheme of merger has been finalized in accordance with AS – 14 under the "pooling of interest method", pursuant to which the assets, liabilities and reserves of the amalgamating companies will be recorded on our books at their carrying amounts as at April 1, 2006. The goodwill arising out of the merger aggregating approximately Rs. 11,608 million will then be added to our opening profit and loss balance as at the appointed date. This will, consequently, result in a diminution of our net worth by approximately Rs. 11,608 million as and when the merger is effected. Therefore the proposed merger, as and when it takes effect, would lead to a diminution of the NAV per Equity Share.

6. Peer Group Comparisons (Industry Peers)

FY 2006	**Price (Rs. per share) ***	**EPS (Rs.)**	**NAV (Rs.)**	**P/E**	**RONW (%)**
Bharti Airtel Limited	621	10.5	38.9	43	33.9
Mahanagar Telephone Nigam Limited	158	8.7	178.4	19.8	5.2
Reliance Communications Ventures Limited	435	-	77.3	-	0.1
Videsh Sanchar Nigam Limited	436	17.7	212.7	25	8.1
Idea Cellular Limited	75	0.71	2.83	105.63	18.08

Source: Capital Markets Vol. XXI/21 dated December 18 - 31, 2006. Data based on full year results as reported in the edition.

** The prices are as on December 11, 2006 (as reported in the edition).*

Since the Issue is being made through the 100% Book Building Process, the Issue Price will be determined on the basis of investor demand.

STATEMENT OF TAX BENEFITS

January 20, 2007

The Board of Directors
IDEA Cellular Limited
Sharda Centre,
Off Karve Road,
Pune - 411 004.

Dear Sirs,

Re: Opinion on Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits available to IDEA Cellular Limited (the "Company") and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been or would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to IDEA Cellular Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane
Partner
Membership No.: F-33220
Mumbai

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019
Pune

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO IDEA CELLULAR LIMITED AND TO ITS SHAREHOLDERS

Under the Income-Tax Act, 1961 ("the Act"):

I. Key benefits available to the Company

A. The Company is eligible for deduction under section 80-IA of the Act. The deduction is undertaking specific i.e. undertaking providing telecommunication services:

a) the deductions of 100% in respects of profits and gains derived from undertaking providing telecommunication services for a period of first five consecutive assessment years and deduction of 30% in respects of profits and gains derived from undertaking providing telecommunication services for a period of next 5 years, out of fifteen years beginning with the assessment year relevant to the previous year in which the undertaking/s start providing telecommunication services on or after 1st day of April 1995 but before the 31st day of March 2005.

The benefit is available subject to fulfillment of conditions prescribed by the section.

B. Dividend Income:

As per section 10(34) of the Act, any income by way of dividends (both interim and final) referred to in Section 115-O of the Act received by the Company on its investment the shares of any domestic company shall be exempt from tax.

Income received in respect of units of a Mutual Fund specified under Section 10(23D) of the Act shall be exempt from tax under Section 10(35) of the Act.

C. Capital Gains:

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company or any other securities listed on a recognized stock exchange in India or units of UTI and specified Mutual Fund/zero coupon Bonds are considered as long-term capital assets if these are held for a period exceeding 12 months. Capital gains arising on transfer of long-term capital assets are considered as 'long-term capital gains'. Capital gains arising on transfer of these assets held for a period of 12 months or less are considered as 'short-term capital gains'.

As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax, shall be exempt from tax in the hands of the Company.

For this purpose, "equity oriented fund" means a fund -

(i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and

(ii) which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

Section 48 of the Act, prescribes the mode of computation of capital gains. It provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, for resident shareholders it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/improvement by the prescribed cost inflation index. The benefit of indexation is not available in respect of long-term capital gains arising from the transfer of long-term capital asset like bonds and debenture (other than capital indexed bonds issued by the Government).

As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act. However, under the proviso to Section 112 (1), if the tax on long-term capital gains arising on transfer of listed securities or units or zero coupon bonds computed at the rate of 20 per cent (plus applicable surcharge on tax and education cess on tax and surcharge) after availing the benefit of indexation exceeds the tax on the long-term capital gain computed at the rate of 10 per cent (plus applicable surcharge on tax and education cess on tax and surcharge) without availing the benefit of indexation, then such excess tax is ignored for the purpose of computing the tax payable on the

capital gains.

As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share transacted through a recognized stock exchange or a unit of an equity oriented fund in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains.

Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

As per 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money. The bonds specified for this Section are bonds issued by National Highway Authority of India (NHAI) and Rural Electrification Corporation Limited (REC).

D. Depreciation / Business Loss:

(i) The Company shall be entitled to claim depreciation on tangible and intangible assets owned by it and used for the purposes of its business as explained in Section 32 of the Act.

(ii) Unabsorbed depreciation can be carried forward in future years.

(iii) Business losses can be carried forward for eight succeeding assessment years for set off against subsequent business profits.

E. Preliminary Expenses:

The Company shall be eligible for amortization of preliminary expenditure as specified in section 35D of the Act being expenditure on public issue of shares, subject to meeting the conditions and limits specified in that section.

F. Rebates:

As per Section 88E of the Act, the securities transaction tax paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains of Business or Profession' arising from taxable securities transactions that are subject to certain limits specified in the section and also on fulfillment of certain prescribed conditions.

G. Minimum Alternate Tax:

As per the section 115JB, the Company will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating "book profits" under the provisions of section 115JB of the Act and will be required to pay Minimum Alternate Tax ("MAT") @10% (plus applicable surcharge of 10% and education cess of 2% on the overall tax) of the book profits determined (if the income-tax payable as per normal provisions of the Act is less than 10% of the book profits). Further, in accordance with section 115JAA, MAT credit will be available to the Company for next seven years subject to fulfillment of certain conditions prescribed in the said section.

II. Key benefits available to the Resident Shareholders of the Company:

A. Dividend Income:

As per section 10(34) of the Act, any income by way of dividends (both interim or final) referred to in Section 115-O of the Act, received on the shares of the Company shall be exempt from tax.

B. Capital Gains:

Benefits outlined in paragraph I(C) above are also available to resident shareholders, in respect of capital gains derived from

sale of shares of the Company. In addition to the same, the following benefits are also available to the resident shareholders:

As per section 54F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net sales consideration from such shares is used for purchase of a residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of a residential house property within a period of three years after the date of transfer, provided that the individual / HUF should not own more than one residential house other than the new residential house on the date of transfer. If residential house in which the investment has been made is transferred within a period of 3 years from the date of its purchase or construction, the amount of capital gain exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

C. Rebates:

As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be eligible for deduction from the amount of income tax on the income chargeable under the head "Profits and Gains of Business or Profession" arising from taxable securities transactions, subject to certain limits specified in the section and also on fulfillment of certain prescribed conditions.

D. Minimum Alternate Tax:

As per the section 115JB, the Corporate Investor will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating "book profits" under the provisions of section 115JB of the Act and will be required to pay Minimum Alternate Tax ("MAT") @10% (plus applicable surcharge of 10% and education cess of 2% on the overall tax) of the book profits determined (if the income-tax payable as per normal provisions of the Act is less than 10% of the book profits). Further, in accordance with section 115JAA, MAT credit will be available to the Corporate Investor for the next seven years subject to fulfillment of certain conditions prescribed in the said section.

III. Key benefits available to Non-Resident Indians/Non Resident Shareholders (Other than FIIs and Foreign venture capital investors).

A. Dividend Income:

As per section 10(34) of the Act, any income by way of dividends (both interim and final) referred to in Section 115-O of the Act received on the shares of the Company shall be exempt from tax.

B. Capital Gains:

Benefits outlined in Paragraph II(B) above mutatis mutandis are also available to a non-resident/non-resident Indian shareholder except that under first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation is not available to non-resident shareholders.

C. Special Provisions relating to Certain Income of Non- Resident Indians:

As per Section 115C(e) of the Act, a 'Non-Resident Indian' means an individual, being a citizen of India or a person of Indian origin who is not a 'resident'. As per the Explanation to the said section, a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grandparents, was born in undivided India. Under section 115-I of the Act, the Non-Resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:

(i) As per 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to the nonresident on transfer of shares held for a period exceeding 12

months, shall (in cases not covered under section 10(38) of the Act) be concessionally taxed at the flat rate of 10% (plus applicable surcharge and education cess) (without indexation benefit but with protection against foreign exchange fluctuation).

(ii) As per section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets or savings certificates referred to in section 10(4B) of the Act, within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

(iii) As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

(iv) As per section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income, for the assessment year in which he is first assessable as a Resident, under section 139 of the Act to the effect that the provisions of the Chapter XIIA shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

D. Rebates:

As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be eligible for deduction from the amount of income tax on the income chargeable under the head "Profits and gains of Business or Profession" arising from taxable securities transactions, subject to certain limits specified in the section and also on fulfillment of certain prescribed conditions set out in the said section.

E. Tax Treaty benefits:

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

F. Minimum Alternate Tax:

As per the section 115JB, the Corporate Investor will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating "book profits" under the provisions of section 115JB of the Act and will be required to pay Minimum Alternate Tax ("MAT") @10% (plus applicable surcharge of 10% and education cess of 2% on the overall tax) of the book profits determined (if the income-tax payable as per normal provisions of the Act is less than 10% of the book profits). Further, in accordance with section 115JAA, MAT credit will be available to the Corporate Investor for next seven years subject to fulfillment of certain conditions prescribed in the said section.

IV. Key benefits available to Foreign Institutional Investors (FIIs)

A. Dividend Income:

As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O of the Act received on the shares of the Company shall be exempt from tax.

B. Capital Gains:

As per section 10(38) of the Act, long term capital gains arising to the FIIs from the transfer of a long term capital asset being an equity share in the Company where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the FIIs.

As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the section 10(38) of the Act at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains (other than referred to in section 111A)	30
Short term capital gains covered in section 111A	10

The above tax rates will have to be increased by the applicable surcharge and education cess.

In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money. The bonds specified for this Section are bonds issued by National Highway Authority of India (NHAI) and Rural Electrification Corporation Limited (REC).

C. Rebates:

As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be eligible for deduction from the amount of income tax on the income chargeable under the head "Profits & Gains of Business or Profession" arising from taxable securities transactions, subject to certain limits specified in the section and also on fulfillment of certain prescribed conditions set out in the said section.

D. Tax Treaty benefits:

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

V. Key benefits to Venture Capital Companies/Funds

As per the provisions of Section 10(23FB) of the Act, any income of a Venture Capital Fund/Venture Capital Company set up to raise funds for investment in a venture capital undertaking shall be exempt from tax;

Venture capital undertaking means a venture capital undertaking as referred to in the Securities and Exchange Board of India (Venture Capital Funds) Regulations made under the Securities and Exchange Board of India Act and notified as such in the Official Gazette.

VI. Key benefits to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from income tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

Benefits to shareholders of the Company under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence the shares are not liable to Wealth Tax.

Benefits to shareholders of the Company under the Gift Tax Act, 1958

Gift made after 1st October, 1998 is not liable for gift tax, and hence, gift of shares of the Company would not be liable to gift tax.

The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

Notes:

(i) All the above benefits are as per the current tax laws.

(ii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investments in the shares of the company.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to IDEA Cellular Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

OVERVIEW OF THE MOBILE TELECOMMUNICATIONS INDUSTRY IN INDIA

The following information includes extracts from publicly available information, data and statistics and has been extracted from official sources and other sources the Company believes to be reliable, but which has not been independently verified. The Company accepts responsibility for accurately reproducing such information, data and statistics, but accepts no further responsibility in respect of such information, data and statistics. Such information, data and statistics may be approximations or use rounded numbers.

Unless otherwise indicated, all financial and statistical data relating to the Indian economy in the following discussion is derived from the Monthly Review of the Indian Economy, Center for Monitoring Indian Economy ("CMIE"), June 2006 edition.

INDIAN ECONOMY

In 1991, the Government of India initiated a series of comprehensive macroeconomic and structural reforms to promote economic stability and growth. The key policy reforms that were initiated by the Government were focused on deregulating certain industry sectors, accelerating foreign investment and implementing a privatization program for dis-investment in public sector units. As these reforms have been implemented, India's economy has experienced an average real GDP growth of 6.3% over the period of financial year 2000 to financial year 2006.

For the financial year of 2006, India had a real GDP growth rate of 8.4%. In the same period, industry and service sectors grew by 8.8% and 10.1% respectively, while agriculture grew by 3.9%. CMIE projects a real GDP growth rate of 7.9% for financial year 2007.

The following table shows the annual percentage change in some key indicators of the Indian economy.

Indicator	**FY 2004**	**FY 2005**	**FY 2006**	**FY 2007 (upto September 30, 2006)**
Real GDP (% year-on-year)	8.5	7.5	8.4	8.9
Agriculture	10.0	0.7	3.9	3.4
Industry	7.6	8.6	8.8	9.7
Services	8.2	9.9	10.1	10.6
Wholesale Price Index inflation	4.5	5.7	3.5	5.2
Imports (% year-on-year)	36.4	44.8	18.7	32.0
Exports (% year-on-year)	52.6	15.0	20.6	41.4
Fiscal deficit/GDP (%)	4.5	4.0	4.1	6.5

Source: CMIE, RBI, Ministry of Commerce, Office of the Economic Adviser

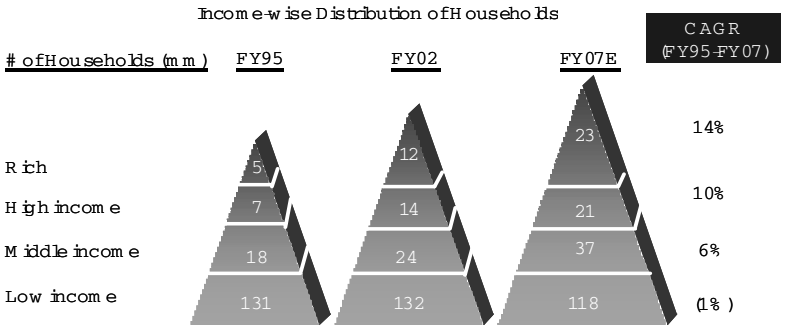
INDUSTRY GROWTH DRIVERS

Given its low tele-density, economic liberalization and the increasing affordability of mobile telephones and services, the Indian mobile telecommunications industry is expected to continue to enjoy growth in terms of both subscribers and usage. The following factors are expected to contribute to further growth:

Overall economic growth and continued development of the Indian economy

The buoyancy of the Indian economy has increased the purchasing power of consumers. Disposable incomes have risen by a CAGR of 10% over the last ten years, resulting in an increase in consumption expenditure. According to the National Center for Applied Economic Research ("NCAER"), the number of households in the "middle income", "high income" and "rich" categories is expected to increase to approximately 37 million, 21 million and 23 million, respectively, by financial year 2007 from approximately 24 million, 14 million and 12 million, respectively, in financial year 2002 as summarized in the diagram below:

Increasing Affordability



Source : NCAER

This significant improvement in affluence coupled with the growing working population is expected to be one of the key drivers for increased mobile telecommunication penetration in the future.

Favourable Demographics in India

The favourable demographic profile of India as reflected in the increase in the population in the age group between 15-44 is a factor for the growth in the demand for telecommunications services since this age group is associated with a higher propensity to spend with increasing disposable income and with increasing "trend awareness". Set out below are details of the demographic age profile in India for the period 2001 to 2010.

	Population in Million	
Age group	**2001**	**2010**
0-4	108.5	119.7
5-14	239.1	215.5
15-19	109.0	117.4
20-24	90.2	120.8
25-34	156.6	190.8
35-44	121.6	151.0
45-54	85.7	113.1
55-59	31.1	41.5
60 & above	70.6	92.5

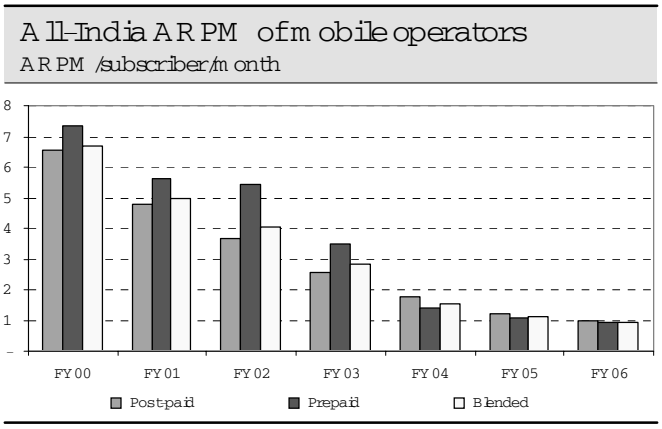
Source: Statistical Outline of India, 2002-03, Tata Services Limited

Higher growth rate of service-oriented sectors, leading to an increased demand for mobile telecommunications services

The contribution of the service-oriented sectors to the Indian GDP has increased significantly in the past five decades. Service-oriented sectors contributed approximately 29% of the GDP in 1960 and contributed approximately 54% of the GDP in 2005. This growth is primarily due to enhancements in information technology and information technology-enabled services in the last two decades. This should in turn lead to increased demand for mobile telecommunications services.

Declining tariffs and reduced handset costs have enhanced subscriber growth

Tariffs have been declining over the past ten years. Handset costs have also decreased significantly in recent years. This has reduced the entry barriers for new subscribers and thus expanded the markets available to telecommunications service providers. The graph below demonstrates that the average rate per minute ("ARPM") of mobile calls has been falling:



Source: Cris Infac

Increased regulatory clarity

Regulatory changes and refinements in recent years have brought greater clarity to existing rules and procedures, which should enable operators to focus on improving network quality and providing telecommunications services to subscribers under a stable regulatory regime. This situation should also make it easier for companies operating in the telecommunications sector in India to raise finance and other funding on more attractive terms given the greater predictability of the operational environment. Since the regulatory framework is an evolving process within the industry, there remain certain issues such as 3G Spectrum allocations and number portability which require further clarity from the regulators.

Fall in incremental capital expenditure per subscriber and economies of scale

Mobile operators in the Indian telecommunications industry have generally attained the necessary number of subscribers to benefit from various economies of scale and to negotiate better prices from network equipment vendors. As a consequence, as well as because of significant subscriber growth, incremental capital expenditure per subscriber is expected to fall in the future.

Increase in pre-paid subscribers through micro pre-paid and extended validity cards will be a driver for future growth

Current growth in the subscriber base is mainly attributable to growth in the number of pre-paid subscribers. The growth in this segment is primarily due to lower entry costs for subscribers and the availability of products and services. From the perspective of a mobile operator, pre-paid subscribers are logistically easier to manage than post-paid subscribers as they do not require elaborate sales infrastructure nor do they pose significant credit risks as payments are received upfront. The latest offerings of micro pre-paid plans and extended validity cards by mobile operators have proved popular and have taken subscriber growth to new levels.

Increasing demand for value-added telecommunications services

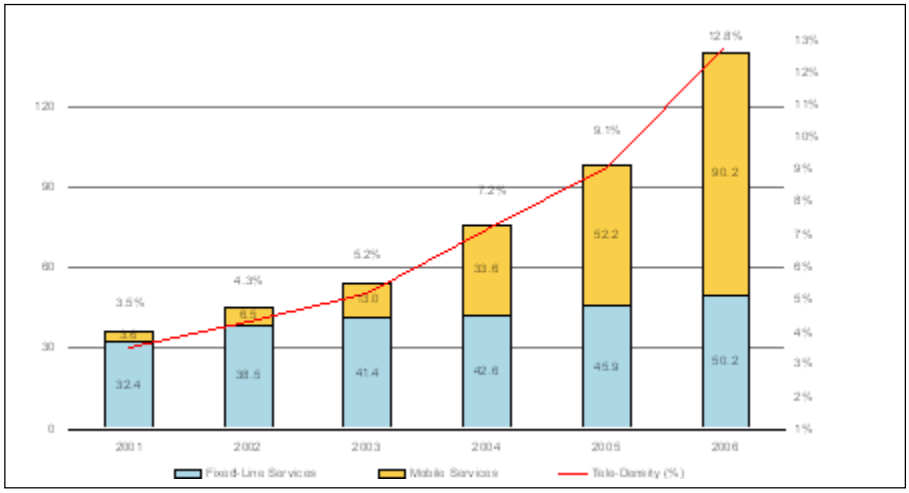
As the telecommunications needs of subscribers become increasingly sophisticated, we expect increased demand for value-added data services such as music messaging and voice recognition products. This trend will be enhanced by the development and supply of new data-enabled handsets at lower prices. Revenues from VAS are expected to bridge the gap created by the fall in ARPUs triggered by a reduction in tariffs.

INDIAN TELECOMMUNICATIONS INDUSTRY

The Indian telecommunications market is currently among the fastest growing telecommunication markets in the world. India's current mobile subscriber base is approximately 146.54 million as at December 31, 2006 as compared with 3.6 million as at March 31, 2001, according to COAI and AUSPI. There has been rapid growth in the industry following several initiatives undertaken by TRAI and the DoT.

In addition, as illustrated by the graph below, the tele-density of mobile and fixed-line subscribers in India has increased significantly since 2001. In particular, the rate of growth for mobile telecommunications is greater than that of fixed line and the total subscriber base as at March 31, 2006 was approximately 140.4 million (fixed and mobile), representing a tele-density of approximately 12.8%:

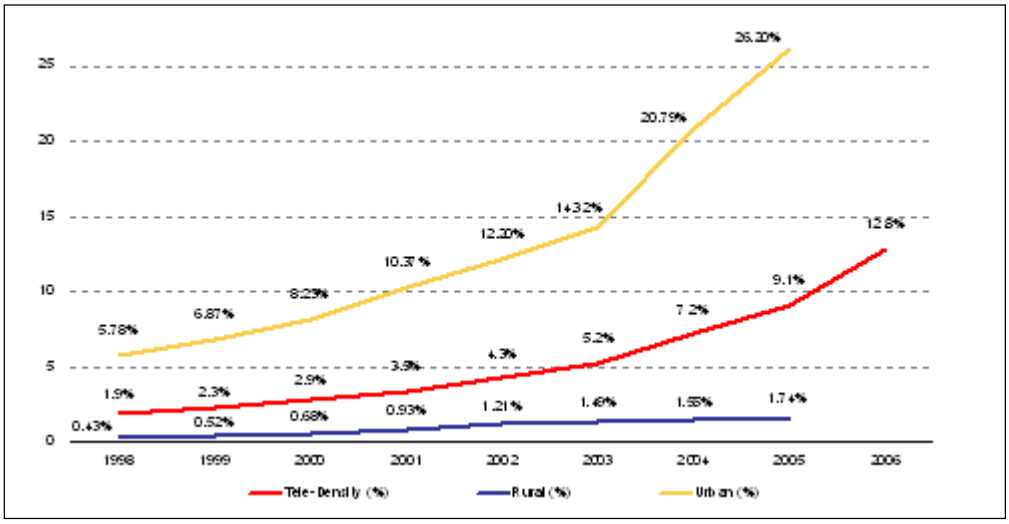
India : Tele-Density and Total Subscribers Base



Source : COAI and AUSPI

As illustrated by the chart below, urban tele-density has increased from 5.8% in 1998 to 26.2% in 2005, whereas rural tele-density has experienced a slower growth rate, increasing from 0.4% in 1998 to 1.7% in 2005.

Tele-density Levels in India
Urban & Rural



Source : TRAI Press Release, The Indian Telecom Services Performance Indicators for Financial Year Ending 31st March 2006, June 28, 2006

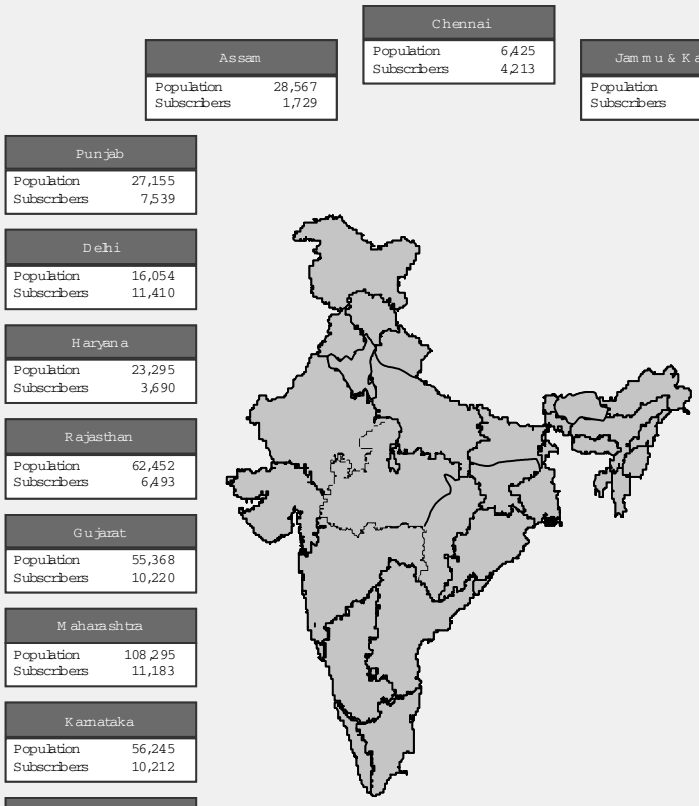
Overall, India's tele-density is significantly lower than the global average, indicating that India has considerable potential for growth as compared to more developed markets.

The Mobile Landscape in India

The Indian telecommunications market has been segregated into 23 areas referred to as "Circles". There are four metropolitan Circles (Mumbai, Delhi, Kolkata and Chennai) and 19 regional Circles which are classified into three categories – 'A', 'B' and 'C'. There are five category 'A' Circles, eight category 'B' Circles and six category 'C' Circles.

Although the metropolitan Circles currently account for only 5% of the total population of India, they account for approximately 30.06 million, 20.52%, of the total number of subscribers in India, as at December 31, 2006. The category 'A', category 'B' and category 'C' Circles, by comparison, currently account for approximately 31%, 44% and 19% of the total population of India and account for approximately 35.84%, 34.78% and 8.86% of the total number of subscribers, respectively. A detailed breakdown of the total number of subscribers, as at December 31, 2006, in each of these Circles is given below. The chart below excludes CDMA subscribers of BSNL and MTNL:

Metros	Delhi
	Mumbai
	Chennai
	Calcutta
A' Circle	Maharashtra
	Gujarat
	A.P.
	Karnataka
	T.N.
B' Circle	Kerala
	Punjab
	Haryana
	U.P.(W)
	U.P.(E)
	Rajasthan
	M.P.
	W.B.
C' Circle	H.P.
	Bihar
	Orissa
	Assam
	N.E.
	J&K



(Population and subscribers in '000s)

Sources:

(1) Population estimates are based on the Census of India 2001. The population of the Uttar Pradesh (West) Circle is approximately 35% of the total population of the state of Uttar Pradesh. The population figures have been sourced from the COAI News Flash dated July 17, 2006.

(2) Mobile subscriber statistics are as at December 31, 2006 and are based on data released by COAI and AUSPI.

(3) The chart excludes CDMA subscribers of BSNL and MTNL because of the unavailability of data.

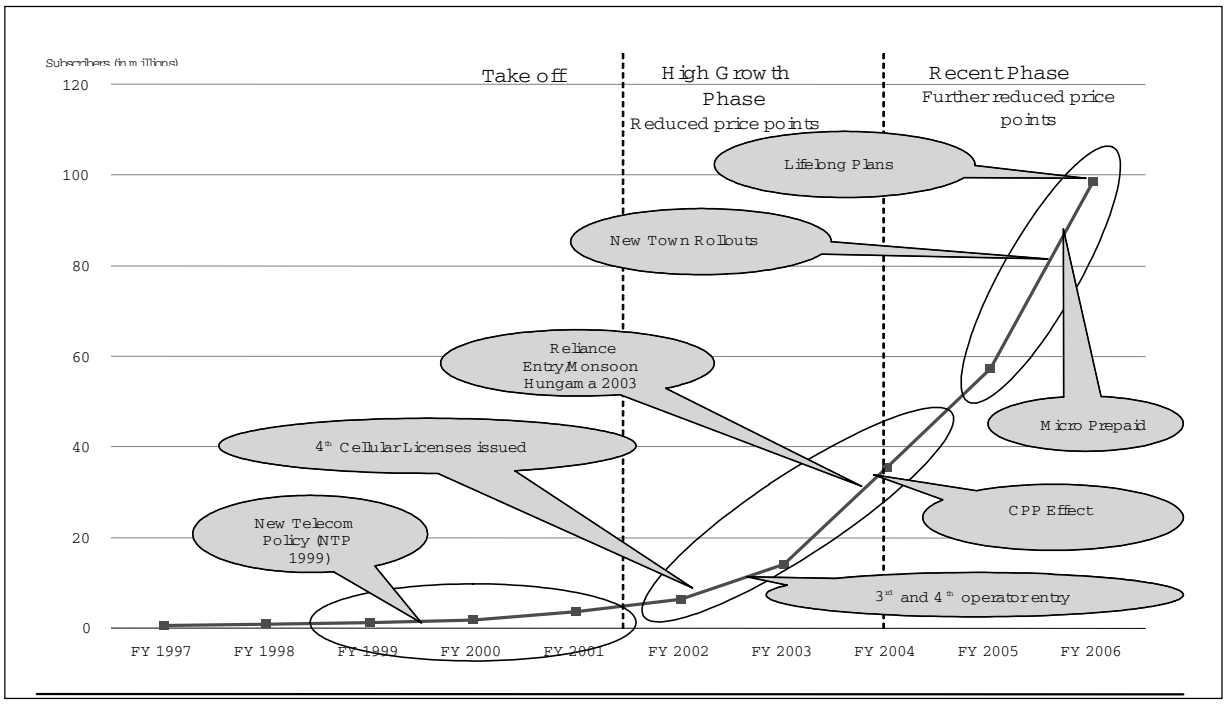
History and evolution of the telecommunications sector in India

Growth in the telecom industry in India can be divided into three phases: Phase I from financial year 1997 to financial year 2001; Phase II – from financial year 2001 (later half) to financial year 2004; Phase III – from financial year 2004 onwards.

The following chart reflects the growth in the number of mobile subscribers from 1997 to 2006 which has been divided into three phases, each indicating the major events that led to this growth:

Indian Cellular Subscriber growth evolution

1997 - 2006



Source : COAI and AUSPI

Phase I – Take off Phase

Prior to 1991, the telecommunications industry in India was state-owned. In December 1991, the DoT began the process of introducing private sector participation in the telecommunications sector by inviting bids from Indian companies with no more than 49% foreign ownership for non-exclusive licenses to provide cellular services in the four metropolitan Circles. Any foreign partner of the bidding company had to be an entity with experience in the telecommunications sector. After protracted litigation arising out of the selection process, the DoT eventually issued two licenses for each of the four metropolitan Circles in 1995.

In January 1995, the DoT invited tenders from Indian companies (which could be associated with foreign partners) for licenses (to be limited to two per circle) to provide cellular services in 18 telecommunications circles, excluding the four metropolitan Circles. The Government issued 34 licenses covering 18 service areas to 14 companies from 1995 through 1998. No bids were received for the Jammu and Kashmir Circle. The terms of the licenses provided for two operators per metropolitan Circle and two operators per regional Circle and required mobile operators to interconnect through the fixed-line networks of BSNL and MTNL. Mobile services were introduced in India on a commercial basis in the four metropolitan Circles during 1995 and in most of the other Circles between 1996 and 1998. As the bidding process resulted in high fixed license fees being payable by the successful bidders in most Circles, several private operators defaulted on their license fee obligations and were unable to complete the build out of their networks. In certain cases, the DoT suspended the licenses issued to such operators and in certain extreme cases, imposed penalties on them.

In 1999, the National Telecommunication Policy 1999 ("NTP 1999") was announced by the Government to address the difficulties encountered by licensees under the initial telecommunications licensing regime. NTP 1999 brought about a change from a fixed annual license fee to a license fee based on a percentage of revenues earned by the operator and an extension of the initial license term from 10 to 20 years. Moreover, NTP 1999 permitted BSNL and MTNL to provide mobile in those Circles where each was already providing fixed-line services. Accordingly, BSNL and MTNL became the third cellular services operators in such Circles. As part of NTP 1999 the Government also initiated another bidding process for a fourth license for each Circle and further announced that additional licenses may be issued for certain Circles in the future, depending on TRAI's recommendations from time to time and taking into account market demand at the relevant time and in the future.

Phase II – High Growth Phase

In January 2001, the Government published guidelines concerning the fourth license to be awarded for each Circle. The guidelines called for a non-exclusive license for a period of 20 years (thereafter extendable by 10 years) in the 1,800 MHz frequency range. The guidelines stipulated minimum paid-up capital and net worth requirements for bidders (and their respective promoters) in respect of each category of Circle. The guidelines further provided that for the entire duration of the license, total foreign held equity in the licensee company should not exceed 49% of the paid-up capital and that management control should vest with an Indian promoter. Pursuant to the guidelines, a company was not permitted to have an interest in more than one bidder company for the same circle and existing licensees were not permitted to submit bids relating to a circle for which they already held a license.

The Government prescribed roll-out obligations for the fourth operator, requiring coverage of at least 10% of the district DHQs within a circle in the first year and 50% of the DHQs within three years of the effective date of the license. Coverage of a DHQ requires radio coverage of at least 90% of the area bound by the central municipal limit in the DHQ.

Also, in January 2001, based on the recommendations of TRAI, the Government issued guidelines to permit fixed-line telecommunications service providers to provide limited mobility services using Wireless Local Loop ("WLL(M)") technology, within specified short distance calling areas in which the relevant subscriber is registered. In October 2003, TRAI recommended to the Government that fixed-line telecommunications service providers intending to provide limited mobility services based on WLL(M) technology pay a specified amount as an additional entry fee.

In November 2003, NTP 1999 was amended to include a UAS License, permitting a licensee to provide fixed-line and/or mobile services using any technology in a defined license area upon conversion to a UAS License. The Government issued guidelines relating to UAS Licenses in November 2003. There is no limitation on the number of UAS Licenses that can be granted in any given license area.

The transition to a Calling Party Pays ("CPP") and a UAS License regime in 2003 attracted more subscribers and increased competition in the sector. The entry of additional operators has led to declining tariffs in mobile services.

Phase III – Recent Phase

In November 2005, the Government, through Press Note 5 of 2005, dated November 3, 2005 raised the foreign direct investment limit applicable to the telecommunications sector from 49% to 74% (held directly or indirectly), subject to compliance with certain conditions, including that the majority of the directors and selective key senior management personnel of a company operating in the telecommunications sector be resident Indian citizens, any shareholder agreements and the memorandum and articles of association of the company be amended to ensure compliance with the conditions of the relevant license agreement, and a resident Indian promoter holds at least 10% equity of the company. Companies affected by this legislative change originally were given four months from the date of notification to comply with the specified conditions although this time period has since been extended by Press Note 7 of 2006 to January 2, 2007. Further, pursuant to Press Note 1 of 2007, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce, the Government has notified a further extension of the time period for the telecom service provider companies to comply with the conditions set out in Press Note 5 of 2005, by three months i.e. from January 3, 2007 to April 2, 2007.

The key reasons for the significant growth in the industry in the last phase of growth were:

- CPP effect on the usage patterns of consumers;
- Intensified competition due to the entry of Reliance Televentures Limited;
- Introduction of schemes like Monsoon Hangama by Reliance;
- Introduction of micro pre-paid plans; and
- Introduction of extended validity cards.

The increase in Net Adds in the later half of FY 2003, FY 2004 and FY 2005 is primarily attributable to the introduction of Monsoon Hangama by Reliance and the introduction of innovative products by other operators such as micro pre-paid plans and extended validity cards. Reliance introduced CDMA-based mobile telephony services which allowed it to introduce low-priced mobile telephones to the market. The handsets along with connection were available for Rs 500. Later other operators introduced life long validity plans which, unlike standard prepaid plans, do not require a subscriber to recharge his or her balance at regular intervals to ensure that his or her account remains active. Products like these appeal to low usage customers and thus resulted in an increase in Net Adds.

GSM and CDMA technology

The Indian regulators initially adopted GSM as the primary technology for mobile telecommunications services in India. Accordingly, all mobile telecommunications service providers had to base their services on GSM technology. In 2001, fixed-line service providers were given permission to provide limited mobility services using WLL(M) technology.

The GSM mobile subscriber base in India has increased at a CAGR of approximately 90%, from the base of 12.68 million as at March 31, 2003 to approximately 105.42 million at December 31, 2006. India's CDMA-based mobile subscriber base has increased at a CAGR of approximately 195%, from approximately 1.17 million as at March 31, 2003 to approximately 41.11 million as at December 31, 2006. As at December 31, 2006, GSM subscribers accounted for approximately 71.9% and CDMA subscribers accounted for approximately 28.1% of the total mobile subscriber base in India. Of the total Net Adds in the 12 months ending December 31, 2006, GSM subscribers accounted for approximately 72.3%, while CDMA subscribers accounted for approximately 27.2%.

Rapid increase in subscriber base

The Indian mobile telecommunications industry has experienced significant growth in recent years. The total number of mobile telecommunications subscribers in India increased from approximately 3.6 million as at March 31, 2001 to approximately 89.36 million as at March 31, 2006. Average Net Adds increased from 0.20 million subscribers per month in the financial year 2001 to 2.3 million subscribers per month in the financial year 2005 and 5.58 million subscribers per month in nine months ended December 31, 2006.

According to various industry sources, the key factors that have led to the substantial growth in the Indian telecommunications market in the recent past include:

- Increase in demand from both urban and rural areas due to strong GDP growth and increases in per capita incomes;
- Entry of a fourth operator in several Circles which increased competition, reduced tariffs and broadened the addressable telecommunication market size;
- The CPP regime which was introduced in May 2003 made incoming calls free of charge for the receiving party;
- Entry of CDMA operators in 2003, particularly Reliance Infocomm which lowered entry barriers for customers through innovative and attractive tariff schemes;
- Decrease in handset costs for subscribers;
- Reduction in the cost of telecommunications infrastructure equipment;
- Large investments by operators in networks and coverage, as well as enhancements of existing distribution networks; and
- Introduction of micro pre-paid plans and some form of extended validity cards by all operators.

Historically, the substantial growth in the number of mobile subscribers is, to a large extent, attributable to metropolitan and category A Circles. These two categories combined accounted for approximately 70.2% of the total mobile subscriber base as at August 31, 2003. However, as at December 31, 2006 the Circles in these two categories account only for approximately 56.4% of the total mobile subscriber base. By contrast, the share of category B and C Circles has increased from approximately 29.6% of the total mobile subscriber base as at August 31, 2003 to approximately 43.6% of the total mobile subscriber base as at December 31, 2006. The table below shows, for each category of Circle, as at each quarter end since March 31, 2005 the total mobile subscriber base:

	Total Mobile Subscribers * *(in millions)*							
	As at March 31, 2005	**As at June 30, 2005**	**As at September 30, 2005**	**As at December 31, 2005**	**As at March 31, 2006**	**As at June 30, 2006**	**As at September 30, 2006**	**As at December 31, 2006**
Metropolitan areas	14.34	15.54	16.91	19.04	21.71	24.24	26.33	30.06
Category 'A' areas	18.69	20.58	22.81	26.46	31.35	37.05	43.59	52.52
Category 'B' areas	15.63	17.83	21.01	24.88	29.76	35.11	41.99	50.96
Category 'C' areas	2.84	3.41	4.34	5.56	7.31	8.98	10.62	12.99
Total	**51.50**	**57.36**	**65.07**	**75.94**	**90.13**	**105.38**	**122.53**	**146.53**

* *Calculated on the basis of the subscriber statistics released by COAI and AUSPI as at December 31, 2006. Includes GSM, CDMA and WLL(F) and WLL(M) subscribers and excludes the CDMA subscribers of BSNL (as these figures are not available), since April 2006 figures for WLL(M) subscribers of MTNL have not been reported and this table is based on the last reported figures*

Source: COAI and AUSPI

The tables below show, for each category of Circle, the Net Adds and the percentage share of Net Adds for each quarter since March 31, 2005:

	Net Adds for the three months ended							
	March 31, 2005	**June 30, 2005**	**September 30, 2005**	**December 31, 2005**	**March 31, 2006**	**June 30, 2006**	**September 30, 2006**	**December 31, 2006**
Metropolitan areas	0.74	0.98	1.39	2.17	2.56	2.53	2.09	3.73
Category 'A' areas	1.51	1.75	2.23	3.65	4.90	5.70	6.54	8.93
Category 'B' areas	1.40	1.92	3.16	3.82	4.87	5.35	6.88	8.97
Category 'C' areas	0.52	0.55	0.92	1.21	1.72	1.67	1.64	2.37

Source: COAI and AUSPI.

	Percentage share of Net Adds for the three months ended							
	March 31, 2005	**June 30, 2005**	**September 30, 2005**	**December 31, 2005**	**March 31, 2006**	**June 30, 2006**	**September 2006**	**December 31, 2006**
Metropolitan areas	17.75%	18.85%	18.05%	20.00%	18.22%	16.59%	12.19%	15.54%
Category 'A' areas	36.21%	33.65%	28.96%	33.64%	34.88%	37.38%	38.13%	37.21%
Category 'B' areas	33.57%	36.92%	41.04%	35.21%	34.66%	35.08%	40.12%	37.38%
Category 'C' areas	12.47%	10.58%	11.95%	11.15%	12.24%	10.95%	9.56%	9.88%

source: COAI and AUSPI

Recent trends in ARPUs and MoUs

ARPUs

There has been a decline in ARPU levels nationwide for GSM-based mobile telephony service providers over the five quarters ending in March 31, 2006. ARPU levels have dropped from Rs. 394 per month in the three months ended March 31, 2005 to Rs. 366 per month in the three months ended March 31, 2006. Conversely, the ARPU levels for the CDMA-based mobile telephony have increased from Rs. 241 per month in the three months ended March 31, 2005 to Rs. 256 per month in the three months ended March 31, 2006.

Trends in industry ARPUs levels for all mobile operators in India are as under:

Three Months Ended	**GSM** *(Rs. per month)*	**CDMA** *(Rs. per month)*
March 2005	394	241
June 2005	381	240
September 2005	374	244
December 2005	362	256
March 2006	366	256

Source: TRAI – "The Indian Telecom Services Performance Indicators for Financial Year ending 31st March 2006" dated June 28, 2006

There is significant variation in industry GSM ARPU levels achieved for pre-paid and post-paid subscribers. These ARPU levels vary from Circle to Circle. Although nationwide blended ARPU for the industry across the four categories was Rs 366 per month, ARPU from post-paid subscribers was Rs 628 per month per post-paid subscriber. The table below shows ARPU per month during the three months ended March 31, 2006 in the four categories of Circles, for postpaid and prepaid subscribers.

GSM ARPUs for pre-paid customers in the category C Circles are relatively higher than such ARPUs in other Circles. There is a similar trend in the minutes of usage ("MoU"), wherein the MoUs in category C Circles are higher than the MoUs in the metropolitan Circles.

The table below depicts the trends in ARPU:

Circle Category	**Post-paid** *(Rs. per month)*	**Pre-paid** *(Rs. per month)*	**Blended ARPU** *(Rs. per month)*
Metropolitan circle….	775	295	420
Category 'A' circle….	625	284	354
Category 'B' circle….	499	306	338
Category 'C' circle….	551	329	378
All India…….	**628**	**298**	**366**

Source: TRAI – "The Indian Telecom Services Performance Indicators for Financial Year ending 31st March 2006" dated June 28, 2006

Blended MoUs

MoU levels vary from circle to circle. Nationwide MoUs across the four categories for GSM-based mobile telephony subscriber were 395 minutes of usage per subscribers per month and for CDMA-based mobile telephony subscribers were 550 minutes of usage per subscribers per month. The table below shows the trend in blended MoUs per subscriber per month during the three months ended March 31, 2006 in the four categories of Circles:

(Minutes of usage per subscribers per month)

Circle Category	GSM - MoU	CDMA - MoU
Metropolitan circle….	406	561
Category 'A' circle….	418	518
Category 'B' circle….	355	553
Category 'C' circle….	422	687
All India…….	**395**	**550**

Source: TRAI – "The Indian Telecom Services Performance Indicators for Financial Year ending 31st March 2006" dated June 28, 2006

OTHER FACTORS CURRENTLY AFFECTING THE INDUSTRY

Customer verification

An amendment of all licenses on August 12, 2002 required customer verification when activating new subscribers. Many operators have received notices from the DoT to disconnect all mobile connections of subscribers in certain Circles who have been allegedly given connections prior to May 31, 2006 without first being subject to proper verification. Most mobile operators who are similarly affected are together discussing these notices with the DoT on grounds of the logistical and practical difficulties involved in verifying all details of subscribers who were given mobile connections prior to May 31, 2006. Further the DoT has given time till March 31, 2007 for complete verification of all subscribers.

Spectrum

The DoT intends to release further Spectrum in the 900 and 1800 MHz ranges to commercial mobile operators once the Indian defense forces cease using these ranges. It is expected that these Spectrums will be vacated in the near future and will be made available to cellular telecommunication service providers.

Spectrum will be allocated based on an operators' subscriber base, with frequency being allocated to operators with a specified minimum number of subscribers in particular Circles or categories of Circles. The following two tables set out the threshold subscriber numbers for frequencies to be allocated to GSM operators and CDMA operators, respectively.

Criteria for Spectrum allocation: GSM operators

Service area	Subscriber base[1]					
	4.4 MHz	6.2 MHz	8.0 MHz	10.0 MHz	12.4 MHz	15.0 MHz
Metro:						
Delhi and Mumbai	No criteria[2]	0.3	0.6	1.0	1.6	2.1
Chennai and Kolkata	No criteria[2]	0.2	0.4	0.6	1.0	1.3
Circle 'A'	No criteria[2]	0.4	0.8	1.4	2.0	2.6
Circle 'B'	No criteria[2]	0.3	0.6	1.0	1.6	2.1
Circle 'C'	No criteria[2]	0.2	0.4	0.6	0.9	1.2

[1] *Minimum subscriber base (in millions) required for allotment of different amounts of GSM Spectrum*

[2] *Initial allotment for rollout of the network*

Source: DoT

Criteria for Spectrum allocation: CDMA operators

Service area	Subscriber base[1]	
	5th Carrier	6th Carrier
Metro:		
Delhi and Mumbai	0.2	0.2
Chennai and Kolkata	0.1	0.2
Circle 'A'	0.2	0.3
Circle 'B'	0.2	0.2
Circle 'C'	0.1	0.3

[1] *Minimum subscriber base (in millions) required for allotment of CDMA carriers of nominal 1.25 MH bandwidth each*

Source: DoT

Future Outlook for the Industry

TRAI has estimated a mobile subscribers base of approximately 175 million by the end of the financial year 2007 and approximately 210 million by end of financial year 2008. CRISIL Research expects the total subscriber base to increase to approximately 398 million by the end of financial year 2011 from the current base of 139.39 million at the end of financial year 2006.

According to CRISIL research, the urban subscriber base is expected to grow to approximately 210 million by the end of financial year 2011 from approximately 83.38 million by the end of financial year 2006 and the rural subscriber base is expected to grow to approximately 109 million by the end of financial year 2011 from approximately 6.26 million by the end of financial year 2006. These trends imply that the share of rural Net Adds would be more than the share of Net Adds from urban areas. Rural Net Adds are expected to be approximately 24 million by end of the financial year 2011 as compared to urban Net Adds of 21 million in the same year.

Summarized below are the tables for the forecast by CRISIL research as discussed above:

Telecom subscriber base: Mobile and fixed

Subscriber base	2002-03	2003-04	2004-05	2005-06	2006-07F	2007-08F	2010-11F
('000)							
Mobile	12,688	33,600	51,723	89,647	137,815	184,231	319,486
Fixed	41,420	42,800	46,212	49,750	55,038	60,571	78,922
Wireline	40,820	40,900	42,590	43,136	45,133	47,177	53,871
Fixed wireless	600	1,900	3,622	6,614	9,905	13,394	25,051
Total	**54,108**	**76,400**	**97,935**	**139,397**	**192,853**	**244,802**	**398,408**

F: Forecast

Source: CRIS INFAC

Mobile Subscribers Base: Urban & Rural (Forecast)

Mobile services: Urban and rural subscriber base arid net additions

In ("000)	2002-03	2003-04	2004-05	2005-06	2006-07F	2007-08F	2010-11F
All India	**12.6818**	**33,600**	**51,723**	**89,647**	**137,815**	**184,231**	**319,486**
Urban	12,650	33.30C	49,1 OS	33,387 '	117,436	144,621	210,051
Rural	38	300	2,613	6,261	20,375	39,61C	1C9.435
Net Additions		**20,912**	**18,123**	**37,925**	**48,163**	**46,4)6**	**44,727**
Urban		20,651	15,809	34,277	34,050	27,185	21,222
Rura		262	2,314	3,647	14,119	19,231	23,306

F: Forecast

Source: CRIS INFAC

INDIAN TELECOMMUNICATIONS INDUSTRY REGULATION

Overview

The telecommunications industry in India is subject to extensive government regulation. A number of Government authorities have regulatory responsibilities for various aspects of the industry.

The principal regulatory authorities are:

- The DoT of the Ministry of Communications and Information Technology, the responsibilities of which include:
  - formulating and enforcing industry policies, regulations and technical standards;
  - granting telecommunications service licenses;
  - supervising the operations and quality of service (quality of service comes under the TRAI charter) of telecommunications service providers;
  - allocating and administering telecommunications resources such as Spectrum and numbers; and
  - maintaining fair and orderly market competition among service providers.
- The Telecommunications Regulatory Authority of India ("TRAI") – TRAI is an autonomous regulatory body, the role and responsibility of which is laid out in the TRAI Act, 1997.

Revenue Sharing/License Fee

Pursuant to the migration from the fixed annual license fee regime to a revenue sharing regime, the revenue sharing license fee payable by existing or future operators is as follows:

Metropolitan Areas and Category A Circles – 12% of the adjusted gross revenue ("AGR")

Category B Circles – 10% of the AGR

Category C Circles – 8% of the AGR

With effect from April 1, 2004, the license fee was reduced by 2%. Further, as part of the introduction of the UAS License, the Government offered certain concessions to the original cellular licensees in the Circles, who had to pay fixed license fees. Accordingly, the original cellular licensees were given an additional concession of 2%, subject to an overall minimum fee of 5% of the AGR, for a period of four years from April 1, 2004. The license fee under the NLD license is 6% of the AGR.

Further, the GSM-based service providers are required to pay an additional charge for use of Spectrum, depending upon the Spectrum allotted. The royalty on the Spectrum allocation is as follows:

- up to 4.4 MHz – 2% of the AGR
- up to 6.2 MHz – 3% of the AGR
- from 6.2 to 10 MHz (inclusive) – 4% of the AGR
- from 10 to 12.5 MHz (inclusive) – 5% of the AGR
- from 12.5 to 15 MHz (inclusive) – 6% of the AGR

Following a direction of TDSAT, TRAI has submitted its recommendation on the components of AGR, on September 21, 2006.

Cell Site Sharing

On January 29, 2001 and March 6, 2002, the licenses were amended, facilitating sharing of infrastructure between Cellular Mobile Service Providers ("CMSPs") and any other telecom service providers in their areas of operation.

The amendments permitted the following:

i) sharing of passive infrastructure including, buildings, towers and fiber optic networks;

ii) provision of point to point bandwidth from a CMSPs own infrastructure within its service area to other licensed telecom

service providers for their own use.

Recently, on November 29, 2006, the TRAI has released a consultation paper on infrastructure sharing. This paper, amongst other things, discusses sharing of active infrastructure.

Subscriber Verification

On August 12, 2002 the licenses were amended to provide for certain customer verification requirements. The licensee is required to ensure adequate verification of customers prior to enrolling them as subscribers. Additionally, the SIM card used by any subscriber in the user terminal is required to be registered for bonafide use.

Interconnection Usage Charges (IUC)

Key highlights of the IUC Regulations, 2003 (as amended in February 2006) are as follows:

Termination Charges

Termination charge for calls to basic ("fixed", "WLL (F)", and "WLL(M)") and mobile networks will be at a uniform rate of Rs. 0.30 per minute. The same termination charge will be applicable for all types of calls including local, national long distance ("NLD") and international long distance ("ILD").

Origination Charges

The originating service provider will retain origination charges from the residual after payment of the charges for carriage, termination and access deficit.

Carriage Charges

a) Carriage Charges for NLD shall be set by mutual agreement of service providers subject to a ceiling of Rs. 0.65 per minute irrespective of the distance.

b) Transit charges for intra-short distance charging area "SDCA" calls:

Forbearance, subject to the following condition:

Direct interconnection between access providers is mandatory. For exceptional cases of intra-SDCA transit, operators may decide the charges through mutual negotiation. However this should be lower than Rs. 0.20 per minute.

Carriage Charges for ILD calls including international termination charge (i.e. international settlement):

Forbearance, subject to the following condition:

The service providers may mutually agree to the sharing of any surplus, subject to the approval of the Authority.

Notes

a) The originating service provider will retain origination charges from the residual after payment of the charges for carriage, termination and access deficit.

b) The carrier will collect the applicable amounts for carriage and termination charge from the originating service provider for various types of calls. The carrier would pass on the termination charge for terminating the traffic to the terminating service provider.

c) The call from/to fixed line to/from WLL(M) will be treated as a local call, if the call destination is within the SDCA where the call originated. Calls from/to fixed line to/from WLL(M) will be treated as long distance calls if the call terminates outside the SDCA from where the call originated.

Access Deficit Charges ("ADC")

ADC for international outgoing and incoming calls are as follows:

Access Deficit Charge for International Long Distance Calls

Sl.No.	Type of Call	ADC per minute *(in rupees)*	ADC to be paid to / retained by
1.	All Outgoing ILD calls originated from fixed wireline subscribers	Rs. 0.80	To be retained by originating Fixed Wireline Service Provider.
2.	All outgoing ILD calls originated from Mobile / Wireless including WLL (F) subscribers	Rs. 0.80	To be paid to BSNL by originating access provider through ILD operator
3.	All incoming ILD calls	Rs. 1.60	To be paid to BSNL by ILD operator or NLD operator

ADC as a percentage of revenue

In addition to the payment of ADC on international outgoing and incoming calls as specified above, all holders of UAS Licenses, Cellular Mobile Telephone Service ("CMTS"), NLD service providers and ILD service providers and Basic Service Operators ("BSO") are required to pay 1.5% of their AGR as ADC to the BSNL. BSNL shall retain ADC chargeable as a percentage of its AGR.

However, if a service provider has a UAS License/basic service license, ADC will be retained as a percentage of AGR of fixed wireline subscribers and the balance to the BSNL.

Whilst AGR is attributed the same meaning as given in the respective licenses for the calculation of ADC, in the case of a holder of a UAS License/BSO, the revenue from rural fixed wireline subscribers is to be excluded.

Intra Circle Merger Guidelines

On February 21, 2004, the intra-circle merger guidelines were issued in order to facilitate consolidation in the telecommunication sector. The salient features of the guidelines are as follows:

- merger of licenses to be restricted to the same service area;
- merger of the license to be permitted between any of the following categories of licenses:
  - GSM license with GSM license;
  - basic service license with basic service license;
  - UAS License with UAS License;
  - basic service license with UAS License; and
  - GSM license with UAS License
- merger of licenses to be permitted subject to the condition that there would at least be three operators in that service area for that service, consequent upon such merger;
- prior approval of the DoT would be necessary for merger of the licenses;
- consequent upon the merger of the licenses, the merged entity would be entitled to the total amount of Spectrum held by each of the merging entities, subject to a prescribed upper limit; and
- while granting permission for merger of licenses, the DoT may, suitably amend, relax and/or waive the conditions in the respective license agreements dealing with 'substantial equity' requirement.

Further, through amendment dated March 16, 2006 to the license agreement, merger between two CMTS providing a UAS License to companies has been permitted as long as competition is not compromised and as long as the management of the licensee company remains in Indian hands.

Spectrum Allotment

In March 2006, to help in proper and efficient utilization of Spectrum the WPC laid down new criteria for allotment of Spectrum as follows:

Service Area	Minimum subscriber base (in 100,000s) required for allotment of different amounts of GSM Spectrum					
	4.4 MHz	6.2 MHz	8 MHz	10 MHz	12.4 MHz	15 MHz
Metro Service Area.						
Delhi and Mumbai	No criteria*	3	6	10	16	21
Chennai and Kolkata	No criteria*	2	4	6	10	13
Telecom Circles as Service Area						
Category 'A' Circle	No criteria*	4	8	14	20	26
Category 'B' Circle	No Criteria*	3	6	10	16	21
Category 'C' Circle	No criteria*	2	4	6	9	12

**Initial allotment for roll-out of the network*

While Spectrum allotment will be subject to availability of Spectrum, the active subscribers and peak traffic averaged over a month (for a minimum of 40 m Erlangs per subscriber) in the visitor locator register of a service provider would be taken into account for purpose of allotment.

Universal Service Obligation (USO)

Out of the total revenue share license fees paid by the operators to the government, at present, 5% of the AGR is allocated by the government to the USO for development of rural and remote areas. The Government has been in discussion with the industry on extension of USO subsidy support for shared wireless infrastructure in rural and remote areas. It is recognized that given the vastness of country, the cost of rolling-out networks especially to rural and remote areas could prove to be prohibitively expensive for service providers, which would ultimately translate into high tariffs for consumers. Hence, shared infrastructure using USO subsidy would ensure expeditious roll-out of mobile networks in the most cost effective manner and deliver both affordability and choice for consumers. The government's proposal has elicited enormous interest from all quarters, access providers as well as independent infrastructure providers.

Tariffs

The tariffs are regulated by TRAI through the Telecom Tariff Order Regulation. Earlier, TRAI had specified various ceilings/floor prices for most of the telecom services. Post implementation of IUC Regulation, 2003, TRAI has specified the charges for carriage and termination and ADC payable by different service providers. At present most of the tariffs (except Roaming) are forborne and market forces determine the appropriate tariff levels.

TRAI has specified three underlying principles for tariff regulation. These are as follows:

- IUC consistent tariffs imply that the service provider should be able to meet the IUC expenses on a weighted average basis. The relevant weighted average should be of the service segment concerned;
- the tariffs should be non-discriminatory. Different tariffs should not be charged for calls within the network and outside it when the calls are to the same service; and
- the issue of non-predation is linked to the ability to pay the IUC expenses while covering own costs.

With these underlying principles, TRAI has also stressed on the principle of transparency of tariffs.

Mobile Number Portability

On March 8, 2006, TRAI issued its recommendations to the Government on mobile number portability. This system would enable customers to retain their telephone numbers even while switching telecommunications service providers or networks. TRAI recommendations include:

- initiation of the process of implementation of mobile number portability in India and availability of this facility to mobile subscribers by April 1, 2007;
- Government may mandate all UAS Licenses / CMSPs to implement mobile number portability. Further, that initially mobile number portability be introduced within service area only;
- implementation of mobile number portability in a phased manner by initially introducing it in the metropolitan and Category 'A' Circles, followed by Category 'B' and then Category 'C' Circles within an interval of six months;
- implementation of 'direct routing' or 'all call query method' for number portability;
- establishment of a centralized database by mobile operators through a neutral third party with not more than five regionally located databases. Cost of this database shall be borne proportionately by each mobile operator based on its subscriber base. This database shall be the depository for the ported numbers;
- constitution of a steering committee to determine details relating to implementation of mobile number portability;
- adoption of a centralized clearing house by mobile operators for processing porting requests. Cost of such centralized clearing house shall be borne proportionately by each mobile operator based on its subscriber base as at January 2007;
- customer shall approach the recipient operator for porting and in respect of porting charges, only the recipient operator shall be permitted to charge a fee for successful porting;
- common setup costs towards Number Portability Administration Center (NPAC) shall be borne by operators based on subscriber market share as at January 1, 2007; and
- licenses may be amended to introduce a provision indicating that TRAI shall issue regulations in this regard.

These recommendations have not yet been accepted by the Government and were not in effect as at the date of filing of the Red Herring Prospectus with SEBI.

TRAI direction on SMS codes

On January 4, 2007, TRAI has issued the following directions to all access providers (unified access, basic and cellular) to comply with the National Numbering Plan, 2003:

- All access service providers must use level '5' for short codes to their content providers including SMS based services within their network.
- All existing 4 digit short codes are to be prefixed by '5' to convert the same to 5 digit codes.
- All existing 5 and 6 digit short codes are to be migrated to 5 digit codes by replacing the first digit or first two digits, respectively by '5'. Disputes, if any, shall be brought to the notice of DOT for final allocation of short codes, whose decision shall be final and binding to all the stakeholders.
- Parallel operation of old and new short codes is permitted for six months from the date of issue of these guidelines.

In view of the above, all access providers are requested to report compliance with the above directions to TRAI as and when the same is implemented, but not later than May 31, 2007.

Port charges

On January 12, 2007 the TRAI proposed an amendment to the Telecommunication Interconnection (Port Charges) Regulation, 2001, to reduce existing port charges by about 23% to 29% for various slabs.

BUSINESS

Overview

We are amongst the leading mobile operators and currently operate in 11 Circles which comprise one metropolitan Circle, three category A Circles, six category B Circles and one category C Circle. In addition, we hold licenses for the Metropolitan Circle of Mumbai and the category C Circle of Bihar. We rank amongst the top three operators in six of the Established Circles. We are currently one of the fastest growing mobile operator and have consistently grown in the Established Circles and New Circles with a market share of Net Adds of approximately 16.7% in the period between April and December 2006.

We are an experienced and well-positioned GSM service provider with original licenses in seven of our 13 Circles as a result of which we benefit from various incumbency advantages. We have a history of expanding, integrating and rebranding Circles, as we did with, for example, the Uttar Pradesh (West), Haryana and Kerala Circles. We have demonstrated our ability to roll-out networks, as we did in the Delhi Circle and our recent launch in the New Circles. In November 2002 we commercially launched in the highly competitive Delhi Circle and have gained a market share of 11.5% as at December 31, 2006. We believe that we are well positioned to capitalize on the growth opportunities in the Indian telecommunications market and will be able to leverage our existing strengths in all our 13 Circles and into additional Circles where we commence operations.

Following our formation as a joint venture company in 1995 by Aditya Birla Group and the AWS Group we experienced changes in our shareholding structure (for further details see "Our History and Corporate Structure" on page 137 of this Prospectus). We are now part of the Aditya Birla Group, which is our sole promoter and is currently amongst the largest business groups in India in terms of market capitalization.

Since November 2005, companies belonging to the Aditya Birla Group have been our major shareholders and we have benefited from the Aditya Birla Group's strong and committed support. Since that time we have invested over Rs. 25 billion in expanding and rolling-out our network in the Established Circles and the New Circles. Following this investment, in the last nine months our subscriber numbers have grown significantly, increasing by approximately 68.9% to approximately 12.44 million subscribers as at December 31, 2006 from approximately 7.37 million as at March 31, 2006, and our cell-sites have increased to 8,600 as at December 31, 2006 from 4,763 as at March 31, 2006. As at December 31, 2006 our network covered 1,627 Census Towns and 1,980 other population centers. For the financial years 2005 and 2006, our gross revenues were approximately Rs. 22.68 billion and Rs. 29.73 billion, respectively, and our EBITDA was approximately Rs. 8.29 billion and Rs. 10.86 billion, respectively. Our growth to date has been the product of a combination of organic growth and acquisitions.

We are expanding our coverage in the Established Circles and the New Circles, and also are pursuing new licenses to create a pan-India footprint. We have recently received a UAS License for the Mumbai Circle and, through Aditya Birla Telecom Limited, a UAS License for the Bihar Circle. The Mumbai Circle is attractive to us because Mumbai is the commercial capital of India and also because of the community of telephony interests including the benefit of traffic flows with our other Circles, particularly Maharashtra, Delhi and Gujarat Circles. We have also recently obtained an NLD license which will reduce our operating costs. In addition, we have nine License Applications pending for further Circles which, if obtained, will give us complete access to the Indian market.

Although we may evaluate appropriate acquisitions and pursue targets in the future if we believe they add to shareholder value, we currently intend to maintain a focus on organic growth in our 13 Circles and those Circles where we may commence operations as a result of successful License Applications.

Overview of our Circles

The following table shows current mobile penetration, the number of mobile operators, our ranking and market share in our 13 Circles:

Circle	Mobile penetration %[1][2]	Number of mobile operators	Our ranking [1]	Market share % [1]
Established Circles				
Haryana	15.8%	6	1	20.3%
Maharashtra	10.3%	6	1	23.0%
Uttar Pradesh (West)	10.4%	6	1	21.2%
Madhya Pradesh	7.0%	6	2	21.4%
Andhra Pradesh	14.8%	6	4	13.5%
Gujarat	18.5%	6	3	16.0%
Kerala	20.5%	6	3	20.5%
Delhi	71.1%	7	5	11.5%
New Circles[3]				
Himachal Pradesh	17.2%	6	6	1.0%
Rajasthan	10.4%	7	6	2.5%
Uttar Pradesh (East)	7.2%	6	6	2.3%
New Licenses[4]				
Bihar	4.5%	5	—	—
Mumbai	58.8%	7	—	—

Notes:

(1) Population estimates are based on the COAI News Flash, April 2006

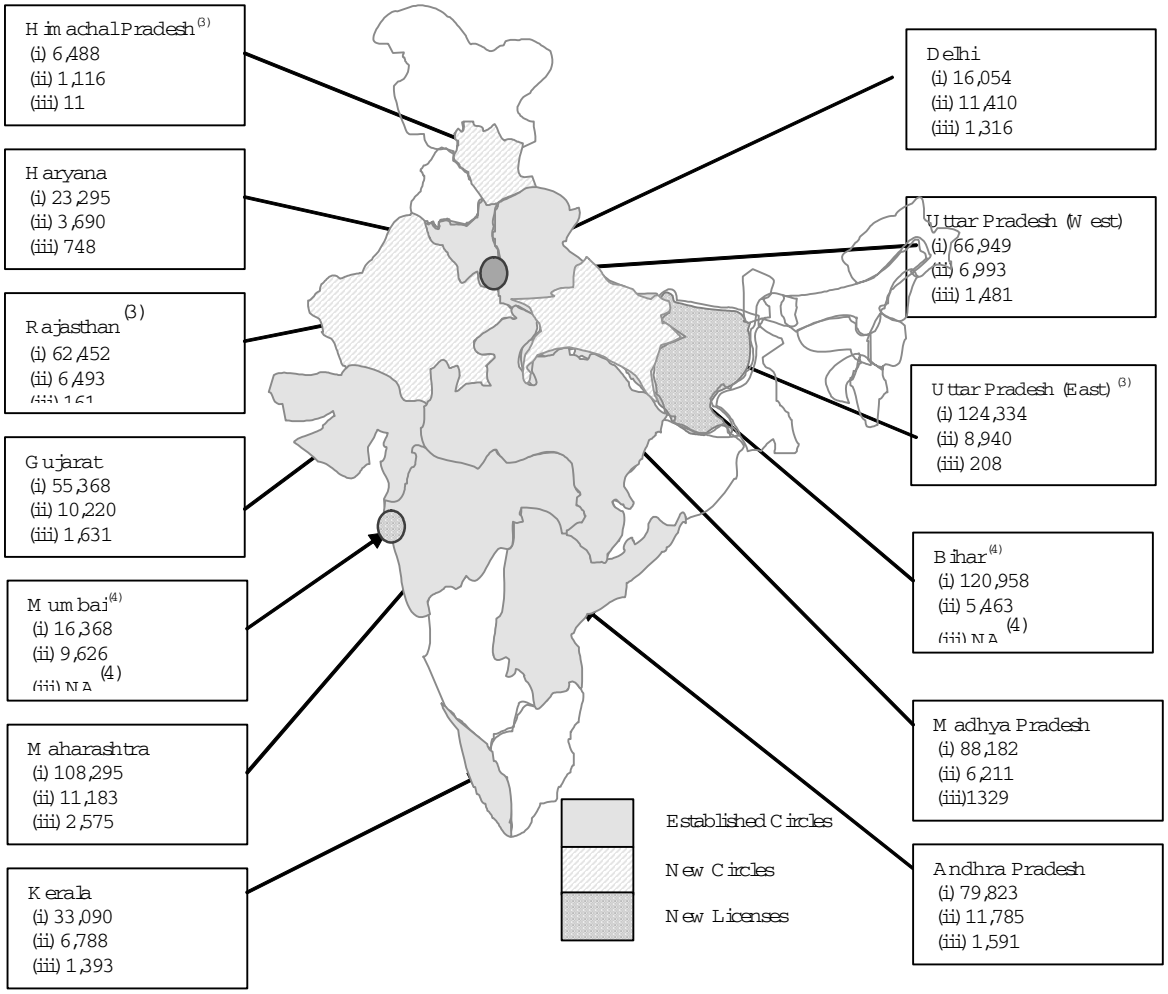
(2) Calculated on the basis of the subscriber statistics released by COAI and AUSPI as at December 31, 2006. Includes GSM, CDMA and WLL (F) and WLL(M) subscribers and excludes the CDMA subscribers of BSNL (as these figures are not available), since April 2006 figures for WLL(M) subscribers of MTNL have not been reported and this table is based on the last reported figures.

(3) Our ranking and market share in the New Circles is less meaningful given that commercial launch occurred between September and November 2006.

(4) We have not yet launched commercially in the Mumbai and Bihar Circles and the number of operators in these Circles does not include us.

The Indian mobile telecommunications industry is highly competitive with four to seven mobile operators in each Circle (for further details see "Overview of the Mobile Telecommunications Industry in India" on page 92 of this Prospectus). We are constantly striving to increase and retain our market share in our Established and the New Circles and intend to establish ourselves in the Mumbai and Bihar Circles by leveraging our brand, distribution strength, competitive products and pricing, network coverage and focused customer service.

We presently provide mobile services in 11 Circles in India, namely the metropolitan Circle of Delhi, the category A Circles of Andhra Pradesh, Gujarat and Maharashtra, the category B Circles of Haryana, Kerala, Madhya Pradesh, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West) and the category C Circle of Himachal Pradesh as indicated on the map below. We have also received UAS Licenses for the metropolitan Circle of Mumbai and the category C Circle of Bihar as indicated on the map below. The information about our 13 Circles is as at December 31, 2006, unless otherwise indicated.



Notes:

(1) Population estimates are based on the COAI News Flash, April 2006. The population for Uttar Pradesh (West) Circle is approximately 35% of the total population for the state of Uttar Pradesh.

(2) Subscriber statistics are as at December 31, 2006 as per data released by COAI and AUSPI. Includes GSM, CDMA and WLL(F) and WLL(M) subscribers and excludes the CDMA subscribers of BSNL (as these figures are not available), since April 2006 figures for WLL(M) subscribers of MTNL have not been reported and this table is based on the last reported figures.

(3) Our subscriber numbers in the New Circles are less meaningful given that commercial launch occurred in September, October and November 2006.

(4) We have not yet launched commercially in the Mumbai and Bihar Circles.

(5) Legend:

(i) Population (in thousands)
(ii) Total number of subscribers in each Circle (in thousands)
(iii) Our subscribers (in thousands)

Overview of our subscribers

The profile of our subscriber base in the Established Circles and the New Circles can be seen from the following chart:

	As at March 31,			As at December 31, 2006
	2004	2005	2006	
Number of subscribers (in '000s)	2,733	5,070	7,366	12,442
Percentage of pre-paid subscribers	80.3%	75.7%	81.8%	88.0%

	Year ended March 31,			Nine months ended December 31, 2006
	2004	2005	2006	
Churn [1]				
Pre-paid subscribers	7.0%	8.3%	6.7%	4.3%
Post-paid subscribers	5.2%	4.4%	5.2%	4.6%
Blended Churn	6.6%	7.4%	6.4%	4.3%
Minutes of Use (MoU) [2]				
Pre-paid subscribers	199	185	224	297
Post-paid subscribers	583	463	523	683
Blended MoU	279	248	289	353
ARPU (in Rupees) [1]				
Pre-paid subscribers	381	307	304	279
Post-paid subscribers	1,149	779	707	679
Blended ARPU	541	414	391	338

Notes:

(1) Churn and ARPU are provided per month

(2) MoU is provided per subscriber, per month

Our Competitive Strengths

We believe that we are well positioned to exploit the significant growth opportunities in India's rapidly expanding telecommunications market. Since commencement of operations in 1997, we have grown to provide mobile services to approximately 12.44 million subscribers as at December 31, 2006. We believe our ability to leverage our size and experience is demonstrated not only by the integration and rebranding of the Uttar Pradesh (West), Haryana and Kerala Circles we acquired in 2004, but also by the roll-out of our network and commercial launch in the Delhi Circle in November 2002, where we have acquired a mobile market share of 11.5% as at December 31, 2006. We concentrate on offering mobile services. We believe this will be an advantage to us because, as shown by recent trends, the mobile services market has experienced, and we believe will continue to experience, higher growth rates than many other segments of the telecommunications industry.

Our key competitive strengths are set out below:

- ***Attractive existing footprint***
  - *Operations in 11 Circles covering a large part of the Indian market*

    As at December 31, 2006, the Established Circles and the New Circles covered 57.7% of India's total population and about 57.9% of India's current subscriber base. We have approximately 14.7% share of these subscribers as at December 31, 2006 although services in the three New Circles were only recently commercially launched. The Established Circles and the New Circles are largely contiguous and between them cover most of northern, western and central India and a large part of southern India and include the category A Circles of Andhra Pradesh, Gujarat and Maharashtra and the metropolitan Circle of Delhi, which are economically well-developed, each with average per capita state domestic products higher than the national average. These four Circles alone account for 30.4% of all mobile subscribers in India as at December 31, 2006.
  - *Original licensee in seven of the Established Circles providing incumbency advantages*

    We are the original licensee in seven of the Established Circles, namely the category A Circles of Andhra Pradesh, Gujarat and Maharashtra and the category B Circles of Haryana, Kerala, Madhya Pradesh and Uttar Pradesh (West). Although initially we paid higher fixed license fees, we believe that being an original licensee has enabled us to:
    - reduce our capital expenditure and operating costs as we were allocated Spectrum in the 900 MHz frequency band, which has allowed us to provide networks with a lower density of cell sites than is required for services in the 1800MHz frequency band typically made available to subsequent market entrants;
    - access the early subscribers, who tend to be more affluent and typically have higher ARPU;
    - cater to a critical mass of subscribers, thereby making it harder for new operators to enter the market and gain market share; and
    - benefit from the 2% reduction in our license fees for a period of four years with effect from April 1, 2004.
  - *Market leader in three of, and established positions in the remainder of, the Established Circles.*

    We are the market leader in the Haryana, Maharashtra and Uttar Pradesh (West) Circles by number of subscribers. As at December 31, 2006 we had over 0.75 million subscribers and a market share of 20.3% in the Haryana Circle, over 2.5 million subscribers and a market share of over 23.0% in the Maharashtra Circle and we had nearly 1.5 million subscribers and a market share of approximately 21.2% in the Uttar Pradesh (West) Circle. In the remaining five of the Established Circles, we have market shares ranging from approximately 11.5% in Delhi to 21.4% in Madhya Pradesh.

    We believe our leading market position has helped us to develop strong brand recognition and a high profile among existing and potential subscribers. We believe this position also has allowed us to establish a strategy of developing a larger, more active pre-paid card distribution network than our competitors in these Circles. We believe we can further capitalize on our market position in our 13 Circles to increase the number of our subscribers.

- ***Critical mass of 12.44 million subscribers***

  We provide mobile services to approximately 12.44 million subscribers in the Established Circles and the New Circles, as at December 31, 2006. We believe this subscriber base enables us to realize significant benefits from economies of scale in many aspects of our operations, such as equipment procurement, sales and marketing, billing and customer service and support. In building this critical mass of subscribers, we have expanded into a number of additional Circles, including Circles where substantial competitors were already in place, for example, the Delhi Circle, and we believe this experience and the leverage of our strong brand will facilitate the roll-out of our network in the New Circles, the Mumbai Circle, the Bihar Circle and in additional Circles in the future in a timely and cost effective manner.

- ***Strong distribution channels***

  We have developed our distribution network to maximize the breadth and depth of our distribution channels and the consequent ease of access to our pre-paid, post-paid and corporate subscribers. As at December 31, 2006, approximately 88.0% of our subscribers were pre-paid. These subscribers pay for mobile services by means of purchasing pre-paid cards, which are sold through approximately 154,070 retail outlets. These retail outlets are serviced through approximately 1,355

exclusive distributors, many of whom have long-term relationships with us. The breadth of our distribution network has grown by over 30% in the past year. In addition we operate approximately 540 Idea 'n U and other showrooms which supplement our distribution channels and provide customer service.

- ***High quality network structure***

  Our GSM network is supplied by leading equipment suppliers such as Ericsson, Nokia and Siemens who are at the forefront of GSM technology.

  In each of the Established Circles and the New Circles, we have maintained a high degree of integrity on the network architecture whereby elements of GSM equipment are largely supplied by a single vendor. For example, Ericsson is our principal supplier for the Gujarat, Himachal Pradesh, Madhya Pradesh, Maharashtra and Rajasthan Circles, Nokia is our principal supplier for our Andhra Pradesh, Delhi and Haryana Circles and Siemens is our principal supplier for the Kerala, Uttar Pradesh (East) and Uttar Pradesh (West) Circles. This architecture facilitates easy scalability and efficiency in operations into the future. We have adopted a "distributed network" architecture for our base station controllers ("BSC") and switches in the Established Circles and the New Circles which has helped us build a reliable network whilst minimizing the transmission costs.

  We have deployed the highly developed "Intelligent Network" system from Ericsson and Nokia for our prepaid system and have integrated these with our "Online Service Control" system for online charging of roaming SMS, WAP, MMS and GPRS for prepaid subscribers.

  We have implemented GPRS across all the Established Circles and the New Circles with Enhanced Data Rates for Global Evolution ("EDGE"), which provides our subscribers with data transfer speeds superior to GPRS, activated in major towns across the Established Circles and the New Circles.

- ***A national brand***

  We have sought to develop the "Idea" brand nationally to represent high quality customer service and a wide variety of innovative products. We believe our brand gives us a strong platform from which to market mobile services to new subscribers. As we emerge as a national player, we have begun associating ourselves with visible and prestigious events such as the International Indian Film Academy Awards, the Zee Fashion Awards and the "Idea News Headlines" to give our brand national visibility.

- ***Part of the Aditya Birla Group***

  We are part of the Aditya Birla Group, which is amongst the largest business groups in India in terms of market capitalization. The Aditya Birla Group is well respected in India and we benefit from the confidence that consumers, lenders, vendors from whom we seek vendor financing and other financial institutions place in members of the Aditya Birla Group. Our relationship with the Aditya Birla Group provides scope for exploiting synergies to create value for our business. For example, we have entered into a strategic alliance with Birla Sun Life Insurance Company Limited, a private insurance company, in relation to the cross selling of products.

  We are a professionally managed company that requires the commitment and expertise of our employees to successfully execute our growth strategies. Our relationship with the Aditya Birla Group enhances our ability to attract talented employees from premier institutions and elsewhere. We believe the combination of our management structure and supportive relationship with the Aditya Birla Group enables us to effectively manage a dynamic business and to respond quickly to rapidly changing market situations.

Our Growth Strategies

We believe that we are well positioned to grow in the rapidly expanding Indian telecommunications industry. We believe our growth strategies have and will continue to enable us to:

- ***Build on our strong position in the Established Circles***

  As at December 31, 2006, the footprint of our Established Circles alone covered approximately 46.6% of India's subscriber base. We enjoy a strong market position, distribution strengths, brand recognition and the use of the 900 MHz band in seven of the eight Established Circles. This platform, now leveraged through increased investment in our network and our brand, has delivered growth in market share upon which we believe we can build to strengthen our position in our Established Circles.

For our New Circles and the Bihar Circle, and for the licenses for which we have applied in category B and C Circles, mobile penetration as at December 31, 2006 is 7.7%, which is lower than the 14.5% in the Established Circles. This should mean that the entry barriers are less formidable and the market opportunities greater. Additionally, our strong position in our Established Circles should provide us with advantages in contiguous Circles. For example, when we launched in the Uttar Pradesh (East) Circle we benefited from our strong market position in the neighboring Circles of Uttar Pradesh (West) and Madhya Pradesh. We therefore believe that our leading position in the Maharashtra Circle will work to our advantage in the intensely competitive Mumbai Circle.

The prices of GSM equipment have declined over the years and passive infrastructure sharing is becoming common practice. As an operator seeking to expand footprint, these external factors should work to our advantage.

The DoT intends to release further Spectrum in the 900 MHz and 1800 MHz ranges to commercial mobile operators once the Indian defense services and other agencies vacate these ranges, and we anticipate that this could happen in the next three to six months. The additional Spectrum should ensure that we are not bandwidth constrained in any of our 13 Circles and thereby facilitate organic expansion. Although the opening up of additional Spectrum will also allow further competitors to enter our 13 Circles, we believe that we are well positioned to face the increase in competitive pressures. We will evaluate 3G opportunities as and when they become available.

- ***Derive synergies and economies of scale from an expanding operation***

  Since our incorporation in 2002, we have grown both organically and through acquisitions and takeovers. In January 2004, we operated in only 5 Circles whereas now we have operations in 11 of India's 23 Circles and have recently received a UAS License for the Mumbai Circle and, through Aditya Birla Telecom Limited, a UAS License for the Bihar Circle.

  We believe that standardizing and centralizing our operations, wherever appropriate, will help eliminate duplication and improve operational efficiencies. We have, for example, standardized our approach to customer care. We have successfully centralized several applications, including Enterprise Resource Planning using Oracle Financials, interconnect billing using customized software, a call management system and a fraud management system.

  In order to improve network utilization and to optimize our capital and operating expenditures we also intend to:

  - re-align key elements of capital expenditure towards optimal capacity utilization for a mass market strategy. For example, we ensure that our equipment vendors' charges, which are based on number of subscribers, should only apply to subscribers actually using the network;
  - take advantage of scale in procurement by:
    - aggregating multi-year procurement strategy for larger capital expenditure needs of our 13 Circles, which enables us to derive benefits from economies of scale with our vendors; and
    - delegating smaller-scale equipment acquisitions to our 13 Circles, thereby enhancing efficiency
  - utilize the available frequency Spectrum more efficiently through a variety of frequency optimization techniques;
  - continue to obtain bandwidth for capacity to carry calls from location to location within our network at substantial discounts from the benchmark rates specified by TRAI; and
  - reduce the cost of operating a cell-site, for example by maximizing cell-site sharing, by using solar power for Base Transreceiver Station ("BTS") sites and outdoor BTS to reduce power consumption.

- ***Build a meritocratic organization with a strong focus on people***

  We are an equal opportunity employer and encourage diversity. The values we embrace are integrity, commitment, passion, seamlessness and speed.

  we place emphasis on employee development and we have, for example, committed ourselves to an average of 10 days training per employee this financial year. As part of the Aditya Birla Group, we make full use of the facilities of Gyanodaya, the Aditya Birla Group's renowned management institute located outside Mumbai, to ensure adequate training and team building. We regularly evaluate our employees' engagement levels to help ensure that subscribers' experiences exceed expectations. It is with this objective that we are optimizing and standardizing our processes across the organization using the "6 SIGMA" approach which is designed to minimize human error and enhance revenue and productivity.

We seek to attract, develop and retain talent over the long term. The high quality of our employees is shown in that one in every three of our employees is a post-graduate and one out of every six employees is an engineer. We pursue management practices designed to improve the quality of life of our employees, develop their potential and maximize their productivity. We seek to provide career opportunities to individuals, granting promotions based on skill and merit, and our success is evidenced by the fact that 60% of our Heads of the Departments ("HODs") have been with the Company for more than four years, with an average HOD tenure of more than five years.

We, and also the Aditya Birla Group, are seen as employers of choice. The Aditya Birla Group offers career opportunities to high performing talent across its locations world-wide, which contributes to its attractiveness as an employer.

- ***Focus on customer service to enhance brand appeal***

  We place significant emphasis upon delivering an efficient and friendly experience at all contact points in the subscriber life cycle. Our tariffs are designed to be transparent and easy to understand. We have developed call centers to focus on our subscribers' needs for service and to cross-sell our various products. We have consistently focused on innovative products that address existing and latent needs of our subscribers. For example, we have recently promoted a free one-year life insurance cover of Rs. 10,000 to a section of customers who subscribe to our "Dialler Tone" VAS. The simplicity of application for and the security provided by the cover matched the profile of the segment of customers to which it was targeted.

At present, approximately 44% of our employees serve in customer-facing roles.

Awards and Recognition

We have received several awards and acknowledgements, including:

- an award at the GSM Association Awards ceremony in Barcelona in February 2006 in the "Best Billing or Customer Care Solution" category for our "Bill Flash" service. We are the first, and remain the only GSM based service operator in India, to win an industry-wide, international GSM Association Award;
- being cited as one of the top 20 companies to watch out for in 2007 in Business Today. Business Today is one of India's premier business news publication; and
- winner of Golden Peacock "Innovative Product/Service Award" in Delhi Circle in 2002.

Our Circles

The Indian telecommunications market for mobile services is divided into 23 "Circles" (for further details, see section "Overview of the Mobile Telecommunications Industry in India" on page 92 of this Prospectus). There are four "metropolitan" Circles, covering the cities of Mumbai, Delhi, Kolkata and Chennai, and 19 Circles classified by the Government as category "A", category "B" or category "C", which cover the rest of India. These classifications are based principally on a Circle's revenue generating potential, with metropolitan and category A Circles having the highest revenue potential.

Established Circles

We operate in the metropolitan Circle of Delhi, the category A Circles of Andhra Pradesh, Gujarat and Maharashtra, and the category B Circles of Haryana, Kerala, Madhya Pradesh and Uttar Pradesh (West).

Licenses for the Maharashtra and Gujarat Circles were awarded to us in December 1995, with network roll-out and commercial launch achieved in 1997. Subsequently, in January 2000, we merged with Tata Cellular Limited, the mobile operator in the Andhra Pradesh Circle, and integrated its operations into ours by January 2001. In February 2001, we acquired RPG Cellcom Limited, the mobile operator in the Madhya Pradesh Circle, with full integration of this Circle with ours achieved by June 2001. We acquired the license for the Delhi Circle during the fourth mobile license auction in October 2001, with network roll-out and commercial launch by November 2002. Escotel Mobile Communications Private Limited ("Escotel"), which we acquired in January 2004, was awarded the original licenses in the Circles of Haryana, Uttar Pradesh (West) and Kerala. We re-branded these Circles and integrated them with ours by June 2004.

New Circles

In connection with the acquisition of Escotel, we also acquired Escorts Telecommunications Limited ("Escorts"), which was awarded licenses for the New Circles. Due to certain then existing license conditions we were unable to complete the transfer of shares of Escorts until June 2006. However, we ensured that Escorts met the first phase of network requirements for these New Circles in June 2005 in accordance with the relevant licenses (as amended following the payment of a penalty by us on behalf of Escorts). Following significant investment by us in the roll-out of the network in the New Circles we were able to achieve full commercial launch of mobile services in the New Circles between September and November 2006 in a manner which also met the network roll-out requirements of the licenses which were to be completed by June 2007.

Key statistics

Some key statistics for our Established Circles and the New Circles are as follows:

Circle	Population[1] (in '000)	Net state product[2] (in Rs. Millions)	SecA1 + SecA2[3] (in '000s)	Two wheeler house holds (in '000s)	M-O-M CAGR of cell subscri-bers for the 12 months to Dec 2006	Mobile penet ration (%)[4]	Idea Cell Subs (in '000)[4]	Total sub scriber in Circle[4] (in '000)	Idea market share (%)
Established Circles									
Andhra Pradesh	79,823	162,150	405	1,946	92.2%	14.8%	1,591	11,785	13.5%
Delhi	16,054	77,190	894	1,321	44.5%	71.1%	1,316	11,410	11.5%
Gujarat	55,368	142,560	373	2,416	76.6%	18.5%	1,631	10,220	16.0%
Haryana	23,295	66,330	171	833	94.5%	15.8%	748	3,690	20.3%
Kerala	33,090	80,120	130	1,068	70.1%	20.5%	1,393	6,788	20.5%
Madhya Pradesh	88,182	121,640	357	2,191	129.2%	7.0%	1,329	6,211	21.4%
Maharashtra	108,295	207,330	894	3,192	78.1%	10.3%	2,575	11,183	23.0%
Uttar Pradesh (West)	66,949	80,380	258	1,292	100.9%	10.4%	1,481	6,993	21.2%
New Circles[5]									
Himachal Pradesh	6,488	15,930	20	109	76.1%	17.2%	11	1,116	1.0%
Rajasthan	62,452	92,340	240	1,596	104.9%	10.4%	161	6,493	2.5%
Uttar Pradesh (East)	124,334	120,580	461	1,696	108.0%	7.2%	208	8,940	2.3%
Total	**664,330**	**1,166,550**	**4,203**	**17,660**	**83.3%**	**12.8%**	**12,442**	**84,829**	**14.7%**

Notes:

(1) Population estimates are based on the COAI News Flash, April 2006. The population for Uttar Pradesh (West) Circle is approximately 35% of the total population for the state of Uttar Pradesh.

(2) Net State Domestic Product ("NSDP") is based on data published in the Economic Survey 2003-04 published by the Government of India. The data for Maharashtra excludes the corresponding data for Mumbai and includes the data for Goa.

(3) IRS 2005 Round 2

(4) Calculated on the basis of the subscriber statistics released by COAI and AUSPI as at December 31, 2006. Includes GSM, CDMA and WLL(F) and WLL(M) subscribers and excludes the CDMA subscribers of BSNL (as these figures are not available), since April 2006 figures for WLL(M) subscribers of MTNL have not been reported and this table is based on the last reported figures.

(5) Commercial operations in the New Circles were launched between September and November 2006.

Our Metropolitan Circle

- Delhi: The capital of India is also the largest commercial centre and largest centre of small and cottage industries in northern India. With more than 10 million mobile subscribers Delhi is the twelfth largest city in the world in terms of mobile subscribers.

We have recently received a UAS License for the Mumbai Circle for which we have paid an Entry Fee of Rs. 2,036.60 million. The Mumbai Circle is attractive to us because Mumbai is the commercial capital of India and also because of the community of telephony interests including the benefit of traffic flows with our other Circles, particularly Maharashtra, Delhi and Gujarat Circles. The Mumbai Circle is believed to have a population of approximately 16 million with a mobile penetration of 58.8% as at December 31, 2006. As part of the license we expect to receive Spectrum in the 1800MHz band. We have already commenced planning for roll-out in the Mumbai Circle including identification of required equipment and systems. We presently anticipate being able to commence operations during financial year 2007-2008.

We have also filed License Applications in relation to the metropolitan Circles of Chennai (which is a joint application with the Category A Circle of Tamil Nadu) and Kolkata.

Our Category A Circles

- Andhra Pradesh: The fourth largest state in area, it is ranked second in mobile subscriber base. The capital city, Hyderabad, has the largest Information Technology (IT) park of its kind in Asia and is also known as the 'Silicon Valley' of Asia. The service sector already accounts for 43% of the state's NSDP and employs 20% of the work force.
- Gujarat: The most industrialized state in India with 19.8% of the country's total industrial output. Its per-capita NSDP is 2.47 times India's average. It has the highest number of airports in India including an international airport at Ahmedabad. Gujarat accounts for almost 21% of India's exports.
- Maharashtra: This Circle excludes the metropolitan area of Mumbai. Maharatshtra is the third largest state in area. It is highly urbanized and the Maharashtra Circle has the highest fixed line revenue in India.

We have filed License Applications in relation to the category A Circles of Karnataka and Tamil Nadu.

Our Category B Circles

- Haryana: A rich rural belt close to Delhi with 92% population above the poverty line. It became the first state in the country to achieve 100% rural electrification in 1970.
- Kerala: It consists of only 1.3% of the total area of India but has one of the highest density of population in the country. It is the state with the highest literacy rate in India, according to the 2001 Census; Kerala's adult literacy rate is 90.9% against the national average of 65.4%;
- Madhya Pradesh: It is the largest telecom circle in India. The geographical area of the state is 308,144 km^2 which constitutes 9.4% of the land area of the country.
- Rajasthan: It is the second largest state in India in area with low population density concentrated within relatively few cities. It also attracts large numbers of tourists (including a significant number of international tourists) every year which should provide roaming revenues.
- Uttar Pradesh (East): It is the most populated Circle with a population of 125 million with four towns with over a million people each and mobile penetration below the national average.
- Uttar Pradesh (West): The tourism industry is a major contributor to the economy of this Circle.

We have filed License Applications in relation to the category B Circles of Punjab, West Bengal and the Andaman and Nicobar islands.

Our Category C Circles

- Himachal Pradesh: Tourism is emerging as a big industry in Himachal Pradesh with prospects for roaming revenues.

We have recently received, through Aditya Birla Telecom Limited, a UAS License for the Bihar Circle. ABTL received a UAS License for the Bihar Circle and paid the stipulated Entry Fee of Rs. 100 million. Pursuant to a letter dated November 22, 2006,

the Company has agreed to purchase, and ABNL has agreed to sell, the entire issued and paid up share capital of Aditya Birla Telecom Limited for an aggregate consideration of Rs. 100 million, which we have already paid in order to enable Aditya Birla Telecom Limited to pay the Entry Fee for the license. Following completion of this acquisition (which is anticipated to occur before March 31, 2007), Aditya Birla Telecom Limited will become a wholly-owned subsidiary of the Company. The Bihar Circle has a population of approximately 121 million with a mobile penetration of 4.5%. As part of the license we expect to receive Spectrum in the 1800MHz band. Bihar is the second most populous state in India and has a rich mineral base. It has one of the lowest mobile penetration levels in the country.

We have filed License Applications in relation to the category C Circles Orissa, Assam, North East and Jammu and Kashmir.

NLD license

We have received a national long distance ("NLD") license for which we have paid Rs. 25 million. Our primary focus in obtaining such a license is to facilitate carriage of calls between our 13 Circles and such other Circles we may acquire and to reduce operating costs. We have already commenced planning for roll-out of our NLD system including identification of required equipment and IT. We presently anticipate being able to commence operations during financial year 2007-2008.

Our Subscribers

We had approximately 12.44 million mobile customers as at December 31, 2006. The subscriber numbers set forth below reflect subscriber numbers on our network. Decreases in market share shown below, partially as a result of our delay in reacting to our competition in respect of the roll-out of infrastructure during a period of change amongst our shareholders in addition to a wide variety of external factors including increased competition. We went through a period from April 2005 to November 2005 when we were not sufficiently investing in our infrastructure to expand our footprint. As a result, we lost market share in, for example, Andhra Pradesh and Gujarat. Since November 2005, we have benefited from the support of the Aditya Birla Group, and have invested over Rs. 25 billion in expanding and rolling-out our network in the Established Circles and the New Circles.

The following table sets forth certain data on our subscribers:

Circle	As of March 31			As of Dec 31, 2006
	2004	2005	2006	
Andhra Pradesh				
EOP [1]	494	651	935	1,591
Idea market share [2]	17.4%	15.6%	12.4%	13.5%
Idea Net Adds[3]	181	157	284	656
Idea market share of Net Adds[3] [2]	10.1%	11.9%	8.4%	15.4%
Delhi				
EOP [1]	502	609	867	1,316
Idea market share [2]	11.5%	10.0%	9.8%	11.5%
Idea Net Adds[3]	336	107	258	449
Idea market share of Net Adds[3] [2]	13.3%	6.2%	9.2%	17.7%
Gujarat				
EOP [1]	422	658	1,025	1,631
Idea market share [2]	15.6%	15.8%	15.4%	16.0%

Circle	As of March 31			As of Dec 31, 2006
	2004	2005	2006	
Idea Net Adds[3]	182	236	367	605
Idea market share of Net Adds[3] [2]	11.7%	16.1%	14.7%	17.0%
Haryana[4]				
EOP [1]	0	193	312	748
Idea market share [2]	0	16.3%	14.4%	20.3%
Idea Net Adds[3]	0	56	119	437
Idea market share of Net Adds[3] [2]		11.2%	12.2%	28.5%
Himachal Pradesh[5]				
EOP [1]	0	0	0	11
Idea market share [2]	0	0	0	1.0%
Idea Net Adds[3]	0	0	0	11
Idea market share of Net Adds[3] [2]				2.5%
Kerala[4]				
EOP [1]	0	557	796	1,393
Idea market share [2]	0	20.6%	16.8%	20.5%
Idea Net Adds[3]	0	132	239	596
Idea market share of Net Adds[3] [2]		20.0%	13.7%	29.2%
Madhya Pradesh				
EOP [1]	306	497	729	1,329
Idea market share [2]	30.1%	27.9%	21.7%	21.4%
Idea Net Adds[3]	146	191	232	600
Idea market share of Net Adds[3] [2]	25.3%	25.0%	14.7%	21.0%
Maharashtra				
EOP [1]	1,009	1,271	1,782	2,575
Idea market share [2]	34.3%	28.3%	24.8%	23.0%
Idea Net Adds[3]	608	262	511	793
Idea market share of Net Adds[3] [2]	32.1%	17.0%	18.9%	19.8%
Rajasthan[5]				
EOP [1]	0	0	0	161
Idea market share [2]	0	0	0	2.5%
Idea Net Adds[3]	0	0	0	161
Idea market share of Net Adds[3] [2]				6.2%

Circle	As of March 31			As of Dec 31, 2006
	2004	2005	2006	
Uttar Pradesh (East)[5]				
EOP [1]	0	0	0	208
Idea market share [2]	0	0	0	2.3%
Idea Net Adds[3]	0	0	0	208
Idea market share of Net Adds[3] [2]				5.4%
Uttar Pradesh (West)[4]				
EOP [1]	0	635	921	1,481
Idea market share [2]	0	30.2%	21.9%	21.2%
Idea Net Adds[3]	0	207	286	560
Idea market share of Net Adds[3] [2]		26.3%	13.7%	20.0%
Established Circles				
EOP [1]	2,733	5,070	7,366	12,063
Idea market share [2]	19.7%	19.0%	16.5%	17.7%
Idea Net Adds[3]	1,452	2,337	2,296	4,697
Idea market share of Net Adds[3] [2]	17.4%	15.7%	13.0%	19.9%
Established Circles and New Circles				
EOP [1]	2,733	5,070	7,366	12,442
Idea market share [2]	19.7%	19.0%	16.5%	14.7%
Idea Net Adds[3]	1,452	2,337	2,296	5,076
Idea market share of Net Adds[3] [2]	17.4%	15.7%	13.0%	16.7%
All India				
EOP [1]	34,445	55,238	96,239	146,541
Idea market share [2]	7.9%	9.2%	7.7%	8.5%
Net Adds[3]	21,257	20,793	41,001	50,302
Idea market share of Net Adds[3] [2]	6.8%	11.2%	5.6%	10.1%

Notes:

(1) Subscriber statistics as at December 31, 2006 as per the data released by COAI and AUSPI.

(2) Calculated on the basis of the subscriber statistics released by COAI and AUSPI as at December 31, 2006. Includes GSM, CDMA and WLL(F) and WLL(M) subscribers and excludes the CDMA subscribers of BSNL (as these figures are not available), since April 2006 figures for WLL(M) subscribers of MTNL have not been reported and this table is based on the last reported figures.

(3) Net Adds and market share of Net Adds have been calculated over a period of 12 months ended March 31, 2006 and for the nine months ended December 31, 2006.

(4) These Circles were not part of our network in 2004.

(5) Our subscriber numbers in the New Circles are less meaningful given that commercial launch occurred in September, October and November 2006.

The information given below is for the total market and is not representative of our market share.

	As at March 31			As at December 31, 2006
	2004	2005	2006	
Number of Circles operated by us	5	8	8	11
Total mobile subscribers in India (in '000s) [1]	34,445	55,238	96,239	146,541
Total mobile subscribers in the Established Circles (in '000s)[1]	13,879	26,684	44,721	68,280

Notes:

(1) Calculated on the basis of the subscriber statistics released by COAI and AUSPI as at December 31, 2006 .

Since April 2006 we have added approximately 5.08 million subscribers to our network and our market share of Net Adds in the Established Circles and New Circles, during the first 9 months of this fiscal year is 16.7%. We believe that our investment in expanding our network and the roll-out into new population centers contributed significantly to this growth.

The table below sets out our Net Adds and market share of Net Adds in the Established Circles:

Established Circle[3]	As at December 31, 2005		As at March 31, 2006		As at June 30, 2006		As at September 30, 2006		As at December 31, 2006	
	Our Net Adds [1]	Our Market share of Net Adds [1][2]	Our Net Adds [1]	Our Market share of Net Adds [1][2]	Our Net Adds [1]	Our Market share of Net Adds [1][2]	Our Net Adds [1]	Our Market share of Net Adds [1][2]	Our Net Adds [1]	Our Market share of Net Adds [1][2]
Andhra Pradesh	46.1	5.0%	110.5	7.9%	153.8	15.2%	262.4	17.5%	239.9	13.8%
Delhi	88.6	12.4%	50.2	5.2%	69.6	9.5%	229.5	23.9%	150.3	17.6%
Gujarat	115.2	12.9%	149.7	17.0%	191.0	20.1%	198.6	17.1%	215.7	15.0%
Haryana	16.4	6.4%	50.6	19.3%	91.1	35.7%	137.7	31.3%	207.9	24.9%
Kerala	75.5	10.6%	30.0	4.0%	107.8	26.8%	287.8	31.0%	200.7	28.3%
Madhya Pradesh	52.5	13.8%	117.1	18.2%	158.4	24.7%	199.3	19.4%	242.6	20.4%
Maharashtra	102.4	15.3%	242.6	26.8%	246.5	24.0%	246.4	17.6%	299.7	19.1%
Uttar Pradesh (West)	31.4	6.5%	141.4	19.7%	151.4	20.6%	261.7	24.6%	147.2	14.8%
Total	**528.1**	**10.5%**	**892.1**	**13.6%**	**1,169.5**	**20.3%**	**1,823.4**	**21.5%**	**1,704.0**	**18.3%**

Notes:

(1) Calculated on the basis of the subscriber statistics released by COAI and AUSPI as at December 31, 2006. Includes GSM, CDMA and WLL(F) and WLL(M) subscribers and excludes the CDMA subscribers of BSNL (as these figures are not available), since April 2006 figures for WLL(M) subscribers of MTNL have not been reported and this table is based on the last reported figures.

(2) Market share of Net Adds has been calculated over a period of 3 months.

Our Competition

Competition in the Indian telecommunications industry is intense. We believe that the principal parameters for competition are price, network coverage, distribution channels, brand recognition, service quality and customer care. Our ability to compete successfully depends, in part, on our ability to anticipate and respond to competitive factors affecting the Indian telecommunications industry.

Based on data released by the COAI and AUSPI, our market shares in the mobile sector and those of our competitors in the Established Circles and the New Circles as at December 31, 2006 are as follows:

	Idea	Bharti	Hutch Essar	MTNL	BSNL	Reliance Infocomm	Reliance Telecom	TATA Tele services
Established Circles								
Andhra Pradesh	13.5%	26.4%	11.2%		13.8%	22.3%		12.8%
Delhi	11.5%	24.4%	18.9%	10.1%	0.0%	17.4%		17.1%
Gujarat	16.0%	13.9%	36.2%		9.6%	16.8%		7.5%
Haryana	20.3%	18.5%	16.6%		17.9%	12.8%		13.9%
Kerala	20.5%	12.5%	11.4%		27.5%	21.0%		7.1%
Maharashtra	23.0%	19.6%	9.2%		16.4%	19.4%		12.3%
Madhya Pradesh	21.4%	17.8%	0.0%		17.2%	22.6%	13.7%	7.3%
Uttar Pradesh (West)	21.2%	13.0%	19.4%		17.2%	19.3%		9.8%
New Circles								
Himachal Pradesh	1.0%	42.3%	0.0%		30.7%	6.6%	12.7%	6.7%
Rajasthan	2.5%	23.2%	18.0%		24.6%	18.5%		11.9%
Uttar Pradesh (East)	2.3%	13.9%	27.5%		28.3%	20.7%		7.2%
Total	**14.7%**	**19.2%**	**17.2%**	**1.4%**	**16.2%**	**19.2%**	**1.2%**	**10.9%**

Notes:

(1) Calculated on the basis of the subscriber statistics released by COAI and AUSPI as at December 31, 2006. Includes GSM, CDMA and WLL(F) and WLL(M) subscribers and excludes the CDMA subscribers of BSNL (as these figures are not available), since April 2006 figures for WLL(M) subscribers of MTNL have not been reported and this table is based on the last reported figures.

(2) Our market share in the New Circles is less meaningful as commercial launch occurred in September, October and November 2006.

We have filed the License Applications in respect of the metropolitan Circles of Chennai (which is a joint application with the Category A Circle of Tamil Nadu) and Kolkata, the category A Circles of Karnataka and Tamil Nadu, the category B Circles of Punjab, West Bengal and the Andaman and Nicobar islands and the category C Circles of Orissa, Assam, North East and Jammu and Kashmir. Although at present we derive the majority of our revenues from our metropolitan Circle of Delhi and the category A Circles of Andhra Pradesh, Gujarat and Maharashtra, we believe that the possibilities for future growth are greater in the less-developed category B and category C Circles because of the greater rate of growth of new subscribers in these Circles due to lower penetration levels of mobile services than category A and metropolitan Circles (for further details see "Overview of the Mobile Telecommunications Industry in India" on page 92 of this Prospectus).

We have recently received a UAS License for the Mumbai Circle and, through Aditya Birla Telecom Limited, a UAS License for the Bihar Circle. The Mumbai Circle is attractive to us because Mumbai is the commercial capital of India and also because of the community of telephony interests including the benefit of traffic flows with our other Circles, particularly Maharashtra, Delhi and Gujarat Circles. The competition in these Circles is intense as there are already several established mobile operators in each Circle and there may be other successful applicants for licenses in these Circles which may intensify competition. The table below sets out the category of the Circle and the total number of existing mobile operators in the Mumbai and Bihar Circles as well as the Circles for which we have filed License Applications:

Circle	Category	Total number of mobile operators
Mumbai	Metropolitan	7
Chennai	Metropolitan	6
Kolkata	Metropolitan	6
Karnataka	Category A	6
Tamil Nadu	Category A	6
Punjab	Category B	7
West Bengal and the Andaman and Nicobar Islands	Category B	7
Bihar	Category C	5
Orissa	Category C	6
Assam	Category C	4
North East	Category C	4
Jammu and Kashmir	Category C	4

We also anticipate new entrants in all of our 13 Circles, which will add to the competitive pressures we face in these Circles.

Our Churn

Our Churn for a given period is the rate of permanent subscriber deactivation. We calculate our Churn by dividing the total deactivations in a period by the average number of subscribers for that period. According to our credit policy, we generally deactivate post-paid subscribers if their bill remains unpaid 90 days after the billing date and we deactivate pre-paid subscribers if they do not use the network for a period of 90 days (pre-paid subscribers using the extended validity cards must use the network at least once in every six months and if they do not, they are deactivated following a period of 90 days). However, we exercise certain discretion in applying our credit policy to corporate subscribers and certain key retail customers that may delay deactivation and consequently reduce our Churn figure.

Our pre-paid Churn has been significantly higher than our post-paid Churn, though we and other operators are currently experiencing a temporary reduction in pre-paid Churn. This stems from recent developments in the pre-paid market such as 'micro pre-pay' (allowing smaller top-up amounts) and extended validity cards (allowing a subscriber to retain credit for extended periods before its expiry). These developments have resulted in infrequent users remaining on our system longer and therefore not appearing in our Churn figures. In line with general industry trends, we expect pre-paid Churn levels to return to higher levels once the time limits connected to the introduction of these cards have expired.

A high rate of Churn increases our aggregate subscriber acquisition costs due to the need to increase the rate of gross addition of subscribers to maintain our market share, which requires marketing expenditures and involves us incurring various costs that cannot be fully passed on to subscribers, such as customer verification costs. We actively are seeking to reduce the Churn rate in our subscriber base using a three-pronged Churn management program of:

- ***Churn management through strategy:***
  - rationalize tariffs to provide our subscribers with transparent tariff plans that we believe better match subscribers' requirements;
  - provide new and innovative VAS designed to increase subscriber loyalty;
  - provide customized telecommunications services to our corporate subscribers through our corporate sales personnel;
  - defer dealer commissions for post-paid subscribers in order to incentivize our distributors to ensure that subscribers are maintained on our networks;

- clawback, or repayment to us, of dealer commissions if a new subscriber defaults in payment of its first bill without any usage (the default amount equals the fixed monthly rental fee); and
- introduce loyalty programs (for further details, see "Business -Customer relations and our loyalty program" on page 130 of this Prospectus).

- ***Churn management through people:***
  - improve customer care and quickly resolve subscriber queries and complaints; and
  - conduct training sessions for our customer facing staff on products and soft skills.
- ***Churn management through processes:***
  - establish standard operating processes across our 13 Circles for quick responses to voluntary disconnection requests;
  - maintain a credit policy primarily focused on acquiring quality subscribers; and
  - design processes to ensure that subscribers experience a uniform quality of customer service and speed of resolution of subscriber queries.

Products and Services

We offer pre-paid and post-paid mobile services in the Established Circles and the New Circles under the brand names of "Idea Chit Chat" and "Idea", respectively. We seek to identify new business opportunities and be the first mover amongst our competitors for value added services ("VAS"). We were the first mobile operator to offer an extended validity post-paid product, which now forms a sizeable percentage of our post-paid base.

In addition to our core mobile voice services, we offer our subscribers features such as:

- easy to use missed call alerts;
- GPRS enabled entertainment services like MMS, Video Tones, WAP, Wallpapers, Java Games and Mobile Magazine;
- GPRS enabled information services like internet browsing, data cards and mobile email;
- voice and SMS based entertainment services like Ring Back Tones, Background Music, Voice and SMS Chat, Ringtones, Horoscopes, Expert Advise and Subscription Services;
- call-forwarding (allowing a subscriber to divert incoming calls to another telephone number);
- call conferencing (allowing a subscriber to speak to two or more persons simultaneously);
- voice mail (allowing callers to leave voice messages for the subscriber);
- regional, on-net, national and international roaming options for the subscribers;
- GPRS roaming available with key national and international operators; and
- Fixed Cellular Terminal for corporate needs, GSM gateways, vehicle tracking; and Automatic Meter Reading.

Sales and Distribution

The breakdown by Circle of our sales and distribution network, as at December 31, 2006, was:

Circle	Pre-paid Services		Post-paid Services	
	Distributors	Retail Outlets	Idea 'n' U outlets	Post-paid Dealers
Established Circles				
Andhra Pradesh	401	30,476	63	103
Delhi	22	10,800	19	41
Gujarat	162	16,882	45	51
Haryana	49	6,988	1	67

Circle	Pre-paid Services		Post-paid Services	
	Distributors	Retail Outlets	Idea 'n' U outlets	Post-paid Dealers
Kerala	56	12,238	136	80
Maharashtra	184	20,100	76	129
Madhya Pradesh	255	21,797	29	89
Uttar Pradesh (West)	112	16,219	122	160
New Circles				
Himachal Pradesh	7	650	6	4
Rajasthan	61	7,663	15	39
Uttar Pradesh (East)	46	10,257	28	15
Total	**1,355**	**154,070**	**540**	**778**

Notes:

Data is from Company estimates.

Pre-paid services

As at December 31, 2006, approximately 88.0% of our subscribers were pre-paid. These subscribers pay for mobile services by means of purchasing pre-paid cards which are sold through a wide variety of retail and other outlets. It has been our strategy to build strong distribution channels to support our pre-paid mobile services business. We believe a significant factor in our historic growth has been the way we have made our pre-paid cards available in our target markets.

Pre-paid starter packs and pre-paid cards are sold to distributors upfront for cash, who in turn supply them to retail outlets. The Indian retail sector is not organized on a national scale and comprises a large number of small retail shops throughout the country. We believe the depth of our distribution network is comprised of the wide variety of categories of retail outlets in which our pre-paid cards are available, ranging from neighbarhood department stores and pharmacies to exclusive telecom outlets and branded stores. We are one of the few companies to develop and explore alternate distribution channels such as tie-ups with branded stores such as "Big Bazaar" and "Pantaloon" that have retail stores in many locations in India to distribute our pre-paid cards. This enables us to maintain a high profile among existing and potential subscribers in a wide variety of geographic and demographic segments. As a longstanding licensee in seven of the Established Circles, we have enjoyed long relationships with our distributors and have sought to work with them to improve the service we provide to our subscribers. We offer incentives to distributors and retailers who are successful in meeting activation targets, such as a trip to Dubai in June 2006 to witness the International Indian Film Academy awards ceremony and also arrange events with our retailers such as our conference in Surat, Gujarat to launch a major market share initiative. We believe this promotes distributor and retailer loyalty and, as a result, continuity and availability of our products to our subscribers.

Post-paid services

Our post-paid services are marketed by our Enterprise Business Unit as well as through a combination of Idea 'n' U showrooms (some of which are owned and managed by us but most are franchised to third parties), dealers and direct sale agents. Our Enterprise Business Unit focuses on the corporate and SME segments and provides products and services based on a concept of providing a complete package to meet the telecommunication needs of the corporate or SME, after sales-services and support with respect to billing queries and complaints. The Enterprise Business Unit has launched a major initiative in relation to corporate business, where we typically focus on the top 10 to 15 towns in each Circle, which we have identified as having higher potential for the marketing of post-paid services.

Subscriber Acquisition Costs

Customer acquisition costs include the cost of customer verification in accordance with Government policy (for further details

see "Business-Customer Verification" on page 131 of this Prospectus), SIM costs and, in the case of pre-paid services, a discount to the distributor and retailer, and in the case of post-paid services a commission to the franchisee/dealer.

For pre-paid services, we grant a fixed discount of approximately 20% (5% to distributors and 15% to retailers) on starter packs and 5% (2% to distributors and 3% to retailers) on pre-paid cards. For post-paid services, a commission is paid to the franchisee/dealer. It is our practice to pay dealer commission in tranches such that the second and last tranche are only paid if the subscriber continues to be on our network for six months or more, and also to clawback a percentage of the commission paid should a post-paid subscriber default in payment of their first bill without any usage (the default amount equals the fixed monthly rental fee). These deferred commission and clawback arrangements are used to incentivize our retailers and distributors to ensure that subscribers remain active users of our services. We are flexible in our approach to commissions and seek to use payments to optimize our presence in each market.

The gross level of commissions and discounts payable by us to retailers and dealers in relation to subscriber acquisitions has increased, primarily as a result of intense competition from other operators. Within this overall rise, however, there is a distinction between pre-paid and post-paid subscribers, with discounts for pre-paid subscribers increasing while commission levels for post-paid customers have slightly decreased.

Marketing

We launched our corporate brand "Idea" in all our then current Circles in May 2002 to replace earlier brands and to achieve uniform branding. Our communications strategy aims to strengthen our brand further by creating strong brand recognition aligned with awareness of our strengths.

Brand Initiatives

Our aim, through media buying and planning, is to create year round impact. With the objective of strengthening our brand, we work with strategic communication partners on campaigns like sponsorship of the Idea International Indian Film Academy awards and the television programs "Idea Rocks India", "Idea Star Singer" and "Idea Andhra Idol". We seek engagement with subscribers on a variety of levels, from major celebrity fashion shows to small local events timed to coincide with new product offerings.

Since August 2003, we have commissioned a Brand Track Index Study to evaluate the health of our brand. The Brand Track Index Study is a monthly study conducted by TNS, a marketing consultant engaged by us to evaluate our brand using face-to-face interviews on a random sample of mobile users as well as those intending to purchase mobiles within the next three months. According to the study our brand is perceived as "reliable/trustworthy" and one that "offers cheaper and good promotional offers". We have improved our rating in the Brand Track Index calculated by the study in the past year reflecting, we believe, the growing strength of our brand.

The main communication medium for the Idea brand is television, where we seek strategic Idea brand coverage in various formats. Billboards and hoardings are used as a secondary medium, customized for specific regional preferences to communicate effectively at the local level. We also use other mass communication media such as the press and radio to communicate price plans and other tactical and customer information.

All our key initiatives are subjected to a rigorous testing and launch process to ensure accountability for all advertising spend and improve the chances of success of a new product. This process is followed up with extensive briefing of call center agents and sales personnel and real-time tracking of the impact of the communication and feedback from subscribers.

Alliances

As part of the Aditya Birla Group we have scope for exploiting synergies to create value for our business. For example, we have entered into a strategic alliance with Birla Sun Life Insurance Company Limited, a private insurance company, in relation to the cross selling of products.

Other brand alliances include Big Bazaar, Samsung and Titan to enhance the visibility of our brand and create cross-selling opportunities.

We have also entered into an alliance with the market leader in handsets, Nokia, to allow its leading handset models to be integrated with our pre-paid services and have made arrangements with Motorola to offer an entry-level handset at special prices to our subscribers.

Market Research

We use market research extensively to inform our customer service objectives through the identification of customer segments and assessment of the status of our brand in target markets.

For example, since August 2003 we have commissioned a CSAT Index, which is a bimonthly study conducted by TNS, a marketing consultant engaged by us for the purpose of conducting a customer satisfaction study using face-to-face interviews with a random sample of mobile users across 69 cities and towns within the Established Circles and the New Circles. The scores not only capture the views of the customer but also are an integral part of each employee's performance measure.

According to our August 2006 CSAT Index, we are perceived as credible and trustworthy and recommended as a company that cares for its subscribers. The survey also highlighted that our city coverage within the Established Circles is superior to that of our competition. The CSAT Index showed that we are perceived as innovative, providing value for money for our subscribers and able to provide our subscribers with tariff plans that match their usage patterns. The CSAT Index has identified that we need to improve coverage in basements and in cities where our subscribers roam.

Customer Service

We believe that customer service will continue to be a factor through which we can differentiate ourselves from our competitors and we have invested considerable resources in refining our customer service department. We seek to innovate in this area through such initiatives as our loyalty program.

We believe that the three critical elements for delivering superior customer service are process, people and technology, and we have sought to invest in each of these areas to improve our customer service. In particular, we are creating a pool of dedicated service professionals, recruited as graduates and put through an 18-month on-the-job training and certification program, to staff the Service Delivery and Quality ("SDQ") function that oversees our customer service.

The SDQ function comprises the following:

Service provisioning and activation

The service provisioning and activation function ensures that all necessary documents are procured from pre-paid customers at the time of subscription and that our regulatory requirements in accordance with Government guidelines in relation to verification of such documents are fulfilled. For post-paid customers, we undertake a customer profiling process after activation of a new subscription (for further details, see "Business – Credit Risk Management Systems" on page 130 of this Prospectus).

Customer contact points

Our subscribers can use one of the following to contact us: call centers, showrooms, SMS, USSD based messaging and email messaging. We address customer issues through both in-house and outsourced call center facilities. In order to meet growing needs of customers, apart from continuously expanding the capacities of these channels we also keep innovating on developing new channels of contact, for example, we currently offer services via our web portal, through SMS messaging and by email and we will shortly rollout "Self Service Kiosks" to provide extra facilities to customers visiting showrooms. We currently have approximately 540 showrooms across the Established Circles and the New Circles. To proactively address customer issues and to educate customers on new products that we launch from time to time, we also have in place outsourcing arrangements with reputable vendors who provide additional call handling services such as making initial contact with prepaid and post-paid subscribers and a follow-up call after a specified period to cross-sell and promote VAS ("telecalling"). We have recently established a call center in Delhi to service our northern Circles including the Delhi, Rajasthan, Haryana and Uttar Pradesh (West) Circles.

Customer relations and our loyalty program

Our customer relations department oversees our relationships with our subscribers and seeks to manage Churn. This department is split into teams focusing on our post-paid, pre-paid and corporate subscribers, respectively. To assist in managing customer retention, and in particular Churn for pre-paid subscribers with whom we have less interaction, we use a variety of techniques to predict, pre-empt and contain Churn.

We have also sought to increase subscriber loyalty with the introduction of one of the first pre-paid loyalty programs in the Indian telecom market, "Lifetime Idea". Our post-paid loyalty program, "Idea Select", is the first of its type in India. This program offers rewards in the form of events or gifts and has two levels, gold and silver, based on factors such as gross monthly billing, length of time with our network and payment performance. The majority of loyalty program members are high net worth retail subscribers. We believe our loyalty scheme is effective in increasing retention, with the Churn rate for "Idea Select" subscribers being much lower (less than 1%) than our average for post-paid subscribers generally.

Roaming Services

Roaming enables subscribers to make and receive voice calls send and receive data or messages or access other services when travelling outside their Circle or home network. We offer roaming services to both our pre-paid and post-paid subscribers.

The amounts we charge our subscribers when they roam to other networks ("outroamers") and the amounts we charge subscribers of other operators who roam into our network ("inroamers") vary according to whether an outroamer is a pre-paid or post-paid customer and whether outroaming or inroaming is on a national or international basis. The charges involve both fixed fees and airtime charges. We also are required to pay certain amounts to third parties in connection with roaming, for example interconnection charges ("IUC") and data clearing charges. We enter into preferred roaming relationships with select foreign operators whereby our network is selected automatically when an outroamer of the relevant operator enters any of the Established Circles or the New Circles and viceversa, and we have arrangements with various international roaming services providers. We also seek to promote loyalty from inroamers and plan to introduce a dedicated roaming customer care help desk.

We have approximately 218 existing bilateral international roaming partners for voice transmissions and are testing GPRS roaming with approximately 33 operators. We have agreements in place with national roaming signal providers, such as BSNL and Bharti Telesonic Limited, and the international roaming signal provider, VSNL. Under these agreements, we are required to pay a fixed sum per month for each subscriber who has actually roamed into other networks.

Our focus on inroaming is to generate additional high margin revenues, while we view outroaming facilities as an opportunity to enhance customer service.

Interconnection

The IUC payable and receivable by us in relation to intra-Circle, inter-Circle and international interconnections is governed by TRAI, and involve a combination of carriage, termination and Access Deficit Charges ("ADC") depending on the type of call, i.e. whether it is long distance, mobile to mobile etc. We have entered into interconnect agreements with key mobile, fixed-line, NLD and ILD operators and we constantly evaluate and negotiate favourable rates with various NLD and ILD operators including volume discounts.

Following receipt of our NLD license, we believe we will, once the work on the necessary equipment and systems has been completed, significantly lower our operating costs.

Credit risk management systems

Our risk management systems enable us to detect and prevent fraudulent usage of our services and to minimize bad debts in the post-paid category. When activating new post-paid subscribers we carry out credit checks. We also conduct continuous exposure control for all our post-paid subscribers by reference to pre-determined credit limits, which are reviewed monthly. If a subscriber exceeds its credit limit, we initiate a number of corrective steps such as sending reminders, requesting interim payments and barring all outgoing calls. We use the fraud management system "Ranger" developed by Subex, to provide us with centralized data processing, network based management information system reports and a common subscriber data format across the Established Circles or the New Circles. This gives us the benefit of easy maintenance, savings on hardware

costs, customized credit management modules, service violation alarms and online monitoring of our out-roamers.

We generally allow our post-paid subscribers 15 days from the date of the bill to make payment. Subscribers who fail to make payment within the stipulated time are sent reminders for payment followed by recovery attempts, which include partial or total disconnection of services. If the subscriber does not pay within a period of 90 days of the bill date, generally we disconnect services permanently (we exercise certain discretion in applying our credit policy to corporate customers and certain key retail customers). As part of our recovery attempts, we send telephonic and SMS messages as reminders and use the services of recovery agencies. As a last recourse, depending on the merits of the case and the amount due, we initiate legal proceedings.

We are not exposed to credit-risk in relation to our pre-paid customers. We also do not bear any credit risk from our distributors and retailers for the pre-paid segment, as our distributors purchase items such as pre-paid starter packs and pre-paid cards up-front for cash and then on-sell these to retailers.

Customer Verification

An amendment of all licenses on August 12, 2002 required customer verification when activating new subscribers. Since then we have obtained identification documents from subscribers. We have received notices from the DoT in respect of our operations in the Andhra Pradesh, Delhi and Haryana Circles asking us to disconnect all mobile connections of subscribers in these Circles who have been allegedly given connections prior to May 31, 2006 without first being subject to proper verification. However, we are discussing these notices, in conjunction with other mobile operators who are similarly affected, with the DoT on grounds of the logistical and practical difficulties involved in verifying all details of subscribers who were given mobile connections prior to May 31, 2006, and we are taking action which we believe will satisfy the DoT (for further details see "Overview of the Mobile Telecommunications Industry in India" on page 92 of this Prospectus).

Tariffs

The telecommunications industry in India is highly competitive and tariffs are determined by competitive forces. Due to the recent deregulation of tariffs, we have flexibility in setting our tariff plans and they differ across each of the Established Circles and the New Circles. All mobile operators are required by TRAI to offer one standard package at a regulated price, but as we and other mobile operators offer more competitive packages than the standard package, the standard package has had no significant impact on our pricing models. Each tariff includes an IUC, which is set at a regulated level and factored into the tariff, and a service tax which is passed on to subscribers.

We structure our tariffs so that subscribers can choose their preferred package based on their usage needs. We believe that this flexible approach allows us to adjust tariffs to maximize uptake of our services by less affluent subscribers and to minimize the effect of any economic downturn. We constantly revise our tariff plans to take advantage of new opportunities and to react to competitors' tariffs and product activity.

We believe our tariff plans are simple, transparent and easy to understand. The aim of our tariff strategy is to ensure that we acquire and retain subscribers, achieve superior realizations and optimize network utilization by promoting usage of VAS that are not network intrusive.

The elements of a post-paid tariff plan generally consist of:

- a refundable deposit;
- a one-time activation fee;
- an additional deposit for a long-distance calling and roaming facility;
- a fixed monthly rental fee;
- an optional fixed monthly caller identification service charge;
- a per minute rate for outgoing calls;
- VAS charges (as appropriate); and
- a per message rate for SMS.

The elements of a pre-paid tariff plan generally consist of:

- a one-time start-up fee;
- a fixed monthly fee for a long-distance calling and roaming facility;
- a fixed processing fee;
- a per minute rate for outgoing calls;
- VAS charges (as appropriate); and
- a per message rate for SMS.

We have been pursuing customer segmentation based on demographic and usage parameters and aim to build this into a sustainable differentiator in the long run. At present, we offer special products for women, youth, corporates and heavy users.

Billing

We have invested in a highly developed billing software package, known as Business Support and Control Systems, for the Established Circles and the New Circles from ATOS Origin for our post-paid billing and pre-paid usage calculation, which record minutes used, calculates the appropriate charge and, in the case of post-paid subscribers, renders a bill for the subscriber.

Post-paid collections

Our post-paid collection department manages our billing and collection process. Post-paid subscribers can pay their bill in cash, by cheque or by credit card (including online payment) and we also have deployed 'Cheque Deposit Machines' across our showrooms, allowing subscribers to make a cheque payment at any time.

A feature of the Indian market is that some customers like to pay in cash. As we have an extensive distribution network, we have been able to accommodate this preference by enabling retailers of pre-paid cards to accept post-paid bill payments at minimal cost to us.

Information Technology

We believe information technology ("IT") is a factor we can use to differentiate ourselves from our competitors. Our IT strategy seeks to ensure close alignment of IT with our business and to this end we have a dedicated business-facing group within our IT team to work closely with our business functions. We seek to find the right source for each IT solution and service we use, whether in-house or outsourced and to ensure that our customer systems are capable of customization, automation and scalability. We maintain a strong IT governance framework.

We have a robust connectivity infrastructure between each of our key operating locations and the computing infrastructure for all of our major business support solutions is concentrated in two data centers located in Pune and Delhi. All key IT applications maintain appropriate levels of redundancy to ensure that downtime is kept as close to zero as possible.

We are committed to our disaster recovery plan, with our primary data center in Pune and our backup data center in Delhi, which is expected to be fully operational by late 2008. Our Pune and Delhi data centers maintain security through biometric access control and have been designed to include a back-up power supply, precision cooling systems and a high sensitivity smoke detection system.

Network Roll-out Prioritization and Network Design and Usage

With inputs from the sales and marketing teams in each Circle, we prioritize the towns and population centers where we want to roll-out our network. An extensive review is carried out for the selection of new towns and population centers. An assessment is made of the competition in the area and towns and population centers are selected on the basis of population and competitive activity. Subsequently, we carry out a feasibility and market potential study to arrive at a final decision. This detailed approach to market research allows us to select those towns and population centers, and segments within them, where we wish to enter the market and those products and services we believe we should promote to meet local needs. We then ensure technical feasibility and assess the costs of roll-out in the designated towns and population centers as part of the final decision.

Our networks consist of:

- a base station with transmitters ("BTS"), receivers and other equipment used to communicate through radio channels with subscribers' mobile telephone handsets within the range of a cell;
- Base Station Controllers ("BSC"), which connect to and control the base station within each cell-site;
- Mobile Switch Centers ("MSC"), for switching calls and interconnecting with the public switched telephone networks and other mobile and fixed-line networks;
- intelligent network ("IN") for offering pre-paid services; and
- transmission links, consisting of microwave and optical fibre media to link various elements of the network.

The following table sets out selected information regarding our networks in the Established Circles and the New Circles, as at December 31, 2006:

Circle	Mobile Switching Centers	Base Station controllers	Cell Sites	Bandwidth in the 900 MHz Frequency Spectrum[1]	Bandwidth in the 1800 MHz Frequency Spectrum[1]
Established Circles					
Andhra Pradesh	5	19	1,078	6.2	1.8
Delhi	3	17	1,011	-	8.0
Gujarat	4	10	1,028	6.2	-
Haryana	2	10	438	6.2	-
Kerala	1	1	61	-	4.4
Madhya Pradesh	3	12	747	6.2	1.8
Maharashtra	5	10	725	6.2	-
Uttar Pradesh (West)	7	17	1,331	7.8	2.0
New Circles[2]					
Himachal Pradesh	1	5	552	-	6.2
Rajasthan	1	9	730	-	6.2
Uttar Pradesh (East)	4	18	899	6.2	1.8
Total	**36**	**128**	**8,600**		

Note:

(1) Bandwidth refers to both up and down bandwidth availability. Spectrum allocation in all Circles beyond 6.2 MHz is for dedicated cities only.

(2) Commercial operations in these Circles were launched between September and November 2006.

We operate in the 900 MHz frequency range in all of the Established Circles and the New Circles, with the exception of the Delhi, Himachal Pradesh, Rajasthan and Uttar Pradesh (East) Circles, where we operate only in the 1,800 MHz frequency range. The propagation characteristics of the 900 MHz Spectrum support better coverage than the 1,800 MHz Spectrum, allowing coverage over a large area at a lower capital cost than is possible using 1,800 MHz. This allows us to utilize the 900 MHz Spectrum effectively in Circles with a large number of subscribers. In contrast, the characteristics of 1,800 MHz support higher traffic density as they allow more sites to be situated in a small area. This makes 1,800 MHz less of a handicap in metropolitan areas where traffic density is high.

We are presently in compliance with the mandatory network roll-out requirements set out in our licenses, which mainly relate

to the number of District Head Quarters ("DHQs") in a Circle where we need to provide network coverage. In addition, we also cover other towns and population centers. The following table sets out the number of Census Towns covered by us in each of the Established Circles and the New Circles:

	Census Towns Covered as at March 31,			As at December 31, 2006
	2004	2005	2006	
Established Circles				
Andhra Pradesh	124	131	164	188
Delhi				
Gujarat	120	127	158	201
Haryana	32	46	48	90
Kerala	75	79	99	112
Madhya Pradesh	55	80	145	290
Maharashtra	186	196	245	306
Uttar Pradesh (West)	30	70	162	291
New Circles[1]				
Himachal Pradesh	-	-	-	8
Rajasthan	-	-	-	80
Uttar Pradesh (East)	-	-	-	61
Total	**623**	**728**	**1,021**	**1,627**
Total other population centers covered	**202**	**371**	**923**	**1,980**
Grand Total	**825**	**1,099**	**1,944**	**3,607**

(1) Operations in these Circles were launched between September and November 2006.

The subscriber capacity of a mobile network is governed in part by the amount of available frequency Spectrum. The allocation of frequency Spectrum is managed by the Wireless and Planning Commission wing of the DoT ("WPC"). We will need additional frequency Spectrum to service additional subscribers and failure to obtain such additional frequency would hinder our growth and expansion plans. It has been reported in the media that the Indian Defense Forces will be vacating Spectrum in the next three to six months.

We already have optimized, and intend to continue optimizing, our existing frequency Spectrum by:

- implementing a "frequency-hopping plan", which enhances the capacity of the network within a given Spectrum, thereby further improving Spectrum usage;
- adopting a frequency reuse plan, pursuant to which our existing frequency is used in different areas of the same city in a way that minimizes interference; and
- applying existing, and introducing new interference control features.

The key performance measures of our network, such as call drop rates and handover failure rates, are regularly monitored by TRAI to ensure adherence to strict performance standards. We meet the benchmark for performance set by TRAI in the Established Circles. The key measures and our performance for each of the Established Circles and the New Circles for the period July, 1 to December 31, 2006 are set forth below:

Parameters	TRAI Bench-marking	Quarter ending December 31, 2006										
		Andhra Pradesh	Delhi	Gujarat	Mahara-shtra	Madhya Pradhesh	Haryana	Kerala	Uttar Pradesh (West)	Hima chal Pradesh	Rajasthan	Uttar Pradesh (East)
Accumulated down time of community isolation	<24 Hours	0 Hrs 37 min	NIL	2 Hrs 46 min	3 Hrs 15 min	18 Hrs 36 min	6 Hrs	21 Hrs 57 min	8 Hrs 58 min	NIL	22 Hrs 10 min	NIL
Call setup rate (within licensee's own network)	> 95%	99.98%	98.98%	99.02%	98.62%	98.35%	99.97%	99.78%	99.66%	99.42%	98.42%	98.40%
Service Access Delay	9-20 Sec	7	8	13.32 .	9.41	8.18	10.13	13.87	11.2	9.8	6.43	12
Blocked Call Rate												
1. SDCCH Congestion	<1 %	0.23%	0.71%	0.94%	0.60%	0.66%	0.60%	0.49%	0.88%	0.20%	0.91%	0.52%
2. TCH Congestion	< 2 %	1.19%	1.79%	0.38%	0.86%	1.41%	0.90%	1.44%	1.86%	1.07%	1.54%	1.95%
Call Drop Rate	< 3 %	0.62%	0.70%	1.80%	1.30%	1.20%	0.71%	0.77%	1.49%	1.36%	2.12%	0.37%
% of Connections with good voice quality	> 95 %	99.45%	97.10%	97.57%	99.03%	99.10%	99.31%	99.03%	97.20%	98.20%	98.11%	99.00%

Source: TRAI

Notes:

(1) Standalone Dedicated Control Channel ("SDCCH").

(2) Traffic Channel ("TCH").

In addition to the above parameters, TRAI monitors congestion on the POI on fixed line and other mobile operators. The major problem we face is the augmenting the speed at the POI with BSNL. We are also planning to upgrade our current radio back-bone lines to optic fibres on heavy traffic routes and are using in-building solutions to improve the quality of coverage within hotels and offices.

We constantly evaluate measures to reduce the operating cost of our networks through optimization of leased line expenses, negotiating appropriate operational and maintenance contracts, cell-site sharing (around 50% of our sites are shared) and control of cell-site running expenses (for example, by having solar power for BTS sites and outdoor BTS to reduce power consumption).

Our network vendors

All the key components of our mobile networks have been supplied by Ericsson for the Gujarat, Himachal Pradesh, Madhya Pradesh, Maharashtra and Rajasthan Circles, by Nokia for the Andhra Pradesh, Delhi and Haryana Circles and by Siemens for the Kerala, Uttar Pradesh (East) and Uttar Pradesh (West) Circles. These vendors are leading mobile equipment manufacturers. We have entered into contracts with these vendors for the supply of equipment and for maintenance support of our core networks. The terms and conditions of these agreements are renegotiated for contract periods that typically range from one year to three years.

Human Resources

As at December 31, 2006, we had 4,647 employees spread over 13 states and more than 65 offices. We had 3,720 employees as at March 31, 2006 as compared to our March 31, 2005 headcount of 2,789 and therefore experienced a 33.4% increase in one

year through organic growth. Our employees, as at December 31, 2006, classified by function, are as follows:

Department	No. of Employees
Service Delivery & Quality	2,032
Network Services	954
Sales & Marketing	882
Finance (including Revenue Assurance)	338
Information Technology	215
Human Resources, Admin & TQM	102
Others	124
Total	**4,647**

We expect our employees to continue to increase in number as our business expands. During the financial year 2006, our annual employee turnover was 23.8% per annum compared to 28% per annum for the financial year 2005. In the highly dynamic and competitive telecommunications industry in India, we expect the employee turnover rate to remain between 25-28% per annum.

Intellectual Property

We have made various trade mark applications, among others, for our pre-paid and post-paid service brands namely, Idea Chitchat and for Idea in a number of classes under the Trade Marks Act, 1999. Additionally, we have also made applications with respect to Idea Chitchat and Idea in certain service mark classes. Of the above applications, 26 have been registered, including the Idea Chitchat service mark. Further, the majority of the pending marks have been advertised before acceptance.

Insurance

We insure our properties forming part of the tangible fixed assets on replacement value basis. Insurance for fixed assets put to use covers all operational risks and losses arising out of any material damage and include risks arising out of acts of terrorism. We are also insured against business interruption losses and third party liabilities for amounts as felt appropriate by us. For equipment in transit, coverage for mode of movement as per requirements is also taken.

Property

We generally own the property on which our MSCs and BSCs are located. Most of the properties on which our cell-sites are located are leased with an average tenure of 10 years. The leases are typically for initial minimum terms of 10 years, renewable for terms of up to 5-10 years. We need additional cell sites as and when we expand our networks in our 13 Circles. We are dependent on landlords to secure or renew licenses on economically acceptable terms when they are up for renewal.

We also own or lease land and buildings for our administrative and customer service centers and technical facilities.

OUR HISTORY AND CORPORATE STRUCTURE

We were incorporated as Birla Communications Limited on March 14, 1995 and granted a certificate of commencement of business on August 11, 1995. Our registered office was located in Mumbai, Maharashtra. Our name was changed to Birla AT&T Communications Limited on May 30, 1996 following the execution of a joint venture agreement dated December 5, 1995 between AT&T Corporation and Grasim Industries Limited pursuant to which the Aditya Birla Group held 51% of our Equity Share capital and the AWS Group held 49% of our Equity Share capital. Our registered office was transferred from Industry House, 1st Floor, 159 Church Gate Reclamation, Mumbai 400 020, Maharashtra to Suman Tower, Plot No. 18, Sector 11, Gandhinagar 382011, Gujarat on October 22, 1996. With effect from January 1, 2001 following our merger with Tata Cellular Limited the joint venture agreement between AT&T Corporation and Grasim Industries Limited dated December 5, 1995 was replaced by a shareholders agreement dated December 15, 2000 entered into between Grasim Industries Limited on behalf of the Aditya Birla Group, Tata Industries Limited on behalf of the TATA Group and AT&T Wireless Services Inc. on behalf of the AWS Group following which our name was changed to Birla Tata AT&T Limited on November 6, 2001. Consequent to the introduction of the "Idea" brand, our name was changed to Idea Cellular Limited on May 1, 2002. The AWS Group exited from the Company on September 28, 2005 by selling 371,780,740 Equity Shares of the Company, which constituted 50% of the holding of AT&T Cellular Private Limited in our Equity Share capital to ABNL and by transferring the remaining 371,780,750 Equity Shares to Tata Industries Limited. The TATA Group ceased to be a shareholder of the Company on June 20, 2006 when Tata Industries Limited and Apex Investments (Mauritius) Holding Private Limited (formerly known as AT&T Cellular Private Limited) sold all their shares in the Company to the Aditya Birla Group.

On October 26, 2006, P5 Asia Investments (Mauritius) Limited ("P5 Asia") acquired 14.60% of our Equity Share capital. Under a Governance and Exit Rights Agreement dated October 23, 2006 between P5 Asia, ABNL and Birla TMT, so long as an initial public offering has not occurred and P5 Asia holds no less than 10% of our Equity Shares, ABNL and Birla TMT are required to procure that (a) our Company and its Subsidiaries shall not take or pursue any of the following actions without P5 Asia's prior consent (such consent to be obtained in a board and/or shareholders resolution) including in respect of (i) any merger with, acquisition of, or amalgamation or consolidation with another company or business; (ii) assuming or permitting to exist any borrowings or indebtedness in the nature of borrowings if the amount of all such borrowings of our Company and its Subsidiaries would exceed Rs. 6,800 million; (iii) entering into a new line of business; (iv) increasing our authorized or issued share capital; or (v) entering into a joint venture and (b) our Company makes available to P5 Asia certain financial information relating to our Company and its Subsidiaries such as monthly management accounts, quarterly unconsolidated balance sheets and profit and loss accounts and the annual audited consolidated balance sheets and profit and loss accounts.

P5 Asia also has a right to appoint one director to our Board so long as it holds at least 10% of our total issued and outstanding Equity Shares. Mr. Biswajit Anna Subramanian has been appointed to our Board by P5 Asia pursuant to this right. In addition, any IPO of our Equity Shares requires P5 Asia's written consent, and, further, in any such IPO, P5 Asia has the right to offer for sale such number of Equity Shares representing up to 10% of the total Equity Shares which are held by it. By its letters dated December 2, 2006 to ABNL and Birla TMT, P5 Asia has given its written consent for the Issue and has confirmed that it does not intend to offer for sale any of the Equity Shares held by it in such Issue.

Pre-IPO placement

The Pre-IPO placement has been completed prior to the filing of this Prospectus with the RoC, at the Cap Price and details of the same have been updated in this Prospectus. Any fractions of Equity Shares arising pursuant to the Pre-IPO placement have been ignored.

For further details see "Capital Structure – Notes to the Capital Structure" on the page 62 of this Prospectus.

Our Circles

We, either directly or through our Subsidiaries, provide mobile services in the Andhra Pradesh, Delhi, Gujarat, Haryana, Kerala, Madhya Pradesh, Maharashtra and Uttar Pradesh (West) Circles, and have recently launched services and as such are in the process of fully rolling-out our network in the Uttar Pradesh (East), Rajasthan and Himachal Pradesh Circles pursuant to licenses issued by the DoT. We have recently been awarded UAS Licenses for the Mumbai and Bihar Circles and NLD license by the DoT.

MAJOR EVENTS

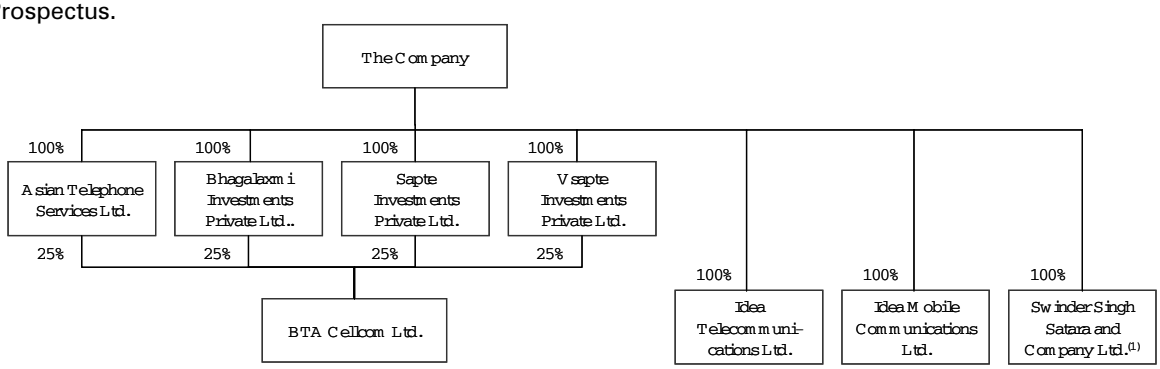
The chronology of key events of the Company from incorporation is set out below:

Calendar year	Events
1995	• Incorporated as Birla Communications Limited • Obtained licenses for providing GSM-based services in the Gujarat and Maharashtra Circles following the original GSM license bidding process
1996	• Changed name to Birla AT&T Communications Limited following a joint venture between Grasim Industries and AT&T Corporation
1997	• Commenced operations in the Gujarat and Maharashtra Circles
1999	• Migrated to revenues share license fee regime under the New Telecommunications Policy ("NTP")
2000	• Merged with Tata Cellular Limited, thereby acquiring Original License for the Andhra Pradesh Circle
2001	• Acquired RPG Cellcom Limited and consequently the license for the Madhya Pradesh (including Chattisgarh) Circle • Changed name to Birla Tata AT&T Limited
2001	• Obtained license for providing GSM-based services in the Delhi Circle following the fourth operator GSM license bidding process
2002	• Changed name to Idea Cellular Limited and launched the "Idea" brand name • Commenced commercial operations in Delhi Circle • Reached the one million subscriber mark
2003	• Reached the two million subscriber mark
2004	• Completed debt restructuring for the then existing debt facilities and additional funding for the Delhi Circle. • Acquired Escotel Mobile Communications Limited (subsequently renamed as Idea Mobile Communications Limited) • Reached the four million subscriber mark • First operator in India to commercially launch EDGE services
2005	• Reached the five million subscriber mark • Turned profit positive • Won an award for the "Bill Flash" service at the GSM Association Awards in Barcelona, Spain • Sponsored the International Indian Film Academy Awards
2006	• Became part of the Aditya Birla Group subsequent to the TATA Group transferring its entire shareholding in the Company to the Aditya Birla Group • Acquired Escorts Telecommunications Limited (subsequently renamed as Idea Telecommunications Limited) • Restructuring of debt • Launch of the New Circles • Reached the 10 million subscriber mark • Obtained UAS License for the Mumbai Circle. • Obtained UAS License for the Bihar Circle through Aditya Birla Telecom Limited. ABNL, the parent of Aditya Birla Telecom Limited, pursuant to a letter dated November 22, 2006 agreed to transfer its entire shareholding in Aditya Birla Telecom Limited to the Company for a consideration of Rs. 100 million.

We are part of the Aditya Birla Group and all our Promoters are companies belonging to the Aditya Birla Group. For the details of the shareholding pattern refer to the section entitled "Capital Structure" on page 61 of this Prospectus.

Our Corporate Structure:

Our corporate structure is shown below. For further information on each Subsidiary, please see "Subsidiaries" on page 142 of this Prospectus.



(1) SSS & Co. is the entity through which the company holds its real estate in the Delhi Circle.

Main Objects of the Company

Our main objects, as set forth in our Memorandum of Association, are:

1. To provide all or any of the following services namely: basic telephone services, cellular telephone services, unified access services (basic and cellular services), international long distance calling services, national long distance calling services, public mobile radio trunked services (PMRTS), global mobile personal communications services (GMPCS), V-SAT, electronic mail services, video text, voice mail services, data communication services, paging services, private switching network services, transmission network of all types, computer networks i.e. local area network, wide area network, multimedia services, intelligent network and other value-added services and all such activities which are incidental to the provision of such services like excavation, construction, infrastructure fabrication, installation, commissioning and testing of equipment, marketing and selling.
2. To carry on the business of manufacture, assemble, buy, sell, import, export, service, repair or otherwise deal in all types of electronic equipment viz, electronic communication, teletext, televideo, microwave and facsimile equipment, telecommunication and telematics equipment, network switching equipment, network communication equipment, all sorts of electrical and electronic wireless sets, high frequency apparatus, radar equipment, sonars, oscilloscopes of all kinds and description, electronic and electrical products, industrial electronics, software procedures, peripheral products, modules, instruments, hardware and software system, all kinds of solid state devices, control system and allied equipment, aerospace and defense electronics, entertainment electronics, household electronics and such other electronic equipment gadget items which may be developed and introduced in India and elsewhere.
3. To carry on the business of manufacture, improve, assemble, prepare, design, develop and install equipment, fabrication repair, anything and everything in electronics, telephone networks, cellular mobile network systems, paging systems, electronic mail, voice mail, data communications, electric gadgets and appliances, measuring and testing instruments, components, accessories and spares for control engineering, communication, defense and computer data processing application that may be developed by invention, experiment and research.

Changes to the Memorandum of Association

Since incorporation, the following changes have been made to the Company's Memorandum of Association:

Date of shareholder approval	Changes
May 30, 1996	Change in name of the Company from Birla Communications Limited to Birla AT & T Communications Limited
October 22, 1996	Change in registered office of the Company from Mumbai, Maharashtra to Gandhinagar, Gujarat
March 28, 1997	Increase in authorized share capital from Rs. 10 million to Rs. 10,000 million.
May 4, 1999	Increase in authorized share capital from Rs. 10,000 million to Rs. 20,000 million
December 8, 1999	Increase in authorized share capital from Rs. 20,000 million to Rs. 32,750 million
November 6, 2001	Change in name of the Company from Birla AT & T Communications Limited to Birla Tata AT & T Limited
December 3, 2001	Alteration in authorized share capital of Rs. 32,750 million to be divided into 2,775,000,000 Equity Shares and 500 redeemable cumulative non-convertible preference shares of Rs. 10,000,000
May 1, 2002	Change in name of the Company from Birla AT & T Limited to Idea Cellular Limited
September 29, 2004	Increase in authorized share capital from Rs. 32,750 million to Rs. 42,750 million
June 26, 2006	Change in main objects clause of the Company and insertion of new clause (other objects) in compliance with conditions stipulated in Press Note No.5 dated November 3, 2005

The details of the capital raised by us are provided in "Capital Structure" on page 61 of this Prospectus.

Acquisitions made by the Company

BTA Cellcom Limited *(formerly RPG Cellcom Limited)*

We acquired RPG Cellcom Limited through a sale and purchase agreement executed on October 7, 2000 between RPG Mobile Limited (seller), Birla AT&T Communications Limited and Tata Cellular Limited (purchasers) for sale and purchase of 51% of RPG Cellcom Limited and another sale and purchase agreement executed on December 14, 2000 between Airtouch International (Mauritius) Limited, Vodafone International Limited (sellers) and Birla AT&T Communications Limited and Tata Cellular Limited (purchasers) for sale and purchase of 49% of RPG Cellcom Limited. The total consideration paid for the acquisition of RPG Cellcom Limited was Rs. 4,226 million.

Idea Mobile Communications Limited *(formerly Escotel Mobile Communications Limited)*

We acquired Escotel Mobile Communications Limited pursuant to a share sale and purchase agreement executed on January 15, 2004 between Escorts Limited, Escotel Mobile Communications Limited and us for sale and purchase of 51% in Escotel Mobile Communications Limited and another share sale and purchase agreement executed on January 15, 2004 between First Pacific Company Limited, Bermuda, Personal Communications (Mauritius) Limited, Escotel Mobile Communications Limited and us for sale and purchase of 49% in Escotel Mobile Communications Limited. The total consideration paid for the acquisition of Escotel Mobile Communications Limited was Rs. 2,600 million. In 2004, before we acquired the shares of Escorts Mobile Communications Limited, it had obtained an unsecured loan from its promoters of Rs. 1,757 million, which was converted by an agreement dated January 15, 2004 into an unsecured subordinated bond carrying zero percent interest of the same amount with a redemption date on the tenth anniversary of the agreement. (For further details, see "Description of Certain Indebtedness" on page 311 of this Prospectus).

Idea Telecommunications Limited *(formerly Escorts Telecommunications Limited)*

In connection with the acquisition of Escorts Mobile Communications Limited we acquired Escorts Telecommunications Limited through an acquisition agreement executed on January 15, 2004 between Escorts Limited, Escorts Telecommunications Limited and us. By a letter dated June 10, 2004 the entire shareholding of Escorts Telecommunications Limited was conveyed to the Company. The consideration paid by the Company is the mutual rights and covenants contained in the share sale and purchase agreement among Escorts Limited, Escotel Mobile Communications Limited and is dated January 15, 2004.

Swinder Singh Satara & Company Limited

We acquired Swinder Singh Satara & Company Limited through a share purchase agreement (for 30% of the equity shares of the company) executed on June 3, 2002 between Swinder Singh Satara & Company Limited, its shareholders (consisting of certain individuals as the sellers) and us, another share purchase agreement (for 25% of the equity shares) executed on July 9, 2002 between Swinder Singh Satara & Company Limited, its shareholders and us and a third share purchase agreement (for 45% of the equity shares) executed on July 9, 2002 between Swinder Singh Satara & Company Limited, its shareholders and us. The total consideration paid for the acquisition of Swinder Singh Satara & Company Limited was Rs. 38.31 million.

SUBSIDIARIES

The following information with respect to our Subsidiaries is in accordance with Indian GAAP.

We currently have eight Subsidiaries:

1. Asian Telephone Services Limited;
2. Bhagalaxmi Investments Private Limited;
3. Sapte Investments Private Limited;
4. Vsapte Investments Private Limited;

(Subsidiaries 1 to 4 are collectively referred to as the Special Purpose Vehicles ("SPVs"));

5. BTA Cellcom Limited;
6. Swinder Singh Satara and Company Limited;
7. Idea Mobile Communications Limited; and
8. Idea Telecommunications Limited.

Each SPV holds 25% of the equity share capital of BTA Cellcom. BTA Cellcom provides GSM-based services in the Madhya Pradesh Circle pursuant to a license issued by the DoT on December 15, 1995.

Idea Mobile Communications Limited provides GSM-based services in the Haryana, Kerala and Uttar Pradesh (West) Circles pursuant to licenses issued by the DoT on December 12, 1995.

Idea Telecommunications Limited has licenses to provide GSM-based services in Rajasthan, Himachal Pradesh and Uttar Pradesh (East) Circles pursuant to licenses issued by the DoT on October 20, 2001. Commercial operations in the Himachal Pradesh, Rajasthan and Uttar Pradesh (East) Circles were launched in September, October and November 2006, respectively.

Asian Telephone Services Limited

Asian Telephone Services Limited, a company registered under the Companies Act, 1956, was incorporated on June 6, 1997. It is a wholly owned subsidiary of the Company. It has been set up as an investment company and its sole activity is holding shares in BTA Cellcom.

Asian has its registered office at PO Birla Gram, Nagda – 456 331, Madhya Pradesh.

The Board of Directors of Asian comprises of Mr. Sanjeev Aga, Mr. Rakesh Pundir and Mr. A. J. S. Jhala.

Financial Performance

The financial results of Asian for the three financial years ended March 31, 2006 and for the nine month period ended December 31, 2006, are set out below:

(in Rs. million, except per share data)

Particulars	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2005	As at and for the year ended March 31, 2006	As at and for the period ended December 31, 2006
Sales and Other Income	40.43	0.04	-	-
Profit after tax	(36.53)	0.00	(0.05)	(0.11)
Equity capital	117.45	117.45	117.45	117.45
Accumulated profit / (loss)	(237.53)	(237.53)	(237.58)	(237.69)
EPS (Rs) (Annualized)	(3.38)	-	-	(0.01)
Book value/share (Rs)	(11.12)	(11.12)	(11.12)	(11.13)

Source: Audited financial statements

Bhagalaxmi Investments Private Limited

Bhagalaxmi Investments Private Limited, a company registered under the Companies Act, 1956, was incorporated on May 19, 2000. Bhagalaxmi is a wholly owned subsidiary of the Company. It has been set up as an investment company and its sole activity is holding shares in BTA Cellcom.

Bhagalaxmi has its registered office at 1st Floor, Lentin Chambers, Dalal Street, Fort, Mumbai – 400 023.

The Board of Directors of Bhagalaxmi comprises of Mrs. Alka Bharucha and Mr. A. J. S. Jhala.

Financial Performance

The financial results of Bhagalaxmi for the three financial years ended March 31, 2006 and for the nine month period ended December 31, 2006, are set out below:

(in Rs. million, except per share data)

Particulars	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2005	As at and for the year ended March 31, 2006	As at and for the period ended December 31, 2006
Sales and Other Income	40.67	-	0.04	-
Profit after tax	(36.25)	(0.05)	(0.05)	(0.11)
Equity capital	117.45	117.45	117.45	117.45
Accumulated profit/ (loss)	(238.93)	(238.99)	(239.03)	(239.14)
EPS (Rs) (Annualized)	(3.36)	-	-	(0.01)
Book value/share (Rs)	(11.25)	(11.25)	(11.26)	(11.27)

Source: Audited financial statements

Sapte Investments Private Limited

Sapte Investments Private Limited, a company registered under the Companies Act, 1956, was incorporated on April 19, 2000. It is a wholly owned subsidiary of the Company. It has been set up as an investment company and its sole activity is holding shares in BTA Cellcom.

Sapte has its registered office at 1st Floor, Lentin Chambers, Dalal Street, Fort, Mumbai – 400 023.

The Board of Directors of Sapte comprises of Mr. Sanjeev Aga and Mr. A. J. S. Jhala.

Financial Performance

The financial results of Sapte for the three financial years ended March 31, 2006 and for the nine month period ended December 31, 2006, are set out below:

(in Rs. million, except per share data)

Particulars	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2005	As at and for the year ended March 31, 2006	As at and for the period ended December 31, 2006
Sales and Other Income	40.45	-	-	-
Profit after tax	(36.48)	(0.07)	(0.10)	(0.11)
Equity capital	117.45	117.45	117.45	117.45
Accumulated profit/(loss)	(240.17)	(240.24)	(240.34)	(240.45)
EPS (Rs) (Annualized)	(3.38)	(0.01)	(0.01)	(0.01)
Book value/share (Rs)	(11.36)	(11.37)	(11.38)	(11.39)

Source: Audited financial statements

Vsapte Investments Private Limited

Vsapte Investments Private Limited, a company registered under the Companies Act, 1956, was incorporated on April 19, 2000. Vsapte Investments Private Limited is a wholly owned subsidiary of the Company. Vsapte Investments Private Limited has been set up as an investment company and its sole activity is holding shares in BTA Cellcom.

Vsapte has its registered office at 1st Floor, Lentin Chambers, Dalal Street, Fort, Mumbai – 400 023.

The Board of Directors of Vsapte comprises of Mrs. Alka Bharucha, Mr. Rakesh Pundir and Mr. A. J. S. Jhala.

Financial Performance

The financial results of Vsapte for the three financial years ended March 31, 2006 and for the nine month period ended December 31, 2006, are set out below:

(in Rs. million, except per share data)

Particulars	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2005	As at and for the year ended March 31, 2006	As at and for the period ended December 31, 2006
Sales and Other Income	39.77	-	-	-
Profit after tax	(37.15)	(0.07)	(0.13)	(0.04)
Equity capital	108.00	108.00	108.00	108.00
Accumulated profit/(loss)	(242.82)	(242.89)	(243.02)	(243.06)
EPS (Rs) (Annualized)	(3.44)	(0.01)	(0.01)	-
Book value/share (Rs)	(12.48)	(12.49)	(12.50)	(12.51)

Source: Audited financial statements

The SPVs are non-banking financial companies ("NBFC") and, as such, are subject to several requirements stipulated by the RBI, including with respect to maintenance of adequate capital and filing and reporting obligations.

In 2005, each of Bhagalaxmi, Sapte and Vsapte received a notice from RBI requiring them to submit certain documents and seeking certain information regarding their operations and the extent of their compliance with the Reserve Bank of India Act, 1934 and the regulations made thereunder. Each of the aforesaid notices was replied to by these entities confirming compliance with the Reserve Bank of India Act, 1934 and the regulations made thereunder. Along with the replies to the aforesaid notices, each of these entities also submitted the documents required by the RBI. Where the RBI had directed compliance with the requirement of maintaining a minimum value of net owned funds, these SPVs sought exemption on the ground that they did not carry out any commercial activity other than holding shares in BTA Cellcom. It was further intimated that it was contemplated to merge these entities with the Company.

By three separate communications, each of which was dated July 18, 2006, the RBI instructed the three above mentioned entities to furnish certain details, namely their registered address, telephone numbers of their offices and the names and telephone numbers of each of the directors of these entities. Each of Bhagalaxmi, Sapte and Vsapte has separately replied to the notices by letters, all of which were dated September 15, 2006.

Additionally, by four separate communications received by the RBI on December 26, 2006, Asian, Bhagalaxmi, Sapte and Vsapte also informed the RBI that a draft scheme of merger envisaging an amalgamation of each of these entities with the Company had been finalized and approved by the board of directors of the respective entities.

On December 13, 2006 Asian received a notice from the RBI requiring it to submit a monthly return in the prescribed format. By its reply dated January 8, 2007, Asian sought exemption from filing the monthly return on the ground that its proposed merger with the Company and that upon receiving the in-principle approval from the DOT, the scheme of amalgamation would be filed in the relevant High Court.

BTA Cellcom Limited

BTA Cellcom Limited was incorporated on December 9, 1994, as Cellular Communications India Limited and its name was changed to RPG Cellcom Limited on January 22, 1997 and subsequently on December 11, 2001, to BTA Cellcom, pursuant to a fresh certificate of incorporation dated April 19, 2000. Each SPV holds 25% of the equity share capital of BTA Cellcom. BTA Cellcom provides GSM-based services in the Madhya Pradesh Circle pursuant to a license issued by the DoT on December 15, 1995.

BTA Cellcom has its registered office at 810, Kailash, 26 Kasturba Gandhi Marg, New Delhi – 110 001.

The Board of Directors of BTA Cellcom comprises of Mr. Saurabh Misra, Mr. Sanjeev Aga and Mr. M.R. Prasanna.

Financial Performance

The financial results of BTA Cellcom for the three financial years ended March 31, 2006 and for the nine month period ended December 31, 2006, are set out below:

(in Rs. million, except per share data)

Particulars	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2005	As at and for the year ended March 31, 2006	As at and for the period ended December 31, 2006
Sales and Other Income	1,321.34	2,140.53	2,728.97	3,244.84
Profit after tax	(150.05)	497.00	695.10	805.95
Equity capital	750.92	750.92	750.92	750.92
Accumulated Profit/(loss)	(1,710.71)	(1,213.71)	(518.60)	273.85
EPS (Rs) (Annualized)	(2.00)	6.62	9.26	14.31
Book value/share (Rs)	(12.78)	(6.16)	3.09	13.65

Source: Audited financial statements

Swinder Singh Satara and Company Limited

Swinder Singh Satara & Company Limited, a company registered under the Companies Act, 1956, was incorporated on September 12, 1983, as Swinder Singh Satara and Company Private Limited. On January 5, 2005, it was converted to a public limited company. The Company holds properties in Delhi through SSS & Co, which is a wholly owned subsidiary of the Company.

SSS & Co. has its registered office at A-26/5, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi – 110 044.

The Board of Directors of SSS & Co. comprises of Mr. Sanjeev Aga, Mr. Parvesh Aghi and Mr. A. J. S. Jhala.

Financial Performance

The financial results of SSS & Co. for the three financial years ended March 31, 2006 and for the nine month period ended December 31, 2006, are set out below:

(in Rs. million, except per share data)

Particulars	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2005	As at and for the year ended March 31, 2006	As at and for the period ended December 31, 2006
Sales and Other Income	2.75	2.70	2.70	2.03
Profit after tax	1.52	0.17	1.72	1.25
Equity capital	0.50	0.50	0.50	0.50
Accumulated Profit/(loss)	4.64	4.80	6.53	7.78
EPS (Rs) (Annualized)	61.77	3.37	34.46	33.29
Book value/share (Rs)	102.73	106.10	140.56	165.53

Source: Audited financial statements

Idea Mobile Communications Limited

Idea Mobile Communications Limited was incorporated on May 25, 1995, as Escotel Mobile Communications Private Limited. On November 22, 1995, it was converted to a public limited company. The Company acquired the shares of IMCL on June 10, 2004, and subsequently on July 1, 2004, its name was changed to Idea Mobile Communications Limited. IMCL, which is a wholly owned subsidiary of the Company provides mobile services in Kerala, Haryana and Uttar Pradesh (West) Circles pursuant to licenses issued by the DoT on December 12, 1995.

IMCL has its registered office at A-30, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110 044.

The Board of Directors of IMCL comprises of Mr. Sanjeev Aga, Mr. M.R. Prasanna, Mr. Saurabh Misra and Ms Tarjani Vakil.

Financial Performance

The financial results of IMCL for the three financial years ended March 31, 2006 and for the nine month period ended December 31, 2006, are set out below:

(in Rs. million, except per share data)

Particulars	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2005	As at and for the year ended March 31, 2006	As at and for the period ended December 31, 2006
Sales and Other Income	4,393.41	5,374.50	7,134.33	7,876.55
Profit after tax	(1,051.10)	(337.92)	165.12	1,532.99
Equity capital	5,260.00	5,260.00	5,260.00	5,260.00
Accumulated profit/(loss)	(9,642.89)	(9,980.81)	(9,815.69)	(8,282.70)
EPS (Rs) (Annualized)	(2.63)	(0.64)	0.31	3.89
Book value/share (Rs)	(8.33)	(8.97)	(8.66)	(5.75)

Source: Audited financial statements

Idea Telecommunications Limited

Idea Telecommunications Limited was incorporated on December 16, 1997, as Escorts Gleneagles Health-Care Private Limited. It became a public limited company on March 31, 2000 and its name was changed to Escorts Telecommunications Limited on November 16, 2000. The Company acquired the shares of Idea Telecommunications Limited on June 28, 2006 and subsequently on August 1, 2006, its name was changed to Idea Telecommunications Limited. ITL which is a wholly owned subsidiary of the Company has been issued licenses by the DoT on October 20, 2001, to provide GSM-based services in Rajasthan, Himachal Pradesh and U.P. (East) Circles.

ITL has its registered office at A-30, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi – 110 044.

The Board of Directors of ITL comprises of Mr. Sanjeev Aga, Mr. M.R. Prasanna and Mr. A. J. S. Jhala.

Financial Performance

The financial results of ITL for the three financial years ended March 31, 2006 and for the nine month period ended December 31, 2006, are set out below:

(in Rs. million, except per share data)

Particulars	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2005	As at and for the year ended March 31, 2006	As at and for the period ended December 31, 2006
Sales & Other Income	1.54	-	-	157.81
Profit after tax	(1,295.17)	(78.48)	-	(698.71)
Equity capital	610.00	610.00	610.00	610.00
Capital Reserve	-	1,414.56	1,414.56	1,414.56
Accumulated Profit / (loss)	(1,295.17)	(1,373.65)	(1,373.65)	(2,072.36)
EPS (Rs) (Annualized)	(21.23)	(1.29)	-	(15.27)
Book value/share (Rs)	(11.23)	10.67	10.67	(0.78)

Source: Audited financial statements

Merger of Subsidiaries

Following in-principle approvals of the boards of directors of each of BTA Cellcom, IMCL, ITL and each SPV at their respective meetings held on October 19, 2006, a scheme of merger of our Subsidiaries (except for SSS & Co.) with our Company has been finalized by the Finance Committee of our Board (which has been duly authorized for this purpose) and we will apply to the relevant High Courts for permission to convene general meetings of our members and the members of each of the above Subsidiaries and for approval of the scheme of merger by the respective High Courts. Since we hold 100% of the equity capital of each of these Subsidiaries, the entire share capital of each of these Subsidiaries (except for SSS & Co.) will be cancelled and no Equity Shares will be issued pursuant to the scheme of merger. The appointed date of the merger will be April 1, 2006.

The scheme of merger has been finalized in accordance with AS – 14 under the "pooling of interest method", pursuant to which the assets, liabilities and reserves of the amalgamating companies will be recorded on our books at their carrying amounts as at April 1, 2006. The goodwill arising out of the merger aggregating approximately Rs. 11,608 million will then be added to our opening profit and loss balance as at the appointed date. This will, consequently, result in a diminution of our net worth by approximately Rs. 11,608 million as and when the merger is effected.

MANAGEMENT

Board of Directors

We currently have eleven directors. The following table sets out details regarding our Board of Directors:

Name, Designation, Father's Name, Residential Address, Occupation and Term	Age (years)	Other Directorships
Dr. Kumar Mangalam Birla Designation: Chairman (Non-Executive Director) (Son of Shri Aditya Vikram Birla) Residential Address: Mangal Adityayan 20, Carmichael Road Mumbai - 400 026 Occupation: Industrialist Liable to retire by rotation	39	Aditya Birla Chemicals (Thailand) Limited, Thailand Aditya Birla Management Corporation Limited Aditya Birla Nuvo Limited Aditya Birla Retail Limited Alexandria Carbon Black Co. S.A.E., Egypt Birla Sun Life AMC Limited Birla Group Holdings Private Limited Birla Sun Life Insurance Company Limited Century Textile Company Limited, Thailand Century Textiles and Industries Limited Essel Mining and Industries Limited Grasim Industries Limited Gwalior Properties and Estates Private Limited Global Holdings Private Limited G. D. Birla Medical Research & Education Foundation Hindalco Industries Limited India Advantage Fund Limited, Mauritius Indo-Phil Textiles Mills Inc., Philippines Indo-Thai Synthetics Company Limited, Thailand Kanishta Finance and Investments Private Limited PSI Data Systems Limited P.T. Elegant Textile Industry, Indonesia P.T. Indo Bharat Rayon, Indonesia P.T. Indo Liberty Textiles, Indonesia Pan Century Edible Oils Sdn. Bhd., Malaysia Pan Century Oleo Chemicals Sdn. Bhd., Malaysia Pratham-India Education Initiative Rajratna Holdings Private Limited Reserve Bank of India Seshasayee Properties Private Limited Thai Acrylic Fiber Company Limited, Thailand Thai Carbon Black Public Company Limited, Thailand Thai Peroxide Company Limited, Thailand Thai Polyphosphate & Chemicals Company Limited, Thailand Thai Rayon Public Company Limited, Thailand Trapti Trading & Investments Private Limited Transworks Information Services Limited Turquoise Investments and Finance Private Limited TGS Investment & Trade Private Limited Ultra Tech Cement Limited Vikram Holdings Private Limited Vaibhav Holdings Private Limited

Name, Designation, Father's Name, Residential Address, Occupation and Term	Age (years)	Other Directorships
Mrs. Rajashree Birla Designation: Director (Wife of Shri Aditya Vikram Birla) Residential Address: Mangal Adityayan 20, Carmichael Road Mumbai - 400 026 Occupation: Industrialist Liable to retire by rotation	61	Aditya Birla Chemicals (Thailand) Limited, Thailand Aditya Birla Health Services Limited Aditya Birla Nuvo Limited Alexandria Carbon Black Co. S.A.E., Egypt. Birla Group Holdings Private Limited. Essel Mining and Industries Limited Century Textile Company Limited, Thailand. Grasim Industries Limited Gwalior Properties and Estates Private Limited Global Holdings Private Limited G. D. Birla Medical Research & Education Foundation Hindalco Industries Limited IGH Holding Private Limited Indo-Phil Textiles Mills Inc., Philippines Indo-Thai Synthetics Company Limited, Thailand Kanishta Finance and Investments Private Limited P.T. Elegant Textile Industry., Indonesia P.T. Indo Bharat Rayon, Indonesia Pan Century Edible Oils Sdn. Bhd., Malaysia Pan Century Oleo Chemicals Sdn. Bhd., Malaysia Rajratna Holdings Private Limited Seshasayee Properties Private Limited Thai Acrylic Fiber Company Limited, Thailand Thai Carbon Black Public Company Limited, Thailand Thai Peroxide Company Limited, Thailand Thai Polyphosphate & Chemical Company Limited, Thailand Thai Rayon Public Company Limited, Thailand Trapti Trading & Investments Private Limited Turquoise Investments and Finance Private Limited TGS Investments & Trade Private Limited Ultra Tech Cement Limited Vikram Holding Private Limited Vaibhav Holdings Private Limited Vaibhav Medical and Education Foundation
Mr. Debu Bhattacharya Designation: Director (Son of Shri Shankari Pada Bhattacharya) Residential Address: 14-A, Woodlands, Peddar Road, Mumbai – 400 026 Occupation: Service Liable to retire by rotation	58	Aditya Birla Management Corporation Limited Aditya Birla Power Company Limited Aditya Birla Science and Technology Company Limited Aditya Birla Minerals Limited Birla Maroochydore Pty. Limited Birla Resources Pty. Limited Birla Nifty Pty. Limited Birla Mt. Gordon Pty. Limited Birla Management Center Services Limited Dahej Harbour and Infrastructure Limited Hindalco Industries Limited Aluminium Association of India Minerals and Minerals Limited The Fertiliser Association of India Utkal Alumina International Limited

Name, Designation, Father's Name, Residential Address, Occupation and Term	Age (years)	Other Directorships
Mr. M.R. Prasanna Designation: Director (Son of Shri Mysore Srinivasa Rangacharya) Residential Address: 901, Citadel, 9th Floor, 18-B L.D. Ruparel Marg, Malabar Hill, Mumbai – 400 006 Occupation: Service Liable to retire by rotation	59	Aditya Birla Mineral Resources Limited Birla Management Center Services Limited Birla Resources Pty. Limited Birla (Maroochydore) Pty. Limited Birla (Nifty) Pty. Limited Birla Mt. Gordon Pty. Limited BTA Cellcom Limited Dakshin Cements Limited Fabmall (India) Private Limited H.A.S. Two Holdings Private Limited Idea Mobile Communications Limited Idea Telecommunications Limited Mahan Coal Company Limited Teerafirma Agroprocessing Private Limited Trinethra Super Retail Private Limited UltraTech Ceylinco Pvt. Limited Utkal Alumina International Limited
Mr. Sanjeev Aga Designation: Managing Director (Son of Shri Hari Mohan Aga) Residential Address: 703, Raheja Grande, Turner Road, Bandra (West) Mumbai – 400 050 Occupation: Service Liable to retire on October 30, 2011	54	Aditya Birla Telecom Limited Aditya Birla Science and Technology Co. Limited Asian Telephone Services Limited Aditya Birla Management Corporation Limited Birla NGK Insulators Pvt. Limited BTA Cellcom Limited Idea Mobile Communications Limited Idea Telecommunications Limited Sapte Investments Pvt. Limited Swinder Singh Satara & Company Limited
Mr. Saurabh Misra Designation: Director (Son of Shri Satish Chandra Misra) Residential Address: Sorrento, Flat No. 2, Mount Pleasant Road, Mumbai – 400 006 Occupation: Service Liable to retire by rotation	59	BTA Cellcom Limited Birla Telecom Limited Idea Mobile Communications Limited Shree Digvijay Cement Company Limited UltraTech Cement Limited UltraTech Ceylinco (Pvt.) Limited National Council for Cement and Building Materials
Mr. Arun Thiagarajan Designation: Independent Director (Son of Shri K.T. Pillai) Residential Address: Grace Home, 37 Kanakapura Road, Basavangudi, Bangalore – 560 004 Occupation: Professional Liable to retire by rotation	62	Alstom Projects India Limited Birla Technologies Limited Cable Corporation of India Limited CITEC Information India Pvt. Limited GMR Energy Limited GMR Infrastructure Limited Idea Mobile Communications Limited ING Vysya Bank Limited Krone Communications Limited PSI Data Systems Limited Transworks Informations Services Limited TTK Prestige Limited WeP Peripherals Limited Westrup A/s

Name, Designation, Father's Name, Residential Address, Occupation and Term	Age (years)	Other Directorships
Ms. Tarjani Vakil Designation: Independent Director (Daughter of Shri Manmukhram Vakil) Residential Address: A-1, Ishwardas Mansions Nana Chowk, Mumbai – 400 007 Occupation: Consultant Liable to retire by rotation	70	Asian Paints Limited Aditya Birla Nuvo Limited Alkyl Amines and Chemicals Limited DSP Merrill Lynch Trustee Company Private Limited I-Flex Solution Limited Mahindra Intertrade Limited
Mr. Mohan Gyani Designation: Independent Director (Son of Shri Harbans S. Gyani) Residential Address: 2137 Cascara Ct., Pleasanton, California, USA 94588 Occupation: Service Liable to retire by rotation	55	Jasper Systems Keynote Systems, Inc. Roamware, Inc. Safeway, Inc SiRF Technologies TellMe Networks Union Bank of California
Mr. Biswajit Anna Subramanian Designation: Additional Director (Son of Shri Anna Ramachary Subramanian) Residential Address: 31 Lancaster Gate, London W2 3LP, U.K. Occupation: Professional Liable to retire by rotation	41	Kabel Deutschland GmBH, Munich, Germany Recoletos S.A., Madrid, Spain Sparrowhawk Media Limited, London, UK
Mr. Gian Prakash Gupta Designation: Independent Director (Son of Shri Dharam Prakash Gupta) Residential Address: 101, Kaveri, B Wing, Neelkanth Valley, 7th Road, Rajawadi, Ghatkopar (East), Mumbai - 400 077 Occupation: Professional Liable to retire by rotation	66	National Thermal Power Corporation Limited Hindustan Aeronautics Limited SIDBI Venture Capital Limited The Jammu & Kashmir Bank Limited Swaraj Engines Limited M.P. Power Generation Company Limited Birla Sun Life Insurance Company Limited PTC Limited Aditya Birla Nuvo Limited Su-Raj Diamonds & Jewellery Limited Emkay Share and Stock Brokers Limited Shree Digvijay Cement Company Limited Power Finance Corporation Limited

Our Chairman and Managing Director are not related to each other.

Brief Biography of the Directors

Dr. Kumar Mangalam Birla

Dr. Kumar Mangalam Birla, aged 39, Chairman of the Aditya Birla Group, was appointed as our Chairman in June 2006.

Dr Birla also serves as a director on the board of the Aditya Birla Group's international companies spanning Thailand, Indonesia, Malaysia, Philippines and Egypt.

Dr Birla holds several key positions on various regulatory and professional boards. He is a director of the Central Board of Directors of the Reserve Bank of India; Chairman of the Advisory Committee constituted by the Ministry of Company Affairs; member of the Prime Minister of India's Advisory Council on Trade and Industry; Chairman of the Board of Trade reconstituted by the Union Minister of Commerce and Industry; member of the Government of Uttar Pradesh's High Powered Investment Task Force; member of the National Council of the Confederation of Indian Industry (CII); and member of the Apex Advisory Council of the Associated Chambers of Commerce and Industry of India.

Additionally, he is on the board of the G.D. Birla Medical Research and Education Foundation, and is also a member of the Board of Governors of the Birla Institute of Technology and Science (BITS), Pilani, and the prestigious Indian Institute of Management, Ahmedabad. He is a member of the London Business School's Asia Pacific Advisory Board, which provides counsel on the School's strategy and curriculum. He is an "Honorary Fellow" of the London Business School (LBS), a title conferred upon him by the Governing Board of the LBS. In recognition of his exemplary contribution to Indian business, the Banaras Hindu University awarded the D.Litt (Honoris Causa) degree to him.

Dr. Birla is a Chartered Accountant and has secured an MBA (Masters in Business Administration) from the London Business School, London.

Mrs. Rajashree Birla

Mrs. Rajashree Birla, aged 61, was appointed to our Board of Directors in June 2006. She is a director on the boards of all the major Aditya Birla Group companies; viz, Grasim Industries Limited, Hindalco Industries Limited, Aditya Birla Nuvo Limited and UltraTech Cement Limited.

Additionally, Mrs. Birla serves as a director on the board of the Aditya Birla Group's international companies spanning Thailand, Indonesia, Philippines and Egypt.

As chairperson of the Aditya Birla Centre for Community Initiatives and Rural Development, the apex body responsible for development projects, Mrs. Birla oversees the Aditya Birla Group's social and welfare driven work across 30 companies.

She is the chairperson of the Advisory Board of the University of Kanchipuram. She is a member of the Advisory Board of "The Research Society for the Care, Treatment and Training of Children in Need of Special Care", Mumbai, and also a trustee of "Population First", India, and of BAIF Development Research Foundation, Pune. Mrs. Birla is a member of the prestigious Tirumala Tirupathi Devasthanams Development Advisory Council.

Mrs. Birla is a member of the executive committee of the Gandhi Smriti and Darshan Samiti. As a patron of arts and culture, Mrs. Birla heads the "Sangeet Kala Kendra", as its President.

Born and raised in Madurai, Mrs. Birla studied arts, graduating from the Loreto College at Kolkata.

Mr. Sanjeev Aga

Mr. Sanjeev Aga, aged 54, our Managing Director, has been a director on the board of the Aditya Birla Management Corporation Limited, since he joined the Aditya Birla Group in April 2002. He was also the Managing Director of Aditya Birla Nuvo Limited, a flagship company of the Aditya Birla Group. He is currently Chairman of the COAI. Mr. Aga is an honors graduate in physics from St. Stephen's College, Delhi and has an MBA from the Indian Institute of Management, Calcutta. Mr. Aga was previously our Chief Executive Officer. He has previously been the Managing Director of Blow Plast Limited, Marketing Manager of Jenson and Nicholson Limited, Chellarams (Nigeria) and Regional Sales Manager of Asian Paints. He has been appointed Managing Director of the Company for a period of five years with effect from November 1, 2006.

Mr. M.R. Prasanna

Mr. M.R. Prasanna, aged 61, was instrumental in setting up the corporate legal cell for the Aditya Birla Group. He is currently the Group Executive President and head of the legal function. He is also the co-chairperson of the Legal Affairs Committee of the Associated Chambers of Commerce and Industry of India. He is also a member of the International Bar Association. Recently Mr. Prasanna was awarded the "Best In-house Counsel" award by Asia Law HK. He holds a bachelors degree in science and a master's degree in law from the University of Mysore. Prior to moving to the Aditya Birla Group, Mr. Prasanna practiced law for about seven years. He has worked for over 27 years with different organizations including General Insurance Corporation, Alfa Laval, Brooke Bond India Limited and Larsen and Toubro Limited. He has been on our Board since January 2002.

Mr. Debu Bhattacharya

Mr. Debu Bhattacharya, aged 58, was appointed to our Board of Directors in June 2006. Mr. Bhattacharya heads the non-ferrous metals business of the Aditya Birla Group and is the Managing Director of Hindalco Industries Limited. He joined the Aditya Birla Group in 1998. Mr. Bhattacharya is the honorary President of the Aluminium Association of India. He is a director of the Fertiliser Association of India. He is also the Chairman of the National Committee on Non Ferrous Metals, Confederation of Indian Industry. Mr. Bhattacharya is also the recipient of the prestigious "India Business Leader of the Year Award (IBLA) 2005" and "The Asia Corporate Citizen of the Year Award 2005". He holds a B. Tech (Hons.) degree in chemical engineering from the Indian Institute of Technology, Kharagpur and a B.Sc. (Hons.) in chemistry. Prior to joining the Aditya Birla Group, Mr. Bhattacharya was working for Unilever during which time he held several key positions and worked in several roles in its Indian and overseas operations. He led the chemical business of Unilever in India before moving to the Aditya Birla Group.

Mr. Saurabh Misra

Mr. Saurabh Misra, aged 59, is the Business Head of Grasim Industries Limited's cement business. He is also the Managing Director of UltraTech Cement Limited, a subsidiary of Grasim Industries Limited. Mr. Misra has over 35 years of experience in management and was the Deputy Chairman of ITC Limited before joining the Aditya Birla Group. He has been on our Board since June 2006.

Mr. Mohan Gyani

Mr. Mohan Gyani, aged 55, was formerly President and the Chief Executive Officer of AT&T Wireless Mobility Group, and has considerable telecommunications and GSM-based industry experience. He holds an MBA in finance from San Francisco State University. Mr. Gyani led AT&T Wireless Service's domestic voice and data mobility businesses, focusing on completing the expansion of the company's footprint across the United States and accelerating growth, particularly in the wireless data business. Since joining AT&T Wireless Services, he has been instrumental in helping to produce industry growth in subscribers and revenues whilst improving profitability and evolving the business to mainstream next generation technology. Prior to its merger with Vodafone, Mr. Gyani was Executive Vice President and Chief Financial Officer of AirTouch Communications. Following the merger of Vodafone and AirTouch Communications, Mr. Gyani became the head of Strategy and Corporate Development and a member of the board of directors of Vodafone AirTouch Plc. He was a key leader in the US$ 120 billion merger and the subsequent US$ 70 billion joint venture with Bell Atlantic. Mr. Gyani began his career in 1978 with the Pacific Telesis Group, where he held a number of financial and operational positions. He has been on our Board since September 2006.

Mr. Arun Thiagarajan

Mr. Arun Thiagarajan, aged 62, was appointed to our Board of Directors in September 2006. He started his career with Asea AB Vasteras, Sweden in 1969. In 1975, he became Managing Director of Flakt India Limited (previously SF India Limited), Calcutta. He was appointed the Deputy Managing Director of Asea Brown Boveri Limited at Bangalore. He joined Hewlett-Packard India Pvt Limited (HP) as President effective January 1, 2001. Mr. Thiagarajan retired from HP in July 2002. He has been active in the Confederation of Indian Industries, having been Chairman of the CII National Committees on Technology, IT and Quality. He was also the Chairman of the Southern Region and Karnataka State Committees of CII. He also attended the advanced management program of the Harvard Business School.

Ms. Tarjani Vakil

Ms. Tarjani Vakil, aged 70, was appointed to our Board of Directors in September 2006. Ms. Vakil an M.A. from the University of Bombay retired as chairperson and Managing Director of Export Import Bank of India in October 1996. She has 40 years of experience in the field of Finance & Banking. She has also worked with Industrial Development Bank of India (IDBI) in various capacities for 17 years (1965-1982) prior to joining EXIM Bank at its inception in 1982. Prior to IDBI, she was with Maharashtra State Finance Corporation. She was the first lady to head a financial institution in India. She has several awards to her credit. She was placed among the top 50 women executives worldwide by a KPMG survey in 1966. She is a Managing Committee member of the Indian Merchant Chamber. She is a Trustee of the General Electoral Trust and Qimpro Foundation. She is on the board of directors of Aditya Birla Nuvo Limited, Asian Paints Limited, Iflex Solutions Limited, Alkyl Amines Chemicals Limited, DSP Merrill Lynch Trustee Co. Pvt. Limited

Mr. Biswajit Anna Subramanian

Mr. Biswajit Anna Subramanian, aged 41, has a Master of Business Administration degree from the Wharton School of the University of Pennsylvania, a masters degree in electrical engineering from the University of California, Santa Barbara and a bachelors degree in electrical engineering from the Indian Institute of Technology. He has vast experience in corporate finance and mergers and acquisition transactions and other related areas. He is currently a member of the Supervisory Board of Kabel Deutschland GmbH and serves as a director of Hallmark International and Recoletos Grupo de Comunicacion SA.

Mr. Gian Prakash Gupta

Mr. Gian Prakash Gupta, aged 66, who holds a post graduate degree in commerce, was appointed to our Board of Directors on December 11, 2006. He is the former Chairman and Managing Director of IDBI. He has varied experience in the areas of general management, financial management, banking and industrial and financial restructuring. He serves as a director on the board of companies such as National Thermal Power Corporation Limited and Hindustan Aeronautics Limited.

Borrowing Powers of the Board

The borrowing powers under Section 293(1) (d) of the Companies Act, 1956, have been increased from Rs. 40,000 million to Rs. 50,000 million, over and above the aggregate of its paid-up capital and free reserves by shareholders' resolution dated August 3, 2006.

Compensation of the Directors

None of the Directors hold executive positions in the Company except Mr. Sanjeev Aga, who has been appointed as Managing Director of the Company with effect from November 1, 2006. Our Articles provide for sitting fees and commission for the Directors as determined by the Board. Pursuant to the Board resolution dated June 20, 2006, sitting fees of Rs. 25,000 is payable to each Director for his or her attendance at a Board Meeting of the Company. Further, sitting fees of Rs. 10,000 is payable to each committee member for his or her attendance at a meeting of various committees of the Board.

Mr. Sanjeev Aga was appointed as the Managing Director of the Company under the Companies Act, 1956, subject to Central Government approval, for a period of 5 years effective November 1, 2006. The terms of his appointment and remuneration, as per the resolution passed at the EGM of the Company held on November 15, 2006, are provided below.

Shareholdings of the Directors in the Company

For details regarding Equity Shares held by the Directors, please see "Capital Structure" on page 61 of this Prospectus.

Term of Office

All Directors are liable to retire by rotation (except Mr. Sanjeev Aga who has been appointed as the Managing Director of the Company).

Interests of the Directors

Our Directors may be regarded as interested in our Equity Shares, if any Equity Shares are held by, subscribed for by or allotted to any of the companies, firms and trusts, of which they are employees, directors, members, partners or trustees including, in particular, the Promoters they represent. For further details regarding Equity Shares held by the directors, please see "Capital Structure" on page 61 of this Prospectus.

We have, in the Financial Year 2007, entered into an agreement with Mrs. Srabonee Bhattacharya, wife of Mr. Debu Bhattacharya, to lease a guesthouse accommodation. Except for this transaction, we have neither entered into any contracts in the last two years prior to the date of this Prospectus, in which our Directors are parties, directly or indirectly, nor have payments been made to them in respect of any such contracts, nor is it proposed to make payments to them other than as described in "Consolidated Financial Statements – Related Party Transactions" on page 192 of this Prospectus. However, we do enter into, on an arms length basis, ordinary business contracts with our Promoters and their affiliates, for example, in connection with insurance.

Terms of appointment of our Managing Director

The terms and conditions of the appointment of Mr. Sanjeev Aga are set out below:

Mr. Sanjeev Aga

Basic Salary	Rs. 0.65 million – per month with such annual increment(s) subject to ceiling of Rs. 0.9 million
Special Pay	Rs. 0.96 million - per month with such annual increment(s) subject to a ceiling of Rs. 1.5 million
Performance Linked Pay / Long-Term Incentive compensation	As per the scheme applicable to senior executives of the Company/Aditya Birla Group subject to a ceiling of Rs. 7.5 million per annum
Education Allowance	Rs. 6,000 per annum
Perquisites:	
Housing Accommodation	Company provided accommodation or house rent allowance at 50% of basic salary
Gas/Fuel/Water/Electricity /Telephone/ upkeep and Maintenance Expense	Reimbursement of expenses on actual, pertaining to gas, fuel, water, electricity and telephones as also reasonable reimbursement of upkeep and maintenance expenses in respect of such accommodation
Medical Expenses	Reimbursement of actual medical expenses for himself and his family.
Leave Travel Expenses/Allowances	For himself and his family subject to a ceiling of one month's basic salary
Travelling	Reimbursement of travel expenses based on actual costs incurred
Provident Fund/Superannuation Fund / Leave encashment /Gratuity/Personal Accident Insurance	As per rules of the Company
Gratuity	Gratuity as applicable to Senior Executives of the Aditya Birla Group, including continuity of service for time served elsewhere, within the Aditya Birla Group
Car	Two cars for use on Company's business
Club	Fees of one corporate club in India

The aggregate of the salary, special pay, allowances and perquisites in any Financial Year shall be subject to the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act as may for the time being, be in force, or otherwise as may be permissible at law.

So long as Mr. Sanjeev Aga functions as the Managing Director of the Company, he will not be subject to retirement by rotation.

Where in any Financial Year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid or given to the Managing Director in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, wherever required.

Change in Board of Directors in Last Three Years

Name	Date of Appointment	Date of Resignation	Reason
As of March 31, 2004			
Ms. Vicky Marvin Oxley	January 23, 2003	May 29, 2003	Vacated office of alternate Director
As of March 31, 2005			
Mr. Sanjeev Aga*	September 29, 2004		To maintain representation of three directors from Aditya Birla Group
Mr. Saurabh Misra	June 16, 1999	September 01, 2004	Resignation
Mr. Robert Lewis	February 23, 1999	January 29, 2005	Resignation
Mr. Mohan Gyani	November 7, 2001	January 29, 2005	Resignation
Mr. Sid Ganju	January 29, 2005		To maintain representation of three directors from AWS Group
Ms. Lonnie Rosenwald	January 29, 2005		To maintain representation of three directors from AWS Group
As of March 31, 2006			
Ms. Lonnie Rosenwald		September 22, 2005	Resignation
Mr. Sid Ganju		September 29, 2005	Due to exit of AWS Group as Promoters of the Company
Mr. Ty Graham	December 8, 1999	December 01, 2005	Due to exit of AWS Group as Promoters of the Company
As of December 31, 2006			
Mr. Ishaat Hussain	November 7, 2001	June 20, 2006	Due to exit of TATA Group as promoters of the Company
Mr. Kishor Chaukar	October 24, 2001	June 20, 2006	Due to exit of TATA Group as promoters of the Company
Mr. R. Gopalakrishnan	November 7, 2001	June 20, 2006	Due to exit of TATA Group as promoters of the Company
Mr. D.D. Rathi	November 7, 2001	June 20, 2006	Resignation
Dr. Kumar Mangalam Birla	June 20, 2006		Appointed as Director
Mrs. Rajashree Birla	June 20, 2006		Appointed as Director
Mr. Debu Bhattacharya	June 20, 2006		Appointed as Director
Mr. Saurabh Misra	June 20, 2006		Appointed as Director
Mr. Mohan Gyani	September 02, 2006		Appointed as Independent Director
Mr. Arun Thiagarajan	September 02, 2006		Appointed as Independent Director
Ms. Tarjani Vakil	September 02, 2006		Appointed as Independent Director
Mr. Biswajit Anna Subramanian	December 01, 2006		Appointed as Additional Director
Mr. Gian Prakash Gupta	December 11, 2006		Appointed as Additional Independent Director

* Mr. Sanjeev Aga has also been appointed as Managing Director of the Company with effect from November 1, 2006.

Further, Mr. M.R. Prasanna who is also on our Board was appointed on January 12, 2002.

Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We are in compliance with such provisions, including with respect to the appointment of independent directors to our Board and the constitution of various statutory committees in accordance with the corporate governance code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to listing.

In accordance with Clause 49 of the listing agreement (to be entered into with the Stock Exchanges), the Company has constituted an audit committee and a shareholders / investors grievance committee. In addition the Company has also constituted a finance committee, a remuneration committee, an IPO Committee and a compensation committee.

Audit Committee

The audit committee of the Company comprises of Mr. Arun Thiagarajan, Ms. Tarjani Vakil and Mr. Sanjeev Aga. The terms of reference of the committee are as follows:

a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval of payment for any other services.

c. Reviewing the annual financial statements before submission to the Board, focusing primarily on:

- Any changes in accounting policies and practices.
- Major accounting entries based on exercise of judgment by management.
- Qualifications in draft audit report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with stock exchange and legal requirements concerning financial statements.
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- Matters required to be included in the Directors' Responsibility Statement in terms of Section 217 (2AA) of the Companies Act, 1956.

d. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

e. Discussion with internal auditors, any significant findings and follow-up thereon.

f. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

g. Reviewing with the management, the performance of external and internal auditors and the adequacy of internal control systems.

h. Discussion with external auditors before the audit commences on the nature and scope of audit as well as having post-audit discussions to ascertain any area of concern.

i. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

k. Carrying out any other function as and when referred by the Board.

Shareholders/Investor Grievance Committee

The Shareholders/Investor Grievance Committee comprises of Mr. M.R. Prasanna, Mr. Sanjeev Aga and Mr. Saurabh Misra. The terms of reference of the committee are as follows:

1. To approve allotment of shares, debentures and other securities as per the authority conferred/to be conferred to the committee by the Board of Directors from time to time.

   (a) To approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name etc., of shares, debentures and securities, which are above 10,000 in number in each individual case per transfer deed/per application received by the Company.

   (b) To authorize the officers of the Company to approve the requests for transfer, transposition, deletion, consolidation, sub-division, change of name etc., of shares, debentures and securities up to 10,000 in numbers in each individual case per transfer deed/per application received by the Company.

2. To monitor, under the supervision of the Company Secretary, the complaints received by the Company from SEBI, Stock Exchanges, Department of Company Affairs, RoC and the share/debenture/security holders of the Company etc., and the action taken for redressal of the same.

3. To approve and ratify the action taken by the authorized officers of the Company in compliance of the requests received from the shareholders/investors for issue of duplicate/replacement/consolidation/sub-division share certificates and other purposes for the shares, debentures and securities of the Company.

4. To monitor and expedite the status and process of dematerialization and dematerialization of shares, debentures and securities of the Company.

5. To give directions for monitoring the stock of blank stationery and for printing of stationery required by the Secretarial Department of the Company, from time to time, for issuance of share certificates, debenture certificates, Allotment letters, warrants, pay orders, cheques and other related stationery.

Finance Committee

The Finance Committee comprises of Mr. M.R. Prasanna, Mr. Sanjeev Aga and Mr. Saurabh Misra. The terms of reference of the committee are as follows:

It is authorized, empowered and deemed to have been authorized and empowered to exercise all powers and discharge all functions which the Board has authorized in respect of the finance matters relating to the Company, including in particular, the following:-

(a) To borrow monies and / or avail of financial facilities for the business of the Company by way of loans, advances, deposits, deferred payment credits, guarantees, letters of credit, buyers' credit and/or any other nature of credit or financial facilities from:

   (i) any one or more of the public financial institutions, specified by or under Section 4A of the Companies Act, 1956, or from any other financial or investment institutions participating in one or more of the credit schemes of such institutions, including PFPS Scheme or from any other financial or investment institutions or companies in India or overseas engaged in the business of providing loans, advances or other credit or financial facilities whatsoever;

   (ii) any commercial bank.

   Provided that during the interval of any two consecutive meetings of the Board of Directors, the aggregate amount of such facilities from any one of the aforesaid institutions, banks or entities shall not, however, exceed a sum of Rs. 2,500 million and the total amount of all such facilities availed of from all the aforesaid institutions, banks or entities during such period shall not exceed a sum of Rs. 7,500 million.

   Provided further that the total amount outstanding in the above categories at any one time shall not exceed Rs. 50,000 million.

(b) To avail non-fund based limits for;

(i) Deferred Payment Credit Guarantees;

(ii) Other Guarantees;

(iii) Letters of Credit; and

(iv) Other non-fund based limits

Provided that during the interval of two consecutive meetings of the Board of Directors the total facilities availed of against each category shall not at any time exceed Rs. 1,000 million.

(c) To avail of any other short term loans, advances, overdraft or note loan facility from any bank, financial or investment institution, mutual fund or body corporate with or without security of Company's investments or by a negative lien on Company's investments or otherwise.

Provided that during the interval of any two consecutive meetings of the Board of Directors, the total aggregate amount so borrowed from the banks, financial institutions or investment institutions or mutual funds or bodies corporate shall not exceed Rs. 2,500 million.

(d) To authorize the officers of the Company to undertake and enter into all types of foreign currency contracts for hedging its underlying outstanding import and export exposures and other outstanding foreign currency liabilities of the Company, as may be permitted by the Reserve Bank of India and/or other authorities from time to time, with one or more of the consortium banks.

(e) To authorize the officers of the Company to undertake and enter into foreign exchange transactions, including to transact derivative products including currency options, swaps to convert rupee liabilities into foreign currency liabilities to hedge currency and interest rate risks/fluctuations in respect of its export and import contracts, foreign currency & rupee liabilities and other foreign currency related matters as may be permitted by the Reserve Bank of India and/or other authorities, from time to time, with one or more of the consortium banks.

(f) To authorize any person whether jointly or singly with any other person to open, operate, and or otherwise close any account with any bank including to authorize such person as aforesaid to place, deposit, overdraw and or otherwise deal with the said account as also to draw or endorse and or deposit any cheques, bills of exchange, promissory notes and to give any direction, mandate or instructions to any such bank as may be authorized by the Committee from time to time and to withdraw, cancel, revoke, modify or alter any such powers whether given by the committee or by the Board from time to time.

(g) To authorize execution of various deeds, documents, agreements, promissory notes or other papers including security documents as may be necessary for availing of any of the above facilities whether present and/or contingent financial facilities and to authorize any of the officers of the Company for signing and executing the same and also to authorize for affixing Common Seal of the Company on any of the above documents in accordance with the provisions of the Articles of Association.

(h) To consider and review mergers/amalgamations/acquisitions.

The above powers are subject to provisions of Section 292 and other applicable provisions of the Companies Act and the Articles of Association and subject to overall limit sanctioned by the Company in general meeting under section 293 of the Companies Act.

Remuneration Committee

The Remuneration Committee comprising of Ms. Tarjani Vakil, Mr. Arun Thiagarajan and Mr. M.R. Prasanna inter-alia deals with reviewing / determining remuneration payable to Directors and senior officials of the Company.

IPO Committee

The IPO Committee comprising of Mr. Sanjeev Aga, Mr. M.R Prasanna and Mr. Saurabh Misra is authorized to, inter alia, decide upon the timing, pricing, size and all the terms and conditions of the initial public offering including any premium to be charged on the Equity Shares to be issued, approving and adopting the Draft Red Herring Prospectus and Red Herring Prospectus to be

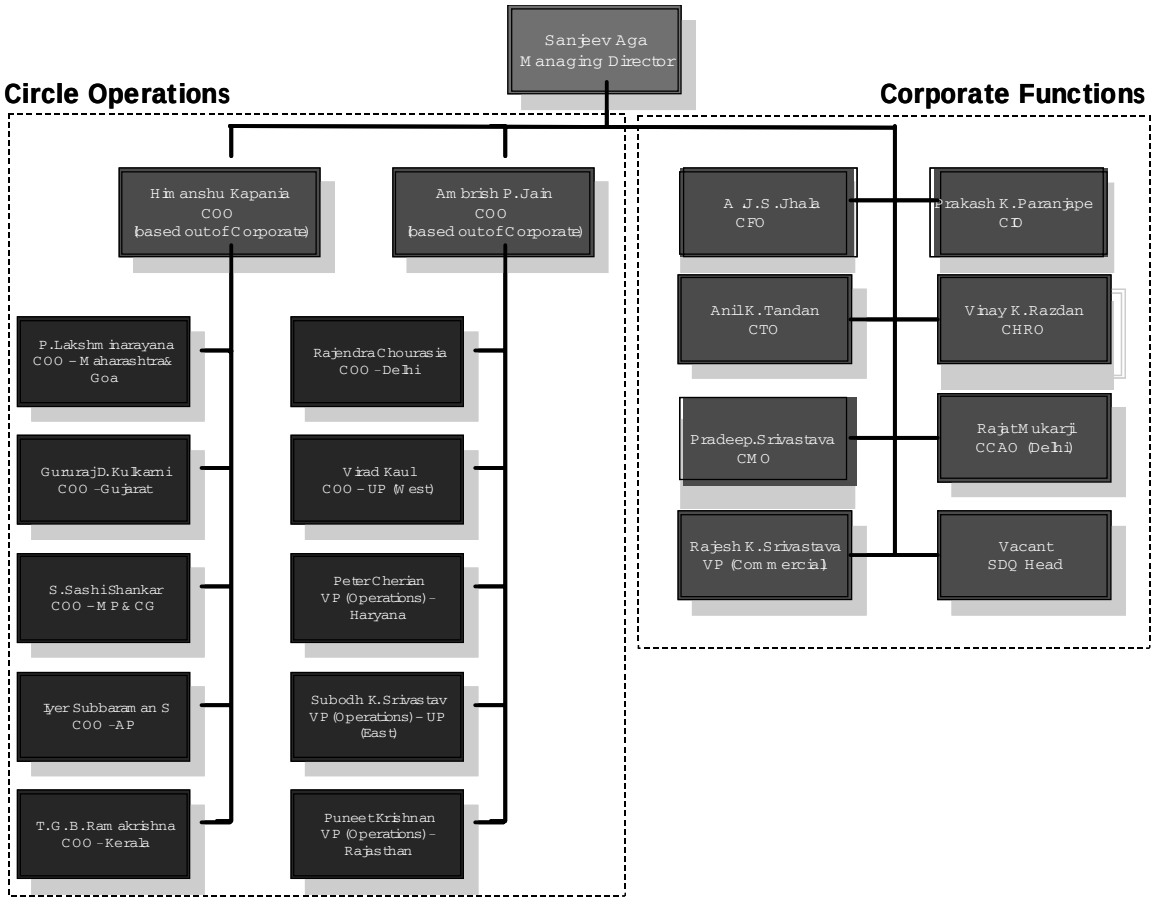
filed with SEBI and the RoC, determining the quantum of the issue in case of oversubscription, disposing the balance of the unsubscribed portion, if any, and doing all of such other acts, deeds, matters and things as may be required in connection with the offering.

Compensation Committee

The Compensation Committee comprising Ms. Tarjani Vakil, Mr. Arun Thiagarajan and Mr. M.R. Prasanna, would inter-alia decide upon the quantum of Employee Stock Options to be granted to eligible employees of the Company and / or employees of its holding / Subsidiary companies and other incidental matters.

Key Management Personnel

Our key management personnel structure is as follows:



The details of our key managerial personnel are set out below:

Mr. Sanjeev Aga

Managing Director, Idea Cellular Limited and director, Aditya Birla Management Corporation Limited

Mr. Sanjeev Aga, aged 54, is the Managing Director of the Company. He is a director on the board of the Aditya Birla Management Corporation and is the Chairperson of the COAI.

In a career commencing in 1973, Mr. Aga has held senior positions in Asian Paints, Chellarams (Nigeria) and Jenson & Nicholson. In 1987, he joined Blow Plast to head the furniture business. He was made Chief Executive of Mattel Toys in 1990 and in January 1993 was appointed Managing Director of Blow Plast with multi-business responsibilities including the flagship VIP luggage

business.

In November 1998, he was appointed as CEO of the Aditya Birla Group's telecom joint venture, Birla AT&T Limited. He led the company through a period of fast-paced change, through expansion and acquisition, and merger with Tata Cellular Limited, to become CEO of what became Idea Cellular Limited. From May 2005, until October 2006, Mr. Aga was Managing Director of Aditya Birla Nuvo Limited, a conglomerate whose interests span diverse group businesses.

Mr. Aga is an honors graduate in physics from St. Stephen's College, Delhi and a postgraduate from the Indian Institute of Management, Kolkata.

Mr. A.J.S. Jhala

Mr. A.J.S Jhala, aged 54, is the Chief Financial Officer and Company Secretary of the Company. Mr. Jhala is a science graduate and holds a LLB from Rajasthan University. He is also a fellow member of ICAI and ICSI. He joined the Aditya Birla Group in June 1991 and was transferred to our Company as Chief Financial Officer in August 2006. With over 29 years of experience, prior to joining us, he has worked with the Aditya Birla Group for over fifteen years including as Chief Financial Officer of Birla Sunlife Insurance Company Limited and as the Joint President (Treasury and Taxation) and Company Secretary with Hindalco Industries Limited Prior to joining the Aditya Birla Group, he worked with Swadeshi Polytex Limited as Vice President - Finance and Company Secretary for over seven years and with Sunil Synchek Limited as Manager - Finance for over six years.

Mr. Ambrish P. Jain

Mr. Ambrish P. Jain, aged 50, is the Chief Operating Officer (Corporate). He is an engineering graduate in electronics and telecom from IIT Delhi and a postgraduate from the Indian Institute of Management, Ahmedabad. He joined us in October 2001 with over 22 years of industry experience. Prior to joining us, he worked with Aircel Digilink India Limited (Essar Group) as the Chief Officer – Marketing Sales and Customer Service for one year and four months, with RPG Cellcom Limited as Vice President - Operations for two years and three months, with Escotel Mobile Communications Limited as Chief - Sales and Marketing for two years and nine months, with OSMO Electronics Pvt. Limited as CEO & Director - Marketing for nine years and two months, with Gabriel India Limited as Marketing Manager for two years and nine months and with Bharat Electronics Limited as Deputy Engineer - Sales & System for four years. His remuneration as at March 31, 2006, was Rs. 9.09 million per annum.

Mr. Himanshu Kapania

Mr. Himanshu Kapania, aged 45, is the Chief Operating Officer (Corporate). Mr. Himanshu Kapania is a BE (Electrical & Electronics) from Birla Institute of Technology, Ranchi and a postgraduate from the Indian Institute of Management, Bangalore. He joined us in September 2006, with over 21 years of industry experience. Prior to joining us, he worked with Reliance Infocomm as their CEO for Northern Operations covering Punjab, Haryana and HP for three years, with the Company as Chief Operating Officer for over six years, with Network Limited as Deputy General Manager - Marketing for three and a half years, with Shriram Honda as Manager Marketing for over three years and with DCM Toyota as Sr. Executive for five years.

Mr. Anil K. Tandan

Mr. Anil K. Tandan, aged 58, is the Chief Technology Officer for our Corporate Network Services. Mr. Tandan who is an engineering graduate in electronics & telecommunications, holds a Masters degree in Microwave & Radar from the IIT, Kharagpur and post graduate diploma in management from AIMA. Mr. Tandan joined us in January 2001 as Vice President - Operations. Prior to joining us, Mr. Tandan worked with Fascel Telecom as Senior Vice President Operations for a period of over two years. Prior to that, Mr. Tandan was in the Army for around thirty-one years. His remuneration as at March 31, 2006, was Rs. 6.17 million per annum.

Mr. Rajat K. Mukarji

Mr. Rajat K. Mukarji, aged 53, is the Chief Corporate Affairs Officer for our Corporate Affairs function. Mr. Mukarji is a history graduate from St Stephen's College, Delhi and has also completed his diploma in International Marketing Management from Delhi. He joined us in January 1996 with 22 years of experience. Prior to joining us, Mr. Mukarji worked with Triune International Delhi, for one year, with Jumbo Electronics Co. Limited, Dubai, as Senior Manager for a period of one year, with Cear's International Company Limited, Hong Kong, as Senior Manager Marketing for a period of three years, with Almana Trading Company, Saudi Arabia, as a Divisional Manager for a period of five years, with Niky Tasha (India) Limited as a Regional Manager

for a period of two years and with the Raymond Woolen Mills Limited as Regional Sales Manager for a period of nine years. His remuneration as at March 31, 2006, was Rs. 4.68 million per annum.

Mr. Pradeep Shrivastava

Mr. Pradeep Shrivastava, aged 45, is the Chief Marketing Officer for our Corporate Marketing function. Mr. Shrivastava is a graduate and postgraduate in science from St Stephen's College, Delhi and a postgraduate from the Indian Institute of Management, Ahmedabad. He joined us in February 2002 with over seventeen years of industry experience. Prior to joining us, Mr. Shrivastava worked with Ballarpur Industries as the Vice President – International Business for over two years, with Hindustan Lever Limited as S.B.U Head for seven years, with Lintas as Account Group Head for almost two years, with Computer Point (B.K.Modi Group) as Regional Manager for three years and with Blue Star Limited as Assistant Manager Communications for three years. His remuneration as at March 31, 2006, was Rs. 6.36 million per annum.

Mr. Vinay K. Razdan

Mr. Vinay K. Razdan, aged 40, is the Chief Human Resource Officer for our Corporate HR & TQM function. Mr. Razdan is a commerce graduate from Delhi University and has a postgraduate degree in PM&IR from the XLRI, Jamshedpur. He joined us in January 2006, with 18 years of industry experience. Prior to joining us, Mr. Razdan worked with HCL Technologies as the Associate Vice President - HR for over five years and with ITC Limited as HR Manager for over twelve years. His remuneration for the period to March 31, 2006, was Rs. 0.79 million.

Mr. Prakash K. Paranjape

Mr. Prakash K. Paranjape, aged 48, is the Chief Information Officer for our Corporate Information Technology function. Mr. Paranjape is an engineering graduate from Pune University. He has over 25 years of industry experience. Prior to joining us in September 2005, Mr. Paranjape worked with BPL Mobile Limited as the Chief Information Officer for ten years, with Sinar Mast Pulp & Paper (I) Limited as Divisional Head for one year, with Toyo Engineering (I) Limited as Deputy Head Systems for ten years, with Voltas Limited as Programmer Analyst for over four years and with Philips India Limited as Graduate Engineer Trainee for almost nine months. His remuneration for the period to March 31, 2006, was Rs. 2.62 million.

Mr. Rajesh K. Srivastava

Mr. Rajesh K. Srivastava, aged 51, is the Vice President - Commercial. Mr. Srivastava holds a B. Sc. (Honors) in physics from Delhi University and is an engineering graduate in Electrical & Electronics from Indian Institute of Science, Bangalore. He joined us in November 2006, with over 29 years of industry experience. Prior to joining us, he worked with Ipca Laboratories Limited as their Senior Vice President – Commercial for two years and eight months, with Centre for Growth Alternatives and Execons as Advisor and CEO for one year, with FAST Telecommunication Company W.L.L. as General Manager for around two years, with Hutchison Essar Telecom as Chief Commercial and HR / Admin Officer for almost three years, with Hindustan Lever Limited as Regional Sourcing Head for fourteen and a half years, with the Oberoi Group of Hotels as VP Commercials for two years and with DCM Limited as Sales Manager for seven years.

Mr. Iyer Subbaraman S.

Mr. Iyer Subbaraman S., aged 46, is Chief Operating Officer for the Andhra Pradesh Circle. Mr. Iyer is a mechanical engineering graduate from Regional Engineering College, Guwahati and is also a postgraduate in marketing from Chetna's R. K. Institute, Mumbai. He has 16 years of experience prior to joining us in February 2001. He has worked with various companies, including BPL Limited as General Manager for Sales and Marketing for six months, Godrej GE Appliances Limited as Senior General Manager and Business Head for over seven years, with Godrej and Boyce Manufacturing Company Limited as Regional Sales Manager (South) for seven and a half years and with AKAY Industries as Trainee Sales Engineer. His remuneration as at March 31, 2006, was Rs. 6.25 million per annum.

Mr. Rajendra Chourasia

Mr. Rajendra Chourasia, aged 44, is the Chief Operating Officer for the Delhi Circle. Mr. Chourasia is a civil engineering graduate from IIT, Mumbai and a postgraduate from the Indian Institute of Management, Ahmedabad. He joined us in January 2002 and has over 14 years of industry experience. Prior to joining us, he worked with Joyco India Limited as Vice President - S & M for seven years, with Perfetti India as Regional Manager (North) for six months, with P&G Godrej as Regional Manager (North) for

over one year, with Godrej Soaps Limited as Area Sales Manager for four years and with Engineers (I) Limited as Assistant Engineer for two years. His remuneration as at March 31, 2006, was Rs. 5.83 million per annum.

Mr. P. Lakshminarayana

Mr. P. Lakshminarayana, aged 46, is the Chief Operating Officer for the Maharashtra and Goa Circle. He is an engineering graduate in Electrical and Power from Osmania University and a postgraduate from the Indian Institute of Management, Calcutta. He joined us in February 2004 with over 19 years of industry experience. Prior to joining us, he worked with PepsiCo India Holdings Pvt. Limited, as Vice President Operations for four and a half years, with ITC Limited as Marketing Manager for over ten years, with Kothari General Foods Limited as Group Product Manager for over two years and with Gum Products Pvt Limited as Area Sales Manager for over two years. His remuneration as at March 31, 2006, was Rs. 5.34 million.

Mr. Gururaj D. Kulkarni

Mr. Gururaj D. Kulkarni, aged 46, is the Chief Operating Officer for the Gujarat Circle. Mr. Kulkarni is a mechanical engineering graduate from Mumbai University and a postgraduate from the Indian Institute of Management, Ahmedabad. He joined us in March 2004 with almost 21 years of industry experience. Prior to joining us, he worked with Venture Infotek Global Pvt Limited as President and Head – Merchant Business for nearly three years, with Heinz India Limited as General Manager Sales for three years and nine months, with Unilever Group companies as Regional Sales Manager for eight and half years, with BASF India Limited as Assistant Manager – Marketing for one and a half years, with ICI India Limited as Product Manager for over two years and with L & T Limited as Graduate Engineer Trainee for two years. His remuneration as at March 31, 2006, was Rs. 4.76 million per annum.

The details of the key managerial personnel of our Subsidiaries are set out below:

Mr. S. Sashi Shankar

Mr. S. Sashi Shankar, aged 47, is the Chief Operating Officer for Madhya Pradesh and Chattisgarh Circle. Mr. Shankar is a chemical engineering graduate from Madras University and has a postgraduate degree in marketing from S.P. Jain Institute of Management Research, Mumbai University. He joined us in September 2001, with over 18 years of industry experience. Prior to joining us, he worked with Mattel Toys India Limited as Vice President - Sales and Customer Development for two and a half years, with Blow Plast Limited as Deputy General Manager-Sales for almost eight years, with Solidaire India Limited as Branch Manager for over two years, with Alkyl Amines Chemicals Limited as Marketing Executive for over two years and Berger Paints (I) Limited as Senior Officer for two and a half years. His remuneration as at March 31, 2006, was Rs. 6.24 million per annum.

Mr. Virad Kaul

Mr. Virad Kaul, aged 45, is the Chief Operating Officer for the Uttar Pradesh (West) Circle. Mr. Kaul is a history graduate from Delhi university and a postgraduate in marketing from Allahabad University. He joined us in June 2004 with over 19 years of industry experience. Prior to joining us, he worked with K D Sales Excel Pvt Limited as Director Training for six months, with Gillette India Limited as General Manager Sales for almost fifteen years and with Godfrey Philips (I) Limited as Product Manager for three and a half years. His remuneration as at March 31, 2006, was Rs. 3.61 million per annum.

Mr. T. G. B. Ramakrishna

Mr. T. G. B. Ramakrishna, aged 48, is the Chief Operating Officer for the Kerala Circle. Mr. Ramakrishna is an engineering graduate from Kerala University and is a masters in System Software from BITS Pilani. He joined us in April 1996 with over 13 years of industry experience. Prior to joining us, he worked with Bharti Cellular Limited as Deputy General Manager – Network Planning for three years, with the Gas Authority of India Limited as Deputy Manager for five years and with Indian Oil Corporation Limited as an Engineer for over four years. His remuneration as at March 31, 2006, was Rs. 3.73 million per annum.

Mr. Peter Cherian

Mr. Peter Cherian, aged 47, is Vice President - Operations for the Haryana Circle and the Himachal Pradesh Circle. Mr. Cherian is a science graduate in zoology from Kerala University. He joined us in July 1996 with approximately 16 and a half years of industry experience. Prior to joining us, he worked with Telesystems India Pvt. Limited (EASYCALL) as Assistant Vice President - Sales for six months, with BPL Sanyo Utilities & Appliances Limited as Manager Sales for over three years, with M/s. Usha

International Limited as Assistant Sales Manager for almost ten years and with Sriram Bearings Limited for over three years. His remuneration as at March 31, 2006 was Rs. 2.49 million per annum.

Mr. Subodh K. Srivastav

Mr. Subodh K. Srivastav, aged 40, is Vice President - Operations for UP-East Circle. Mr. Srivastav is a B.Tech (IT) from BHU and holds a management degree from Faculty of Management Studies, Delhi University. He joined us in June 2004 with almost 14 years of industry experience. Prior to joining us, he worked with AMP Sanmar as General Manager - Retail for nine months, with Pepsi Food Limited as General Manager - Franchisee for four years, Dupont India Limited as Business Manager for two and half years, with ICI India Limited for three years, with Berger Paints India Limited as Area Sales Manager for two years and nine months and with Eicher Motors Limited as Graduate Engineer Trainee for almost a year. His remuneration as at March 31, 2006, was Rs. 2.79 million per annum.

Mr. Puneet Krishnan

Mr. Puneet Krishnan, aged 43, is the Vice President – Operations for Rajasthan Circle. Mr. Puneet Krishnan is a B.Sc from Nagpur University and a management graduate in Marketing from Bombay University. He joined us in October 2003, with over 18 years of industry experience. Prior to joining us, he worked with Harrisons Malayalam Limited (RPG Group) as Manager - Marketing for six years and two months, with Sterling Holiday Resorts (I) Limited as Divisional Manager- Marketing for three and a half years, with Mirc Electronics Limited (ONIDA) as Branch Sales Manager for five months, with Aristocrat Marketing Limited as Branch Manager for one year and two months, with Spencer & Company Limited (RPG Group) as Area Sales Manager for two and a half years and with NELCO (a TATA Enterprise) as Area Sales Manager for four years and three months. His remuneration as at March 31, 2006, was Rs. 2.39 million per annum.

Shareholding of the Key Managerial Personnel

None of our key management personnel owns any Equity Shares except Mr. A.J.S. Jhala, who holds ten Equity Shares and Mr. Sanjeev Aga, who holds 126, 666 Equity Shares.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

We have a performance pay policy, which is based on achieving financial parameters.

Changes in our Key Managerial Personnel

Changes in the key managerial personnel in the last three years have been given below:

Name of the Employee	Designation	Date of Joining	Reason
Financial Year 2006-07– at Key Employee Level			
Mr. Rajesh Srivastava	Vice President - Commercials	07.11.2006	Appointment
Mr. Sanjeev Aga	Managing Director	01.11.2006	Moved from ABNL
Mr. Himanshu Kapania	Chief Operating Officer	18.09.2006	Appointment
Mr. A.J.S Jhala	Chief Financial Officer	07.08.2006	Moved from Birla Sunlife Insurance Company Limited
Financial Year 2005-06			
Mr. Vinay Razdan	Chief Human Resource Officer	16.01.2006	Appointment
Mr. Prakash Paranjape	Chief Information Officer	01.09.2005	Appointment
Financial Year 2004-05			
Mr. Virad Kaul	Chief Operating Officer	01.06.2004	Appointment

Separations in the key managerial personnel in last three years have been given below:

Name of the Employee	Designation	Date of Joining	Reason
Financial Year 2006-07 (upto December 1, 2006) – at Key Employee Level			
Mr. Vikram J. Mehmi	President & CEO	27.12.1999	Moved to Birla Sunlife Insurance Company Limited
Mr. Satish K Rajgarhia	Vice President – Corporate Finance and Company Secretary	03.10.1997	Moved to Birla Sunlife Insurance Company Limited
Financial Year 2005-06			
Mr. Sukanta Dey	Chief Marketing Officer	02.01.2002	Resignation
Mr. S. Ramaswamy	Vice President – SDQ	29.04.2004	Resignation
Mr. Nilanjan Mukharjee	Vice President – Marketing	05.07.1999	Resignation
Mr. Anirudh Singh	Vice President – HR	03.08.1998	Resignation
Mr. Sudhir Mathur	Chief Financial Officer	26.04.2004	Resignation
Financial Year 2004-05			
Mr. Vijay Grover	Chief Operating Officer	10.12.1998	Resignation
Mr. Rajan Dutta	Chief HR & TQM	21.09.1999	Resignation

THE PROMOTER GROUP

We are part of the diversified Aditya Birla Group, which is among India's largest business houses. The Indian companies of the Aditya Birla Group form a conglomerate of approximately US$ 6.8 billion in revenues. Besides these, the Aditya Birla Group has entities in 19 different countries. The market capitalization of the group is approximately US$ 16 billion as at December 2006. The Aditya Birla Group has approximately 82,000 employees belonging to over 20 different nationalities. A substantial portion of the Aditya Birla Group's revenue flows from operations outside India with manufacturing units and sectoral services in Thailand, Laos, Indonesia, Malaysia, Philippines, Egypt, Canada, Australia and China.

Dr. Kumar Mangalam Birla is the Chairman of the Aditya Birla Group and all of the Aditya Birla Group's blue-chip companies in India and serves as a director on the board of the Aditya Birla Group's international companies spanning Thailand, Indonesia, Malaysia, Philippines and Egypt. The Aditya Birla Group's operations extend to Canada, China, Laos, USA, U.K. and Australia as well.

The Aditya Birla Group is a dominant player in all of the sectors in which it operates. Among these are viscose staple fiber, non-ferrous metals, cement, viscose filament yarn, branded apparel, carbon black, chemicals, fertilizers, sponge iron, insulators, financial services, telecom, BPO and IT services.

Following table lists the major Indian companies of the Aditya Birla Group and the products and services they offer:

Company	Products / services
• Grasim	viscose staple fiber, rayon grade pulp, cement, chemicals, sponge iron, textiles
• UltraTech Cement Limited	ordinary portland cement, portland blast furnace slag cement, portland pozzolana cement and grey portland cement
• Shree Digvijay Cement	cement and clinker
• Hindalco	aluminium, copper
• Indian Aluminium Company Limited	aluminium foil
• Bihar Caustic and Chemicals Limited	caustic soda
• ABNL	garments, viscose filament yarn, carbon black, textiles
• Idea Cellular Limited	cellular telecommunications
• Birla Sun Life Insurance Company Limited*	Insurance
• Birla Sun Life Asset Management Company Limited*	mutual funds
• Birla Sun Life Distribution Company Limited*	investment planning services
• PSI Data Systems	application development, maintenance and enhancement solutions
• TransWorks	customer relations management (CRM) services — inbound customer service, including technical support; email / web-chat support; and outbound telemarketing. BPO services include transaction processing, financial accounting and human resource (HR) related service
• Aditya Birla Insulators Limited	insulators
• Birla Global Finance Limited	loans against securities, IPO financing and corporate financing services
• Madura Garment Exports Limited	garment exports
• TANFAC Industries Limited*	fluorine chemicals
• Birla Insurance Advisory Services Limited	non-life insurance advisory services
• Essel Mining & Industries Limited	iron and manganese ore mining, noble ferro alloys, nitrogen production

* *joint ventures*

OUR PROMOTERS

We are part of the Aditya Birla Group and prior to the Issue 65.8% of our Equity Shares are held by our Promoters who are companies belonging to the Aditya Birla Group. The Promoters will hold 57.7% (assuming the Green Shoe Option is exercised in full) of the issued share capital after the Issue.

Our Promoters are:

1. Aditya Birla Nuvo Limited
2. Grasim Industries Limited
3. Hindalco Industries Limited and
4. Birla TMT Holdings Private Limited.

Aditya Birla Nuvo Limited

ABNL, is a part of the Aditya Birla Group, and was incorporated as Indian Rayon Corporation Limited on September 26, 1956 under the Companies Act, 1956 and was originally engaged in the rayon yarn business. In 1966, it was acquired by late Shri Aditya Birla and in 1976 was amalgamated with Jaya Shree Textiles and Industries Limited, a company which is also a part of the Aditya Birla Group, active in textiles and insulators. In 1987, it was renamed Indian Rayon and Industries Limited. Subsequently, it was renamed as Aditya Birla Nuvo Limited, pursuant to a fresh certificate of incorporation dated October 27, 2005. Its registered office is located at Indian Rayon Compound, Veraval 362 266, India.

ABNL is a large conglomerate operating mainly in the viscose filament yarn, ready to wear apparel, textiles, carbon black, fertilizers, financial services and insulators businesses with significant interests in telecom, life insurance, software and business process outsourcing fields through subsidiaries/joint ventures.

The board of directors of ABNL as at December 31, 2006 was comprised as under:

Dr. Kumar Mangalam Birla, (Chairman)

Mrs. Rajashree Birla,

Mr. B. L. Shah,

Mr. Vikram Rao,

Mr. B. R. Gupta,

Mr. H. J. Vaidya,

Mr. P. Murari,

Ms. Tarjani Vakil,

Mr. S.C. Bhargava,

Mr. G.P. Gupta,

Dr. Bharat Singh,

Mr. S.K. Mitra,

Mr. Rakesh Jain,

Mr. K.K. Maheshwari

Mr. Adesh Gupta.

Brief financial details of ABNL (extracted from the audited accounts) for the past three years are as follows:

(in Rs. million, except per share data)

Particulars	As on and for the year ended March 31, 2004	As on and for the year ended March 31, 2005	As on and for the year ended March 31, 2006	As on and for the half year ended September 30, 2006 (unaudited)
Sales and other income	15,916.20	18,705.60	26,654.30	17,115.10
Profit After Tax (PAT)	1,312.80	1,137.20	1,869.30	1,100.10
Share capital	598.80	598.80	835.00	835.00
Reserve and surplus[1]	12,078.00	12,941.80	21,241.10	22,148.70
EPS	21.91	18.98	25.39	13.17
Book value (per share)	212.00	226.00	264.00	275.00

[1] Excluding Revaluation Reserves and miscellaneous expenditure not written off

(Source: Audited Financial Statements)

The shareholding pattern of ABNL as at December 31, 2006 is as follows:

S. No.	Name of the Shareholder	No. of shares	Percentage of holding
1.	Promoters	31,979,177	38.30
2.	Institutions	29,289,058	35.07
3.	Corporate Bodies	2,777,144	3.33
4.	Individuals	14,769,902	17.69
5.	Others	1,310,809	1.56
6.	Clearing Members	3,378,296	4.05
	Total	**83,504,386**	**100.00**

Share Quotation:

The shares are listed on BSE and NSE. The details of the highest and lowest price on the Stock Exchanges during the preceding six months are as follows:

BSE

	Date	High (Rs.)	Volume	Date	Low (Rs.)	Volume	Average Price
July 2006	July 4, 2006	739.95	6,707	July 24, 2006	625.10	8,340	682.35
August 2006	August 22, 2006	859.00	40,296	August 2, 2006	702.00	16,445	777.33
September 2006	September 29, 2006	871.00	79,940	September 1, 2006	795.50	3,110	826.63
October 2006	October 31, 2006	983.95	31,024	October 19, 2006	850.00	4,165	896.81
November 2006	November 29, 2006	1,176.00	32,644	November 1, 2006	805.00	38,031	1,054.98
December 2006	December 29, 2006	1,252.00	17,822	December 13, 2006	1,090.00	13,989	1,176.80

The closing price as at January 22, 2007 on BSE was Rs. 1,221.35.

NSE

	Date	High (Rs.)	Volume	Date	Low (Rs.)	Volume	Average Price
July 2006	July 4, 2006	775.40	10,078	July 24, 2006	601.10	162,568	683.36
August 2006	August 25, 2006	862.00	7,201	August 2, 2006	706.00	31,593	777.56
September 2006	September 29, 2006	871.00	41,475	September 25, 2006	790.00	13,191	828.16
October 2006	October 31, 2006	985.00	118,024	October 16, 2006	819.60	13,292	898.20
November 2006	November 29, 2006	1,179.00	70,759	November 9, 2006	939.50	37,450	1,056.15
December 2006	December 29, 2006	1,251.00	40,327	December 13, 2006	1,081.65	55,591	1,177.96

(Source: Stock Exchanges)

The closing price as at January 22, 2007 on NSE was Rs. 1,222.35.

ABNL is not a sick industrial unit within the meaning of clause (O) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not in the process of winding up.

ABNL has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

Disclosures on Capital Issue

ABNL has not made a public/rights issue in the last three years. ABNL has filed its letter of offer with the stock exchanges on December 15, 2006. The issue opened on December 26, 2006 and is scheduled to close on January 25, 2007. The issue comprises of 98,26,638 equity shares of Rs.10 each at a premium of Rs. 783 per equity share for an amount aggregating Rs. 7,792.5 million to the equity shareholders on a rights basis in the ratio of two (2) equity shares for every seventeen (17) equity shares held on the record date i.e. December 8, 2006.

ABNL intends to utilize at least 6,412.5 million of the net proceeds of the issue towards pre-payment / repayment of a portion of its existing debt. Additionally, management shall have the discretion and the flexibility to deploy funds from the net issue proceeds amounting to Rs. 1,500 million towards general corporate purposes including funding acquisitions, as and when the opportunities arise.

Promise vs. Performance

ABNL made a rights issue in 1993 to its shareholders of 5,447,400 zero interest secured fully convertible debentures of Rs. 170 each and 1,620,000 zero interest secured fully convertible debentures of Rs. 200 each, both for cash at par, aggregating Rs. 1,250.1 million and 7,227,400 number 16.5% fifteenth series secured redeemable non-convertible debentures of Rs. 300 each

with detachable warrants for cash at par aggregating Rs. 2,168.2 million.

Issue Open date	Issue Close date	Objects of the Issue	Actual Performance achieved
September 14, 1993	October 11, 1993	a. To set up a 50,000 TPA sea water magnesia project at an estimated cost of Rs 2,404 million. b. To expand the capacity of the companies carbon black division from 20,000 TPA to 40,000 TPA at an estimated cost of Rs. 720 million. c. Normal Capital expenditure for modernization estimated at about Rs. 830 million.	The sea water magnesia plant with an installed capacity of 50,000 TPA was commissioned and commercial production started towards the end of February 1998. Due to adverse market conditions, the plant was written off in the year 2000. The expansion of the capacity of the company's carbon black division was completed well within the promised time period. There were no cost over runs. The current capacity is 1,70,000 TPA.

Mechanism for redressal of investor grievance

ABNL has a Shareholders/ Investor Grievance Committee which meets as and when required, to deal and monitor redressal of complaints from shareholders relating to transfers, non receipt of balance sheet, non receipt of dividend declared etc. Generally, the investor grievances are dealt with within a week of receipt of the complaint from the investor.

As at December 31, 2006, there were no investor complaints pending against ABNL.

Grasim Industries Limited

Grasim, promoted by the Aditya Birla Group, is a public limited company which was incorporated on August 25, 1947 in the state of Madhya Pradesh under the name the Gwalior Rayon Silk Manufacturing and Weaving Company Limited and commenced operations in 1950. The name of the company was subsequently changed to Grasim Industries Limited on July 22, 1986. The registered office of Grasim is located at Birlagram, Nagda, 456 331 (Madhya Pradesh), India.

Grasim commenced its operations as a textile manufacturer and is now a global leader in viscose staple fiber, it is the country's largest merchant producer of sponge iron and the second largest producer of caustic soda and one of India's largest cement manufacturers, apart from having interests in the chemicals business.

The board of directors of Grasim as at December 31, 2006 was comprised as under:

Dr. Kumar Mangalam Birla, (Chairman)

Mrs. Rajashree Birla

Mr. M.L. Apte

Mr. B.V. Bhargava

Mr. R. C. Bhargava

Mr. Cyril Shroff

Mr. S. G. Subrahmanyan

Mr. Shailendra K Jain

Mr. D.D. Rathi

Mr. Y.P Gupta and

Mr. S.B. Mathur.

Brief financial details of Grasim (extracted from the audited accounts) for the past three years are as follows:

(in Rs. million, except per share data)

Particulars	**As at and for the year ended March 31, 2004**	**As at and for the year ended March 31, 2005**	**As at and for the year ended March 31, 2006**	**As on and for the half year ended September 30, 2006 (unaudited)**
Sales and other income	54,425.0	64,164.5	68,247.5	39,902.4
Profit after tax (PAT)	7,792.6	8,857.1	8,632.1	6,497.4
Equity capital	916.9	916.9	916.9	916.9
Reserves[1]	35,138.3	42,319.6	48,861.1	NA
EPS (Rs)	84.99	96.60	94.14	70.86
Book value/share (Rs)	393.23	471.55	542.90	NA

[1] Excluding Revaluation Reserves and miscellaneous expenditure not written off

(Source: Audited Financial Statements)

The shareholding pattern of Grasim as at December 31, 2006 is as follows:

S. No.	**Name of the Shareholder**	**No. of shares**	**Percentage of holding**
1.	Promoters	22,980,868	25.07
2.	Institutions	40,404,527	44.08
3.	Bodies Corporate	3,183,515	3.47
4.	Individuals	11,717,571	12.78
5.	Others	13,387,173	14.60
6.	Clearing Members	-	-
	Total	**91,673,654**	**100.00**

The equity shares of Grasim are listed on the Stock Exchanges. The Global Depository Receipts of Grasim are listed on the Luxembourg Stock Exchange.

Share Quotation:

The shares are listed on the Stock Exchanges. The details of the highest and lowest price on the Stock Exchanges during the preceding six months are as follows:

BSE

	Date	High (Rs.)	Volume	Date	Low (Rs.)	Volume	Average Price
July 2006	July 31, 2006	2,150.00	86,770	July 24, 2006	1,804.00	47,702	1,968.27
August 2006	August 31, 2006	2,294.00	77,634	August 1, 2006	2,033.00	36,319	2,180.87
September 2006	September 25, 2006	2,540.00	42,612	September 11, 2006	2,230.00	43,251	2,399.60
October 2006	October 30, 2006	2,768.90	29,142	October 4, 2006	2,483.10	51,286	2,614.11
November 2006	November 7, 2006	2,818.00	42,958	November 20, 2006	2,612.00	43,785	2,723.81
December 2006	December 28, 2006	2,825.00	25,060	December 13, 2006	2,420.00	26,074	2,719.61

The closing price as at January 22, 2007 on BSE was Rs 2,894.75.

NSE

	Date	High (Rs.)	Volume	Date	Low (Rs.)	Volume	Average Price
July 2006	July 31, 2006	2,150.00	284,510	July 24, 2006	1,803.00	225,344	1,969.61
August 2006	August 31, 2006	2,299.00	552,902	August 1, 2006	2,020.00	171,186	2,182.44
September 2006	September 25, 2006	2,544.45	155,406	September 1, 2006	2,235.60	135,717	2,400.34
October 2006	October 30, 2006	2,769.85	180,969	October 4, 2006	2,483.10	178,848	2,614.28
November 2006	November 7, 2006	2,819.90	153,066	November 20, 2006	2,611.25	103,613	2,725.24
December 2006	December 28, 2006	2,835.00	198,306	December 13, 2006	2,405.00	167,099	2,720.58

(Source: Stock Exchanges)

The closing price as at January 22, 2007 on NSE was Rs 2,909.30.

Grasim is not a sick industrial unit within the meaning of clause (O) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not in the process of winding up.

Grasim has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

Disclosures on Capital Issue

Grasim made a rights issue of 10,416,666 – 12.5% secured redeemable partly convertible debentures (II series) of a face value of Rs. 120 each aggregating to a value of Rs. 1,250 million to its equity shareholders in 1989.

Issue Open date	Issue Close date	Objects of the Issue	Actual Performance achieved
September 27, 1989	October 26, 1989	To part finance a gas based sponge iron project with a licensed capacity of 600,000 TPA and if in line with Government's licensing policy, to expand capacity up to 750,000 TPA. The project was to be located at Salav District, Raigad (Maharashtra) and estimated to cost Rs. 4000 million.	The company's sponge iron plant at Salav District, Raigad (Maharashtra) – Vikram Ispat Division, having an annual capacity of 750,000 TPA was commissioned in March, 1993 within the scheduled time period. The current capacity is 900,000 TPA.

Grasim has not made a public / rights issue in the last three years.

Promise vs. Performance

Grasim has utilized the entire amount raised through the last public issue as provided in the offer document.

Mechanism for redressal of investor grievance

Grasim has a "Shareholders Grievance/Allotment of Transfer Committee" at the board level to inter alia look into issues relating to share/debenture holders, including transfer and transmission of shares/debentures, issue of duplicate share/debenture certificates, non-receipt of dividend, annual report, etc. Officers of the company have been authorized to approve the transfer/ transmission of shares and issue duplicate share/debenture certificates from time to time.

Grasim has its own in-house share department, which is registered with SEBI as Category II Share Transfer Agent and expeditiously disposes of the investors' complaints within a maximum period of 10 days of receipt.

As of December 31, 2006, there were no investor complaints pending against Grasim.

Hindalco Industries Limited

Hindalco a part of the Aditya Birla Group was incorporated on December 15, 1958, as Hindustan Aluminium Corporation Limited under the provisions of the Companies Act, 1956, with its registered office at Industry House, 6th Floor, 159 Churchgate Reclamation, Mumbai 400 020, India. Its registered office was later changed to Century Bhavan, 3rd Floor, Dr. Annie Besant Road, Worli, Mumbai 400025, India, from September 1, 1970. The name was changed from Hindustan Aluminium Corporation Limited to Hindalco Industries Limited on October 9, 1989.

Hindalco is involved in the manufacture of aluminium and copper, copper mining and generation of electricity. It is one of the lowest cost producers of aluminium and copper in the world. The total alumina production capacity is currently 1,145,000 metric tonnes per annum and total aluminium production capacity is currently 455,000 metric tonnes per annum. In the copper business, Hindalco is a custom smelter and is partially integrated with upstream copper mines and is the largest producer of copper in India and amongst the top 10 producers of copper in the world, with an installed capacity of 250,000 metric tonnes per annum.

The board of directors of Hindalco as at December 31, 2006, was comprised as under:

Dr. Kumar Mangalam Birla, Chairman

Mrs. Rajashree Birla

Mr. D. Bhattacharya

Mr. A.K. Agarwala

Mr. C.M. Maniar

Mr. E.B. Desai

Mr. S.S. Kothari

Mr. M.M. Bhagat

Mr. K. N. Bhandari

Mr. N.J. Jhaveri

Brief financial details of Hindalco (extracted from the audited accounts) for the past three years are as follows:

(in Rs. million, except per share data)

Particulars	**As at and for the year ended March 31, 2004**	**As at and for the year ended March 31, 2005**	**As at and for the year ended March 31, 2006**	**As on and for the half year ended September 30, 2006 (unaudited)**
Sales and Other Income	64,483.57	97,931.62	116,403.87	89,079
Profit After Tax (PAT)	8,389.29	13,293.57	16,555.50	11,991
Equity Capital	924.77	927.77	985.66	986
Reserves and surplus[1]	67,654.23	75,644.15	95,016.86	NA
Basic Earning per Share (EPS)	9.07	13.48	16.79	12
Book Value/share (Rs.)	74.16	82.54	97.40	NA

[1] Excluding Revaluation Reserves and miscellaneous expenditure not written off

(Source: Audited Financial Statements)

The shareholding pattern of Hindalco as at December 31, 2006 is as follows:

S. No.	**Name of the Shareholder**	**No. of shares**	**Percentage of holding**
1.	Promoters	310,512,463	26.79
2.	Institutions	410,006,025	35.37
3.	Bodies Corporate	94,852,948	8.18
4.	Individuals	176,122,442	15.19
5.	Others	166,783,790	14.38
6.	Clearing Members	991,333	0.09
	Total	**1,159,269,001**	**100.00**

* *Hindalco has issued and allotted 231,521,031 rights shares on which only Re. 0.50/- per share has been paid up out of a face value of Re. 1/- per share. The said shares are entitled to 50% of the dividend and voting rights as those entitled to the fully paid up shares. However the percentage is considered on number of both fully paid and partly paid shares irrespective of the amount paid thereon.*

Share Quotation

The shares are listed on the Stock Exchanges. The details of the highest and lowest price on the Stock Exchanges during the preceding six months are as follows:

Fully paid up shares

BSE

	Date	High (Rs.)	Volume	Date	Low (Rs.)	Volume	Average Price
July 2006	July 13, 2006	184.75	1,954,418	July 24, 2006	151.00	1,081,958	167.67
August 2006	August 29, 2006	178.40	2,200,717	August 1, 2006	155.50	2,177,310	165.51
September 2006	September 8, 2006	187.00	2,033,975	September 20, 2006	165.00	1,390,321	172.65
October 2006	October 31, 2006	192.40	1,706,281	October 4, 2006	168.10	1,889,051	180.92
November 2006	November 1, 2006	192.75	852,558	November 20, 206	168.50	1,163,332	180.34
December 2006	December 8, 2006	184.90	1,069,804	December 12, 2006	163.10	2,035,704	173.90

The closing price as at January 22, 2007 on BSE was Rs 164.45.

NSE

	Date	High (Rs.)	Volume	Date	Low (Rs.)	Volume	Average Price
July 2006	July 13, 2006	184.70	5,573,062	July 24, 2006	151.00	3,973,757	167.67
August 2006	August 29, 2006	178.00	4,378,251	August 1, 2006	155.05	6,061,013	165.52
September 2006	September 8, 2006	187.00	5,344,194	September 20, 2006	164.00	2,779,171	172.65
October 2006	October 31, 2006	192.40	3,530,164	October 4, 2006	168.10	5,180,109	180.84
November 2006	November 1, 2006	192.70	3,821,349	November 20, 2006	168.05	2,424,682	180.33
December 2006	December 8, 2006	185.10	2,896,866	December 12, 2006	162.10	4,419,416	173.92

(Source: Stock Exchanges)

The closing price as at January 22, 2007 on NSE was Rs 164.60.

Partly paid up shares

	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
July 2006	96.90	70.60	99.95	70.65
August 2006	96.50	76.00	95.25	75.90
September 2006	106.00	84.25	105.95	84.45
October 2006	107.05	88.55	107.40	88.65
November 2006	104.50	104.50	-	-
December 2006	128.25	100.00	128.80	111.50

The closing price as at January 22, 2007 on BSE is Rs 112.60 and on NSE is Rs. 112.35.

Hindalco is not a sick industrial unit within the meaning of clause (O) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not in the process of winding up.

Hindalco has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

Disclosures on Capital Issue

Hindalco made a rights issue in January 2006. Details of the issue are as follows:

Type of Issue	**Rights Issue**
Issue Price of security	Rs. 96 per share of face value Re.1 (Application and allotment money collected from shareholders: Rs. 24/- per share (Re. 0.25 towards face value and Rs. 23.75/- towards premium)). On November 6, 2006, the first call was made towards 25% of the issue price.
Current Market Price	Rs. 122.55 on December 31, 2006 on BSE (of the Re. 0.50 partly paid up shares)
Particulars of change in capital structure	The paid up capital of Hindalco would increase from Rs. 927.7 million to Rs. 1159.7 million after the last call is made between December 2007 and February 2008.
Statement on the cost and progress of implementation with the cost and implementation schedule mentioned in the offer document	The proceeds of the rights issue at 50% of the issue price amounting to Rs. 11,016 million have been utilized for defraying related issue expenses amounting to Rs. 366 million and subscription of shares of a subsidiary company to the tune of Rs. 673 million while the balance is temporarily invested in short term liquid securities.

Promise vs. Performance

The proceeds of the rights issue at 50% of the issue price have been utilized for the purpose of defraying related issue expenses and the subscription of shares of a subsidiary company.

Usage of proceeds of the Issue

The proceeds of the issue were applied for the objects of the issue as disclosed in the letter of offer for the said issue, i.e. expansion of existing facilities at Muri, Belgaum, and Hirakud, undertaking greenfield projects for alumina and aluminium facilities. The proceeds of the rights issue at 50% of the issue price amounting to Rs. 11,016 million have been utilized for the purpose of defraying related issue expenses amounting to Rs. 366 million and subscription of shares of a subsidiary company of approximately Rs. 673 million while the balance amount is temporarily invested in short term liquid securities.

Mechanism for redressal of investor grievance

Hindalco has an in-house share transfer department, which is registered with SEBI as a Category II Share Transfer Agent. Hindalco has developed a mechanism whereby each query of the shareholder is entered in the software system of the share department against the name of the concerned personnel and removed automatically at the satisfaction of the query. The officials of Hindalco can see the pending queries on screen.

Investor grievances are addressed within the statutory time frame laid down.

As of December 31, 2006, there was one investor complaint pending against Hindalco.

Birla TMT Holdings Private Limited

Birla TMT is a non banking financial company, incorporated on October 20, 2000 and duly registered with the Reserve Bank of India, as an investment company. It is involved primarily in investment / finance activities. Birla TMT is a subsidiary of Birla Group Holdings Private Limited. Its registered office is at 71A, Mittal Chambers, 7th Floor, Nariman Point, Mumbai 400 021, India.

Birla TMT's main business comprises of making long term investment in securities of other companies, parking surplus funds in units of Mutual Funds, granting of loans to body corporates with the intention of earning interest.

The board of directors of Birla TMT as at December 31, 2006 is comprised as under:

Mr. G.K. Tulsian

Mr. Sushil Agarwal.

Brief financial details of Birla TMT extracted from the audited accounts for the past three years are as follows:

(in Rs. million, except per share data)

Particulars	**As at and for the year ended March 31, 2004**	**As at and for the year ended March 31, 2005**	**As at and for the year ended March 31, 2006**	**As on and for the half year ended September 30, 2006 (unaudited)**
Sales and other income	17.05	7.26	200.42	44.53
Profit after tax	(217.17)	(130.13)	(83.62)	(91.14)
Equity capital	22.50	22.50	22.50	22.50
Reserves[1]	(143.63)	401.30	317.68	226.55
EPS (Rs)	(96.51)	(57.83)	(37.16)	(40.50)
Book value/share (Rs)	(53.83)	188.36	151.18	110.68

[1] Excluding Revaluation Reserves and miscellaneous expenditure not written off
(Source: Audited Financial Statements)

As disclosed above, Birla TMT has losses in the immediately preceding year.

The shareholding pattern of Birla TMT as at December 31, 2006 is as follows:

S. No.	**Name of the Shareholder**	**No. of Equity Shares**	**Percentage of holding**
1	Promoters	2,250,000	99.99
2	Directors	200	0.01
	Total	**2,250,200**	**100.00**

Birla TMT is not a sick industrial unit within the meaning of clause (O) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not in the process of winding up.

Birla TMT has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

Disclosure on Capital Issue

As on date of this Prospectus Birla TMT has not made any public / rights issue.

Confirmation

We confirm that the Permanent Account Number(s), Bank Account Number(s), the Company Registration Number and the address of the RoC where these Promoter companies are registered have been submitted to BSE and NSE at the time of filing of the DRHP with the Stock Exchanges.

Disassociations:

Our Promoters have not disassociated from any company in the previous three years.

PROMOTER GROUP

We have limited the disclosures in respect of companies in the same group as our Promoters to the top five listed companies of the Promoter's group. Details of the top five listed companies promoted by our Promoters and their background is as set out below.

Bihar Caustic and Chemicals Limited

Bihar Caustic and Chemicals Limited was incorporated under the Companies Act, 1956 on July 20, 1976 and its registered office is at Garhwa Road, P.O. Rehla - 822 124, District Palamau, India.

The main business of Bihar Caustic and Chemicals Limited is manufacturing of caustic soda, liquid chlorine and hydrochloric acid.

The board of directors of Bihar Caustic and Chemicals Limited as at December 31, 2006 is comprised as under:

Mr. A. K. Agarwala

Mr. K. K. Maheshwari

Mr. Biswajit Choudhuri

Mr. P.P. Sharma

Mr. J.C. Chopra

Mr. Subrajit Bhowmick

Mr. S.S. Gupta

Mr. Shailesh V. Haribhakti

Brief financial details of Bihar Caustic and Chemicals Limited extracted from the audited accounts for the past three years are as follows:

(in Rs. million, except per share data)

Particulars	**As at and for the year ended March 31, 2004**	**As at and for the year ended March 31, 2005**	**As at and for the year ended March 31, 2006**	**As on and for the half year ended September 30, 2006 (unaudited)**
Sales and other income	952.87	1,101.59	1,183.22	672.04
Profit after tax	86.26	264.51	261.45	144.77
Equity capital	233.70	233.86	233.86	233.86
Reserves[1]	332.71	581.43	851.84	996.83
EPS (Rs)	4.84	11.31	11.18	6.19
Book value/share (Rs)	24.21	34.84	46.42	52.63

[1] Excluding Revaluation Reserves and miscellaneous expenditure not written off

(Source: Audited Financial Statements)

The shareholding pattern of Bihar Caustic and Chemicals Limited as at December 31, 2006 is as under:

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	Promoters	15,197,987	64.99
2.	Institutions	14,000	0.06
3.	Bodies Corporate	1,136,315	4.86
4.	Individuals	6,894,987	29.48
5.	Others	110,202	0.47
6.	Clearing Members	33,009	0.14
	Total	**23,386,500**	**100.00**

Share Quotation

The shares are listed on the Stock Exchanges. The highest and lowest price of Bihar Caustic and Chemicals Limited shares in the last six months are as follows:

BSE

	Date	High (Rs.)	Volume	Date	Low (Rs.)	Volume	Average Price
July 2006	July 5, 2006	60.75	5,743	July 12, 2006	48.00	10,076	51.77
August 2006	August 16, 2006	60.00	32,051	August 2, 2006	52.80	12,401	55.38
September 2006	September 5, 2006	63.00	23,796	September 26, 2006	53.00	12,806	54.93
October 2006	October 3, 2006	64.30	24,569	October 31, 2006	52.10	23,842	54.91
November 2006	November 7, 2006	57.00	19,770	November 6, 2006	45.00	24,737	48.16
December 2006	December 12, 2006	47.90	25,184	December 12, 2006	42.50	25,184	45.38

The closing price as at January 22, 2007 BSE is Rs. 53.25.

NSE

	Date	High (Rs.)	Volume	Date	Low (Rs.)	Volume	Average Price
July 2006	July 20, 2006	57.00	22,733	July 6, 2006	45.50	2,301	51.66
August 2006	August 16, 2006	60.90	9,618	August 2, 2006	52.50	1,554	55.41
September 2006	September 11, 2006	64.00	14,111	September 4, 2006	51.00	3,358	54.97
October 2006	October 9, 2006	58.25	7,951	October 31, 2006	51.50	5,589	54.80
November 2006	November 1, 2006	52.90	1,220	November 21, 2006	44.50	4,102	48.24
December 2006	December 5, 2006	50.50	9,840	December 13, 2006	40.00	12,157	45.28

(Source: Stock Exchanges)

The closing price as at January 22, 2007 NSE is Rs. 53.

Bihar Caustic and Chemicals Limited is not a sick industrial unit within the meaning of clause (O) of subsection (1) of the section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not in the process of winding up.

Bihar Caustic and Chemicals Limited has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

Bihar Caustic and Chemicals Limited has not made any public issue or rights issue in last three years, save as described below.

Disclosure on Capital Issue

Bihar Caustic and Chemicals Limited had issued 1,55,86,500 equity shares of Rs. 10/- each for cash at par pursuant to a letter of offer dated January 30, 2003, on a rights basis.

Promise vs. Performance

The proceeds of the issue were applied for the objects of the issue as disclosed in the letter of offer for the said issue, i.e. part financing the coal based captive power plant. There were no deviations from the objects in the manner, in which, the issue proceeds were utilized.

Mechanism for redressal of investor grievance

For redressal of investor grievances, Bihar Caustic and Chemicals Limited has nominated its company secretary as the compliance officer. The compliance officer is responsible for attending to investor queries/complaints etc. Detailed status of investor complaints and complaints from regulatory authorities received during a quarter and the action taken thereon is presented before the shareholders' grievance committee on a quarterly basis for their review and comments/ suggestions.

Generally, investors' queries are attended in two days and the complaints are resolved within a week's time because the detailed records are available at the registrars' office which is situated far from the Bihar Caustic and Chemicals Limited's registered office.

Bihar Caustic and Chemicals Limited confirms that its name has not appeared in the list of SEBI with the highest number of outstanding investor complaints.

As of December 31, 2006, there were no investor complaints pending against Bihar Caustic and Chemicals Limited.

PSI Data Systems Limited

PSI Data Systems Limited was incorporated on January 22, 1976 under the Companies Act, 1956 with its registered office at 2nd Floor, Fairwinds, Embassy Golf Links Business Park, Intermediate Ring Road, Bangalore - 560 071.

PSI Data Systems Limited is the global information technology services arm of the Aditya Birla Group. PSI Data Systems Limited operates from offices in the US, UK, France, Germany and Japan with fully equipped delivery centers in India at Bangalore.

PSI Data Systems Limited's service offerings include application/ product development, enhancement, maintenance, migration/ re-engineering, and QA/testing. It supports clients worldwide in the banking, insurance, retail and software/high tech industries. PSI Data Systems Limited has partnerships with application and technology leaders to complement their capabilities and deliver superior value to the marketplace.

The board of directors of PSI Data Systems Limited as at December 31, 2006 is comprised as under:

Dr. Kumar Mangalam Birla, Chairman

Dr. Bharat K. Singh

Mr. Girish Dave

Mr. Adesh Gupta

Mr. Damodar Ratha

Mr. Arun Thiagarajan

Mr. Dev Bhattacharya

Brief financial details of PSI Data Systems Limited (extracted from the audited accounts) for the past three years are as follows:

(in Rs. million, except per share data)

Particulars	**As at and for the year ended March 31, 2004**	**As at and for the year ended March 31, 2005**	**As at and for the year ended March 31, 2006**	**As on and for the half year ended September 30, 2006 (unaudited)**
Sales and other income	502.88	605.94	604.15	413.45
Profit after tax	(123.70)	(20.49)	(14.45)	11.02
Equity capital	75.50	75.50	75.50	75.50
Reserves*	(151.79)	(172.29)	(186.74)	(177.73)
EPS (Rs)	(16.38)	(2.71)	(1.91)	1.46
Book value/share (Rs)	(10.10)	(12.82)	(14.73)	(13.54)

(*) Excluding Revaluation Reserves and miscellaneous expenditure not written off

(Source: Audited Financial Statements)

The shareholding pattern of PSI Data Systems Limited as at December 31, 2006 is as follows:

S. No.	**Name of the Shareholder**	**No. of Shares**	**Percentage of Shareholding**
1.	Promoters	5,315,109	70.40
2.	Institutions	6,008	0.08
3.	Bodies Corporate	544,176	7.21
4.	Individuals	1,414,083	18.73
5.	Others	234,654	3.11
6.	Clearing Members	36,304	0.47
	Total	**7,550,334**	**100.00**

Share Quotation

The shares are listed on BSE. The highest and lowest prices of shares of PSI Data Systems Limited in the last six months are as follows:

	Date	High (Rs.)	Volume	Date	Low (Rs.)	Volume	Average Price
July 2006	July 12, 2006	145.50	3,895	July 3, 2006	118.50	1,430	131.34
August 2006	August 29, 2006	155.50	458	August 9, 2006	121.00	509	134.29
September 2006	September 8, 2006	150.60	3,205	September 26, 2006	135.00	2,430	142.05
October 2006	October 3, 2006	142.50	745	October 26, 006	126.65	1,120	135.75
November 2006	November 3, 2006	140.00	1,584	November 23, 2006	118.00	1,170	125.64
December 2006	December 26, 2006	135.00	18,276	December 13, 2006	115.00	788	122.22

(Source: bseindia.com)

The closing price as at January 22, 2007 on BSE was Rs. 150.40.

PSI Data Systems Limited is not a sick industrial unit within the meaning of clause (O) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not in the process of winding up.

PSI Data Systems Limited has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

Disclosure on Capital Issue

PSI Data Systems Limited has not made a public / rights issue in the preceding three years.

Promise vs. Performance

The company issued 90,000 debentures of Rs. 100 each and 60,000 equity shares of Rs. 10 each to the public in the year 1986. The proceeds of the issue were applied for working capital requirements and for the purchase of the capital assets. There were no deviations from the objects in the manner, in which, the issue proceeds were utilized.

Mechanism for redressal of investor grievance

The following is the procedure followed by PSI Data Systems Limited, when it receives the letters from the investors directly:

1) the letters/queries/complaints/requests are forwarded to Karvy within 2 business days of the receipt of the aforesaid.
2) PSI Data Systems Limited thereafter follows up with Karvy on the status. On the basis of the level of redressal provided by Karvy, PSI Data Systems Limited may involve itself directly in the process.
3) all investors complaints are to be redressed within 10 working days including the transfer or transmission of shares.

As of December 31, 2006, there were no investor complaints pending against PSI Data Systems Limited.

Shree Digvijay Cement Company Limited

Shree Digvijay Cement Company Limited was incorporated on November 6, 1944. It started commercial production of cement in 1949. Its cement plant at Digvijaygram in Gujarat has a capacity of 1 million tonnes in dry process and 0.2 million tonnes in wet process per annum. In 1994-95, it obtained ISO 9002 certification for its unit. Shree Digvijay Cement Company Limited was acquired by Grasim in 1998. Presently Grasim holds 62.42% in Shree Digvijay Cement Company Limited. In 1999-2000, Shree Digvijay Cement Company Limited was declared a sick industrial company in accordance with the reference made to the BIFR. Subsequently, ICICI Limited was appointed as the operating agency under a scheme approved by the BIFR. Its registered office is located at Digvijaygram – 361140 Via: Jamnagar (Gujarat).

The board of directors of Shree Digvijay Cement Company Limited as at December 31, 2006 was comprised as under:

Mr. K. D. Agrawal

Mr. R.C. Bhargava

Mr. G. P. Gupta

Mr. S. Misra

Mr. O. P. Puranmalka

Mr. S. K. Maheshwari

Mr. K. C. Birla

Brief financial details of Shree Digvijay Cement Company Limited (extracted from the audited accounts) for the past three years are as follows:

(in Rs. million, except per share data)

Particulars	**As at and for the year ended September 30, 2004**	**As at and for the period ended March 31, 2005 (6 months)**	**As at and for the year ended March 31, 2006**	**As at and for half year ended September 30, 2006 (unaudited)**
Sales and other income	1,600.05	909.20	2,192.06	1,358.10
Profit after tax	38.30	(99.88)	487.87	190.90
Equity capital	74.55	74.55	74.55	1,413.10
Reserves*	(1,907.32)	(2,007.20)	(1,519.33)	NA
EPS (Rs)	5.14	(13.40)	65.44	1.85
Book value/share (Rs)	(245.84)	(259.24)	(193.80)	NA

* *Excluding Revaluation Reserves and miscellaneous expenditure not written off*

(Source: Audited Financial Statements)

As at March 31, 2006 Shree Digvijay Cement Company Limited had a negative networth of Rs. 1,444.78 million.

The shareholding pattern of Shree Digvijay Cement Company Limited as at December 31, 2006 is given below:

Sl. No.	**Name of the Shareholder**	**No. of Shares**	**% of Shareholding**
1.	Promoters	75,836,793	53.67
2.	Institutions	356,120	0.25
3.	Bodies Corporate	10,522,778	7.45
4.	Individuals	54,174,421	38.34
5.	Others	33,762	0.02
6.	Clearing Members	388,736	0.27
	Total	**141,312,610**	**100.00**

Share Quotation:

The shares of Shree Digvijay Cement Company Limited are listed on the Bombay Stock Exchange Limited

The highest and lowest prices of Shree Digvijay Cement Company Limited's equity shares in the last six months are as follows:

	Date	High (Rs.)	Volume	Date	Low (Rs.)	Volume	Average Price
July 2006	July 13, 2006	38.00	79,946	July 31, 2006	21.40	1,749,034	29.92
August 2006	August 16, 2006	30.00	613,476	August 31, 2006	25.50	209,596	27.29
September 2006	September 29, 2006	36.90	2,326,831	September 1, 2006	25.55	470,996	31.59
October 2006	October 6, 2006	40.90	1,678,297	October 18, 2006	33.00	895,916	36.39
November 2006	November 1, 2006	37.15	661,042	November 20, 2006	28.50	554,439	31.69
December 2006	December 19, 2006	34.30	1,812,162	December 12, 2006	24.00	438,253	29.48

(Source: bseindia.com)

The closing prices as at January 22, 2007 on BSE was Rs. 32.

Shree Digvijay Cement Company Limited is a sick industrial unit within the meaning of clause (O) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and has been referred to the BIFR.

Shree Digvijay Cement Company Limited has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

Disclosure on Capital Issue

Shree Digvijay Cement Company Limited made a rights issue in the preceding one year, details of which are as follows:

Type of Issue	Rights Issue
Issue Price of security	Rs. 10 per share
Current Market Price	Rs. 31.30 on December 31, 2006 on the BSE
Particulars of change in capital structure	Authorized capital increased from Rs. 1,250 million to Rs. 1,500 million Issued and paid-up capital increased from Rs. 74.54 million to Rs. 1,413.13 million
Statement on the cost and progress of implementation with the cost and implementation schedule mentioned in the offer document	The proceeds of the rights issue amounting to Rs. 200.0 million has been utilized for defraying related issue expenses, Rs. 302.0 million has been temporarily parked with the holding company and will be received back as and when required for utilization for upgradation/ maintenance of machinery and Rs. 1019.85 million have been utilized for repayment of loans/ debentures.

Promise vs. Performance

The company is currently spending the proceeds from the issue as described below.

Usage of proceeds of Issue

Repayment of debt and capital expenditure on upgradation of plant and machinery.

Mechanism of redressal of investor grievance

The company has adequate arrangements for redressal of investor complaints. Correspondence system has been developed

for letters of routine nature. The share transfer and dematerialization for Shree Digvijay Cement Company Limited are handled by MCS Limited. Letters are filed category wise after having been attended to. Redressal norm for response time for all correspondence including shareholders complaints is fifteen days. However, the company endeavors to redress all the complaints within eight to ten days of the receipt of complaint.

As of December 31, 2006, there were no investor complaints pending against Shree Digvijay Cement Company Limited.

UltraTech Cement Limited

UltraTech Cement Limited is a subsidiary of Grasim and was incorporated on August 24, 2000, under the Companies Act, 1956. Its registered office is situated at B Wing, Ahura Centre, 2 Floor, Mahakali Caves Road, Andheri (East), Mumbai – 400 093.

UltraTech Cement Limited manufactures cement and has a capacity of 17 million tonnes per annum. It manufactures and markets ordinary portland cement, portland blast furnace slag cement and portland pozzolana cement.

The board of directors of UltraTech Cement Limited as at December 31, 2006 is comprised as under:

Dr. Kumar Mangalam Birla, Chairman

Mrs. Rajashree Birla

Mr. R.C. Bhargava

Mr. G.M. Dave

Mr. Y.M. Deosthalee

Mr. N.J. Jhaveri

Dr. Santrupt Misra

Mr. V.T. Moorthy

Mr. J.P Nayak

Mr. S. Rajgopal

Mr. D.D. Rathi

Mr. Saurabh Misra

Brief financial details of UltraTech Cement Limited from the audited accounts for the past three years are as follows:

(in Rs. million, except per share data)

Particulars	**As at and for the year ended March 31, 2004**	**As at and for the year ended March 31, 2005**	**As at and for the year ended March 31, 2006**	**As on and for the half year ended September 30, 2006 (unaudited)**
Sales and other income	23,107.20	26,279.66	33,364.45	22,456.08
Profit after tax	388.30	28.48	2,297.61	3,382.77
Equity capital	1,243.98	1,243.98	1,244.86	1,244.86
Reserves[1]	9,350.20	9,427.35	9,137.83	12,520.86
EPS (Rs)	3.12	0.23	18.46	27.17
Book value/share (Rs)	85.20	85.78	83.40	110.58

[1] Excluding Revaluation Reserves and miscellaneous expenditure not written off

(Source: Audited Financial Statements)

The shareholding pattern of UltraTech Cement Limited as at December 31, 2006 is as follows:

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	Promoters	65,286,127	52.44
2.	Institutions	21,556,330	17.32
3.	Bodies Corporate	17,070,399	13.71
4.	Individuals	19,378,356	15.57
5.	Others	1,194,667	0.96
6.	Clearing Members	-	-
	Total	**124,485,879**	**100.00**

Pursuant to a scheme of amalgamation of Narmada Cement Company Limited with UltraTech Cement Limited, 87,258 equity shares of Rs. 10 each were issued to the shareholders of Narmada Cement Company Limited on June 14, 2006.

Share Quotation

The shares are listed on the Stock Exchanges. The details of the highest and lowest price on Stock Exchanges during the preceding six months are as follows:

BSE

	Date	High (Rs.)	Volume	Date	Low (Rs.)	Volume	Average Price
July 2006	July 13, 2006	761.00	23,991	July 24, 2006	599.00	15,691	703.85
August 2006	August 18, 2006	781.40	22,177	August 1, 2006	699.00	62,583	751.39
September 2006	September 29, 2006	921.40	30,189	September 1, 2006	762.20	12,831	828.09
October 2006	October 16, 2006	919.75	175,589	October 9, 2006	860.00	18,367	878.71
November 2006	November 16, 2006	936.50	45,253	November 20, 2006	860.00	68,739	893.43
December 2006	December 29, 2006	1,155.00	54,855	December 1, 2006	895.30	18,200	998.89

The closing price as at January 22, 2007 on BSE is Rs 1,111.75.

NSE

	Date	High (Rs.)	Volume	Date	Low (Rs.)	Volume	Average Price
July 2006	July 13, 2006	760.00	44,593	July 24, 2006	600.00	26,289	704.89
August 2006	August 18, 2006	781.40	32,560	August 1, 2006	710.20	67,375	751.38
September 2006	September 29, 2006	922.00	41,787	September 1, 2006	762.00	49,459	828.35
October 2006	October 16, 2006	940.00	282,243	October 26, 2006	848.00	22,717	877.75
November 2006	November 15, 2006	938.00	127,506	November 20, 2006	860.00	55,384	893.82
December 2006	December 29, 2006	1,153.00	129,675	December 1, 2006	890.00	87,105	999.32

(Source: Stock Exchanges)

The closing price as at January 22, 2007 on NSE is Rs 1,117.70.

UltraTech Cement Limited is not a sick industrial unit within the meaning of clause (O) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not in the process of winding up.

UltraTech Cement Limited has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

UltraTech Cement Limited has not made any public issue or rights issue in last three years. However, pursuant to a scheme of demerger approved by the High Court of Bombay equity shares of UltraTech Cement Limited have been listed on the Stock Exchanges.

Disclosure on Capital Issue

As on date of this Prospectus UltraTech Cement Limited has not made a public / rights issue.

Mechanism of redressal of investor grievance

UltraTech Cement Limited has a "Shareholder / Investors Grievance Committee" which meets as and when required, to deal and monitor redressal of complaints from share holders relating *inter alia* to transfers, non-receipt of dividend and non-receipt of balance sheet.

UltraTech Cement Limited disposes of any complaints within a fortnight of receipt.

As of December 31, 2006, there were no investor complaints pending against UltraTech Cement Limited.

TANFAC Industries Limited

TANFAC Industries Limited, incorporated on December 20, 1972, is a company having its registered office at Plot No. 14, SIPCOT Industrial Complex, Cuddalore – 607005, Tamil Nadu.

TANFAC Industries Limited is engaged in the manufacture of inorganic fluorides such as aluminium fluoride, anhydrous hydrofluoric acid and specialty fluorides. These have vital applications in industries such as aluminium smelting, petroleum refining, refrigerant gases, steel re-rolling, glass, ceramics, sugar and fertilizers.

The board of directors of TANFAC Industries Limited as at December 31, 2006 is comprised as under:

Mr. K. Rajaraman

Mr. A.K. Agarwala

Mr. V.T Moorthy

Mr. K.K. Maheshwari

Mr. K.R. Viswanathan

Mr. A.M. Swaminathan

Mr. M.R. Sivaraman

Dr. Pragnya Ram

Mr. B. Elangovan

Brief financial details of TANFAC Industries Limited from the audited accounts for the past three years are as follows:

(in Rs. million, except per share data)

Particulars	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2005	As at and for the year ended March 31, 2006	As on and for the half year ended September 30, 2006 (unaudited)
Sales and other income	755.12	881.28	1152.72	605.20
Profit after tax	33.88	3.50	10.27	28.24
Equity capital	99.75	99.75	99.75	99.75
Reserves and surplus[1]	343.57	263.49	265.22	293.45
EPS (Rs)	3.40	0.35	1.03	2.83
Book value/share (Rs)	44.44	36.41	36.59	39.42

[1] Excluding Revaluation Reserves and miscellaneous expenditure not written off

(Source: Audited Financial Statements)

The shareholding pattern of TANFAC Industries Limited as at December 31, 2006 is as follows:

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	Promoters	5,083,652	50.96
2.	Institutions	650	0.01
3.	Bodies Corporate	457,202	4.58
4.	Individuals	4,365,780	43.77
5.	Others	32,858	0.33
6.	Clearing Members	34,858	0.35
	Total	**9,975,000**	**100.00**

Share Quotation

The shares are listed on BSE, the Madras Stock Exchange and the Calcutta Stock Exchange. Delisting of the equity shares with the Calcutta Stock Exchange Limited is in progress. The details of the highest and lowest price on BSE during the preceding six months are as follows:

	Date	High (Rs.)	Volume	Date	Low (Rs.)	Volume	Average Price
July 2006	July 31, 2006	32.55	4,732	July 21, 2006	26.70	6,460	29.17
August 2006	August 30, 2006	47.40	48,879	August 7, 2006	30.65	9,875	38.07
September 2006	September 8, 2006	51.90	88,208	September 26, 2006	43.55	25,906	47.05
October 2006	October 10, 2006	47.90	22,466	October 31, 2006	41.85	16,681	44.44
November 2006	November 1, 2006	41.85	38,745	November 20, 2006	33.50	2,850	37.29
December 2006	December 22, 2006	37.95	3,670	December 29, 2006	32.00	19,043	35.13

(Source: bseindia.com)

The closing price as at January 22, 2007 on BSE was Rs 39.45.

TANFAC Industries Limited is not a sick industrial unit within the meaning of clause (O) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not in the process of winding up.

TANFAC Industries Limited has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

Disclosure on Capital Issue

TANFAC Industries Limited has not made a public / rights issue in the preceding three years.

Promise vs. Performance

TANFAC Industries Limited issued 33,25,000 equity shares of Rs. 10/- each at par on rights basis in the ratio of 1:2 pursuant to letter of offer dated December 6, 1988.

The proceeds were utilized for part financing the diversification scheme contemplated by TANFAC Industries Limited, i.e. for manufacture of anhydrous hydrofluoric acid, cryolite and various fluorine chemicals.

There were no deviations from the objects on which the issue proceeds were utilized.

Mechanism of redressal of investor grievance

TANFAC Industries Limited has engaged M/s. Integrated Enterprises (I) Limited, Chennai as its registrar and transfer agent to undertake all investor servicing activities in both the demat and physical segments. Any documents/communication received by TANFAC Industries Limited is forwarded to the registrar and transfer agent for their immediate response.

As of December 31, 2006, there were no investor complaints pending against TANFAC Industries Limited.

OTHERS:

There was no sale / purchase between the Promoter group companies aggregating 10% or more of the total sales and purchases of our Company.

RELATED PARTY TRANSACTIONS

As required under Accounting Standard 18 'Related Party Disclosures' (AS - 18), following are details of transactions during the year with related parties of the Company as defined in AS - 18:

(A) List of Related Parties (Consolidated)

	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Dec-05	31-Dec-06
Promoters	Hindalco Industries Limited Grasim Industries Limited Indian Rayon and Industries Limited Tata Industries Limited Indo Gulf Corporation Limited AT&T Wireless Services Inc.	Hindalco Industries Limited Grasim Industries Limited Indian Rayon and Industries Limited Tata Industries Limited Indo Gulf Corporation Limited AT&T Wireless Services Inc.	Hindalco Industries Grasim Industries Limited Indian Rayon and Industries Limited Tata Industries Limited Indo Gulf Fertilizers Limited AT&T Cellular Pvt.Limited Birla TMT Holdings Pvt. Limited	Hindalco Industries Limited Grasim Industries Limited Indian Rayon and Industries Limited Tata Industries Limited Indo Gulf Fertilizers Limited AT&T Cellular Pvt.Limited Birla TMT Holdings Pvt. Limited	Hindalco Industries Limited Grasim Industries Limited Aditya Birla Nuvo Limited (formerly known as Indian Rayon and Industries Limited) Tata Industries Limited Apex Investments (Mauritius) Holding Private Limited (formerly AT&T Cellular Pvt.Limited) Birla TMT Holdings Pvt. Limited	Hindalco Industries Limited Grasim Industries Limited Aditya Birla Nuvo Limited (formerly known as Indian Rayon and Industries Limited) Tata Industries Limited Apex Investments (Mauritius) Holding Private Limited (formerly AT&T Cellular Pvt.Limited) Birla TMT Holdings Pvt. Limited	Hindalco Industries Limited Grasim Industries Limited Aditya Birla Nuvo Limited (formerly known as Indian Rayon and Industries Limited) Tata Industries Limited (upto June 20, 2006) Apex Investments (Mauritius) Holding Private Limited (formerly AT&T Cellular Pvt.Limited) (upto June 20, 2006) Birla TMT Holdings Pvt. Limited Aditya Birla Telecom Limited (upto August 28,2006)
Associates	Indian Aluminium Company Limited Cellular Services Inc.	Indian Aluminium Company Limited Cellular Services Inc.	Tata Televentures (Holdings) Limited Voltas Limited Tata Infomedia Limited	Tata Televentures (Holdings) Limited Voltas Limited	Voltas Limited		
Key Management Personnel	Mr. Sanjeev Aga, President & CEO Mr. Anirudh Singh, Manager	Mr. Anirudh Singh, Manager	Mr.Vikram Mehmi, CEO Mr. Anirudh Singh, Manager	Mr.Vikram Mehmi, CEO Mr. Satish Rajgarhia, Manager Mr. Anirudh Singh, Manager	Mr.Vikram Mehmi, CEO Mr. Satish Rajgarhia, Manager	Mr.Vikram Mehmi, CEO Mr. Satish Rajgarhia, Manager	Mr.Sanjeev Aga , MD (w.e.f November 1, 2006) Mr.Vikram Mehmi, CEO (Upto October 30, 2006) Mr. Satish Rajgarhia, Manager (upto August 31, 2006)

(B) Related Party Transactions (Consolidated)

Rs. Million

Particulars	As at March 31					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
RELATED PARTY TRANSACTIONS							
Transactions							
Promoters							
ICDs accepted	5,160.00	1,915.00	2,041.50	0.30	-		-
Interest on ICDs accepted	144.90	121.60	104.12	-	-		-
ICDs placed	40.00	-	-	-	-		-
Interest on ICDs placed	0.80	-	-	-	-		-
Repayment of Loans taken	-	-	-	139.23	-		-
Interest on Loan	42.70	43.22	-	178.19	-		-
Others	-	42.00	-	-	-		-
Loan taken	319.23	-	-	-	-		-
Security Deposit	-	-	40.03	-	-		-
Purchase of Fixed Assets	-	-	-	-	-	-	5.39
Employee Expenses / Deposits	-	-	-	-	-	-	6.00
Expense incurred on behalf of	-	-	-	-	-	-	0.01
Investment	-	-	132.80	-	-		-
Key Management Personnel							
Salary to the MD	-	-	-	-	-	-	4.28
Salary to the CEO	14.81	-	6.15	9.64	12.94	7.90	9.44
Salary to the Manager	2.49	3.37	4.20	7.20	9.57	3.89	3.16
Housing Deposit with CEO's relative	1.40	-	-	-	-		-
Rent paid to CEO's relative	1.15	-	-	-	-		-
Associates							
ICDs accepted	50.00	270.00	580.00	-	-		-
Interest on ICDs accepted	1.54	29.74	22.11	0.38	-		-
Expatriate Salary	39.42	-	-	-	-		-
OUTSTANDINGS AS ON YEAR END							
Promoters							
ICDs accepted	1,810.20	1,170.00	-	-	-		-
Interest on ICDs accepted	10.69	23.30	-	-	-		-
Interest on Loan	42.70	137.85	177.89	-	-		-
Expense incurred on behalf of							0.63
Loan taken	319.23	319.23	139.23	-	-		-
Key Management Personnel							
Salary of the MD	-	-	-	-	-	-	0.11
Salary of the CEO	1.20	-	2.06	3.90	-	1.99	0.19
Salary of the Manager	0.49	0.91	1.15	1.35	-	0.71	0.09
Associates							
Expatriate Salary	6.42	-	-	-	-		-
ICDs accepted	-	270.00	10.00	-	-		-
Interest on ICDs accepted	-	5.91	-	-	-		-

DIVIDEND POLICY

We have not declared or paid any cash dividend on our Equity Shares since inception. We propose to re-invest any future allowable surpluses towards expanding and upgrading our mobile network.

FINANCIAL STATEMENTS

AUDITORS' REPORT

To,
The Board of Directors
Idea Cellular Limited
Sharada Center
Off Karve Road
Pune- 411 004

Dear Sirs,

Re: Public issue of Equity Shares of Idea Cellular Limited

We have examined the consolidated financial information of Idea Cellular Limited ('the Company') and its subsidiaries (the Company and its subsidiaries constitute 'the Group'), annexed to this report for the purpose of inclusion in the Prospectus ('the Prospectus') and initialed by us for identification. The consolidated financial information has been prepared by the Company and approved by the Board of Directors which has been prepared in accordance with:

a) paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

b) Securities and Exchange Board of India – Disclosure and Investor Protection Guidelines, 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') pursuant to Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarification;

c) the terms of reference received from the Company requesting us to carry out work in connection with the offer document being issued by the Company in connection with its Proposed Initial Public Offer ('IPO') of Equity Shares.

Financial Information as per the Audited Consolidated Financial Statements

1. We have examined the attached 'Restated Summary Statement of Assets and Liabilities (Consolidated)' of the Group as at March 31, 2002, 2003, 2004, 2005 and 2006 and December 31, 2005 and 2006 (Annexure 1), the attached 'Restated Summary Statement of Profits and Losses (Consolidated)' for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and for the nine months ended December 31, 2005 and 2006 (Annexure 2) and the attached 'Restated Cash Flow Statement (Consolidated)' for the years ended March 31, 2003, 2004, 2005 and 2006 and for the nine months ended December 31, 2005 and 2006 (Annexure 3), together referred to as 'Restated Consolidated Summary Statements'. These Restated Consolidated Summary Statements have been extracted from the consolidated financial statements of the years ended March 31, 2002, 2003, and 2004 audited by one of the joint auditors, RSM & Co., Chartered Accountants jointly with Lodha & Company, Chartered Accountants and for the year ended March 31, 2005 audited by RSM & Co., Chartered Accountants, being the auditors of the Group for those years, and have been adopted by the Board of Directors for those respective years. The consolidated financial statements as at and for the year ended March 31, 2006 and as at and for the nine months ended December 31, 2005 and 2006 have been adopted by the Board of Directors and audited by us for each of the above years and period, the respective auditors have relied on the report of the other auditors of the subsidiary companies to the extent stated in their Consolidated Auditors Report. Based on our examination of these Restated Consolidated Summary Statement, we state that:

   a) Annexure 1 contains the Restated Summary Statement of Assets and Liabilities (Consolidated) of the Group as at March 31, 2002, 2003, 2004, 2005 and 2006 and December 31, 2005 and 2006;

   b) Annexure 2 contains the Restated Summary Statement of Profits and Losses (Consolidated) of the Group for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and for the nine months ended December 31, 2005 and 2006;

   c) Annexure 3 contains the Restated Cash Flow Statement (Consolidated) for the year ended March 31, 2003, 2004, 2005 and 2006 and for the nine months ended December 31, 2005 and 2006;

d) Annexure 4 contains the Notes on adjustments made in the Restated Consolidated Summary Statements, which have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Group as at December 31, 2006; and

e) Annexure 5 contains Summary of Significant Accounting Policies and Notes.

Other Consolidated Financial Information

2. We have examined the following information as at and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and as at and for the nine months ended December 31, 2005 and 2006 of the Group, proposed to be included in the Prospectus, as approved by the Board of Directors and annexed to this report:

   a) Annexure 6 contains Restated Schedule of Secured and Unsecured Loans (consolidated);

   b) Annexure 7 contains Restated Schedule of Loans and Advances (consolidated);

   c) Annexure 8 contains Restated Schedule of Sundry Debtors (consolidated);

   d) Annexure 9 contains Restated Schedule of Investments (consolidated);

   e) Annexure 10 contains Restated Schedule of Other Income (consolidated);

   f) Annexure 11 contains Restated Schedule of Share Capital (consolidated);

   g) Annexure 12 contains Restated Schedule of Fixed Assets (consolidated);

   h) Annexure 13 contains Restated Schedule of Cash & Bank Balances (consolidated);

   i) Annexure 14 contains Restated Schedule of Current Liabilities and Provisions (consolidated);

   j) Annexure 15 contains Restated Schedule of Contingent Liabilities, Guarantees, Capital Commitments & Export Obligations (consolidated);

   k) Annexure 16 contains Restated Summary of Major Accounting Ratios (consolidated);

   l) Annexure 17 contains Capitalization Statement of the Group as at December 31, 2006 (consolidated); and

   m) Annexure 18 contains Related Party Disclosure (consolidated).

3. In our opinion, the 'Financial Information as per Audited Consolidated Financial Statements' and 'Other Consolidated Financial Information' mentioned above as at and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and as at and for the nine months ended December 31, 2005 and 2006 have been prepared in accordance with Part II of schedule II of the Act and the Guidelines.

This report neither should in any way be construed as a reissuance or redating of any of the previous audit report by other firms of Chartered Accountants nor should this be construed as a new opinion on any of the consolidated financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Prospectus in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane
Partner
Membership No.: F-33220

Mumbai: January 22, 2007

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Mumbai: January 22, 2007

IDEA Cellular Limited & Its Subsidiaries

Annexure 1

Restated Summary Statement of Assets and Liabilities (Consolidated)

Rs. Million

Particulars		As at March 31,					As At December 31,	
		2002	2003	2004	2005	2006	2005	2006
Fixed Assets								
Gross Block (At Cost)		16,340.73	22,545.73	25,775.43	40,631.79	47,934.21	44,054.32	63,053.48
Less: Depreciation		3,459.43	5,340.06	7,478.07	16,436.56	20,831.00	19,829.87	24,929.53
Net Block		12,881.30	17,205.67	18,297.36	24,195.23	27,103.21	24,224.45	38,123.95
Intangible Assets (Net)		9,387.80	10,470.01	9,668.71	10,825.31	9,934.30	10,137.15	11,904.62
Capital Work-in-Progress		3,037.76	430.09	899.67	954.36	1,731.41	1,726.78	4,564.12
Total	**A**	**25,306.86**	**28,105.77**	**28,865.74**	**35,974.90**	**38,768.92**	**36,088.38**	**54,592.69**
Goodwill on Consolidation	**B**	**4,300.06**	**4,335.92**	**4,468.72**	**11,604.69**	**11,604.69**	**11,604.69**	**11,604.69**
Investments	**C**	**0.11**	**17.12**	**450.00**	**-**	**-**	**20.00**	**950.00**
Deferred Tax Asset		-	-	88.07	370.09	605.98	577.95	484.92
Deferred Tax Liability		-	-	(88.07)	(370.09)	(605.98)	(577.95)	(481.72)
Total	**D**	**-**	**-**	**-**	**-**	**-**	**-**	**3.20**
Current Assets, Loans and Advances								
Inventories		50.69	78.02	96.82	175.87	114.44	142.21	182.20
Sundry Debtors		705.14	700.86	836.96	1,513.63	1,456.56	1,527.54	1,629.49
Cash and Bank Balances		429.92	413.29	962.37	1,771.53	1,492.53	1,089.65	1,947.06
Other Current Assets		132.44	116.96	270.30	514.17	529.35	469.61	628.47
Loans and Advances		1,702.95	1,313.73	1,228.98	1,593.74	2,393.85	2,019.38	3,773.53
Total	**E**	**3,021.14**	**2,622.86**	**3,395.43**	**5,568.94**	**5,986.73**	**5,248.39**	**8,160.75**
Total Assets (A+B+C+D+E)	**F**	**32,628.17**	**35,081.67**	**37,179.89**	**53,148.53**	**56,360.34**	**52,961.46**	**75,311.33**
Liabilities & Provisions								
Secured Loans		13,772.01	9,136.87	15,064.06	22,431.26	15,708.59	18,088.67	35,361.14
Unsecured Loans		5,103.09	12,474.46	8,651.73	14,507.36	17,147.36	14,847.36	4,397.36
Current Liabilities and Provisions		4,444.99	3,961.82	4,944.93	7,008.01	12,272.07	9,937.88	20,939.09
Total	**G**	**23,320.09**	**25,573.15**	**28,660.72**	**43,946.63**	**45,128.02**	**42,873.91**	**60,697.59**
Net Worth (F-G)	**H**	**9,308.08**	**9,508.52**	**8,519.17**	**9,201.90**	**11,232.32**	**10,087.55**	**14,613.74**
Net Worth represented by								
Share Capital		20,166.87	25,265.27	27,425.27	27,425.27	27,425.27	27,425.27	27,425.27
Advance against Share Capital		2,924.87	1,140.00	-	-	-	-	-
Reserves and Surplus		998.41	998.41	998.41	998.41	998.41	998.41	1,499.32
Miscellaneous Expenditure		-	-	-	-	-	-	(12.50)
Profit & Loss Account		(14,782.07)	(17,895.16)	(19,904.51)	(19,221.78)	(17,191.36)	(18,336.13)	(14,298.35)
Total	**I**	**9,308.08**	**9,508.52**	**8,519.17**	**9,201.90**	**11,232.32**	**10,087.55**	**14,613.74**
Minority Interest								
Share Capital		132.80	132.80	-	-	-	-	-
Less :- Share of Loss		(132.80)	(132.80)	-	-	-	-	-
Total	**J**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (I-J)	**K**	**9,308.08**	**9,508.52**	**8,519.17**	**9,201.90**	**11,232.32**	**10,087.55**	**14,613.74**

IDEA Cellular Limited & Its Subsidiaries

Annexure 2

Restated Summary Statement of Profits and Losses (Consolidated)

Rs. Million

Particulars	For the year ended March 31,					For the nine months ended December 31,	
	2002	2003	2004	2005	2006	2005	2006
INCOME							
Service Revenue	7,193.60	9,403.17	12,965.06	22,464.29	29,489.11	20,982.01	30,416.14
Sales of Trading Goods	0.21	0.15	0.87	92.84	165.75	115.83	163.71
Other Income	105.83	107.07	162.90	171.11	243.94	142.21	138.87
Total	**7,299.64**	**9,510.39**	**13,128.83**	**22,728.24**	**29,898.80**	**21,240.05**	**30,718.72**
OPERATING EXPENDITURE							
Cost of Trading Goods	0.42	0.07	0.89	84.47	75.85	60.31	61.36
Personnel Expenditure	437.57	626.80	789.27	1,457.03	1,781.16	1,292.22	1,912.97
Network Operating Expenditure	986.49	1,259.35	1,604.45	2,487.56	3,158.38	2,345.20	3,599.19
License and WPC Charges	1,027.39	1,233.32	1,618.91	2,186.83	3,020.18	2,177.79	3,076.09
Roaming & Access Charges	1,274.01	1,564.69	2,426.02	3,822.66	4,962.99	3,608.35	5,084.62
Subscriber Acquisition & Servicing Expenditure	690.28	774.42	1,272.20	1,960.72	3,272.49	2,261.76	3,854.65
Advertisement and Business Promotion Expenditure	390.27	376.29	685.31	1,047.52	1,252.74	747.68	1,403.87
Administration & other Expenses	607.42	1,132.58	812.84	1,300.61	1,457.24	1,123.22	1,313.49
Total	**5,413.85**	**6,967.52**	**9,209.89**	**14,347.40**	**18,981.03**	**13,616.53**	**20,306.24**
PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTISATION	**1,885.79**	**2,542.87**	**3,918.94**	**8,380.84**	**10,917.77**	**7,623.52**	**10,412.48**
Interest and Financing Charges	2,680.14	2,525.19	2,960.88	3,188.54	3,224.50	2,434.76	2,316.50
Depreciation	1,416.45	1,969.31	2,204.72	3,419.57	4,451.45	3,403.71	4,153.74
Amortisation of Intangible Assets	681.62	805.44	843.97	1,007.31	1,043.68	781.18	803.09
Amortisation of Miscellaneous Expenditure	87.63	269.19	267.44	-	-	-	-
PROFIT / (LOSS) BEFORE TAX, EXCEPTIONAL ITEMS / PRIOR PERIOD ITEMS	**(2,980.05)**	**(3,026.26)**	**(2,358.07)**	**765.42**	**2,198.14**	**1,003.87**	**3,139.15**

Rs. Million

Particulars	For the year ended March 31,					For the nine months ended December 31,	
	2002	2003	2004	2005	2006	2005	2006
Provision for Current Tax	-	1.35	0.70	-	33.78	23.81	89.35
Provision for Deferred Tax	-	-	-	-	-	-	(3.20)
Provision for Fringe Benefit Tax	-	-	-	-	46.70	30.24	43.52
MAT Credit	-	-	-	-	-	-	(88.98)
Net profit/(Loss) after tax and before Exceptional Items / Prior period items	**(2,980.05)**	**(3,027.61)**	**(2,358.77)**	**765.42**	**2,117.66**	**949.82**	**3,098.46**
Prior Year's Adjustment Exceptional items	(2.73)	(0.91)	(5.31)	(6.40)	-	-	-
Refund of interest etc. from DoT accrued	-	812.60	-	-	-	-	-
Net profit/(Loss) after Exceptional Items	**(2,982.78)**	**(2,215.92)**	**(2,364.08)**	**759.02**	**2,117.66**	**949.82**	**3,098.46**
Adjustments on account of: (Refer Annexure 4)							
Impact on material adjustment and prior period items	4.07	(863.58)	(2.71)	(81.38)	(62.59)	(39.53)	(82.79)
Impact on changes in accounting policies	61.41	(33.59)	357.44	5.09	(24.64)	(24.64)	-
Adjusted profit /(loss)	**(2,917.30)**	**(3,113.09)**	**(2,009.35)**	**682.73**	**2,030.43**	**885.65**	**3,015.67**
Carry forward profit / (loss) from previous year	(12,822.79)	(14,782.07)	(17,895.16)	(19,904.51)	(19,221.78)	(19,221.78)	(17,191.35)
Less: Pre Acquisition loss/(Gain) of Subsidiaries- Adjusted to Goodwill	825.22	-	-	-	-		-
Less: Share of Post acquisition Loss - Minority Interest	132.80	-	-	-	-		-
Leave Encashment Provision for earlier years adjusted against opening balance	-	-	-	-	-		(122.67)
Profit /(Loss) transferred to Balance Sheet	**(14,782.07)**	**(17,895.16)**	**(19,904.51)**	**(19,221.78)**	**(17,191.35)**	**(18,336.13)**	**(14,298.35)**
No. of Equity shares of Rs.10 each outstanding (Mn)	1,874.87	2,139.53	2,259.53	2,259.53	2,259.53	2,259.53	2,259.53
Weighted No. of Equity shares of Rs.10 each outstanding (Mn)	1,505.27	2,075.56	2,183.79	2,259.53	2,259.53	2,259.53	2,259.53
Earnings per Share (Rs.)	(1.94)	(1.67)	(1.16)	0.07	0.71	0.24	1.21

(for calculation of EPS, loss for the year is increased/profit for the year is decreased by the unpaid Preference Share Dividend, if any, as per AS-20)

IDEA Cellular Limited and its Subsidiaries

Annexure 3

Restated Cash Flow Statement (Consolidated)

Rs. Million

	For the year ended		For the year ended		For the year ended		For the year ended		For the nine months ended		For the nine months ended	
	March 31, 2003		March 31, 2004		March 31, 2005		March 31, 2006		31-Dec-05		31-Dec-06	
A) Cash Flow from Operating Activities												
Net Profit/ (Loss) after Tax		**(3,113.09)**		**(2,009.35)**		**682.73**		**2,030.43**		**885.65**		**3,015.67**
Adjustments For												
Depreciation, Amortisation of assets	2,684.75		2,958.68		4,421.79		5,519.77		4,184.89		4,956.83	
Interest charge and Forex	2,498.56		2,695.25		3,188.54		3,224.50		2,434.76		2,316.51	
Profit on sale of current investment	(5.05)		(2.30)		(1.52)		(10.39)		(8.11)		(19.94)	
Provision for Bad & Doubtful Debts/ Advances	443.03		214.33		239.42		306.87		307.95		267.80	
Provision for Gratuity, Leave Encashment	7.66		22.54		118.29		82.89		39.80		35.92	
Provision for Fringe Benefit Tax	-		-		-		46.70		30.24		43.52	
Provision for Tax (Net of Current Tax, Deferred Tax & MAT Credit)	-		0.70		-		33.78		23.81		(2.83)	
Dividend income	-		(0.65)		-		-				-	
Interest received	(20.20)		(18.05)		(52.90)		(26.90)		(18.90)		(16.92)	
(Profit) / Loss on sale of fixed assets/ assets discarded	164.76		19.74		0.98		0.24		0.44		3.83	
		5,773.51		5,890.24		7,914.60		9,177.46		6,994.88		7,584.72
Operating profit before working capital changes		**2,660.44**		**3,880.89**		**8,597.33**		**11,207.89**		**7,880.53**		**10,600.39**
Changes in Current Assets and Current Liabilities												
(Increase)/ Decrease in Sundry Debtors	(405.33)		(647.51)		(555.76)		(27.02)		(321.86)		(440.73)	

	For the year ended		For the year ended		For the year ended		For the year ended		For the nine months ended		For the nine months ended	
	March 31, 2003		March 31, 2004		March 31, 2005		March 31, 2006		31-Dec-05		31-Dec-06	
(Increase)/ Decrease in Inventories	(27.33)		(18.79)		(60.30)		61.43		33.66		(67.70)	
Increase)/ Decrease in Other Current Assets	(16.71)		(15.47)		(251.00)		(163.87)		44.56		(99.12)	
(Increase)/ Decrease in Loans and Advances	390.85		(2,951.92)		4.26		(403.05)		(416.04)		(1,981.71)	
Increase / (Decrease) in Current Liabilities	516.94		1,577.91		79.62		2,264.40		1,944.35		3,829.10	
		458.42		(2,055.78)		(783.18)		1,663.07		1,284.67		1,239.84
Cash generated from operations		**3,118.84**		**1,825.11**		**7,814.15**		**12,870.96**		**9,165.20**		**11,840.23**
Tax paid (FBT & TDS)		-		(63.49)		(62.12)		(94.23)		(27.39)		(55.98)
Net cash from operating activities		**3,118.84**		**1,761.62**		**7,752.03**		**12,776.73**		**9,137.81**		**11,784.25**
B) Cash Flow from Investing Activities												
Purchase of Fixed assets (including CWIP)	(6,741.42)		(3,778.63)		(5,448.62)		(5,292.67)		(3,252.92)		(14,868.50)	
Investments in Subsidiaries	(37.81)		(133.30)		(2,600.00)		-				-	
Proceeds from sale of Fixed assets	19.12		73.76		121.30		34.28		18.86		5.89	
Advance for purchase of Equity shares / Licenses	-		-		-		-		-		(100.00)	
Sale/ (purchase) of Other Investments (Net)	(17.02)		(432.76)		510.00		-		(11.89)		(930.06)	
Interest and Dividend Received	24.02		13.00		54.42		37.29		18.90		16.92	
Net cash used in investing activities		**(6,753.11)**		**(4,257.93)**		**(7,362.90)**		**(5,221.10)**		**(3227.05)**		**(15,875.75)**
C) Cash Flow from Financing Activities												
Proceeds from issue of Share Capital	2,180.00		1,020.50		-		-		-		-	

Rs. Million

	For the year ended March 31, 2003		For the year ended March 31, 2004		For the year ended March 31, 2005		For the year ended March 31, 2006		For the nine months ended 31-Dec-05		For the nine months ended 31-Dec-06	
Advance Received against Share Capital	1,141.11		-		-		-				-	
Proceeds from Long term borrowings	-		12,539.05		1,489.38		1,001.05				35,361.14	
Repayment of Long Term Borrowings	(2,283.13)		(3,534.95)		(1,254.03)		(9,721.51)		(6,320.89)		(15,690.05)	
Proceeds from Short Term Loan	5,019.11		-		14,300.00		19,847.36		10,841.05		14,664.17	
Repayment of Short Term Loan	-		(4,418.57)		(10,927.53)		(15,209.57)		(8,522.74)		(27,458.54)	
Short Term Loan from / to subsidiary & other Body Corporates	-		(154.84)		(665.30)		(376.92)		(4.54)		-	
Share Issue Expenses	-		-		-		-				(12.50)	
Interest Paid	(2,439.45)		(2,405.80)		(3,252.22)		(3,375.04)		(2,585.52)		(2,320.43)	
Net cash from financing activities		**3,617.64**		**3,045.39**		**(309.70)**		**(7,834.63)**		**(6,592.64)**		**4,543.79**
Net increase / (decrease) in cash and cash equivalent		**(16.63)**		**549.08**		**79.43**		**(279.00)**		**(681.88)**		**452.29**
Cash and cash equivalent at the beginning		**429.92**		**413.29**		**962.37**		**1,771.53**		**1,771.53**		**1,492.53**
Add :												
Cash and cash equivalents taken over on acquisition		**-**		**-**		**729.73**		**-**				**2.24**
Cash and cash equivalent at the end		**413.29**		**962.37**		**1,771.53**		**1,492.53**		**1,089.65**		**1,947.06**
Cash and cash equivalent includes												
Cash and Cheques on Hand		50.14		86.83		51.15		162.85		132.26		188.93
Balances with Scheduled Banks												
- on Current Accounts		157.59		470.92		439.42		390.73		494.29		608.75
- on Deposit Accounts		143.59		341.04		248.70		938.95		463.10		1,149.38
- on Debt Service Reserve Account		61.97		63.58		1,032.26		-		-		-
		413.29		**962.37**		**1,771.53**		**1,492.53**		**1,089.65**		**1,947.06**

Notes on adjustments made in the Restated Consolidated Summary Statements

Annexure 4

A. Summary of adjustment on account of changes in accounting policies, prior period items and material items.

Rs. Million

Particulars		For the year ended March 31,					For the nine months ended December 31,	
		2002	2003	2004	2005	2006	2005	2006
Profit / (Loss) as per audited Statement of Accounts	**A**	**(2,982.78)**	**(2,215.92)**	**(2,364.08)**	**759.02**	**2,117.66**	**949.82**	**3,098.46**
Impact on changes in accounting policies								
Change in Method of Depreciation		-	-	-	5.09	(24.64)	(24.64)	-
Miscellaneous Expenditure		61.41	(33.59)	357.44	-	-		-
Total	**B**	**61.41**	**(33.59)**	**357.44**	**5.09**	**(24.64)**	**(24.64)**	**-**
Impact on material adjustment and prior period items								
License Fee Interest Refund		-	(812.60)	-	-	-	-	-
Demand from Wireless Planning Commission towards Additional spectrum fee		(11.32)	(18.49)	(25.45)	(2.65)	57.60	57.60	-
Prior Period items		1.82	(4.40)	(1.09)	6.40	-	-	-
Refund of Interconnection charges		30.69	5.45	5.91	(59.73)	-	-	-
Excess Provision Written Back		(17.12)	(33.54)	17.92	(25.40)	(120.19)	(97.13)	(82.79)
Total	**C**	**4.07**	**(863.58)**	**(2.71)**	**(81.38)**	**(62.59)**	**(39.53)**	**(82.79)**
Adjusted Profit / (Loss) (A+B+C)		**(2,917.30)**	**(3,113.09)**	**(2,009.35)**	**682.73**	**2,030.43**	**885.65**	**3,015.67**

Explanatory Notes for these adjustments are discussed below:

a) **Change in Method of Depreciation:-** During the financial year 2005-06, one of the subsidiaries has changed the method of accounting for depreciation from written down value method to straight-line method in respect to buildings, vehicles and furniture in line with the methodology followed by the holding company. This has resulted in a reduction of depreciation charge of Rs. 24.64 Mn for the year. The reduction of Rs. 19.55 Mn pertaining to the pre-acquisition period has been adjusted against the amount of Goodwill arising out of Consolidation and Rs. 5.09 Mn pertaining to the financial year 2004-05 has been re-stated accordingly.

b) **Miscellaneous Expenditure:-** Until the financial year ended March 31, 2003, the Group had incurred certain 'deferred revenue expenditure', which was being amortized over a period of two to five years in line with the then Accounting Standard. As Accounting Standard 26 on 'Intangible Assets', was made mandatory for the accounting period commencing

on or after April 1, 2003 the Group changed its policy to charge such expenses to the profit & loss account in the year in which they were incurred.

Accordingly the carrying amount of deferred revenue expenditure forming part of the Balance Sheets as at March 31, 2003 and March 31, 2002 which were not charged to the Profit & Loss account have now been restated and charged to the respective years to which they were related.

c) **License Fee Interest Refund:-** The Group was entitled to a refund of excess interest charged by Department of Telecommunications (DoT) on the fixed license fees for the period covering the financial years 1998-99 and 1999-00 amounting to Rs. 109.26 Mn and Rs. 703.34 Mn respectively. Pursuant to the judgment dated 9th April 2002 of Telecom Disputes Settlement and Appellate Tribunal (TDSAT), the Group's Claim in this respect has also been upheld by the Supreme Court vide its judgment dated March 4, 2003. Accordingly, Rs 812.60 Mn, which has been accrued during the financial year 2002-03 has now been restated and recognized as income in the respective years to which they were related.

d) **Demand from Wireless Planning Commission towards additional spectrum fee:-** During the financial year 2005-06 the Group has received demands from DOT for Wireless Planning Commission (WPC) charges pertaining to the earlier financial years along with interest thereon amounting to Rs. 57.60 Mn. The same have now been restated and charged to the respective financial years to which they were related.

e) **Prior Period Adjustments:-** Prior period adjustments as disclosed in the profit and loss account have now been restated and charged to the respective years to which they were related.

f) **Refund of Interconnection charges:-** During the financial year 2004-05, TDSAT passed an order directing BSNL to refund all the Cellular Operators the 5% pass through charged for the period 25th January 2001 to 31st January 2002, together with interest amounting to Rs. 65.25 Mn, of which Rs 59.73 Mn were pertaining to earlier years. The same has now been restated and recognized as income in the respective years to which they were related.

g) **Excess Provision Written Back:-** Excess provision written back in the profit and loss account pertaining to earlier financial years has now been restated and recognized as income in the respective years to which they were related.

h) **Adjustment to Goodwill**:- During the financial year 2004-05, 2005-06 and the nine months ended December 31, 2006 one of the subsidiaries has written-back excess provision of Rs. 12.28 Mn, Rs. 147.54 Mn and Rs. 4.44 Mn. respectively and received from Department of Telecommunications (DoT) refund of Rs 2.60 Mn and depreciation of Rs. 19.55 Mn pertaining to the pre-acquisition period. The same has been restated and adjusted against goodwill.

B. Summary of adjustment on account of regroupings:

a) **Unbilled Receivables:-** During the year 2005-06 the Group has regrouped the unbilled receivables from sundry debtors to other current assets. Accordingly, the unbilled receivables for each of the relevant financial years have been regrouped.

b) **Intangible Assets:-** In terms of the provisions of Accounting Standard 26 on 'Intangible Assets' effective from April 1, 2003, computer software which does not form integral part of the related hardware and included under fixed assets have been technically identified and re-classified as intangible assets by the management for the financial year 2003-04. Accordingly, the figures for each of the relevant financial years have been restated.

c) **Expenses:-** For the nine months ended December 31, 2006 the Group has regrouped the heads forming part of the 'Operating, Administration, Selling and Other Expenses' into the following expenditure heads :

1. Personnel Expenditure
2. Network Operating Expenditure
3. License and WPC Charges
4. Roaming & Access Charges
5. Subscriber Acquisition & Servicing Expenditure
6. Advertisement and Business Promotion Expenditure
7. Administration & other Expenses

Accordingly, the grouping for all the corresponding preceding five years has been restated and disclosed in the 'Restated Summary Statement of Profits and Losses (Consolidated)'.

C. Non Adjustment Regrouping:

a) **Accelerated Depreciation:-** Based on withdrawal of vendor support to certain specified network equipments due to technological obsolescence/advancements in the cellular industry, the management reviewed the useful economic life of the specified network assets. The said review resulted in an additional depreciation charge of Rs. 384.68 Mn, Rs 496.25 Mn and Rs.506.26 Mn in the financial years 2001-02, 2004-05 and 2005-06 respectively.

b) **Provision for Doubtful Debts:-** In the financial year 2002-03, the Group had changed the basis for providing for bad and doubtful debts. Accordingly, all subscriber debts, which were more than 90 days overdue from the date of the bill (net of security deposits outstanding thereof), were fully provided for as against the earlier basis of providing for the debts of the subscribers who remained permanently deactivated for more than 90 days. This has resulted in an additional provision of Rs.135.87 Mn for the year.

c) **Accounting for Deferred Taxes:-**The Group adopted Accounting Standard 22 on 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India from the year ended March 31, 2003, as it was applicable to the Company from that year. Therefore deferred tax asset/liability has not been recognized as at March 31, 2002. The Deferred Tax Asset / Liability as at March 31, 2004 have been restated for considering the effect as per Accounting Standard Interpretation – 3 (Revised) issued by the Institute of Chartered Accountants of India.

d) **Retirement Benefits:-** Accounting Standard 15 (Revised 2005) on 'Employee Benefits' was applicable from April 1, 2006. Accordingly the liability for employee benefits has been calculated and recognized as per the revised Accounting Standard - 15 for the nine months ended December 31, 2006. The additional provision for the earlier years has been adjusted against the opening reserves.

D. Cashflow:-

The Group has started preparing consolidated financial statements for the first time in 2001-02. The Cashflow Statement has therefore been prepared from the financial years 2002-03.

Annexure 5

Summary of Significant Accounting Policies & Notes:

A. SIGNIFICANT ACCOUNTING POLICIES – CONSOLIDATED

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-25, 'Interim Financial Reporting' and 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 and following the accrual method of accounting in accordance with the mandatory applicable accounting standards in India.

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 unrealized profit or losses.

The Financial Statements of the subsidiaries used in the consolidation are drawn upto December 31, 2006, 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 recognized 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 31st December, 2006
1	Sapte Investments Private Limited (SPV)	100.00
2	Vsapte Investments Private Limited (SPV)	100.00
3	Bhagalaxmi Investments Private Limited (SPV)	100.00
4	Asian Telephone Services Limited (SPV)	100.00
5	BTA Cellcom Limited (BTACL) through SPV's	100.00
6	Swinder Singh Satara and Co. Limited	100.00
7	Idea Mobile Communications Limited (IMCL) (Formerly Escotel Mobile Communications Limited)	100.00
8	Idea Telecommunications Limited (ITL) (Formerly Escorts Telecommunications Limited)*	100.00

All the above subsidiaries are incorporated in India.

* *In June 2006, the Company acquired the entire shareholding of Escorts Telecommunications Limited, as a consequence of which the said Company became its wholly owned subsidiary. The Investee Company's name was thereafter changed to Idea Telecommunications Limited.*

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

4. Expenditure during pre-operative period :

Expenses incurred on administrative, 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 amortization :

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	9 to 13
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 :

i) Cost of Rights and Licenses including the fees paid on fixed basis prior to revenue share regime is amortized on commencement of operations over the period of license.

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

6. License Fees – Revenue Share:

With effect from August 1, 1999 the variable License fee computed at prescribed rates of revenue share is being charged to the 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 realizable value, whichever is lower. Cost is determined on weighted average basis except for IMCL (Subsidiary) where inventory is valued on first-in first-out basis.

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 recognized in the Profit and Loss account, except in case of fixed assets where such gains/losses are adjusted to the carrying cost of the respective assets.

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, except in case of liabilities relating to acquisition of fixed assets which are adjusted to the carrying cost of the respective assets.

In case of Forward Exchange Contracts, the difference between the forward rate and the exchange rate at the date of transaction is recognized in the Profit and Loss account over the life of the contract, except in case of liabilities relating to acquisition of fixed assets, which are adjusted to the carrying cost of the respective asset.

9. Operating Leases:

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 recognized as expense in the profit and loss account, on a straight-line basis over the lease term.

10. Deferred Taxation:

Provision for current income tax is made on the taxable income using the applicable tax rates and tax laws. Deferred tax arising on account of timing difference and which are capable of reversal in one or more subsequent period is recognized using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognized unless there is virtual certainty with respect to the reversal of the same in future years.

11. Contingent Liability:

Contingent liabilities are considered to the extent of notices / demands received by the group.

12. Segmental Reporting:

a) Primary Segments:

The Group operates two business segments:

a) Cellular Mobile Telephony Services (CMTS)

b) National Long Distance (NLD) – with effect from December 1, 2006.

b) Secondary Segment:

The Group caters only to the needs of Indian market representing a singular economic environment with similar risks and rewards and hence there are no reportable geographical segments.

13. Retirement Benefits:

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

Liabilities in respect of gratuity and superannuation have been accounted for and are funded with Life Insurance Corporation of India under its respective schemes. Liability for gratuity as at the Period-end has been provided on the basis of actuarial valuation.

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

a) Actuarial valuation done by projected accrued benefit method at the period end for that portion of compensated absences not encashable during the service period.

b) On actual basis for the portion of accumulated leave which an employee can encash during the short term period.

14. Revenue Recognition and Receivables:

Revenue on account of mobile telephony services and sale of handsets and related accessories is recognized net of rebates, discount, service tax, etc. on rendering of services and supply of goods respectively. Recharge fees on recharge vouchers is recognized as revenue as and when the recharge voucher is activated by the subscriber.

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, in case of other telecom operators on account of Interconnect Usage Charges (IUC) and Roaming Charges, 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.

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

15. Investments:

Current Investments are stated at lower of cost or fair value.

Long-term investments are stated at cost less provision for diminution in value other than temporary, if any.

16. 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.

17. 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.

18. 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 recognized 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 (Cash Generating Units, i.e. License Circles).

19. Provisions:

Provisions are recognized when the Company has a present obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

20. Miscellaneous Expenditure:

Expenses incurred in connection with proposed initial public offering have been deferred at period-end to be adjusted against share premium arising out of the said initial public offering.

B. NOTES TO ACCOUNTS :

1. Interest from DoT

The Company had recognized an income of Rs.802.27 Mn. during the year ended March 31, 2003 being refund of excess interest charged by Department of Telecom ("DoT") on the license fee payable by the Company pursuant to the judgment dated April 9, 2002 of Telecom Disputes Settlement and Appellate Tribunal (TDSAT). During the previous years, DoT arbitrarily acknowledged an amount of Rs.758.76 Mn. against Company's claim of Rs.802.27 Mn. The Company has represented this matter with DoT. The Company has not provided for the difference of Rs.43.51 Mn., as in the opinion of the management, the amount is recoverable from DoT.

The Company is also entitled to interest on the amount of the refund so accrued in terms of the Supreme Court Judgment, the recognition of revenue on account of the same has been postponed pending acceptance in this respect by DoT. This case is now pending before the H'ble Supreme Court.

2. Subsidiaries

a) The Board of Directors of the Company has, in its meeting held on October 19, 2006 given its in-principle approval for the Scheme of Amalgamation of BTA Cellcom Ltd, Idea Mobile Communications Ltd, Idea Telecommunications Ltd, Sapte Investments Private Ltd, Vsapte Investments Private Ltd, Bhagalaxmi Investments Private Ltd and Asian Telephone Services Ltd with the Company. Upon finalization of the Scheme, the Company will apply to the relevant High Court for convening general meetings of its members and for approval of the scheme by the High Court for completion of the Amalgamation.

b) The goodwill arising on consolidation is on account of acquiring the entire share capital of BTA Cellcom Ltd. providing mobile cellular services in the States of Madhya Pradesh and Chhattisgarh, through the Special Purpose Vehicles, Swinder Singh Satara & Co. Ltd., and Idea Mobile Communications Limited (formerly Escotel Mobile Communications Limited) providing mobile cellular services in the States of Haryana, Kerala and Western Uttar Pradesh. These investments are long-term and strategic in nature.

c) The Company has made an investment of Rs.150 Mn. to acquire 100% equity shares of Idea Telecommunications Limited (formerly known as Escorts Telecommunications Limited till August 1, 2006), which is providing cellular services in the telecommunication circles of Rajasthan, Himachal Pradesh and Eastern Uttar Pradesh. The investment is of long term and strategic in nature. The Capital Reserve amounting to Rs.500.91 Mn. arising out of the above transaction has been accounted accordingly.

The Capital Reserve amounting to Rs. 500.91 Mn. arising out of the above transaction has been accounted accordingly. The working of the same is as follows:

(Rs. in Million)

Particulars	**Amount**
Share Capital	610.00
Profit & Loss Balance	(1,373.65)
Capital Reserve	1,414.56
Intrinsic Value	**650.91**
Investments	150.00
Goodwill/(Capital Reserve)	(500.91)

In the opinion of the management, there is no permanent diminution in the long-term value of Idea Mobile Communications Limited and Idea Telecommunication Limited as evaluated by them, considering the operating and financial performance and prospects thereof. Accordingly, impairment of goodwill has not been considered necessary.

3. Term Loan

i) **Term loans aggregating Rs.35,200.00 Mn**

The Loans are secured by way of charge/assignment created/to be created ranking *pari-passu inter se* the lenders, as under:

a) First charge by way of mortgage on all the immovable properties, of the Company and the subsidiary companies, both present and future.

b) First charge on all the movable properties of the Company and the subsidiary companies, including and not limited to, movable machinery, machinery spares, tools, transmission towers, optical fiber backbone, equipment(s) and accessories, both present and future.

c) Assignment of the right, title and interest, of the Company and the subsidiary companies, by way of first charge, to and under all project documents, agreements, contracts and any other documents in relation to the Project including the letter of credit, guarantee or performance bond, provided in favor of the Company by any party.

d) a first priority charge over all intangible assets and Material Technology Rights of the Company and the subsidiary companies including but not limited to goodwill, brand name etc;

e) Assignment of the right, title and interest of the Company and the subsidiary companies, by way of first charge, to and under all authorizations, permits, approvals, licenses, consents, no-objections etc. in relation to the Project, both present and future; provided in favor of the Company and the subsidiary.

f) Assignment of the right, title, interest, of the Company and the subsidiary companies, by way of first charge, in, to and under all the Accounts, Local Bank Accounts, Proceeds Account, Debt Service Reserve Account, Insurance and Compensation Proceeds Account and all other bank accounts maintained of the Company and all funds maintained therein, and all monies, securities, instruments, investments and other property deposited in credited to or required to be deposited or to be credited thereto, both present and future, in which the company have an interest, where ever maintained.

g) Assignment of the right, title, interest of the Company and the subsidiary companies by way of first charge, in,

to and under all cash, book debts and receivables wherever located, uncalled capital, insurance proceeds, the proceeds arising from the sale of network, including payments from DoT / Government of India or any other third parties.

h) Assignment of the Company and the subsidiary companies, all rights, title and interest in all the insurance policies by way of first charge save and except insurance policies in respect of equipments procured under letters of credit, till such time the letters of credit remain unpaid;

i) Creation of Security Interest inter alia, for transfer or assignment by way of endorsement, of the License under the License agreements for the telecom circles belonging to the company and Idea Telecommunications Limited.

j) Irrevocable and unconditional corporate guarantee(s) from BTA Cellcom, Idea Mobile Communications Limited and Idea Telecommunications Limited in favor of the Security Trustee.

ii) Working Capital

Cash Credit facility of Rs.99.00 Mn. is to be secured by hypothecation of all moveable assets of Idea Cellular Limited.

iii) Vehicle Loan

Vehicle Loan Facility of Rs.161.14 Mn is secured by hypothecation of Vehicles against which the loans have been taken.

4. In accordance with an assignment agreement entered between Escorts Ltd. and First Pacific Company Ltd. (The original promoters), IMCL has issued interest free Unsecured Bond to Escorts Ltd. for an amount of Rs.1,757.36 Mn. in lieu of the loans from the original promoters (including interest accrued thereon of Rs.857.36 Mn.) This Bond is repayable on January 15, 2014 and carries a put option for Escorts "the Lender" for a period of thirty days commencing on January 15, 2010 to redeem the entire amount or part thereof at a price which would have been payable by IMCL, had IMCL opted for an early redemption in accordance with the terms of the said agreement. IMCL may also redeem all or some of the bonds at any time by giving not less than five business days prior notice to the lenders. IMCL is also entitled to set-off against the redemption proceeds certain Share Purchase indemnities given by the lender to the Company and amount of contingent liabilities that may crystallize any time after the closing date i.e. June 10, 2004.

On the request of Escorts Ltd, IMCL on July 21, 2006 has consented to release the redemption proceeds of the above loan to UTI Bank Ltd on the same terms and conditions, as in the Loan agreement dated January 15, 2004 between IMCL and Escorts Ltd including the rights of the IMCL to set off the redemption proceeds as per the terms of the above agreement.

5. Licenses

The Company has acquired following additional licenses:

National Long Distance (NLD) service license on November 23, 2006

Unified Access Services (UAS) license for Mumbai Telecom Circle on December 5, 2006

Accordingly, the company has commenced the NLD service within its mobility circles with effect from December 1, 2006.

Migration applications from the existing CMTS licenses to UAS License have been filed with the DoT for all the telecom circles.

6. Aditya Birla Telecom Limited (ABTL)

Aditya Birla Nuvo Limited (ABNL) has, pursuant to a letter dated November 22, 2006, agreed to transfer its entire shareholding in Aditya Birla Telecom Limited (ABTL) to Idea Cellular Limited for an aggregate consideration of Rs.100 million. ABTL has received the UAS license from DOT on December 6, 2006 to operate in Bihar telecom circle.

7. Preference Shares

As per the terms of the issue of preference shares and the provisions of the Companies Act, 1956, the Company will be required to provide for the premium on redemption of preference shares either out of the profits or out of the share premium account (if any). The premium amounting to Rs. 2,577.10 Million upto December 31, 2006 (Rs.2,210.48 Million upto March 31, 2006) is not provided for in the absence of adequacy of profits. The liability of the Company towards such redemption premium shall be reduced by the amount of dividend declared, if any, on these preference shares. The redemption of preference shares along with premium thereon are guaranteed by the promoters of the Company.

As per the original terms of redemption, preference shares were redeemable at the redemption price on the earliest of any of the following:

a) At the option of the Company, at six months interval commencing from 25th month after the subscription date.

b) On the Sponsors arranging for further capitalization on 37th month after the date of subscription. (This date had been extended upto August 3, 2006.)

c) On the expiry of 120 months from the subscription date.

The subscription dates being March 21, 2002 for 169 Preference Shares, May 15, 2002 for 70 Preference Shares, May 29, 2002 for 27 Preference Shares, May 31, 2002 for 25 Preference Shares, October 19, 2002 for 96 Preference Shares, April 21, 2003 for 80 Preference Shares and July 3, 2003 for 16 Preference Shares.

As per the first amendment agreement to the subscription agreement, the holders of Preference Shares have extended the 37th month period, (referred to in (b) above) till August 3, 2006. Further, w.e.f. October 1, 2005, the dividend rate on the Preference Shares have been reduced from 11% p.a. to 7% p.a. till August 3, 2006.

The Company has restructured the outstanding preference shares effective from August 3, 2006 as per the second amendment agreement. This gave the Company an option of redeeming these preference shares carrying a dividend rate of 8% p.a. from August 3, 2006 to January 2, 2007. Consequently, the Company has chosen to extend the redemption to the subsequent date being August 3, 2007. The applicable dividend rate for the period January 3, 2007 to August 2, 2007 is 9.50% p.a. The Company has indicated in the DRHP filed with SEBI its intention to use certain portion of the issue proceeds for redemption of preference shares along with applicable premium and dividend.

8. Deferred Tax

The Group, as at December 31, 2006, has deferred tax liabilities of Rs 548.92 Mn. on account of timing difference in depreciation / amortisation and deferred tax assets of Rs 4,878.01 Mn. on account of carried forward losses, unabsorbed depreciation, provision for doubtful debts, provision for leave encashment and gratuity under the Income Tax Act, 1961 as per the breakup given below.

(Rs in Mn)

Particulars	**For the Nine months ended December 31, 2006**	**For the Year ended March 31, 2006**
Breakup of Deferred Tax Asset:		
Unabsorbed Depreciation and carried forward losses	4,186.27	5,261.38
Others	691.74	613.58
Total	**4,878.01**	**5,874.96**
Breakup of Deferred Tax Liability:		
Depreciation & amortization	548.92	912.38
Total	**548.92**	**912.38**

Out of the above, the Company has recognized deferred tax liability of Rs.481.72 Mn. relating to timing difference reversing after tax holiday and deferred tax asset of Rs.484.92 with virtual certainty towards effective utilization of the same.

Deferred Tax Assets and Deferred Tax Liabilities have not been recognized by subsidiaries, other than BTA Cellcom Ltd. in their books of accounts.

9. Retiral Benefits

a) Gratuity Plan

Idea Cellular Limited

The following table set out the status of the gratuity plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Change in Obligation	*Rs. Mn.*
Opening Present Value of Accrued Gratuity	37.88
Service Cost including actuarial gain/(loss)	8.92
Interest Cost	3.52
Benefits paid	2.21
Closing Present Value of Accrued Gratuity	48.11

Defined benefit obligation liability as at the balance sheet is partly funded by the company.

Change in Plan Asset	*Rs.Mn.*
Opening Fund Balance	15.94
Expected return on the plan asset	1.46
Contribution paid	8.55
Benefits paid during period	2.21
Closing Fund Balance	23.74

Reconciliation of present value of obligation and the plan asset	*Rs. Mn.*
Closing Fund Balance	23.74
Closing present value of Accrued Gratuity	48.11
Net Liability	24.37
Liability recognized in balance sheet	25.61

Assumptions	
Expected return on plan assets	7.50%
Salary escalation rate	7.00%
Discounting rate	7.50%

Idea Mobile Communications Limited

	Gratuity (defined benefit Plan)
THE AMOUNT RECOGNIZED IN THE BALANCE SHEET AS AT DECEMBER 31, 2006 ARE DETERMINED AS FOLLOWS	*Rs in Mn*
Present value of fund obligation	23.72
Fair value of plan assets	20.83
Present value of unfunded obligations	-
Unrecognized actuarial gain/(loss)	-
Liability recognized in the Balance sheet	**2.89**
The amount recognized in the Income statement are as follows:	
Current Service cost	2.89
Interest cost	-

	Gratuity (defined benefit Plan)
THE AMOUNT RECOGNIZED IN THE BALANCE SHEET AS AT DECEMBER 31, 2006 ARE DETERMINED AS FOLLOWS	*Rs in Mn*
Expected return on plan assets	-
Net actuarial loss recognized in the year	-
TOTAL INCLUDED IN STATEMENT OF PROFIT AND LOSS	**2.89**
Movement in the liability recognized in the Balance Sheet	
Liability at the beginning of the year	
Total Expenses	2.89
Contribution paid	-
LIABILITY AT THE END OF THE YEAR	**2.89**
The principal actuarial assumptions used are as follows:	
Discount rate	7.50%
Expected rate of return on Plan assets	8.00%
Future salary increase	6.00%

BTA Cellcom Limited

Change in Obligation	*Rs. in mn*
Opening Present Value of Accrued Gratuity	2.81
Service Cost including actuarial gain/(loss)	2.42
Interest Cost	0.31
Benefits paid	0.16
Closing Present Value of Accrued Gratuity	5.38

Change in Plan Asset	*Rs. in mn*
Opening Fund Balance	2.71
Expected return on the plan asset	0.30
Contribution paid	0.83
Benefits paid during period	0.16
Closing Fund Balance	3.68

Reconciliation of present value of obligation and the plan asset	*Rs. in mn*
Closing Fund Balance	3.68
Closing present value of Accrued Gratuity	5.38
Net Liability	1.70
Liability recognized in balance sheet	2.01

Assumptions	
Expected return on plan assets	8.00%
Salary escalation rate	7.00%
Discounting rate	8.00%

b) Compensating absences (Leave)

The Company has provided for the leave encashment as per the actuarial valuation done by the independent actuary till March 31, 2006 as required by Accounting Standard –15. With revision in AS-15 with effect from April 1, 2006, the Company has recalculated its liability through an independent actuary towards accumulated compensated balances including leave encashment as on March 31, 2006 and accordingly adjusted the opening profit and loss account by Rs.122.67 Mn. Additional Charge for the period after March 31, 2006 is taken to profit and loss account amounting to Rs.43.06 Mn.

10. Contingent Liabilities

a) On March 2, 2006, the Honorable Supreme Court passed an order adjudicating that telecommunication services do not meet the criteria to be classified as sale of goods and upholding that the imposition of sales tax on any facility of the telecommunication services is untenable at law.

In view of the above judgment, the Group had extinguished its contingent liability in March 2006 on account of disputes with respect to demands amounting to Rs.931.42 Mn. till March 31, 2005 raised for Sales Tax on Activation of new connections, Rentals, SIM Cards and Airtime by Sales Tax Authorities and also for demands amounting to Rs.4.48 Mn. till March 31, 2005, raised for Service Tax on Sale of Sim Cards by Service Tax Authorities. The Process of vacating these cases by the authorities in the respective circles is under way.

b) Vide its judgment dated May 3, 2005, TDSAT has restrained BSNL from collecting carriage charges of 19 paise per minute on calls to Cellone originating from private Cellular operators. BSNL has filed an appeal with the H'ble Supreme Court and has continued raising demand for the carriage charges till disposal of the matter. The value of such demands as on December 31, 2006, not requiring provision in the books, is Rs.294.44 Mn.

c) The export obligation of the Company under EPCG (Export Promotion Credit Guarantee) Scheme at FOB Value as at December 31, 2006 is Rs.301.06 Mn. (for the year ended March 31, 2006 Rs.346.55 Mn.). Failure to meet the above export obligation within the stipulated time frame would result in the payment of the aggregated differential duty saved amounting Rs.37.72 Mn. along with interest thereon. The Company is confident of meeting the export obligations based on its current international inroaming revenue trends.

d) Letter of Credit facilities, utilized as on December 31, 2006 is Rs.5,079.41 Mn. (Previous year Rs. 2,719.38 Mn).

e) The Group has received a net demand for Rs.401.29 Mn. on July 28, 2006, from Department of Telecommunications towards interest on WPC charges. However, on November 9, 2006 the Company has deposited the amount under protest to obtain the Mumbai License clearance and replied to DoT suitably.

f) Other Matters not provided for

(Rs in Million)

Particulars	For the Nine months ended December 31, 2006	For the Year ended March 31, 2006
Income Tax Matters	33.63	17.19
Sales Tax & Service Tax Matter	211.98	167.85
Dividend on cumulative preference shares	2,119.05	1,844.34
Other claims not acknowledged as debts	472.38	361.62

g) Estimated amount of contracts (net of advance) remaining to be executed on capital account and not provided for.

Particulars	For the Nine months ended December 31, 2006	For the Year ended March 31, 2006
Estimated amount of contracts (net of advance)	6,357.78	2,573.51

h) During the Financial year 2004-05, Idea Telecommunications Limited had deposited liquidated damages of Rs.30 million with Department of Telecommunications (DOT), Delhi under protest as the delay in commencement of services in three circles namely; UP (East), Rajasthan & Himachal Pradesh is attributable to the delay on the part of WPC wing of DOT. As the authorities have been approached for the waiver of the same, the said amount of Rs. 30 million has been shown as claims recoverable under the head Loans & Advances of the Balance Sheet.

11 Total bank guarantees furnished to DOT amount to Rs.3,511.71 Mn. (Previous year Rs.1,884.67 Mn) including performance guarantees of Rs.1,090.00 Mn. (Previous year Rs.450 Mn).

Particulars	**For the Nine months ended December 31, 2006**	**For the Year ended March 31, 2006**
Guarantees given by the banks on behalf of the Company	223.22	320.30

12 During the Financial Year 2004-05, one of the subsidiaries received a refund of premium paid in earlier years amounting to Rs.21.25 Mn from a foreign lender, through its agent, on account of prepayment of the external commercial borrowings from the said lender, which had been included in Other Income.

The subsidiary has agreed to indemnify the agent of the said lender in the event that the agent has to repay all or any portion of the refund to the lender.

13 The Department of Telecommunications (DOT) has issued show cause notices dated July 14, 2006 to various operators including the Company alleging noncompliance of its directives under the terms of the license for providing telephone connections without adequate address verification in the Delhi, Andhra Pradesh and Haryana Circles. In this context, the Company has been asked to show cause as to why appropriate action may not be taken against the Company including imposition of penalty. The Company has suitably responded to the notice and is confident of ultimate resolution of the matter, and does not believe it necessary to make a provision in the accounts. DoT has since then issued subscriber identity norms to be complied by March 31, 2007.

14 During the nine months ending December 31, 2006, there is no accelerated depreciation (Previous year Rs.506.26 Mn.) provided on any of the fixed assets.

15 Confirmations of certain debit and credit balances as on December 31, 2006, are being sought by the Group, or are yet to be received. Reconciliation and consequential adjustment, if any, in respect of these balances will be made in the accounts of the subsequent period.

16 Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:

(Rs. in Million)

Particulars	**For the Nine months ended December 31, 2006**	**For the Year ended March 31, 2006**
Sundry Creditors:		
Sundry Creditors in USD	103.10	71.66
Sundry Creditors in EURO	2.18	3.93
Sundry Creditors in NOK	0.00	0.01
Sundry Creditors in GBP	0.02	0.01
The Equivalent INR of sundry creditors in Foreign Currency	**4,688.67**	**3,415.68**
Sundry Debtors:		
Sundry Debtors in USD	3.62	2.95
Sundry Debtors in EURO	0.01	-
The Equivalent INR of sundry debtors in Foreign Currency	**160.54**	**131.78**

17. The movement in the Site Restoration Cost is set out as follows:

(Rs. in Million)

Particulars	For the Nine months ended December 31, 2006	For the Year ended March 31, 2006
Opening Balance	122.43	74.27
Additional Provision	89.89	48.16
Payment/Reversal/Expenses	-	-
Closing Balance	212.32	122.43

18. Related Party Transactions

As per Accounting Standard (AS) 18 – Related Party Disclosure, issued by the Institute of Chartered Accountants of India, the Company's related parties are disclosed below:

List of related Parties :

Promoters

Hindalco Industries Limited

Grasim Industries Limited

Aditya Birla Nuvo Limited (formerly known as Indian Rayon and Industries Limited)

Tata Industries Limited (upto June 20, 2006)

Apex Investments (Mauritius) Holding Private Limited (formerly AT&T Cellular Pvt. Limited)

(upto June 20, 2006)

Birla TMT Holdings Pvt. Limited

Aditya Birla Telecom Limited (upto August 28, 2006)

Key Management Personnel

Mr. Sanjeev Aga, MD (w.e.f. November 1, 2006)

Mr. Vikram Mehmi, CEO (upto October 30, 2006)

Mr. Satish Rajgarhia, Manager (upto August 31, 2006)

Disclosure in respect of Related Parties: **During the nine months ended December 31, 2006**

Particulars	Nature of Relationship		
	Promoters	Associates	Key Management Personnel
	Transactions (*Rs in Mn)*		
ICDs Placed	-	-	-
Interest on ICDs Placed	-	-	-
Purchase of Fixed Assets	5.39	-	-
Sale of Fixed Assets	-	-	-
Employee Expense/Deposits	6.00	-	-
Expense incurred on behalf of	0.01	-	-
Salary to the CEO	-	-	9.44 (7.90)
Salary to the MD	-	-	4.28
Salary to the Manager	-	-	3.16 (3.89)

(Figures in bracket are for the period ended December 31, 2005)

Particulars	Nature of Relationship		
	Promoters	Associates	Key Management Personnel
	Outstanding as on December 31, 2006 *(Rs in Mn)*		
ICDs Placed	-	-	-
Interest on ICDs Placed	-	-	-
Purchase of Fixed Assets	-	-	-
Sale of Fixed Assets	-	-	-
Employee Expense/Deposits	0.63	-	-
Expense incurred on behalf of	-	-	-
Salary to the CEO	-	-	0.19
Salary to the MD	-	-	0.11
Salary to the Manager	-	-	0.09

Particulars	Nature of Relationship		
	Promoters	Associates	Key Management Personnel
	Outstanding as on March 31, 2006 *(Rs in Mn)*		
Salary to the CEO	-	-	-
Salary to the Manager	-	-	-

19. Segment Reporting

Primary Business Information (Business Segments)

(Rs in Mn)

Particulars	Business Segments		Elimination	Total
	Mobility	NLD		
Revenue				
External Revenue	30,677.64	-	-	30,677.64
Inter-segment Revenue	-	176.08	(176.08)	-
Unallocated corporate income	-	-	-	41.08
Total Revenue	**30,677.64**	**176.08**	**(176.08)**	**30,718.72**
Segment result	**5,383.27**	**31.31**	**-**	**5,414.58**
Unallocated expenses				
Interest & financing charges	-	-	-	2,316.50

(Rs in Mn)

Particulars	Business Segments		Elimination	Total
	Mobility	NLD		
Profit before Tax	-	-	-	3,139.16
Provision for tax (Net)	-	-	-	40.69
Profit after tax	-	-	-	3,098.47
Other information				
Segment assets	74,534.39	25.86		74,560.25
Unallocated corporate assets	-	-	-	950.00
Total assets				**75,510.25**
Segment liabilities	28,233.35	68.26		28,301.61
Unallocated corporate liabilities	-	-	-	32,395.99
Total liabilities				**60,697.60**
Capital expenditure	20,132.26	25.00	-	**20,157.26**
Depreciation & amortisation	4,956.70	0.13	-	**4,956.83**

20. In the opinion of the management value on realization of current assets including sundry debtors, loans and advances in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet.

21. In terms of the requirements of the Accounting Standard 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India, the amount recoverable against Fixed Assets has been estimated at the period end by the management based on the present value of estimated future cash flows expected to arise from the continuing use of such assets. The recoverable amount so assessed was found to be adequate to cover the carrying amount of the assets and accordingly no provision for impairment in value thereof has been considered necessary, by the management.

22. Pervious period's figures have been regrouped / rearranged wherever necessary.

IDEA Cellular Limited and its Subsidiaries

Annexure 6

A] Restated Schedule of Secured Loans (Consolidated)

Rs. Million

Particulars	As at March 31,					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
Debentures							
25 units of 10.50 % Non-Convertible Debentures of Rs. 10 mn each redeemable at par after one Year	-	250.00	-	-	-		-
302 units of 10.25 % Non-Convertible Debentures of Rs. 5 mn each redeemable at par after 6 Months	1,510.00	-	-	-	-		-
37 units of 11 % Non-Convertible Debentures of Rs. 10 mn each redeemable at par after one year.	370.00	-	-	-	-		-
40 units of 11.50 % Non-Convertible Debentures of Rs. 10 mn each redeemable at par after one year.	400.00	-	-	-	-		-
616 units (Previous year 1100 Units) of 14.75% Secured Redeemable Non Convertible Debentures of Rs. 2.5 mn each aggregating to Rs.1,540 mn redeemable on the 1096th day after the date of first disbursement made towards the subscription to debentures or earlier at the option of the Company, anytime after six months and / or at the option of the debenture holders, at the end of one year and two years from the date of Allotment	2,750.00	2,750.00	-	-	-		-
208 units of Partly Secured Debentures were fully paid up and consist of 11.70% Unsecured Redeemable Non Convertible Debentures of Rs. 2.5 mn each, aggregating to Rs.520 mn. These debentures were redeemed on May 30, 2002.	520.00	-	-	-	-		-
Total – A	**5,550.00**	**3,000.00**	**-**	**-**	**-**		**-**
Term Loan							
Foreign Currency Loan from Banks	5,006.82	3,753.00	2,280.78	1,026.75	-	-	-
Rupee Loan from Banks	2,763.97	1,702.66	10,557.50	8,979.70	8,936.22	10,150.57	25,943.84
Rupee Loan from Financial Institutions	319.22	552.01	2,080.00	7,300.30	6,752.78	6,935.29	9,417.30
Rupee Loan from Others	-	-	-	5,103.76	1.05	1,001.77	-
Total – B	**8,090.01**	**6,007.67**	**14,918.28**	**22,410.51**	**15,690.05**	**18,087.63**	**35,361.14**
Working Capital Loan							
Working Capital Facility	132.00	129.20	145.78	20.75	18.54	1.04	-
Total – C	**132.00**	**129.20**	**145.78**	**20.75**	**18.54**	**1.04**	**-**
Total (A+B+C)	**13,772.01**	**9,136.87**	**15,064.06**	**22,431.26**	**15,708.59**	**18,088.67**	**35,361.14**

IDEA Cellular Limited and its Subsidiaries

Principal terms of Secured Loans as on December 31, 2006

Rs. Million

Sr. No.	Particulars	Rate of Interest	Outstanding as on December 31, 2006	Repayment terms	Security
1	IDBI Bank	9.2350% 9.4078%	4,260.00 325.10		
2	Union Bank of India	9.2350% 9.4078%	3,100.00 236.70		
3	Bank of Baroda	9.2350% 9.4078%	2,910.00 221.90		
4	Bank of India	9.2350% 9.4078%	2,910.00 221.90		
5	UTI Bank	9.2350% 9.4078%	2,630.00 201.30	22 Quarterly installment	
6	Canara Bank	9.2350% 9.4078%	2,320.00 177.60	commencing from October 1,	**Refer note:-1**
7	UCO Bank	9.2350% 9.4078%	2,320.00 177.60	2007 and ending on January 1,	
8	United Bank of India	9.2350% 9.4078%	1,700.00 130.10	2013	
9	Dena Bank	9.2350% 9.4078%	1,700.00 130.10		
10	HDFC Bank	9.2350% 9.4078%	580.00 44.40		
11	Jammu & Kashmir Bank	9.2350% 9.4078%	290.00 22.00		
12	State Bank of Saurashtra	9.2350% 9.4078%	290.00 22.00		
13	Punjab National Bank	9.2350% 9.4078%	2,090.00 159.80		
14	Life Insurance Corporation Limited	9.2350% 9.4078%	2,320.00 177.60		
15	Infrastructure Development Finance Corporation	9.2350% 9.4078%	1,930.00 148.30		
16	Small Industrial Development Bank of India	9.2350% 9.4078%	770.00 59.20		
17	EXIM Bank	9.2350% 9.4078%	580.00 44.40		
18	Dena Bank	9.2500%	161.14	48/36/24 Equal Monthly Installments for each vehicle	**Refer note:- 2**
	Total		**35,361.14**		

Note:-

1. *The Loans are secured by way of charge/assignment created/to be created ranking pari-passu inter se the lenders, as under:*
   a) *First charge by way of mortgage on all the immovable properties, of the Company and the subsidiary companies, both present and future.*
   b) *First charge on all the movable properties of the Company and the subsidiary companies, including and not limited to, movable machinery, machinery spares, tools, transmission towers, optical fiber backbone, equipment(s) and accessories, both present and future.*
   c) *Assignment of the right, title and interest, of the Company and the subsidiary companies, by way of first charge, to and under all project documents, agreements, contracts and any other documents in relation to the Project including the letter of credit, guarantee or performance bond, provided in favor of the Company by any party.*
   d) *A first priority charge over all intangible assets and Material Technology Rights of the Company and the subsidiary companies including but not limited to goodwill, brand name etc;*
   e) *Assignment of the right, title and interest of the Company and the subsidiary companies, by way of first charge, to and under all authorizations, permits, approvals, licenses, consents, no-objections etc. in relation to the Project, both present and future; provided in favor of the Company and the subsidiary.*
   f) *Assignment of the right, title, interest, of the Company and the subsidiary companies, by way of first charge, in, to and under all the Accounts, Local Bank Accounts, Proceeds Account, Debt Service Reserve Account, Insurance and Compensation Proceeds Account and all other bank accounts maintained by the Company and all funds maintained therein, and all monies, securities, instruments, investments and other property deposited in credited to or required to be deposited or to be credited thereto, both present and future, in which the company have an interest, where ever maintained.*
   g) *Assignment of the right, title, interest of the Company and the subsidiary companies by way of first charge, in, to and under all cash, book debts and receivables wherever located, uncalled capital, insurance proceeds, the proceeds arising from the sale of network, including payments from DoT / Government of India or any other third parties.*
   h) *Assignment of the Company and the subsidiary companies ' all rights, title and interest in all the insurance policies by way of first charge save and except insurance policies in respect of equipments procured under letters of credit, till such time the letters of credit remain unpaid;*
   i) *Creation of Security Interest inter alia, for transfer or assignment by way of endorsement, of the License under the License agreements for the telecom circles belonging to the company and Idea Telecommunications Limited.*
   j) *Irrevocable and unconditional corporate guarantee(s) from BTA Cellcom Limited, Idea Mobile Communications Limited and Idea Telecommunications Limited in favor of the Security Trustee.*
2. *Vehicle Loan facility is secured by hypothecation of Vehicle against which the loans have been taken.*

IDEA Cellular Limited and its Subsidiaries

B] Restated Schedule of Unsecured Loans (Consolidated)

Rs. Million

Particulars	As at March 31,					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
Term Loan							
From Other Body Corporate	2,060.20	319.23	139.23	750.00	-	-	-
Short Term Loan							
From Other Body Corporate	-	1,965.23	10.00	-	-	-	-
From Banks	2,996.90	10,190.00	8,502.50	12,000.00	15,390.00	13,090.00	2,640.00
Others	-	-	-	1,757.36	1,757.36	1,757.36	1,757.36
Buyers Credit from Bank	45.99	-	-	-	-	-	-
Total	**5,103.09**	**12,474.46**	**8,651.73**	**14,507.36**	**17,147.36**	**14,847.36**	**4,397.36**

IDEA Cellular Limited and its Subsidiaries

Annexure 7

Restated Schedule of Loans and Advances (Consolidated)

Rs. Million

Particulars	As at March 31,					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
Advances recoverable in cash or kind or for value to be received							
Considered good	1,568.06	1,155.65	522.84	1,092.33	1,483.68	1,542.01	2,991.71
Considered doubtful	-	-	0.93	16.75	90.84	90.78	90.84
Less :- Provision for doubtful advances	-	-	0.93	16.75	90.84	90.78	90.84
	1,568.06	1,155.65	522.84	1,092.33	1,483.68	1,542.01	2,991.71
Advance for purchase of Equity Shares / Licenses	-	-	-	150.00	150.00	150.00	100.00
Deposits with Body Corporates / Subsidiaries	-	-	-	30.00	376.93	5.44	-
Deposits and Balances with Govt. Authorities	28.41	42.56	46.03	72.65	61.71	58.61	91.37
Deposits with others	70.69	76.94	589.89	97.32	116.59	106.82	282.23
Advance Income Tax	35.79	38.58	70.22	151.44	204.94	156.50	308.21
Total	**1,702.95**	**1,313.73**	**1,228.98**	**1,593.74**	**2,393.85**	**2,019.38**	**3,773.53**

IDEA Cellular Limited and its Subsidiaries

Annexure 8

Restated Schedule of Sundry Debtors (Consolidated)

Rs. Million

Particulars		As at March 31,					As at December 31,	
		2002	2003	2004	2005	2006	2005	2006
Debts outstanding for over six months								
Unsecured - Considered Good		38.00	58.30	156.06	129.73	178.82	221.37	91.67
- Considered Doubtful		555.62	932.79	1,236.17	1,531.72	1,802.15	1,765.04	2,025.07
Total	**A**	**593.62**	**991.09**	**1,392.23**	**1,661.45**	**1,980.97**	**1,986.41**	**2,116.74**
Other Debts								
Unsecured - Considered Good		667.16	642.56	680.90	1,383.90	1,277.74	1,306.17	1,537.82
- Considered Doubtful		72.39	137.27	47.28	130.96	98.83	121.43	142.41
Total	**B**	**739.55**	**779.83**	**728.18**	**1,514.86**	**1,376.57**	**1,427.60**	**1,680.23**
Total (A+B)	**C**	**1,333.17**	**1,770.92**	**2,120.41**	**3,176.31**	**3,357.54**	**3,414.01**	**3,796.97**
Less : Provision for doubtful debts	**D**	**628.03**	**1,070.06**	**1,283.45**	**1,662.68**	**1,900.98**	**1,886.47**	**2,167.48**
Total (C-D)		**705.14**	**700.86**	**836.96**	**1,513.63**	**1,456.56**	**1,527.54**	**1,629.49**

IDEA Cellular Limited and its Subsidiaries

Annexure 9

Restated Schedule of Investments (Consolidated)

Rs. Million

Particulars	As at March 31,					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
Unquoted							
Government Securities (Long term)	0.11	0.11	-	-	-	-	-
Investments in units of Mutual Funds (Current)	-	17.01	450.00	-	-	20.00	950.00
Total	**0.11**	**17.12**	**450.00**	**-**	**-**	**20.00**	**950.00**

IDEA Cellular Limited and its Subsidiaries

Annexure 10

Restated Schedule of Other Income (Consolidated)

Rs. Million

Particulars	For the year ended March 31,					For the nine months ended December 31,		Nature of Income
	2002	2003	2004	2005	2006	2005	2006	
Other Income								
Interest Received	41.78	20.20	18.07	52.90	26.90	18.90	16.92	Recurring
Profit on Sale of Current Investments	7.70	5.05	2.30	1.52	10.39	8.11	19.94	Recurring
Gain on Foreign Exchange fluctuation (Net)	-	26.64	119.65	-	0.45	-	-	Recurring
Miscellaneous receipts	2.69	3.54	7.27	63.01	41.22	18.07	19.22	Recurring
Dividend	2.21	-	0.65	-	-	-	-	Recurring
Total	**54.38**	**55.43**	**147.94**	**117.43**	**78.96**	**45.08**	**56.08**	

IDEA Cellular Limited and its Subsidiaries

Annexure 11

Restated Schedule of Share Capital (Consolidated)

Rs. Million (Except for No. of Shares)

Particulars		As at March 31,					As at December 31,	
		2002	2003	2004	2005	2006	2005	2006
Authorized Share Capital								
Equity Share Capital								
Equity Shares of Rs.10 each		27,750.00	27,750.00	27,750.00	37,750.00	37,750.00	37,750.00	37,750.00
Preference Share Capital								
Redeemable Cumulative Non Convertible Preference Shares of Rs. 10 Mn each		5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
		32,750.00	**32,750.00**	**32,750.00**	**42,750.00**	**42,750.00**	**42,750.00**	**42,750.00**
Issued, Subscribed and Paid Up								
Equity Share Capital								
Equity Shares of Rs.10 each	**A**	18,476.87	21,395.27	22,595.27	22,595.27	22,595.27	22,595.27	22,595.27
Preference Share Capital								
Redeemable Cumulative Non Convertible Preference Shares of Rs. 10 Mn each	**B**	1,690.00	3,870.00	4,830.00	4,830.00	4,830.00	4,830.00	4,830.00
Advance against Equity	**C**	2,924.87	1,140.00	-	-	-	-	-
Total (A+B+C)		**23,091.74**	**26,405.27**	**27,425.27**	**27,425.27**	**27,425.27**	**27,425.27**	**27,425.27**
No. of Equity Shares of Rs. 10 each		**1,847,687,206**	**2,139,527,206**	**2,259,527,206**	**2,259,527,206**	**2,259,527,206**	**2,259,527,206**	**2,259,527,206**
No. of Preference Shares of Rs.10 mn each		**169**	**387**	**483**	**483**	**483**	**483**	**483**

IDEA Cellular Limited and its Subsidiaries

Annexure 12

Restated Schedule of Fixed Assets (Consolidated)

Rs. Million

Particulars		As at March 31,					As at December 31,	
		2002	2003	2004	2005	2006	2005	2006
Gross Block								
Tangible Assets								
Land		38.61	38.61	39.36	53.83	53.85	53.83	68.48
Leasehold Land		9.89	9.89	9.89	144.22	155.98	149.86	179.85
Building		334.49	346.73	350.07	445.88	490.96	454.54	770.28
Plant and Machinery		15,240.42	21,240.05	24,426.34	38,984.70	46,157.89	42,336.69	60,692.60
Furniture and Fixture		257.37	344.57	363.84	427.84	449.73	437.37	521.84
Office Equipment		325.45	394.90	392.37	421.64	495.08	484.76	549.48
Vehicles		134.50	170.98	193.56	153.68	130.72	137.27	270.95
Total	**A**	**16,340.73**	**22,545.73**	**25,775.43**	**40,631.79**	**47,934.21**	**44,054.32**	**63,053.48**
Gross Block								
Intangible Assets								
Entry / License Fees		12,832.86	14,539.86	14,539.86	17,859.12	17,859.12	17,859.12	20,706.72
Computer Software		104.68	219.23	260.35	371.59	524.26	464.61	648.86
Total	**B**	**12,937.54**	**14,759.09**	**14,800.21**	**18,230.71**	**18,383.38**	**18,323.73**	**21,355.58**
Total (A+B)	**C**	**29,278.27**	**37,304.82**	**40,575.64**	**58,862.50**	**66,317.59**	**62,378.05**	**84,409.06**
Less :- Accumulated Depreciation	**D**	7,009.17	9,629.14	12,609.57	23,841.96	29,280.08	28,016.45	34,380.48
Net Block (C-D)	**E**	**22,269.10**	**27,675.68**	**27,966.07**	**35,020.54**	**37,037.51**	**34,361.60**	**50,028.58**
Capital Work in Progress	**F**	**3,037.76**	**430.09**	**899.67**	**954.36**	**1,731.41**	**1,726.78**	**4,564.11**
Total Fixed Assets (E+F)		**25,306.86**	**28,105.77**	**28,865.74**	**35,974.90**	**38,768.92**	**36,088.38**	**54,592.69**

IDEA Cellular Limited and its Subsidiaries

Annexure 13

Restated Schedule of Cash & Bank Balances (Consolidated)

Rs. Million

Particulars	As at March 31,					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
Cash and Cheques on Hand	44.05	50.14	86.92	96.76	162.85	132.26	188.93
Balance with Scheduled Banks							
- On Current Account	222.62	157.59	470.83	393.81	390.73	494.29	608.75
- On Deposit Account	104.01	143.59	341.04	248.70	938.95	463.10	1,149.38
- On Debt Service Reserve Account	59.24	61.97	63.58	1,032.26	-	-	-
Total	**429.92**	**413.29**	**962.37**	**1,771.53**	**1,492.53**	**1,089.65**	**1,947.06**

IDEA Cellular Limited and its Subsidiaries

Annexure 14

Restated Schedule of Current Liabilities & Provisions (Consolidated)

Rs. Million

Particulars		As at March 31,					As at December 31,	
		2002	2003	2004	2005	2006	2005	2006
Current Liabilities								
Sundry Creditors		1,711.41	1,350.93	1,678.94	4,023.97	8,609.96	6,086.64	15,194.18
Book Bank overdraft		70.82	245.27	271.96	47.41	465.39	212.11	325.12
Advances from Customers		385.10	413.09	603.53	1,379.32	1,743.22	1,715.51	2,351.77
Deposits from Customers		534.57	481.90	431.92	759.87	699.36	710.58	804.99
Other Liabilities		1,478.13	1,228.90	1,770.09	459.04	451.96	954.21	1,641.54
Interest accrued but not due		243.35	212.46	139.59	157.99	7.45	7.23	3.52
Total	**A**	**4,423.38**	**3,932.55**	**4,896.03**	**6,827.60**	**11,977.34**	**9,686.28**	**20,321.12**
Provisions								
Gratuity		2.96	2.43	3.11	31.97	34.76	33.86	30.51
Leave Encashment		18.65	26.84	45.69	74.10	98.99	94.21	261.83
Site Restoration Cost		-	-	-	74.27	122.43	92.07	212.32
Provision for Direct Tax		-	-	0.10	0.07	33.31	23.55	98.47
Provision for Fringe Benefit Tax		-	-	-	-	5.24	7.91	14.84
Total	**B**	**21.61**	**29.27**	**48.90**	**180.41**	**294.73**	**251.60**	**617.97**
Total (A+B)		**4,444.99**	**3,961.82**	**4,944.93**	**7,008.01**	**12,272.07**	**9,937.88**	**20,939.09**

IDEA Cellular Limited and its Subsidiaries

Annexure 15

Restated Schedule of Contingent Liabilities, Guarantees, Capital Commitments & Export Obligations (Consolidated)

Rs. Million

Particulars	As at March 31,					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
Contingent Liabilities							
Income Tax matters	28.36	7.85	25.95	6.77	17.19	11.19	33.63
Sales Tax / Service Tax matters	3.32	223.11	264.66	1,001.76	167.85	189.73	211.98
License fees on interest and dividend income, not acknowledged as debts	34.17	-	-	-	-		-
Dividend on cumulative preference shares	5.60	354.63	878.08	1,409.38	1,844.34	1,760.97	2,119.05
Other claims not acknowledged as debts	51.62	251.06	259.18	419.23	361.62	417.89	472.38
Carriage Charges to BSNL not acknowledged as debts	-	-	-	-	-	90.78	294.44
WPC Charges to DOT not acknowledged as debts	-	-	-	-	-	-	401.29
Total	**123.07**	**836.65**	**1,427.87**	**2,837.14**	**2,391.00**	**2,470.56**	**3,532.77**
Guarantees							
Financial Guarantees to DOT	-	-	-	885.90	1,434.67	1,405.50	2,421.71
Performance Guarantees to DOT	-	-	-	425.00	450.00	670.00	1,090.00
Guarantees issued by Banks	505.47	62.92	55.07	310.81	320.30	304.62	223.22
Corporate Guarantee	-	585.00	585.00	-	-	-	-
Total	**505.47**	**647.92**	**640.07**	**1,621.71**	**2,204.97**	**2,380.12**	**3,734.93**
Capital commitments							
Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for	1,642.88	733.36	1,414.06	1,436.94	2,573.51	2,601.28	6,357.78
Total	**1,642.88**	**733.36**	**1,414.06**	**1,436.94**	**2,573.51**	**2,601.28**	**6,357.78**
Export obligation							
Export obligation of the company under EPCG	-	-	-	-	346.55	346.55	301.06

IDEA Cellular Limited and its Subsidiaries

Annexure 16

Restated Summary of Major Accounting Ratios (Consolidated)

Rs. Million

Sr. No.	Particulars	As at March 31,					As at December 31,	
		2002	2003	2004	2005	2006	2005	2006
1	Earning per Equity Share (Rs.)							
	Basic	(1.94)	(1.67)	(1.16)	0.07	0.71	0.24	1.21
	Diluted	(1.94)	(1.67)	(1.16)	0.07	0.71	0.24	1.21
2	Return on Net worth (%)	(31.34)	(32.74)	(23.59)	7.42	18.08	8.78	20.64
3	Net Asset Value per share (Rs)	4.12	2.64	1.63	1.93	2.83	2.33	4.34
4	Weighted average number of equity shares outstanding during the year (nos)	1,505,270,768	2,075,562,273	2,183,789,501	2,259,527,206	2,259,527,206	2,259,527,206	2,259,527,206
5	Total number of shares outstanding at the end of the year (nos)	1,847,867,206	2,139,527,206	2,259,527,206	2,259,527,206	2,259,527,206	2,259,527,206	2,259,527,206

Notes :

1. The ratios have been computed as below:

$$\text{Earnings per Share (Rs)} = \frac{\text{Net profit attributable to equity shareholders as restated}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Return on net worth (\%)} = \frac{\text{Net Profit after tax as restated}}{\text{Net worth excluding revaluation reserve at the end of the year}}$$

$$\text{Net Asset Value per equity share (Rs)} = \frac{\text{Net worth excluding revaluation reserve and preference share capital at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$

2. Profit & Loss as restated has been considered for the purpose of computing the above ratios.
3. Earning per Share is calculated in accordance with Accounting Standard 20 'Earning Per Share', issued by the Institute of Chartered Accountants of India.

IDEA Cellular Limited & its subsidiaries

Annexure 17

Capitalization Statement of the Company (Consolidated)

Rs. Million

Particulars	Pre-Issue As at December 31, 2006	Post - Issue As at December 31, 2006
Total Debt		
Short Term Debt	4,923.12	
Long Term Debt	34,835.38	
Total	**39,758.50**	
Total Shareholders' Funds		
Share Capital	27,425.27	Will be
Profit & Loss Account	(14,298.35)	determined after
Miscellaneous Expenditure	(12.50)	finalization of
Amalgamation Reserve	998.41	issue price
Capital Reserve on consolidation	500.91	
Total	**14,613.74**	
Total Capitalization	**54,372.24**	
Long Term Debt to Total Shareholders' Funds	**1:0.42**	-do-

Notes:

1. *The above has been computed on the basis of restated statement of accounts.*
2. *Short Term Debts are debts maturing within next one year from the date of the respective statement of accounts.*
3. *The above ratio has been computed on the basis of total long term debt divided by shareholder's funds.*

IDEA Cellular Limited & Its Subsidiaries

Annexure 18

As required under Accounting Standard 18 'Related Party Disclosures' (AS - 18), following are details of transactions during the year with related parties of the Company as defined in AS - 18 :

(A) List of Related Parties (Consolidated)

	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Dec-05	31-Dec-06
Promoters	Hindalco Industries Limited	Hindalco Industries Limited	Hindalco Industries Limited	Hindalco Industries Limited	Hindalco Industries Limited	Hindalco Industries Limited	Hindalco Industries Limited
	Grasim Industries Limited	Grasim Industries Limited	Grasim Industries Limited	Grasim Industries Limited	Grasim Industries Limited	Grasim Industries Limited	Grasim Industries Limited
	Indian Rayon and Industries Limited	Indian Rayon and Industries Limited	Indian Rayon and Industries Limited	Indian Rayon and Industries Limited	Aditya Birla Nuvo Limited (formerly known as Indian Rayon and Industries Limited)	Aditya Birla Nuvo Limited (formerly known as Indian Rayon and Industries Limited)	Aditya Birla Nuvo Limited (formerly known as Indian Rayon and Industries Limited)
	Tata Industries Limited	Tata Industries Limited	Tata Industries Limited	Tata Industries Limited	Tata Industries Limited	Tata Industries Limited	Tata Industries Limited (upto June 20, 2006)
	Indo Gulf Corporation Limited	Indo Gulf Corporation Limited	Indo Gulf Fertilizers Limited	Indo Gulf Fertilizers Limited	Apex Investments (Mauritius) Holding Private Limited (formerly AT&T Cellular Pvt. Limited)	Apex Investments (Mauritius) Holding Private Limited (formerly AT&T Cellular Pvt. Limited)	Apex Investments (Mauritius) Holding Private Limited (formerly AT&T Cellular Pvt. Limited) (upto June 20, 2006)
	AT&T Wireless Services Inc.	AT&T Wireless Services Inc.	AT&T Cellular Pvt. Limited Birla TMT Holdings Pvt. Limited	AT&T Cellular Pvt. Limited Birla TMT Holdings Pvt. Limited	Birla TMT Holdings Pvt. Limited	Birla TMT Holdings Pvt. Limited	Birla TMT Holdings Pvt. Limited Aditya Birla Telecom Limited (upto August 28, 2006)
Associates	Indian Aluminium Co. Limited Cellular Services Inc.	Indian Aluminium Co. Limited Cellular Services Inc.	Tata Televentures (Holdings) Ltd. Voltas Limited Tata Infomedia Limited	Tata Televentures (Holdings) Ltd. Voltas Limited	Voltas Limited		

	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Dec-05	31-Dec-06
Key Management Personnel	Mr. Sanjeev Aga, President & CEO Mr. Anirudh Singh, Manager	Mr. Anirudh Singh, Manager	Mr.Vikram Mehmi, CEO Mr. Anirudh Singh, Manager	Mr.Vikram Mehmi, CEO Mr. Satish Rajgarhia, Manager Mr. Anirudh Singh, Manager	Mr.Vikram Mehmi, CEO Mr. Satish Rajgarhia, Manager	Mr.Vikram Mehmi, CEO Mr. Satish Rajgarhia, Manager	Mr.Sanjeev Aga, MD (w.e.f November 1, 2006) Mr.Vikram Mehmi, CEO (Upto October 30, 2006) Mr. Satish Rajgarhia, Manager (upto August 31, 2006)

IDEA Cellular Limited & Its Subsidiaries

(B) Related Party Transactions (Consolidated)

Rs. Million

Particulars	As at March 31,					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
RELATED PARTY TRANSACTIONS							
Transactions							
Promoters							
ICDs accepted	5,160.00	1,915.00	2,041.50	0.30	-	-	-
Interest on ICDs accepted	144.90	121.60	104.12	-	-	-	-
ICDs placed	40.00	-	-	-	-	-	-
Interest on ICDs placed	0.80	-	-	-	-	-	-
Repayment of Loans taken	-	-	-	139.23	-	-	-
Interest on Loan	42.70	43.22	-	178.19	-	-	-
Others	-	42.00	-	-	-	-	-
Loan taken	319.23	-	-	-	-	-	-
Security Deposit	-	-	40.03	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	-	-	5.39
Employee Expenses / Deposits	-	-	-	-	-	-	6.00
Expense incurred on behalf of	-	-	-	-	-	-	0.01
Investment	-	-	132.80	-	-		-
Key Management Personnel							
Salary to the MD	-	-	-	-	-	-	4.28
Salary to the CEO	14.81	-	6.15	9.64	12.94	7.90	9.44
Salary to the Manager	2.49	3.37	4.20	7.20	9.57	3.89	3.16
Housing Deposit with CEO's relative	1.40	-	-	-	-	-	-
Rent paid to CEO's relative	1.15	-	-	-	-	-	-
Associates							
ICDs accepted	50.00	270.00	580.00	-	-	-	-
Interest on ICDs accepted	1.54	29.74	22.11	0.38	-	-	-
Expatriate Salary	39.42	-	-	-	-	-	-
OUTSTANDINGS AS ON YEAR END							
Promoters							
ICDs accepted	1,810.20	1,170.00	-	-	-	-	-
Interest on ICDs accepted	10.69	23.30	-	-	-	-	-
Interest on Loan	42.70	137.85	177.89	-	-	-	-
Expense incurred on behalf of						-	0.63
Loan taken	319.23	319.23	139.23	-	-	-	-
Key Management Personnel							
Salary of the MD	-	-	-	-	-	-	0.11
Salary of the CEO	1.20	-	2.06	3.90	-	1.99	0.19
Salary of the Manager	0.49	0.91	1.15	1.35	-	0.71	0.09
Associates							
Expatriate Salary	6.42	-	-	-	-	-	-
ICDs accepted	-	270.00	10.00	-	-	-	-
Interest on ICDs accepted	-	5.91	-	-	-	-	-

FINANCIAL STATEMENTS

AUDITORS' REPORT

To,

The Board of Directors
Idea Cellular Limited
Sharada Center
Off Karve Road
Pune- 411 004

Dear Sirs,

Re: Public issue of Equity Shares of Idea Cellular Limited

We have examined the financial information of Idea Cellular Limited ('the Company'), annexed to this report for the purpose of inclusion in the Prospectus ('the Prospectus') and initialed by us for identification. The financial information has been prepared by the Company and approved by the Board of Directors which has been prepared in accordance with:

a) paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

b) Securities and Exchange Board of India – Disclosure and Investor Protection Guidelines, 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') pursuant to Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarifications; and

c) the terms of reference received from the Company requesting us to carry out work in connection with the offer document being issued by the Company in connection with its Proposed Initial Public Offer ('IPO') of Equity Shares.

Financial Information as per the Audited Financial Statements

1. We have examined the attached 'Restated Summary Statement of Assets and Liabilities' of the Company as at March 31, 2002, 2003, 2004, 2005 and 2006 and December 31, 2005 and 2006 (Annexure 1), the attached 'Restated Summary Statement of Profits and Losses' (Annexure 2) and the attached 'Restated Cash Flow Statement' (Annexure 3) for each of the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and for the nine months ended December 31, 2005 and 2006 together referred to as 'Restated Summary Statements'. These Restated Summary Statements have been extracted from the financial statements of the years ended March 31, 2002, 2003, and 2004 audited by one of the joint auditors, RSM & Co., Chartered Accountants jointly with Lodha & Company, Chartered Accountants and for the year ended March 31, 2005 audited by RSM & Co., Chartered Accountants, being the auditors of the Company for those years, and have been adopted by the Board of Directors / Members for those respective years. The financial statements as at and for the year ended March 31, 2006 and as at and for the nine months ended December 31, 2005 and 2006 have been adopted by the Board of Directors and audited by us. Based on our examination of these Restated Summary Statements, we state that:

   a) Annexure 1 contains the Restated Summary Statement of Assets and Liabilities of the Company as at March 31, 2002, 2003, 2004, 2005, and 2006 and December 31, 2005 and 2006;

   b) Annexure 2 contains the Restated Summary Statement of Profits and Losses for the years ended March 31, 2002, 2003, 2004, 2005, and 2006 and for the nine months ended December 31, 2005 and 2006;

   c) Annexure 3 contains the Restated Cash Flow Statement for the year ended March 31, 2002, 2003, 2004, 2005 and 2006 and for the nine months ended December 31, 2005 and 2006;

   d) Annexure 4 contains the Notes on adjustments made in the Restated Summary Statements which have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at December 31, 2006; and

   e) Annexure 5 contains Summary of Significant Accounting Policies and Notes.

Other Financial Information

2. We have examined the following information as at and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and as at and for the nine months ended December 31, 2005 and 2006 of the Company, proposed to be included in the Prospectus, as approved by the Board of Directors and annexed to this report:
   a) Annexure 6 contains Restated Schedule of Secured & Unsecured Loans;
   b) Annexure 7 contains Restated Schedule of Loans and Advances;
   c) Annexure 8 contains Restated Schedule of Sundry Debtors;
   d) Annexure 9 contains Restated Schedule of Investments;
   e) Annexure 10 contains Restated Schedule of Other Income;
   f) Annexure 11 contains Restated Schedule of Share Capital;
   g) Annexure 12 contains Restated Schedule of Fixed Assets;
   h) Annexure 13 contains Restated Schedule of Cash & Bank Balances;
   i) Annexure 14 contains Restated Schedule of Current Liabilities and Provisions;
   j) Annexure 15 contains Restated Schedule of Contingent Liabilities, Guarantees, Capital Commitments & Export Obligations;
   k) Annexure 16 contains Restated Schedule of major Accounting Ratios;
   l) Annexure 17 contains Restated Statement of Tax Shelters;
   m) Annexure 18 contains Capitalization Statement of the Company as at December 31, 2006;
   n) Annexure 19 contains Related Party Disclosures; and
   o) Annexure 20 contains Schedule of Dividend Paid.
3. In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above as at and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and as at and for the nine months ended December 31, 2005 and 2006 have been prepared in accordance with Part II of schedule II of the Act and the Guidelines.

This report neither should in any way be construed as a reissuance or redating of any of the previous audit report by other firms of Chartered Accountants nor should this be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Prospectus in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane
Partner
Membership No.: F-33220

Mumbai: January 22, 2007

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Mumbai: January 22, 2007

IDEA Cellular Limited

Annexure 1

Restated Summary Statement of Assets and Liabilities

Rs. Million

Particulars		As at March 31,					As At December 31,	
		2002	2003	2004	2005	2006	2005	2006
Fixed Assets								
Gross Block (At Cost)		14,433.92	20,210.28	23,181.00	26,975.24	31,663.73	29,187.29	37,673.14
Less: Depreciation		3,011.61	4,733.42	6,672.54	8,999.91	11,576.31	10,865.48	14,336.77
Net Block		**11,422.31**	**15,476.86**	**16,508.46**	**17,975.33**	**20,087.42**	**18,321.81**	**23,336.37**
Intangible Assets (Net)		9,271.75	10,363.55	9,572.60	8,799.62	8,087.39	8,242.53	9,584.41
Capital Work-in-Progress		2,996.24	398.15	744.13	646.17	956.86	1,143.76	2,560.82
Total	**A**	**23,690.30**	**26,238.56**	**26,825.19**	**27,421.12**	**29,131.67**	**27,708.10**	**35,481.60**
Investments	**B**	**299.32**	**354.14**	**920.31**	**3,070.31**	**3,070.31**	**3,090.31**	**4,170.31**
Deferred Tax Assets		-	-	-	328.99	578.25	523.48	455.91
Deferred Tax Liabilities		-	-	-	(328.99)	(578.25)	(523.48)	(455.91)
Total	**C**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Current Assets, Loans and Advances								
Inventories		48.24	75.91	93.73	134.66	88.11	110.37	126.89
Sundry Debtors		668.29	629.32	734.52	1,097.95	1,056.87	1,038.89	1,131.25
Cash and Bank Balances		380.35	376.14	874.75	1,518.88	1,290.91	819.06	1,650.49
Other Current Assets		119.18	111.38	263.26	326.49	302.66	268.25	300.39
Loans and Advances		4,026.73	4,604.00	7,636.23	8,337.49	13,634.96	12,116.62	12,900.34
Total	**D**	**5,242.79**	**5,796.75**	**9,602.49**	**11,415.47**	**16,373.51**	**14,353.19**	**16,109.36**
Total Assets (A+B+C+D)	**E**	**29,232.41**	**32,389.45**	**37,347.99**	**41,906.90**	**48,575.49**	**45,151.60**	**55,761.27**
Liabilities & Provisions								
Secured Loans		10,002.02	6,206.08	15,064.06	16,927.50	14,707.54	15,086.90	26,851.48
Unsecured Loans		5,103.09	11,746.87	7,571.26	10,052.84	14,448.54	12,559.94	5,544.51
Current Liabilities and Provisions		4,034.24	3,503.05	4,486.38	4,458.65	7,734.12	6,310.59	10,344.37
Total	**F**	**19,139.35**	**21,456.00**	**27,121.70**	**31,438.99**	**36,890.20**	**33,957.43**	**42,740.36**
Net worth (E-F)	**G**	**10,093.06**	**10,933.45**	**10,226.29**	**10,467.91**	**11,685.29**	**11,194.17**	**13,020.91**
Net worth represented by								
Share Capital		20,166.87	25,265.27	27,425.27	27,425.27	27,425.27	27,425.27	27,425.27
Advance against Share Capital		2,924.87	1,140.00	-	-	-	-	-
Reserves and Surplus		998.41	998.41	998.41	998.41	998.41	998.41	998.41
Miscellaneous Expenditure		-	-	-	-	-	-	(12.50)
Profit & Loss Account		(13,997.09)	(16,470.23)	(18,197.39)	(17,955.77)	(16,738.39)	(17,229.51)	(15,390.27)
Total	**H**	**10,093.06**	**10,933.45**	**10,226.29**	**10,467.91**	**11,685.29**	**11,194.17**	**13,020.91**

IDEA Cellular Limited

Annexure 2

Restated Summary Statement of Profits and Losses

Rs. Million

Particulars	For the year ended March 31,					For the nine months ended December 31,	
	2002	2003	2004	2005	2006	2005	2006
INCOME							
Service Revenue	6,712.02	8,514.55	11,654.32	16,253.99	20,070.68	14,311.49	19,669.39
Sales of Trading Goods	0.21	0.15	0.87	0.25	-	-	-
Other Income	100.94	103.97	151.77	96.73	139.86	50.47	41.08
Total	**6,813.17**	**8,618.67**	**11,806.96**	**16,350.97**	**20,210.54**	**14,361.96**	**19,710.47**
OPERATING EXPENDITURE							
Cost of Trading Goods	0.42	0.07	0.89	0.30	-	-	-
Personnel Expenditure	395.38	550.13	705.55	1,033.64	1,184.83	853.17	1,155.75
Network Operating Expenditure	863.60	1,062.48	1,391.05	1,722.58	2,148.83	1,594.51	2,224.71
License and WPC Charges	973.76	1,139.43	1,474.80	1,688.02	2,208.19	1,606.94	2,117.67
Roaming & Access Charges	1,150.95	1,387.55	2,179.97	2,723.64	3,437.95	2,507.94	3,480.33
Subscriber Acquisition & Servicing Expenditure	640.84	695.24	1,143.24	1,506.02	2,137.26	1,516.19	2,124.60
Advertisement and Business Promotion Expenditure	358.50	321.98	604.61	681.03	850.68	516.44	848.49
Administration & other Expenses	566.44	1,043.15	751.58	955.70	952.81	685.35	829.75
Total	**4,949.90**	**6,200.03**	**8,251.69**	**10,310.93**	**12,920.55**	**9,280.54**	**12,781.29**
PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTISATION	**1,863.27**	**2,418.64**	**3,555.27**	**6,040.04**	**7,289.99**	**5,081.42**	**6,929.18**
Interest and Financing Charges	2,007.81	1,983.27	2,535.58	2,550.35	2,529.57	1,854.97	2,012.21
Depreciation	1,245.49	1,791.76	2,003.38	2,377.83	2,628.80	1,885.51	2,787.45
Amortisation of Intangible Assets	673.90	791.40	832.87	844.93	846.57	632.47	645.45
Amortisation of Miscellaneous Expenditure	60.55	252.56	252.56	-	-	-	-
PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS / PRIOR PERIOD ITEMS	**(2,124.48)**	**(2,400.35)**	**(2,069.12)**	**266.93**	**1,285.05**	**708.47**	**1,484.07**
Provision for Current Tax	-	-	-	-	-	-	-

Rs. Million

Particulars	For the year ended March 31,					For the nine months ended December 31,	
	2002	2003	2004	2005	2006	2005	2006
Provision for Deferred Tax	-	-	-	-	-	-	-
Provision for Fringe Benefit Tax	-	-	-	-	(29.02)	(18.57)	(26.78)
Net profit/(Loss) after tax and before Exceptional Items / Prior Period Items	**(2,124.48)**	**(2,400.35)**	**(2,069.12)**	**266.93**	**1,256.03**	**689.90**	**1,457.29**
Prior Year's Adjustment	-	-	-	(6.40)	-	-	-
Exceptional Items of Income / Expenses	-	-	-	-	-	-	-
Refund of interest etc. from DoT accrued	-	802.27	-	-	-	-	-
Net profit/(Loss) after Exceptional Items	**(2,124.48)**	**(1,598.08)**	**(2,069.12)**	**260.53**	**1,256.03**	**689.90**	**1,457.29**
Adjustments on account of: (Refer Annexure 4)							
Impact on material adjustment and prior period items	(0.22)	(854.59)	(0.61)	(18.91)	(38.65)	36.36	-
Impact on changes in accounting policies	34.22	(20.47)	342.57	-	-	-	-
Adjusted profit /(loss)	**(2,090.48)**	**(2,473.14)**	**(1,727.16)**	**241.62**	**1,217.38**	**726.26**	**1,457.29**
Carry forward profit / (loss) from previous year	(11,906.61)	(13,997.09)	(16,470.23)	(18,197.39)	(17,955.77)	(17,955.77)	(16,738.39)
Leave Encashment Provision for earlier years adjusted against opening balance	-	-	-	-	-		(109.17)
Profit /(Loss) transferred to Balance sheet	**(13,997.09)**	**(16,470.23)**	**(18,197.39)**	**(17,955.77)**	**(16,738.39)**	**(17,229.51)**	**(15,390.27)**
No. of Equity shares of Rs.10 each outstanding (Mn)	1,847.87	2,139.53	2,259.53	2,259.53	2,259.53	2,259.53	2,259.53
Weightage No. of Equity shares of Rs.10 each outstanding (Mn)	1,505.27	2,075.56	2,183.79	2,259.53	2,259.53	2,259.53	2,259.53
Earnings per Share (Rs.)	(1.39)	(1.36)	(1.03)	(0.13)	0.35	0.17	0.52

(for calculation of EPS, loss for the year is increased/profit for the year is decreased by the unpaid Preference Share Dividend, if any, as per AS-20)

IDEA Cellular Limited

Annexure 3

Re-stated Cash Flow Statement

Rs. Million

Particulars	For the year ended March 31, 2002		For the year ended March 31, 2003		For the year ended March 31, 2004		For the year ended March 31, 2005		For the year ended March 31, 2006		For the nine months ended December 31, 2005		For the nine months ended December 31, 2006	
A) Cash Flow from Operating Activities														
Net Profit/ (Loss) after tax		(2,090.48)		(2,473.14)		(1,727.16)		241.62		1,217.38		726.26		1,457.29
Adjustments For														
Depreciation, Amortisation of assets	1,919.39		2,583.16		2,836.25		3,222.76		3,475.37		2,517.98		3,432.90	
Interest charges and Forex	1,879.79		1,866.63		2,325.92		2,550.35		2,529.57		1,854.97		2,012.20	
Profit on sale of current investment	(5.36)		(5.05)		(2.30)		(1.44)		(10.39)		(8.11)		(19.48)	
Dividend Income	(2.21)		-		(0.65)		-		-		-		-	
Provision for Bad & Doubtful Debts/Advances	185.55		431.06		201.70		196.27		194.13		130.92		187.69	
Provision for Gratuity and Leave Encashment	8.94		25.20		22.54		40.70		20.84		17.77		7.93	
Provision for Fringe Benefit Tax	-		-		-		-		29.02		18.57		26.78	
Interest received	(40.32)		(19.04)		(17.26)		(41.69)		(22.30)		(15.02)		(13.01)	
(Profit) / Loss on sale of fixed assets/ assets discarded	1.55		130.81		20.07		4.04		1.19		0.64		1.11	
		3,947.33		5,012.77		5,386.27		5,970.99		6,217.43		4,517.72		5,636.12
Operating profit before working capital changes		**1,856.85**		**2,539.63**		**3,659.11**		**6,212.61**		**7,434.81**		**5,243.98**		**7,093.41**
Changes in Current Assets and Current Liabilities														
(Increase)/Decrease in Sundry Debtors	(352.40)		(392.08)		(305.96)		(886.19)		(4.17)		(71.86)		(262.07)	

Rs. Million

Particulars	For the year ended March 31, 2002		For the year ended March 31, 2003		For the year ended March 31, 2004		For the year ended March 31, 2005		For the year ended March 31, 2006		For the nine months ended December 31, 2005		For the nine months ended December 31, 2006	
(Increase)/Decrease in Inventories	3.49		(27.67)		(17.82)		(40.76)		46.55		24.29		(38.78)	
(Increase)/Decrease in Other Current Assets	(25.71)		8.69		(143.47)		263.26		(124.86)		58.24		2.27	
(Increase)/Decrease in Loans and Advances	(274.88)		389.63		(2,974.96)		(670.28)		(179.13)		(209.24)		(475.51)	
Increase /(Decrease) in Current Liabilities	1,500.44		368.89		798.62		267.99		1,091.58		1,210.72		1,826.66	
		850.94		347.46		(2,643.59)		(1,065.98)		829.97		1,012.15		1,052.57
Cash generated from operations		**2,707.79**		**2,887.09**		**1,015.52**		**5,146.63**		**8,264.78**		**6,256.13**		**8.145.98**
Tax paid			-		-	(58.21)		(31.83)		(43.27)		11.08		(15.32)
Net cash from operating activities		**2,707.79**		**2,887.09**		**957.31**		**5,114.80**		**8,221.51**		**6,267.21**		**8,130.66**
B) Cash Flow from Investing Activities														
Purchase of Fixed assets (including CWIP)	(6,450.53)		(6,225.84)		(3,391.67)		(4,215.84)		(2,924.95)		(2,046.56)		(9,127.82)	
Short Term Deposits Placed with Subsidiaries	(2,220.54)		(966.90)		-		0.85		(0.15)		(0.15)		(0.15)	
Advance for purchase of Shares/License	-		-		-		-		-				(100.00)	
Investments in Subsidiaries	24.45		(37.81)		(133.30)		(2,600.00)		-		-		-	
Proceeds from sale of Fixed assets	83.80		17.40		72.25		42.56		23.01		10.73		2.93	
Sale/ (purchase) of Other Investments (Net)	108.12		(17.02)		(432.88)		450.00		-		(11.89)		(930.52)	
Interest and Dividend Received	50.10		23.21		11.80		43.13		32.69		1,5.02		13.01	
Net cash used in investing activities		**(8,404.60)**		**(7,206.96)**		**(3,873.80)**		**(6,279.30)**		**(2,869.40)**		**(2,032.85)**		**(10,142.55)**
C) Cash Flow from Financing Activities														
Proceeds from issue of Share Capital	4,339.60		2,180.00		1,020.00		-		-		-		-	

Particulars	For the year ended March 31, 2002		For the year ended March 31, 2003		For the year ended March 31, 2004		For the year ended March 31, 2005		For the year ended March 31, 2006		For the nine months ended December 31, 2005		For the nine months ended December 31, 2006	
Advance Received against Share Capital	2,924.87		1,141.11		-		-		-		-		-	
Proceeds from Long term borrowings	1,676.25		4,339.10		10,882.85		3,242.50		-		-		26,851.48	
Repayment of Long Term Borrowings	(1,261.40)		(1,763.13)		(1,472.22)		(1,254.03)		(2,217.75)		(1,820.89)		(14,689.00)	
Proceeds from Short Term Loan	-		-		-		12,300.00		16,120.00		9,601.04		14,690.00	
Repayment of Short Term Loan	-		-		(4,573.41)		(9,730.03)		(12,702.21)		(7,770.75)		(25,488.54)	
Short Term Loans from / to subsidiary & Other Body Corporates	-		271.87		(154.84)		(213.42)		(4,099.41)		(2,935.82)		3,032.24	
Share Issue Expenses	-		-		-		-		-				(12.50)	
Interest Paid	(2,108.74)		(1,853.29)		(2,287.28)		(2,536.39)		(2,680.71)		(2,007.76)		(2,012.21)	
Net cash from financing activities		**5,570.58**		**4,315.66**		**3,415.10**		**1,808.63**		**(5,580.08)**		**(4,934.18)**		**2,371.47**
Net increase / (decrease) in cash and cash equivalent		**(126.23)**		**(4.21)**		**498.61**		**644.13**		**(227.97)**		**(699.82)**		**359.58**
Cash and cash equivalent at the beginning		**506.58**		**380.35**		**376.14**		**874.75**		**1,518.88**		**1,518.88**		**1,290.91**
Cash and cash equivalent at the end		**380.35**		**376.14**		**874.75**		**1,518.88**		**1,290.91**		**819.06**		**1,650.49**
Cash and cash equivalent includes														
Cash and Cheques on Hand		37.85		45.98		68.29		38.08		109.58		84.06		140.46
Balances with Scheduled Banks														
- on Current Account		205.01		139.25		433.97		265.80		291.66		337.07		428.20
- on Deposit Account		78.25		128.94		308.91		182.74		889.67		397.93		1,081.83
- on Debt Service Reserve Account		59.24		61.97		63.58		1,032.26		-				-
		380.35		**376.14**		**874.75**		**1,518.88**		**1,290.91**		**819.06**		**1,650.49**

Note: *The cash flow statement has been prepared under Indirect Method as set out in Accounting Standard – 3 on 'Cash Flow Statements' issued by the Institute of Chartered Accountants of India.*

NOTES ON ADJUSTMENTS MADE IN THE RESTATED SUMMARY STATEMENT

Annexure 4

A. Summary of adjustment on account of changes in accounting policies, prior period items and material items.

Impact of Changes in accounting Policies/Prior period items

Rs. Million

Particulars		For the year ended March 31,					For the nine months ended December 31,	
		2002	2003	2004	2005	2006	2005	2006
Profit / (Loss) as per audited Statement of Accounts	**A**	**(2,124.48)**	**(1,598.08)**	**(2,069.12)**	**260.53**	**1,256.03**	**689.90**	**1,457.29**
Impact on changes in accounting policies								
Miscellaneous Expenditure		34.22	(20.47)	342.57	-	-	-	-
Total	**B**	**34.22**	**(20.47)**	**342.57**	**-**	**-**	**-**	**-**
Impact on material adjustment and prior period items								
License Fee Interest Refund		-	(802.27)	-	-	-	-	
Demand from WPC towards additional spectrum fee		(11.32)	(17.74)	(23.83)	-	52.59	52.59	-
Prior Period Adjustments		-	-	(6.40)	6.40	-	-	-
Refund of Interconnection charges		27.37	5.00	5.41	(52.43)	-	-	-
Excess Provision Written Back		(16.27)	(39.58)	24.21	27.12	(91.24)	(16.23)	-
Total	**C**	**(0.22)**	**(854.59)**	**(0.61)**	**(18.91)**	**(38.65)**	**36.36**	**-**
Adjusted Profit / (Loss) (A+B+C)		**(2,090.48)**	**(2,473.14)**	**(1,727.16)**	**241.62**	**1,217.38**	**726.26**	**1,457.29**

Explanatory Notes for these adjustments are discussed below:

a) **Miscellaneous Expenditure: -** Until the financial year ended March 31, 2003, the Company had incurred certain deferred revenue expenditure, which was being amortized over a period of two to five years in line with the then Accounting Standard. As Accounting Standard 26 on 'Intangible Assets', was made mandatory for the accounting period commencing on or after April 1, 2003, the Company changed its policy to charge such expenses to the profit & loss account in the year in which they were incurred.

Accordingly, the carrying amount of deferred revenue expenditure forming part of the Balance Sheets as at March 31, 2003 and March 31, 2002 which were not charged to the Profit & Loss account have now been restated and charged to the respective years to which they were related.

b) **License Fee Interest Refund: -** The Company was entitled to a refund of excess interest charged by Department of Telecommunications (DoT) on the fixed license fees for the period covering the financial years 1998-99 and 1999-00 amounting Rs. 106.89 Mn and Rs. 695.38 Mn respectively. Pursuant to the judgment dated April 9, 2002 of Telecom Disputes Settlement and Appellate Tribunal (TDSAT), the Company's claim in this respect has also been upheld by the Supreme Court vide its judgment dated March 4, 2003. Accordingly, Rs. 802.27 Mn has been accrued during the year 2002-03 has now been restated and recognized as income in the respective years to which they were related.

c) **Demand from Wireless Planning Commission towards additional spectrum fee: -** During the financial year 2005-06 the Company has received demands from DoT for Wireless Planning Commission (WPC) charges pertaining to earlier financial years along with interest thereon amounting to Rs. 52.59 Mn. The same have now been restated and charged to the respective financial years to which they were related.

d) **Prior Period Adjustments: -** Prior period adjustments as disclosed in the profit and loss account have now been restated and charged to the respective years to which they were related.

e) **Refund of Interconnection charges: -** During the financial year 2004-05, TDSAT passed an order directing Bharat Sanchar Nigam Limited (BSNL) to refund to all the Cellular Operators 5% of the pass through charged for the period January 25, 2001 to January 31, 2002, together with interest amounting to Rs. 57.76 Mn of which Rs. 52.43 Mn were pertaining to earlier years. The same have now been restated and recognized as income in the respective years to which they were related.

f) **Excess Provision Written Back: -** Excess provision written back in the profit and loss account pertaining to earlier financial years has now been restated and recognized as income in the respective years to which they were related.

B. Summary of adjustment on account of regroupings:

a) **Unbilled Receivables**: - During the year 2005-06 the Company has regrouped unbilled receivables from sundry debtors to other current assets. Accordingly, the unbilled receivables for each of the relevant financial years have been regrouped.

b) **Intangible Assets**: - In terms of the provisions of Accounting Standard 26 on 'Intangible Assets' effective from April 1, 2003, computer software which does not form integral part of the related hardware and included under fixed assets have been technically identified and re-classified as intangible assets by the management for the financial year 2003-04. Accordingly, the figures for each of the relevant financial years has been restated.

c) **Expenses:-** For the nine months ended December 31, 2006 the Company has regrouped the heads forming part of the 'Operating, Administration, Selling and Other Expenses' into the following expenditure heads :

1. Personnel Expenditure
2. Network Operating Expenditure
3. License and WPC Charges
4. Roaming & Access Charges
5. Subscriber Acquisition & Servicing Expenditure
6. Advertisement and Business Promotion Expenditure
7. Administration & other Expenses

Accordingly, the grouping for all the corresponding preceding five years has been restated and disclosed in the 'Restated Summary Statement of Profits and Losses'.

C. Non Adjustment Regrouping:

a) **Accelerated Depreciation:** - Based on withdrawal of vendor support to certain specified Network Equipments due to technological obsolescence/advancement in the cellular industry, the management reviewed the useful life of these specified network assets. The said review resulted in an additional depreciation charge of Rs. 404.13 Mn, Rs. 136.97 Mn and Rs. 82.99 Mn in the years 2005-06, 2004-05 and 2001-02 respectively.

b) **Provision for Doubtful Debts:** - In the financial year 2002-03 the Company had changed the basis for providing for bad and doubtful debts. Accordingly, all subscriber debts, which are more than 90 days overdue from the date of the bill, (net of security deposits outstanding thereof) were fully provided for as against the earlier basis of providing for the debts of the subscribers who remained permanently deactivated for more than 90 days. This has resulted in an additional provision of Rs. 134.98 Mn for the year.

c) **Accounting for Deferred Taxes:** - The Company adopted Accounting Standard 22 on 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India from the year ended March 31, 2003, as it was applicable to the Company from that year. Therefore deferred tax asset/liability has not been recognized as at March 31, 2002. The Deferred Tax Asset / Liability as at March 31, 2004 have been restated for considering the effect of Accounting Standard Interpretation – 3 (Revised) issued by the Institute of Chartered Accountants of India.

d) **Retirement Benefits:** - Accounting Standard 15 (Revised 2005) 'Employee Benefits', was made applicable from April 1, 2006, accordingly the liability for employee benefits has been calculated and recognized as per revised Accounting Standard for the nine months ended December 31, 2006. The additional provision for the earlier years has been adjusted against the opening reserves.

Summary of Significant Accounting Policies & Notes: Annexure 5

A. Significant Accounting Policies

1. Basis of Preparation of Financial Statements :

The Financial Statements have been prepared in accordance with Accounting Standard-25, 'Interim Financial Reporting', issued by the Institute of Chartered Accountants of India, under the historical cost convention and follow the accrual basis of accounting in accordance with the mandatory applicable accounting standards in India and the provisions of the Companies Act, 1956 to the extent applicable.

2. Fixed Assets:

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

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

3. Expenditure during pre-operative period:

Expenses incurred on administrative, 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.

4. Depreciation and amortization:

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

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

Intangible Assets:

i) Cost of Rights and Licenses including the fee paid on fixed basis prior to revenue share regime, is amortized on commencement of operations over the period of license.

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

5. Inventories:

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

6. 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 recognized in the profit and loss account, except in case of fixed assets where such gains/losses are adjusted to the carrying cost of the respective assets.

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, except in case of liabilities relating to acquisition of fixed assets which are adjusted to the carrying cost of the respective assets.

In case of Forward Exchange Contracts, the difference between the forward rate and the exchange rate at the date of transaction is recognized in the profit and loss account over the life of the contract, except in case of liabilities relating to acquisition of fixed assets, which are adjusted to the carrying cost of the respective asset.

7. Deferred Taxation:

Provision for current income tax is made on the taxable income using the applicable tax rates and tax laws. Deferred tax arising on account of timing differences and which are capable of reversal in one or more subsequent periods, is recognized using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognized unless there is virtual certainty with respect to the reversal of the same in future years.

8. Retirement Benefits:

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

Liabilities in respect of gratuity and superannuation have been accounted for and are funded with Life Insurance Corporation of India under its respective schemes. Liability for gratuity as at the Period-end has been provided on the basis of actuarial valuation.

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

a. Actuarial valuation done by projected accrued benefit method at the period end for that portion of compensated absences not encashable during the service period.

b. On actual basis for the portion of accumulated leave which an employee can encash during the short term period.

9. Revenue Recognition and Receivables:

Revenue on account of mobile telephony services and sale of handsets and related accessories is recognized net of rebates, discount, service tax, etc. on rendering of services and supply of goods respectively. Recharge fees on recharge vouchers is recognized as revenue as and when the recharge voucher is activated by the subscriber.

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, in case of other telecom operators on account of Interconnect Usage Charges (IUC) and Roaming Charges, 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.

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

10. 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.

11. 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.

12. License Fees – Revenue Share:

With effect from August 1, 1999 the variable License fee computed at prescribed rates of revenue share is being charged to the 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.

13. Contingent Liability:

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

14. Operating Leases:

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 recognized as expense in the profit and loss account, on a straight-line basis over the lease term.

15. Segmental Reporting:

a) Primary Segments:

The Company operates two business segments :

a) Cellular Mobile Telephony Services (CMTS)

b) National Long Distance (NLD) – with effect from December 1, 2006.

b) Secondary Segment:

The Company caters only to the needs of Indian market representing a singular economic environment with similar risks and rewards and hence there are no reportable geographical segments.

16. Earnings Per Share:

The earnings considered in ascertaining the Company'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 – Earning Per Share, issued by the Institute of Chartered Accountants of India. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the Period. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

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 recognized 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 separate identifiable cash flows. (Cash Generating Units, i.e. License Circles)

18. Provisions:

Provisions are recognized when the Company has a present obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

19. Miscellaneous Expenditure:

Expenses incurred in connection with proposed initial public offering have been deferred at period-end to be adjusted against share premium arising out of the said initial public offering.

B. Notes to Accounts:

1. Interest from DoT

The Company had recognized an income of Rs.802.27 Mn. during the year ended March 31, 2003 being refund of excess interest charged by Department of Telecom ("DoT") on the license fee payable by the Company pursuant to the judgment dated April 9, 2002 of Telecom Disputes Settlement and Appellate Tribunal (TDSAT). During the previous years, DoT arbitrarily acknowledged an amount of Rs.758.76 Mn. against Company's claim of Rs.802.27 Mn. The Company has represented this matter with DoT. The Company has not provided for the difference of Rs.43.51 Mn., as in the opinion of the management, the amount is recoverable from DoT.

The Company is also entitled to interest on the amount of the refund so accrued in terms of the Supreme Court Judgment, the recognition of revenue on account of the same has been postponed pending acceptance in this respect by DoT. This case is now pending before the H'ble Supreme Court.

2. Subsidiaries-

a) The Board of Directors of the Company has, in its meeting held on October 19, 2006 given its in-principle approval for the Scheme of Amalgamation of BTA Cellcom Ltd, Idea Mobile Communications Ltd, Idea Telecommunications Ltd, Sapte Investments Private Ltd, Vsapte Investments Private Ltd, Bhagalaxmi Investments Private Ltd and Asian Telephone Services Ltd with the Company. Upon finalization of the Scheme, the Company will apply to the relevant High Court for convening general meetings of its members and for approval of the scheme by the High Court for completion of the Amalgamation.

b) The Company has investments of Rs.432.00 Mn., and given loans of Rs.6,463.87 Mn. to four subsidiaries of the Company. Further the Company has also given Share application money of Rs.28.35 Mn. to three subsidiaries. These funds were utilized in acquiring the entire share capital of BTA Cellcom Limited, another subsidiary of the Company, providing mobile cellular services in the states of Madhya Pradesh and Chhattisgarh. The net worth of these subsidiaries have been substantially eroded. The loans given and investments made by the Company in the four subsidiaries and the loans given and investments made by these subsidiaries in BTA Cellcom Limited are long term and strategic in nature.

c) The Company has made investment of Rs.2,600 Mn. to acquire 100% equity shares of Idea Mobile Communications Limited (formerly Escotel Mobile Communications Limited) which is providing cellular services in the telecommunication circles of Kerala, Haryana and Western Uttar Pradesh. The net worth of the Investee Company is fully eroded. The investment is of long term and strategic in nature. As at December 31, 2006, the loans and advances include amount receivable from Idea Mobile Communications Limited of Rs.4,786.42 Mn.

d) The Company has made an investment of Rs.150 Mn. to acquire 100% equity shares of Idea Telecommunications Limited (formerly known as Escorts Telecommunications Limited till August 1, 2006) which has license to provide cellular services in the telecommunication circles of Rajasthan, Himachal Pradesh and Eastern Uttar Pradesh. The investment is of long term and strategic in nature.

In the opinion of the management, there is no permanent diminution in the long term value of Idea Mobile Communications Limited and Idea Telecommunications Limited as evaluated by them, considering the operating and financial performance and prospects thereof and therefore, no provision has been considered necessary.

3. Term Loan

i) **Term loans aggregating Rs.26,760.50 Mn**

The Loans are secured by way of charge/assignment created/to be created ranking *pari-passu inter se* the lenders, as under:

a) First charge by way of mortgage on all the immovable properties, of the Company and the subsidiary companies, both present and future.

b) First charge on all the movable properties of the Company and the subsidiary companies, including and not limited to, movable machinery, machinery spares, tools, transmission towers, optical fiber backbone, equipment(s) and accessories, both present and future.

c) Assignment of the right, title and interest, of the Company and the subsidiary companies, by way of first charge, to and under all project documents, agreements, contracts and any other documents in relation to the Project including the letter of credit, guarantee or performance bond, provided in favor of the Company by any party.

d) A first priority charge over all intangible assets and Material Technology Rights of the Company and the subsidiary companies including but not limited to goodwill, brand name etc.

e) Assignment of the right, title and interest of the Company and the subsidiary companies, by way of first charge, to and under all authorizations, permits, approvals, licenses, consents, no-objections etc. in relation to the Project, both present and future; provided in favor of the Company and the subsidiary

f) Assignment of the right, title, interest, of the Company and the subsidiary companies, by way of first charge, in, to and under all the Accounts, Local Bank Accounts, Proceeds Account, Debt Service Reserve Account, Insurance and Compensation Proceeds Account and all other bank accounts maintained of the

Company and all funds maintained therein, and all monies, securities, instruments, investments and other property deposited in credited to or required to be deposited or to be credited thereto, both present and future, in which the company have an interest, where ever maintained.

g) Assignment of the right, title, interest of the Company and the subsidiary companies by way of first charge, in, to and under all cash, book debts and receivables wherever located, uncalled capital, insurance proceeds, the proceeds arising from the sale of network, including payments from DoT / Government of India or any other third parties.

h) Assignment of the Company and the subsidiary companies, all rights, title and interest in all the insurance policies by way of first charge save and except insurance policies in respect of equipments procured under letters of credit, till such time the letters of credit remain unpaid.

i) Creation of Security Interest inter alia, for transfer or assignment by way of endorsement, of the License under the License agreements for the telecom circles belonging to the company and Idea Telecommunications Limited.

j) Irrevocable and unconditional corporate guarantee(s) from BTA Cellcom Limited, Idea Mobile Communications Limited and Idea Telecommunications Limited in favour of the Security Trustee.

ii) **Working Capital** Cash Credit facility of Rs.99.00 Mn. is to be secured by hypothecation of all moveable assets of Idea Cellular Limited.

iii) **Vehicle Loan**

Vehicle Loan Facility of Rs.90.98 Mn is secured by hypothecation of Vehicles against which the loans have been taken.

4. Licenses

The Company has acquired following additional licenses:

National Long Distance (NLD) service license on November 23, 2006

Unified Access Services (UAS) license for Mumbai Telecom Circle on December 5, 2006

Accordingly, the company has commenced the NLD service within its mobility circles with effect from December 1, 2006.

Migration applications from the existing CMTS licenses to UAS License have been filed with the DoT for the telecom circles of Andhra Pradesh, Delhi, Gujarat and Maharashtra (including Goa) Circles.

5. Aditya Birla Telecom Limited (ABTL)

Aditya Birla Nuvo Limited (ABNL) has, pursuant to a letter dated November 22, 2006, agreed to transfer its entire shareholding in Aditya Birla Telecom Limited (ABTL) to Idea Cellular Limited for an aggregate consideration of Rs.100 million. ABTL has received the UAS license from DOT on December 6, 2006 to operate in Bihar telecom circle.

6. Preference Shares

As per the terms of the issue of preference shares and the provisions of the Companies Act, 1956, the Company will be required to provide for the premium on redemption of preference shares either out of the profits or out of the share premium account (if any). The premium amounting to Rs. 2,577.10 Mn upto December 31, 2006 (Rs.2,210.48 Mn upto March 31, 2006) is not provided for in the absence of adequacy of profits. The liability of the Company towards such redemption premium shall be reduced by the amount of dividend declared, if any, on these preference shares. The redemption of preference shares along with premium thereon are guaranteed by the promoters of the Company.

As per the original terms of redemption, preference shares were redeemable at the redemption price on the earliest of any of the following:

a) At the option of the Company, at six months interval commencing from 25th month after the subscription date.

b) On the Sponsors arranging for further capitalization on 37th month after the date of subscription. (This date had been extended upto August 3, 2006.)

c) On the expiry of 120 months from the subscription date.

The subscription dates being March 21, 2002 for 169 Preference Shares, May 15, 2002 for 70 Preference Shares, May 29, 2002 for 27 Preference Shares, May 31, 2002 for 25 Preference Shares, October 19, 2002 for 96 Preference Shares, April 21, 2003 for 80 Preference Shares and July 3, 2003 for 16 Preference Shares.

As per the first amendment agreement to the subscription agreement, the holders of Preference Shares have extended the 37th month period, (referred to in (b) above) till August 3, 2006. Further, w.e.f. October 1, 2005, the dividend rate on the Preference Shares have been reduced from 11% p.a. to 7% p.a. till August 3, 2006.

The Company has restructured the outstanding preference shares effective from August 3, 2006 as per the second amendment agreement. This gave the Company an option of redeeming these preference shares carrying a dividend rate of 8% p.a. from August 3, 2006 to January 2, 2007. Consequently, the Company has chosen to extend the redemption to the subsequent date being August 3, 2007. The applicable dividend rate for the period January 3, 2007 to August 2, 2007 is 9.50% p.a. The Company has indicated in the DRHP filed with SEBI its intention to use certain portion of the issue proceeds for redemption of preference shares along with applicable premium and dividend.

7. Deferred Tax

The Company, as at December 31, 2006, has deferred tax liabilities of Rs 455.91 Mn. on account of timing difference in depreciation / amortisation and deferred tax assets of Rs 4,839.07 Mn. on account of carried forward losses, unabsorbed depreciation, provision for doubtful debts, provision for leave encashment and gratuity under the Income Tax Act, 1961 as per the breakup given below.

(Rs in Mn)

Particulars	For the Nine months ended December 31, 2006	For the Year ended March 31, 2006
Breakup of Deferred Tax Asset:		
Unabsorbed Depreciation and carried forward losses	4,186.27	5,118.82
Others	652.80	587.35
Total	**4,839.07**	**5,706.17**
Breakup of Deferred Tax Liability:		
Depreciation & amortization	455.91	787.27
Total	**455.91**	**787.27**

Out of the above, the Company has deferred tax liability of Rs.455.91 Mn. relating to timing differences reversing after the end of the tax holiday.

In view of uncertainties associated with the timing of effective utilization of deferred tax assets and tax holiday shelter available to the Company, on prudent basis, deferred tax asset relating to timing difference reversing after the end of the tax holiday has been recognized only to the extent of the deferred tax liability.

8. Retiral Benefits

a) Gratuity Plan

The following table set out the status of the gratuity plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

CHANGE IN OBLIGATION	*Rs. in Mn*
Opening Present Value of Accrued Gratuity	37.88
Service Cost including actuarial gain/(loss)	8.92
Interest Cost	3.52
Benefits paid	2.21
Closing Present Value of Accrued Gratuity	48.11

Defined benefit obligation liability as at the balance sheet is partly funded by the company.

Change in Plan Asset	*Rs. In Mn*
Opening Fund Balance	15.94
Expected return on the plan asset	1.46
Contribution paid	8.55
Benefits paid during period	2.21
Closing Fund Balance	23.74

Reconciliation of present value of obligation and the plan asset	*Rs. In Mn*
Closing Fund Balance	23.74
Closing present value of Accrued Gratuity	48.11
Net Liability	24.37
Liability recognized in balance sheet	25.61

Assumptions

Expected return on plan assets	7.50%
Salary escalation rate	7.00%
Discounting rate	7.50%

b) Compensating absences (Leave)

The Company has provided for the leave encashment as per the actuarial valuation done by the independent actuary till March 31, 2006 as required by Accounting Standard –15. With revision in AS-15 with effect from April 1, 2006, the Company has recalculated its liability through an independent actuary towards accumulated compensated balances including leave encashment as on March 31, 2006 and accordingly adjusted the opening profit and loss account by Rs. 109.17 Mn. Additional Charge for the period after 31st March is taken to profit and loss account amounting to Rs. 16.11 Mn.

9. Contingent Liabilities

a) On March 2, 2006, the Honorable Supreme Court passed an order adjudicating that telecommunication services do not meet the criteria to be classified as sale of goods and upholding that the imposition of sales tax on any facility of the telecommunication services is untenable at law.

In view of the above judgment, the Company had extinguished its contingent liability in March 2006 on account of disputes with respect to demands amounting to Rs 358.19 Mn. till March 31, 2005 raised for Sales Tax on Activation of new connections, Rentals, SIM Cards and Airtime by Sales Tax Authorities. The Process of vacating these cases by the respective authorities in the circles is under way.

b) Vide its judgment dated May 3, 2005, TDSAT has restrained BSNL from collecting carriage charges of 19 paise per minute on calls to Cellone originating from private Cellular operators. BSNL has filed an appeal with the H'ble Supreme Court and has continued raising demand for the carriage charges till disposal of the matter. The value of such demands as on December 31, 2006 not requiring provision in the books, is Rs.169.42 Mn.

c) The export obligation of the Company under EPCG (Export Promotion Credit Guarantee) Scheme at FOB Value as at December 31, 2006 is Rs.301.06 Mn. (for the year ended March 31, 2006 Rs.346.55 Mn.). Failure to meet the above export obligation within the stipulated time frame would result in the payment of the aggregated differential duty saved amounting Rs.37.72 Mn. along with interest thereon. The Company is confident of meeting the export obligations based on its current international inroaming revenue trends.

d) Letter of Credit facilities, utilized as on December 31, 2006 is Rs.2,649.09 Mn. (Previous year Rs.1,972.28 Mn)

e) Other Matters not provided for

(Rs in Mn)

Particulars	For the Nine months ended December 31, 2006	For the Year ended March 31, 2006
Income Tax Matters	9.18	9.18
Sales Tax & Service Tax Matters	56.38	52.64
Dividend on cumulative preference shares	2,119.05	1,844.34
Other claims not acknowledged as debts	319.31	247.62

f) Estimated amount of contracts (net of advance) remaining to be executed on capital account and not provided for.

(Rs in Mn)

Particulars	For the Nine months ended December 31, 2006	For the Year ended March 31, 2006
Estimated amount of contracts (net of advance)	3,003.43	1,444.77

10. Total bank guarantees furnished to DOT amount to Rs.2,699.82 Mn. (Previous year Rs.1,410.60 Mn) including performance guarantees of Rs. 770.00 Mn. (Previous year Rs.350 Mn).

(Rs in Mn)

Particulars	For the Nine months ended December 31, 2006	For the Year ended March 31, 2006
Guarantees given by the banks on behalf of the Company	136.18	222.94
Corporate Guarantee–on behalf of subsidiaries and others	3,255.00	385.00

11. The Department of Telecommunications (DOT) has issued show cause notices dated July 14, 2006 to various operators including the Company alleging noncompliance of its directives under the terms of the license for providing telephone connections without adequate address verification in the Delhi and Andhra Pradesh Circles. In this context, the Company has been asked to show cause as to why appropriate action may not be taken against the Company including imposition of penalty. The Company has suitably responded to the notice and is confident of ultimate resolution of the matter, and does not believe it necessary to make a provision in the accounts. DoT has since then issued subscriber identity norms to be complied by March 31, 2007.

12. During the nine months ending December 31, 2006, there is no accelerated depreciation (Previous year Rs.82.99 Mn.) provided on any of the fixed assets.

13. Confirmations of certain debit and credit balances as on December 31, 2006, are being sought by the Company, or are yet to be received. Reconciliation and consequential adjustment, if any, in respect of these balances will be made in the accounts of the subsequent period.

14. Capital work-in-progress includes equipment and machinery in stock, advances for construction and erection work, expansion project and the following pre-operative expenses pending allocation.

(Rs in Mn)

Particulars	**For the Nine months ended December 31, 2006**	**For the Year ended March 31, 2006**
Salaries and Allowances	30.67	42.52
Contribution to Provident and other funds	0.23	2.88
Security Service Charges	8.42	5.44
Power and Fuel	2.58	1.39
Repairs and Maintenance	-	-
Insurance	0.34	0.48
Rent	13.66	11.93
Rates & Taxes	-	-
Travelling and Conveyance	1.62	4.80
Legal and Professional Fees	-	1.45
Miscellaneous Expenses	-	-
Operational Vehicle Running Expenses	6.97	2.84
Total	**64.49**	**73.73**
Add: Balance brought forward from previous year	14.80	0.56
Less: Capitalized during the period	47.66	59.49
Balance carried forward	31.63	14.80

15. Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:

(Rs. in Mn.)

Particulars	**For the Nine months ended December 31, 2006**	**For the Year ended March 31, 2006**
Sundry Creditors:		
Sundry Creditors in USD	61.50	50.76
Sundry Creditors in EURO	0.09	0.00
Sundry Creditors in NOK	0.00	0.01
Sundry Creditors in GBP	0.01	0.01
The Equivalent INR of sundry creditors in Foreign Currency	**2,726.07**	**2,270.41**
Sundry Debtors:		
Sundry Debtors in USD	3.05	2.25
The Equivalent INR of sundry debtors in Foreign Currency	**134.75**	**100.40**

16 The movement in the Site Restoration Cost is set out as follows:

(Rs. in Mn.)

Particulars	For the Nine months ended December 31, 2006	For the Year ended March 31, 2006
Opening Balance	6.70	-
Additional Provision	0.07	6.70
Payment/Reversal/Expenses	-	-
Closing Balance	6.77	6.70

17. Related Party Transactions

As per Accounting Standard (AS) 18 – Related Party Disclosure, issued by the Institute of Chartered Accountants of India, the Company's related parties are disclosed below :

List of related Parties :

Promoters

Hindalco Industries Limited

Grasim Industries Limited

Aditya Birla Nuvo Limited (formerly known as Indian Rayon and Industries Limited)

Tata Industries Limited (upto June 20, 2006)

Apex Investments (Mauritius) Holding Private Limited (formerly AT&T Cellular Pvt. Limited)

(upto June 20, 2006)

Birla TMT Holdings Pvt. Limited

Aditya Birla Telecom Limited (upto August 28, 2006)

Subsidiaries

Sapte Investments Pvt. Limited,

Vsapte Investments Pvt. Limited,

Bhagalaxmi Investments Pvt. Limited

Asian Telephone Services Limited,

BTA Cellcom Limited

Swinder Singh Satara & Co. Limited

Idea Mobile Communications Limited

Idea Telecommunications Limited *(formerly known as Escorts Telecommunications Limited)

* *In June 2006, the Company acquired the entire shareholding of Escorts Telecommunications Limited, as a consequence of which the said Company became its wholly owned subsidiary. The Investee Company's name was thereafter changed to Idea Telecommunications Limited.*

Key Management Personnel

Mr. Sanjeev Aga, MD (w.e.f. November 1, 2006)

Mr. Vikram Mehmi, CEO (upto October 30, 2006)

Mr. Satish Rajgarhia, Manager (upto August 31, 2006)

Disclosure in respect of Related Parties: **During the nine months ended December 31, 2006**

Rs. in Million

Particulars	Nature of Relationship			
	Promoters	**Subsidiaries**	**Associates**	**Key Management Personnel**
		Transactions (Rs in Mn)		
ICDs Placed	-	-	-	-
Interest on ICDs Placed	-	-	-	-
Salary to the CEO	-	-	-	9.44 (7.90)
Salary to the MD	-	-	-	4.28
Salary to the Manager	-	-	-	3.16 (3.89)
Purchase of Services	-	108.41 (53.06)	-	-
Sale of Services	-	145.39 (54.54)	-	-
Purchase of Fixed Assets	5.39	- (0.57)	-	-
Sale of Fixed Assets	-	- (0.03)	-	-
Unsecured Loans received	-	8,679.81 (3,036.19)	-	-
Unsecured Loans given	-	5,735.61 (6,829.05)	-	-
Employee Expense/Deposit	6.00	-	-	-
Expense incurred by company on behalf of	0.01	225.30 (19.51)	-	-
Expense incurred on Company's behalf by	-	51.07 (12.32)	-	-
Rent Paid	-	2.03 (2.03)	-	-

(Figures in bracket are for the period ended December 31, 2005.)

Rs. in Million

Particulars	Nature of Relationship			
	Promoters	Subsidiaries	Associates	Key Management Personnel
	Outstanding as on December 31, 2006			
ICDs Accepted	-	-	-	-
ICDs Placed	-	6,463.87	-	-
Unsecured Loan taken	-	2,904.51	-	-
Unsecured Loan given	-	4,786.42	-	-
Sale of Services	-	-	-	-
Purchase of Services	-	1.58	-	-
Purchase of Fixed Assets (Payable)	-	-	-	-
Sale of Fixed Assets (Receivable)	-	-	-	-
Employee Expense/Deposit	0.63	-	-	-
Salary to the CEO	-	-	-	0.19
Salary to the MD	-	-	-	0.11
Salary to the Manager	-	-	-	0.09
Expense incurred by company on behalf of	-	-	-	-
Corporate Guarantee	-	3,185.00	-	-
	Outstanding as on 31-Mar-06			
ICDs Placed	-	6,463.87	-	-
Unsecured Loan taken	-	1,028.53	-	-
Unsecured Loan given	-	5,932.85	-	-
Corporate Guarantee	-	85.00	-	-

18. Segment Reporting

Primary Business Information (Business Segments)

(Rs in Mn)

Particulars	Business Segments		Elimination	Total
	Mobility	NLD		
Revenue				
External Revenue	19,604.79	-	-	19,604.79
Inter-segment Revenue	-	176.08	(111.48)	64.60
Unallocated corporate income	-	-	-	41.08
Total Revenue	**19,604.79**	**176.08**	**(111.48)**	**19,710.47**
Segment result	**3,423.88**	**31.31**	**-**	**3,455.19**
Unallocated expenses				
Interest & financing charges	-	-	-	2,012.21
Profit before Tax	-	-	-	1,484.06
Provision for tax (Net)	-	-	-	26.78
Profit after tax	-	-	-	1,457.28
Other information				
Segment assets	54,797.91	25.86	-	54,823.77
Unallocated corporate assets	**-**	**-**	-	950.00
Total assets				**55,773.77**
Segment liabilities	10,276.12	68.26	-	10,344.38
Unallocated corporate liabilities	**-**	**-**	-	32,395.99
Total liabilities				**42,740.37**
Capital expenditure	9,761.87	25.00	**-**	9,786.87
Depreciation & amortisation	3,432.77	0.13	**-**	3,432.90

19. In the opinion of the management value on realization of current assets including sundry debtors, loans and advances in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet.

20. In terms of the requirements of the Accounting Standard 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India, the amount recoverable against Fixed Assets has been estimated at the period end by the management based on the present value of estimated future cash flows expected to arise from the continuing use of such assets. The recoverable amount so assessed was found to be adequate to cover the carrying amount of the assets and accordingly no provision for impairment in value thereof has been considered necessary, by the management.

21. Previous period's figures have been regrouped / rearranged wherever necessary.

IDEA Cellular Limited

Annexure 6

A] Restated Schedule of Secured Loans

(Rs in Mn)

Particulars	As at March 31,					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
Debentures							
10.50% Non Convertible Debentures of Rs.10 Mn	-	250.00	-	-	-		-
10.25% Non Convertible Debentures of Rs.5 Mn	1,510.00	-	-	-	-		-
11.00% Non Convertible Debentures of Rs.10 Mn	370.00	-	-	-	-		-
11.50% Non Convertible Debentures of Rs.10 Mn	400.00	-	-	-	-		-
Total – A	**2,280.00**	**250.00**	**-**	**-**	**-**		**-**
Term Loan							
Foreign Currency Loan from Banks	5,006.82	3,753.00	2,280.78	1,026.75	-	-	-
Rupee Loan from Banks	2,263.97	1,754.65	10,557.50	8,579.70	7,936.22	8,150.57	19,186.28
Rupee Loan from Financial Institutions	-	-	2,080.00	7,300.30	6,752.78	6,935.29	7,665.20
Rupee Loan from Others	319.23	319.23	-	-	-	-	-
Total – B	**7,590.02**	**5,826.88**	**14,918.28**	**16,906.75**	**14,689.00**	**15,085.86**	**26,851.48**
Working Capital Loan							
Working Capital Facility	132.00	129.20	145.78	20.75	18.54	1.04	-
Total - C	**132.00**	**129.20**	**145.78**	**20.75**	**18.54**	**1.04**	**-**
Total (A+B+C)	**10,002.02**	**6,206.08**	**15,064.06**	**16,927.50**	**14,707.54**	**15,086.90**	**26,851.48**

IDEA Cellular Limited

Principal terms of Secured Loans as on December 31, 2006

Rs. Million

Sr. No.	Particulars	Rate of Interest	Outstanding as on December 31, 2006	Repayment terms	Security
	Term Loans				
1	IDBI Bank	9.2350% 9.4078%	3,260.00 313.90		
2	Union Bank of India	9.2350% 9.4078%	2,350.00 179.30		
3	Bank of Baroda	9.2350% 9.4078%	2,200.00 168.10		
4	Bank of India	9.2350% 9.4078%	2,200.00 168.10		
5	UTI Bank	9.2350% 9.4078%	1,990.00 152.10		
6	Canara Bank	9.2350% 9.4078%	1,760.00 134.40		
7	UCO Bank	9.2350% 9.4078%	1,760.00 134.40		
8	United Bank of India	9.2350% 9.4078%	1,290.00 98.80		
9	Dena Bank	9.2350% 9.4078%	1,290.00 98.80	22 Quarterly installment commencing from October	**Refer note:-1**
10	HDFC Bank	9.2350% 9.4078%	440.00 33.70	1, 2007 and ending on January 1, 2013	
11	Jammu & Kashmir Bank	9.2350% 9.4078%	220.00 16.60		
12	State Bank of Saurashtra	9.2350% 9.4078%	220.00 16.60		
13	Punjab National Bank	9.2350% 9.4078%	1,580.00 120.70		
14	Life Insurance Corporation Limited	9.2350% 9.4078%	1,760.00 134.40		
15	Infrastructure Development Finance Corporation	9.2350% 9.4078%	1,460.00 111.90		
16	Small Industrial Development Bank of India	9.2350% 9.4078%	580.00 45.00		
17	EXIM Bank	9.2350% 9.4078%	440.00 33.70		
18	Dena Bank	9.2500%	90.98	48/36/24 Equal Monthly Installments for each vehicle	**Refer note:- 2**
	Total		**26,851.48**		

Note:-

1. *The Loans are secured by way of charge/assignment created/to be created ranking pari-passu interse the lenders, as under:*
   a) *First charge by way of mortgage on all the immovable properties, of the Company and the subsidiary companies, both present and future.*
   b) *First charge on all the movable properties of the Company and the subsidiary companies, including and not limited to, movable machinery, machinery spares, tools, transmission towers, optical fiber backbone, equipment(s) and accessories, both present and future.*
   c) *Assignment of the right, title and interest, of the Company and the subsidiary companies, by way of first charge, to and under all project documents, agreements, contracts and any other documents in relation to the Project including the letter of credit, guarantee or performance bond, provided in favor of the Company by any party.*
   d) *a first priority charge over all intangible assets and Material Technology Rights of the Company and the subsidiary companies including but not limited to goodwill, brand name etc;*
   e) *Assignment of the right, title and interest of the Company and the subsidiary companies, by way of first charge, to and under all authorizations, permits, approvals, licenses, consents, no-objections etc. in relation to the Project, both present and future; provided in favor of the Company and the subsidiary.*
   f) *Assignment of the right, title, interest, of the Company and the subsidiary companies, by way of first charge, in, to and under all the Accounts, Local Bank Accounts, Proceeds Account, Debt Service Reserve Account, Insurance and Compensation Proceeds Account and all other bank accounts maintained of the Company and all funds maintained therein, and all monies, securities, instruments, investments and other property deposited in credited to or required to be deposited or to be credited thereto, both present and future, in which the company have an interest, where ever maintained therein, and all monies, securities, instruments, investments and other property deposited in credited to or required to be deposited or to be credited thereto, both present and future, in which the company have an interest, where ever maintained.*
   g) *Assignment of the right, title, interest of the Company and the subsidiary companies by way of first charge, in, to and under all cash, book debts and receivables wherever located, uncalled capital, insurance proceeds, the proceeds arising from the sale of network, including payments from DoT / Government of India or any other third parties.*
   h) *Assignment of the Company and the subsidiary companies, all rights, title and interest in all the insurance policies by way of first charge save and except insurance policies in respect of equipments procured under letters of credit, till such time the letters of credit remain unpaid;*
   i) *Creation of Security Interest inter alia, for transfer or assignment by way of endorsement, of the License under the License agreements for the telecom circles belonging to the company and Idea Telecommunications Limited.*
   j) *Irrevocable and unconditional corporate guarantee(s) from BTA Cellcom, Idea Mobile Communications Limited and Idea Telecommunications Limited in favor of the Security Trustee.*
2. *Vehicle Loan facility is secured by hypothecation of Vehicle against which the loans have been taken.*

IDEA Cellular Limited

B] Restated Schedule of Unsecured Loans

Rs. Million

Particulars	As at March 31,					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
Term Loan							
From Other Body Corporate	-	-	139.23	-	-	-	-
Short Term Loan							
From Subsidiaries	-	271.87	117.03	52.84	1,028.54	709.94	2,904.51
From Other Body Corporate	2,060.20	1,965.00	10.00	-	-	-	-
From Banks	2,996.90	9,510.00	7,305.00	10,000.00	13,420.00	11,850.00	2,640.00
Buyers Credit from Bank	45.99	-	-	-	-	-	-
Total	**5,103.09**	**11,746.87**	**7,571.26**	**10,052.84**	**14,448.54**	**12,559.94**	**5,544.51**

IDEA Cellular Limited

Annexure 7

Restated Schedule of Loans and Advances

Rs. Million

Particulars	As at March 31,					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
Advances recoverable in cash or kind or for value to be received							
- Considered good	1,486.38	1,069.47	565.65	547.09	792.78	792.59	1,083.47
- Considered doubtful	-	-	0.93	0.93	1.12	1.06	1.12
Less : Provision for doubtful advances	-	-	0.93	0.93	1.12	1.06	1.12
Total	**1,486.38**	**1,069.47**	**565.65**	**547.09**	**792.78**	**792.59**	**1,083.47**
Share Application money with Subsidiaries	28.35	28.35	28.35	28.35	28.35	28.35	28.35
Advance for purchase of Equity Shares / Licenses	-	-	-	150.00	150.00	150.00	100.00
Deposits with Body Corporates / Subsidiaries	2,395.54	3,362.44	6,464.57	7,361.30	12,406.57	10,924.37	11,250.30
Deposits and Balances with Govt. Authorities	26.58	39.11	43.08	69.13	56.31	54.31	80.45
Deposits with others	66.31	81.54	475.47	90.68	107.47	99.24	268.30
Advance Income Tax	23.57	23.09	59.11	90.94	93.48	67.76	89.47
Total	**4,026.73**	**4,604.00**	**7,636.23**	**8,337.49**	**13,634.96**	**12,116.62**	**12,900.34**

IDEA Cellular Limited

Annexure 7

Restated Schedule of Sundry Debtors

Rs. Million

Particulars		As at March 31,					As at December 31,	
		2002	2003	2004	2005	2006	2005	2006
Debts Outstanding for Over Six Months								
Unsecured - Considered good		25.40	39.87	136.12	111.28	137.13	189.74	60.92
- Considered doubtful		549.62	918.86	1,205.69	1,342.60	1,574.53	1,481.31	1,735.15
Total	**A**	**575.02**	**958.73**	**1,341.81**	**1,453.88**	**1,711.66**	**1,671.05**	**1,796.07**
Other Debts								
Unsecured - Considered Good		642.89	589.45	598.40	986.67	919.74	849.15	1,070.33
- Considered Doubtful		70.27	131.09	45.03	104.39	66.40	96.60	93.48
Total	**B**	**713.16**	**720.54**	**643.43**	**1,091.06**	**986.14**	**945.75**	**1,163.81**
Total (A+B)	**C**	**1,288.18**	**1,679.27**	**1,985.24**	**2,544.94**	**2,697.80**	**2,616.80**	**2,959.88**
Less : Provision for doubtful debts	**D**	619.89	1,049.95	1,250.72	1,446.99	1,640.93	1,577.91	1,828.63
Total (C-D)		**668.29**	**629.32**	**734.52**	**1,097.95**	**1,056.87**	**1,038.89**	**1,131.25**

IDEA Cellular Limited

Annexure 9

Restated Schedule of Investments

Rs. Million

Particulars	As at March 31,					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
Unquoted							
Investments in Shares of Subsidiaries (Long Term)							
Asian Telephone Services Ltd	74.80	74.80	108.00	108.00	108.00	108.00	108.00
Vsapte Investments Private Ltd	74.81	74.81	108.00	108.00	108.00	108.00	108.00
Sapte Investments Private Ltd	74.81	74.81	108.00	108.00	108.00	108.00	108.00
Bhagalaxmi Investments Private Ltd	74.81	74.81	108.00	108.00	108.00	108.00	108.00
Swinder Singh Satara and Co Ltd	-	37.81	38.31	38.31	38.31	38.31	38.31
Idea Mobile Communications Ltd	-	-	-	2,600.00	2,600.00	2,600.00	2,600.00
Idea Telecommunications Ltd	-	-	-	-	-	-	150.00
Government Securities (Long Term)	0.09	0.10	-	-	-	-	-
Investments in units of Mutual Funds (Current)	-	17.00	450.00	-	-	20.00	950.00
Total	**299.32**	**354.14**	**920.31**	**3,070.31**	**3,070.31**	**3,090.31**	**4,170.31**

IDEA Cellular Limited

Annexure 10

Restated Schedule of Other Income

Rs. Million

Particulars	For the year ended March 31,					For the nine months ended December 31,		Nature of Income
	2002	2003	2004	2005	2006	2005	2006	
Other Income								
Interest Received	40.32	19.04	17.26	41.69	22.30	15.02	13.01	Recurring
Profit on Sale of Current Investments	5.36	5.05	2.30	1.44	10.39	8.11	19.48	Recurring
Gain on Foreign Exchange fluctuation (Net)	-	26.63	119.65	-	-	-	-	Recurring
Miscellaneous receipts	2.47	1.89	3.26	48.78	15.94	11.11	8.59	Recurring
Dividend	2.21	-	0.65	-	-		-	Recurring
Total	**50.36**	**52.61**	**143.12**	**91.91**	**48.63**	**34.24**	**41.08**	

IDEA Cellular Limited

Annexure 11

Restated Schedule of Share Capital

Rs. Million (Except for No. of Shares)

Particulars		As at March 31,					As at December 31,	
		2002	2003	2004	2005	2006	2005	2006
Authorized Share Capital								
Equity Share Capital								
Equity Shares of Rs.10 each		27,750	27,750	27,750	37,750	37,750	37,750	37,750
Preference Share Capital								
Redeemable Cumulative Non Convertible Preference Shares of Rs. 10 Mn each		5,000	5,000	5,000	5,000	5,000	5,000	5,000
		32,750	**32,750**	**32,750**	**42,750**	**42,750**	**42,750**	**42,750**
Issued, Subscribed and Paid Up								
Equity Share Capital								
Equity Shares of Rs.10 each	**A**	18,476.87	21,395.27	22,595.27	22,595.27	22,595.27	22,595.27	22,595.27
Preference Share Capital								
Redeemable Cumulative Non Convertible Preference Shares	**B**	1,690.00	3,870.00	4,830.00	4,830.00	4,830.00	4,830.00	4,830.00
Advance against Equity	**C**	2,924.87	1,140.00	-	-	-	-	-
Total (A+B+C)		**23,091.74**	**26,405.27**	**27,425.27**	**27,425.27**	**27,425.27**	**27,425.27**	**27,425.27**
No. of Equity Shares of Rs. 10 each		**1,847,687,206**	**2,139,527,206**	**2,259,527,206**	**2,259,527,206**	**2,259,527,206**	**2,259,527,206**	**2,259,527,206**
No. of Preference Shares of Rs 10 mn each		**169**	**387**	**483**	**483**	**483**	**483**	**483**

IDEA Cellular Limited

Annexure 12

Restated Schedule of Fixed Assets

Rs. Million

Particulars		As at March 31,					As at December 31,	
		2002	2003	2004	2005	2006	2005	2006
Gross Block								
Tangible Assets								
Land		30.49	30.49	30.75	31.12	31.12	31.12	31.13
Leasehold Land		0.34	0.34	0.34	0.34	0.34	0.34	0.34
Building		273.15	273.48	274.12	274.14	274.14	274.14	274.26
Plant and Machinery		13,557.01	19,132.12	22,055.10	25,855.56	30,541.12	28,068.91	36,374.12
Furniture and Fixture		235.89	322.10	341.15	366.63	385.86	377.33	443.78
Office Equipment		216.76	298.89	306.28	329.76	341.45	335.28	364.75
Vehicles		120.28	152.86	173.26	117.69	89.70	100.17	184.76
Total	**A**	**14,433.92**	**20,210.28**	**23,181.00**	**26,975.24**	**31,663.73**	**29,187.29**	**37,673.14**
Gross Block								
Intangible Assets								
Entry / License Fees		12,687.34	14,394.34	14,394.34	14,394.34	14,394.34	14,394.34	16,455.94
Computer Software		60.86	204.46	244.82	316.77	451.11	392.15	531.98
Total	**B**	**12,748.20**	**14,598.80**	**14,639.16**	**14,711.11**	**14,845.45**	**14,786.49**	**16,987.92**
Total (A+B)	**C**	**27,182.12**	**34,809.08**	**37,820.16**	**41,686.35**	**46,509.18**	**43,973.78**	**54,661.06**
Less :- Accumulated Depreciation / Amortization	D	6,488.06	8,968.67	11,739.10	14,911.40	18,334.37	17,409.44	21,740.28
Net Block (C-D)	**E**	**20,694.06**	**25,840.41**	**26,081.06**	**26,774.95**	**28,174.81**	**26,564.34**	**32,920.78**
Capital Work in Progress	F	2,996.24	398.15	744.13	646.17	956.86	1143.76	2,560.82
Total Fixed Assets (E+F)	**G**	**23,690.30**	**26,238.56**	**26,825.19**	**27,421.12**	**29,131.67**	**27,708.10**	**35,481.60**

IDEA Cellular Limited

Annexure 13

Restated Schedule of Cash & Bank Balances

Rs. Million

Particulars	As at March 31,					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
Cash and Cheques on Hand	37.85	45.98	68.29	38.08	109.58	84.06	140.46
Balance with Scheduled Banks							
- On Current Account	205.01	139.25	433.97	265.80	291.66	337.07	428.20
- On Deposit Account	78.25	128.94	308.91	182.74	889.67	397.93	1,081.83
- On Debt Service Reserve Account	59.24	61.97	63.58	1,032.26	-	-	-
Total	**380.35**	**376.14**	**874.75**	**1,518.88**	**1,290.91**	**819.06**	**1,650.49**

IDEA Cellular Limited

Annexure 14

Restated Schedule of Current Liabilities & Provisions

Rs. Million

Particulars		As at March 31,					As at December 31,	
		2002	2003	2004	2005	2006	2005	2006
Current Liabilities								
Sundry Creditors		1,581.80	1,266.69	1,623.24	2,496.12	5,431.67	3,739.35	6,932.15
Book Bank overdraft		70.82	245.27	235.45	35.06	374.29	194.56	211.23
Advances from Customers		345.99	340.69	524.01	964.51	1,130.05	1,123.22	1,342.22
Deposits from Customers		472.57	404.88	347.94	334.73	293.73	295.92	315.42
Other Liabilities		1,380.40	1,042.33	1,573.82	393.39	388.81	844.55	1,303.24
Interest accrued but not due		164.14	177.47	138.83	152.79	1.65	-	1.65
Total	**A**	**4,015.72**	**3,477.33**	**4,443.29**	**4,376.60**	**7,620.20**	**6,197.60**	**10,105.91**
Provisions								
Gratuity		2.96	2.15	2.15	31.71	33.86	33.86	25.61
Leave encashment		15.56	23.57	40.94	50.34	69.02	65.96	189.30
Site Restoration Cost		-	-	-	-	6.70	6.70	6.77
Provision for Fringe Benefit Tax		-	-	-	-	4.34	6.47	11.78
Total	**B**	**18.52**	**25.72**	**43.09**	**82.05**	**113.92**	**112.99**	**238.46**
Total	**(A+B)**	**4,034.24**	**3,503.05**	**4,486.38**	**4,458.65**	**7,734.12**	**6,310.59**	**10,344.37**

IDEA Cellular Limited

Annexure 15

Restated Schedule of Contingent Liabilities, Guarantees, Capital Commitments & Export Obligations

Rs. Million

Particulars	As at March 31					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
Contingent Liabilities							
Property Tax on site installations in Maharashtra	23.57	-	-	-	-	-	-
Income Tax matters	28.36	7.85	25.95	6.77	9.18	9.18	9.18
Sales Tax matters	-	220.11	251.26	360.93	52.64	52.64	56.38
License fees on interest and dividend income, not acknowledged as debts	33.85	-	-	-	-	-	-
Dividend on cumulative preference shares	5.60	354.63	878.08	1,409.38	1,844.34	1,760.97	2,119.05
Other claims not acknowledged as debts	30.23	241.52	257.03	301.57	247.62	288.52	319.31
Carriage Charges to BSNL not acknowledged as debts	-	-	-	-	-	46.98	169.42
Total	**121.61**	**824.11**	**1,412.32**	**2,078.65**	**2,153.78**	**2,158.29**	**2,673.34**
Guarantees							
Financial Guarantees to DOT	-	-	-	622.70	1,060.69	1,004.90	1,929.82
Performance Guarantees to DOT	-	-	-	375.00	350.00	350.00	770.00
Guarantees issued by Banks	502.01	59.48	55.07	195.47	222.94	207.94	136.18
Corporate Guarantee on behalf of others	610.00	585.00	585.00	85.00	385.00	385.00	3,255.00
Total	**1,112.01**	**644.48**	**640.07**	**1,278.17**	**2,018.63**	**1,947.84**	**6,091.00**
Capital commitments							
Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for	**1,552.29**	**653.14**	**1,321.12**	**1,011.11**	**1,444.77**	**1,413.37**	**3,003.43**
Export Obligation							
Export obligation of the company under EPCG	**-**	**-**	**-**	**-**	**346.55**	**346.55**	**301.06**

IDEA Cellular Limited

Annexure 16

Restated Summary of Major Accounting Ratios

Rs. Million (Except Share data)

Sr. No.	Particulars	As at March 31,					As at December 31,	
		2002	2003	2004	2005	2006	2005	2006
1	Earning per Equity Share (Rs.)							
	Basic	(1.39)	(1.36)	(1.03)	(0.13)	0.35	0.17	0.52
	Diluted	(1.39)	(1.36)	(1.03)	(0.13)	0.35	0.17	0.52
2	Return on Net worth (%)	(20.71)	(22.62)	(16.89)	2.31	10.42	6.49	11.19
3	Net Asset Value per share (Rs.)	4.55	3.30	2.39	2.50	3.03	2.82	3.63
4	Weighted average number of equity shares outstanding during the year (nos)	1,505,270,768	2,075,562,273	2,183,789,501	2,259,527,206	2,259,527,206	2,259,527,206	2,259,527,206
5	Total number of shares outstanding at the end of the year (nos)	1,847,867,206	2,139,527,206	2,259,527,206	2,259,527,206	2,259,527,206	2,259,527,206	2,259,527,206

Notes :

1 . The ratios have been computed as below:

$$\text{Earnings per Share (Rs)} = \frac{\text{Net profit attributable to equity shareholders as restated}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Return on net worth (\%)} = \frac{\text{Net Profit after tax as restated}}{\text{Net worth excluding revaluation reserve at the end of the year}}$$

$$\text{Net Asset Value per equity share (Rs)} = \frac{\text{Net worth excluding revaluation reserve and preference share capital at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$

2. Profit & Loss as restated has been considered for the purpose of computing the above ratios.

3. Earning per Share is calculated in accordance with Accounting Standard 20 'Earning Per Share', issued by the Institute of Chartered Accountants of India.

IDEA Cellular Limited

Annexure 17

Restated Statement of Tax Shelter

Rs.Million

Particulars		For the year ended March 31,					For the nine months ended December 31,	
		2002	2003	2004	2005	2006	2005	2006
Profit/(Loss) before tax but after exceptional Items, as restated		**(2,090.48)**	**(2,473.14)**	**(1,727.16)**	**241.62**	**1,246.40**	**744.83**	**1,484.07**
Rate of Tax - Normal		35.70%	36.75%	35.88%	36.59%	33.66%	33.66%	33.66%
MAT		7.65%	7.88%	7.69%	7.85%	8.42%	8.42%	11.22%
Notional Tax Expenses	**A**	**(746.30)**	**(908.88)**	**(619.71)**	**88.41**	**419.54**	**250.71**	**499.54**
Adjustments:								
Permanent Differences:								
Wealth Tax		0.81	0.91	0.70	-	-	-	-
Misc. Expenses Written Off (Share Issue Expenses)		1.59	-	-	-	-	-	-
Dividend Income		(2.21)	-	(0.65)	-	-	-	-
Disallowance u/s 40A(3)/ 36(1)(va) of Income Tax Act		-	-	-	0.03	0.01	-	-
Loss/(Profit) on sale of fixed assets		1.55	130.81	20.06	4.04	1.19	0.64	1.11
Short Term gain on Block of Assets		-	-	-	2.92	1.13	-	-
Deduction u/s 24(a) of Income Tax Act		(0.06)	-	-	-	-	-	-
Total Permanent Difference	**B**	**1.68**	**131.72**	**20.11**	**6.99**	**2.33**	**0.64**	**1.11**
Timing Differences:								
Difference between tax depreciation and Book depreciation		(2,576.28)	(2,486.69)	(2,555.03)	(2,285.02)	(709.19)	(389.65)	(249.85)
Difference between Amortisation of License fees		620.08	805.60	1,113.79	1,126.31	1,397.10	999.57	1,348.23
Deduction u/s 35D of Income Tax Act		(0.75)	(0.77)	(0.77)	(0.77)	(0.77)	-	-
Earlier year expenses allowed during relevant year		(82.79)	(3.29)	(15.02)	(16.99)	(79.36)	(65.58)	(246.31)

Rs. Million

Particulars		For the year ended March 31,					For the nine months ended December 31,	
		2002	2003	2004	2005	2006	2005	2006
Excess Provision written back		(8.71)	(16.13)	(0.16)	(0.69)	(8.00)	(16.23)	-
Disallowance u/s 43B of Income Tax Act		10.29	6.14	17.53	65.58	279.62	15.62	-
Provision for Bad Debts		185.56	431.05	201.16	196.27	194.13	130.91	187.69
Capital/Deferred Revenue Expenditure disallowed		58.94	252.56	271.53	-	-	-	-
Impact of Restatement Adjustments		(34.00)	875.06	(341.96)	18.91	38.65	(36.36)	-
Carry Forward /(Set off) of Losses		3,916.46	2,477.89	3,015.98	647.79	(2,360.91)	(1,383.74)	(2,524.94)
Total Timing Difference	**C**	**2,088.80**	**2,341.42**	**1,707.05**	**(248.61)**	**(1,248.73)**	**(745.47)**	**(1,485.18)**
Net Adjustments	**D=B+C**	**2,090.48**	**2,473.14**	**1,727.16**	**(241.62)**	**(1,246.40)**	**(744.83)**	**(1484.07)**
Tax Saving thereon	**E**	**746.30**	**908.88**	**619.71**	**(88.41)**	**(419.54)**	**(250.71)**	**(499.54)**
Tax as per Return of Income	**G**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note :

The above statement has been prepared based on the information from Income Tax Computations filed with the tax returns for the previous years 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06 and provisional computation for the nine months ended December 31, 2005 and 2006.

IDEA Cellular Limited

Annexure 18

Capitalization Statement of the Company

Rs. Million

Particulars	Pre-Issue	Post – Issue
	As at December 31, 2006	As at December 31, 2006
Total Debt		
Short Term Debt	5,895.19	
Long Term Debt	26,500.80	
Total	**32,395.99**	
Total Shareholders' Funds		
Share Capital	27,425.27	Will be determined after finalization of issue price
Profit & Loss Account	(15,390.27)	
Miscellaneous Expenditure	(12.50)	
Amalgamation Reserve	998.41	
Total	**13,020.91**	
Total Capitalization	**45,416.90**	
Long Term Debt to Total Shareholders' Funds	**1 : 0.49**	-do-

Notes:

1. *The above has been computed on the basis of restated statement of accounts.*
2. *Short Term Debts are debts maturing within next one year from the date of the respective statement of accounts.*
3. *The above ratio has been computed on the basis of total long term debt divided by shareholder's funds*

IDEA Cellular Limited

Annexure 19

As required under Accounting Standard 18 'Related Party Disclosures' (AS - 18), following are details of transactions during the year with related parties of the Company as defined in AS - 18 :

(A) LIST OF RELATED PARTIES

	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Dec-05	31-Dec-06
Promoters	Hindalco Industries Limited Grasim Industries Limited Indo Gulf Corporation Limited Indian Rayon and Industries Limited Tata Industries Limited AT&T Wireless Services Inc.	Hindalco Industries Limited Grasim Industries Limited Indo Gulf Corporation Limited Indian Rayon and Industries Limited Tata Industries Limited AT&T Wireless Services Inc.	Hindalco Industries Limited Grasim Industries Limited Indo Gulf Fertilizers Limited Indian Rayon and Industries Limited Tata Industries Limited AT&T Cellular Pvt.Limited Birla TMT Holdings Pvt. Limited	Hindalco Industries Limited Grasim Industries Limited Indo Gulf Fertilizers Limited Indian Rayon and Industries Limited Tata Industries Limited AT&T Cellular Pvt.Limited Birla TMT Holdings Pvt. Limited	Hindalco Industries Limited Grasim Industries Limited Aditya Birla Nuvo Limited (formerly known as Indian Rayon and Industries Limited) Tata Industries Limited Apex Investments (Mauritius) Holding Private Limited (formerly AT&T Cellular Pvt.Limited) Birla TMT Holdings Pvt. Limited	Hindalco Industries Limited Grasim Industries Limited Aditya Birla Nuvo Limited (formerly known as Indian Rayon and Industries Limited) Tata Industries Limited Apex Investments (Mauritius) Holding Private Limited (formerly AT&T Cellular Pvt.Limited) Birla TMT Holdings Pvt. Limited	Hindalco Industries Limited Grasim Industries Limited Aditya Birla Nuvo Limited (formerly known as Indian Rayon and Industries Limited) Tata Industries Limited (upto June 20, 2006) Apex Investments (Mauritius) Holding Private Limited (formerly AT&T Cellular Pvt.Limited) (upto June 20, 2006) Birla TMT Holdings Pvt. Limited Aditya Birla Telecom Limited (upto August 28,2006)
Subsidiaries	Sapte Investments Pvt. Limited Vsapte Investments Pvt. Limited Bhagalaxmi Investments Pvt. Limited Asian Telephone Services Limited BTA Cellcom Limited	Sapte Investments Pvt. Limited Vsapte Investments Pvt. Limited Bhagalaxmi Investments Pvt. Limited Asian Telephone Services Limited BTA Cellcom Limited Swinder Singh Satara & Co. Limited	Sapte Investments Pvt. Limited Vsapte Investments Pvt. Limited Bhagalaxmi Investments Pvt. Limited Asian Telephone Services Limited BTA Cellcom Limited Swinder Singh Satara & Co. Limited	Sapte Investments Pvt. Limited Vsapte Investments Pvt. Limited Bhagalaxmi Investments Pvt. Limited Asian Telephone Services Limited BTA Cellcom Limited Swinder Singh Satara & Co. Limited Idea Mobile Communications Limited	Sapte Investments Pvt. Limited Vsapte Investments Pvt. Limited Bhagalaxmi Investments Pvt. Limited Asian Telephone Services Limited BTA Cellcom Limited Swinder Singh Satara & Co. Limited Idea Mobile Communications Limited	Sapte Investments Pvt. Limited Vsapte Investments Pvt. Limited Bhagalaxmi Investments Pvt. Limited Asian Telephone Services Limited BTA Cellcom Limited Swinder Singh Satara & Co. Limited Idea Mobile Communications Limited	Sapte Investments Pvt. Limited Vsapte Vsapte Investments Pvt. Limited Bhagalaxmi Investments Pvt. Limited Asian Telephone Services Limited BTA Cellcom Limited Swinder Singh Satara & Co. Limited Idea Mobile Communications Limited Idea Telecommunications Limited *(formerly known as Escorts Telecommunications Limited)

	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Dec-05	31-Dec-06
Associates	Indian Aluminium Company Limited Cellular Services Inc.	Indian Aluminium Company Limited Cellular Services Inc.	Tata Televentures (Holdings) Limited Voltas Limited Tata Infomedia Limited	Voltas Limited Tata Televentures (Holdings) Limited	Voltas Limited		
Key Management Personnel	Mr. Sanjeev Aga, President & CEO Mr. Anirudh Singh, Manager	Mr. Anirudh Singh, Manager	Mr. Vikram Mehmi, CEO Mr. Anirudh Singh, Manager	Mr. Vikram Mehmi, CEO Mr. Satish Rajgarhia, Manager Mr. Anirudh Singh, Manager	Mr. Vikram Mehmi, CEO Mr. Satish Rajgarhia, Manager	Mr. Vikram Mehmi, CEO Mr. Satish Rajgarhia, Manager	Mr. Sanjeev Aga , MD (w.e.f November 1, 2006) Mr. Vikram Mehmi, CEO (Upto October 30, 2006) Mr. Satish Rajgarhia, Manager (Upto August 31, 2006)

IDEA Cellular Limited

(B) Related Party Transactions

Rs. Million

Particulars	As at March 31					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
RELATED PARTY TRANSACTIONS							
Transactions							
Promoters							
ICDs accepted	5,160.00	1,915.00	2,041.50	-	-	-	-
Interest on ICDs accepted	144.90	121.68	104.12	0.30	-	-	-
ICDs placed	40.00	-	-	-	-	-	-
Interest on ICDs placed	0.80	-	-	-	-	-	-
Interest on Loan	42.70	43.22	40.03	178.19	-	-	-
Others	-	42.00	-	-	-	-	-
Loan taken	319.23	-	-	-	-	-	-
Repayment of Loan taken	-	-	-	139.23	-	-	-
Purchase of Fixed Assets							5.39
Employee Expenses/Deposits							6.00
Expenses incurred by the company on behalf of							0.01
Investment	-	-	132.80	-	-	-	-
Subsidiaries							
ICDs placed	2,382.93	977.36	3,102.13	-	0.15	-	-
Repayment of ICDs placed	-	-	-	0.85	-	-	-
ICDs accepted	-	-	-	-	-	-	-
Loan Taken	-	271.87	-	-	-	-	-
Unsecured Loans received	-	-	-	52.84	3,760.59	3,036.19	8,679.81
Repayment of Loan Taken	-	-	-	116.30	-	-	-
Unsecured Loans given	-	-	-	867.58	8,663.69	6,829.05	5,735.61
Loan given	186.46	-	-	-	-	-	-
Rent Paid	-	2.70	2.70	2.70	2.70	2.03	2.03
Security Deposit	-	4.59	-	0.09	-	-	-
Purchase of Services	-	-	-	47.85	74.22	53.06	108.41
Sale of Services	-	-	-	48.71	81.92	54.54	145.39
Purchase of Fixed Assets	-	-	-	0.48	0.57	0.57	-
Sale of Fixed Assets	-	-	-	0.16	0.03	0.03	-
Expenses incurred by company on behalf of	-	-	-	-	-	19.51	225.30
Expenses incurred on company on behalf of	-	-	-	-	-	12.32	51.07
Corporate Guarantee given	610.00	-	-	-	-	-	-
Investment	-	-	0.49	-	-	-	-

Rs. Million

Particulars	As at March 31					As at December 31,	
	2002	2003	2004	2005	2006	2005	2006
Key Management Personnel							
Salary to the MD	-	-	-	-	-	-	4.28
Salary to the CEO	14.81	-	6.15	9.64	12.94	7.90	9.44
Salary to the Manager	2.49	3.37	4.20	4.70	4.98	3.89	3.16
Housing Deposit with CEO's relative	1.40	-	-	-	-	-	-
Rent paid to CEO's relative	1.15	-	-	-	-	-	-
Associates							
ICDs accepted	50.00	270.00	580.00	-	-	-	-
Interest on ICDs accepted	1.54	29.74	22.44	0.38	-	-	-
Expatriate Salary	39.42	-	-	-	-	-	-
Outstandings As On Year End							
Promoters							
ICDs accepted	1,810.20	1,170.00	-	-	-	-	-
Employee Expenses/Deposit	-	-	-	-	-	-	0.63
Interest on ICDs accepted	10.69	23.30	-	-	-	-	-
Interest on Loan	42.70	137.85	177.89	-	-	-	-
Loan taken	319.23	319.23	139.23	-	-	-	-
Subsidiaries							
ICDs placed	2,382.93	3,362.44	6,464.57	6,463.72	6,463.87	6,463.87	6,463.87
Loan Taken	-	271.87	116.30	-	-	-	
Loan given	12.61	-	-	-	-	-	
Unsecured Loan Taken	-	-	-	52.84	1,028.53	711.86	2,904.51
Unsecured Loan given	-	-	-	867.58	5,932.85	5,323.54	4,786.42
Purchase of Services	-	-	-	-	-	-	1.58
Sale of Services	-	-	-	-	-	0.24	-
Security Deposit	-	4.59	2.61	2.70	-	-	-
Share Application Money	-	28.35	-	-	-	-	-
Investment in shares	-	337.13	-	-	-	-	-
Corporate Guarantee	610.00	585.00	585.00	85.00	85.00	85.00	3,185.00
Key Management Personnel							
Salary of the MD							0.11
Salary of the CEO	1.20	-	2.06	3.90	-	1.99	0.19
Salary of the Manager	0.49	0.91	1.15	1.35	-	0.71	0.09
Associates							
ICDs Accepted	-	270.00	10.00	-	-	-	-
Interest on ICDs accepted	-	5.91	-	-	-	-	-
Expatriate Salary	6.42	-	-	-	-	-	-

IDEA Cellular Limited

Annexure 20

Schedule of Dividend Paid

Rs. Million

Class of Share	For the year ended March 31					For the nine months ended December 31,	
	2002	2003	2004	2005	2006	2005	2006
Equity Share Capital	18,476.87	21,395.27	22,595.27	22,595.27	22,595.27	22,595.27	22,595.27
Final dividend in %	-	-	-	-	-	-	-
Amount of dividend	-	-	-	-	-	-	-
Dividend Tax	-	-	-	-	-	-	-
Preference Share Capital	1,690.00	3,870.00	4,830.00	4,830.00	4,830.00	4,830.00	4,830.00
Final dividend in %							
Amount of dividend	-	-	-	-	-	-	-
Dividend Tax	-	-	-	-	-	-	-

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated audited consolidated financial statements and the notes to those statements included in this Prospectus. The following discussion is based on our audited consolidated financial statements for the years ended March 31, 2003, 2004, 2005 and 2006 and our consolidated financial statements for the nine month period ending December 31, 2006, which have been prepared in accordance with Indian GAAP, and on information available from other financial records of the Company. 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.

Overview

We are one of the leading mobile operators in India currently operating in 11 Circles covering approximately 57.8% of the total population of India and containing over 84.00 million subscribers of mobile services. Our subscriber numbers have increased by approximately 68.8% in the last nine months to 12.44 million as at December 31, 2006 from 7.37 million subscribers as at March 31, 2006.

We were incorporated as Birla Communications Limited on March 14, 1995 by the Aditya Birla Group. Following the execution of a joint venture agreement dated December 5, 1995, US-based AT&T Communications Limited became one of our shareholders. On March 31, 2001, the Tata Group also acquired an interest in us. The Aditya Birla Group, AT&T Communications Limited and the Tata Group remained our shareholders until the financial year 2006, during which the AWS Group sold its stake to the other two shareholders. In June 2006, the Aditya Birla Group acquired the Tata Group's stake and held 98.3% of our Equity Shares, making us part of the Aditya Birla Group, one of the largest business groups in India in terms of market capitalization. Following a series of recent private placements, the Aditya Birla Group will hold 57.7% of our Equity Shares (assuming the Green Shore Option is excised in full) (for further details see, page 137 of this Prospectus).

Our growth to date has been the product of a combination of organic growth and acquisitions. Licenses for the Maharashtra and Gujarat Circles were awarded to us in December 1995, with network roll-out and commercial launch achieved in 1997. In January 2000 we merged with Tata Cellular Limited, the original mobile operator in the Andhra Pradesh Circle, and we integrated the Andhra Pradesh Circle into our operations by January 2001. In February 2001, we acquired RPG Cellcom Limited, the mobile operator of the Madhya Pradesh Circle, with full integration of this Circle with ours achieved by June 2001. We acquired the license for the Delhi Circle during the fourth GSM-based license bidding round in October 2001 and in November 2002, we commenced our commercial operations in Delhi. In January 2004, we completed the acquisition of Escotel Mobile Communications Limited ("Escotel") (which held licenses to operate in three Circles: Kerala, Haryana and Uttar Pradesh (West)). Escotel was renamed Idea Mobile Communications Limited in July 2004. In connection with the acquisition of Escotel, we also acquired Escorts Telecommunications Limited ("Escorts"), which held licenses for the New Circles. As a result of certain then existing license conditions we were unable to complete the transfer of the shares of Escorts until June 2006. We, however, ensured that Escorts met the first phase of its network requirements for the New Circles in June 2005, in accordance with the relevant license terms (as amended). In June 2006, following the DoT's approval, we completed the acquisition and Escorts was renamed Idea Telecommunications Limited. Following an investment of approximately Rs. 4,700 million, we were able to achieve full commercial launch of mobile services in the New Circles between September and November 2006 in a manner that has now met all of the relevant license requirements. Post commercial launch, an additional investment of approximately Rs. 1,303.00 million was incurred in the period to December 31, 2006. We have recently received a UAS License for the Mumbai Circle and, through Aditya Birla Telecom Limited, a UAS License for the Bihar Circle.

Factors Affecting Our Results of Operations

Regulation

Regulatory change has played a key role in our growth and the growth in the telecommunication industry in India generally. The industry continues to be dependent on changes to the regulatory framework. The key regulatory changes during the last three financial years, which have had an impact on our financial condition and results of operations, are described below:

Financial Year Ending March 31, 2004

1.	Introduction of Calling Party Pays ("CPP")	May 2003	Airtime charges on incoming calls were removed and incoming interconnect revenues ("termination charges") to the operator were introduced in place of terminating costs. This led to higher subscriber growth but also to a reduction in Average Revenues Per User ("ARPU"). The revenue from termination charges partly offset the drop in ARPU.
2.	Revision in Interconnect Usage Charges ("IUC")	November 2003	Termination charges were reduced from Rs. 0.40 per minute to Rs. 0.30 per minute. A ceiling on Carriage Charges payable to National Long Distance ("NLD") operators was fixed at Rs. 1.10 per minute. Access Deficit Charges ("ADC"), ranging from Rs. 0.30 to Rs. 0.80 for inter-Circle calls based on certain distance bands and Rs. 4.25 per minute on International Long Distance ("ILD") calls were introduced. Most of the resulting reduction in incoming interconnect revenues and increase in access costs could not be passed on to subscribers because of competitive pressure.
3.	Unified Access Service Licensing ("UAS License")	November 2003	Fixed line operators were allowed to provide mobile services upon migration to UAS License, as a result of which fixed line operators offering CDMA services started providing seamless mobility within Circles. This change added to existing competition and tariff pressure.
4.	Access Deficit Charges ("ADC")	February 2004	ADC was introduced on all inter-Circle Subscriber Trunk Dialling ("STD") calls originating from all cellular and private basic telecommunications service providers and on all incoming International Standard Dialling ("ISD") calls. As a result, the cost of interconnect charges to mobile and private basic operators increased.

Financial Year Ending March 31, 2005

1.	License Fee Reduction	April 2004	A 2% reduction in the license fee for all mobile operators was implemented, meaning that the revised license fees for category A, B and C Circles became 10%, 8% and 6%, respectively, of Adjusted Gross Revenue ("AGR") as calculated in accordance with the regulations. Further to this 2% reduction, incumbent GSM operators were given an additional 2% reduction for four financial years starting from April 1, 2004. This reduction was subject to the minimum license percentage not falling below 5%. This benefit applied in seven of the Established Circles. These license fee reductions have reduced our costs of operation.
2.	Intra Circle Merger Guidelines	Initial Announcement in February 2004; effective from May 2005	Guidelines were announced for the merger of licenses and Spectrum resulting from intra-Circle mergers, acquisitions or restructuring. Inter service area connectivity was permitted between access providers in Mumbai and the rest of Maharashtra (including Goa), between access providers in Chennai and the rest of Tamil Nadu, between access providers in Kolkata and the rest of West Bengal and between access providers in Uttar Pradesh (East) with Uttar Pradesh (West) and Uttaranchal. These changes led to greater consolidation and increased competition.
3.	Enhancement of FDI ceiling to 74% from 49%	November 2005	Press Note 5 of 2006, raised the aggregate foreign shareholding from 49% (direct) in Indian telecommunications operators to, subject to certain conditions, 74% (direct and indirect) of the equity. These changes are likely to promote more competition and may result in our competitors having better access to funding.

Financial Year Ending March 31, 2006

1.	Reduction of NLD/ILD license fees	January 2006	A reduction of the entry fee for NLD/ILD licenses from Rs. 1,000 million to Rs. 25 million along with a license fee reduction from 15% to 6% of AGR. This change allowed operators to make further reductions in NLD and ILD tariffs paid by subscribers.
2.	New ADC Regime	March 2006	The ceiling on Carriage Charges for NLD calls was reduced from Rs. 1.20 per minute to Rs. 0.65 per minute. ADC on ILD calls was reduced to Rs. 0.80 per minute. Furthermore, ADC on other calls was converted from a fixed amount per minute to a revenue share percentage of 1.5% of AGR. ADC, including as a percentage of AGR, is not payable by fixed line operators on rural subscribers.

Financial Year Ending March 31, 2007 (up to December 31, 2006)

1.	Increase in Spectrum Charges as a percentage of AGR	November 2006	Spectrum charges have been revised upwards, such that 28 MHz carriers on a paired basis now carry a charge from 0.15% of AGR on the first pair to a cumulative charge of 1.45% of AGR on the sixth paired carrier. The previous Spectrum charges were 0.25% of AGR for the first 112 MHz in a Circle (or 224 MHz in a Metropolitan Circle) and 0.05% of AGR for every additional 28 MHz in a Circle (or 56 MHz in a Metropolitan Circle).

Subscribers

India has one of the lowest mobile telephone penetration rates in Asia (for further details, see "Overview of the Mobile Telecommunications Industry in India" on page 92 of this Prospectus). As a result, we believe there is significant opportunity for subscriber growth in the Indian mobile market.

Our subscriber base consists of post-paid and pre-paid subscribers. While post-paid subscribers are billed on a periodic basis after services have been rendered, pre-paid subscribers pay an upfront amount for charges, including airtime, based on the chosen denomination of a pre-paid card which the subscriber purchases on a regular basis.

We believe pre-paid is popular in India as the low entry barriers and low financial commitment allow subscribers in lower income brackets to utilize the service while the wide availability of pre-paid cards has helped build consumer acceptance of the pre-paid concept. Recent growth in our subscriber base has been driven largely by growth in the pre-paid category and we expect this trend to continue. We have adopted a distribution model for pre-paid cards based on the model in the fast-moving consumer goods industry. Our strong distribution channels through local stores have contributed to the success of our pre-paid category in a highly competitive market. The distribution costs and costs associated with managing pre-paid subscribers are lower than those for post-paid services. As a result, our pre-paid revenues generate higher profit margins than our post-paid revenues. In addition, as subscribers become accustomed to mobile services, we expect more pre-paid subscribers to opt for value added services ("VAS"), which would increase usage and generate higher revenues. We have, however, experienced higher Churn in the pre-paid category than in the post-paid category and we are taking measures, such as seeking to promote customer loyalty through innovative VAS and customer care initiatives, to contain Churn rates. Currently the one-time activation fee charged to new pre-paid subscribers substantially covers our subscriber acquisition costs. However, this may not be the case in the future given the significant competition for subscriber acquisition.

The following table shows the composition of our subscriber base as at March 31, 2003, 2004, 2005 and 2006 and as at December 31, 2006:

	As at March 31,				As at December
Subscribers	**2003[1]**	**2004[1]**	**2005[2]**	**2006[2]**	**31, 2006[3]**
Post-paid (in '000s)	353	539	1,232	1,342	1,497
Pre-paid (in '000s)	927	2,193	3,837	6,024	10,946
Total (in '000s)	1,280	2,733	5,070	7,366	12,442
Percentage of pre-paid subscribers	72.4%	80.3%	75.7%	81.8%	88.0%

[1] Subscriber base for 2003 and 2004 is for the Andhra Pradesh, Delhi, Gujarat, Madhya Pradesh and Maharashtra Circles only.

[2] Subscriber base for 2005 and 2006 is for the Established Circles.

[3] Subscriber base for the nine month period ending December 31, 2006 is for the Established Circles and New Circles.

Revenues Per Subscriber

We consider ARPU and Minutes of Use ("MoU") to be important tools for analyzing our subscribers and devising strategies to maximize revenues through our tariff plans.

ARPU is driven by tariffs and subscriber usage. We track ARPU separately for our post-paid and pre-paid subscribers. We calculate ARPU by dividing service revenues (excluding activation charges and infrastructure sharing revenue) 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 pre-paid or post-paid ARPU per month.

As illustrated in the table below, ARPU for the relevant financial years from post-paid subscribers is higher than that from pre-paid subscribers. This is largely due to a higher usage pattern for post-paid subscribers. Both our post-paid and pre-paid ARPU has declined, mainly as a result of a decline in tariffs due to increased competition. Our blended ARPU also has declined as a result of this decrease in post-paid and pre-paid ARPU and a significant shift in our subscriber profile to a higher relative number of pre-paid subscribers.

	Year ended March 31,				9-months ended December
Rs. Per Subscriber per month	**2003**	**2004**	**2005**	**2006**	**31, 2006**
Post-paid ARPU	1,330	1,149	779	707	679
Pre-paid ARPU	426	381	307	304	279
Blended ARPU	727	541	414	391	338

The table below sets forth the average subscriber usage in minutes for the financial years 2003, 2004, 2005 and 2006 and for the nine month period ended December 31, 2006.

	Year ended March 31,				9-months ended December
MoU Per Subscriber	**2003**	**2004**	**2005**	**2006**	**31, 2006**
Post-paid	414	583	463	523	683
Pre-paid	103	199	185	224	297
Blended	207	279	248	289	353

Investments In Network

Our investment in tangible assets, as a result of acquisitions and the launch of new operations during the three year period from March 31, 2003 to March 31, 2006 totalled Rs. 26,689.80 million. Our annual revenue has grown to Rs. 29,734.27 million for the period ending March 31, 2006 from Rs. 9,458.74 million for the period ending March 31, 2003. Due to shareholder uncertainty, our roll-out in the Established Circles mainly gained momentum only from the latter half of the financial year 2005. We were not able to complete the transfer to us of Escorts (subsequently renamed Idea Telecommunications Limited) until June 2006 due to outstanding regulatory approvals which caused delays to the majority of our investment in the roll-out of our network in the New Circles. We rolled-out our services in the New Circles during the period September to November 2006.

Financials Performance - Overview

The following table sets forth the consolidated performance of the Company and its Subsidiaries (together referred to as the "Group") as consolidated in the four financial years ending March 31, 2006 and in the nine months ended December 31, 2006 under Indian GAAP. As our financial statements reflect changes arising from mergers, acquisitions and the launch of new operations, they may not be comparable from one period to another.

	For the year ended March 31,								For the nine months ended December 31,		For the nine months ended December 31,	
	2003		2004		2005		2006		2005		2006	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Income												
Service Revenue	9,403.17	99.4%	12,965.06	98.9%	22,464.29	99.1%	29,489.11	99.1%	20,982.01	99.3%	30,416.14	99.3%
Sales of Trading Goods	0.15	0.0%	0.87	0.0%	92.84	0.4%	165.75	0.6%	115.83	0.5%	163.71	0.5%
Other Income	55.42	0.6%	147.94	1.1%	117.43	0.5%	78.97	0.3%	45.08	0.2%	56.08	0.2%
Total Income	**9,458.74**	**100.0%**	**13,113.87**	**100.0%**	**22,674.56**	**100.0%**	**29,733.83**	**100.0%**	**21,142.92**	**100.0%**	**30,635.93**	**100.0%**
Operating expenditure												
Cost of Trading Goods	0.07	0.0%	0.89	0.0%	84.47	0.4%	75.85	0.3%	60.31	0.3%	61.36	0.2%
Personnel Expenditure	626.8	6.6%	789.27	6.0%	1,456.28	6.4%	1,780.80	6.0%	1,292.22	6.1%	1,912.97	6.2%
Network Operating Expenditure	1,259.35	13.3%	1,604.45	12.2%	2,481.37	10.9%	3,137.24	10.5%	2,345.20	11.1%	3,599.19	11.7%
License and WPC Charges	1,251.81	13.2%	1,644.36	12.5%	2,189.48	9.7%	2,962.58	10.0%	2,120.19	10.0%	3,076.09	10.0%
Roaming and Access Charges	1,559.24	16.6%	2,420.11	18.6%	3,882.39	17.2%	4,962.13	16.6%	3,608.35	17.1%	5,084.62	16.7%
Subscriber Acquisition and Servicing Expenditure	774.42	8.2%	1,272.20	9.7%	1,956.77	8.6%	3,272.49	11.0%	2,261.76	10.7%	3,854.65	12.6%
Advertise-ment and Business Promotion Expenditure	750.99	7.9%	652.44	5.0%	1,030.13	4.5%	1,234.84	4.2%	747.68	3.5%	1,403.87	4.6%
Adminis-tration and other Expenses	1,137.86	12.0%	819.23	6.2%	1,300.61	5.7%	1,452.72	4.9%	1,123.22	5.3%	1,313.49	4.3%
Total	**7,360.54**	**77.8%**	**9,202.95**	**70.2%**	**14,381.50**	**63.4%**	**18,878.65**	**63.5%**	**13,558.93**	**64.1%**	**20,306.24**	**66.3%**

	For the year ended March 31,								For the nine months ended December 31,		For the nine months ended December 31,	
	2003		2004		2005		2006		2005		2006	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Profit before interest, depreciation and amortisation	2,098.20	22.2%	3,910.92	29.8%	8,293.06	36.6%	10,855.18	36.5%	7,583.99	35.9%	10,329.69	33.7%
Interest and Financing Charges	2,435.19	25.8%	2,870.88	21.9%	3,188.54	14.1%	3,224.50	10.8%	2,434.76	11.5%	2,316.50	7.6%
Depreciation	1,969.31	20.8%	2,204.72	16.8%	3,414.48	15.1%	4,476.09	15.1%	3,428.35	16.2%	4,153.74	13.6%
Amortisation of Intangible Assets	805.44	8.5%	843.97	6.4%	1,007.31	4.4%	1,043.68	3.5%	781.18	3.7%	803.09	2.6%
Profit / (loss) before tax	**(3,111.74)**	(32.9%)	**(2,008.65)**	(15.3%)	**682.73**	3.0%	**2,110.91**	7.1%	**939.70**	4.5%	**3,056.36**	**9.9%**
Provision for taxation	1.35	0.0%	0.70	0.0%	0	0.0%	80.48	0.3%	54.05	0.3%	40.69	0.1%
Profit after tax	**(3,113.09)**	(32.9%)	**(2,009.35)**	(15.3%)	**682.73**	3.0%	**2,030.43**	6.8%	**885.65**	4.2%	**3,015.67**	**9.8%**

Critical Accounting Policies

The accounting policies, conventions and principles of consolidation followed in our financial statements are set out on pages 205 to 218 of this Prospectus. The most significant accounting conventions and principles of consolidation used by us, and the critical accounting policies followed by us in the preparation of our financial statements, are extracted from our financial statements and set out below.

Accounting Conventions and Principles of Consolidation

The consolidated financial statements of the Company and its Subsidiaries have been prepared in accordance with Indian GAAP, mandatory applicable accounting standards and, more particularly, Accounting Standard 21 on consolidated financial statements issued by the Institute of Chartered Accountants of India ("ICAI"). These financial statements are prepared under the historical cost convention and follow the accrual method of accounting. The financial statements are consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intercompany transactions and balances with subsidiary undertakings. The differential with respect to the cost of investments in our Subsidiaries over our portion of equity is recognized as goodwill or capital reserve, as the case may be.

Revenue Recognition and Receivables

Revenue on account of mobile telephony services and sales of handsets and related accessories is recognized net of rebates, discounts, service taxes, etc. on rendering of services and supply of goods, respectively. Recharge fees on pre-paid cards are recognized as revenue as and when the pre-paid card is activated by the subscriber.

Provisions are made for amounts due from subscribers (net of security deposits received from subscribers) which remain unpaid for more than 90 days from the date of billing and other debts which are otherwise considered doubtful.

Provisions for doubtful debts due from other telecom operators on account of IUC and roaming charges are made for debts outstanding for more than 180 days from the date of billing after setting-off of any amount payable to that operator pertaining to the same period.

Unbilled receivables represent revenues recognized from the date on which a bill is generated to the end of each month. These are billed in subsequent periods as per the terms of the billing plans.

Fixed Assets

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

Site restoration cost obligations are capitalized once the Company has entered into an obligation in relation to a proposed construction, 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.

Depreciation and amortization

Depreciation on tangible fixed assets is provided on straight line method (except stated otherwise) on the basis of estimated useful economic lives. These estimated useful economic lives for fixed assets have been listed in the detailed accounting policy section.

Intangible assets are comprised of (i) cost of rights and licenses, including the fees paid on a fixed basis prior to the revenue share regime, in each Circle; and (ii) software which is not an integral part of hardware. The cost of licenses paid on a fixed basis prior to the revenue share regime is amortized on commencement of operations over the period of the relevant license, while software is amortized on a straight-line basis over its useful economic life, estimated by management to be between three and five years.

Description of line items

Total Income

Our revenues broadly include:

- Service Revenue;
- Sale of Trading Goods; and
- Other Income.

Service Revenue: Service revenue includes:

- Post-paid Revenue;
- Pre-paid Revenue;
- Inroaming Revenue;
- Incoming Interconnect Revenue;
- Infrastructure Sharing Revenue;
- *Post-paid revenues*: Recurring revenues from post-paid subscribers comprise airtime charges, monthly rentals, VAS (including short messaging services ("SMS")), outroaming revenues and outgoing interconnect charges. Other revenues from post-paid subscribers include activation charges and late payment charges.

Charges are calculated based on the tariff plan to which the customer subscribes. We currently offer a variety of plans with varying monthly subscription charges and airtime charges for outgoing calls. Airtime charges from post-paid subscribers are net of discounts and service taxes and are recognized as services are rendered. These subscribers are billed monthly.

In February 2003, ahead of the introduction of CPP in May 2003 (for further details, see "Overview of the Mobile Telecommunications Industry in India" on page 92 of this Prospectus), we stopped charging our customers for incoming calls, other than while roaming.

Monthly rentals, depending on a subscriber's tariff plans, are billed monthly in arrears. In addition, we charge an upfront activation charge for new post-paid subscribers subscribing to our network.

We offer a variety of VAS depending on demand, pricing and the technical capability of our network in each area. We charge a fixed monthly fee for some of these services, such as caller identification, and a fee based on usage for others, such as SMS, mobile jockey and music messaging.

Outroaming revenue, which contributes to post-paid revenues, represents the amount billed to our subscribers for usage while roaming outside the subscriber's home network, including in other Circles within our network. Where a subscriber uses services in a Circle operated by us other than their home Circle, charges to such subscriber and the settlement of pass-through amounts between the home Circle and the host Circle are based on Call Data Records ("CDRs") exchanged directly between the two relevant Circles. For outroaming in the network of other mobile operators, we are charged by the other operator for the use of its network by our subscribers based on the CDRs received from that other operator through a designated clearing house. We charge our outroaming subscribers: (i) a fixed monthly fee; (ii) a percentage of the airtime charges, excluding IUC, which they incur on other networks; (iii) IUC in respect of incoming calls carried via the home network to the outroaming subscriber; and (iv) the pass-through amount to be paid to the other operator as explained above. In our financial accounts, outroaming pass-through charges are treated as expenses while total outroaming revenue, including pass-through, is treated as a revenue item for calculating total revenues. In line with required Accounting Standards, during the preparation of our consolidated financial statements, the pass-through element of revenues arising from outroaming within our Circles is eliminated with a corresponding reduction in inter-Circle outroaming expenses.

Outgoing interconnect revenues are comprised of the access charges paid by subscribers on all outgoing calls to other networks.

- *Pre-paid revenues:* Recurring revenues from pre-paid subscribers comprise airtime charges, pre-paid card fees, VAS including SMS, outroaming revenues, outgoing IUC and the value of expired cards. Other revenues from pre-paid subscribers include Subscriber Identification Module ("SIM") processing fees.

Pre-paid revenues are earned mainly in two forms: (i) starter pack revenue, which consists of SIM processing fees, and (ii) airtime and pre-paid cards, which consist of airtime and recharge fees.

Payments for starter packs and pre-paid cards are recovered in advance from our distributors. We register a subscriber and recognize SIM processing fees upon activation of the starter pack by the subscriber. We recognize recharge fees as revenue upon activation of the pre-paid card by the subscriber. We recognize airtime charges on actual usage by the subscriber. The pre-paid starter pack and the pre-paid card have a predetermined airtime value and a validity period. Upon usage of all of such airtime value or upon expiration of the validity period, whichever occurs earlier, the subscriber must buy another pre-paid card to continue using our services. The charges for VAS, outgoing interconnect and roaming are deducted from the usable airtime value of the pre-paid card.

Outroaming revenues for pre-paid subscribers are broadly similar to that of the post-paid subscribers.

- *Inroaming revenue*: Inroaming revenues are earned primarily from airtime usage of our networks by subscribers from other Circles (Inroamers), including our own subscribers, outside their home Circles. To allow this usage, we have entered into roaming agreements with many other operators. These agreements are negotiated bilaterally both domestically and internationally and determine the level of airtime charges. In addition, we recover any IUC at applicable rates from the other operator. In our financial statements, the interconnect pass-through charges are treated as expenses while the total inroaming revenues, including the recovery of pass-through from subscribers, are treated as a revenue item for calculating total revenues.
- *Incoming interconnect revenue*: Under the new IUC regime, from May 2003 we have had a revenue stream of incoming interconnect termination charges paid by other operators (Fixed/WLL/mobile) for all incoming calls terminating on our network. The termination charges are determined by TRAI.
- *Infrastructure Sharing Revenues*: These revenues consist of amounts charged to other operators pursuant to agreements entered into relating to those operators' use of our network infrastructure. These mainly consist of recovery towards capital costs and interest.
- *Sales of Trading Goods*: Sales of trading goods consist of revenues from the sale of handsets in all operating Circles for each of the relevant periods and include the sale of SIMs in the three Circles of Haryana, Kerala and Uttar Pradesh (West) during the period up to October 31, 2006.
- *Other income*: Other income includes interest income on cash and bank balances, reversal of provisions no longer required, gains on foreign exchange fluctuation, profit on sale of current investments and miscellaneous receipts.

Operating expenditure

Our operating expenditure includes:

- Cost of trading goods;
- Personnel Expenditure;
- Network Operating Expenditure;
- License Fees and WPC Charges;
- Roaming and Interconnection Charges;
- Subscriber Acquisition and Servicing Expenditure;
- Advertisement and Business Promotion Expenditure; and
- Administration and Other Expenses.
- *Cost of trading goods:* Cost of trading goods relates to the value of handsets sold in all Circles during each of the relevant periods and fluctuations in the value held in SIM inventory during the period up to October 31, 2006 for the three Circles of Haryana, Kerala and Uttar Pradesh (West).
- *Personnel Expenditure:* Includes salaries, contributions to employee benefit funds, allowances, variable performance pay, retirement benefits, vacation pay, staff welfare and other employee recruitment and training costs.
- *Network Operating Expenditure:* Network operating expenditure is comprised of expenses incurred in operating and maintaining our networks, particularly security charges, power and fuel, including electricity and diesel costs, rental payments and associated taxes for Main Switching Centers ("MSC"s); Base Station Controllers ("BSCs") and Base Transceiver Stations ("BTSs"); annual maintenance charges for networks (generally through contracts with Ericsson, Nokia and Siemens); network related insurance, lease line charges from BSNL and private operators, junction related connectivity charges to BSNL and MTNL and other operating expenses related to mobile network infrastructure. Leased line charges represent payments to the leased line owners for usage of their network for dedicated communication services. Payments are made in advance, on an annual basis, and are dependent on the distance between the Points of Interconnection ("POIs") and the capacity of the leased line.

Most of our network expenses are fixed and are directly related to the number of MSCs, BSCs and BTSs, which means that they do not vary with changes in the size of our subscriber base.

- *License Fees and Wireless Planning Commission Wing of the DoT ("WPC") Charges:* License fees include payments made to the DoT in respect of our networks. The license fee payable is calculated on our AGR at a predetermined rate prescribed by the DoT. We have benefitted from a 4.0% license fee reduction for seven of the Established Circles and 2.0% license fee reduction for the Delhi Circle for a four-year period effective from April 1, 2004. Accordingly, we now pay license fees at 8.0% of AGR for our category "A" Circles of Andhra Pradesh, Gujarat and Maharashtra; 6.0% of AGR for our category "B" and category "C" Circles, Madhya Pradesh, Kerala, Haryana and Uttar Pradesh (West) and 10.0% of AGR for the Delhi Circle (for further details, see "Indian Telecommunications Industry Regulation" on page 105 of this Prospectus).
- WPC charges, also known as "spectrum usage charges", consist of payments made to the DoT for the use of allotted frequency in operating mobile services. Spectrum charges are paid separately as GSM Fees and Microwave Royalty (for further details, see "Indian Telecommunications Industry Regulation" on page 105 of this Prospectus).
- *Roaming and Interconnect Charges*: Roaming charges are comprised of the pass-through charges paid by us to other operators and the charges which we collect from our subscribers related to their usage whilst outroaming. IUC is comprised of pass-through charges and termination charges payable to other operators, including long distance operators, for our subscribers accessing these operators' networks. With the introduction of the IUC regime in May 2003, we can freely negotiate IUC with all operators, including BSNL and MTNL, within a range determined by TRAI.

Subscriber Acquisition and Servicing Costs: Subscriber acquisition and servicing costs include:

- *Cost of SIMs:* Incurred for acquiring subscribers in all the Established Circles and New Circles, other than in Haryana, Kerala and Uttar Pradesh (West) where such cost was, until October 31, 2006, accounted for in Cost of Trading Goods due to

ongoing litigation in these Circles prior to our acquisition of them (for further details, see "Outstanding Litigations and other Material Developments" on page 319 of this Prospectus). Effective November 1, 2006 the cost of SIMs incurred for acquiring subscribers in all the Established Circles and New Circles is included in this amount.

- *Commission and discount to dealers and others*: Commission and discount to dealers and distributors include payments of commission to post-paid, and granting discounts to pre-paid, distribution channel intermediaries for every new post-paid activation or sale of pre-paid recharge cards and costs associated with pre-paid cards by existing subscribers.
- *Customer Verification Expenses:* Our expenses incurred for verifying subscriber details on application for our services. Historically these expenses were incurred largely in relation to post-paid subscribers to ascertain the credit limit to be assigned to such applicants, but following Government guidelines requiring compliance with verification regulations, verification expenses are now also being incurred for the pre-paid category (for further details, see "Overview of the Mobile Telecommunications Industry in India" on page 92 of this Prospectus).
- *Collection Expenses / Telemarketing Expenses:* Collection expenses are the expenses incurred in relation to post-paid subscribers in respect of collecting on bills. Collection expenses are mainly costs associated with sending reminder bills and the costs of external collection and recovery agencies. Telemarketing expenses are incurred for establishing first point of contact, feedback on services and for query resolutions. Telemarketing is usually carried out using outsourced agencies which are contracted either on a per call or a per seat basis.
- *Customer Retention and Loyalty Expenses:* Customer retention expenses are incurred in efforts to retain indicative Churn subscribers and loyalty expenses are incurred under loyalty programs implemented for certain categories of subscribers.
- *Advertising and Business Promotion Expenses:* Includes the expenses incurred for brand and product advertising, corporate campaigns and business promotions.
- *Administration and Other Expenses:* Incurred on repairs and maintenance of non-network equipment and buildings, rates and taxes, non-network rentals, insurance for non-network equipment, printing and stationery, electricity used in offices, communication, travel and conveyance, legal and professional charges and other miscellaneous expenses.

Provision/Write offs for bad and doubtful debts/allowances

Provision for bad and doubtful debts/allowances are expenses incurred in relation to our post-paid subscribers and from other operators for roaming and interconnect. We normally provide for or write-off for amounts due for more than 90 days that cannot be recovered by us from the post-paid subscribers after adjusting for the security deposits received from such post-paid subscriber. In the case of outstanding roaming and interconnect receivables, amounts due for more than 180 days are reviewed for certainty of realization and cases deemed doubtful are provided for after setting-off any amount payable to that operator pertaining to the same period.

RESULTS OF OPERATIONS DURING THE NINE MONTHS ENDED DECEMBER 31, 2006 WITH A COMPARISON WITH THE PERIOD ENDED DECEMBER 31, 2005.

Our financials for the period ended December 31, 2006 are consolidated for our Established Circles and our New Circles while the financials for the period ended December 31, 2005 are consolidated for our Established Circles only. The financials for the corresponding periods are therefore not directly comparable.

KEY EVENTS DURING THE NINE MONTHS ENDED DECEMBER 31, 2006:

- End of Period ("EoP") subscriber base over 12.44 million as at December 31, 2006.
- Launch of Himachal Pradesh, Rajasthan and Uttar Pradesh (East) Circles in September 2006, October 2006 and November 2006 respectively.
- Acquisition of UAS Licenses for the Mumbai and Bihar Circles.
- Acquisition of NLD license.

The results of our operations for the nine months ended December 31, 2006 with a comparison with the corresponding period ended December 31, 2005 are shown below:

	For the nine months ended December 31, 2005		For the nine months ended December 31, 2006	
	Amount	**%**	**Amount**	**%**
Income				
Service Revenue	20,982.01	99.3%	30,416.14	99.3%
Sales of Trading Goods	115.83	0.5%	163.71	0.5%
Other Income	45.08	0.2%	56.08	0.2%
Total	**21,142.92**	**100.0%**	**30,635.93**	**100.0%**
Operating expenditure				
Cost of Trading Goods	60.31	0.3%	61.36	0.2%
Personnel Expenditure	1,292.22	6.1%	1,912.97	6.2%
Network Operating Expenditure	2,345.20	11.1%	3,599.19	11.7%
License Fees and WPC Charges	2,120.19	10.0%	3,076.09	10.0%
Roaming and Access Charges	3,608.35	17.1%	5,084.62	16.7%
Subscriber Acquisition and Servicing Expenditure	2,261.76	10.7%	3,854.65	12.6%
Advertisement and Business Promotion Expenditure	747.68	3.5%	1,403.87	4.6%
Administration and Other Expenses	1,123.22	5.3%	1,313.49	4.3%
Total	**13,558.93**	**64.1%**	**20,306.24**	**66.3%**
Profit before interest, depreciation and amortisation	**7,583.99**	**35.9%**	**10,329.69**	**33.7%**
Interest and Financing Charges	2,434.76	11.5%	2,316.50	7.6%
Depreciation	3,428.35	16.2%	4,153.74	13.6%
Amortisation of Intangible Assets	781.18	3.7%	803.09	2.6%
Profit before tax	**939.70**	**4.5%**	**3,056.36**	**9.9%**
Provision for taxation	54.05	0.3%	40.69	0.1%
Profit after tax	**885.65**	**4.2%**	**3,015.67**	**9.8%**

Revenues

Our total revenues for the nine months ended December 31, 2006 were Rs. 30,635.93 million. Of these, revenues of Rs. 157.81 million related to our New Circles. Our total revenues for the Established Circles increased by 44.2% to Rs. 30,478.12 million for the nine months ended December 31, 2006 from Rs. 21,142.92 million for the corresponding nine months ended December 31, 2005.

Total service revenue was Rs. 30,416.14 million for the nine months ended December 31, 2006. Of this, revenues of Rs. 157.72 million related to our New Circles. Our service revenues in the Established Circles increased by 44.2% to Rs. 30,258.42 million for the nine months ended December 31, 2006 from Rs. 20,982.01 million for the corresponding nine months ended December

31, 2005. During this period, there was a significant increase in our subscriber base, partially offset by a decline in tariffs due principally to competitive forces. Our subscriber base increased from 6.47 million as at December 31, 2005 to 12.44 million (including 0.38 million subscribers in the New Circles) as at December 31, 2006. The increase in our overall subscriber base was mainly attributable to an increase in pre-paid subscribers, in line with industry trends and consistent with our strategy to target mass-market pre-paid subscribers. We had Net Adds of 5.08 million subscribers during the nine months ending December 31, 2006 of which 97.0% were pre-paid. Our post-paid subscriber base increased by 11.2% from 1.35 million as at December 31, 2005 to 1.50 million as at December 31, 2006, while our pre-paid subscriber base increased by 81.7% to 10.95 million as at December 31, 2006 from 6.02 million as at March 31, 2006. Post-paid subscribers comprised 12.0% of our total subscriber base as at December 31, 2006.

Sales of trading goods increased by 41.3% to Rs. 163.71 million for the nine months ended December 31, 2006 from Rs. 115.83 million for the corresponding nine months ended December 31, 2005. Sale of trading goods comprised 0.5% of total revenue for both the nine months ended December 31, 2005 and the nine months ended December 31, 2006.

Other income increased 24.4% to Rs. 56.08 million for the nine months ended December 31, 2006 from Rs. 45.08 million for the corresponding nine months ended December 31, 2005. This increase consisted mainly of interest income and profit on sale of short term investments.

Operating Expenditure

Total operating expenditure for the nine months ended December 31, 2006 was Rs. 20,306.24 million, comprising 66.3% of our total revenues. Of this, Rs. 685.46 million related to our New Circles. Operating expenditure for the Established Circles increased by 44.7% to Rs. 19,620.78 million for the nine months ended December 31, 2006 from Rs. 13,558.93 million for the corresponding nine months ended December 31, 2005. The following table sets forth a breakdown of operating, administration, selling and other expenses for the nine months ended December 31, 2006 and for the corresponding nine months ended December 31, 2005.

	For the nine months ended December 31, 2005		For the nine months ended December 31, 2006	
	Amount	**%**	**Amount**	**%**
Operating expenditure				
Cost of Trading Goods	60.31	0.3%	61.36	0.2%
Personnel Expenditure	1,292.22	6.1%	1,912.97	6.2%
Network Operating Expenditure	2,345.20	11.1%	3,599.19	11.7%
License and WPC Charges	2,120.19	10.0%	3,076.09	10.0%
Roaming and Access Charges	3,608.35	17.1%	5,084.62	16.7%
Subscriber Acquisition and Servicing Expenditure	2,261.76	10.7%	3,854.65	12.6%
Advertisement and Business Promotion Expenditure	747.68	3.5%	1,403.87	4.6%
Administration and other Expenses	1,123.22	5.3%	1,313.49	4.3%
Total	**13,558.93**	**64.1%**	**20,306.24**	**66.3%**

Cost of Trading Goods: Cost of trading goods was Rs. 61.36 million for the nine months ended December 31, 2006, representing 0.2% of total revenues as compared to Rs. 60.31 million representing 0.3% of total revenues for the corresponding nine months ended December 31, 2005.

Personnel Expenditure: Personnel expenditure was Rs. 1,912.97 million for the nine months ended December 31, 2006, representing 6.2% of total revenues. Of this, Rs. 141.99 million related to our New Circles. Personnel expenditure for the Established Circles increased by 37.0% to Rs. 1,770.98 million for the nine months ended December 31, 2006 from Rs.

1,292.22 million for the corresponding nine months ended December 31, 2005, mainly due to increased headcount and annual increments. Personnel expenditure for the Established Circles was 5.8% and 6.1% of total revenues for the nine months ended December 31, 2006 and December 31, 2005, respectively. We had approximately 4,647 employees as at December 31, 2006 compared to approximately 3,490 employees as at December 31, 2005.

Network Operating Expenditure: Network operating expenditure for the nine months ended December 31, 2006 were Rs. 3,599.19 million. Of this, Rs. 163.15 million related to our New Circles. Network operating expenditure for our Established Circles increased by 46.5% to Rs. 3,436.04 million for the nine months ended December 31, 2006 from Rs. 2,345.20 million for the corresponding nine months ended December 31, 2005. Network operating expenditure for the Established Circles was 11.3% and 11.1% of our total revenue for the nine months ended December 31, 2006 and December 31, 2005, respectively. This was mainly as a result of the expansion of our networks in the Established Circles.

License Fees and WPC Charges: License fees and WPC charges for the nine months ended December 31, 2006 were Rs. 3,076.09 million. Of these, Rs. 13.55 million related our New Circles. License fees and WPC charges for our Established Circles increased by 44.4% to Rs. 3,062.54 million for the nine months ended December 31, 2006 from Rs. 2,120.19 million for the corresponding nine months ended December 31, 2005. This was mainly in line with our increased revenues during this period. Also, despite an increase of Spectrum charges as a percentage of AGR from November 2006, the license fees and WPC charges were 10.0% of our total revenues for the nine months ended December 31, 2006 and December 31, 2005, respectively.

Roaming and Access Charges: Roaming and access charges were Rs. 5,084.62 million for the nine months ended December 31 2006. Of these, Rs. 40.71 million related to our New Circles. Roaming and access charges for our Established Circles increased by 39.8% to Rs. 5,043.91 million for the nine months ended December 31, 2006 from Rs. 3,608.35 million for the corresponding nine months ended December 31, 2005. This increase was due to increased traffic volumes. Roaming and access charges for the Established Circles were 16.5% and 17.1% of the total revenue for the nine months ended December 31, 2006 and December 31,2005, respectively. This decrease as a percentage of revenue is mainly due to a reduction in roaming tariffs.

Subscriber Acquisition and Servicing Expenditure: Expenses incurred for acquiring and servicing subscribers for the nine months ended December 31, 2006 were Rs. 3,854.65 million. Of these, Rs. 134.93 million related to New Circles. These expenses for our Established Circles increased by 64.5% to Rs. 3,719.72 million for the nine months ended December 31, 2006 from Rs. 2,261.76 million for the corresponding nine months ended December 31, 2005. These expenses for our Established Circles were 12.2% of our total revenue and 10.7% of our total revenue for the nine months ended December 31, 2006 and December 31, 2005, respectively. The expenses were in line with the increased number of subscriber acquisitions and the increase in subscriber base being serviced during this period. However, additional discounts to distributors and retailers on the FCT product (introduced to compete with the fixed telephony operators) caused an additional 1.0% increase in expenses as a percentage of revenues. Expenses incurred for subscriber re-verification and additional telecalling activities caused the additional 0.5% increase in these expenses as a percentage of revenue.

Advertising and Business Promotion Expenses: Advertising and business promotion expenses were Rs. 1,403.87 million for the nine months ended December 31, 2006. Of the above, 132.11 million related to our New Circles. These expenses for our Established Circles increased by 70.1% to Rs. 1,271.76 million for the nine months ended December 31, 2006 from Rs. 747.68 million for the corresponding nine months ended December 31, 2005. These expenses for our Established Circles were 4.2% of our total revenue and 3.5% of our total revenue for the nine months ended December 31, 2006 and December 31,2005 respectively. This increase was mainly due to increased media spends on account of intense competition in the telecom sector.

Administration and Other Expenses: Other than Provisions for Bad and Doubtful Debts described below, other administration and other expenses for the nine months ended December 31, 2006 were Rs. 1,045.69 million. Of these, Rs. 59.01 million related to the New Circles. These expenses for our Established Circles increased by 21.0% to Rs. 986.68 million for the nine months ended December 31, 2006 from Rs. 815.27 million for the corresponding nine months ended December 31, 2005 mainly due to increased volume of operation. These expenses for our Established Circles were 3.2% and 4.3% of our total revenue for the nine months ended December 31, 2006 and December 31, 2005, respectively.

Provisions for Bad and Doubtful Debts: Provisions for bad and doubtful debts during the nine months ended December 31, 2006 were Rs. 267.80 million as against Rs. 307.95 million for the corresponding nine months ended December 31, 2005. These expenses relate to our Established Circles. Provisions for Bad and Doubtful Debts were 0.9% and 1.5% of our total

revenue for the nine months ended December 31, 2006 and December 31, 2005, respectively. This was mainly as a result of a change in our revenue mix towards pre-paid revenues in the current period.

EBITDA

EBITDA for the nine months ended December 31, 2006 was Rs. 10,329.69 million. After grossing up this amount for the negative EBITDA generated by our New Circles, amounting to Rs. 527.65 million, the EBITDA for our Established Circles was Rs. 10,857.34 million for the nine months ended December 31, 2006 from Rs. 7,583.99 million for the nine months ended December 31, 2005. This increase in EBITDA by 36.2% was due to better operating results in our Established Circles.

EBITDA margin

EBITDA margin was 33.7% of total revenues for the nine months ended December 31, 2006. The EBITDA margin for our Established Circles was 35.6% and 35.9% for the nine month periods ended December 31, 2006 and December 31, 2005, respectively. However, the negative EBITDA of our recently launched New Circles has contributed to a reduction of the overall EBITDA margin by 2.1% of our total revenues for the nine months ended December 31, 2006.

Other items

Depreciation and amortization of intangible assets: Depreciation expense was Rs. 4,153.74 million for the nine months ended December 31, 2006 as compared to Rs. 3,428.35 million for the corresponding nine months ended December 31, 2005. This increase of Rs. 725.39 million was in line with the increase in our gross block of fixed assets, which increased by Rs. 18,999.20 million between December 31, 2006 and December 31, 2005. Amortization of intangible assets was Rs. 803.09 million for the nine months ended December 31, 2006 as compared to Rs. 781.18 million for the corresponding period of the previous financial year. This increase of Rs. 21.91 million is a result of the amortisation of the intangible assets of our New Circles, amounting to Rs. 11.61 million, with the balance due to increased amortisation of computer software.

Interest and financing charges: Interest and financing charges decreased by 4.9% to Rs. 2,316.50 million for the nine months ended December 31, 2006 from Rs. 2,434.76 million for the corresponding nine months ended December 31, 2005. This decrease was a result of the refinancing of term loans which have enabled repayment of short term borrowings that carried higher rates of interest.

We had total debt outstanding of Rs. 39,758.50 million as at December 31, 2006, consisting of Rs. 34,835.38 million of long-term debt and Rs. 4,923.12 million of short-term debt. Our total debt outstanding as at December 31, 2005 was Rs. 32,936.03 million consisting of Rs. 16,896.63 million of long-term debt and Rs. 16,039.40 million of short-term debt. This increase in debt is as a result of additional capital expenditure in the Established Circles.

Taxation: Our tax charge, consisting of Fringe Benefit Tax ("FBT"), Minimum Alternative Tax ("MAT") and Deferred Tax Expenses/ (Income), for the nine months ended December 31, 2006 was Rs. 40.69 million as compared to Rs. 54.05 million for the nine months ended December 31, 2005. Despite an increase in FBT of Rs. 13.28 million in the nine months ended December 31 2006 as compared to the corresponding period of the financial year 2005, the availability of MAT credit to one of our subsidiaries has decreased the total tax charge for the nine month period ended December 31, 2006.

Profit after tax

Our profit after tax increased 240.5% to Rs. 3,015.67 million for the nine months ended December 31, 2006 from Rs. 885.65 million for the corresponding nine months ended December 31, 2005.

Extraordinary Items

Due to the revision in Accounting Standards 15 (Employee Benefits), with effect from April 1, 2006, we recalculated our liability for accumulated compensated balances, including severance payments. Accordingly, the opening profit and loss account has been adjusted to reflect the impact of this revision for the period prior to March 31, 2006, amounting to Rs. 122.67 million.

The period from April 2004 to March 2006 witnessed increased competition (for further details see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors Affecting our Results of Operations" on page 283 of this Prospectus), which affected our operations and the industry as a whole. As a result, we suffered a decline in our market share

in the Established Circles. We also suffered a decline in ARPU as a result of a reduction in tariffs caused by increased competition and a movement in our subscriber profile towards the pre-paid sector.

Comparison of the financial year 2006 with the financial year 2005

For the financial years 2006 and 2005, our results of operations are the consolidated results for all the Established Circles.

KEY MILESTONES DURING FINANCIAL YEAR 2006:

- End of period ("EoP") subscriber base over 7.00 million as at March 31, 2006.
- Seven of the Established Circles generating cash profits despite a reduction of 19.0% in the average realized rate per minute over the previous financial year following tariff changes due to competitive pressure.

Revenues

Our total revenues increased 31.1% to Rs. 29,733.83 million for the financial year 2006 from Rs. 22,674.56 million for the financial year 2005. This increase was mainly due to a significant increase in our subscriber base, partially offset by a decline in tariffs on account of competition.

Our subscriber base increased to approximately 7.37 million as at March 31, 2006 from approximately 5.07 million as at March 31, 2005. This increase was mainly driven by an increase in pre-paid subscribers, which is consistent with industry trends and our strategy to target mass-market pre-paid subscribers. Our net adds during the financial year 2006 was approximately 2.29 million subscribers, of which 95.6% were pre-paid subscribers. Our post-paid subscriber base increased by 8.9% to approximately 1.34 million as at March 31, 2006 from approximately 1.23 million as at March 31, 2005, while our pre-paid subscriber base increased by 57.2% to approximately 6.02 million as at March 31, 2006 from approximately 3.83 million subscribers as at March 31, 2005. Post-paid subscribers comprised 18.2% of our total subscriber base as at March 31, 2006 compared to 24.3% as at March 31, 2005. With increased competition leading to a reduction in tariffs, our blended ARPU declined by 5.5% to Rs. 391 for the financial year 2006 from Rs. 414 for the financial year 2005 per subscriber per month. Our post-paid ARPU declined by 9.3% to Rs. 707 for the financial year 2006 from Rs. 779 for the financial year 2005 per subscriber per month. Our pre-paid ARPU declined by 1% to Rs. 304 per subscriber per month as at March 31, 2006 from Rs. 307 per subscriber per month for the year ending March 31, 2005.

Service revenue increased by 31.3% to Rs. 29,489.11 million for the financial year 2006 from Rs. 22,464.29 million for the financial year 2005, primarily as a result of the increase in our subscriber base.

Sales of trading goods increased by 78.5% to Rs. 165.75 million for the financial year 2006 from Rs. 92.84 million for the financial year 2005. This increase was primarily the result of an increased subscriber base.

Other income decreased by 32.8% to Rs. 78.97 million for the financial year 2006 from Rs. 117.43 million for the financial year 2005. This decrease resulted from reduced interest income.

Operating Expenditure

Operating expenditure was Rs. 18,878.65 million for the financial year ending March 31, 2006 from Rs. 14,381.50 million for the financial year ending March 31, 2005. This increase of 31.3% is in line with increased business volumes. Operating expenditure comprised 63.5% of our total revenues in 2006 as compared to 63.4% for the previous financial year. We were able to maintain our operating margins despite additional expenses associated with increasing the capacity of our network in the Established Circles during the financial year 2006 as a result of an increase in the number of our subscribers.

The following table sets forth a breakdown of operating expenses for the financial years ended March 31, 2005 and 2006:

	For the year ended March 31,			
	2005		2006	
	Amount (in Rs. million)	%	Amount (in Rs. million)	%
Operating expenditure				
Cost of Trading Goods	84.47	0.4%	75.85	0.3%
Personnel Expenditure	1,456.28	6.4%	1,780.80	6.0%
Network Operating Expenditure	2,481.37	10.9%	3,137.24	10.5%
License and WPC Charges	2,189.48	9.7%	2,962.58	10.0%
Roaming and Access Charges	3,882.39	17.2%	4,962.13	16.6%
Subscriber Acquisition and Servicing Expenditure	1,956.77	8.6%	3,272.49	11.0%
Advertisement and Business Promotion Expenditure	1,030.13	4.5%	1,234.84	4.2%
Administration and other Expenses	1,300.61	5.7%	1,452.72	4.9%
Total	**14,381.50**	**63.4%**	**18,878.65**	**63.5%**

Cost of Trading Goods: Cost of trading goods decreased by 10.2% to Rs. 75.85 million for the period ending March 31, 2006, from Rs. 84.47 million for the period ending March 31, 2005, primarily as a result of a reduction in SIM costs in the Haryana, Kerala and Uttar Pradesh (West) Circles.

Personnel Expenditure: Personnel expenses were Rs. 1,780.80 million for the period ending March 31, 2006 as compared to Rs. 1,456.28 million for the period ending March 31, 2005. Personnel costs were approximately 6.0% of revenues for the financial year 2006 as compared to 6.4% for the previous financial year. The increase of Rs. 324.52 million over the financial year 2005 was as a result of increased headcount and annual increments. We had a net addition of approximately 931 employees during the financial year 2006, with approximately 3,720 employees as at March 31, 2006 as compared to approximately 2,789 employees as at March 31, 2005.

Network Operating Expenditure: Network operating expenditure was Rs. 3,137.24 million for the period ending March 31, 2006 as compared to Rs. 2,481.37 million for the period ending March 31, 2005. Network operating expenditure totaled 10.5% of revenues for the financial year 2006 as compared to 10.9% for the previous financial year. The increase of 26.4% resulted from an increase in the number of our cell sites, which increased by 56.3% during the financial year 2006.

License Fees and WPC Charges: An increase in our revenues led to an increase in license fees and WPC Charges to Rs. 2,962.58 million for the financial year 2006 as compared to Rs. 2,189.48 million for the financial year 2005, as license fees are calculated as a percentage of revenues. License Fees and WPC Charges were 10.0% of revenues for financial year 2006 as compared to 9.7% for the previous financial year.

Roaming and Interconnect Charges: Roaming and interconnect charges increased 27.8% to Rs. 4,962.13 million for the period ending March 31, 2006 as compared to Rs. 3,882.39 million for the period ending March 31, 2005. While this item of expense was 16.6% of total revenues for the financial year 2006 as compared to 17.2% for the previous financial year. The increase was due to subscriber and usage growth and was consistent with our growth in revenues.

Subscriber Acquisition and Servicing Expenditure: Subscriber acquisition and servicing expenditure increased by 67.2% to Rs. 3,272.49 million for the period ending March 31, 2006, from Rs. 1,956.77 million for the period ending March 31, 2005. Competition, increased gross subscriber acquisition costs and the increase in the subscriber base being serviced contributed to this increase of Rs. 1,315.72 million. As a percentage of total revenues, subscriber acquisition and servicing expenses represented 11.0% of total revenues in the financial year 2006 as compared to 8.6% in the financial year 2005.

Advertising and Business Promotion Expenses: Advertising and sales promotion expenses increased 19.9% to Rs. 1,234.84 million for the period ending March 31, 2006, from Rs. 1,030.13 million for the period ending March 31, 2005, as a result of our increased use of mass media brand campaigns. Despite this, advertising and business promotion expenses comprised 4.2% of total revenues for the period ending March 31, 2006 as compared to 4.5% for the period March 31, 2005 due to the growth in revenues.

Administration and Other Expenses: Other than expenses under provision for bad and doubtful debts, described below, administration and other expenses were Rs. 1,104.06 million for the period March 31, 2006 as compared to Rs. 1,029.40 million for the period ending March 31, 2005. These expenses as a percentage of total revenues declined to 3.7% for the financial year 2006 from 4.5% for the financial year 2005.

Provisions for Bad and Doubtful Debts: Provisions for bad and doubtful debts increased 28.6% to approximately Rs. 348.66 million for the period ending March 31, 2006 from Rs. 271.21 million for the period ending March 31, 2005. Bad debts comprised 1.2% of total revenues for each of the financial years, 2006 and 2005, thus indicating that the increase was in line with business volumes.

EBITDA

EBITDA increased 30.9% to Rs. 10,855.18 million for the financial year 2006 from Rs. 8,293.06 million for the financial year 2005.

EBITDA margin

EBITDA margin decreased slightly to 36.5% of total revenues for the financial year 2006 from 36.6% of total revenues for the financial year 2005.

Other items

Depreciation and Amortization: Depreciation expense increased 31.1% to Rs. 4,476.09 million for the financial year 2006 from Rs. 3,414.48 million for the financial year 2005. The higher depreciation charge was the result of investments in fixed assets during the financial years 2005 and 2006. Amortisation of intangible assets increased to Rs. 1,043.68 million for the financial year 2006 from Rs. 1,007.31 million for the financial year 2005. This charge mainly consists of amortization of the upfront license fee which is payable on the grant thereof.

Interest and Financing Charges: Interest and financing charges increased marginally by Rs. 35.96 million to Rs. 3,224.50 million for the financial year 2006 as compared to Rs. 3,188.54 million for the financial year 2005. This increase is mainly as a result of the replacement of our foreign currency denominated loan with a rupee denominated loan during this period, which carries higher interest charges.

Taxation: We had a taxation charge of Rs. 80.48 million as a result of Fringe Benefit Tax and Minimum Alternate Tax during the financial year 2006 as compared to no taxation charge during the financial year 2005 due to net losses for tax purposes.

Profit after tax

Our profit after tax increased by 197.4% to Rs. 2,030.43 million for the financial year 2006 from Rs. 682.73 million for the financial year 2005.

Comparison of the financial year 2005 with the financial year 2004

For the financial year 2005, our results of operations are the consolidated results for all the Established Circles.

KEY EVENTS DURING FINANCIAL YEAR 2005:

- EOP subscriber base exceeded 5.00 million in February 2005.
- Six of the Established Circles achieved a minimum of 0.50 million EOP subscriber base each.
- Acquisition of the Haryana, Kerala and Uttar Pradesh (West) Circles.
- Reduction in license fee by the DoT.

Revenues

Our total revenues increased 72.9% to Rs. 22,674.56 million for the financial year 2005 from Rs. 13,113.87 million for the financial year 2004. This increase was mainly a result of the significant increase in our subscriber base following the acquisition of the Haryana, Kerala and Uttar Pradesh (West) Circles, but was partially offset by a decline in tariffs due to increased competition. Of this Rs. 9,560.69 million increase in total revenues, the Haryana, Kerala and Uttar Pradesh (West) Circles contributed Rs. 4345.27 million, with the balance of Rs. 5215.42 million attributable to a growth in revenues in Andhra Pradesh, Delhi, Gujarat, Madhya Pradesh and Maharashtra Circles due to a growth in our subscriber base.

Our subscriber base increased to approximately 5.07 million as at March 31, 2005 from approximately 2.73 million as at March 31, 2004. The increase in overall subscriber base was mainly a result of an increase in pre-paid subscribers consistent with industry trends and our strategy to target mass-market pre-paid subscribers in all the Circles and the addition of the Haryana, Kerala and Uttar Pradesh (West) Circles. We had a net add of approximately 2.34 million subscribers during the financial year 2005 of which 70.5% were pre-paid. Our post-paid subscriber base increased by 127.7% to approximately 1.23 million as at March 31, 2005 from approximately 0.54 million as at March 31, 2004, while our pre-paid subscriber base increased by 75.3% to approximately 3.84 million as at March 31, 2005 from 2.19 million as at March 31, 2004. Post-paid subscribers comprised 24.3% of our total subscriber base as at March 31, 2005 compared to 19.8% as at March 31, 2004. With increased competition leading to a reduction in tariffs and a large increase in our pre-paid subscriber base, our blended ARPU declined by 23.4% to Rs. 414 per subscriber per month for the financial year 2005 from Rs. 541 per subscriber per month for the financial year 2004.

Service revenue increased by 73.3% to Rs. 22,464.29 million for the financial year 2005 from Rs. 12,965.06 million for the financial year 2004, primarily as a result of the significant increase in our subscriber base and the acquisition of the Haryana, Kerala and Uttar Pradesh (West) Circles but was partially offset by a decline in tariffs due to competition. Other income decreased by 20.6% from Rs. 147.94 million for the financial year 2004 to Rs. 117.43 million for the financial year 2005. Other income was 0.5% of the total revenues for the financial year 2005.

Operating Expenditure

The operating expenditure for the financial year 2005 over the financial year 2004 is not comparable because costs related to the Haryana, Kerala and Uttar Pradesh (West) Circles were not included in financial year 2004. This comparison is therefore restricted to the expenditure schedules as reported in our financials statements. Operating expenditure increased 56.3% to Rs. 14,381.5 million for the financial year 2005 from Rs. 9,202.95 million for the financial year 2004. Operating expenditure comprised 63.4% of our total revenues for the financial year 2005 as compared to 70.2% for the financial year 2004.

The following table sets forth a breakdown of operating expenses for the financial years ending March 31, 2004 and 2005:

	For the year ended March 31,			
	2004		**2005**	
	Amount (in Rs. million)	**%**	**Amount (in Rs. million)**	**%**
Cost of Trading Goods	0.89	0.0%	84.47	0.4%
Personnel Expenditure	789.27	6.0%	1,456.28	6.4%
Network Operating Expenditure	1,604.45	12.2%	2,481.37	10.9%
License and WPC Charges	1,644.36	12.5%	2,189.48	9.7%
Roaming and Access Charges	2,420.11	18.6%	3,882.39	17.2%
Subscriber Acquisition and Servicing Expenditure	1,272.20	9.7%	1,956.77	8.6%
Advertisement and Business Promotion Expenditure	652.44	5.0%	1,030.13	4.5%
Administration and other Expenses	819.23	6.2%	1,300.61	5.7%
Total	**9,202.95**	**70.2%**	**14,381.50**	**63.4%**

Cost of Trading Goods: Cost of trading goods was Rs. 84.47 million for the financial year 2005 as compared to Rs. 0.89 million for the financial year 2004. This increase was primarily a result of the inclusion of SIM costs for the Haryana, Kerala and Uttar Pradesh (West) Circles.

Personnel Expenditure: Personnel expenses were Rs. 1,456.28 million for the financial year ending March 31, 2005 as compared to Rs. 789.27 million for the financial year ending March 31, 2004. Personnel costs were approximately 6.4% of total revenues for the financial year 2005 as compared to 6.0% for the previous financial year. Of the increase of Rs. 667.01million, 45.2% related to the inclusion of Haryana, Kerala and Uttar Pradesh (West) Circles, with the balance related to increased manpower and the effect of annual increments in the other Circles.

Network Operating Expenditure: Network operating expenditure was Rs. 2,481.37 million for the period ending March 31, 2005 as compared to Rs. 1,604.45 million for the period ending March 31, 2004. Network operating expenditure decreased to 10.9% of total revenues for the financial year 2005 from 12.2% of total revenue for the financial year 2004. Of the increase of Rs. 876.92 million, 52.8% related to the inclusion of Haryana, Kerala and Uttar Pradesh (West) Circles.

License Fees and WPC Charges: An increase in revenues led to an increase in license fees and WPC Charges to Rs. 2,189.48 million for the financial year 2005 as compared to Rs. 1,644.36 million for the financial year 2004. These fees represented 9.7% of revenues for the financial year 2005 and 12.5% of revenues for the financial year 2004. The decrease in percentage of revenues related to the Haryana, Kerala and Uttar Pradesh (West) Circles being category B Circles and therefore having lower license fees, and also as a result of the reduction in license fee set by the DoT during the financial year 2005 (for further details, see "Overview of the Mobile Telecommunications Industry in India" on page 92 of this Prospectus).

Roaming and Interconnect charges: Roaming and interconnect charges increased approximately 60.4% to Rs. 3,882.39 million for the period ending March 31, 2005 as compared to Rs. 2,420.11 million for the period ending March 31 2004. This expense decreased to 17.2% of total revenues in the financial year 2005 as compared to 18.6% of total revenues for the financial year 2004 mainly due to a reduction in interconnect tariffs by TRAI during the financial year 2005.

Subscriber Acquisition and Servicing Expenditure: Subscriber acquisition and servicing expenditure increased 53.8% to Rs. 1,956.77 million for the period ending March 31, 2005 from Rs. 1,272.20 million for the period ending March 31, 2004. Of the increase of Rs. 684.57 million, 36.3% related to the inclusion of the Haryana, Kerala and Uttar Pradesh (West) Circles with the balance resulting from increased subscriber acquisition and an increase in the subscriber base being serviced. Despite these increased expenditures, as a percentage of total revenues, subscriber acquisition and servicing expenses decreased to 8.6% of total revenues in the financial year 2005 as compared to 9.7% in the financial year 2004.

Advertising and Business Promotion Expenses: Advertising and business promotion expenses increased 57.9% to Rs. 1,030.13 million for the financial year ending March 31, 2005 from Rs. 652.44 million for the financial year ending March 31, 2004. Of the increase of Rs. 377.69 million, expenses in the Haryana, Kerala and Uttar Pradesh (West) Circles related to the rebranding of "Escotel" to "Idea" was Rs. 258.00 million. Advertising and business promotion expenses comprised 4.5% of total revenues as for the financial year 2005 as compared to 5.0% for the financial year 2004.

Administration and Other Expenses: Other than expenses under provision for bad and doubtful debts, described below, administration and other expenses were Rs. 1,029.40 million for the financial year ended March 31, 2005 as compared to Rs. 605.84 million for the financial year ending March 31, 2004. Of the increase of Rs. 423.56 million, 47.7% related to the inclusion of the Haryana, Kerala and Uttar Pradesh (West) Circles. However, administration and other expenses as a percentage of total revenues remained similiar at 4.5% for the financial year 2005 as compared to 4.6% in the financial year 2004.

Provisions for Bad and Doubtful Debts: Provisions for bad and doubtful debts increased approximately 27.1% to Rs. 271.21 million for the period ended March 31, 2005 from Rs. 213.39 million for the period ended March 31, 2004. The inclusion of the Haryana, Kerala and Uttar Pradesh (West) circles was the main contributor to this increase.

EBITDA

EBITDA increased 112.0% to Rs. 8,293.06 million for the financial year 2005 from Rs. 3,910.92 million for the financial year 2004. The Andhra Pradesh, Delhi, Gujarat, Madhya Pradesh and Maharashtra Circles contributed to 64.4% of this increase, with the balance contributed by the Haryana, Kerala and Uttar Pradesh (West) Circles.

EBITDA margin

EBITDA margin increased to 36.6% of total revenues for the financial year 2005 from 29.8% of total revenues for the financial year 2004.

Other items

Depreciation and Amortization: Depreciation expense increased 54.9% to Rs. 3,414.48 million for the financial year ending March 31, 2005 from Rs. 2,204.72 million for the financial year ending March 31, 2004. The higher depreciation charge was the result of significant additions to tangible fixed assets of Rs. 14,911.05 million during the financial year 2005, of which Rs. 9,352.67 million was as a result of the acquisition of the Haryana, Kerala and Uttar Pradesh (West) Circles. Amortization of intangible assets increased to Rs. 1,007.31 million for the financial year 2005 from Rs. 843.97 million for the financial year 2004. This charge mainly consisted of amortization of upfront license fee amounts, which increased during the financial year 2005 as a result of the addition of the Haryana, Kerala and Uttar Pradesh (West) Circles.

Interest and Financing Charges: Interest and financing charges increased by Rs. 317.66 million to Rs. 3,188.54 million for the financial year 2005 as compared to Rs. 2,870.88 million for the financial year 2004. This increase of 11.1% in interest costs was caused by a substantial increase in debt during the financial year 2005 due to net increased borrowings of Rs. 13,222.83 million.

Taxation: We had no taxation charge during the financial year 2005 due to net losses for tax purposes as compared to Rs. 0.70 million during the financial year 2004. Taxation in the financial year 2004 related to wealth tax provisions.

Profit after tax

Profit after tax was Rs. 682.73 million for the financial year 2005 as compared to a loss of Rs. 2,009.35 million for the financial year 2004.

Comparison of the financial year 2004 with the financial year 2003

For the financial years 2004 and 2003, our results of operations are the consolidated results for the Andhra Pradesh, Delhi, Gujarat, Madhya Pradesh and Maharashtra Circles.

KEY EVENTS DURING FINANCIAL YEAR 2004:

- EOP subscriber base doubled during 2004 to reach approximately 2.70 million.
- Maharashtra Circle EOP subscriber base exceeded 1 million in January 2004.
- First year of profits before interest and tax at the consolidated entity level.
- Launch of the "Idea" brand.

Revenues

Our total revenues increased by 38.6% to Rs. 13,113.87 million for the financial year 2004 from Rs. 9,458.74 million for the financial year 2003. This increase was mainly caused by a significant increase in our subscriber base, partially offset by a reduction in tariffs on account of increased competition, as well as by a significant movement in our subscriber profile towards the pre-paid sector, which has a much lower ARPU than the post-paid sector.

Our subscriber base increased to 2.73 million as at March 31, 2004 from 1.28 million as at March 31, 2003. The increase in overall subscriber base was mainly driven by an increase in pre-paid subscribers consistent with industry trends and our strategy to target mass market pre-paid subscribers in all the Circles. We had a net add of approximately 1.45 million subscribers during the financial year 2004, of which 86.9% were pre-paid. Our post-paid subscriber base increased by 54.3% to approximately 0.54 million as at March 31, 2004 from approximately 0.35 million as at March 31, 2003 while our pre-paid subscriber base increased by 135.5% to approximately 2.19 million as at March 31, 2004 from 0.93 million as at March 31, 2003. Post-paid subscribers comprised 19.8% of our total subscriber base as at March 31, 2004 compared to 27.6% as at March 31, 2003. With increased competition leading to a reduction in tariffs and a large increase in our pre-paid subscriber base, our blended ARPU declined by 25.6% to Rs. 541 per subscriber per month for the financial year 2004 from Rs. 727 per subscriber per month for the financial year 2003.

Service revenue increased by 37.9% to Rs. 12,965.06 million for the financial year 2004 from Rs. 9,403.17 million for the financial year 2003, primarily as a result of a significant increase in our subscriber base, but was partially offset by a decline in tariffs due to competition. Beginning in February 2003, ahead of regulatory changes (for further details see "Indian Telecommunications Industry Regulation" on page 105 of this Prospectus), we stopped charging our subscribers for airtime on incoming calls, although we did not begin receiving incoming interconnect revenues until May 2003. Other income increased by 166.9% to Rs. 147.94 million for the financial year 2004 from Rs. 55.42 million for the financial year 2003. Other income was 1.1% of total revenues for the financial year 2004 as compared to 0.6% in the financial year 2003.

Operating Expenditure

Operating expenditure increased 25.0% to Rs. 9,202.95 million for the financial year 2004 from Rs. 7,360.54 million for the financial year 2003. Operating expenditure comprised 70.2% of our total revenues for the financial year 2004 as compared to 77.8% for the financial year 2003.

The following table sets forth a breakdown of operating, administration, selling and other expenses for the financial years ended March 31, 2003 and 2004:

	For the year ended March 31,			
	2003		2004	
	Amount (in Rs. million)	%	Amount (in Rs. million)	%
Cost of Trading Goods	0.07	0.0%	0.89	0.0%
Personnel Expenditure	626.80	6.6%	789.27	6.0%
Network Operating Expenditure	1,259.35	13.3%	1,604.45	12.2%
License and WPC Charges	1,251.81	13.2%	1,644.36	12.5%
Roaming and Access Charges	1,559.24	16.6%	2,420.11	18.6%
Subscriber Acquisition and Servicing Expenditure	774.42	8.2%	1,272.20	9.7%
Advertisement and Business Promotion Expenditure	750.99	7.9%	652.44	5.0%
Administration and other Expenses	1,137.86	12.0%	819.23	6.2%
Total	**7,360.54**	**77.8%**	**9,202.95**	**70.2%**

Cost of Trading Goods: Cost of trading goods increased to Rs. 0.89 million for the financial year 2004 as compared to Rs. 0.07 million for the financial year 2003. This increase was primarily a result of increased handset sales.

Personnel Expenditure: Personnel expenses were Rs. 789.27 million for the financial year 2004 as compared to Rs. 626.80 million for the financial year 2003. Personnel costs as a percentage of revenues decreased to 6.0% in the financial year 2004 from 6.6% for the financial year 2003 due to higher revenue growth.

Network Operating Expenditure: Network operating expenditure was Rs. 1,604.45 million for the financial year 2004 as compared to Rs. 1,259.35 million for the financial year 2003. The increase of 27.4% was consistent with the percentage increase in the number of cell sites during the financial year 2004. Network expenses as a percentage of total revenues decreased by 1.1% from approximately 12.2% in the financial year 2004 compared to approximately 13.3% in the financial year 2003.

License Fees and WPC Charges: An increase in revenues led to an increase in license fees and WPC Charges, from Rs. 1,251.81 million for the financial year 2003 to Rs. 1,644.36 million for the financial year 2004. These expenses as a percentage of total revenues represented approximately 12.5% for the financial year 2004 as compared to 13.2% in the financial year 2003.

Roaming and Interconnect Charges: Roaming and interconnect charges increased 55.2% to Rs. 2,420.11 million for the financial year 2004 as compared to Rs. 1,559.24 million for the financial year 2003. Introduction of CPP in May 2003 was the

main contributor to an increase in interconnect charges as a percentage of total revenues of approximately 2.0% during the financial year 2004.

Subscriber Acquisition and Servicing Expenditure: Subscriber acquisition and servicing expenditure increased 64.3% to Rs. 1,272.2 million for the financial year 2004 from Rs. 774.42 million for the financial year 2003. This increase in subscriber acquisition costs resulted from an increase in our subscriber base to approximately 2.73 million as at March 31, 2004 from approximately 1.28 million as at March 31, 2003 and from increased competition following the issue of UAS Licenses, thereby allowing CDMA operators of fixed line services to provide wireless services seamlessly across Circles.

Advertising and Business Promotion Expenses: Advertising and business promotion expenses decreased to Rs. 652.44 million for the financial year 2004 as compared to Rs. 750.99 million in the financial year 2003. Of the advertising and business promotion expenses incurred in the financial year 2003, Rs. 365.04 million were used to support the launch of the Idea brand.

Administration and Other Expenses: Other than expenses under provision for bad and doubtful debts, described below, administration and other expenses were Rs. 605.84 million for the financial year 2004 as compared to Rs. 694.84 million for the financial year 2003. These expenses as a percentage of total revenues declined to 4.6% for the financial year 2004 from 7.3% for the financial year 2003 due to higher growth in revenues.

Provisions for Bad and Doubtful Debts: Provisions for bad and doubtful debts decreased by 51.8% to Rs. 213.39 million for the period ending March 31, 2004 from Rs. 443.02 million for the period ending March 31, 2003 as a result of tighter credit and exposure controls despite an impact of Rs. 135.87 million in the financial year 2003 due to a change in the basis of estimating. Following this change in the basis of estimating, instead of provisioning for subscriber debts net of deposits after 90 days of deactivation, we provision for all subscriber debts net of deposits outstanding beyond 90 days of billing.

EBITDA

EBITDA increased 86.4% to Rs. 3,910.92 million for the financial year 2004 as compared to Rs. 2,098.20 million for the financial year 2003.

EBITDA margin

EBITDA margin increased to 29.8% of total revenues for the financial year 2004 from 22.2% of total revenues for the financial year 2003.

Other items

Depreciation and Amortization: Depreciation expense increased 12.0% to Rs. 2,204.72 million for the financial year 2004 from Rs. 1,969.31 million for the financial year 2003 as a result of an increase in fixed assets. Amortization of intangible assets increased 4.8% to Rs. 843.97 million for the financial year 2004 from Rs. 805.44 million for the financial year 2003. The increase in amortization was due to the periodic impact of the amortization of the Delhi Circle license fee, launched in October 2002.

Interest and Financing Charges: Interest and financing charges increased 17.9% to Rs. 2,870.88 million for the financial year 2004 as compared to Rs. 2,435.19 million for the financial year 2003, due to an increase in our debt.

Taxation: We had a taxation charge of Rs. 0.70 million for the financial year 2004 as compared to Rs. 1.35 million for the financial year 2003. This decrease was due to a reduction in the effects of wealth tax in the financial year 2004.

Profit after tax

Our losses decreased to a loss of Rs. 2009.35 million for the financial year 2004 from a loss of Rs. 3113.09 million for the financial year 2003.

Liquidity and Capital Resources

We maintain cash balances, which are primarily held in Rupees, to fund the daily cash requirements of our business. Our funding requirements for our working capital, capital expenditures and other requirements have been met through a combination of equity infusions by our shareholders, cash generated from operations, short-term and long-term bank and other borrowings and credit from equipment suppliers. As at March 31, 2006, we held Rs. 1,492.53 million of unrestricted cash and had secured loans

amounting to Rs. 15,708.59 million and unsecured short-term borrowings totaling Rs. 17,147.36 million (for further details see "Description of Certain Indebtedness" on page 311 of this Prospectus). As our liquidity and capital requirements are affected by many factors, some of which are beyond our control, including economic conditions in India, customer demand, regulatory developments, availability of financing and the sectors that we target for our services, our funding requirements may change. If we require additional funds to support our working capital or capital requirements, we may seek to raise such additional funds through public or private financing or other sources.

Presently, the composite foreign holding (direct and indirect) in our Company constitutes approximately 47.55% of our equity capital. We have recently received permission of FIPB pursuant to letter dated January 10, 2007 to raise the foreign investment ceiling applicable to our Company from 49% to 74%. (for further details, see "Restrictions on Foreign Ownership of Indian Securities" on page 476 of this Prospectus).

Cash Flows

The following table sets forth our consolidated cash flows for the financial years ended March 31, 2004, 2005 , 2006 and for the nine months ended December 31, 2006.

(Rupees in millions)

Particulars	For the year ended March 31,			For the nine months Ended December 31,
	2004	**2005**	**2006**	**2006**
Sources of cash				
Cash from operations (Net of tax)	1,761.62	7,752.03	12,776.73	11,784.25
Non-operating income (Interest on FDs & Profit on sale of Mutual Funds)	13.00	54.42	37.29	16.92
Net debt inflows / (Outflow)	4,430.69	2,942.52	(4,459.59)	6,876.72
Extraordinary Items (Share call money received, Sale of Investments)	1,020.50	-	-	-
Total	**7,225.81**	**10,748.97**	**8,354.43**	**18,677.89**
Application of Cash				
Net capital expenditure	3,704.87	5,327.32	5,258.39	14,862.61
Investment / Deposits in subsidiaries	133.30	2,600.00	-	
Advance for purchase of Equity shares/licenses				100.00
Share Issue Expenses				12.50
Other Treasury Investments (Net)	432.76	(510.00)	-	930.06
Interest charges	2,405.80	3,252.22	3,375.04	2,320.43
Total	**6,676.73**	**10,669.54**	**8,633.43**	**18,225.60**
Increase / (Decrease) in cash and cash equivalents	**549.08**	**79.43**	**(279.00)**	**452.29**
Cash and cash equivalent at the beginning	**413.29**	**962.37**	**1,771.53**	**1,492.53**
Add : Cash and cash equivalents taken over on acquisition	**-**	**729.73**	**-**	**2.24**
Cash and cash equivalent at the end	**962.37**	**1,771.53**	**1,492.53**	**1,947.06**

Sources of Cash

Cash from Operations

Cash generated from operations increased steadily over the years. We generated Rs. 1,761.62 million, Rs. 7,752.03 million and Rs. 12,776.73 million in cash flows from operations for the financial years 2004, 2005 and 2006, respectively. Cash generated from operations for the nine months ended December 31, 2006 was 11,784.25 million, this is 92.2% of the cash generated for the financial year 2006.

Non–Operating Income

Non–Operating Income has been derived mainly from interest income on short term deposits. Non–Operating Income for the financial years 2004, 2005 and 2006 and for the nine months ended December 31, 2006 were Rs. 13.00 million, Rs. 54.42 million, Rs. 37.29 million, and Rs. 16.92 million respectively.

Net Debt Inflows / (Outflows)

We borrowed funds under long term and short term debt facilities during the financial years 2004 and 2005. During these years, net inflows from debt were Rs. 4,430.69 million and Rs. 2,942.52 million, respectively. During the financial year 2006, we repaid some of our long term borrowings. As a result, there was a net debt outflow of Rs. 4,459.59 million during financial year 2006. Further during the nine months ended December 31, 2006, we borrowed Rs. 6,876.72 million which were needed for network expansion in the Established Circles, roll out in New Circles and acquisition of the Mumbai Circle License.

Extraordinary Items

During the financial year 2004, we received share call monies amounting to Rs. 1,020.50 million. There were no extraordinary items in financial years 2005 and 2006 and for the nine months ended December 31, 2006.

Application of Cash

Net Capital Expenditure

We invested Rs. 3,704.87 million, Rs. 5,327.32 million, Rs. 5,258.39 million and Rs. 14,862.61 million during the financial years 2004, 2005, 2006 and during the nine months ended December 31, 2006 respectively.

Investment in Subsidiaries/Bodies Corporate

During the financial year 2004 and 2005, we invested Rs. 133.30 million and Rs. 2,600.00 million, respectively, in subsidiaries. During the nine months ended December 31, 2006, we advanced Rs. 100.00 million to ABTL to fund the Bihar Telecom Circle License.

Other Treasury Investments (net)

During the financial year 2004, net investments in mutual fund units amounted to Rs. 432.76 million. Mutual fund units amounting to Rs 450.00 million were redeemed in financial year 2005. Additionally, mutual fund units amounting to Rs. 60.00 million, which had been acquired on the acquisition of Escotel, were redeemed in financial year 2005. During the nine months ended December 31, 2006, Rs.930.06 million of net investments were done mutual fund units.

Interest

We utilized cash balances for interest charges of Rs. 2,405.80 million, Rs. 3,252.22 million, Rs. 3,375.04 million and Rs. 2,320.43 million during the financial years 2004, 2005, 2006 and during the nine months ended December 31, 2006 respectively.

Financial Position

Our net worth increased by Rs. 2,030.42 million during the financial year 2006. As at December 31, 2006, our net worth had further increased by Rs. 3,381.42 million.

The table below sets out the principal details of the various assets and liabilities of the Company:

(in Rs. million)

	As at March 31,			As at December 31,
	2004	**2005**	**2006**	**2006**
Fixed Assets	19,197.03	25,149.59	28,834.62	42,688.07
Intangible Assets	9,668.71	10,825.31	9,934.30	11,904.62
Investments	450.00	-	-	950.00
Goodwill on Consolidation	4,468.72	11,604.69	11,604.69	11,604.69
Deferred Tax Assets (Net)				3.20
Current Assets, Loans and Advances				
Inventories	96.82	175.87	114.44	182.2
Sundry Debtors	836.96	1,513.63	1,456.56	1,629.49
Cash and Bank Balances	962.37	1,771.53	1,492.53	1,947.06
Other Current Assets	270.30	514.17	529.35	628.47
Loans and Advances	1,228.98	1,593.74	2,393.85	3,773.53
Current Liabilities and Provisions	(4,944.93)	(7,008.01)	(12,272.07)	(20,939.09)
Loan Funds	(23,715.79)	(36,938.62)	(32,855.95)	(39,758.50)
Total	**8,519.17**	**9,201.90**	**11,232.32**	**14,613.74**

Fixed Assets: Our fixed assets increased by Rs. 13,853.45 million during the nine months ended December 31, 2006 and by Rs. 3,685.03 million during the financial year 2006.

Fixed assets increased in the financial year 2006 mainly as a result of our increased rollout in the Established Circles during this period. The increase in fixed assets in the financial year 2005 is mainly on account of the inclusion of fixed assets of Escotel of Rs. 3,958.59 million, with the increase in the Established Circles accounting for the balance of Rs. 1,993.97 million.

Intangible Assets: As at December 31, 2006, the net increase of Rs. 1,970.32 million in intangible assets since March 31, 2006 was mainly due to the effects of additional license fees paid by the Company for Mumbai Telecom Circle and NLD license apart from the license amounts arising out of acquisition of New Circles and partly due to an increase in computer software.

Goodwill arising out of Consolidation: Goodwill comprises the excess of purchase consideration paid over the carrying value of the net assets of acquired subsidiaries and represents the future potential business value paid at the time of acquisition. Rs. 4,432.86 million of goodwill pertained to the acquisition of BTA Cellcom in 2001 and Rs. 35.86 million of goodwill pertained to the acquisition of SSS & Co. During financial year 2005, goodwill arising out of the acquisition of Escotel was Rs. 7,135.97 million.

Current Assets, Loans and Advances: Current assets, loans and advances as at December 31, 2006 increased by Rs. 2,174.02 million compared to the position at March 31, 2006 mainly due to the inclusion of Rs. 742.06 million of loans and advances related to the New Circles, WPC demands deposited (but which are being contested by us) and an increase in current period receivables accounting for approximately Rs. 574 million. Rs. 454 million of the increase pertained to cash and cash equivalents. The balance constitutes mainly the increase in input service tax credit to be used in the subsequent financial year.

Current Liabilities and Provisions: Current liabilities and provisions as at December 31, 2006 increased by Rs. 8,667.02 million over the position as at March 31, 2006. This increase was mainly the result of credit terms from equipment suppliers.

Loan Funds : Loan funds as at December 31, 2006 increased by Rs. 6, 902.55 million to Rs. 39,758.50 million from Rs. 32,855.95 million as at March 31, 2006. The additional borrowings were needed mainly due to network expansion in the Established Circles, roll out of the New Circles and the acquisition of Mumbai Circle license.

Capital expenditure

During the financial year 2006, we invested Rs. 8,199.01million towards capital expenditure on our networks and in intangible assets. Proposed investments, including investments that have already been incurred, relating to our business are mainly comprised of network expansion of the Established Circles and development of networks in the New Circles. For the nine months ending December 31, 2006, we incurred capital expenditure on our networks and in intangible assets amounting to Rs. 19,580.47 million. Approximately Rs. 12,850 million of capital expenditure is planned for the remainder of the financial year 2007.

Off Balance Sheet Arrangements

We do not have material off balance sheet arrangements except for unpaid cumulative preferential dividends amounting to Rs. 2,119.05 million as at December31, 2006. Other contingent liabilities in relation to income tax, sales tax and WPC charges and others amounted to Rs. 1,413.72 million as at December 31, 2006. Pursuant to the undertakings we have given to customs authorities in connection with our duty-free imports, we are obliged to ensure that we receive foreign currency remittances from international inroaming during the export obligations period ending March 31, 2012. These obligations amounted to approximately Rs. 301.06 million as at December 31, 2006.

Contractual obligations

As at December 31, 2006, the estimated amount of contracts remaining to be executed on capital accounts but for which provision has not been made were Rs. 6,357.78 million, mainly relating to network equipment.

Qualitative and Quantitative Disclosures about Market Risk

Foreign exchange risk

Foreign denominated debt on our balance sheet was US$ 51.72 million as at March 31, 2004, US$ 23.37 million as at March 31, 2005 and zero as at March 31, 2006 and as at December 31, 2006 respectively. A substantial portion of our purchases of telecommunications network equipment and supplies is denominated in US dollars. Much of the equipment purchased by us is acquired on credit. We realize a foreign exchange loss or gain in respect of these amounts to the extent that the value of the rupee increases or decreases between the time the assets or services are acquired and the time we effect payments. We also realize a foreign exchange loss or gain on dollar denominated debt, if any, as the rupee equivalent value of the foreign debt increases or decreases.

During the financial years ended March 31, 2004, March 31, 2005, March 31, 2006 and December 2006, due to currency fluctuations, we incurred foreign exchange (losses)/gains of Rs. 119.65 million, Rs. (54.36) million and Rs. 0.45 million, respectively.

Although we are subject to a variety of foreign exchange risks, principally arising out of our purchase of, and commitments for, telecommunications equipment and services priced in foreign currency, we have of late not entered into any currency hedging arrangements. As all our current loans are rupee denominated, as a result of the availability of rupee loans from Indian lending institutions to the telecommunications sector, the company's foreign exchange risk is reduced as compared to earlier financial years. Also, imported network equipment supplies, the purchases of which were largely denominated in US dollars, are gradually reducing as a proportion of total order values due to the increased domestic availability of such supplies. Moreover, with the increase in net inward foreign currency remittances arising out of international inroaming settlements, during the nine months ending December 31, 2006 and the financial year ended March 31, 2006, our foreign exchange risks on outflows were mitigated by approximately 2.0% and 4.0%, respectively.

We do, however, monitor our foreign currency exposure and, as part of our financial management policies, would enter into hedging arrangements if suitable ones were available and if we thought the exposure was such that entry into such arrangements was warranted.

Interest rate risk

Interest rate risks arise on account of interest charge on our loans as well as on suppliers' credit.

- We have a long term rupee facility of Rs. 42,240.00 million from a syndicate led by Industrial Development Bank of India (IDBI) at a rate per annum equivalent to 2.0% above the benchmark rate prevailing on each disbursement date. The term "benchmark rate" in respect of each disbursement means the simple average of the semi-annualized bid yields of the 3-year GoI securities (G-sec yields) for the 5 business days preceding the date of such disbursement.
- Interest is payable monthly. Failure by us to pay principal and/or interest on the due date results in default interest accruing at the rate of 2.0% per annum. Under this facility, the lenders have the option to convert 20.0% of the loans into Equity Shares at par, on the occurrence of an event of default.

A large part of our procurement is on interest bearing credit linked to LIBOR rates.

Information required as per Clause 6.10.5.5 of the SEBI Guidelines

Unusual or infrequent events or transactions: There have been no events, to our knowledge, other than as described in this Prospectus, which may be called "unusual" or "infrequent".

Significant economic changes that materially affected or are likely to affect income from continuing operations. Other than as described in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - "Factors affecting our results of operations" beginning on pages 15 and 283, respectively, of this Prospectus, to our knowledge, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Known trends or uncertainties that have already had or are expected to have a material adverse impact on sales, revenue or income from continuing operations. Other than as described in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 15 and 283, respectively, of this Prospectus, to our knowledge, there are no trends or uncertainties that have or are expected to have a material adverse impact on our sales, revenues or income from continuing operations.

Known future changes in relationship between costs and revenues, such as future increases in labour or material costs or prices that will cause a material change. Other than as described in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 15 and 283, respectively, of this Prospectus, to our knowledge, there are no known factors that might affect the future relationship between costs and revenues.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices. Changes in revenues during the last four years are as explained in "Management's Discussion and Analysis of Financial Condition and Results of Operations during the nine months ended December 31, 2006 with comparison with the period ended December 31, 2005", "Management's Discussion and Analysis of Financial Condition and Results of Operations - Comparison of the year ended March 31, 2006 with the year ended March 31, 2005", "Management's Discussion and Analysis of Financial Condition and Results of Operations - Comparison of the year ended March 31, 2005 with the year ended March 31, 2004" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Comparison of the year ended March 31, 2004 with the year ended March 31, 2003" on pages 292, 297, 299 and 302, respectively, of this Prospectus.

Total turnover of each major industry segment in which the issuer company operated. With effect from December 1, 2006, we have been reporting revenues under the segments of CMTS and NLD.

Status of any publicly announced new products or business segment. The status of any publicly announced new products or business segment is as disclosed in "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 110 and 283, respectively, of this Prospectus.

The extent to which business is seasonal. Our results of operations are not affected by the seasonal fluctuations. Although the impact of seasonality, if any, during the last four years is as explained in "Management's Discussion and Analysis of Financial Condition and Results of Operations during the nine months ended December 31, 2006 with comparison with the period ended December 31, 2005", "Management's Discussion and Analysis of Financial Condition and Results of Operations- Comparison of the year ended March 31, 2006 with the year ended March 31, 2005", "Management's Discussion and Analysis of Financial

Condition and Results of Operations - Comparison of the year ended March 31, 2005 with the year ended March 31, 2004" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Comparison of the year ended March 31, 2004 with the year ended March 31, 2003-Sales and Operating Income" on pages 292, 297, 299 and 302, respectively, of this Prospectus.

Any significant dependence on a single or few suppliers or customers. Customer and supplier concentration for our businesses has been disclosed under "Business" and "Risk Factors" on pages 110 and 15, respectively, of this Prospectus.

Competitive conditions. Competitive conditions are as described under "Overview of the Mobile Telecommunications Industry in India" and "Risk Factors" on pages 92 and 15, respectively, in this Prospectus.

DESCRIPTION OF CERTAIN INDEBTEDNESS

We along with our Subsidiaries have recently concluded a significant restructuring exercise for our debt. The primary objects of the restructuring were to:

- establish common terms, for the long term rupee facilities for us and our Subsidiaries i.e. IMCL and BTA Cellcom;
- raise three new secured rupee term loans in the aggregate principal amount of Rs. 42,240 million to be utilized to (a) refinance our existing long term rupee debt and that of IMCL on improved terms and conditions including a reduced interest rate; (b) repay short term loans incurred by us, IMCL and BTA Cellcom; and (c) meet capital expenditure requirements in the Established Circles and the New Circles.

The New Facilities

The new facilities have been obtained from a syndicate of seventeen banks and financial institutions lead arranged by IDBI Bank Limited. The names of these lenders along with their respective commitment are as follows:

(in Rs. million)

Name of Lender	Rupee Commitment to ICL	Rupee Commitment to IMCL	Rupee Commitment to BTA Cellcom	Total
Part A: Banks				
Industrial Development Bank of India Limited	4,170	860	470	5,500
Union Bank of India	3,030	620	350	4,000
Bank of Baroda	2,840	590	320	3,750
Bank of India	2,840	590	320	3,750
UTI Bank Limited	2,570	530	300	3,400
Canara Bank	2,270	470	260	3,000
UCO Bank	2,270	470	260	3,000
United Bank of India	1,670	340	190	2,200
Dena Bank	1,670	340	190	2,200
HDFC Bank Limited	570	120	60	750
Jammu and Kashmir Bank	280	60	30	370
State Bank of Saurashtra	280	60	30	370
Punjab National Bank	2,040	410	250	2,700
Total (A)	**26,500**	**5,460**	**3,030**	**34,990**
Part B: Financial Institutions				
Life Insurance Corporation of India	2,270	470	260	3,000
Infrastructure Development Finance Company Limited	1,890	390	220	2,500
Small Industries Development Bank of India	760	150	90	1,000
Export Import Bank of India	570	120	60	750
Total (B)	**5,490**	**1,130**	**630**	**7,250**
Grand Total (A+B)	**31,990**	**6,590**	**3,660**	**42,240**

Following the conclusion of the above mentioned restructuring exercise, the long term debt facility of the Company and its Subsidiaries comprises:

- a rupee term loan facility in an aggregate principal amount of Rs. 31,990 million for the Company including a provision for onward lending of Rs. 5,500 million to ITL;
- a rupee term loan facility in an aggregate principal amount of Rs. 6,590 million for IMCL; and
- a rupee term loan facility in an aggregate principal amount of Rs. 3,660 million for BTA Cellcom

Additionally we have executed a co-ordination agreement with our lenders, which allows us or any of our Subsidiaries the flexibility to avail and utilize amounts over and above the respective amount set forth above and on-lend the same to companies within the Group, subject to the stipulation that our aggregate borrowings together with the borrowings made by our Subsidiaries shall not exceed Rs. 42,240 million.

Apart from common terms and conditions, all of the facilities share a common security package (for further details see, "Description of Certain Indebtedness" – Common Security Package and Promoter Company Undertakings on page 315 of this Prospectus).

Terms of the new facilities

Material Terms of the Financing Documents are set out below.

Interest

We and our Subsidiaries have to pay interest for the facilities at a rate per annum equivalent to 2.0% above the benchmark rate prevailing on each disbursement date. The term "benchmark rate" in respect of each disbursement means the simple average of the semi-annualized bid yields of the 3-year GoI securities (G-sec yields) for the 5 business days preceding the date of such disbursement. The interest rate would be reset at the end of three years from the initial borrowing date and every three years thereafter. The revised interest rate would be a rate equivalent to 2.0% above the benchmark rate prevailing on the interest reset date. Interest is payable monthly. Failure to pay the principal and/or interest on the due date results in default interest accruing at the rate of 2% per annum.

Repayment

The common repayment schedule for the facilities is as follows:

Instalment	Date	Percentage of Commitment availed
1	October 1, 2007	1.25%
2	January 1, 2008	1.25%
3	April 1, 2008	1.25%
4	July 1, 2008	1.25%
5	October 1, 2008	1.25%
6	January 1, 2009	1.25%
7	April 1, 2009	3.75%
8	July 1, 2009	3.75%
9	October 1, 2009	3.75%
10	January 1, 2010	3.75%
11	April 1, 2010	5.0%
12	July 1, 2010	5.0%

Instalment	Date	Percentage of Commitment availed
13	October 1, 2010	5.0%
14	January 1, 2011	5.0%
15	April 1, 2011	6.25%
16	July 1, 2011	6.25%
17	October 1, 2011	6.25%
18	January 1, 2012	6.25%
19	April 1, 2012	8.125%
20	July 1, 2012	8.125%
21	October 1, 2012	8.125%
22	January 1, 2013	8.125%
Total		**100.0%**

(Note: the percentages relate to the principal amount drawn down under the Rupee Term Loan)

As of December 31, 2006, we along with our Subsidiaries have drawn down Rs. 35,200 million under the Financing Documents.

Prepayment

We may prepay upon thirty business days prior written notice to the facility agent of the lenders stating, inter alia, the proposed date and the aggregate principal amount of the prepayment, in full or in part, without any prepayment premium, on the interest reset dates[4]. However, if we prepay on a date other than the interest reset date, we will be required to pay premium at the following rates:

(a) if pre-paid within two years from the initial borrowing date, a prepayment premium of 2% would be applicable; and

(b) if pre-paid after two years from the initial borrowing date (but not on the interest reset date), a prepayment premium of 1% of the amount proposed to be pre-paid would be applicable.

Under the Financing Documents, we may prepay, without premium, up to a maximum of 30% of the outstanding loans, on pro rata basis to the lenders, out of the proceeds of any public issue of our Equity Shares. Each such prepayment of loan shall be on pro rata basis to the lenders and shall be applied ratably to the borrowings or the instalments thereof.

The Financing Documents also provide for mandatory prepayments. We are required to pay proceeds arising, for example, from non-renewal, revocation or termination of our existing telecommunication licenses or any act of expropriation or disposal of any part of our telecommunications network into a separate account and the lenders are entitled to apply such proceeds to the pro rata prepayment of the amounts borrowed.

Financial Covenants

We are required to maintain certain financial ratios on a consolidated basis. Significant ratios include: the debt to EBITDA ratio, the debt service coverage ratio and the debt to contributed equity ratio. Except for the debt service coverage ratio, all other tests for lenders will be applicable as at March 31, 2007 and annually thereafter until the repayment of loans.

4 The first 'interest reset date' refers to date falling after three years from the initial borrowing date i.e. September 29, 2006. Successive interest reset dates are the dates falling every three years thereafter.

The table below sets out the minimum ratio tests that we must meet for the relevant trailing twelve-month period to be tested annually.

12 month period ending	Debt to EBITDA ratio	Debt Service Coverage ratio	Debt to Contributed Equity ratio
March 31, 2007	3.75:1	-	1.25:1
March 31, 2008	3.10:1	1.90:1	1.20:1
March 31, 2009	2.75:1	1.75:1	1.20:1
March 31, 2010	2.50:1	1.20:1	1.05:1
March 31, 2011	2.50:1	1.20:1	1.00:1
March 31, 2012	2.50:1	1.20:1	1.00:1
March 31, 2013	2.50:1	1.10:1	1.00:1

Affirmative Covenants

We have given certain affirmative covenants. These include covenants relating to the compliance with laws, payment of taxes, maintenance of insurance, preservation of corporate existence, arrangement of required working capital loans as per the terms of this facility, maintenance of properties, performance and maintenance of material contracts, appointment of directors and the maintenance of a cap on long term secured indebtedness of Rs. 42,240 million.

Negative Covenants

We have also given certain negative covenants. These covenants place limitations, subject to certain exceptions, on matters such as: creating any security interest and liens on our assets; incurring indebtedness; leasing; amalgamations and disposals; acquisitions; new projects and expansions; joint ventures and partnerships; payments under restrictions as per terms of the facility; certain transactions with affiliates; creation of subsidiaries; amendments to sponsor loans; entering and amending any material contract; amending accounting year and accounting policies; assignment of licenses; transferring assets; revaluing assets; paying any amounts towards subordinate debt; changing scope of project; creating or issuing any class of shares of capital stock; redemption of preference shares out of internal generation or borrowings; abandoning the project; making investments other than permitted investments; amending financial documents; utilization of savings out of capital expenditure; changing the line of business or shareholding; altering the memorandum and articles and entering into any profit sharing or management contract.

Events of Default

The Financing Documents contain customary events of default including: non payment of any amount under the Financing Documents; abandonment; misrepresentation; breach of financial or other covenants; breach or termination of any material contracts; bankruptcy or insolvency; breach of any representation or warranty; a material invalidity of any security and illegality of the loan agreements.

In addition, the following are also events of default: a failure to meet the required balance in the debt service reserve account; cross default as a result of non payment of any debt outstanding; certain adverse judgments or orders being rendered against us; failure by the promoters to retain management control; expropriation of any shares or assets; moratorium on payment under the financing document; license default; a material adverse change; failure to insure security or provide additional security; occurrence of any extraordinary circumstances; a reasonable apprehension that we are unable to pay our debts; any disposal or alienation of assets; any of the Financing Documents, or any provision thereof is or becomes invalid, illegal or unenforceable; non insurance or inadequacy of the of the property offered as security any governmental authorization ceasing to be in full force and the lenders refusing to make any disbursement.

Special rights available to Lenders

The appointment or removal of any whole-time/Managing Director requires approval of the lenders. In addition, the lenders must approve the terms and conditions for the appointment of a Managing Director or any person exercising substantial powers of management.

The lenders are entitled to appoint/remove one nominee director on our Board. Currently, the lenders have not exercised this right and have not intimated that they would do so. Further, upon the occurrence of an event of default, the lenders have the right to appoint/remove whole time director(s) and to appoint/remove the majority of the directors on our Board. In addition, they are entitled to convert 20% of their outstanding loans into Equity Shares at par. Further, we are not able to declare or pay any dividend to our shareholders during any financial year without the prior written approval of the debt lenders.

Utilization of other facilities

Apart from the facilities pursuant to the Financing Documents, we may raise loans to the extent of USD 150 million or equivalent thereof from an export credit agency and/or by way of external commercial borrowing on terms not prejudicial to the interests of our lenders. In the event we raise the same, the commitments under the debt described above for each lender will be reduced by an equivalent amount in Rupees. Further, if the amounts borrowed from any lender aggregate to a sum in excess of the reduced commitment for that lender, we or our Subsidiaries (as the case may be) are required to prepay forthwith the excess amount to that rupee lender. Such prepayment will not attract any prepayment penalty.

In addition to the facilities, we are permitted to avail short term debts not exceeding Rs. 2,000 million, debt under the working capital facility not exceeding Rs. 1,000 million, debt under bank guarantees (including payment guarantees and interconnection guarantees) of an aggregate amount not exceeding Rs. 4,000 million, debt under letters of credit (including payment guarantees and interconnection guarantees) of an aggregate amount not exceeding Rs. 4,000 million. It is permitted to exceed any of the limits mentioned above provided that that the aggregate debt as mentioned above does not exceed Rs. 11,000 million.

Common Security Package and Promoter Company Undertakings

The long term loan is to be secured by a first mortgage/charge over all our present and future immovable and movable assets. Presently, we have created charges over the movable properties and we are required to create charges over the immovable properties by March 29, 2007.

It is anticipated that we will enter into a tripartite agreement with the DoT for assignment of licenses in favour of the lenders, as and by way of security, within 6 months from the date of first disbursement.

As one of the conditions of the loan, our Promoters have given an undertaking that their collective holding in the Equity Share Capital of the Company will not fall below 51%. Similarly, the Company has agreed that it will not dispose of any part of its shareholding in IMCL, SPVs and ITL. In addition, the Promoters have undertaken to pledge 51% of their shareholding in the Company in favour of the lenders in case of payment event of default.

The Promoters have further agreed and undertaken to arrange additional capital contribution to the Company to the extent of Rupees Rs. 12,670 million by March 31, 2007 by way of subscription to Equity Shares or preference shares or through an IPO, a private equity investment or through subordinated debt on terms and conditions acceptable to the lenders. However, to the extent that the outstanding Preference Shares are not redeemed by us on or before March 31, 2007, the obligation of the Promoters to provide aforesaid additional capital contribution shall be correspondingly reduced.

Short term indebtedness

The Company has availed short term loans from banks amounting to Rs. 2,640 million as at December 31, 2006.

Miscellaneous

The Company and the Subsidiaries have borrowed Rs. 161 million from Dena Bank towards financing of employee car scheme.

Preference Shares

We have issued 483 Preference Shares, which are currently held by Standard Chartered Bank and Hindalco. At the time of issue, these Preference Shares carried a fixed cumulative preferential dividend of 11% per annum on the amount paid-up on the

Preference Shares. This rate of dividend was modified from time to time pursuant to amendment agreements executed by us with the holders of the Preference Shares. By a letter agreement dated January 3, 2007, we have agreed with Standard Chartered Bank to a preferential dividend of 9.5% per annum for a period from January 3, 2007 to March 27, 2007. Similar preferential dividend rate for the same period will apply to the Preference Shares held by Hindalco. The details of the fixed cumulative dividend payable by the Company from the date of issue of the Preference Shares until March 2007 is given herein below.

Presently, these Preference Shares are redeemable at the earliest of:

- certain permitted dates of exercise by the Issuer of an option to redeem such shares, specifically, on:
  - o March 28, 2007; or
  - o On August 3, 2007 (and on no other dates);
- the Promoters arranging for a further increase in our capital; or
- the expiration of 10 years from the date of subscription.

Details of the subscription to the Preference Shares, as initially issued by us, are given below:

Name of Preference Shareholder	Number of Shares	Date of Subscription
Standard Chartered Bank	169	March 21, 2002
Standard Chartered Bank	70	May 15, 2002
Standard Chartered Bank	27	May 29, 2002
Standard Chartered Bank	25	May 31, 2002
Standard Chartered Bank	96	October 19, 2002
Standard Chartered Bank	80	April 21, 2003
Standard Chartered Bank	16	July 3, 2003
TOTAL	**483**	

The Preference Shares are redeemable at a price comprising the face value of the Preference Shares and a "redemption premium" which is calculated with reference to the number of months that the Preference Shares were outstanding ("Redemption Price").

The Promoters have provided undertakings to the preference shareholders to purchase the Preference Shares at the Redemption Price, if we fail to redeem the Preference Shares within 37 months (or such longer period as may be decided from time to time) of their subscription or in the event of an insolvency, winding-up or expropriation.

We intend to redeem the Preference Shares from the proceeds of the IPO. For further details please see "Objects of the Issue" on page 74 of this Prospectus.

The Preference Shares have been restructured recently with effect from January 3, 2007, and the terms of the restructuring are as follows:

Dividend: Fixed cumulative dividend of 11% per annum compounded annually until September 30, 2005 and 7% per annum compounded annually from October 1, 2005 until August 2, 2006, 8% per annum from August 3, 2006 until January 2, 2007 and on and from January 3, 2007 up to March 27, 2007 9.5% per annum.

Redemption price: In the event the Company does not pay dividend then shares would be redeemed at the redemption price, which would be at the par value of the Preference Shares and the redemption premium.

Redemption Premium:

1. If the Preference Shares are redeemed on March 28, 2007, then the redemption premium is calculated such that the yield to the holder of the Preference Share is 11% per annum compounded annually, until September 30, 2005, 7% per annum from October 1, 2005 until August 2, 2006 and 8% from August 3, 2006 until January 2, 2007 and 9.5% per annum from January 3, 2007 until March 27, 2007.
2. In the event we do not redeem the Preference Shares on March 28, 2007, the applicable dividend/redemption premium for the period beyond March 28, 2007 until its validity period (i.e. August 3, 2007), would be renegotiated seven days prior to March 28, 2007.

The Promoters of the Company have an obligation under the letters of undertaking cum indemnity, to purchase / cause to be purchased from the respective holders of the Preference Shares at a pre-determined price and time. Pursuant to the same, Hindalco, a Promoter, has purchased some of the initially issued Preference Shares and as a result the current structure of Preference Shareholding of the Company is as follows:

No. of Preference shares	Original Subscription Date	Current Holder
169	March 21, 2002	Standard Chartered Bank
70	May 15, 2002	Hindalco
27	May 29, 2002	Hindalco
22	May 31, 2002	Standard Chartered Bank
3	May 31, 2002	Hindalco
17	October 19, 2002	Standard Chartered Bank
79	October 19, 2002	Hindalco
80	April 21, 2003	Hindalco
16	July 3, 2003	Hindalco

There are no voting rights attached to the Preference Shares except under Section 87(A)(2) of the Companies Act, 1956 on resolutions which directly affect the rights attached to the Preference Shares. The holders of the Preference Shares have given undertakings not to exercise any voting rights, even if, dividends on such Preference Shares have not been paid. The holders of the Preference Shares have also agreed that in the event they are required to exercise any voting rights on the Preference Shares due to rights conferred upon them under Section 87(2)(b), then they will either vote in accordance with the instructions given in writing by the board of the Promoter who had issued the letter of indemnity cum undertaking in respect of such Preference Shares or give proxy in respect of a director of the such Promoter or grant an irrevocable power of attorney to any of its directors, as may be required by the concerned Promoter.

Guarantees and Letters of Credit

The Company along with its Subsidiaries has utilized letter of credit facilities amounting to Rs. 7,688 million (including Rs. 1,476 million against earmarking of unutilized long term facility) and has utilized bank guarantees of Rs. 3,735 million from various banks as at December 31, 2006.

IMCL Loan

In 2004, before we acquired the shares of Escotel Mobile Communications Limited, it had obtained an unsecured loan from its promoters, which along with interest thereon aggregated to Rs. 1,757 million. By an agreement dated January 15, 2004, this loan was converted into an unsecured subordinated bond, carrying a zero per cent rate of interest. This loan is at present outstanding on the books of IMCL (formerly Escotel Mobile Communications Limited), and is required to be repaid by 2014. Our ability to pay this loan has not been affected by the restrictive covenants agreed by us and our Subsidiaries under the Financing Documents as a specific exception in this regard has been provided in the Financing Documents.

CAPITALIZATION

The following table sets forth, as of December 31, 2006, the short-term debt, long-term debt and capitalization of the Company on a consolidated basis on an actual basis and as adjusted for the Issue.

(in Rs. million)

Particulars	Pre-Issue As at December 31, 2006	Post - Issue As at December 31, 2006
Total Debt		
Short Term Debt	4,923.12	4,923.12
Long Term Debt	34,835.38	34,835.38
Total	**39,758.50**	**39,758.50**
Total Shareholders' Funds		
Share Capital*	27,925.27	31,183.60
Reserves*	3,250.00	24,429.17
Profit & Loss Account	(14,298.35)	(14,298.35)
Miscellaneous Expenditure	(12.50)	(12.50)
Amalgamation Reserve	998.41	998.41
Capital Reserve on consolidation	500.91	500.91
Total	**18,363.74**	**42,801.24**
Total Capitalization	**58,122.24**	**82,559.74**
Long Term Debt to Total Shareholders' Funds	**1:0.527**	**1:1.229**

Notes

1. The above has been computed on the basis of restated statement of accounts.

2. Short Term Debts are debts maturing within next one year from the date of the respective statement of accounts.

3. The above ratio has been computed on the basis of total long term debt divided by shareholder's funds.

** Includes the increase in the Share Capital and the Share Premium due to allotment under the Pre-IPO placement on January 24, 2007.*

OUTSTANDING LITIGATIONS AND OTHER MATERIAL DEVELOPMENTS

Except as disclosed below:

- there are no defaults, non-payments or overdue amounts with respect to statutory dues, institutional or bank dues or amounts due to holders of debentures, bonds and fixed deposits and arrears of Preference Shares, other than unclaimed liabilities of the Company or its Subsidiaries or its Promoter companies;
- no disciplinary action has been taken by SEBI or any stock exchanges against the Company or its Directors or Subsidiaries or its Promoter companies;
- there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liability against the Company, its Directors, Subsidiaries, Promoters and Promoter Group, that would have an adverse effect on our business as of the date of this Prospectus.

None of the Companies or persons refered in the paragraph above are on the list of the willful defaulters of RBI.

Outstanding Litigation involving the Company

Andhra Pradesh

Cases filed against the Company

Writ Petitions

1. Mr. B.V.L. Somayulu filed a writ petition (No. 14973/2006) in the High Court of Andhra Pradesh, at Hyderabad, on July 15, 2006, against the Government of Andhra Pradesh, the Commissioner, Municipal Corporation of Vishakapatnam, the Company and the Dutch House Apartments Welfare Association. Pursuant to a permission given by the Government of Andhra Pradesh and the Commissioner, the Company was allowed to set-up GSM antennas at the terrace and a generator room in the cellar of the welfare association. The Petitioner is a flat owner in the said welfare association and has approached the Court seeking to declare the proceedings of the Government of Andhra Pradesh and the Commissioner as illegal, arbitrary and unconstitutional and to direct the Commissioner to remove the Company's GSM antennas erected on the terrace and the generator room in the cellar. In this matter a counter has been filed and the matter is yet to be listed for hearing.

Civil cases

1. A landlord by the name of Mr. Muttavarapu Anjaneyulu instituted a suit on July 8, 2005, against the Company (O.S 145/2005) on the file of the Junior Civil Judge's Court at Chilakaluripeta, alleging that the Company has laid its Optical Fiber Cable (OFC) through his land. At present this OFC line has been handed over to Tata Teleservices Limited (TTL) by virtue of a sale. The Plaintiff has also filed an interim application seeking a mandatory injunction to direct the Defendants (the Collector of Guntur District is the 1st Defendant, the National Highway Authority of India is the 2nd Defendant, Tata Communications Limited is the 3rd Defendant and Reliance Infocom Limited is the 4th Defendant) to remove the erected demarcated stones, iron rods, cement poles and embedded cables along with the inner ridges within 3 check points, claiming that the same allegedly fall within his land. The suit is scheduled for hearing the Commissioner's Report, which was requested by the 4th Defendant. There is no financial implication on the Company. This case is posted for January 20, 2007.
2. Phonographic Performance Ltd. has instituted a suit (No. 285/2005) on July 14, 2005, on the file of the Second Additional Senior Civil Judge's Court, at Hyderabad, against the Company to restrict the use of its songs/tones as dialer tones. In the present suit, Maa TV is the 1st Defendant, Air Tel is the 2nd Defendant and the Company is the 3rd Defendant. The Company has filed a counter and written statement. The suit is coming up for hearing of issues. There is no financial implication on the Company as the onus of obtaining Intellectual Property Rights for the songs/tones to be used as dialer tones is on the 1st Defendant as per the agreement executed between Phonographic Performance Ltd., the 1st Defendant and the Company. This case is posted for February 1, 2007.
3. Mrs. Ganji Rajeshwari has instituted a suit (O.S. 701/2000) on November 6, 2000, against the Company on the file of the Additional Senior Civil Judge's Court at Ranga Reddy District Court. In the same suit, the Plaintiff instituted an interim application requesting the grant of an adinterim injunction against the Company, restraining the Company and its representatives from causing any obstruction to the right of way to the Plaintiff's land which is situated adjacent to the

leasehold land of the Company at Majidpur village. The injunction was allowed. The right of way claimed in the suit was for a common approach road to the land of the Plaintiff as well as that of the Company. There is no financial implication on the Company. This matter has been heard and reserved for pronouncing of judgment.

4. Indu Advertisers (authorized agency to collect advertisement tax within the Tirupathi Municipality from April 2003 to March 2006) has instituted a suit (No. 606/2005) on August 16, 2005, against the Company on the file of the Principal Junior Civil Judge, Tirupathi for an amount of Rs. 0.038 million due as advertisement tax for glow signs put up by the Company at various retail outlets. The Company has filed its written statement. The suit has been posted for framing of issues on February 27, 2007. The financial implication on the Company amounts to Rs. 0.04 million.

5. M/s Suguna Motors (erstwhile dealers of the Company), through its Managing Director, has instituted a suit (No.317/2002) on August 24, 2002, on the file of the Principal Senior Civil Judge at Warangal against Tata Cellular Limited (Idea) and the Central Bank of India, Hanamkonda branch for a sum of Rs. 0.2 million. The suit is to enforce the bank guarantee issued by the Central Bank of India, Hanmakonda branch in favour of Tata Cellular Limited. The bank guarantee was invoked in terms of the dealership agreement upon breach of the same by the Plaintiff. The said suit is posted for framing of issues on January 23, 2007. The financial impact on the Company is Rs. 0.2 million.

6. Four cell site related cases have been filed against the Company, three of these cases have been filed by apartment associations and one has been filed by an individual. The issues involved in the cases pertain to removal of the cell site and a temporary injunction to restrain the employees of the Company from entering the suit premises. There is no financial impact on the Company as it is ready to pay the license fee to the rightful owner of the common areas /terrace as per the directions of the Hon'ble Court.

Consumer cases

1. Ten consumer cases are pending against the Company. The issues involved in these cases include claiming of refunds, compensation for cost of damages, deficiency of services, rectification of bills, mental anguish and restoration of cell services. The financial implication on the Company is Rs. 0.9 million.

Cases filed by the Company

Writ Petitions

1. The Company filed a writ petition (No. 4766/2001) in the High Court of Andhra Pradesh, at Hyderabad, on March 15, 2001, against the Government of Andhra Pradesh, the Controller of Legal Metrology, Andhra Pradesh, the District Inspector, Legal Metrology (Weights and Measures) Gudivada and the Inspector, Legal Metrology (Weights and Measures) Cuddapah to declare that the sale of freedom cards / recharge coupons does not require compliance with the Standards of Weights and Measures Act, 1976 and to quash the seizures effected by the District Inspector, Legal Metrology (Weights and Measures) Gudivada and the Inspector, Legal Metrology (Weights and Measures) Cuddapah. The Hon'ble Court had granted a stay of the said seizure. The case is presently pending and is yet to be listed

2. The Company filed a writ petition (No. 16436/2003) in the High Court of Andhra Pradesh, at Hyderabad, on August 5, 2003, against the District Registrar, Ranga Reddy District, the Urban Development Revenue Inspector, Office of District Registrar, Ranga Reddy District and the Regional Vigilance and Enforcement Officer, Hyderabad (Rural) seeking suspension of the impugned notice (No. 3620/G1/2003) issued by the District Registrar, Nalgonda District for a payment of Rs. 0.45 million towards stamp duty on the leave and license documents executed by the Company with the site/building owners for erection of its towers. The Hon'ble Court was pleased to order an interim suspension of the notice. The writ petition is presently pending on the file of the Hon'ble High Court. The financial impact on the Company is Rs. 0.49 million.

3. The Company filed a writ petition (No. 17884/2003) in the High Court Andhra Pradesh, at Hyderabad, on August 21, 2003, against the District Registrar, Registration and Stamps Department, Nalgonda District and the Regional Vigilance and Enforcement Officer, Hyderabad, to suspend the operation of the impugned notice directing the Company to pay the alleged deficit stamp duty of Rs. 0.035 million on the leave and license documents executed by the Company with the site/ building owners for erection of its towers. The Hon'ble Court ordered for an interim suspension of the notice. The writ petition is presently pending. The financial impact on the Company is Rs. 0.035 million.

4. Three writ petitions have been filed by the Company against various municipal authorities in the High Court of Andhra Pradesh, at Hyderabad, regarding payment of advertisement tax. Demand notices were raised on the glow signs of the

Company put up at various retail/business outlets. The Company challenged the levy of tax as illegal and arbitrary. The Hon'ble High Court has granted an interim stay of all proceedings for the removal/defacing of the name board/board frames of the Company. The writ petitions are presently pending.

Civil cases

1. Tata Projects Limited and the Company filed a civil miscellaneous application (No. 608/2005) before the High Court of Andhra Pradesh, at Hyderabad, on July 7, 2005, against the judgement and decree of the 14th Additional Chief Judge and Fast Track Court for a refund of Rs. 1.25 million pursuant to an arbitral award passed in a dispute between Tata Projects Limited, the Company and Powerset India Limited (being the suppliers of diesel generator sets). The original dispute between the parties related to the levy of liquidated damages for inordinate delay in supplying the diesel generator sets in accordance with the supply contract executed between the parties. According to the interim direction of the Hon'ble High Court a stay has been granted on the payment of Rs. 0.62 million. The case is presently pending.
2. The Company has instituted a recovery suit in April 2005 against Vijaya Durga Enterprises (Raj Towers) (No. 955/2005) on the file of the First Senior Civil Judge's City Civil Court, at Hyderabad, for recovery of an amount of Rs. 0.15 million lying with the Defendant as security deposit pursuant to a leave and license agreement entered into between the parties for installation of the Company's cell tower and other equipment on the rooftop/terrace of the Defendant's building known as "Hotel Raj Towers". The Company has terminated the said agreement on the ground that it is no longer feasible for operating the cell tower. In the suit the Defendant has filed a counter claim for an amount of Rs. 0.71 million towards the license fee for the rest of the term of the agreement. The suit is presently pending for framing of issues. The financial impact on the Company is Rs. 0.71 million.
3. The Company has instituted a suit (No. 2897/2005) in May 2005 seeking perpetual injunction against M/s Sai Balaji Towers Owners' Association and Mrs. C. Bujjamma on the file of the Fourth Junior Civil Judge's City Civil Court, at Hyderabad, as the owners' association was not allowing the Company's employees entry into the premises for daily maintenance of the cell site which was erected by executing an agreement with Mrs. C. Bujjamma. In the same suit the Company got an ad interim injunction to restrain the Defendant and others from obstructing the employees of the Company. There is no financial impact on the Company. The suit has been transferred to the Hon'ble Eighth Junior Civil Judge's Court, Hyderabad and is yet to be listed.
4. The Company instituted a recovery suit (No. 3993/2004) against Ratna Kumari on the file of the Second Junior Civil Judge at Vijayawada, for recovery of a refundable advance deposit of Rs. 0.078 million lying with the Defendant. The case has been posted for January 31, 2007.

Arbitration proceedings

The Company has initiated arbitration proceedings against a grantor by the name of Kota Satyanarayana (O.P. 211/2002) for the recovery of a security deposit of Rs. 0.16 million deposited by the Company for installation of its cell tower on the rooftop/ terrace of the Respondent's building. The agreement entered into between the Company and the Respondent was foreclosed by the Company due to certain operational issues. The total claim involved in the petition is Rs. 0.31 million (a security deposit of Rs. 0.16 million plus as interest amount of Rs. 0.15 million). In the same suit the Respondent has filed a counter claim for an amount of Rs. 1.39 million as license fee for the entire term of the agreement. The arbitration award is pending.

Civil Recovery cases

Thirty three other civil recovery cases have been filed by the Company for recovery of dues aggregating Rs. 0.92 million.

Consumer case

The Company has filed an appeal (F.A No. 1193/2004) before the State Commission against the order of the District Forum, Eluru, which had passed an order to restore the connection and make necessary credit postings to the effect of forced migration of the tariff plan. The matter has been heard and reserved for order.

Cases filed under the Negotiable Instruments Act

Two hundred and forty two cases have been filed by the Company under Section 138 of the Negotiable Instruments Act aggregating Rs. 2.7 million.

Delhi

Cases filed against the Company

Civil cases

1. There are twenty-seven cell sites located at Gaziabad, being part of Delhi and NCR Circle, for which the UP stamps and registration authority has demanded Rs. 4.17 million as deficit stamp duty, terming leave and license agreements as lease agreements. The Company is contesting this. The matter is pending before the Appellate Commissioner.
2. There are seven cell site related cases filed against the Company by local residents objecting to the installation of telecom equipment and the matters are being compromised. There is no financial impact on the Company.

Consumer cases

There are ninety nine consumer cases pending against the Company before various consumer fora. These cases involve allegations of deficiency in services provided by the Company. The aggregate financial implication of all the aforesaid consumer cases is Rs. 9.5 million.

Cases filed by the Company

Cases filed under the Negotiable Instruments Act

There are two thousand and four cases filed under the Negotiable Instruments Act to which the Company is a party as a complainant. These matters are pending before various Magistrate Courts at Delhi. The aggregate financial implication of these matters is Rs. 13.73 million.

Miscellaneous cases

1. Two cases have been filed by the Company against the two individuals alleging that they have fraudulently collected a sum of Rs. 0.17 million from the Company misrepresenting themselves as property owners of cell sites. Company could recover Rs. 0.08 million and pursuing to recover the remaining amount. The financial impact on the Company is 0.09 million.
2. The Company filed a winding up petition against a defaulted subscriber (a limited liability company) to recover a sum of Rs. 1.08 million payable to the Company towards monthly mobile bills. This matter is pending for hearing on March 19, 2007.

Gujarat

Cases filed against the Company

Supreme Court

The Ahmedabad Municipal Corporation, AEC and AUDA have filed a special leave petition (SLP (C) 2650/2002 AMC/AEC/AUDA) challenging an order passed by the division bench of the High Court of Gujarat in favour of the Company stating that building permission is not required for installation of BTS towers as the structures are temporary in nature. Status quo was granted by the Supreme Court against the demand of Rs. 3.5 millions. The matter is pending before the Supreme Court for final hearing.

Arbitration proceedings

A dealer was appointed at Surat at the time of commencing mobile operations there. The dealer has initiated an arbitration against the Company seeking recovery of monies. As per the books of accounts of the Company all payments have been made except a sum of Rs. 0.067 million which is still due and payable, as against the claim of Rs. 9.6 million made by the dealer. The arguments are continuing in this matter is pending.

Civil cases

1. Jitendra Malkani has instituted a civil suit (No. 2158/97) alleging wrongful levy of charges for call diverting facility. The suit is appearing on the non-hearing board.
2. Nirav Kishore has filed a civil suit (No. 1524/99) alleging erroneous disconnection. The suit is appearing on the non-hearing board.

3. Bharat Virjibhai along with other co-plaintiffs have instituted a civil suit (No. 521/2004) for recovery of due rent. The main application is appearing on the hearing board. The plaintiff has also filed a connected stay application which was disposed off without granting stay.

4. Eight civil cases relating to cell sites are pending against the Company. Seven out of the eight cases have been filed by individuals and one matter has been filed by building associations. Further, in six out of the seven cases filed by individuals only injunctive relief has been claimed against the Company and in the remaining one matter the Plaintiff has also sought payment of compensation. All these matters are appearing on the hearing board and in none of these matters the Company is suffering an adverse injunction order, except for one matter, where the Company had preferred an appeal against the injunction order and the matter is pending.

Consumer cases

There are forty-four consumer cases pending against the Company before various consumer fora. These cases involve allegations of deficiency in services provided by the Company. The aggregate financial implication of all the aforesaid consumer cases is Rs. 4.18 million.

Cases filed by the Company

Civil Recovery cases

The Company has filed seven civil recovery suits seeking payments of various amounts due from the defendants. Summons have been issued in each of these matters. However, none of the defendants in these matters could be traced. All the matters are pending for further direction. The amount claimed by the Company in all the seven recovery petitions aggregates to Rs 0.39 million.

Cases filed under the Negotiable Instruments Act

There are two thousand six hundred and seventy one cases under the Negotiable Instruments Act to which the Company is a party as a complainant. These matters are pending before various Magistrate's courts. The aggregate financial implication of these matters is Rs. 8.96 million.

Maharashtra

Cases filed against the Company

Public Interest Litigation

1. Savio G. M. Dias filed a public interest litigation before the High Court of Bombay, Panjim Bench, alleging that mobile towers are hazardous to health and has requested the Court to take action under the Criminal Procedure Code for removal of such towers and also requested for the formation of a scientific body to ascertain the radiations and health hazards due to the mobile site. The Court had disposed the matter while granting the Petitioner liberty to approach the High Court of Bombay to tag his case with similar matters pending before the High Court. There is no financial impact on the Company.

2. Mr. Jamal Siddhique has filed a public interest litigation (No. 3139/2006) before the High Court of Bombay, Nagpur Bench against the Nagpur Municipal Corporation, the fire department, Nagpur and the State of Maharashtra challenging the illegal erection of towers by cellular companies without getting proper sanctions. The Company had impleaded itself as an interested party to the case along with other mobile operators. The Court while calling for details from the authorities also directed that no further installation shall be permitted till further orders. The matter is pending for hearing and has not yet been listed.

Criminal cases

1. The Deccan police had allegedly assaulted Mr. Mohammed Shaikh on a criminal complaint filed by the Company for fraud. Badrunisa Shaikh, mother of the said accused filed a complaint (No. 626/1999) in this regard involving Dr. George and Captain Kadam, who were officers of the Company. An application for discharge has been filed. No decision has yet been made. Mohammed Sheikh had also lodged a separate complaint (No. 596/1999), against the officers of the Company. An application for discharge has also been filed in this regard. The matter is posted for hearing on March 8, 2007.

2. The Walunj police station filed a First Information Report (No. 436/2003) against the Company's Customer Convenience Centre Manager for alleged fraud and cheating. The charge sheet was filed in Court. Bail was granted to the Manager. The matter has not yet been listed for hearing.

3. The State of Maharashtra filed a penal case (No. 1431/2005) under Section 33 of the Weights and Measurement Act, alleging that the Company had violated provisions of the said Act by not printing the manufacturing date, the expiry date etc. on the SIM card packets. The Company is contesting the matter. Matter is listed for hearing on April 18, 2007. There is no financial impact on the Company.

4. The Pune Municipal Corporation filed a criminal case (No. 74/2005) for alleged evasion of octroi by the Company amounting to Rs. 0.018 million on the goods imported by the Company. This matter is pending for hearing on January 29, 2007.

Cell site related cases

1. Vinkar Society filed a suit (No. 310/2003) against the Company for declaration of rights and an injunction to prevent the Company from constructing its cell tower. The Company acquired a rooftop terrace of the building from the plot holder of the society. The society also granted a no objection certificate for lease. The society subsequently revoked the no objection certificate on the ground of fraud and the alleged health hazard that would occur due to the installation and has filed the instant suit. The written statement has been filed and the suit is pending. However, the construction is completed and the site is operational as at date. Matter is pending for recording of evidence of parties.

2. Mandakini Chikhale filed a suit (No. 5/2005) against the Company alleging that the site was acquired for the cell tower of the Company without the permission of the residents of the building at Manchar. The Company had withdrawn the equipment from the site and is taking steps to settle the matter.

3. Shivaji Phad filed a suit (No. 166/2006) for an injunction in respect of the cell tower at Udgir (Latur District). Mr. Phad is an owner of the adjacent land. There is a dispute between the owner and Mr. Phad as to the boundaries of the property and Mr. Phad has alleged encroachment upon his land. The Court had initially issued an injunction order which has been subsequently vacated by the District Judge, Udgir in favour of the Company. There is no financial impact on the Company.

4. Pratibhnagar Co-op Housing Society filed a suit (No. 562/2006) against the Company for declaration of rights and an injunction to prevent the Company from constructing its tower. The Company acquired a rooftop terrace of the building from the plot holder of the society. The society also granted a no objection certificate for lease. The society consequently revoked the no objection certificate on the ground of alleged fraud and health hazard that would occur due to the installation. The written statement has been filed and the suit is pending. However, the construction is completed and the site is operational as at date. Matter is listed for hearing on January 17, 2007.

5. Vimal Kumar and Lalit Kumar Jain filed a suit (No. 861/1999) for partition of the suit land (which is also a green field site of the Company) in metes and bounds. The Company had acquired the green field site in Katraj Village. The Company's tower is located within the suit land. The Company has been made a necessary party to the suit. The Plaintiff filed the application for depositing the rent payable to the co-owners in Court. As per the Court orders the Company is depositing rent in court until the final partition order. Matter is pending for framing of issues and is yet to be listed.

6. Sanvordekar Shailesh Durgananda filed a suit (No. 41/2001) against his father and others (the Company being Defendant No. 24) for declaration and injunction. The green field tower installed by the Company at Sarvodem is one of the suit properties. The Plaintiff has sought that the agreement executed between Defendant No.1 and the Company be declared illegal, null and void. The Company has filed its written statement. Matter is pending for framing of issues and is yet to be listed.

7. Mr. Ajit Shewale filed a suit (No. 9/2002) against the Company which erected the green field cell site on the suit premises in 1998. One of the co-owners of the green fields land sold his share in the year 2002. The land records did not show the land as divided into metes and bounds and therefore the current owner on the alleged old revenue records filed a suit against the owner and the Company to remove the encroachment. Matter is pending for hearing.

8. Abdul Sattar filed a suit (No. 72/2005) against the Company regarding certain disputes relating to a piece of land. The Company entered into an agreement with Mr. Nasimbi Khan for erection of its cell tower at Lalkhed (Dharva District). A dispute arose in the family regarding ownership of the property allotted to the Company. Hence the suit was filed by Mr. Sattar (co-owner) against the Company. The Court has granted an injunction against construction of the cell tower by the

Company. Against this interim order the co-owner has filed a civil appeal in the District Court. The civil appeal was dismissed. The Company had withdrawn the installation and is taking steps to relocate the site.

9. Bhau Namdev Aware, the co -owner of the land on which the Company's tower (green field site, Gaymukh Nagar Highway) is situated filed a suit (No. 417/2005) for partition at metes and bounds. The Company has been made a necessary party to the suit. The summons for the case has been served and the Company appeared in the matter. The Company has filed its reply and the matter is pending for framing of issues.
10. Bhau Namdev, the co -owner of the land on which the Company's tower (green field site, Gaymukh Nagar Highway) is situated filed a transfer petition (No. 14/2006) for the partition of lands at metes and bounds. The owner has also filed different suits for partition of other properties. The owner has filed a transfer petition for all the cases. The Company has been made a necessary party.
11. Premchand Mutha & Ashok F Nahar had filed a suit (No. 1344/06) before the Civil Court, Pune , against Sandeep Lunkad claiming 50% share in the premises at which the Company had installed its cell site . The Company was added as one of the Defendants. The Court had issued exparte injunction on September 29, 2006. Subsequently, the Company filed reply and the matter is pending for hearing on January 15, 2007.
12. Madhukar Gawande filed a suit (No. 282/06) before Civil Court, Akola, against the Company alleging danger to life and property because of the installation of a ground based tower .No interim order has been passed in this matter. The installation is complete and the site is presently in operation .There is no financial impact on the Company. The matter is pending for hearing.

Motor Accident Claim

Anjanabai Kondiram Yadav filed a motor accident claim of Rs. 0.1 million after he was injured in an accident caused by a vehicle owned by the Company on the Nagar-Pune Road. The vehicle was insured with New India Assurance Company Limited. The liability for payment is on the insurance company. Accordingly, the Company filed a counter in the case which is pending. The Company is a necessary party to the claim. The financial impact on the Company is Rs. 0.1 million. The matter is pending for framing of issues.

Insolvency case

H.P. Karnavat, a customer of the Company, filed an insolvency petition (No. 3/2004). In the said petition he mentioned the Company as a creditor for an amount of Rs. 0.03 million. Dues were payable by him to the Company as a subscriber. The matter is pending for framing of issues.

Consumer cases

Twenty one consumer cases have been filed against the Company regarding the claim of refunds, compensation for cost of damages, deficiency of services, rectification of bills, mental harassment, illegal disconnection and restoration of cell services aggregating Rs. 4.24 million.

Civil Recovery cases

1. Prabhat Rajmal Nibija filed a recovery suit (No. 962/2003) against the Company. The Company had awarded a dealership for the sale of SIM cards. The terms of the dealership agreement stated that no refund of the security deposit would be paid by the Company. The dealer has discontinued his dealership services. The dealer thereafter has claimed a refund of the deposit paid which amounts to Rs. 0.5 million plus interest @ 18% p.a from the date of discontinuation. A suit for recovery of Rs. 0.98 million has been filed. The Company has filed its written statement in the matter. The matter has been listed for issues. The financial impact on the Company is Rs. 0.98 million.
2. R. P Jain filed a recovery suit for rent which was allegedly to be paid by the Company in accordance with the leave and license agreement executed for the erection of the Company's cell tower. In the said matter the Company filed an application under sections 6 & 7 of the Arbitration Act for referring the matter to an arbitrator as per the arbitration clause contained in the aforesaid agreement. The Lower Court rejected the Company's prayer for referring the matter to arbitration. Against the said order, the Company filed a revision petition before the High Court of Bombay, Aurangabad Bench. The revision petition was admitted and the matter at the lower Court was stayed. In the said revision petition the Court ordered

deposition of the disputed amount in Court. The disputed amount of Rs. 0.299 million was deposited in the High Court. The matter is not listed for hearing. No date has been given. The financial impact on the Company is Rs. 0.299 million.

Other cases

Mrudula Gandhi filed a suit (No.95/2004) for specific performance and compensation worth Rs. 1.0 million (including rent and compensation) on the basis of an agreement made for the installation of a cell site for an unexpired lease period which has been revoked by the Company due to its failure in obtaining building permissions from the local authority. The Company has filed an application under sections 6 and 7 of the Arbitration Act for referring the matter to an arbitrator as per the arbitration clause contained in the agreement. The lower Court has rejected the application of the Company for the matter to be referred to an arbitrator. Consequently the Company has filed a revision petition before the High Court of Bombay for referring the matter to arbitration. The revision petition has been admitted and the matter before the Lower Court has been stayed. Later, this matter has been disposed off by the High Court of Bombay setting aside the order of Lower Court and directing rehearing of the arbitration application filed by Company. This matter is pending for hearing.

Cases filed by the Company

Writ Petitions

1. Writ petitions have been filed by the Company against the State of Maharashtra and each of the Municipal Corporations of Akola, Amravati, Aurangabad and Pune. The Company has challenged the Government of Maharashtra directive No. TPS 3003/1723/CR/394/03/UD-30 dated July 4, 2005, issued by the Urban Development Department, Government of Maharashtra to all municipal corporations (except the Brihanmumbai Municipal Corporation) and the action initiated by the respective municipal corporations pursuant thereto. The directive seeks to charge and recover premium and deposit on base stations with retrospective effect from October 9, 1996. All writ petitions have been admitted and save for the Aurangabad Municipal Corporation, the respective Municipal Corporations have been ordered not to collect the monies sought to be levied and not initiate any coercive action in this regard. The financial impact on the Company is Rs. 15.3 million. The matter is pending and has not yet been listed.
2. The Company filed a writ petition (No. 2155/2004) against the Aurangabad Municipal Corporation challenging an order issued by the corporation charging octroi on the M.R.P. of SIM and scratch cards. The writ petition was admitted but no interim stay was granted. The matter is pending for final hearing.
3. The Company filed a writ petition (No. 953/2006) against the Gram Panchayat, Kanan Pimpri, challenging the illegal and vexatious demand made by the gram panchayat of Rs. 1.25 million for the issuance of permission for erection of cell site. The High Court has ordered a payment of Rs. 0.05 million to the gram panchayat in the interim and has granted a mandatory order of issuing the permission and granted interim stay. The amount was paid. The matter is not listed for hearing. The financial implication on the Company is Rs. 1.25 million.
4. The Company filed a writ petition (No. 948/2006) against the Nagar Parishad Panchayat Khedi (Karanja) challenging the illegal and vexatious demand of development charges amounting to Rs. 0.2 million for issuing the necessary building permission for the cell tower. The Company has paid Rs. 0.05 million under protest and requested the building permission. The council issued a notice for demolition of the site for non-payment of the demand. The demolition notice was stayed. The matter is listed for hearing. The financial impact on the Company is Rs. 0.15 million.
5. A writ petition has been filed by the Company against the State of Maharashtra and the Municipal Corporation of Nagpur (No. 4840 of 2006) before High Court of Bombay, Nagpur Bench, challenging the Government of Maharashtra directive no. TPS 3003/1723/CR/394/03/UD-30 dated July 4, 2005, issued by the Urban Development Department, Government of Maharashtra to all municipal corporations (except the Brihanmumbai Municipal Corporation) and the action initiated by the respective municipal corporations pursuant thereto. The directive seeks to charge and recover premium on base stations and seeks deposit of the same with retrospective effect from October 9, 1996. The writ petition has been admitted and the respective municipal corporation has been ordered not to collect the said premium charges proposed to be levied and also not to initiate any coercive action in this regard. The financial impact on the Company is Rs. 5.9 million. The matter has not yet been listed for hearing.
6. A writ petition has been filed by the Company against the State of Maharashtra and the Municipal Council of Erandol (No. ST 18910/2006) before the High Court of Bombay (Aurangabad Bench). In the said writ petition, the Company has challenged

the Government of Maharashtra directive No. TPS 3003/1723/CR/394/03/UD-30 dated July 4, 2005, issued by the Urban Development Department, Government of Maharashtra to all municipal corporations (except the Brihanmumbai Municipal Corporation) and the action initiated by the respective municipal corporations pursuant thereto. The directive seeks to charge and recover premium on base stations and deposits with retrospective effect from October 9, 1996. The said writ petition was admitted and the Court had ordered the Company to deposit the disputed amount and pursuant thereto the Company deposited Rs. 0.35 million in the Court. The financial impact on the Company is Rs. 0.35 million. The matter has not been listed for hearing.

Civil Recovery cases

1. The Company filed a recovery suit (No. 226/2001) for the recovery of Rs. 0.17 million which is pending against the mobile services used. Leave to defend the application has been allowed, subject to a payment of Rs. 0.04 million. The matter is pending and not yet been listed.
2. The Company filed a recovery suit (No. 285/2003) for the recovery of a security deposit amounting to Rs. 0.29 million along with interest @ 21% per annum. The Company had acquired a godown pursuant to an acquisition agreement. The agreement was later terminated and the owner subsequently failed to refund the security deposit paid by the Company. Hence the present suit has been filed by the Company. The matter is pending and has not yet been listed.
3. The Company filed a recovery suit (No.123/2004). The matter was decided ex-parte in the Company's favour. For execution of the decree passed by the Court in the above recovery suit the Company has filed execution proceedings for recovery of the amount of Rs. 0.04 million. The party is not traceable. The matter is presently pending. The matter is pending and has not yet been listed.
4. The Company has filed a summary suit (No. 1/2006) before the Civil Court, Solapur, against Wardhaman Communication and Mr. Aniket Jai Prakash Shah for recovery of Rs. 2.5 million towards dues payable for purchasing prepaid SIM cards as a pre-paid distributor for the Solapur region. The matter is listed for exparte order against the Defendant as he had failed to appear in Court.

Other Civil cases

1. The Company filed a civil suit (No. 14/2006) against Mr. Tamboli for a permanent injunction restraining him from disturbing the installation activities at Karmala (Solapur District). In his reply, Mr. Tamboli alleged that the erection of the tower in the city is hazardous to health and has caused serious diseases to a member of his family and also causes a lot of pollution in the vicinity. An interim order was granted and Mr. Tamboli was restrained from interfering with the tower erection. The matter has been stayed as Mr. Tamboli has filed an appeal. (No. 60/2006). The matter is pending and has not yet been listed.
2. The Company filed a suit (No. 943/2006) against Balaji Construction and Mr. Prasanna Shripad Rodhe before the Civil Judge (Junior Division), Pune. The suit was against the owners and the claimant's claming ownership of a licensed premises where a tower was installed by the Company on the rooftop. The Company was directed to deposit the rent amount in Court till the ownership dispute was resolved. This matter is pending for hearing on January 25, 2007. There is no financial impact on the Company.

Industrial case

The Company filed an appeal (No. 15/2005) under Section 75 of the Employees State Insurance Act against order No. MHR: SRO:INS,II 33-32973, dated February 28, 2005, directing the Company to pay Rs. 0.42 million towards assessment made for ESI contribution and Rs. 0.051 million towards the accrued interest which has not been complied with by the contractor for execution of the work on behalf of the Company (principal employer). At the stage of admission of appeal the Court has ordered the Company to deposit Rs. 0.27 million in Court. The Company had admittedly paid the liability of Rs. 0.27 million and challenged the remainder. The amount was deposited into the Court. Enforcement of the order was stayed. The financial impact on the Company is Rs. 0.21 million. The matter is pending and has not yet been listed.

Octroi cases

Twenty one cases have been filed by the Company against various municipal corporations challenging the applicability of the octroi duty charged on the MRP of SIM and scratch cards. The Company has claimed a refund of the amounts deposited by them.

Cases filed under the Negotiable Instruments Acts

Four thousand one hundred and eighty four cases have been filed by the Company under Section 138 of the Negotiable Instruments Act aggregating Rs. 2.06 million.

Cell Site disputes

Eleven suits have been filed by the Company against local authorities for seeking injunctions restraining the local authorities from ordering the demolition of cell sites of the Company.

Uttar Pradesh (West)

Cases filed against the Company

Civil disputes

1. Handa Mobile filed a suit (No. 291/2001) against the Company claiming refund of the security deposit made by it following a dealership agreement entered into with the Company. The Company terminated the dealership agreement with the Plaintiff as per the terms of the agreement. The written statement has been filed by the Company and the matter is presently pending. Handa Mobile also filed a second suit (No. 349/2001) claiming compensation for termination of the dealership agreement. The written statement has been filed by the Company and the matter is pending as well. The financial implication on the Company is Rs. 0.25 million.
2. Bhikha Ram Rathore filed a suit (No. 24/2006) for recovery of a license fee payable by the Company. The Company entered into a license agreement with the Plaintiff for the purpose of setting up the necessary equipment on site required for providing mobile services in the area. The Plaintiff claims that the Company has not paid the requisite license fee for a period of six months commencing from June 29, 2004 to December 29, 2004 in respect of the said premises. The written statement is yet to be filed by the Company and the matter is presently pending. The financial implication on the Company is Rs. 0.06 million.

Consumer disputes

Seventy two consumer cases have been filed against the Company regarding deficiency in service. The financial implication is Rs. 6.70 million.

Cell Site disputes

Eight cell site related cases have been filed against the Company regarding deficiency in stamp duty paid by the Company including two writ petitions filed by the State against erstwhile Escotel Mobile Communications Limited seeking stay of operation or order passed by the Additional Commissioner in favour of the Company. The matters are pending.

Cases filed by the Company

Cell Site disputes

Nine cell site related writ petitions have been filed by the Company challenging the order passed by the Commissioner relating to stamp duty.

Litigation pertaining to Subsidiaries

IMCL

Cases filed against IMCL

Criminal cases

1. Mr. Gopalakrishnan filed a complaint (No. MACT 1132) before the Motor Accident Claim Tribunal against IMCL following an accident involving a vehicle belonging to IMCL. The vehicle was insured and hence there is no financial impact on IMCL.
2. Sharat Jain has filed a criminal complaint in the Chief Judicial Magistrate's Court, Hissar, under Section 420/34 of the Indian Penal Code alleging that IMCL has not extended to him certain benefits, as promised and its employees have committed cheating. Mr. Jain has asked for a direction to summon and punish the accused employees. IMCL has made an application

under Section 245 of the Criminal Procedure Code for discharge of its employees. The matter is pending. The financial impact of this matter on IMCL is Rs. 0.012 million. The matter is pending and has been referred to the Lok Adalat for pronouncement of order on January 20, 2007.

3. Criminal proceedings against Major Raj Kumar Sharma, an ex-employee of IMCL has been initiated under Section 12(1) of the Punjab Scheduled Roads and Controlled Areas Act, 1963 vide lodged FIR No. 213/30-10-1999. The matter relates to erection of tower within DTP area without permission. The financial impact of the matter is Rs. 0.4 million. The matter is pending and listed for prosecution of evidence on April 20, 2007.

4. The municipal corporation has filed a matter before the Chief Judicial Magistrate, Ambala against IMCL regarding an application under Section 95 of the Haryana Municipal Act, 1973. The matter has come up for recovery of the outstanding amount for regularization of installation of two towers within the municipal limits of Ambala City. The financial impact of the matter is Rs. 0.19 million. The matter is pending and has been listed for March 19, 2007.

Civil Cases

1. Pawan Kumar has filed a suit before the Civil Judge, Fatehabad, for a permanent injunction restraining IMCL from installation of a tower, alleging nuisance and danger to life and personal property of neighbours. The financial impact for the matter is Rs. 0.1 million. The reply has been filed on behalf of IMCL and the matter is pending for arguments. The next date is yet to be given by the Court.

2. A suit (No. 1372/1999) for permanent and mandatory injunction seeking declaration of contract of appointment of legal consultant Mr. S.C. Jain valid and praying for decree of mandatory injunction directing the defendant to pay monthly remuneration to the plaintiff. The financial implication for the matter is 0.184 million. The matter is pending and listed for arguments, the next date is yet to be given by the court.

3. Davinder Singh Bali has filed a suit (No. 453/2) for damages with consequential relief or recovery of monthly rent and damages in respect of a building. The financial impact for the matter is Rs. 0.14 million. The matter is pending and has been listed for filing of reply by IMCL on January 12, 2007.

4. A civil suit has been filed in the Tis Hazari Court by P. S. Gandhi, the lessor of a leasehold property at Rohini, Delhi on an allegation of default in payment of rent and vacation of the property without notice. The financial impact of the matter is Rs. 0.09 million. The matter is pending and has been listed for arguments on January 23, 2007.

5. Gopi Agencies, an earlier franchisee of Escotel, after termination of an agreement with IMCL filed a suit for full and final settlement of accounts and for rendition of accounts. The financial impact of the matter is Rs. 0.1 million. The matter is pending and has been listed for filing of Plaintiff's evidence on January 23, 2007.

6. Gurdyal Kaur has filed a civil suit before the Civil Judge, Kurukshetra, praying for a permanent injunction restraining IMCL from installing its tower situated at Mandheri village, Shahabad tehsil, Kurukshetra district, alleging that the Plaintiff is in possession of the land over which such tower is to be erected and further alleging that IMCL has no right, title and interest in that land. The financial impact of the matter is Rs. 0.2 million. The matter is pending and has been listed for filing of reply by IMCL on January 17, 2007.

7. Mahender Singh has filed a civil suit for a permanent injunction to the effect that IMCL be restrained from installing a tower near the house of the Plaintiff as it allegedly causes damage to the property and person. Further, allegations of, nuisance due to sound pollution and health hazards due to radiological activity have also been raised. There is no financial impact of this matter. The matter is pending and has been listed for filing of reply by IMCL on January 23, 2007.

Labour Cases

1. Three cases were filed by the Labour Inspector under various labor laws on the basis of spot inspection at the Panipat district office of IMCL on September 5, 2003. The financial impact of the matter is Rs. 0.002 million. The cases have been referred to and are pending before the Lok Adalat for settlement and the next date of hearing has not yet been fixed.

2. A case has been filed in the designated Labour Court by Mr. Sunil, who was employed by a security agency i.e. Sentinal Security, for payment of outstanding salary. IMCL has also been made a party to the dispute. The financial impact of the matter is Rs. 0.223 million. The matter is pending and has been listed for further hearing on February 12, 2007.

3. Shiv Rajan and Tika Ram have instituted a case in the Labour Court alleging illegal termination from service and physical and

mental harassment by IMCL's officials. The Plaintiffs are seeking re-instatement. The matter is presently pending.

4. The Employees State Insurance Company has filed a case in the designated Court at Tis Hazari, Delhi claiming Rs. 4.0 million from IMCL towards Employee State Insurance contributions of the employees covered under the Employee State Insurance Act. The oral arguments in the matter have been concluded and the case is pending for submission of written arguments and judgment. The total financial impact on IMCL on account of this case is Rs. 4.0 million.

Case before the MRTP Commission

Mr. Arun Khurana filed a complaint before the Monopolies and Restrictive Trade Practices Commission against IMCL alleging that IMCL was indulging in unfair trade practices and failed to provide the complainant and his introduced members incentives that were allegedly promised under a particular scheme. The matter has not been argued and the judgment of the Court is awaited. The financial impact on IMCL is Rs. 0.05 million.

Cell Site disputes

Five cell site related cases have been filed against IMCL. The cases are against tower construction in certain areas of the State. A common ground raised in all the cases is that the construction of a tower would be hazardous to the health of the people living in the areas nearby.

Consumer cases

Seventy five consumer cases have been filed against IMCL regarding deficiencies in service. The financial impact aggregating Rs. 3.69 million.

Cases filed by IMCL

Civil Recovery cases

Twenty one civil recovery cases have been filed by the Company for recovery of dues aggregating Rs. 0.4 million.

Other Civil cases

1. IMCL has received notices from the Haryana Urban Development Authority (HUDA) for a plot at Panipat on which a tower has been installed. The lessor filed for an injunction by way of a civil suit (No. 463 of 2003) before the Additional Civil Judge, Panipat and the injunction was granted by the Court. HUDA filed an appeal before the Civil Court and an order was passed in its favour. In the meanwhile, policy guidelines for installing the tower were passed and IMCL applied for regularization of the tower as per those guidelines. At present, an appeal has been filed before the HUDA authorities on the basis of the policy for regularization of the tower. The authorities have accepted the plea and referred the documents for regularization for necessary scrutiny as per the framed guidelines. No adverse order has been passed against IMCL till the scrutiny of documents by the authorities. The matter is pending and the next date of hearing has not yet been fixed. The financial impact of the matter is Rs. 0.17 million.
2. IMCL has filed an application (No. 842 of 2005) under Order 39 Rule 1 & 2 read with Section 151 of Code of Civil Procedure, 1908 before the Civil Judge at Rohtak against Tara Chand for grant of an ad-interim injunction in the civil suit for maintaining status quo on the tower erected by IMCL. The matter is pending and listed for April 17, 2007, for further hearing. The financial impact of the matter is Rs. 0.1 million.

Consumer appeals

IMCL has filed ten appeals before the State Commission against order(s) of the various district fora across Haryana. The cases are pending and stay has been granted in favour of IMCL. The aggregate financial impact of these matters is Rs. 0.16 million.

Cell Site disputes

IMCL has filed proceedings before the Tribunal for local self government (No. 286/2006) against the wrongful refusal of panchayat to provide necessary sanctions for the erection of IMCL's towers.

Industrial disputes

Employee State Insurance Authorities raised a demand of Rs. 3.42 million towards damages arising out of certain pending

demands. IMCL challenged this order by way of a petition (CN (M) 734/06) before the High Court of Delhi and obtained an unconditional stay. The matter is pending. The total financial impact of this case is Rs. 3.42 million.

Writ Petition

1. IMCL has filed a writ petition (No. 2294/2006) challenging an order passed by an ombudsman. A complaint was filed against Tata Teleservices Limited (TTL) stating that their towers had the potential to affect life and property of the nearby residents. Without hearing TTL or without issuing a notice to the Atomic Energy Commission an order was passed by the ombudsman which specifies that the sanction from the Atomic Energy Commission is required for constructions of all telecommunication towers in the State. For the existing towers a period of 3 months was granted to all operators for obtaining the required sanction from the Atomic Energy Commission. A stay has been granted in the present matter by the Court.
2. IMCL has filed an appeal (CWP No. 1737 / 2002) before the High Court of Chandigarh challenging the imposition of annual and other charges on the construction of towers in Haryana. The State of Haryana issued a notification on September 20, 2001, granting a sanction for setting up towers on payment of Rs. 0.08 million and charges of Rs. 0.01 million per year per tower. The matter is pending and the next date of hearing is yet to be fixed.

Cases filed under the Negotiable Instrument Act

One thousand one hundred and ninety six cases under Section 138 of the Negotiable Instruments Act have been filed by IMCL for realization of bill amounts against defaulting subscribers whose payment through cheques had bounced. The financial impact on IMCL is Rs. 2.5 million.

BTA Cellcom

Cases filed against BTA Cellcom

High Court cases

Betal Singh has filed a writ petition before the Gwalior High Court seeking the removal of a tower from Government land reserved for public use. BTA Cellcom is a co-defendant in this matter and has filed a primary objection. The argument on the primary objection is pending.

Civil and miscellaneous disputes

1. Eleven cell site related matters are pending before various lower Courts. BTA Cellcom is a Defendant in all these matters. The disputes in these matters revolve around, i) encroachment of a public road; (ii) encroachment of a place reserved for common use and health purposes; (iii) construction of a tower without collector's permission; (iv) construction of a tower without relevant environmental clearances and (v) anticipated health hazards from towers situated in residential areas. The final relief sought in these matters is a direction for BTA Cellcom to remove its tower from the relevant locations. Two out of these eleven matters relate to anticipated health hazards from towers. One of these matters has been filed by the State of Madhya Pradesh and the rest have been filed by private individuals. BTA Cellcom is suffering an injunction order in three matters. All matters are currently pending. One matter is filed under the Madhya Pradesh Accommodation and Control Act claiming tenancy / remaining rent and the matter is pending. There is no financial impact on BTA Cellcom as the relief claimed is for relocation of sites.
2. Mr. Ajay has filed a civil suit against BTA Cellcom before the Burhanpur Court seeking an injunction restraining the installation of BTA Cellcom's BTS equipment. The Court has refused to grant an injunction and the matter is pending for regular trial. There is no financial impact on BTA Cellcom.
3. Ashia Begum has filed an appeal in the Court of Additional Sessions Judge, Sohagpur, where BTA is a Respondent. The original matter seeks the relief of a permanent injunction against BTA Cellcom stating that the land on which the transmission tower was installed belongs to the Petitioner/Plaintiff. BTA Cellcom has filed a reply to the appeal. The matter is pending and yet to be listed.

Consumer cases

There are nineteen consumer matters pending against BTA Cellcom before various fora in Madhya Pradesh. These matters relate to deficiency in services provided by BTA Cellcom. Out of these nineteen matters, eleven matters are at the stage of first adjudication of the complaint, eight matters are in appeal. The financial implication of these nineteen consumer matters aggregates to Rs. 0.46 million.

Cases filed by BTA Cellcom

Cases filed under the Negotiable Instrument Act

There are one thousand and twenty four matters that BTA Cellcom has initiated against cheque defaulters under Section 138 of the Negotiable Instruments Act. The aggregate financial impact is approximately Rs. 2.70 million.

Criminal cases

BTA Cellcom has filed sixty criminal complaints under 405 and 406 of the Indian Penal Code against defaulting subscribers.

ITL

Cases filed against ITL

High Court

1. Sabir Ali filed a public interest litigation (No. 3560 /06) before the High Court of Rajasthan (Jodhpur Bench) against the State of Rajasthan and ITL alleging that the sites installed at Pali shall cause harmful radiation effects besides causing pollution and land conversion related problems. ITL is contesting the same and there is no adverse order against ITL. The matter is pending for hearing on January 24, 2007.
2. Residents of Mohalla Kapta Padi - Alwar filed a public interest litigation (5237/06) before the High Court of Rajasthan (Jaipur Bench) against the municipal authorities. The landlord has alleged that the erection of telecom towers shall cause harmful radiation effects besides causing DG pollution, vibration and noise pollution related problems. ITL is contesting the same and there is no adverse order against it. The matter is pending for hearing on February 2, 2007.

Civil cases

Thirteen civil cases are pending against ITL and all of these cases relate to cell site and tower related disputes. There is an injunction order in one of the cases and status quo orders have been made in two cases. ITL filed appeals in two of the said cases before the District Court. There is no financial impact on ITL and the matters are pending.

Cases filed by ITL

No cases have been filed by ITL except the appeals filed before the District Courts as aforesaid in the civil cases pertaining to cell sites.

Outstanding Litigation not pertaining to any specific Circle

Department of Telecommunications demands

1. The Company and two of its Subsidiaries (BTA Cellcom and IMCL) have received demand notices for payment of outstanding monies towards Spectrum fees due to the Wireless Planning Division of the Department of Telecommunication. Whilst the notices to the Company and BTA are dated July 7, 2006, the notice to IMCL is dated July 10, 2006. A period of fifteen days had been stipulated to respond to the notices. The liabilities of the Company, BTA and IMCL are Rs. 148 million, Rs. 46 million and Rs. 361 million respectively. The Company is proposing to take up the matter with the Cellular Operators Association of India (COAI) and also file its reply independently. The Company has responded to the notices and accordingly the DoT has conveyed to the Company that it has no dues. However, the amounts pertaining to the Subsidiaries have been shown as due by the DoT. The amounts have been paid by the Company under protest and without admitting liability as it was required in order to obtain the letter of intent for the Mumbai Circle. The Company intends to go ahead with the industry stand on the matter.
2. The Company has received two notices, both dated July 14, 2006 from the DoT in respect of its operations in Delhi and Andhra Pradesh, asking the company to disconnect all cellular connections of such subscribers (pertaining to these Circles) who have been allegedly given connections without conducting proper verification. The DoT has also asked the Company to show cause why the above should not be viewed as a breach of one of the conditions of the License Agreement and why appropriate action including the imposition of penalty may not be taken. The Company has replied to the show cause notice stating its intention to comply with the license conditions. However, the Company in its reply to the show cause notice has also cited the immediate logistical difficulty in verifying all subscriber details. IMCL has also received a similar notice on the

same date in respect of its operation in the Haryana Circle and this notice too has been replied by IMCL stating the reasons similar to the reasons stated in the Company's reply. The DoT has issued instructions to all operators to ensure verification of all subscribers by March 31, 2007.

Other Civil Cases

1. The Company has filed a suit against Mr. Vincent Peeris, the IN Registry and Good Luck Domains for the illegal registration and squatting of the Idea domain by Mr. Vincent Peeris, a resident of Colombo, through the IN Registry's accredited Registrar, Good Luck Domains. A notice was sent to Mr. Peeris on October 26, 2005. Mr. Peeris failed and / or neglected to reply to the notice sent by our advocates. Subsequently the Company was forced to begin proceedings in Court. The Court granted an injunction in favour of the Company on February 15, 2006, restraining Mr. Peeris from using and renewing the 'www.idea.in' domain any further. However, Mr. Peeris renewed the registration of the domain on February 16, 2006. The IN Registry has assured the Company and asked for sometime in order to comply with the order of the Court which is in favour of the Company. A letter has been sent by our legal counsel on March 9, 2006, to the IN Registry for complying with the Court's order, failing which such breach will be brought to the notice of the Court. The 'www.idea.in' domain has been blocked completely and hence could not be registered by any person. Good Luck Domains is ready to register the 'www.idea.in' domain in favour of the Company, pursuant to an appropriate order from the Hon'ble High Court of Bombay, setting out such directions. It is proposed to approach the Court and inform it that the 'www.idea.in' domain has been blocked and the concerned parties are ready and willing to register the domain in favour of the Company subject to an appropriate order of the Court.
2. Marksman was the exclusive licensee of the Pakistan Cricket Board for distributing scores of the January- February 2006 Indo-Pak series via text messages to mobile phone users. As all India mobile cellular telecommunication service operators distributed these scores via text messages without Marksman's permission/approval and charged customers for each text message. Marksman has filed proceedings in the Madras High Court seeking an injunction against and damages from the concerned operators. The Company does not provide services in Tamil Nadu and at this time the suit is being defended inter alia by the Cellular Operators Association of India (COAI) and operators who provide services/have offices in Tamil Nadu. The interlocutory orders passed by the Madras High Court on February 7, 2006, do not prevent the operators from distributing cricket scores. Marksman has filed an appeal against this order The Company is initiating action to monitor the proceedings in the High Court of Madras.

Regulatory Matters

1. The matter relates to interest on the over paid interest to DoT during migration to the revenue sharing regime in 1999. Telecom Dispute Settlement and Appellate Tribunal (TDSAT) gave a judgment in the Company's favour for refund of the interest amount over charged by the DoT. The judgment was later confirmed by the Supreme Court with slight modifications. The DoT refunded the interest but did not pay interest on the refunded amount from the date it was over paid. After the execution appeal was disposed of by TDSAT, the Company has approached the Supreme Court re-highlighting its initial submissions as well as inconsistencies in the TDSAT order. The case has been admitted and notices have been issued. The financial impact on the Company as at December 31, 2003, if all prayers are granted is Rs. 600 million.
2. The Company and IMCL filed an independent petition (No. 22/2005 and 3/2004) against the DoT before TDSAT for the wrongful levy of penalty. A wrongful penalty of 150% was levied by the DoT on the delayed payment of license fee by the Company though there was an adequate refund to be made to the Company by the DoT in the light of the TDSAT order on the refund of interest case. The DoT has filed its reply in the matter to which the Company has filed its rejoinder. The next hearing has been scheduled for January 18, 2007. The financial impact on the Company is approximately Rs. 115 million and on IMCL is approximately Rs. 80 million.
3. BSNL have filed an appeal before the Supreme Court against the TDSAT order passed in favour of the Company. The matter relates to the unilateral recovery of Rs. 57.5 million by BSNL in 2005, on account of the alleged pending dues arising out of usage of leased lines by the Company during the period of 1996/1997. The Company approached TDSAT who directed BSNL to refund the amount they illegally adjusted in May 2005. BSNL later preferred the present appeal against the TDSAT order before the Supreme Court. BSNL have also prayed for an interim stay on the TDSAT order. However pursuant to the arguments, BSNL have assured a refund to the Company within one month, subject to the final outcome of the case. The money has been currently recovered but the case is pending before the Supreme Court. The financial impact on the Company is Rs. 57.5 million.

4. BSNL filed a case against IMCL before the Supreme Court. The matter relates to whether charges for interconnection are to be on a flat rate basis or on a capital cost basis. Escotel filed a petition before TDSAT for a direction restraining BSNL (Kerala) from realizing rent and guarantee charges calculated on a flat rate basis as per their demand notes for point of interconnects, for quashing the demand notes issued based on flat rate basis and also for a declaration that Escotel is entitled to interconnect on contributory / capital cost basis. The TDSAT order was passed in favor of the Company. BSNL refunded Rs. 7.8 million but has approached the Supreme Court. The case is to be now heard on merits as the initial plea made by BSNL for stay was not granted. The matter is pending before the Supreme Court. The financial impact on the Company is Rs. 8.2 million.

Cases filed by the Cellular Operators Association ("COAI")

1. The COAI filed a petition (No. 82/2005) before TDSAT against the DoT. The Company is a co-petitioner in the said petition. The matter relates to a discrepancy in the components that form part of AGR. The definition of AGR is critical, considering the fact that both license fee and Spectrum charges are paid on percentage of AGR basis. TDSAT had on July 7, 2006, remanded the matter back to TRAI to re-analyze the issue & give its final recommendation within 3 months viz. latest by October 7, 2006. TRAI came out with its recommendations on the components of AGR. The matter came up for hearing on 21st September, 2006. Counsels appearing for the petitioners requested for liberty to file affidavits by way of a response to the recommendations of TRAI and they were permitted to do so within four weeks. The matter is currently pending. Next date of hearing is January 10, 2007
2. The COAI filed an appeal (No. 2/2006) challenging TRAI's direction dated February 27, 2006 as per which the mobile operators operating in the four States of Maharashtra, West Bengal, Tamil Nadu & Uttar Pradesh were asked to discontinue charging differential tariffs for calls terminating in the network of BSNL/MTNL. The basic plea was that tariffs are for borne by authority. The case was admitted by TDSAT, stay was not granted. Consequently a writ was filed in the High Court which restrained TRAI from taking punitive action, pending disposal of the appeal by TDSAT. The matter came up for hearing before TDSAT on October 16, 2006. TDSAT has now heard the matter & disposed the Appeal. No immediate impact is foreseen, since no differential in tariff exists any longer.
3. The COAI filed an appeal (No. 4/2006) before TDSAT challenging an amendment made by TRAI to its IUC Regulation in February 2006. The regulation, inter alia, states that mobile termination charges are cost based. The matter was placed before the newly constituted bench and was adjourned. Next date of hearing is January 16, 2007.
4. The COAI filed an execution application for the enforcement of the pulse petition order pronounced by TDSAT dated November 11, 2005. The basic plea was that BSNL should implement the TDSAT order specifically in regard to:

   I. CDR reciprocal billing,

   II. Reciprocity in interest charges,

   III. Application of intra circle carriage charge of only 20p/minute for calls handed over by CMSPs at Level II TAX,

   IV. Refund of excess payments made together with interest (at a reciprocal rate)

   After hearing some of the arguments, TDSAT took the view that the BSNL's carriage charge appeal in TDSAT would have a bearing on the case and therefore the present application has now been listed together with the BSNL appeals, and pending for hearing. Next date of hearing is February 1, 2007.
5. The cellular operators had initially approached TDSAT on charging an excess of 19 paise for calls made to the BSNL Cell One network and for not seeking direct connectivity from operators for its Cell One network as an interconnection seeker. TDSAT ruled that TRAI does not have the authority to override the license conditions for making direct connectivity mandatory either by direction or regulation and hence the plea for directing BSNL to seek direct connectivity was rejected. Further, in consideration of a level playing field, BSNL has been directed to stop charging transit charge of 0.19 paise per minute from cellular operators for accessing Cell One subscribers from the date of the order viz. May 3, 2005. The Hon'ble Supreme Court of India has admitted the matter and clubbed all the cases together as mentioned above.
6. The COAI filed a special leave petition before the Supreme Court against Mr. Jagbir Singh, UCT and Others. The Company is a co-petitioner in the matter. The High Court of Punjab & Haryana passed an interim order in CWP No. 8627 of 2004 directing that there would be no further construction of mobile towers except in non-residential areas. The application of the petitioners for seeking modification/clarification to this order and impleadment was rejected by the High Court. Stay has been granted by the Supreme Court and status quo ante has been restored.

7. Karma Jyot Seva Trust filed an appeal in the Supreme Court alleging that the installation of unregulated mobile towers leads to physical damage of buildings and that such installations are critical health hazards. The main contention of the Petitioner was that unlike various other nations, particularly developed countries, in India there were no norms for electromagnetic radiations, which are emitted by various instruments used by the government and individuals. The Hon'ble Bench has issued notices to the Union of India to file their response on the questions of norms, if any. The next date of hearing is still awaited.

8. BSNL filed an appeal before the Supreme Court against an order passed by TDSAT. The cellular & basic operators had approached TDSAT against the unilateral charging of ports by BSNL. TDSAT ruled in favour of the cellular operators. The case was admitted, no stay was however granted to BSNL.

9. The COAI challenged the date of implementation of the 5% retention of access charges by BSNL & MTNL. TDSAT ruled in favour of the operators and clarified the date of implementation. BSNL then approached the Supreme Court. The Supreme Court had ruled that in the interim, all service providers can adjust the amounts due. However a bank guarantee of amount being adjusted, be given to BSNL until disposal of the case. The bank guarantees have been provided to BSNL in all the Company's circles. A refund has been received in most of the circles.

10. Dr. Harsh Pathak has filed public interest litigation vide a writ petition (No.35/2005) before the Supreme Court seeking orders to prevent all mobile cellular telecommunication service operators from disclosing customer data to the tele marketers. Post this case, the Company has already set-up the "do not disturb feature" on its website.

Income-tax (including TDS matters) Disputes

Andhra Pradesh

Cases filed against the Company

(i) In respect of assessment year 1998-1999, an amount of Rs. 7,23,760/- was paid as TDS towards a remittance of ECU 68,314.36 made to GSM Facilities Limited (UK) towards research cost. An appeal was filed on September 22, 2003 stating that the TDS was, neither payable under the Income Tax Act, nor under the double taxation agreement. The appellate order was received on May 28, 2004 in Company's favour and refund was received on November 22, 2004 of Rs. 7,23,760 plus interest of Rs. 5,45,994. The DCIT, Circle - 2 (1), Hyderabad has appealed to the Appellate Tribunal. The matter was partly heard and adjourned for further hearing. The next date of hearing is on February 20, 2007.

(ii) In respect of assessment year 2000-01 TDS certificates had some defects and the same were rectified and filed. The interest on the refund was calculated from the date of filing the second set of certificates and not from the due date April 1, 2000. The appellate order was received on May 28, 2004 in favour of the Company and an amount of Rs. 2,44,238/- received towards interest on July 5, 2004. The DCIT, Circle - 2 (1), Hyderabad has appealed to the Appellate Tribunal. There was a hearing of this case on November 13, 2006, which has been adjourned to January 15, 2007.

(iii) In respect of assessment year 2003-2004, the Income-tax department has raised a demand of Rs. 2.61 million on account of non-deduction of TDS on distributor margin under Section 194H treating the same as in the nature of commission. The Commissioner of Income-tax (Appeals) allowed the Company's appeal and the order of the assessing officer has been struck down. The assessing officer has filed an appeal with the Income-tax Appellate Tribunal (ITAT) against the order of the Commissioner of Income-tax (Appeals), which is pending to be heard.

Cases filed by the Company

Assessments for the years 1998-99, 2001-02 and 2003-04 have been completed by making usual disallowances. Such disallowances have resulted in a reduction of returned losses having no financial implications in the nature of tax demand. The Company has filed an appeal before the Commissioner of Income-tax (Appeals), which is pending to be heard. For assessment year 1998-99, returned loss was Rs. 2,811.04 million and the assessed loss was Rs. 2,236.96 million. For assessment year 2001-2002, returned loss was Rs. 1,339.15 million and the assessed loss was Rs. 750.40 million. For assessment year 2003-2004, returned loss was Rs. 2,477.89 million and the assessed loss was Rs. 1,746.99 million. For assessment year 2004-05, returned loss was Rs. 3015.98 million and the assessed loss was 1733.69 million. The Company is taking steps to file an appeal.

Delhi

In respect of assessment year 2003-2004 and 2004-2005, the Income-tax department has raised demand of Rs. 4.66 million on account of non-deduction of TDS on distributor margin under Section 194H treating the same as in the nature of commission. The Commissioner of Income-tax (Appeals) has confirmed the aforesaid demand. The Company has filed an appeal with the Income-tax Appellate Tribunal (ITAT) against the order of the Commissioner of Income-tax (Appeals), which is pending to be heard. For assessment year 2004-05 returned loss was Rs. 715.55 million and the assessed loss was Rs. 203.69 million. The Company is proposing to file an appeal in the matter.

Maharashtra

In respect of assessment years 1998-1999, 1999-2000 and 2001-2002, the department has levied interest Rs. 1.91 million on account of short deduction of TDS on foreign payments and default in payment of TDS on salaries. This matter has been heard before the Income-tax Appellate Tribunal (ITAT) and the order giving effect to ITAT order is yet to be received.

Cases filed by Subsidiaries

The following appeals have been filed by IMCL

(i) In respect of assessment year 1997-1998, the Income-Tax department disallowed revenue earned of Rs. 10 million from services before commencement of business, which was netted off against pre operative expenses. The Commissioner of Income-Tax (Appeals) allowed IMCL's appeal. The department has filed an appeal before the Income-Tax Appellate Tribunal (ITAT) against the aforesaid order of the Commissioner of Income-tax (Appeals). IMCL has received favorable order from ITAT dismissing department's appeal on the issue.

(ii) Assessments for the years 2001-2002 and 2003-2004 have been completed by making usual disallowances. Such disallowances have resulted in reduction of returned losses having no financial implications in the nature of tax demand. For assessment year 2001-2002, IMCL has filed an appeal before the Income-tax Appellate Tribunal (ITAT) against the order of Commissioner of Income-tax (Appeals), which is pending to be heard. For assessment year 2003-2004, IMCL has filed an appeal before the Commissioner of Income-Tax (Appeals), which is pending to be heard. For assessment year 2001-2002, returned loss was Rs. 2430.2 million and the assessed loss was Rs. 1400.2 million. On appeal against the assessment order, the Commissioner of Income-tax (Appeals) has granted a relief of Rs. 720 million. For assessment year 2003-2004, returned loss was Rs. 1250.92 million and the assessed loss was Rs. 390.65 million.

(iii) In respect of assessment year 2002-2003, IMCL has received a notice under Section 148 for re-opening of assessment. No further proceedings have taken place to date.

The following appeal has been filed by BTA Cellcom

In respect of assessment years 2002-2003 and 2003-2004, assessments for all the above years have been completed by making normal disallowances. Such disallowances have resulted in reduction of returned losses having no financial implications in the nature of tax demand. BTA Cellcom has filed an appeal before the Commissioner of Income-Tax (Appeals), which is pending to be heard. For assessment year 2002-2003, returned loss was Rs. 664.63 million and the assessed loss was Rs. 0.34 million. For assessment year 2003-2004, returned loss was Rs. 505.50 million and the assessed loss was Rs. 501.90 million. For assessment year 2004-05, the returned loss was Rs. 278.08 million, while the assessed loss was Rs. 272.08 million. BTA Cellcom is taking steps to file an appeal.

The following appeals have been filed by the SPVs. - Sapte Investment Pvt. Ltd., Vsapte Investment, Asian Telephone Services Limited and Bhagalaxmi Investments Pvt. Limited.

(i) In respect of assessment year 2001-2002, the assessing officer made disallowance of expenses under Section 14A considering that the expenses have been incurred in earning tax free income and raised demand of Rs. 0.77 million against Sapte. He also levied penalty Rs. 6 million under Section 271(1)(c) for furnishing inaccurate particulars of income. The appeal on 14A disallowance issue is pending before the Appellate Tribunal (ITAT). The appeal against penalty order is pending before the Commissioner of Income-Tax (Appeals). Both the appeals are pending to be heard. In respect of assessment year 2004-05, the assessing officer made disallowance of expenses under Section 14A considering that the expenses have been incurred in earning tax free income and raised a demand of Rs. 4.83 million. Sapte is in process of finalizing the appeal before the Commissioner of Income Tax (Appeals).

(ii) In respect of assessment year 2001-2002, the assessing officer made disallowance of expenses under Section 14A considering that the expenses have been incurred in earning tax free income and raised demand of Rs. 1.25 million against Vsapte. The appeal on 14A disallowance issue is pending before the Income-tax Appellate Tribunal (ITAT) which is pending to be heard. In respect of assessment year 2004-05, the assessing officer made disallowance of expenses under Section 14A considering that the expenses have been incurred in earning tax free income and raised demand of Rs. 10.11 million. Vsapte is in process of finalizing the appeal before the Commissioner of Income Tax (Appeals).

(iii) In respect of 2004-05, with respect to return filed by Asian the assessing officer made disallowance of expenses under Section 14A considering that the expenses have been incurred in earning tax free income and reduced the returned loss from Rs. 36.53 million to Rs. Nil. Asian is in process of finalizing the appeal before the Commissioner of Income Tax (Appeals).

(iv) The assessing officer made disallowance of expenses under Section 14A considering that the expenses have been incurred in earning tax free income and reduced the returned loss from Rs. 36.25 million to Rs. Nil. Bhagalaxmi is in process of finalizing the appeal before the Commissioner of Income Tax (Appeals).

Appeals filed against the Subsidiaries

Department has filed three appeals before Income Tax Appellate Tribunal, New Delhi for assessment years, 2000-01, 2001-02 & 2002-03 on the issue of TDS on IUC charges. Amount involved is Rs. 1.49 million.

Service Tax Related Disputes

Gujarat

(i) In respect of the period March 2003 to November 2003, the Service Tax Department issued a show cause notice on issue relating to unpaid service tax on service provided to foreign visitors in India. Additional Commissioner of Central Excise, Ahmedabad-III had fixed a personal hearing date as at January 19, 2006. The company submitted its reply against the show cause notice as at January 19, 2006 at the time of personal hearing. The Additional Commissioner raised demand of Rs. 2.33 million on August 3, 2006. The company has filed an appeal with Commissioner (Appeals), Ahmedabad-III on October 30, 2006. The same was fixed for hearing on November 27, 2006. Hearing took place on the above date. However, the hearing in the matter is not yet closed. Fresh date would be communicated for further hearing in the matter. The Commissioner (Appeals) has confirmed the demand along with penalty & interest as on December 9, 2006.

(ii) In respect of November 2003 to December 2004, the service tax department issued a Show Cause Notice on issue relating to service tax paid on roaming settlement on net basis. Additional Commissioner of Central Excise, Ahmedabad-III fixed a personal hearing date as at January 19, 2006. The company submitted its reply against the show cause notice on January 19, 2006 at the time of personal hearing. The Additional Commissioner raised demand of Rs. 1.1 million on August 10, 2006. The company has filed an appeal with Commissioner (Appeals), Ahmedabad-III as at October 30, 2006. The same has been fixed for hearing on 27th November 2006. Hearing took place on the above date. However, the hearing in the matter is not yet closed. Fresh date would be communicated for further hearing in the matter. Commissioner (Appeals) has confirmed demand along with penalty & interest as on December 27, 2006.

(iii) In respect of the period commencing from January 2005 to May 2005, the Service Tax Department issued a show cause notice on issues relating to service tax paid on roaming settlement on net basis. The Company submitted its reply against the show cause notice as at May 2, 2006 at the time of personal hearing. The Additional Commissioner raised demand of Rs. 0.51 million on September 11, 2006.The company has filed an appeal with Commissioner (Appeals) III (Ahmedabad) on December 20, 2006. The case is pending for further hearing.

(iv) In respect of the period commencing from June 2005 up to March 2006, the Service Tax Department issued a show cause notice on issues relating to Service Tax paid on roaming settlement on net basis.

(v) In respect of the period commencing from May 2003 up to March 2005, a show cause notice was issued by the Commissioner of Central Excise, Ahmedabad (III) demanding an amount of Rs. 4,75,91,749/- as service tax payable on interconnectivity usage charges collected by the Company from the customers and the other telecom operators. At the same time Commissioner of Central Excise, Ahmedabad-III has asked the Company to make payments to avoid penalty and interest. The Company has submitted reply against the show cause notice as on May 18, 2006. There is no further development in the matter.

(vi) In respect of the period 2005-06, a show cause notice was issued by Commissioner of Central Excise, Ahmedabad (III) demanding an amount of Rs. 4,05,51,646/- as service tax payable on interconnectivity usage charges collected by the Company from customers and other telecom operators. At the same time Commissioner of Central Excise, Ahmedabad-III has asked the Company to make payments to avoid penalty and interest. This notice was received on September 20, 2006. There has been no further development in the matter.

Service tax related disputes involving IMCL

Kerala

(i) In respect of the years October 2000 to May 2005, May 2003 to March 2005 and July 2003 to March 2005, the Commissioner of Central Excise issued a show cause notice dated December 12, 2005 to IMCL asking it to show cause as to why Service Tax of Rs. 54.63 million on international inbound roaming, interconnect usage charges and infrastructure sharing revenue should not be levied. A reply to this notice has been submitted. The matter is pending with the Commissioner, Central Excise and to date he has not called for a personal hearing.

(ii) In respect of period from April 2005 to March 2006. The Commissioner of Central Excise issued a show cause notice dated October 10, 2006 to IMCL asking it to show cause as to why service tax of Rs. 37.53 million on international inbound roaming, interconnect usage charges and infrastructure sharing revenue should not be levied. IMCL is in the course of submitting the reply in response to the above show cause notice.

(iii) For the period of October 2002 to March 2003, the Service Tax authorities issued a show cause notice dated April 19, 2004 proposing to disallow an amount of Rs. 0.047 million availed by IMCL as input service tax credit on internet services during the period from October 2002 to March 2003. The reason stated for disallowance was that internet service falls into a different category of service and hence credit cannot be availed against telephone service. IMCL filed its reply on June 17, 2004 and appeared for personal hearing on September 16, 2004. The authorities issued order dated January 15, 2005 demanding Rs. 0.047 million towards the input tax credit on internet charges and Rs. 0.060 million towards penalty. IMCL filed appeal before the Commissioner. However, the Commissioner confirmed the order passed by the assessing authority. IMCL has now has filed an appeal with CESTAT, Bangalore which has been posted for hearing on January 17, 2007.

(iv) In respect of the period from April 2003 to September 2003, IMCL has filed an appeal before the Commissioner of Central Excise and Customs, challenging an order passed by the Assistant Commissioner, Service Tax. The Assistant Commissioner of Service Tax issued the order disallowing the Cenvat credit taken by IMCL for the following reasons:

- Rs. 0.50 million is disallowed due to the production of photocopy of invoice. It is mainly the debit notes received from head office as allocation for the circle.
- Rs. 0.74 million is disallowed due to non availability of service tax registration No. in the invoice.
- Rs. 0.054 million is disallowed since IMCL could not produce invoices. The invoices are in the process of being gathered from the records and same will be produced at the time of hearing of the appeal.
- Penalty of Rs. 0.19 million.

IMCL produced the registration numbers of the vendors and certain original invoices during the personal hearing. The Commissioner has now remanded back to the assessing authority for further verification.

(v) For the period from October 2003 to March 2004, Deputy Commissioner of Central Excise issued show cause notice dated March 14, 2005 for non – filing of service tax credit return for the period October 2003 to March 2004. However, IMCL filed the return on March 16, 2005. The file was transferred to the Additional Commissioner as per department empowerment. Additional commissioner passed an order imposing interest for the delayed period for Rs. 0.60 million, assuming, non filing of return amounts to non payment of tax liability. IMCL filed an appeal with the Commissioner, Appeals. Personal hearing is completed. Order is awaited.

Dispute regarding Service Tax on SIM cards

IMCL has paid an amount of Rs. 0.75 million under protest against the demand of Service Tax on sales of SIM Cards for the period from January 1997 to April 1999. The matter has gone for CESTAT appeal and finally IMCL got a favourable order. On the basis of the CESTAT order, IMCL filed the refund request to the Department. The Department has gone for an appeal against the CESTAT order in the High Court of Kerala. Department has returned the IMCL's refund request by saying that, it was taking steps

to get an interim stay against the CESTAT order. The interim stay obtained by the department against the CESTAT order has been extended for another 1 month from December 1, 2006. The stay is in force.

Uttar Pradesh (West)

(i) In respect of assessment year 2004-2005, the Service Tax Department has issued a show cause notice for disallowance of CENVAT credit of Rs. 20 million in respect of capital goods and input of services. Reply has been submitted with the Commissioner of Central Excise and Customs. IMCL is awaiting order in the matter. The matter has been adjourned due to the transfer of the Commissioner.

(ii) In respect of the assessment year 2005-2006, the Service Tax department has issued a show cause notice for disallowance of CENVAT credit of Rs. 17.33 million in respect of capital goods and input of services. IMCL is in the course of submitting its reply with the Commissioner of Central Excise and Customs. The matter has been adjourned due to the transfer of the Commissioner hearing the matter.

Disputes Relating to Sales Tax[5]

Sales tax disputes involving the Company

Andhra Pradesh

The Company was provisionally assessed by the Commercial Tax Officer for the year 1997-1998 (from July to December 1997) under the APGST Act. The assessing authority levied tax on a turnover of Rs. 7,23,70,588/- on the ground that the Company received the said amount towards the sale of airtime involved in the calls and the said transaction was nothing but sale of incorporeal or tangible character that falls under entry 197 of the first schedule to the APGST Act. The amount of the demand was Rs. 28,94,824. Aggrieved by the orders the Company preferred appeal before the Additional Deputy Commissioner who dismissed the appeal and confirmed the orders of the assessing authority. Aggrieved by the dismissal orders the Company filed an appeal before State Appellate Tribunal (STAT) and the STAT allowed the appeal setting aside the order of the lower authorities on April16, 1999.

The matter was considered closed until May 2004 when a copy of the tax revision petition indicating that the state representative had preferred a revision before the High Court of Andhra Pradesh, was received by the Company. The matter is yet to be listed for hearing as of date.

Gujarat

For the assessment years 1998-1999, 1999-2000, 2000-2001 and 2001-2002, Sales Tax Department has levied sales tax on sale of SIM cards and raised a demand of Rs. 8.54 million (including interest and penalty). The Company has filed an appeal before the Assistant Commissioner of Sales Tax (Appeals) Mehsana, which is pending to be heard. Against the above outstanding dues raised in the assessment orders of all these years, as directed by the Hon'ble High Court of Gujarat 25% of the total dues amounting to Rs. 1.5 million has been paid.

Maharashtra

For the assessment year 2000-2001, the Sales Tax Department has raised demand of Rs. 43.90 million treating regrouping of fixed assets from one block of assets to another as sales though there was no sales and also on account of estimating of purchases from unregistered dealers. The Company has filed an appeal before the Maharashtra Sales Tax Tribunal, which is pending to be heard.

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5 On March 2, 2006, the Honourable Supreme Court passed an order holding that telecommunication services do not meet the criteria to be classified as sale of goods and upholding that the imposition of sales tax on any facility of the telecommunication services is untenable at law.

In view of the above judgement, the company has extinguished its contingent liability and is in the process of having these disputes vacated by the respective authorities in each of the circles. The amounts paid under protest earlier to Supreme Court judgment and which form part of loans and advances as of 30th September are as under:

1. ICL – 40.73 million

2. BTA Cellcom – 1.57 million

3. IMCL - 85.9 million

Sales tax disputes involving the Subsidiaries

The following matters involve IMCL

Haryana

In the year 2004-2005, the Sales Tax Department has raised demand of Rs. 0.14 million on account of technical flaw in documentation while transporting certain materials. The matter is pending before the Sales Tax Tribunal, Chandigarh for hearing.

Kerala

(i) The Deputy Commissioner, Sales Tax, Cochin, pursuant to his order dated October 21, 2003 raised a demand of Rs. 4.14 million as sales tax on handset sales by applying rate of 12.5%. As per the departments earlier clarification IMCL collected sales tax at the rate of 6% as these were falling under "Walkie Talkie and Wireless Equipments" under entry No. 5.17 of Schedule VI to Notification SRO 1728/93. The Sales Tax Appellate Tribunal confirmed the above vide order dated June 15, 2004. IMCL filed a revision petition before the Kerala High Court. The High Court granted a stay in this matter. The case is pending to be heard.

(ii) In respect of the year 1998-1999, the Deputy Commissioner, Sales Tax, Cochin, pursuant to his order dated September 20, 2004 raised demand of Rs. 11.23 million as sales tax on handset sales by applying rate of 20%. As per the departments earlier clarification, IMCL collected sales tax at the rate of 6%. IMCL filed a writ petition before the Kerala High Court. The High Court has granted a stay in this matter. The case is pending to be heard. Demand of Rs 0.064 million has also been raised on miscellaneous income recognized in books. Appeal on this issue has been filed before the Deputy Commissioner (Appeals), which is pending to be heard.

(iii) In respect of the year 1999-2000, the Assessing Officer completed the assessment in October 2003 and passed order demanding Rs. 5.2 million towards sales tax on free issue of SIM cards. During 1999-2000, IMCL was issuing SIM cards free of cost but the assessing authority demanded sales tax based on a notional value. IMCL filed an appeal against the order with Deputy Commissioner (Appeal) in November 2003. It also filed a writ & stay petition in Kerala High Court on February 16, 2004 seeking stay order. The Single Judge referred the matter to Divisional Bench on February 26, 2004. The company has paid Rs. 1.5 million on March 29, 2004 against the revenue recovery notice. The case is still pending in High court of Kerala.

(iv) The Assessing Officer issued a revised assessment order for the year 1997-1998 in September 2002 raising additional tax demand for Rs. 0.68 million alleging suppression of turnover on the basis of some technical flaws in the purchase documents from vendors. IMCL filed an appeal in October 2002, but revenue recovery proceedings were initiated before the appeal could be disposed of. A stay petition was filed and stay from Deputy Commissioner (Appeal) was obtained for 50% of the demand. Balance 50% of the demand was paid in February 2003. Deputy Commissioner (Appeal) dismissed the appeal in March 2004. IMCL filed an appeal with Sales Tax Appellate Tribunal against the order of Deputy Commissioner (Appeal). The matter has been heard and Tribunal has remanded the case back to the assessing authority for fresh disposal.

(v) Site materials were intercepted by Sales Tax Intelligence Wing quoting some technical defects in the documentation. The materials were released by furnishing a bank guarantee for Rs. 0.16 million. Subsequently the Intelligence Officer, Ernakulam passed an order in November 2003 charging a penalty of Rs. 0.16 million. IMCL paid the amount and filed an appeal with Appellate Assistant Commissioner. The appeal is yet to be taken up for hearing.

(vi) In respect of years 1997-98, 1998-99 and 1999-2000, IMCL is involved in three miscellaneous sales tax cases for Rs. 0.12 million due to technical flaw in documentation used in transporting material. The break up of these matters are as follows:

1997-98	-	Rs. 0.068 million
1998-99	-	Rs. 0.15 million
1999-00	-	Rs. 0.037 million

Uttaranchal

(i) In respect of the year 2001-2002, the Sales Tax Department levied entry trade tax on SIM card and raised a demand of Rs. 0.024 million. IMCL has filed an appeal with the Joint Commissioner (Appeals) and the same is pending to be heard.

(ii) In respect of year 2006-2007, the Sales Tax department has raised a demand of Rs. 0.10 million on account on non-submission of form 49 and 31 at check post. Security amount was deposited to release the goods. The matter is pending before the Deputy Commissioner (Appeals).

Uttar Pradesh (West)

In respect of assessment year 2003-2004, the company has received a refund of Rs. 3.07 million as against Rs. 3.61 million paid under protest. The main issue was relating to the applicable rate of sale of SIM cards. The Company is in the course of filing an appeal with the first appellate authority.

The following matters involve BTA Cellcom

(i) The Sales Tax Department has levied sales tax of Rs. 0.313 million on sale of SIM cards. For 1997-98 the Deputy Commissioner (Appeals) has set aside demand on activation charges. However, the demand on sale of handsets and interest thereon was confirmed. BTA Cellcom has filed an appeal before Madhya Pradesh Commercial Tax Tribunal, in respect of which the hearing is over and the order is awaited. For 2000-2001, the appeal has been filed before Appellate Deputy Commissioner and the same is pending to be heard.

(ii) In respect of the year 2002-2003, the Sales Tax Department has levied sales tax of Rs. 0.066 million on sale of furnitures. BTA Cellcom has filed an appeal before Deputy Commissioner (Appeals). Hearing before the Appellate Deputy Commissioner is over and an order confirming the levy has been received.

CG Commercial tax cases

In respect of years 2000-2001, 2001-2002 and 2002-2003, the Sales Tax Department has levied sales tax of Rs. 2.352 million on sale of SIM cards. For 2000-2001, the Deputy Commissioner (Appeals) rejected BTA Cellcom's appeal. The company filed appeal before CG Appellate Board and the same has been heard. Order is awaited. For 2001-2002 and 2002-2003, the appeal has been filed before Deputy Commissioner (Appeals) and the same is pending to be heard.

Entry Tax Related Disputes

The following matters involve IMCL

Kerala

(i) In respect of the year 1998-99, The Sales Tax Department levied entry tax on tower material purchased and brought into Kerala treating the same as "Iron & Steel" and raised a demand of Rs. 0.33 million, which was paid in April 2003. The Assessing Officer also levied a penal interest of Rs. 0.30 million in October 2003. Appeal against this order was filed with the Deputy Commissioner (Appeal) in April 2003 who rejected the same in August 2003. Second appeal against the order of Deputy Commissioner (Appeal) has been filed with Commissioner of Commercial Taxes, Trivandrum in September 2003 and the same is pending to be heard.

(ii) In respect of the year 1999-2000, the Sales Tax Department levied entry tax on tower material purchased and brought into Kerala treating the same as "Iron & Steel" and raised a demand of Rs. 0.077 million, which was paid in April 2003. The Assessing Officer also levied a penal interest of Rs. 0.052 million in October 2003. Appeal against the order was filed with Deputy Commissioner (Appeal) in April 2003 who rejected the same in September 2003. Second appeal against the order of Deputy Commissioner (Appeal) has been filed with Commissioner of Commercial Taxes, Trivandrum in September 2003 and the same is pending to be heard.

(iii) In respect of the year 2001-2002, the Sales Tax Department levied entry tax on tower material purchased and brought into Kerala treating the same as "Iron & Steel" and raised a demand of Rs. 0.79 million (including 0.2 million on account of addition for alleged suppressed turnover) in December 2002. Appeal against the order was filed with Deputy Commissioner (Appeal) in January 2003 who rejected the same in July 2003. Second appeal against the order of Deputy Commissioner (Appeal) was filed with Commissioner of Commercial Taxes, Trivandrum in September 2003 and the same has been heard. Order is awaited.

It may be noted that the department initiated revenue recovery proceedings and the company remitted Rs. 0.51 million in March 2003 in part settlement of the demand.

The Assessing Officer also levied a penal interest of Rs. 0.076 million in October 2003.

The Assessing Officer also levied a penalty of Rs. 1.19 million in January 2003. Appeal against this order was filed with the Deputy Commissioner (Appeal) in February 2003 who rejected the same in May 2003. Second appeal against the order of Deputy Commissioner (Appeal) was filed with the Commissioner of Commercial Taxes, Trivandrum in July 2003 who also confirmed the demand.

IMCL has approached the High Court of Kerala against the above orders and the High Court has granted a stay. The case is pending before the High Court.

Based on the judgement delivered by the Supreme Court in the case of Jindal Steels vs State of Haryana, IMCL challenged the levy of entry tax. All the above cases were clubbed together. The High Court of Kerala in its recent judgement based on this judgement of the Supreme Court has opined that collection of entry tax is violative of Article 301 & 304 (b) of Constitution of India and is also not a compensatory tax. Hence, the legality and States' authority to levy & collect entry tax is questioned. In light of the above judgement, all other entry tax case was disposed of in our favor.

Uttar Pradesh (West)

(i) In respect of the years 1999- 2004, the Sales Tax Department levied entry tax on plant and machinery and other spare parts purchased and brought into UP (West) and raised demand of Rs. 10.82 million. IMCL filed a writ petition before the High Court. The High Court pursuant to its order has granted a stay for the aforesaid demand. However, the case is still pending to be heard before the High Court.

(ii) In respect of the years 2005-2006, the Sales Tax Department levied entry tax on plant and machinery and other spare parts purchased and brought into UP (West) and raised demand of Rs. 0.91 million pursuant to the provisional assessment order. The same has been deposited under protest. IMCL is in the course of filing appeal with the first appellate authority.

Uttaranchal

(i) In respect of year 2001-2002, the Sales Tax Department levied entry tax on plant and machinery and other spare parts purchased and brought into Uttaranchal and raised demand of Rs. 0.73 million. IMCL has received the stay order for 95% of the demand amount and the balance has been deposited. IMCL has filed an appeal with the Joint Commissioner (Appeals).

(ii) In respect of the year 2002-2003, the Sales Tax Department levied entry tax on plant and machinery and other spare parts purchased and brought into Uttaranchal and raised a demand of Rs. 0.25 million. IMCL has received the stay order for 95% of the demand amount and the balance has been deposited. IMCL has filed an appeal with the Joint Commissioner (Appeals) and the same is pending to be heard.

The following disputes involve BTA Cellcom

Madhya Pradesh

In respect of the years 1996-1997 to 2002-2003, the Sales Tax Department has levied entry tax @ 1% on SIM cards, plant & machinery and consumables and raised a demand of Rs. 24.845 million for all the above years (including penalty of Rs. 6.08 million for the year 1999-2000). For 1996-97, 1999-2000, 2000-2001 and 2001-2002, the Deputy Commissioner (Appeals) has rejected BTA Cellcom's appeal. BTA Cellcom has filed an appeal before the Madhya Pradesh Commercial Tax Tribunal and the same is pending to be heard. For the years 1998-99 and 2002-2003, the appeal has been filed before the Deputy Commissioner (Appeal), which is pending to be heard. In respect of penalty matter for 1999-2000, Madhya Pradesh commercial tax tribunal has remanded back the case to assessing officer and the same is pending to be decided by assessing officer. For 1997-98 hearing before the tribunal is over and the order is awaited.

Chattisgarh

For the year 2002-2003, the Sales Tax Department has levied entry tax @ 1% on SIM cards, plant & machinery and consumables and raised demand of Rs. 0.014 million. BTA Cellcom has filed an appeal before the Deputy Commissioner (Appeals), which is pending to be heard.

Litigation against Promoters

Aditya Birla Nuvo Limited ("ABNL")

Criminal Cases

1. The Factory Inspector has filed criminal case No. 3153/98 before the Judicial Magistrate First Class, Veraval against Mr. S.S. Bhatia of ABNL under the Factories Act in connection with Chlorine Gas leakage on September 12, 1997. Mr. Bhatia expired long back and the matter has not been listed for further hearing.
2. The Factory Inspector has filed criminal case No. 910/01 before the Judicial Magistrate First Class, Veraval against Mr. MCL Das (Factory Manager) of ABNL, under Section 32 (a) of Factories Act in connection with a fatal accident involving the late Mr. Dhana Suda on December 13, 2000 who was a contract labourer for fabrication work. No order has been passed as yet and the matter is currently pending.
3. The Government Labour Officer has filed criminal complaint No. 687/05 before the Judicial Magistrate First Class, Veraval against Mr. K. C. Jhanwar (Executive President) and Mr. Arvind Jain (Vice President) of ABNL under Industrial Disputes Act and Rules in connection with violation of the Industrial Disputes Act and Rules for not conducting JMC election. No order has been passed as yet and the matter is currently pending.
4. Orissa Mining Corporation Limited filed appeal No. 9 of 2004 in the Court of the Sessions Judge, Koraput at Jeypore against order dated November 4, 2003 of the Sub-Divisional Judicial Magistrate. Orissa Mining Corporation Limited has filed criminal case No. 17/2002 under Sections 447, 379 and 420 of the Indian Penal Code against ABNL and two officials, Mr D. Bharidari and Mr. B. R. Murthy, in the Court of the Sub-Divisional Judicial Magistrate, Koraput alleging that ABNL trespassed into their area with an intention to cheat and forcibly took their machines and other valuable equipments from the mining site without the permission of Orissa Mining Corporation Limited. The Court set aside the impugned order of the Sub-Divisional Judicial Magistrate and ordered the Lower Court to proceed according to law. ABNL has filed an application in the High Court of Orissa under Section 482 of the Criminal Procedure Code to quash the complaint filed by the Orissa Mining Corporation Limited. No order has been passed as yet and the matter is currently pending.
5. The Chief Agricultural Officer, Faridkot has filed a criminal complaint No. 22/95 dated January 20, 1995 before Additional Sessions Judge, Faridkot against K.K. Aggarwal, (General Manager who is responsible for manufacturing the fertilizer), Partners of the Distributor and salesman of Ashok Kumar Garg and ABNL for violation of Section 19 (i) (a) of Fertiliser Control Order, 1985. The Chief Agricultural Officer, Moga has filed a supplementary complaint dated March 18, 2004 and has mentioned that Indo Gulf Fertilizers and Chemicals Corporation Limited along with others is responsible under Section 24 of the Fertiliser Control Order, 1985. It has also been prayed that Indo Gulf Fertilisers and Chemicals Corporation Limited is liable under Section 10 of the Essential Commodities Act, 1955 and may be impleaded as an additional accused. A revision petition has been filed by ABNL before the High Court at Chandigarh and the Court has stayed the proceedings of the trial Court at Moga. The matter is currently pending.
6. Charanjeet Singh had filed case No. 2339/02 against Mr. K.M. Birla, Mr. S.K. Mitra and an ex employee of the Lucknow Branch Mr. Ashish Goel in the Court of the Metropolitan Magistrate, Kanpur for cheating, mischief and causing damage under Sections 417, 418, 419 and 420 of the Indian Penal Code in relation to a hire purchase transaction of ABNL. ABNL then filed criminal miscellaneous petition Nos. 8607/03 and 8608/03 on behalf of Mr. K.M. Birla and Mr. S.K. Mitra in the High Court of Judicature at Allahabad under Section 482 of the Criminal Procedure Code, 1973 against Charanjeet Singh. A second-hand Maruti was taken under hire purchase from ABNL but Charanjeet Singh alleged that registration papers were not given to him and as a result he could not use the car as a taxi. He thus suffered losses and requested the Court of the Metropolitan Magistrate, Kanpur to summon Mr. Birla and Mr. Mitra and try and convict them. The High Court at Allahabad granted a stay on the proceedings at the Court of the Metropolitan Magistrate, Kanpur vide its order dated October 16, 2003. The stay is still in force and there are no further developments in the case.
7. B.N. Sharma, a fixed deposit holder has filed a criminal complaint under Section 138 of the Negotiable Instruments Act, 1881 against ABNL, the Chairman and Mr. S.K. Mitra, the then Managing Director of the erstwhile Birla Global Finance Limited ("BGFL"- now part of ABNL) for an amount of Rs. 2,83,000 in the Court of the Metropolitan Magistrate, Karkadooma, Delhi. The Court ordered for issuance of process against ABNL, the Chairman and Mr. Mitra. ABNL has filed criminal revision petition under Section 397 read with Section 399 of Criminal Procedure Code against B.N. Sharma in the Court of Additional Sessions Judge, Karkardooma, Delhi for setting aside the impugned order for issue of process dated February 28, 2005

passed by the Court of Metropolitan Magistrate, Karkardooma, Delhi and for staying the proceedings before the Trial Court. This case does not concern Mr. Birla as he was not the Chairman of BGFL when the case was filed. The matter is currently pending.

8. The Apprentice Advisor & Deputy Director (Training) Regional Office, Rajkot has filed criminal case No.1036/05 before the Court of the First Class Judicial Magistrate, Veraval against ABNL on the grounds of providing a lower number of apprentices than as required under the allotted quota. The amount involved is Rs. 0.21 million. No order has been passed as yet and the matter is currently pending.
9. Big Shot Universe has filed criminal appeal No. 15004/2006 in the Court of the Additional Sessions Judge, Bangalore against a fine of Rs. 2.47 million imposed on them by the Additional Chief Metropolitan Magistrate for issuing a cheque of Rs. 2 million to ABNL, which got dishonoured. No order has been passed as yet and the matter is currently pending.
10. Little England has filed criminal appeal No. 1444/2006 in the Fast Track Court VIII, Bangalore challenging the judgement passed against them by the Additional Chief Metropolitan Magistrate, Bangalore for issuing a cheque of Rs. 0.84 million to ABNL, which got dishonoured. No order has been passed as yet and the matter is currently pending.

Criminal cases filed by ABNL:

1. ABNL has filed case No. 2582/92 under Section 418, 465 and 468 of the Indian Penal Code in the Court of Judicial Magistrate, First Class at Veraval against Beeline Shipping Agencies Private Limited and its Managing Director (accused) for delivery of cargo, which was less than the figure stated in the bill of lading and invoice, and for forging documents to defeat the complaint of ABNL. ABNL has requested the Court to issue a process/non-bailable warrant against the accused and punish the accused according to law. No order has been passed as yet and the matter is currently pending.
2. ABNL has filed Case Nos. 349/03 against ex-employee Mr. Gopal Sharma under Section 630 of the Companies Act, 1956 in the Court of the Judicial Magistrate First Class at Veraval for failure to vacate the quarters allotted to him despite being dismissed by ABNL. No order has been passed as yet and the matter is currently pending.
3. ABNL has filed criminal appeal No. 379/06 to 395/06 against 17 ex-employees under Section 630 of the Companies Act, 1956 in the High Court of Gujarat at Ahmedabad for failure to vacate the quarters allotted to them despite being dismissed by ABNL. ABNL has appealed against order dated December 4, 2004 passed by the District and Sessions Judge in Case Nos. 1140/05 to 1156/05. No order has been passed as yet and the matter is currently pending.
4. ABNL has filed a criminal case No. 3324 of 2005 against Ralson Carbon Black Limited in the Court of the Chief Metropolitan Magistrate, Robertsganj, Sonebhadra (Uttar Pradesh) alleging non-payment of Rs. 0.33 million due to cheque given by the accused getting bounced. ABNL has requested the Court to punish the offence under Sections 139/141 of the Negotiable Instruments Act, 1881 and Section 420 of the Indian Penal Code to impose a penalty of twice the amount and pay the amount in lieu of the dishonored cheque to ABNL. No order has been passed as yet and the matter is currently pending.
5. ABNL has filed 15 cases against Ralson Carbon Black Limited in the Court of Chief Metropolitan, Magistrate, Patiala House, Court, New Delhi under Section 138 of the Negotiable Instruments Act and under Section 420 of the Indian Penal Code for the aggregate recovery of Rs. 22.5 million. No order has been passed as yet and the matter is currently pending.
6. ABNL has filed case No. 796/2004 against Ezy Slides Fastener and another (defendants) under Section 467 of the Indian Penal Code in the Court of the Additional Chief Metropolitan Magistrate, Bangalore. The defendant was a supplier from whom ABNL purchased zips and other accessories. Over time the transactions between ABNL and the defendants reduced but the defendants forged the signatures of the officials of ABNL and fabricated documents. The defendants also asked ABNL to pay Rs. 0.25 million as central sales tax payable on purchase made by ABNL from the defendants. ABNL has now filed a criminal complaint for fraud and forgery. No order has been passed as yet and the matter is currently pending.
7. ABNL has filed case No. 3443/2003 against R.S. Enterprises and another in the Court of the Additional Chief Metropolitan Magistrate, Bangalore under Section 138 of the Negotiable Instruments Act for dishonor of cheque amounting to Rs. 0.59 million. No order has been passed as yet and the matter is currently pending.
8. ABNL has filed case No. 348/2004 against Vasanth Colour Labs in the Court of the Additional Chief Metropolitan Magistrate, Bangalore under Section 138 of the Negotiable Instruments Act for dishonor of cheque amounting to Rs. 0.5 million. No order has been passed as yet and the matter is currently pending.

9. ABNL has filed case No. 14586/2004 against Narang Agencies in the Court of the Additional Chief Metropolitan Magistrate, Bangalore under Section 138 of the Negotiable Instruments Act for dishonour of cheque amounting to Rs. 0.66 million. No order has been passed as yet and the matter is currently pending.

10. ABNL has filed case No. 2022/2004 against Anupam in the Court of the Additional Chief Metropolitan Magistrate, Bangalore under Section 138 of the Negotiable Instruments Act for dishonour of cheque amounting to Rs. 0.05 million. No order has been passed as yet and the matter is currently pending.

11. ABNL has filed case No. CR/472/2006 against Sarathi Spinning Mills (defendants) in the Court of the Additional Chief Judicial Magistrate, Serampore, Hooghly alleging dishonour of cheque issued under clause (b) of the proviso to S 138 of the Negotiable Instruments Act, 1881. The defendant issued a cheque amounting to Rs. 0.02 million to ABNL, which was dishonored. ABNL has requested the Court to prosecute the defendant as it deems fit.

12. ABNL has filed Case No. CR/556/2006 against Sarathi Spinning Mills (defendant) in the Court of the Additional Chief Judicial Magistrate, Serampore, Hooghly alleging dishonour of cheque issued under clause (b) of the proviso to S 138 of the Negotiable Instruments Act, 1881. The defendant issued a cheque amounting to Rs. 0.05 million to ABNL, which was dishonoured. ABNL has requested the Court to prosecute the defendant as it deems fit.

13. ABNL has filed Case No. CR/619/2006 against Sarathi Spinning Mills (defendant) in the Court of the Additional Chief Judicial Magistrate, Serampore, Hooghly alleging dishonour of cheque issued under clause (b) of the proviso to S 138 of the Negotiable Instruments Act, 1881. The defendant issued a cheque amounting to Rs. 0.12 million to ABNL, which was dishonoured. ABNL has requested the Court to prosecute the defendant as it deems fit.

14. ABNL has filed Case No. CR/632/2006 against Sarathi Spinning Mills (defendant) in the Court of the Additional Chief Judicial Magistrate, Serampore, Hooghly alleging dishonour of cheque issued under clause (b) of the proviso to S 138 of the Negotiable Instruments Act, 1881. The defendant issued a cheque amounting to Rs. 0.15 to ABNL, which was dishonoured. ABNL has requested the Court to prosecute the defendant as it deems fit.

15. ABNL has filed Case No. CR/633/2006 against Sarathi Spinning Mills (defendant) in the Court of the Additional Chief Judicial Magistrate, Serampore, Hooghly alleging dishonour of cheque issued under clause (b) of the proviso to S 138 of the Negotiable Instruments Act, 1881. The defendant issued a cheque amounting to Rs. 0.13 million to ABNL, which was dishonoured. ABNL has requested the Court to prosecute the defendant as it deems fit.

16. ABNL has filed Case Nos. 94/2000, 95/2000, 98/2000, 99/2000, 100/2000, 101/2000, 102/2000, 133/2000, 134/2000, 135/2000, 395/2001, 396/2001 against Orissa Industries Limited, Rourkela (defendants) and its Directors before the Chief Metropolitan Magistrate, Vishakhapatnam under Section 138 of the Negotiable Instruments Act for the dishonor of cheques amounting to Rs. 30.3 million. The accused purchased sea water from ABNL and issued the latter cheques for the said amount, which got dishonoured. ABNL has requested the Court to sentence the defendants to a maximum period of imprisonment allowed under the Act and to direct the defendants to pay ABNL twice the amount covered by the cheque or as the Court thinks fit. No order has been passed as yet and the matter is currently pending.

17. ABNL has filed case No. 3900/2003 against Agarwal Traders and others in the Court of the Chief Judicial Magistrate, Lucknow under Section 138 of the Negotiable Instruments Act for dishonour of cheque amounting to Rs. 2.67 million. No order has been passed as yet and the matter is currently pending.

18. ABNL has filed case No. 02/03 against Modern Fertilizers and others in the Court of the Chief Judicial Magistrate, Kolkata under Section 138 of the Negotiable Instruments Act for dishonor of cheque amounting to Rs. 0.07 million. No order has been passed as yet and the matter is currently pending.

19. ABNL has filed case No. 625/2005 against Harihar Prasad Barnwal and others in the Court of the Chief Judicial Magistrate, Lucknow under Section 138 of the Negotiable Instruments Act for dishonour of cheque amounting to Rs. 1.52 million. No order has been passed as yet and the matter is currently pending.

20. ABNL has filed case No. 866/2005 against Vinod Kumar & Company and others in the Court of the Chief Judicial Magistrate, Lucknow under Section 138 of the Negotiable Instruments Act for dishonour of cheque amounting to Rs. 0.53 million. No order has been passed as yet and the matter is currently pending.

21. ABNL has filed two criminal cases in the courts at Kolkata amounting to Rs. 1.24 million. The cases have been filed under Section 138 of the Negotiable Instruments Act, 1881 in regards to dishonor of cheques. No order has been passed as yet and the matters are currently pending.

22. ABNL has filed a criminal case relating to dishonor of cheque under Section.138 of the Negotiable Instruments Act, 1881 amounting to Rs. 0.81 million issued by a customer. Out of the said amount Rs. 4.1 million has been received. No order has been passed as yet and the matter is currently pending.

23. ABNL has filed 32 other criminal cases at various forums in the country. The matters are currently pending.

24. There are approximately 2343 other criminal cases filed by ABNL under Section 138 of the Negotiable Instruments Act, 1881 pending at various forums in the country aggregating to Rs. 96.9 million. The matters are currently pending.

25. ABNL has filed a criminal complaint No. 327/91 in the Court of First Class, Judicial Magistrate, Veraval on March 21, 1990 against Mr. Agarwal for recovery of 250 duplicate shares and the benefits thereon. Despite selling off original shares, Mr. Agarwal applied for issue of 250 duplicate shares which were issued to him. The matter is currently pending.

Labour disputes filed against ABNL

1. The workmen/unions have filed adjudication case No. 206/2001 before the Industrial Tribunal, Rajkot against ABNL for demanding wages for the period of partial strike from November 5, 2001 and total strike from November 14, 2001 to January 21 2002. The amount under adjudication is Rs. 46.8 million. ABNL has submitted that the workmen/unions are not entitled to claim wages for that period. No order has been passed as yet and the matter is still pending.

2. An industrial dispute I.E. no.136/2005 has been raised by the workmen of Perfect Apparels Private Limited against the management of Perfect Apparels Private Limited. ABNL was also made a party to the same dispute. It was alleged that ABNL was controlling and supervising the management of Perfect Apparels and the latter was one of the units of ABNL, hence, the management of ABNL was also responsible for the illegal and unjustified closure of Perfect Apparels. It was also contented that ABNL be requested to reinstate all the workers of Perfect Apparels with continuity of service, full back wages and all other consequential benefits. ABNL has filed a counter statement dated April 17, 2006. The matter is currently pending.

3. There are 105 labour related cases which have been filed against ABNL for claims aggregating to Rs. 34.0 million which are pending in various forums. All the matters are currently pending.

Labour disputes filed by ABNL

ABNL has filed two labor related cases against Labor Court judgements aggregating to Rs. 0.91 million. No order has been passed as yet and the matters are pending before the High Court at Ahmedabad.

Income tax disputes

1. ABNL has filed an appeal before the Commissioner of Income Tax (Appeals), Mumbai against order dated March 30, 2005 of the Assistant Commissioner of Income Tax, Mumbai for the assessment year 2002-03 aggregating tax impact of approximately Rs. 61.8 million, on the issues of rural development expenditure, live stock expenditure, cenvat on closing stock of inputs, depreciation on rollover charges, expenses disallowed under Section 14A, leave salary provision, deduction under Section 80 HHC from MAT income. No order has been passed as yet and the appeal is currently pending.

2. ABNL has filed an appeal before the Commissioner of Income Tax (Appeals), Mumbai against order dated January 31, 2006 of the Assistant Commissioner of Income Tax, Mumbai for the assessment year 2003-04 aggregating tax impact of approximately Rs. 37.6 million, on the issues of rural development expenditure, live stock expenditure, cenvat on closing stock of inputs, depreciation on rollover charges, expenses disallowed under Section 14A, leave salary provision, deduction under Section 80 HHC, deduction Under Section 80 IA/80IB etc. No order has been passed as yet and the appeal is currently pending.

3. There are two cases pending before the CIT(A) for tax aggregating to Rs. 3.8 million.

4. The ABNL has filed an appeal before the Commissioner of Income Tax (Appeals), Mumbai against order dated November 24, 2006 of the Additional Commissioner of Income Tax, Mumbai for the assessment year 2004-05 aggregating tax impact of approximately Rs.34.269 million on the issues of cenvat on closing stock of inputs, expenses disallowed under Section 14A, leave salary provision and deduction under Section 80HHC etc. No order has been passed as yet and the appeal is currently pending.

5. ABNL has filed appeal No. ITA/4345/M dated May 3, 1993 before the Income Tax Appellate Tribunal, against the order of the Commissioner of Income Tax (Appeals), Mumbai for the assessment year 1990-91 aggregating tax impact of approximately Rs. 21.71 million, inter alia upholding the order of the assessing officer on the issues of disallowances of certain expenses and deductions i.e., investment allowance, loss on sale of debenture travelling expenses incurred by foreign citizens, unclaimed balances written back, amounts transferred from revaluation reserves etc. The appeal has been heard and waiting for the order to come.

6. ABNL has filed appeal No. ITA/8742/M/95 dated November 10, 1995 before the Income Tax Appellate Tribunal, against the order of the Commissioner of Income Tax (Appeals), Mumbai for the assessment year 1992-93 aggregating tax impact of approximately Rs. 11.1 million, inter alia upholding the order of the assessing officer on the issues of disallowances of certain expenses and deductions i.e., payments made to school, guest house expenses, sales conference expenses, traveling expenses incurred by foreign citizens, unclaimed balances written back. No order has been passed as yet and the matter is currently pending.

7. ABNL has filed appeal No. ITA/5421/M/05 dated August 10, 2005 before the Income Tax Appellate Tribunal, against the order of the Commissioner of Income Tax (Appeals), Mumbai for the assessment year 2000-01 aggregating tax impact of approximately Rs. 10.47 million, inter alia upholding the order of the assessing officer on the issues of disallowances of share buy back expenses & depreciation on goodwill. No order has been passed as yet and the matter is currently pending.

8. ABNL has filed appeal No. ITA/5422/M/05 dated August 10, 2005 before the Income Tax Appellate Tribunal, against the order of the Commissioner of Income Tax (Appeals), Mumbai for the assessment year 2001-02 aggregating tax impact of approximately Rs. 17.6 million inter alia upholding the order of the assessing officer on the issues of disallowances of deduction under Section 80HHC. No order has been passed as yet and the matter is currently pending.

9. There are 11 cases filed by ABNL before Income Tax Appellate Tribunal for Tax impact aggregating to Rs. 26.47 million.

10. The Income Tax Department has filed appeal No. ITA/4631/M dated May 10, 1995 before the Income Tax Appellate Tribunal, against the favorable order of the Commissioner of Income Tax (Appeals), Mumbai received by ABNL for the assessment year 1990-91 aggregating tax impact of approximately Rs. 20.42 million, inter alia on the issue of allowance of certain expenses i.e. gift expenses (Rule 6B), expenses on guest house, change in method of closing stock, debenture issue expenses, investment allowance on certain items, provision for gratuity liability of earlier years (115J) etc. The appeal has been heard and waiting for the order to come.

11. The Income Tax Department has filed appeal No. ITA/3503/M/97 dated May 20, 1997 before the Income Tax Appellate Tribunal, against the favourable order of the Commissioner of Income Tax (Appeals), Mumbai received by ABNL for the assessment year 1993-94 aggregating tax impact of approximately Rs. 32.84 million, inter alia on the issue of allowance of certain expenses i.e. gift expenses (Rule 6B), expenses on guest house, change in method of closing stock, entertainment expenses relating to certain employee, etc. No order has been passed as yet and the matter is currently pending.

12. The Income Tax Department has filed appeal No. ITA/3614/M/02 dated June 14, 2002 before the Income Tax Appellate Tribunal, against the favourable order of the Commissioner of Income Tax (Appeals), Mumbai received by ABNL for the assessment year 1995-96 aggregating tax impact of approximately Rs. 54.22 million, inter alia on the issue of allowance of certain expenses i.e. gift expenses (Rule 6B), deduction of interest on borrowed fund, entertainment expenses relating to certain employee. No order has been passed as yet and the matter is currently pending.

13. The Income Tax Department has filed appeal No. ITA/6836/M/02 dated December 9, 2002 before the Income Tax Appellate Tribunal, against the favourable order of the Commissioner of Income Tax (Appeals), Mumbai received by ABNL for the assessment year 1996-97 aggregating tax impact of approximately Rs. 36.74 million, inter alia on the issue of allowance of certain expenses i.e. gift expenses (Rule 6B), deduction of interest on borrowed fund, entertainment expenses relating to certain employee, debenture issue expenses. No order has been passed as yet and the matter is currently pending.

14. The Income Tax Department has filed appeal No. ITA/41/M/03 dated January 3, 2003 before the Income Tax Appellate Tribunal, against the favorable order of the Commissioner of Income Tax (Appeals), Mumbai received by ABNL for the assessment year 1997-98 aggregating tax impact of approximately Rs. 147.41 million, inter alia on the issue of allowance of certain expenses i.e. gift expenses (Rule 6B), deduction of interest on borrowed fund, entertainment expenses relating to certain employee. No order has been passed as yet and the matter is currently pending.

15. The Income Tax Department has filed appeal No. ITA/5530/M/05 dated August 25, 2005 before the Income Tax Appellate Tribunal, against the order of the Commissioner of Income Tax (Appeals), Mumbai for the assessment year 2001-02 aggregating tax impact of approximately Rs. 11.60 million, inter alia on the issue of allowance of certain expenses i.e. disallowance under Section 14A & disallowance under Section 80HHC. No order has been passed as yet and the matter is currently pending.
16. There are four cases filed by the Income Tax Department before Income Tax Appellate tribunal for Tax aggregating to Rs. 12.93 million.
17. The Income Tax Department has filed an appeal before the Supreme Court against the order of High Court, Mumbai for the assessment year 1990-91 on the issue of clause III of first provision to Section 143 (1)(a) of the Income Tax Act. No order has been passed as yet and the matter is currently pending.
18. ABNL has filed three cases before the High Court at Mumbai for amounts aggregating to Rs. 0.47 million. No order has been passed as yet and the matter is currently pending.
19. The Income Tax Department has filed eight cases before the High Court at Mumbai for amounts aggregating to Rs. 1.23 million. No order has been passed as yet and the matter is currently pending.

Income Tax Proceedings in respect of the amalgamated Indo Gulf Fertilizers Limited with ABNL

A revised notice of demand dated April 28, 2006 was issued by the Office of Assistant Commissioner of Income Tax, Lucknow ordering ABNL to pay a sum of Rs. 24.3 million under Section 154 read with Section 143 (3) of the Income Tax Act, 1961. ABNL was also issued show cause notice on March 31, 2006 under Section 274 read with Section 271 (1) (c) of the Income Tax Act, 1961 for concealing the particulars of income or furnishing inaccurate particulars of such income as discussed in the assessment order passed under Section 143 (3). The demand has been recovered from refunds due to Indo Gulf Corporation Limited (since amalgamated with Hindalco Industries Limited). ABNL has gone in appeal to the Commissioner of Income Tax (Appeals), Lucknow against additions/disallowances made in the assessment. The show cause proceedings have been stayed until the disposal of the appeal. The matter is currently pending.

Income Tax Proceedings in respect of the amalgamated Birla Global Finance Limited with ABNL

1. The Income tax Department has filed appeal No. 1448/06 before the High Court of Bombay against the order of the ITAT for the assessment year 2000-01 which allowed an appeal by ABNL on the issue of re-opening of assessment u/s 263 of the Income Tax Act and accepting ABNL's contention that receipt of goodwill is liable for tax as long term capital gain having an aggregate impact of Rs. 178.5 million. No order has been passed yet and the matter is currently pending.
2. There are 5 appeals filed by the Income Tax Department before the High Court at Mumbai for claims aggregating to Rs. 4.7 million plus interest thereon.
3. There are 2 appeals filed by ABNL before the Income Tax Appellate Tribunal for claims aggregating to Rs. 8.5 million plus interest thereon.

Interest tax disputes

1. There are 4 Appeals filed by the Income Tax Department before the High Court at Mumbai for claims aggregating to Rs. 4.3 million.
2. ABNL has filed an appeal before the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeals), Mumbai for the assessment year 1998-99 having an aggregate tax impact of Rs. 1.1 million plus interest thereon. The Commissioner upheld the order of the assessing officer which dealt with interest on debentures, government securities and bonds as chargeable to interest tax. No order has been passed as yet and the matter is currently pending.

Civil disputes against ABNL

1. Deepakkumar Jayantilal Shah, a shareholder of ABNL, filed a civil suit No. 787/94 before the City Civil Court at Ahmedabad asking for relief in the nature of a temporary injunction against an issue of debenture on a preference share allotment basis to Hindalco, Grasim and Indo Gulf Fertilizers Corporation Limited and restraining ABNL from converting fully convertible debentures which were due for conversion. The court, by its order dated April 21, 1995 rejected the application for temporary injunction. A notice of motion and rejoinder filed by him was rejected by the court on August 20, 1996. In 1997,

ABNL issued bonus shares and the court, on January 27, 1998, rejected the prayer by the petitioner to restrain ABNL from allotting bonus shares against the debentures issued on a preferential basis. The main suit has not been dismissed and the matter is currently pending.

2. There are 48 civil cases filed against ABNL aggregating to Rs. 19.86 million. No order has been passed as yet and the matters are currently pending.

Civil disputes filed by ABNL

1. ABNL has filed a special civil application No. 2834 /1997 in the High Court of Gujarat at Ahmedabad against Municipal Corporation of Surat for charging ABNL excess octroi of Rs. 12.6 million from February 2, 1997 and inserting an explanation in the octroi rules by which octroi will be levied at 100% of the sale value of the goods. No order has been passed as yet and the matter is currently pending.
2. ABNL has filed case No. 80/2002 before the Gujarat Electricity Regulatory Commission against the Gujarat Electricity Board for demanding Rs. 11.66 million for an increase in the power supply of ABNL from 11 KV class to 66 KV class. This demand, if allowed, will require ABNL to develop facilities, which will cost more than Rs. 13 million aggregating to total expenses of more than Rs. 25 million. ABNL has requested the Court to drop this demand. No order has been passed as yet and the matter is currently pending.
3. ABNL has filed appeal No. 256/2004 against the Executive Engineer, Junagadh and others (respondents) before the Collector, Junagadh against an order by the respondents claiming water charges for drawing of water from ABNL's well near Umrethi. The amount involved is Rs. 22.6 million. ABNL has requested the Collector to quash the order. The appeal has been accepted and remanded back to Executive Engineer, Junagadh.
4. ABNL has filed a petition under Sections 433(e), 434 (1)(a) and 439 of the Companies Act, 1956 against Modi Rubber Limited in the High Court of Judicature at Allahabad. Modi Rubber Limited had placed orders with ABNL for the purchase of carbon black worth Rs. 20.72 million during the period April 2001 to September 2001. The payment as regards the order was supposed to be made within 90 days from the date of invoice/dispatch as per the terms and conditions of the dispatch. ABNL delivered various quantities of carbon black on different occasions to Modi Rubber Limited and submitted the invoices. ABNL alleges that Modi Rubber Limited failed to make the payment and has requested the Court to pass interim orders to restrain Modi Rubber Limited from alienating and/or transferring and/or selling and/or creating third party rights in the assets of Modi Rubber Limited. ABNL has also requested the Court to pass orders as it deems fit. No order has been passed as yet and the matter is currently pending.
5. ABNL has filed 128 other civil cases aggregating Rs. 268.12 million. No order has been passed as yet and the matters are currently pending.

Central excise disputes

1. The Commissioner of Central Excise, Bangalore has filed an appeal in the High Court of Karnataka against an order by CESTAT, which quashed an order by the Bangalore Commissioner demanding ABNL to pay excise duty of Rs. 20.8 million plus penalty of Rs. 20.8 million under Section 11AC of the Central Excise Act, 1944 and Rs. 2.1 million under Rule 25 of the Central Excise Rules, 1944. The duty was demanded under the proviso to Section 11A (1) of the Central Excise Act, 1944, allegedly payable on the Ready Made Garments during the period from May 1, 2001 to January 31, 2003. The Company imported certain varieties of men's shirts in bulk, which were then subjected to refinishing work. It is alleged that ABNL suppressed the fact of refinishing work, which amounts to manufacture. This contravenes provisions of Rules 4, 5, 6, 8, 20, 11 and 12 of Central Excise Rules, 2001. Thus the show cause notice was issued by the Commissioner. No order has been passed as yet and the matter is currently pending. The High Court disposed of the Department Appeal on the ground that the Tribunal had only remanded the matter to the Commissioner. The High Court has further directed the Commissioner to decide the question of 'manufacture and other attendant issues'. The Company was directed to appear before the Commissioner on September 25, 2006 and the Commissioner has been directed to complete the adjudication proceedings within four months. The Company had appeared on September 25, 2006 before the Commissioner and the latter has directed ABNL to file written submission and to appear for personal hearing.
2. The Commissioner of Central Excise, Kolkata-IV Commissionerate issued a show cause notice bearing C.No. V-3204 (15) 82-CE/Cal-II/Adjn./85/790E dated June 3, 1991 to ABNL demanding an aggregate sum of Rs. 16.2 million for the assessment

period March 86 to September 88 in respect of the alleged mixing of dyes with different amounts of duty, amounts to manufacture and is hence liable to duty. No order has been passed as yet and the matter is pending before the Commissioner of Central Excise, Kolkata.

3. ABNL has filed Appeal no.46/2002 (V) CE against the order of the Assistant Commissioner, Central Excise, Vishakhapatnam before the Commissioner (Appeals) of Customs and Central Excise, Vishakhapatnam for modvat credit on capital goods. The Assistant Commissioner had disallowed the credit in his order No. 02/2002 dated April 5, 2002. The Assistant Commissioner ordered ABNL to show cause as to why modvat credit of Rs. 102.2 million availed irregularly in contravention of rules 57Q, 57T read with rule 52A of the Central Excise Rules, 1944 should not be disallowed and where credit has already been utilized, the amount equivalent to it should not be recovered under rule 57U of the said rules. The Assistant Commissioner also imposed a penalty of Rs. 4.0 million under rule 13 of CENVAT Credit Rules, 2001. ABNL has requested the Court to set aside the order and allow ABNL to get modvat credit on capital goods. No order has been passed as yet and the matter is currently pending.

4. ABNL filed appeal No. E-742/02 against order No. 32/CH-48/Commissioner/CE/Cal-IV/Adjn/2002 dated July 11, 2002 passed by the Commissioner of Central Excise, Kolkata before the Customs, Excise & Gold (Control) Appellate Tribunal, East Zonal Bench, Kolkata. The Order alleges that ABNL did not include freight and insurance charges in the assessable value when delivering goods at buyer's destination and rather declared sale of their product at factory gate. Thus ABNL evaded Central Excise duties of Rs. 19.0 million for the period September 26, 1996 to July 31, 2001 and thereby contravened the provisions of Section 4(1)(a)(1a) and Section 4(1)(a) of the Central Excise Act 1944 and Central Excise (Valuation) Rules, 1975. The Commissioner has ordered ABNL to show why this duty should not be recovered from them under Section 11(A)(i) of the Central Excise Act, 1944. A penalty of Rs. 19.0 million has also been imposed under s 11(A)(C) of the said Act. The appeal has been allowed and the impugned order set aside and the matter remanded to the Commissioner to decide the matter afresh in the light of a new ruling by the Supreme Court.

5. The Director General of Central Excise Intelligence, East Zonal Unit, Kolkata has issued show cause cum demand notice bearing No. DGCEI F. No. 12/EZU/KOL/2002/1639 dated July 21, 2003 which alleged that ABNL was not entitled to the benefit of exemption of Rs. 10.36 million under Notification No. 108/95 dated August 28, 1995 in respect of the excisable goods manufactured and cleared by them consigned to the projects financed by the Japan Bank of International Co-operation. The DGCIE has ordered ABNL to show cause to the Commissioner, Central Excise, Kolkata as to why this duty should not be recovered from them under Section 11(A)(1) of the Central Excise Act, 1944. A penalty has also been proposed under Rule 173(Q) of the said Rules read with Section 11(A)(C) of the said Act. ABNL has written to the Commissioner for the show cause notice to be dropped. No order has been passed as yet and the matter is currently pending.

6. There are 128 cases filed against ABNL. The amount involved in these cases is Rs. 237.62 million. No order has been passed as yet and the matters are currently pending.

Customs disputes

1. The Commissioner of Customs, Bangalore has issued show cause notice C.No. VIII/10/20/2006 dated March 3, 2006 to ABNL demanding an aggregate sum of Rs. 10 million. ABNL had obtained two advance licenses for import of polyester/ cotton-blended fabrics under Duty Exemption Scheme. The said fabrics were imported duty-free in terms of notification No. 30/97 Cus dated April 1, 1997. As per the licenses the products to be imported were supposed to be 'men's shirts (full sleeves)' but in reality 'trouser fabrics' were imported. ABNL exported some of these trousers by availing the export benefits under DEPB/drawback scheme while the balance was diverted to the domestic market. The show cause notice alleges that ABNL violated the provisions of the EXIM Policy 1997-2002 and the conditions of the advance licenses and hence the demand. ABNL has replied to the notice requesting it to be dropped. The matter is currently pending.

2. There are five cases filed against ABNL. The amount involved in these cases aggregates to Rs. 10.89 million. No order has been passed as yet and the matters are currently pending.

3. ABNL has filed two writ applications before the High Court at Kolkata against customs authority. The total disputed amount in the above two cases is Rs. 0.33 million. No order has been passed as yet and the matters are currently pending.

Service tax disputes

Service Tax in excess of Rs. 10 million

1. The Commissioner of Service Tax, Bangalore has issued show cause notice C.No. IV/16/24/2006 ST Adjn/4185 dated May 4, 2006 to ABNL under Section 84 of Finance Act, 1994 demanding an aggregate service tax amounting to Rs. 7.38 million. ABNL had entered into an agreement with Aditya Birla Global Trading House Limited, Mauritius under which the latter, a foreign ABNL provided technical assistance/information and transfer of technical know-how to the former. As the foreign ABNL was not resident in India, ABNL was required under Rule 2(1)(d)(iv) of the Service Tax Rules, 1994 to pay service tax in terms of Section 68 and to get themselves registered with the Department under Section 69 of the Finance Act, 1994. ABNL did neither and thus contravened both the above Sections. The Assistant Commissioner of Service Tax issued show cause notice in the first instance but the proceedings were finally dropped. The Commissioner of Service Tax then issued a show cause notice again saying that dropping of proceedings was not proper and the said service tax in terms of Section 84 of the Finance Act, 1994 along with interest and penalty under Sections 76, 77 and 78 of the said Act would be imposed on ABNL. ABNL has replied to the notice requesting it to be dropped. The matter is currently pending.

   ABNL has attended a personal hearing on August 31, 2006 with the Commissioner of Service Tax, Bangalore, who vide his order dated September 14, 2006 confirmed the amount of Rs. 7.37 million and levied a penalty of Rs. 7.5 million under Section 78 of Service Tax and Rs. 1000 under Sections 77 of the Service Tax Act. ABNL is filing an appeal before the Appellate Tribunal, Bangalore against this order.

2. There are five cases filed against ABNL. The amount involved in these cases aggregates to Rs. 13.20 million. No order has been passed as yet and the matters are currently pending.

Sales tax disputes

Sales Tax cases in excess of Rs. 10 million

1. ABNL has filed special civil application No. 13554 of 2006 in the High Court of Gujarat against public circular dated September 2, 2005 issued by the Sales Tax Commissioner of Gujarat, thereby declaring earlier circular dated February 2, 2001 as void ab initio, and disallowance of concession on sale/purchase of fuel. The impact of rescinding the concession retrospectively may result in a demand of Rs. 53.4 million. No demand has been received as yet and the matter is currently pending.
2. ABNL has filed case No. WP 11 of 1995 in the High Court at Kolkata against the Commissioner of Commercial Taxes, West Bengal against an order of the Commissioner demanding ABNL to pay Rs. 16.75 million. No order has been passed as yet and the matter is currently pending.
3. There are 56 cases filed against ABNL involving a total amount aggregating to Rs. 63.55 million. No order has been passed as yet and the matters are currently pending.

Other taxes, fees and cess

1. The Assessing Officer, Textile Committee, Coimbatore passed an order dated April 7, 2000 confirming Cess demand of approximately Rs. 13.3 million under Textiles Committee (Cess) Rules, 1975 for the period 1981-82 to 1998-99 on ABNL. The order held ABNL to be a manufacturer for the purpose of applicability of Cess under the Textiles Committee Act read with Textiles Committee (Cess) Rules, 1975. ABNL filed an appeal before the Textile Committee Cess Appellate Tribunal, Mumbai against the above order. The Tribunal confirmed the order passed by the assessing officer. ABNL has filed a writ petition No. 817 of 2006 in the High Court at Mumbai against the order of the Appellate Tribunal. Pursuant to an interim order dated March 21, 2006 of the High Court, ABNL has been ordered to deposit a sum of Rs. 7.0 million and a bank guarantee of Rs. 6.27 million with the Assessing Officer, Textiles Committee, Coimbatore. ABNL has paid the amount and furnished the bank guarantee on April 10, 2006 as per the order. The matter is currently pending.
2. ABNL has filed an appeal before the Appellate Tribunal under the Textile Cess Act, Mumbai against the Textile Committee's seven demand notices all dated January 2, 2006 and one demand notice dated February 14, 2006 issued to ABNL demanding Cess of approximately Rs. 12.5 million on account of the failure of ABNL to submit monthly returns in accordance with Rule 4 of the Textiles Committee (Cess) Rules, 1975. Meanwhile the Textile Committee Coimbatore initiated recovery proceedings through Deputy Commissioner, Bangalore South Taluk. ABNL appealed to the High Court of Karnataka to stay the recovery proceeding pending disposal of the appeal before the Appellate Tribunal, Mumbai. The Court passed an

interim order November 10, 2006 ("Order") granting a stay on recovery of the cess amount provided that ABNL deposit Rs. 6 million within four weeks of the Order and also furnish security for the balance amount.

3. The Bank of Rajasthan has filed case No. 483 of 1995 against ABNL in the Debt Recovery Tribunal, Delhi. ABNL got usance promissory notes discounted from the Bank of Rajasthan. ABNL paid the amount due on the said notes late and failed to pay overdue interest for delayed payment. ABNL is further liable to pay amounts due under other promissory notes as well. The total amount involved is Rs. 1.74 million. The Bank has requested the Tribunal to pass a decree in favor of the Bank for the said amount along with interest. No order has been passed as yet and the matter is currently pending.

4. Modern Malleables has filed appeal No. 124 of 2000 against ABNL and the Uttar Pradesh State Electricity Board in the High Court at Kolkata. ABNL entered into an agreement with Modern Malleables for acquiring suspension hardware fittings and double tension hardware fittings required to be supplied to the Uttar Pradesh State Electricity Board. Modern Malleables alleged that as a result of lockout declared in the factory of ABNL, Modern Malleables was forced to withhold supply to ABNL. Modern Malleables also alleged that ABNL agreed to Modern Malleables supplying hardware directly to ABNL and that ABNL would pay Modern Malleables the bills raised by the latter. The total amount asked for by Modern Malleables including sales tax liability, special customs duty, interest, damages etc. amount to Rs. 59.2 million. No order has been passed as yet and the matter is currently pending.

5. ABNL has filed a case in the High Court at Kolkata dated July 14, 1998 against General Furnace Construction Private Limited, Australia. ABNL had placed orders with General Furnace for supply and commissioning of two shuttle kilns. General Furnace represented that the kilns were of superior quality but the performance of the kilns was entirely unsatisfactory. Despite efforts General Furnace was unable to rectify the defects and ABNL rejected the kilns. ABNL demanded repayment of Rs. 1291.1 million for the kilns but General Furnace refused to take back the kilns and repay the money. ABNL has requested the Court for a decree of Rs. 1291.1 million against General Furnace as well as interim interest and interest on judgement. No order has been passed as yet and the matter is currently pending.

6. ABNL has filed an appeal in the High Court at Kolkata against Modern Malleables Limited. On or about February 28, 1994, the Uttar Pradesh State Electricity Board (UPSEB) placed an order on ABNL for supply of several insulators and hardware fittings. ABNL then placed an order with Modern Malleables for supply of hardware fittings as per specifications of UPSEB. It was agreed between ABNL and Modern Malleables that delivery of the said goods to UPSEB would commence in November 1994 and be completed by May 1995. Time was always of the essence of the contract. Modern Malleables failed to supply the entire hardware fittings contracted for to UPSEB. Further the goods supplied were alleged to be of substandard and unsatisfactory quality. ABNL had to procure additional goods to supply to UPSEB. It has now requested the Court to order Modern Malleables to pay Rs. 16.2 million to ABNL for the additional cost of procuring the said goods. It has also requested the Court for interest at 24% to be paid on the said amount from November 1, 1997. ABNL also claims damages of Rs. 20 million. No order has been passed as yet and the matter is currently pending.

7. The Enforcement Directorate, Department of Revenue, Government of India has issued show cause notices No. T-F/132/SDE-AKB/B/2002 (SCN III) 5331 and T-F/132/SDE-AKB/B/2002(SCN III) 5331 T-4/132/SDE-AKB/B/2002 (SCN IV) 5323 dated May 29, 2002 to the erstwhile Birla Global Finance Limited (BGFL) (now merged with ABNL) and its officials Adesh Gupta (then Joint President of BGFL, currently director of ABNL), Madhavan Menon, Atul Jain, Madhav Vengurlekar, Gajanand Agarwal, Orlando D'Souza and Jaswant Puthran for alleged non-compliance of provision of Section 7(4) read with Section 6(4) and Section 6(5) and Section 49 of Foreign Exchange Regulation Act, 1973 and have thereby rendered themselves liable to be proceeded against under Section 50 of Foreign Exchange Regulation Act, 1973 read with Section 49(3) and Section 49(4) of Foreign Exchange Management Act, 1999, while issuing foreign exchange of US$ 1,16,200 and US$ 1,07,800 to Jairam Exports and Vikas Exports respectively under an authorization granted by the Reserve Bank of India. As per submissions made by ABNL, the alleged contraventions, if any had been committed by the junior employees of ABNL for their own benefit without any knowledge or neglect of ABNL or its senior officers including Adesh Gupta and therefore the proceedings may be dropped against them.

8. There are 15 other tax, fee, cess cases filed against ABNL or orders against which ABNL has appealed aggregating to Rs. 22.78 million. No order has been passed as yet and the matters are currently pending.

Miscellaneous disputes

1. Tamil Nadu Pollution Control Board has served proceedings No. T9/TNPCB/F.2690/TVLR/06 dated April 2006 against ABNL

for contravening the instructions of a previous order ordering ABNL to install a scrubbing system for the emission from the main boiler for power generation. ABNL thus contravened Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 as amended in 1987 and was directed to show cause as to why penal action should not be taken against it under Section 37 of the said Act and why directions under Section 31 A should not be issued for closure of the unit, stoppage of power and water supply etc. ABNL has requested the Chairman, Tamil Nadu Pollution Control Board to set aside the order. No order has been passed as yet and the matter is currently pending.

2. Mohammad Salman has filed writ petition No. 996/1993 against ABNL and other parties in the High Court of Judicature at Allahabad, Lucknow Bench. The petition is against non-compliance of the assurance given by the opposite parties to provide job to the petitioner in Indo Gulf Fertilizers and Chemicals Corporation Limited while acquiring the agricultural plots of the petitioner. The petitioner has also alleged violation of Articles 14 and 16 of the Constitution on the ground that he has been discriminated against while others similarly situated have been granted jobs. The petitioner has prayed for a writ of mandamus asking Indo Gulf Fertilizers and Chemicals Corporation Limited to provide job to the petitioner in Class III. No order has been passed as yet and the matter is currently pending.

3. Basheer Ahmad has filed writ petition No. 9955/1993 against ABNL and other parties in the High Court of Judicature at Allahabad, Lucknow Bench. The petition is against non-compliance of the assurance given by the opposite parties to provide job to the petitioner in Indo Gulf Fertilizers and Chemicals Corporation Limited while acquiring the agricultural plots of the petitioner. The petitioner has also alleged violation of Articles 14 and 16 of the Constitution on the ground that he has been discriminated against while others similarly situated have been granted jobs. The petitioner has prayed for a writ of mandamus asking Indo Gulf Fertilizers and Chemicals Corporation Limited to provide job to the petitioner in Class III. No order has been passed as yet and the matter is currently pending.

4. The Indo Gulf Employees Union has filed writ petition No. 1761 of 1993 against ABNL and others in the High Court of Judicature at Allahabad, Lucknow Bench. The petitioner has prayed for a writ, order or direction in the nature of mandamus, commanding the opposite parties not to stop the petitioner to demonstrate, protest and assemble to raise voice about their grievances before the management. The petitioner has also prayed for quashing the judgements of lower courts so far they prohibit the petitioner to protest and to raise voice about their grievances at the distance of 150 metres. No order has been passed as yet and the matter is currently pending.

5. Savitri Singh and others in claim petition No. 429 of 2000 have applied as legal representative for the grant of compensation on account of death of Mr. R.B. Singh who died in a motor vehicle accident. The amount of compensation being claimed is Rs. 2.5 million. The vehicle involved in the accident was originally registered in the name of ABNL. The claimant has filed application for impleadment of ABNL as defendant No. 4 in the claim petition claiming that the vehicle was registered in the name of ABNL at the time of the accident. No order has been passed as yet and the matter is currently pending.

6. Mata Pher Singh has filed suit No. 995 of 1994 for mandatory and permanent injunction against ABNL and has sought the relief of injunction restraining ABNL from making any obstruction or interference in the worship of Devi Anjana Ma in the temple situated with in the premises of ABNL's factory. The plaintiff has also prayed for the relief of mandatory injunction directing ABNL to remove the wall of the Factory and after removing debris from there allow the plaintiff to worship in the temple. No order has been passed as yet and the matter is currently pending.

7. Mr. Pradeep Kumar has filed suit no.1932 of 1999 in the City Civil Court, Kolkata against the Unit Trust of India (UTI) and others. ABNL has also been made a party to the suit. The plaintiff has prayed for a declaration that he is the owner of the 2500 Master Gain Units under a scheme of the Unit Trust of India and is entitled to all rights issues, bonus, dividend or any other benefit, if any, declared, in respect of the same of which 2,300 Master Gain Units were wrongfully transferred. He has asked for a direction to the UTI to issue duplicate certificates in lieu of the original unit certificates and has prayed for an injunction restraining the UTI and the transfer agency to transfer and/or to deal with the said 2500 Unit Master Gain-1992. No order has been passed as yet and the matter is currently pending.

8. Ram Lakhan Sharma has filed suit No. 192/97 in the Court of Additional Civil Judge, Sultanpur to perform puja at Anjani Mata Temple situated inside the factory premises. The contention of the plaintiff is that the plot No. 1988 on which the temple has been constructed originally belonged to the plaintiff's father and his father had constructed the said temple. No order has been passed as yet and the matter is currently pending.

9. Raies Ahmed has filed case No. 81/2006 against ABNL under Section 33 and 39 of the Uttar Pradesh Land Revenue Act,

1901 for correction in the revenue records pertaining to land comprised in plot No. 1341 situated at Sapthin Village, Musafirkhana, Sultanpur. ABNL claims that the land belongs to ABNL. ABNL is yet to file the written statement in the matter. No order has been passed as yet and the matter is currently pending.

10. Pradeep Singh has filed a suit No. 355/05 before Civil Judge, Sultanpur praying for issue of injunction thereby restraining the defendant from forceful eviction of the plaintiff from ABNL's house in the township. The plaintiff had also applied for interim injunction against ABNL. The Court by its order dated January 28, 2006 dismissed the application for the interim injunction. Against the aforesaid order the plaintiff has filed miscellaneous civil appeal No. MCA 10/06 before the District Judge, Sultanpur. No order has been passed as yet and the matter is currently pending.

11. Ministry of Electricity, Syrian Arab Republic, PEDEEE, Damascus, Syria had written three letters dated August 18,1998, April 16, 2000 & June 10, 2000 to ABNL asking them to pay US$ 2,28,000 as penalty, arrived upon in contract No. 443/EXT/1994 for the delay in supply of 20 K.V. Long Rod Insulators and Support Insulators Medium Voltage and also vide letter dated November 6, 2000 to pay a sum of US$ 4204.8 as penalty, arrived upon in Contract No: 60/EXT/DIS/96 for the delay in supply of Lightning Arresters 66 K.V. The Ministry has filed a case against ABNL before Syrian Arab Republic, State Council Court of Administrative Prosecution, Damascus, Syria. In addition to the above two contracts, the Ministry has also filed case against five more contracts relating to supplies made from Rishra unit. The total amount of claim involved under seven contracts signed between the parties is US $ 4,27,713 out of which US$ 1,95,509 relates to Insulator, Rishra Unit for five contracts and US$ 2,32,204 relates to supplies made by Insulator, Halol unit for two contracts. No order has been passed as yet and the matters are currently pending.

    ABNL was also asked vide fax letter dated April 27, 2002 to pay US$ 2,362.5 as penalty arrived upon in contract No. 125/EXT/2000 for the delay in supply of 20KV indoor post insulator porcelain type and US$ 272 as penalty of containers. No case has been filed against ABNL for the amounts asked for in the faxed letter.

12. Indo Gulf Fertilizers Limited was merged with ABNL pursuant to the orders dated January 10, 2006 and March 27, 2006 respectively of the Gujarat High Court and the Allahabad High Court, Lucknow Bench. One Mr. Vishweshwar Madhavrao Raste, a shareholder of ABNL had opposed the sanction of the scheme of amalgamation between ABNL and Indo Gulf Fertilizers Limited in the Allahabad High Court on the ground that the scheme was not genuine or bonafide. The Allahabad High Court overruled his objections. Mr. Raste did not file any objections to the sanction of the scheme in the Gujarat High Court. In the meantime the scheme of amalgamation was fully implemented and shares of ABNL were issued and allotted to the shareholders of erstwhile Indo Gulf Fertilizers Limited. Mr. Raste has subsequently filed an appeal in the Allahabad High Court, Lucknow Bench, which is currently being heard.

13. Birla Global Finance Limited was merged with ABNL pursuant to the orders dated January 27, 2006 and June 17, 2006 respectively of the Mumbai High Court and the Gujarat High Court. One Mr. Vishweshwar Madhavrao Raste, a shareholder of ABNL had opposed the sanction of the scheme of amalgamation between ABNL and Birla Global Finance Limited and his objections were overruled by both the High Courts. In the meantime the scheme was fully implemented and shares of ABNL were issued and allotted to the shareholders of the erstwhile Birla Global Finance Limited. Mr. Raste has subsequently filed an appeal in the Gujarat High Court to stay the order passed by the Gujarat High Court on June17, 2006. This appeal has been rejected by the High Court on December 1, 2006

    Although Ramniranjan Kedia Tourism Services Private Limited and Mr.Vishal Kedia did not oppose the sanction of the scheme of amalgamation between ABNL and Birla Global Finance Limited in the Bombay High Court, they have since filed a company application (No. 525 of 2006) in the High Court at Mumbai seeking the recall of the order sanctioning the scheme and for a declaration that the scheme is not bonafide, is unjust and contrary to public interest. This application is pending in the High Court at Mumbai.

14. SEBI has issued a letter to the erstwhile Birla Global Finance Limited ("BGFL"), now amalgamated with ABNL alleging violation of Regulation 6(2) of the Takeover Code in the year 1997 and BGFL has agreed to settle the same by settlement consent order. SEBI had introduced a Regularization Scheme, 2002 (the "Scheme") for non-compliance with Regulation 6 & 8 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 in the year 2002-03 and BGFL did not avail of the Scheme. SEBI vide its letter dated July 21, 2004 imposed a penalty on BGFL under Section 15A of SEBI Act, 1992 and also informed BGFL that they were liable for prosecution under Section 24 of the SEBI Act, 1992. SEBI also decided to consider the request of BGFL or consent order if BGFL was willing to pay a penalty of Rs. 25,000. BGFL vide its letter dated August 19, 2004 consented to pay the penalty and was also willing to waive their right

to a hearing under rule 4(5) of SEBI (Procedure for Holding Inquiries and Importing of Penalties by Adjudicating Officer) Rules, 1995. In this regard the final order is awaited from SEBI pursuant to which penalty will be paid, if any.

15. Praveen Goyal has filed a case before the District Consumer Disputes Redressal Forum, Panipat for transfer of resultant 33 ABNL shares allotted on 100 shares of the erstwhile Birla Global Finance Limited ("BGFL") along with a compensation of Rs. 0.07 million on account of deficient and negligent services. Praveen Goyal had lodged 100 shares of erstwhile BGFL vide his letter July 8, 2006 with MCS Limited for transfer in his favour. The transfer could not be effected before July 17, 2006, the record date. As transfer could not be effected, the corresponding shares of ABNL were allotted in the name of the original registered holder. ABNL has requested the original holder to return the 33 shares allotted to him. The matter is currently pending.

16. Ramniranjan Kedia Tourism Services Private Limited ("RNK") had issued three letters dated October 10, 2006, October 13, 2006 and October 30, 2006 amongst others to SEBI alleging that there were certain proceedings involving RNK which were not included in the draft letter of offer filed by ABNL with SEBI. ABNL has filed replies with SEBI providing its response to the allegations made by RNK. RNK has filed an appeal before the Securities Appellate Tribunal in relation to the issue of observations by SEBI on the draft letter of offer and non disclosure of the details of the various litigations involving RNK. The appeal is pending admission. The next date of hearing is December 21, 2006.[6]

17. Vocation Investment & Finance Company Private Limited, Naresh Pachisia and Pachisia Mercantile Company Limited (the "Appellants") have filed an appeal under Section 15T of the SEBI Act, 1992 against ABNL and SEBI (the 'Respondents") before the Securities Appellate Tribunal, Mumbai. The appeal has been filed against the observation card/order dated November 20, 2006 issued by SEBI allowing ABNL to proceed with its rights issue on the basis of the letter of offer dated December 15, 2006 (the "LOF"). The Appellants have alleged that the LOF contains false and inadequate disclosures in relation to statement of accounts for the period ended September 30, 2006, litigations and risk factors. There are several litigations pending by and against ABNL involving Raminiranjan Kedia Tourism Services Private and its directors Vishal Kedia and Kamal Kedia ("RNK"). The Appellants are shareholders of ABNL and personal friends of Vishal Kedia. The Appellants have alleged that the LOF contains false and misleading information and that SEBI issued its order disregarding the complaints of RNK. The Appellants have further alleged the Red Herring Prospectus filed by Idea Cellular Limited has not disclosed litigations between ABNL and RNK as disclosed in the LOF. The Appellants have requested the Securities Appellate Tribunal to set aside the order passed by SEBI on November 20, 2006 and disallow ABNL from proceeding with its rights issue. The Appellants have further requested the Securities Appellate Tribunal to direct SEBI to take appropriate action against ABNL in accordance with law, and to pass any such orders in favour of the Appellants for the protection of interest of investors. The Appellants have also prayed for interim relief of staying the impugned order of SEBI. The matter is currently pending.

Cases filed by the ABNL:

1. The Chief Electrical Inspector to the Government of Tamil Nadu has issued a demand bearing No. 14931/A1/2004 dated June 8, 2005 to ABNL demanding an aggregate sum of Rs. 24.7 million and interest thereon for electricity tax and additional electricity tax under Tamil Nadu Electricity (Taxation on Consumption) Act, 1962 and Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003. The demand under the above two Acts pertains to the period July 1999 to January 2005. ABNL has filed an appeal with the Secretary, Electricity, Government of Tamil Nadu to set aside the order. ABNL has also filed a writ petition in the High Court at Chennai challenging the enactment of Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003 by the Government of Tamil Nadu in contravention of the objects of The Electricity Act, 2003 of Central Government. No order has been passed as yet and the matter is currently pending.

2. ABNL has filed 11 other cases aggregating Rs. 36.22 million. The matters are currently pending.

Arbitration Proceedings

1. ABNL has filed A.O.P. 871/2006 against Hindustan Petroleum Corporation Limited, the first respondent and Mr. D.V. Subba Rao, the arbitrator who is also the second respondent in the Court of the District Judge at Vishakhapatnam. ABNL entered into a supply agreement dated March 26, 1997 with the first respondent for supply of low sulphur heavy stock and other

1 Update required.

liquid fuels to ABNL. The agreement was to remain valid for a period of 20 years and further renewable for a period of 10 years. According to the Arbitration Clause in the agreement the second respondent had to make the award in writing and publish the same within a period of 6 months after entering upon the reference or within such time mutually extended by the parties. ABNL had agreed to pay the first respondent Rs 0.11 million per month in return for storage tank facilities provided by the latter at ABNL's site. When ABNL had to close down the first respondent contended that it was obligatory for ABNL to buy the storage tanks under clause 8 of the agreement. The first respondent filed an arbitration application in the High Court of Andhra Pradesh claiming Rs. 11.9 million for the storage tanks and other charges. The second respondent was appointed the sole arbitrator by the High Court. ABNL contends that the time under which arbitration was to be decided expired and the arbitration automatically got terminated. It now appeals for a declaration by the Judge of the expiry of the arbitration between ABNL and the first respondent and to restrain the second respondent from proceeding with arbitration. No order has been passed as yet and the matter is currently pending.

2. Arbitration is going on between ABNL and Richardson & Cruddas Limited (R&C) arising out of a dispute under two contracts entered into between them in regard to erection of two electricity transmission lines. The claims of ABNL against R&C are made for outstanding bills, retention money and labor charges for additional work. The Tribunal by its order directed R&C to pay ABNL on or before July 31, 2002 Rs. 10.88 million in respect of bills due for payment on the Jamshedpur-Rourkela line, Rs. 4.57 million on the Durgapur-Jamshedpur line, subject to verification whether the payments made directly by Power Grid Corporation of India Limited directly to the Corporation have been given credit for by ABNL and deducting the amounts, if any, for which such credit has not been given by ABNL in making its claim. The Tribunal also directed R&C to pay Rs. 2.37 million in respect of the Jamshedpur-Rourkela line and Rs. 2.37 million in respect of the Durgapur- Jamshedpur line withheld by it by way of retention money and a sum of Rs. 0.10 million towards the cost of arbitration proceedings. The award has been granted but R&C is sick under Board for Industrial and Financial Reconstruction and the payment is still pending.

3. ABNL has initiated arbitration proceedings against Ram Niranjan Kedia Tourism Services Private Limited (RNK). ABNL has extended hire purchase and loan facility to RNK. After the hire purchase and loan agreements were entered into, RNK failed to make regular payment of the equated monthly instalments (EMI) due. The cheques given by RNK were dishonored. In view of the above, after following proper procedure ABNL took possession of some of the vehicles. ABNL filed five arbitration claims before the Arbitral Tribunal of Indian Merchant's Chamber (IMC) the arbitration was before the sole arbitrator Mr. H.K. Kania. ABNL also filed arbitration petition nos. 271, 378, 379 and 381 of 2001 in the High Court at Mumbai seeking various interim reliefs under Section 9 of the Arbitration and Conciliation Act, 1996. By an ad-interim order dated May 2 2001, the Court appointed the Court Receiver, High Court, Mumbai to take possession of the vehicles of RNK. Pursuant to the order of the High Court of Bombay dated August 28, 2001 the petitions were made absolute and the ad-interim order was made final. ABNL has claimed Rs. 17.43 million from RNK with interest under the arbitration proceedings.

   RNK has filed counter-claims claiming Rs. 66.9 million towards alleged wrongful possession of the vehicles by ABNL, replacement value of the vehicles with further interest until payment and/or realization and have alleged that ABNL has suppressed the true facts in their claims. RNK is disputing ABNL's right under the agreement to take possession of the vehicles. They further allege that even if ABNL had any right, they did not follow the mandatory procedure under Section 51(5) of the Motor Vehicles Act, 1988. RNK contends that due to the alleged illegal repossession of the vehicles by ABNL they were entitled to raise debit notes on ABNL on account of loss of business and profit. ABNL is disputing RNK's claims and has returned the debit notes. RNK claim that even though the nomenclature of the agreement was that of a hire purchase, in reality RNK were at all material times the owners of the vehicles. RNK has further alleged that even if ABNL had any right, they did not follow the mandatory procedure under Section 51(5) of the Motor Vehicles Act, 1988. RNK has contended that due to the illegal repossession of the vehicles by ABNL, RNK was entitled to raise debit notes on ABNL on account of loss of business and profit. ABNL has disputed RNK's claims and has returned the debit notes to RNK. RNK has claimed that even though the nomenclature of the agreement signed between RNK and ABNL was that of a hire purchase, in reality RNK were at all material times the owners of the vehicles. RNK has further contended that the claims of ABNL are false and frivolous and should be dismissed and has prayed for an award declaring that RNK are the owners of the vehicles and for an order to ABNL to return the vehicles. Arbitration proceedings have not yet concluded.

4. There are 212 other arbitration proceedings initiated by ABNL at various forums in the country aggregating to Rs. 19.62 million.

Disclosures in relation to other litigations involving RNK

1. In relation to one of the eight cases under Section 138 of the Negotiable Instruments Act, 1881 filed by BGFL against RNK, Mr. Kamal Kumar Kedia and Mr. Vishal Kedia, directors of RNK have filed an application on September 20, 2005 for initiating proceedings for prosecution of BGFL for contempt under Section 195 of Cr.P.C. before the Court of the Metropolitan Magistrate at Andheri, Mumbai. This case is pending for disposal.

2. There are two writ petitions filed by Sumaya Auto wherein BGFL and RNK are the counter parties. There is one writ petition filed by BGFL wherein RNK and Sumaya Auto are the counter parties. These cases are included in the aggregate number of civil cases filed by and against ABNL. The details of the writ petitions are as follows:

   RNK had taken finance facility in the form of hire purchase and loan from BGFL (now merged with ABNL). Thereafter, due to defaults on RNK's part, BGFL repossessed the vehicles as per the provisions contained in the hire purchase and loan agreements. Out of the vehicles repossessed by BGFL, 5 vehicles were sold to M/s. Sumaya Auto. Subsequently, M/s. Sumaya Auto got the said vehicles transferred in their own name. Due to this, RNK made an application before the Deputy RTO (PEN), which passed its order dated May 21, 2001 canceling the transfer of vehicles to M/s. Sumaya Auto.

   The said order was challenged through a writ petition before the High Court of Bombay by Sumaya Auto. Also, RNK preferred an appeal against the said order before the Deputy Transport Commissioner, which through its order dated December 6, 2001 negated the charge in favour of BGFL and made RNK sole owner of the 5 vehicles. This order dated December 6, 2001 was challenged by both BGFL and Sumaya Auto through two separate writ petitions before the High Court at Bombay. The learned single judge of Bombay High Court passed a common order dated June 7, 2002, in all three writ petitions, wherein a court receiver was appointed and Sumaya Auto was made the agent of the court receiver to be in possession of the vehicles without any security and royalty. This order was appealed by RNK under three letter's patent appeal before the division bench of High Court at Mumbai. The said division bench through its order dated July 31, 2003 upheld the order dated June 7, 2002. Thereafter, RNK preferred a special leave petition before the Supreme Court of India, which was summarily dismissed vide order dated December 3, 2003.

3. There is a police report which refers to BGFL, in the matter of investigation of transfer of vehicles to Sumaya Auto, based on a criminal complaint filed by RNK. BGFL is not named in the FIR. Two ex-employees of BGFL were named in the police report who have applied for, and been granted, anticipatory bail.

4. ABNL has received orders from the Chief Controlling Revenue Authority, Maharashtra, Pune and Office of the Collector of Stamps, Mumbai, in relation to deficient stamp duty and penalties on agreements executed between RNK and BGFL. Deficient stamp duties and penalties have been paid vide demand drafts addressed to Superintendent of Stamps, Mumbai.

5. The statutory auditor of the erstwhile BGFL and ABNL received a letter from RNK's lawyers alleging fraud not disclosed in the BGFL auditor report for financial year March 31, 2005.

6. There is allegedly an appeal filed by RNK in the High Court of Gujarat in relation to the amalgamation order of the High Court of Gujarat in respect of ABNL and BGFL.

Complaints before SEBI

Ramniranjan Kedia Tourism Services Private Limited ("RNK") had issued three letters dated October 10, 2006, October 13, 2006 and October 30, 2006, inter alia to SEBI alleging that there were certain proceedings involving RNK which were not included in the draft letter of offer filed with SEBI. ABNL filed replies with SEBI providing its response to the allegations made by RNK.

Appeal before the Securities Appellate Tribunal

1. RNK has filed an appeal before the Securities Appellate Tribunal (SAT) No.145 of 2006 in relation to the issue of observations by SEBI on the draft letter of offer and non disclosure of the details of the various litigations involving RNK. The appeal was heard on December 21, 2006. The Tribunal admitted the appeal but no stay was granted.

   Being aggrieved by the order of SAT refusing to grant a stay, RNK filed writ petition No. 25 of 2007 before the Bombay High Court against the Union of India and others, including ABNL. Bombay High Court vide order dated January 12, 2007 dismissed the writ petition.

2. Vocation Investment & Finance Company Private Limited, Naresh Pachisia and Pachisia Mercantile Company Limited (the "Appellants") have filed an appeal No.18/2007 under Section 15T of the SEBI Act, 1992 against ABNL and SEBI (the

'Respondents") before the Securities Appellate Tribunal, Mumbai. The appeal has been filed against the observation card/ order dated November 20, 2006 issued by SEBI allowing ABNL to proceed with its Rights Issue on the basis of the Letter of Offer dated December 15, 2006 (the "LoF"). The Appellants have alleged that the LOF contains false and inadequate disclosures in relation to statement of accounts for the period ended September 30, 2006, litigations and risks. There are several litigations pending by and against ABNL involving Raminiranjan Kedia Tourism Services Private Ltd. and its directors Vishal Kedia and Kamal Kedia ("RNK"). The Appellants are shareholders of the ABNL and claiming to be a personal friends of Vishal Kedia. The Appellants have alleged that the LOF contains false and inadequate information and that SEBI issued its order disregarding the complaints of RNK. The Appellants have further alleged that the Draft Red Herring Prospectus filed by Idea Cellular Limited has not disclosed litigations between the ABNL and RNK as disclosed in the LOF.

The Appellants have requested the Tribunal to set aside the order passed by SEBI on November 20, 2006 and disallow the ABNL to proceed with its Rights Issue. The Appellants have further requested the Tribunal to direct SEBI to take appropriate action against the ABNL in accordance with law, cost of the instant proceedings to be awarded to the Appellants and any such orders in favour of the Appellants for the protection of interest of investors. The Appellants have also prayed for interim relief of staying the impugned order of SEBI and proposed Rights Issue of the ABNL pending the adjudication of this appeal. The matter is fixed for hearing on 24th January, 2007.

Hindalco Industries Limited ("Hindalco")

Criminal cases

Criminal cases filed against Hindalco

1. The Central Excise Department, Madurai has launched prosecution in CCZ26/99 against Indal and Mr. A. Jayagopal, Manager, Indal for alleged evasion of excise duty in the Sessions Court, Madurai. Indal filed an application under Section 482 of the Code of Criminal Procedure, 1973 (hereinafter referred to as "CrPC") in Crl 17682/02 in the Madras High Court to quash the said proceedings. A stay order with respect to the proceedings in the Sessions Court has been granted by the Madras High Court on July 26, 2002. The proceedings in the High Court have been transferred to the Madurai bench. The next date of hearing has not been listed.
2. The State of Jharkhand has filed case bearing No. Crl 83/ 92 in the Court of the Sessions Judge, Ranchi in relation to private land transfer in the Lohardaga. The case has been filed against the former Mines Manager of the Hindalco, Mr. A C Julka. Proceeding has commenced in the Court of the CJM, Gumla. Mr Julka will appear in the Court on dates as will be fixed by the Court from time to time. Lohardaga unit of Hindalco is taking required steps.
3. Deolal Sahu has filed a case bearing compensation case No. 216/99 against Hindalco on December 8, 1999 in the Court of the additional District and Sessions Judge, Lohardaga under Section 140 of the Motor Vehicles Act for compensation of Rs. 25,000 due to loss caused in a jeep accident. The matter is pending for hearing in the Court. The next date of hearing is yet to be listed. Petition U/s 140 of the Motor Vehicles Act for interim relief decided in favour of the Claimant. This matter is now pending for hearing on main petition U/s166 of the Motor Vehicles Act. The claim amount is Rs. 0.3 million.
4. The Mining Officer, Lohardaga, Jharkhand has filed criminal case No. 1/1999 in the Sessions Court against Hindalco for alleged encroachment of public road in the mines. Hindalco moved the Jharkhand High Court in Crl Misc No. 8892/1999. The matter is pending in the High Court. The next date of hearing has not been listed. The Deputy Commissioner, Lohardaga has filed separate proceedings in relation to the alleged encroachment, which was decided against Hindalco. Hindalco appealed against the aforesaid order to the Commissioner, which was also rejected. Hindalco has filed Writ Petition No. 3/2002 in the High Court of Ranchi against the aforesaid order of the Commissioner. The matter is pending.
5. The District Forest Officer, Kolhapur has filed a criminal case No. 78/1998 in the Radhnagiri Court, Maharashtra against the Mines Manager and others for alleged breach of forest laws while mining. The matter is pending.
6. The Inspector of Factories launched prosecution against Hindalco in Crl No. 15240/87 in the Court of the Magistrate, Thane under the Factories Act, 1948 for failing to appoint a Welfare Officer as required by the statute. The matter is pending.
7. The Inspector of Factories filed criminal prosecution in Crl. No. 893/1988 under the relevant provisions of the Factories Act, 1948 against Hindalco pursuant to an explosion in the powder Section of the Kalwa plant. The said matter is pending in the Court of the Chief Judicial Magistrate, Thane.

8. Bitain Nagesia and Sangeeta Nagesia have filed compensation case No. 24/04 and 27/04 respectively against Hindalco in the Court of the District and Sessions Judge, Lohardaga under Section 140 of the Motor Vehicles Act claiming a compensation of Rs. 50,000 on account of the fact that their family member was killed in a motor accident caused by a dumper truck belonging to Hindalco. The matter is pending for appearance of the claimants' witnesses.

9. R. N. Tiwari and dismissed Badli workmen of Potroom Plant II have filed Crl.Misc. No. 5479/2000 against Hindalco, the State and others in the Allahabad High Court. Before this, a criminal complaint No.2361/99 was filed by Hindalco against the said R.N. Tiwari under Section 630 of the Companies Act, 1956 in the Court of the Spl. CJM, Allahabad on grounds of encroachment of land of Hindalco. The concerned workman challenged the maintainability and proceedings of the said case by challenging summoning order dated September 25, 1999 in Criminal Revision No. 116/2000 before the Sessions Judge Allahabad, which was rejected by the Court vide order dated July 25, 2000. Aggrieved by the said order, he filed the present petition under Section 482 of the Criminal Procedure Code challenging the orders dated September 25, 1999, July 25, 2000 and January 6, 2000 passed by the Sessions Judge, Allahabad. The High Court of Allahabad stayed the proceedings in Case No. 2361/99 vide order dated October 10, 2000. Counter has been filed. The matter is pending.

10. Ram Lal Rajbhar has filed a Criminal Miscellaneous Petition No. 4301/2001 against the State of Uttar Pradesh and Hindalco in the Allahabad High Court challenging the order of the Additional Sessions Judge, Allahabad in criminal revision No. 1801/2001 which went against the Petitioner. The petitioner, formerly a workman in Hindalco, was the accused in Crl. Complaint No. 2360/99 filed in the Court of Spl. CJM Allahabad under Section 630 of the Companies Act by Hindalco on the grounds that the concerned workman encroached upon Hindalco's land after his dismissal. He challenged the summoning order dated September 25, 1999 and the maintainability of the same in criminal revision 1801/2001 before Addl. Session Judge, Allahabad on the ground that the land in question has been purchased by his wife and she is in possession over the land as owner. The said revision was rejected by the Court vide order dated July 25, 1999. Aggrieved by the order of Addl. Session Judge Allahabad, the petitioner has filed the instant case. The wife of Ram Lal Rajbhar has also filed a civil suit No. 25/93 before Civil Judge (Senior Division), Sonbhadra, which is pending. The High Court vide its interim order dated August 16, 2001 stayed the proceedings before the magistrate. A counter affidavit has been filed in this regard, but no rejoinder has been filed. The matter is pending.

11. The State of Uttar Pradesh has filed Criminal Case No. 569/90 before the Munsif-Magistrate, Dudhi against I.N. Kapoor, who is the Factory Manager of the Renusagar Power Division on the grounds of non-compliance of standing orders of Hindalco in respect of classification of workmen, termination of service and notification on notice board of the name of officers appointed for granting leave of absence to workmen. The said I.N. Kapoor has filed Cri. Misc. App. No. 14722/92 in the Allahabad High Court. The High Court has issued a stay order staying the proceedings in 569/90 vide order dated November 18, 1992. The matter has not been listed for further hearing.

12. The State of Uttar Pradesh has filed Criminal Case No. 1834/91 before the Munsif-Magistrate, Dudhi against the Mr. I.N. Kapoor and Mr. S.S. Kothari as Occupier of the Renusagar Power Division for non-compliance rules relating to methods of work as prescribed and causing the fatal accident of Late Prabhat Chander Sharma on April 10, 1990. Mr. Kothari and factory manager of Hindalco have filed Cri. Misc. App. No. 14721/92 in the Allahabad High Court, which has issued a stay order staying the proceedings in 1834/91 vide order dated November 18, 1992. The matter was not listed for further hearing.

13. The State of Uttar Pradesh has filed Criminal Case No. 1866/91 against Mr. I.N. Kapoor and Mr. S.S. Kothari for non-compliance of Sections 7 (A) and 36 of Factories Act and U.P. Rules 1950 leading to the fatal accident of Late Shankar Dayal Sharma on December 13, 1990. Mr. Kothari and factory manager of Hindalco have filed, Cri. Misc. App. No. 14736/92 in the Allahabad High Court, which has issued a stay order staying the proceedings in 1866/91 vide order dated November 18, 1992. The matter has not been listed for further hearing.

14. The State of Uttar Pradesh has filed case No. 3658/2003 in the Court of the CJM, Sonbhadra at Robertsganj against Colonel Pushpendra Singh and others on the grounds that on May 24, 2003, the accused, who are security guards in Hindalco attacked some miscreants who were attempting to hinder the task of repairing the boundary wall of Hindalco. Cross FIRs were filed by both sides. A charge sheet against Hindalco Security Officers was filed under Sections 147, 148, 149, 307, 504, 506 and 427 of the I.P.C. The CJM, vide order dated August 5, 2003 issued summons to the said security officers. Against this order, Hindalco Security Officials filed Criminal Revision No. 3194/2003 before the Allahabad High Court, which vide its order dated November 5, 2003 stayed the operation of order dated August 5, 2003 passed by CJM. Against this order, Hindalco Security Officials filed writ petition No 3057 of 2003, which vide its order dated June 5, 2003 stayed the

operation of order dated August 5, 2003 passed by CJM. By order dated July 12, 2004 the matter before the High Court is to be listed in next cause list. The stay order issued in criminal revision has been extended until the hearing of the writ petition. At present the proceedings of the case at CJM court has been stayed and matter before the High Court is to be listed in next cause list. The criminal revision is pending before the High Court at Allahabad. In a related case, the Civil Judge (Junior Division) Sonebhadra, has passed an ad interim injunction against the interference with the property of Hindalco against the respondents in the abovementioned petition. This matter has been decided in Hindalco's favour on May 31, 2005. The criminal writ petition is still pending before the High Court of Allahabad.

15. The State of Uttar Pradesh has filed case No. 1484/94 against K.K. Rathi in the court of the C.J(JD)-Dudhi. The matter arose because the security guard Tribhuvan Singh killed a Kabari by firing at him with a company gun. He was acquitted by Sessions Court on December 22, 1993. A criminal case was subsequently filed against K.K.Rathi , who is the licensee of the gun on behalf of Hindalco. The Court of CJM,-Sonbhadra vide order dated March 19, 1991 summoned K.K. Rathi for appearance before the court. K.K. Rathi filed Criminal Revision No. 454/91 before the High Court at Allahabad against this order of summons by the CJM and for quashing of proceedings. The High Court at Allahabad vide order dated October 7, 1995, stayed the operation of the order of CJM exempting personal appearance before the court. The order is effective until date and case is pending before Munsif, Dudhi for trial.

16. The State of Jharkhand has filed Case No. F 23/99 against N.K.Birla and twelve others of Manduapat Mines on July 16, 1999 in the Court of the SDJM, Lohardaga under Sections 26 and 63 of the Indian Forests Act and 2, 3A, and 3B of Forest Conservation Act for illegal mining and loading of illegally mined out bauxite on a truck from expired lease area of Manduapat mines on the instructions of N.K.Birla and the Mines Manager. A criminal miscellaneous No.7767/99(R) was filed by the accused in the Jharkand High Court to pray for the quashing of the said proceedings in the SDJM on October 12, 1999. The Cr. Misc was heard and admitted on April 18, 2000, whereby the High Court stayed the proceedings of lower court. The last scheduled date for hearing was November 21, 2006. The matter is pending.

17. The State of Jharkhand has filed a case in C I 12/2001 in the Court of the CJM, Gumla against R. Mishra and others of Gurdari mines on February 18, 2001 under Section 33, 41 and 42 of Indian Forests Act for illicit felling of Sal Tree and loading on Dumper. The Court is awaiting sanction of D.F.O. because the forest department had only sent the offence report in the court of CJM for information of the case. The CJM can take cognizance only after sanction of D.F.O, which is still awaited.

18. The State of Jharkhand has filed a case in C I 43/2001 in the Court of the CJM, Gumla against Aikat and others of Jalim and Sanai Mines and others on May 9, 2001 under Section 33 of the IF Act on the grounds of illegal mining from Jalim P. F. Plot No.562, outside lease area and loading on a Truck. On February 20, 2002, Hindalco filed a quashing petition No. Cr.M.P. No.252 of 2002 in the Jharkhand High Court at Ranchi which was heard and admitted on July 29, 2002 whereby the Court stayed the proceedings of lower Court. Now the quashing petition is pending at Jharkhand High Court at Ranchi for final hearing. The last scheduled date for hearing is January 17, 2007. The matter is pending.

19. The District Forest Officer Ranchi West Division has filed two confiscation cases in No. 7/2000 against V.K. Agarwal on February 18, 2001 and 1/2005 against G.M.(M.O) and others on March 3, 2005 under Section 52 of the IF Act on the grounds of illegally loading firewood from forest area on a Dumper and alleging Forest offence under 33 of I.F.Act and 2 of F.C.Act committed by using Dumpers respectively before the District Forest Officer, Ranchi. 7/2000 is pending for hearing in District Forest Officer Court, Lohardaga. With respect to the matter bearing No. 1/2005, Hindalco had filed W.P.(Cr) No.146/05 in the Jharkhand High Court, Ranchi on April 19, 2005 against the order dated March 3, 2005 of the District Forest Officer. This writ petition was partly heard on May 12, 2005 and the High Court ordered to stay the confiscation proceedings of case No.01/05 pending in the court of District Forest Officer. Now the writ petition is pending in High Court for further hearing.

20. The State of Jharkhand has filed case No. C I 06/05 against A.K. Sinha and others on February 26, 2005 u/s. 33 of I.F.Act and Sec.2 of F.C.Act in the Court of the CJM, Gumla on the grounds that the said AK Sinha and others were constructing a road in Kathupani P. F. of Gurdari after clearing bushes. The CJM is awaiting sanction of District Forest Officer as he cannot take cognizance of the offence without the sanction of the District Forest Officer.

21. Sri Radhey Shyam, who was a worker in the Industrial Engineering Department (painting Section), died due to a fall from a height of 20 feet on March 27, 1978 on the factory premises. The factory Inspector made the necessary investigations and launched a prosecution case No. 665/80 in the Court of the Judicial Magistrate Dudhi against D.N Himmatramka as the occupier of the Factory on grounds of violation of several provisions of the Factories Act. The Magistrate decided the matter in favour of the said D.N. Himmatramka vide order dated May 20, 1981. The State has filed an appeal against the said order in GA No. 2764/81 in the High Court of Allahabad. The matter is pending before the High Court.

22. R.P. Chaubey has filed criminal application No. 2466/2004 under Section 482 of the CrPC in the Allahabad High Court. The matter is relating to the death of Amrit Chaubey, an employee of Hindalco on October 17, 2001 who met with a fatal accident in Remelt shop. The brother of the deceased employee, filed an application under Section 156(3) of Criminal Procedure Code in the Court of CJM, Sonbhadra stating that the Crane Operator R.P. Chaubey deliberately caused the death of the deceased in collusion with Senior officials of Hindalco and therefore, directions be issued for registration of case by Police for investigation. By order dated December 24, 2001, the CJM directed the Police to investigate the matter. A criminal misc application No 4886 was filed by Hindalco before the CJM, Sonbhadra. Allowing the application, the judge stayed the arrest of the accused until the police had filed a report under Section 173(2) of the Criminal Procedure Code. On the basis of the investigation report, the Police registered a chargesheet only against the applicant and exonerated the other named officers of Hindalco on January 17, 2002. Subsequently, case No. 2046/02 was registered under Sections 287 and 304A of IPC against Shri R.P. Chaubey in the Court of CJM, Sonbhadra. R.P. Chaubey filed Application No. 2466/2004 under Section 482 of the Criminal Procedure Code challenging the registration of the chargesheet. The Court, vide its order dated March 26, 2004 has stayed the proceedings in the case No. 2046/2002 pending before CJM Court, Sonbhadra until further orders. A counter affidavit has been filed by the Respondent No. 2, Shri Nagehswar Chaubey in the month of May 2004. Hindalco filed its rejoinder affidavit in the second week of July 2004. The matter is pending before the High Court at Allahabad.

Criminal cases filed by Hindalco

1. Hindalco has filed case No. 2360/99 against an ex-employee Ram Lal Rajbhar on September 9, 1999 before the Court of Special Chief Judicial Magistrate (Spl CJM), Allahabad under Section 630 of the Act on grounds of encroachment of company's land and unauthorized construction by the accused, who was dismissed from service by Hindalco. The special CJM issued summons to the accused. Against this summoning order Ramlal filed Criminal Misc. Appl. No. 4301/2001 u/s 482 Criminal Procedure Code before the High Court of Allahabad. The High Court vide order dated August 16, 2001 stayed the proceedings before the Special C.J.M. Hindalco has filed a counter affidavit in this regard, but no rejoinder has been filed. The matter was last listed on October 6, 2004 and has not been listed since then.
2. Hindalco has filed case No. 2361/99 against Rabindra Nath Tiwari on September 9, 1999 in the Court of Special. Chief Judicial Magistrate, Allahabad under Section 630 of the Companies Act on grounds of encroachment of company's land and unauthorized construction by the accused, who was dismissed from service by Hindalco. The Magistrate Court issued summons to the accused. The accused filed Criminal Misc. Appl 5479/2000 before the Allahabad High Court- against this summoning order. The High Court has issued a stay order dated October 10, 2000 in this case. The matter is pending.
3. Hindalco has filed case number 125/89 in the Court of the Special Chief Judicial Magistrate, Allahabad on March 28, 1989 under Section 630 of the Companies Act against Thakurji Pandey who was dismissed from services on November 16, 1988. The case was filed on the grounds that he failed to vacate the quarters allotted to him. The court issued summons for appearance of the accused. Against this order, the accused filed Criminal Misc. Appl. No. 3761 of 2000 in the Allahabad High Court for cancellation of complaint and obtained a stay order against trial court proceeding•. The said writ petition was dismissed ex-parte. The stay order granted in Criminal Misc. Appl. No. 3761 of 2000 for stay of trial court proceeding was vacated by an order dated November 27, 2003. The said order has been filed before the Special Chief Judicial Magistrate Allahabad. At present the proceedings before the Court of Special Chief Judicial Magistrate Allahabad have started. The matter is scheduled for hearing on January 29, 2007. The case is pending.
4. Hindalco has filed case number 673/93 under Section 630 of the Companies Act in the Court of the Special Chief Judicial Magistrate (Spl CJM) on October 29, 1993 against Shivajee Singh, who was dismissed from services on April 10, 1993. The case was filed on grounds of failure to vacate quarters allotted to him upon dismissal from service. The said Shivajee Singh filed a Writ Petition in the Allahabad High Court for cancellation of complaint on April 12, 1994 and obtained stay. The said Writ Petition was dismissed on May 16, 1997. He also filed Criminal Misc. Application No. 1083 of 1999 and obtained stay order. The appeal was dismissed by an order dated January 27, 2003, which was filed before the Special CJM. Shivajee Singh appeared before the Court. A non-bailable warrant has been issued against the accused and the next date of hearing has been fixed for January 18, 2007.
5. Hindalco has filed four cases bearing nos. 735/94, 171/95, 46/96 and 49/96 against former employees of Hindalco in the Court of the Special CJM, Allahabad under Section 630 of the Act on the grounds of failure to vacate houses allotted to

them despite being dismissed from service. In each of these cases, the Court has recorded Hindalco's statement and has issued a non-bailable warrant against the accused persons. The case No. 735/94 has been decided in Hindalco's favour.

6. Hindalco has filed three cases bearing number 301/97, 222/94 and 2359/99 against former employees of Hindalco in the Court of the Special CJM, Allahabad under Section 630 of the Act against on grounds of encroachment of Company's land and unauthorized construction. In each of these cases, Hindalco's statement has been recorded and the accused has appeared before the Court. Non-bailable warrants have been issued against the accused in both the cases and the matters are due to come up for hearing on January 28, 2007.

7. Hindalco has filed two cases No. 1860/98 and 1867/98 against former employees of Hindalco under Section 630 of the Act in the Court of the Special CJM, Allahabad on grounds of failure to vacate quarters allotted to them despite being dismissed from service. In both these cases, Hindalco's statement has been recorded and non-bailable warrants have been issued for the appearance of the accused. The matters are pending.

8. Hindalco has filed case No. 273/2001 in the Court of the Special CJM, Allahabad on March 20, 2001 under Section 630 of the Act against Mustafa Khan on grounds of failure to vacate the house allotted to him despite being terminated from service. Hindalco's statement has been recorded and the accused has made application challenging maintainability of case. The case is due to come up for disposal on March 30, 2007.

9. Hindalco has filed case number 801/2001 on May 30, 2001 against Smt. Nirmala Singh under Section 630 of the Companies Act in the Court of the Special Chief Judicial Magistrate, Allahabad on grounds of failure to vacate premises allotted to her late husband by Hindalco despite the death of her husband. Hindalco's statement has been recorded and summons have been issued to the accused. The accused has not yet appeared before the Court. Next date of hearing is February 2, 2007.

10. Hindalco has filed four cases No. 2809/2002, 3859/2002, 1865/2003, and 412/2005 against former employees of Hindalco under Section 630 of the Act in the Court of the Special CJM, Allahabad on grounds of failure to vacate houses allotted to them despite being dismissed from service. In 2809/2002 and 3859/2002, summons have been served on the accused. In 412/2005, Hindalco's statement under Section 200 of the Criminal Procedure Code and summons have been issued to the accused. In case No. 2809/2002 and Case No. 3859/2002 the matter is pending for the appearance and recording of statement of the accused. In 412/2005, Hindalco's statement under Section 200 of the Criminal Procedure Code and summons have been issued to the accused. The accused has filed Criminal Misc. Appl. No. 7120/2005 under Section 482 for quashing the whole proceedings of company's complaint No. 412/2005 before the Allahabad High Court which has issued notice fixing September 27, 2005 for the disposal aforesaid application. In Case No. 1865/03 the statement of Company has been recorded and January 18, 2007 has been fixed for appearance of the accused.

11. Hindalco has filed case No. 1124/2003 in February, 2003 against Vinod Kumar under Section 630 of the Companies Act in the Court of the Special CJM, Allahabad on grounds of failure to vacate the house allotted to him despite being dismissed from service. The accused filed a Criminal Misc. Appl. No. 5227/2004 under Section 482 of the Code of Criminal Procedure before the High Court-Allahabad for quashing the proceedings. The High Court has granted stay order, whereby the proceedings of the trial court have been stayed. This matter is pending before the High Court, Allahabad.

12. Hindalco has filed two cases bearing No. 1659/2002 and 1864/03 against former employees of Hindalco under Section 630 of the Act in the Court of the Special CJM, Allahabad on grounds of failure to vacate the houses allotted to them despite having resigned from Hindalco. In 1659/2002, Hindalco's statement has been recorded and summons have been issued. The accused has not appeared in both the cases. In case No. 1864/2003 court has fixed January 22, 2007 for the appearance of the accused. The next hearing of matter No. 1659/2002 is scheduled on March 3, 2007.

13. Hindalco has filed four cases bearing No. 1424/2004, 303/2005, 416/2005 and 415/2005 against former employees of Hindalco under Section 630 of the Act in the Court of the Special CJM, Allahabad on grounds of failure to vacate the houses allotted to them despite having retired from Hindalco. In each of these cases, Hindalco's statement under Section 200 of the CrPC has been recorded. These matters were due to come up for hearing on August 6, 2005. In case No. 1424/2004 court had fixed January 22, 2007 and in Case No. 303/2005 January 11, 2007 for hearing. The matters are pending. Case No.416/2005 has been disposed of on July 26, 2006 and Case No. 415/2005 has also been disposed off as the accused has vacated Hindalco's quarters.

14. Hindalco has filed two cases No. 1982/2003 and 1984/2003 against former employees of Hindalco on grounds of failure to vacate the houses allotted to them despite having retired from Hindalco under Section 630 of the Companies Act in the Court of the Special CJM, Allahabad. Summons have been issued to the accused in this regard. The matters are pending.

15. Hindalco has filed case No. 704/2005 in June 2005 against Renu Singh and others under Section 630 of the Act in the Court of the Special Chief Judicial Magistrate, Allahabad on grounds of encroachment of Company land and unauthorized construction. An earlier case bearing number 2450/99 was filed on September 25, 1999 against one S. P. Singh, who was dismissed from services of Hindalco. The said case abated due to the death of the said S.P. Singh. Therefore a fresh case was filed against his legal heirs. Hindalco's statement has been obtained under Section 200 of the CrPC and summons have been issued to the accused. The next date of hearing is February 5, 2007 for the appearance of the legal heirs of the original accused.

16. Hindalco has filed case number 3861/2002 on November 16, 2002 against Vijai Kumar Singh under Section 630 of the Act in the Court of the Special Chief Judicial Magistrate, Allahabad on grounds of failure to vacate quarters despite expiry of sanction. The summons were not served as the said quarters were locked. The accused filed a Criminal Misc. Application No. 5229/2004 u/s 482 Cr. P.C for quashing the proceedings under company's complaint No. 3861/2002. The High Court has granted a stay, which is presently in force and the matter is pending.

17. Hindalco has initiated proceedings in Cr. Misc. No.7767/99(R) against the State of Bihar and Cr.M.P. No.252/02, Cr.M.P. No. 1100/02 and W.P.(Cr.) No. 86/2004 against the State of Jharkhand in the Jharkhand High Court, Ranchi under Section 482 of the CrPC for quashing criminal proceedings commenced against Hindalco and its personnel in several cases, namely forest case No. F23/99, forest case No. C I 43/01, G.R. No.274/00 and order dated February 20, 2004 (including the cognizance order) made by District and Sessions Judge, Lohardaga in Cr. Rev. No.01/03. In Cr. Misc. No.7767/99(R), Cr.M.P. No.252/02 and W.P.(Cr.) No. 86/2004, the Court heard and admitted the applications and stayed the proceedings of the lower Court on April 18, 2000, July 29, 2002 and September 2, 2004 respectively. In Cr.M.P. No.1100/02, hearing of the matter is pending before the High Court and on August 8, 2003, the High Court passed an order not to take any coercive steps against Hindalco. The cases are pending for final hearing in the High Court. WP No. 86/2004 has been disposed of in favour of Hindalco.

18. Hindalco has filed WP (Cr) 146/05 on April 19, 2005 and W.P. (Cr.) No. 204/05 on June 20, 2005 in the Jharkhand High Court for quashing of criminal proceedings in confiscation case No. 01/05 and for quashing order dated April 13, 2005 passed by DFO West Division, Lohardaga whereby the authority had directed Hindalco to surrender the vehicle within a week in WP (Cr) 146/05 and for quashing of order dated May 28, 2005 passed by the A.D.J., Lohardaga in Cr. Rev. No.04/03 and also for quashing for entire criminal proceedings and cognizance order in Forest case No. 17/02, as the case is time barred in W.P. (Cr.) No. 204/05. In the first matter, the Court heard the matter on May 12, 2005 for issue of notice to opposite party and stayed the proceedings in the lower court. WP No. 204/2005 has been disposed of in favour of Hindalco in December 2005.

19. The State of Uttar Pradesh has filed three cases against one Sarvjeet Singh for offences committed as a worker of CITU in the Court of the Chief Judicial Magistrate, Robertsganj on the basis of complaints made by Hindalco. Case number 2656/ 2001 has been filed on the grounds of having attacked the houses of Shri G.P. Singh, Dy GM (PandIR) and Shri T.C. Prasad, Chief Engineer (Oprn) and Case No. 3578/94 and Case No. 2683/2001 have been filed on grounds of forcible occupation of Control Room (Plant) by CITU. All the said matters are pending and are posted for evidence by witnesses. All the aforesaid matter are pending before the Court of the Chief Judicial Magistrate, Robertsganj.

20. Hindalco has also filed Case No. 3579/94 against Vinod Tiwari in the on the basis of a complaint made by Hindalco on grounds of having attacked the houses of Shri G.P. Singh, Dy GM (PandIR) and Shri T.C. Prasad, Chief Engineer (Oprn). The said matter is pending with a hearing every month. The matter is pending for evidence by witnesses.

21. Based on a Complaint made by Hindalco, the State of Uttar Pradesh has filed case number 2708/94 against Tarkeshwar Ojha (Parasi Village) on grounds of Blockade of road near village Parasi and Gherao of Mr. C.P. Harlalka, Vice President, Mr. V.K. Sharma, Vice President and Mr. I.N. Kapoor, Factory Manager on November 20, 1991 and Case No. 2740/94 against R. Antony on grounds of Criminal assault on Shri I.N. Kapoor, Factory Manager on April 3, 1991 in the Court of the Chief Judicial Magistrate, Robertsganj. The cases are pending and are posted for hearing almost every month. Both these matters are pending.

22. The State has filed Case No. 49/92, 4786/94, 67/99 against Tarkeshwar Ojha and other CITU activists in the Court of the Munsif Magistrate, Dudhi on grounds of threatening and abusing Shri D.R. Mishra, Assistant at Time Office. The said matter is pending.

23. Cases bearing No. 2021/2000 and 2022/2000 are cross cases of each other filed in the Court of the CJM, Sonbhadra under Section 323 read with 147 of the I.P.C as a result of an assault that took place on the night of October 3, 1999 between company's security guards and encroachers over company land. Evidence of six prosecution witnesses has been concluded. The case is listed on January 12, 2007 for the remaining prosecution evidence. The matter is pending.

24. The State of Uttar Pradesh has filed case No. 4788/2004 against one Shiromani in the Court of the CJM, Sonbhadra. The cause of action arose when Hindalco Gypsy Jeep, while on official duty, met an accident on September 11, 2004 near Robertsganj, which was rashly hit by a Truck that was being driven by Shiromani, (the accused in the present case) resulting injury to Hindalco driver. A chargesheet has been filed against the Truck driver under Sections 279, 337, 338 and 427 of the I.P.C. The case is listed for appearance of the accused on January 17, 2007.

25. Criminal case No. 4494/99 has been filed before the Sessions Judge, Bangalore against Agents Aluminium Company Ltd. for the recovery of Rs 3.7 million. An order was passed in favour of Indal in 2004. The opposite party has preferred an appeal.

26. Criminal case No. 147/98 has been filed before the Sessions Court in Hyderabad against Zephyr Containers Pvt. Ltd. involving Rs. 1.4 million. The trial court has decreed the matter in favour of Hindalco The opposite party has appealed this decision.

27. S. S. Kothari, director of Hindalco and another officer of Hindalco have filed Criminal Miscellaneous Application No. 15369/92 under Section 482 of the CrPC in the High Court of Allahabad against the Munsiff Magistrate, Dudhi and the Additional Inspector, Factories, Dudhi praying for the quashing of proceedings in complaint case No. 1819/81pending on the file of the Munsiff Magistrate, Dudhi. The said proceedings in complaint case No. 1819/1981 were filed under various Sections of the Factories Act alleging that the employees of a dairy in Hindalco were not included on the rolls and were not given leave cards. The High Court stayed the proceedings before the Magistrate. The matter is pending and there have been no further orders as to listing.

28. Hindalco has filed W.P. (Cr.) 5633/04 against Hindalco in the High Court at Ranchi against the order of D.C. Latehar dated July 24, 2004 which directed Hindalco to pay five times penalty of the deficit amount paid towards stamp duty on the deeds executed in the year 1999. The High Court, vide stay order dated October 15, 2004, directed the D.C. Latehar not to take coercive step against the petitioner company. The matter is pending before the High Court.

29. Hindalco has filed thirty three cases under Section 138 of the Negotiable Instruments Act, 1881 amounts aggregating Rs. 11.49 million.

30. Hindalco has filed a criminal case under Sec. 138 read with Sec. 141 of the Negotiable Instruments Act, 1881, No. 6185 of 2003 before Chef Metropolitan Magistrate, Calcutta against the Directors of M/s Elford Edwards Pvt. Ltd. , Kolkata . The service of summons on the accused is complete and the Court will proceed according to law on the next date of hearing. The next date of hearing is yet to be fixed.

Labour disputes

Labour cases filed against Hindalco

1. Thirty six contract workers at the Taloja plant canteen filed ULP No. 637 of 1998 in the Industrial Tribunal, Thane claiming permanence of employment. The Industrial Court passed an order dated February 16, 2004 rejecting their complaint and the contact laborers moved Bombay High Court vide appeal No. 2999 of 2004.The High Court has granted a stay against the order of the Industrial Tribunal. The case is pending final hearing at the Bombay High Court. Hindalco meanwhile, has filed Writ Petition No. 573/04 challenging the notification dated October 10, 2003 issued by the Government of Maharashtra due to which engagement of contract labour in the canteen of Taloja plant had to be abolished. The matters are pending in the Bombay High Court along with the above matter.

2. A workman at the Belgaum plant was dismissed for sabotage and filed a petition No. 39617 in the Karnataka High Court claiming reinstatement with back-wages amounting to approximately Rs. 1.5 million. The case is pending at the Karnataka High Court.

3. Hindalco declared a lock-out on April 29, 1980 as a consequence of an illegal strike by issuing a notice of lockout. Thereafter the Labour and Conciliation Officer issued a notice dated April 30, 1980 commencing conciliation proceedings and as the conciliation ended in a failure, a failure report was sent to the Government of Karnataka which passed an order of reference

dated June 10, 1980 referring the dispute to the Industrial Tribunal, Hubli for adjudication. The tribunal passed an award dated December 14, 1999 holding that Hindalco was justified in declaring the lockout and that the workmen were not entitled to any wages. The Indal Potroom Workers Union challenged the award of the Industrial Tribunal by filing W.P. No. 6339 of 1991. The learned Single Judge passed an order dated February 7, 2005 reversing the findings of fact recorded by the tribunal and declared that the lockout declared by Hindalco was illegal and unjustified and directed Hindalco to pay 50 per cent wages for the period of lockout. Hindalco has filed a writ appeal No. 2104 of 2005 before the Karnataka High Court against this order dated February 7, 2005. Certain workmen at the Belgaum plant were dismissed in connection with the lockout in 1980 and filed WP No. 2549/2005 and 32819/02 in the Karnataka High Court claiming reinstatement with back-wages amounting to approximately Rs. 4.5 million. The cases are pending at the Karnataka High Court.

4. An industrial dispute arose between Hindalco and its workmen from the Alupuram plant over the issue of justifiability of the lay off of workmen and the quantum of lay off compensation. The Government of Kerala issued an order dated March 27, 1996 referring the dispute for adjudication before the Industrial Tribunal, Alappuzha. The Government of Kerala issued another order dated March 30, 2004 invoking Section 10B of the Industrial Disputes Act directing Hindalco to provide alternative work for the maximum number of workmen who had been laid off and make payment to those workmen who were laid off at the rate of full monthly salary which they were entitled to for the month of January 1996 treating the 50% share as an ex gratia. Hindalco has filed a writ petition No. 6384 of 1996 dated April 6, 1996 before the High Court of Kerala at Ernakulam against these orders. The petition is pending disposal. The aggregate claim of the workmen against Hindalco is approximately Rs. 3 million.

5. An employee at Alupuram plant filed a complaint No. 16/1999 in the Industrial Tribunal. The Tribunal passed an order in favour of Hindalco. Aggrieved by the award of Industrial Tribunal, the workman filed OP No. 10704/2003 in the Kerala High Court claiming an aggregate amount of Rs. 1.5 million against Hindalco.

6. An industrial dispute arose between Hindalco and its workmen from the Alupuram plant over the issue of confirmation of twelve temporary and casual workers from the Alupuram plant. The Government of Kerala issued an order dated December 6, 2003 referring the dispute for adjudication before the Labour Court, Ernakulum. The Labour Court has registered Industrial Dispute No. 16/2003 and the matter is pending disposal. The workers have claimed wages aggregating to Rs. 1.2 million.

7. The Employees State Insurance Corporation issued a notice of demand dated September 20, 1997 to Hindalco demanding an aggregate Rs. 1.56 million plus interest at the rate of 15 per cent from June 1, 1997 for the same on account of Employee State Insurance for the period July 1994 to November 1996. Hindalco filed a writ petition No. 3022 of 1997 before the Patna High Court at Ranchi for quashing the notice and for restraining the Employee State Insurance Corporation from realizing any amount as per the notice. The High Court passed order dated December 16, 1997, staying the demand of Rs. 1.56 million on the condition that Hindalco deposit a sum of Rs. 0.5 million. and further directed that Company was to furnish security other than cash and bank guarantee to the satisfaction of the Court. The matter is pending disposal.

8. V. N. Pandey was discharged from the services of Hindalco due to long absence. He filed a case against Hindalco before District Judge, Mirzapur that was decided in favour of Hindalco. Aggrieved by this he filed a petition against the order of District Judge and second appeal No. 2840/86 in the Allahabad High Court. The matter is pending before the High Court.

9. Purshottam, a former workman, was terminated from service. The Labour Court upheld the termination and the workman filed W.P. No. 8503 of 1982 in the Allahabad High Court against such order of termination. Hindalco served a notice to the workman to hand over the quarter allotted to him. On failure of the workman to vacate the premises, Hindalco filed a civil suit praying for eviction of workman. The suit was decreed in favour of Company and the first appeal filed by the workman against the order was also dismissed. Aggrieved by the orders of the lower court the workman filed a second appeal No. 972/90 before the Allahabad High Court claiming that he was a tenant and not a licensee. The matter is pending before the High Court.

10. The Government enhanced the E.S.I. coverage to the employees drawing wages Rs. 6500/- per month vide notification dated December 23, 1996. The Dakshanichal Majdoor Kalyan Samiti, challenged this notification in W.P. No. 14987/97 in the Allahabad High Court claiming that Hindalco should be exempted from the said notification and that the court should direct Hindalco not to curtail the existing medical facilities. The High Court in its interim order dated May 5, 1997 directed Hindalco to not to reduce in any manner, directly or indirectly, the perquisites and facilities including medical facilities of employees except as provided by regulation. The matter is pending before the High Court.

11. Hindalco issued a charge sheet in the name of one Mohan Lal Soni for not vacating Company's quarters as ordered. An enquiry was held and he was dismissed from the service of Hindalco with effect from March 11, 1987. The Labour Court, Allahabad decided Adjudication Case No.23/88 against the workman. Aggrieved by the award of Labour Court, the workman filed W.P. No. 34221/99 in the Allahabad High Court inter alia on the ground that the enquiry violated principles of natural justice and that the punishment was disproportionate and has prayed for reinstatement with back wages. The matter is pending before the High Court.

12. Hindalco Workers Union raised a dispute in adjudication case No.14/89 regarding regularization of 150 temporary workmen of the construction division, who were employed for the expansion of the Factory. The Industrial Tribunal, Allahabad (I) rejecting the claim of the trade union, passed an award dated March 26, 1998 that trade union was not competent to espouse the cause and that Hindalco could not be forced to create new posts. Aggrieved by the award, the trade union filed W.P. No. 41851/98 in the Allahabad High Court. The case is pending at the High Court and no interim order has been passed.

13. Seventeen staff members were terminated due to anti management activities. Eight of the staff members settled their cases, while the remaining 9 staff members contested their cases through the Hindalco Staff Association on grounds of unfair dismissal and prayed for continuity of service. The Industrial Tribunal (I), Allahabad passed an award dated June 25, 1999 in adjudication case No. 25 of 91 rejecting the claim of the staff members on the ground that they were not workmen under the Uttar Pradesh Industrial Disputes Act, 1947. Aggrieved by the said order, the staff members filed W.P. No. 21357 of 2000 in the Allahabad High Court asking for the setting aside of the order dated March 26, 1998 and continuity in service. The matter is pending before the High Court.

14. Sukhranjan Haldar was appointed as junior Labour supervisor in the construction division on sanction from time to time. After expiry of the sanction, he was discharged on January 18, 1989. He challenged the termination and raised a dispute which was referred to the Labour Court. The Labour Court in its award dated September 7, 1998 held that it being a fixed term appointment, there was no retrenchment. The workman filed W.P. No. 7150/ 2000 in the Allahabad High Court, challenging the award of the Labour Court on the ground that the principle of "last come first go" has not been followed and that his work was of permanent nature and has prayed for regularization of work. The case involves the issue of applicability of 2 (oo) (bb) of Industrial Disputes Act, 1947.

15. One Fula Devi has filed W.P. No. 16331/2002 against the Life Insurance Corporation, Hindalco and others in the Allahabad High Court on the ground that she is entitled to the insurance amount as the beneficiary of the three life insurance policies taken by her husband, Parasnath Yadav, a workman in Hindalco, who died in August 2001. The petitioner claimed that the premium was deducted from her husband's salary by Hindalco, but Hindalco failed to remit the same to Life Insurance Corporation of India. Hence the petitioner contends that the default in payment of insurance premium is the fault of Hindalco. The matter is pending before the High Court.

16. Hindalco Pragatisheel Mazdoor Sabha has filed W.P. No. 16760 (C) of 85 in the Allahabad High Court challenging the award dated May 16, 1985 passed by the Industrial Tribunal, Allahabad I in Adjudication Case No. 29/83 wherein the tribunal rejected their contention that contractor Labourers working the in Hindalco canteen should be allowed wages and other facilities similar to those available to other workman of the establishment of Hindalco. Counter and rejoinder to the same have been filed. The matter has been part heard and is being listed.

17. Fifty one contract workers have filed Civil Misc. WP No. 10063/1987 in the Allahabad High Court, through the Hindalco Workers Union against Hindalco and others on the grounds of termination of service due to the fact that the contract given out to M/s Doodh Nath Prasad came to an end on March 25, 1987. Counter and rejoinder have been filed. The next date of hearing is yet to the decided.

18. There are twenty cases in the Labour Court, Allahabad under adjudication filed by workmen, challenging their termination on various grounds.

19. There are three cases filed before the Industrial Tribunal (I) at Allahabad, by workmen raising industrial disputes in respect of their dismissal by Hindalco.

20. There are nineteen cases filed by former workmen of Hindalco on various grounds, all of which are pending before the Labour Court, Varanasi.

21. There are four cases filed before the Labour Court, Bharuch by former security guards, challenging termination of their service by the contractor and claiming an aggregate amount of approximately Rs. 3.48 million. There is one case filed

before the Labour Court, Bharuch by a security supervisor in respect of resignation from service and claiming an aggregate amount of Rs. 3.84 million.

22. The President of CBW Union raised a dispute before Assistant Labour Commissioner (C), Ranchi regarding payment of wages for the alleged lock out period from May 17, 2000 to June 10, 2000. After failure of conciliation before Assistant Labour Commissioner the case was forwarded to Secretary, Ministry of Labour, Govt. of India. The case bearing No. L – 43011/3/2000/IR(M)is now pending before the CGIT, Dhanbad.

23. Seven cases have been filed by person who allegedly worked at Katni bauxite mine. The claimants contend that they were taken on work for quality check of bauxite at Katni up to February 1996. These persons were later relieved from work and have initiated conciliation proceedings before Conciliation Officer. After failure of conciliation, the Central Government has referred the matter for adjudication before Industrial Tribunal cum Labour Court, Jabalpur. Objections have been filed by Hindalco.

24. The Government of Karnataka has by order of reference number no 265 dated December 2, 1998 transferred a Labour complaint filed by an association of 218 employees who have been retired under the Voluntary Retirement Scheme demanding better benefits than those offered under the Scheme to the Additional Labour Court Hubli. By its reply dated September 18, 2000, Hindalco has disputed the legality of the reference. Hindalco has filed its affidavit of evidence on April 29, 2003.

25. There are 11 Labour cases pending in Nagpur relating to dismissal of 11 workmen of erstwhile Pennar Aluminium plant at Mouda, now Hindalco. All of them were dismissed by the erstwhile Pennar company for serious misconduct. As the successor of the plant, Hindalco is now fighting the cases. The dismissed workmen have individually and separately challenged their respective dismissal. The financial impact involves reinstatement along with back wages. Final hearing pending in all these cases.

26. One case is pending in the Labour court, Ahmedabad in which one former trainee, namely Poonam has claimed regularization. The case is at the initial stage and hearing pending.

Labour cases filed against Hindalco for claims under Rs. 1 million

In addition to the above cases, there are sixty three Labour related cases which have been filed against Hindalco for claims aggregating to Rs. 17.45 million, which are pending in various fora.

Labour cases filed by Hindalco

1. Twenty seven contract Labourers from the Kalwa plant filed complaint No. 132 dated March 6, 1996 in the Industrial Court, Thane, claiming permanence of work. The Industrial Tribunal in its order dated October 15, 1998 allowed the plea of the complainants. Hindalco filed a writ petition before a single judge of the High Court challenging the order of the Industrial Court. The Single Judge passed an order dated January 25, 1999 rejecting the writ petition at the admission stage. Hindalco filed Letters Patent Appeal No. 58 of 1999 before a Division Bench of the Bombay High Court, challenging the order of the Hon'ble Single Judge. The Division Bench vide its order dated March 22, 1999 rejected the appeal of Hindalco. Hindalco filed a special leave petition No. 9244 of 1999 in the Supreme Court. The Supreme Court passed an order dated October 25, 1999 allowing the appeal and remitting the matter back to the High Court for deciding the Letters Patent Appeal on merits. The Division Bench of the High Court summarily dismissed the Letters Patent Appeal by an order dated January 20, 2000. Hindalco filed special leave petition No. 2560 of 2000 and No. 6410/2000 in the Supreme Court. The Supreme Court has granted a stay against the order of the Industrial Tribunal. The case is pending final hearing at the Supreme Court.

2. An industrial dispute arose between Hindalco and its workmen from the Alupuram plant over the issue the justifiability of the lay off of workmen and the quantum of lay off compensation. The Government of Kerala issued an order dated March 27, 1996 referring the dispute for adjudication before the Industrial Tribunal, Alappuzha. The Industrial Tribunal, Alappuzha proceeded with the adjudication and passed an order dated March 10, 1999 against Hindalco. Hindalco filed writ petition No. 33450 of 2000 before the High Court of Kerala at Ernakulum against these orders. The petition is pending disposal.

3. An industrial dispute arose between Hindalco and its workmen from the Alupuram plant over the issue of a charter of demands for long term settlement which ultimately resulted in a strike. The Government of Kerala issued an order dated November 24, 2004 referring the dispute for adjudication before the Industrial Tribunal, Alappuzha. On the recommendation of the Labour Commissioner, Thiruvananthapuram, the Government of Kerala issued an order dated November 24, 2004

prohibiting the continuance of the strike as well as an order dated November 24, 2004 invoking Section 10B of the Industrial Disputes Act directing Hindalco to pay an interim relief of Rs. 1600 per month per worker until the passing of the award by the Industrial Tribunal in the dispute on the condition that Rs. 1600 per month is to be fully adjusted towards the revision of emoluments to be effected as per the award of the Industrial Tribunal. Hindalco has filed a writ petition No. 426 of 2004 dated December 27, 2004 before the High Court of Kerala at Ernakulam against these orders. The petition is pending admission.

4. Hindalco has filed a writ petition challenging the award passed by Industrial Tribunal (I), Allahabad in Adjudication Case No. 40/89 dated April 29, 1991 directing Hindalco to pay 10% of the basic salary as house rent allowance to permanent workmen who have not been allotted accommodation. The tribunal ordered that house rent allowance be paid from the date of their appointment until accommodation is provided. The writ petition has been filed on the ground that the service conditions do not provide for giving any housing accommodation.

5. A certain workman was absent from duty and accordingly lost his claim to his original post and was placed as a substitute workman with effect from December 21, 1991 under clause 15(4) (h) of the Certified Standing Orders of Hindalco. The Labour Court, Varanasi in Adjudication Case No. 291/92 directed Hindalco to reinstate him with full back wages on the ground that neither domestic enquiry was held nor charge sheet nor explanation was issued while removing him from the rolls of permanent workman. Hindalco filed WP No. 3332/98 in the Allahabad High Court, challenging the order of the Labour Court. He filed a case before the Labour Court, Varanasi which was decided in the favour of Hindalco. He has filed Writ Petition No. 48328/99 challenging the said order of the Labour Court, Varanasi, which was dismissed vide order dated March 20, 2002. However, the workman filed a petition for restoration, which was accepted by the Court. Vide an interim Order dated April 2, 2004, the High Court kept the question of current wages open and left the same at the liberty of Hindalco.

6. Services of the staff in Super Bazaar were terminated after paying retrenchment compensation, due to closure of the medicine counter of Super Bazaar. The Labour Court, Varanasi in Adjudication Case No. 100/91 passed an award on February 13, 1998 holding that the principle of "last come first go" has been violated and that required approval under Chapter V B of Industrial Disputes Act, 1947 was not taken and therefore held that the termination was illegal and ordered reinstatement of the workmen with back wages. Hindalco filed WP 39143/98 challenging the award of the Labour Court on the ground that the Super Bazaar and Hindalco are two separate entities and hence the provisions of chapter V B of Industrial Disputes Act, 1947 and principle of "last come first go" are not applicable. The Allahabad High Court vide its interim order dated February 1, 1999 has stayed the award of the Labour Court on the condition that (i) 50% of the back wages, amounting to Rs. 0.08 million be deposited with Labour Court, which shall invest it in an interest bearing account; (ii) that the workman be paid wages from the date of award until January 1999 amounting to Rs. 0.02 million and (iii) that Hindalco complies with Section 17 B Industrial Disputes Act, 1947. Hindalco in compliance with the order of the High Court has deposited the back wages amounting to Rs. 0.08 million as directed above in the form of a bank draft with the Labour Court for depositing it in an interest bearing account. However, the Labour Court has returned the same and has asked Hindalco to make a fixed deposit receipt. Hindalco has filed an application in the High Court to direct the Labour Court to accept the bank draft in compliance with the orders of the High Court.

7. A particular workman's services were terminated with effect from February 1, 1989 after enquiry on grounds of absence from duty. The workman raised an industrial dispute that his services were terminated orally. The Labour Court in its award dated March 31 1998 decided the case in favour of the workman. Aggrieved by the award, Hindalco filed W.P. No. 7328/99 in the Allahabad High Court challenging the competency of the Presiding Officer of the Labour Court on the ground that an I.A.S. officer is not competent to hold the post of Presiding Officer of the Labour Court.

8. Hindalco filed a civil suit for eviction against the Pragatishel Mazdoor Sabha for eviction from a building owned by Hindalco that was being used by the union as its office as licensee. The license was terminated by a notice dated March 17, 1982. The civil suit was decided against Hindalco and an appeal was preferred before District Judge Mirzapur. The District Judge vide its order dated December 3, 2003 rejected the appeal holding that the unless the union was derecognized by the Labour Court in accordance with the provisions Indian Trade Unions Act, 1926 it could not be evicted from the building as per agreement dated December 10, 1973 arrived at between Hindalco and the union. Aggrieved by the order Hindalco filed a second appeal bearing case No. 19/2002 before the Allahabad High Court. The matter is pending.

Income tax disputes

Hindalco does not have any material contingent liability in respect of the following Income tax proceedings.

Before the Income Tax Appellate Tribunal

Appeals filed by Hindalco before the Income Tax Appellate Tribunal ("ITAT")

Hindalco has filed the following major appeals before the ITAT, for amounts aggregating approximately Rs. 1,805.01 million, which are as follows:

1. Hindalco has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1988-89 aggregating tax impact of Rs. 100.02 million, inter alia on the issue of applicability of Section 115 J of the IT Act, to the profits of Hindalco for the relevant assessment year. The matter is pending before the ITAT.
2. Hindalco has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1992-93 aggregating tax impact of Rs. 11.75 million, inter alia on the issue of deduction under Section 80 HHC of the IT Act. The matter is pending before the ITAT.
3. Hindalco has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1993-94 aggregating tax impact of Rs. 73.64 million, inter alia on the issue of deduction under Section 80 HHC of the IT Act and deduction under Section 80 I of the IT Act. The matter is pending before the ITAT.
4. Hindalco has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1994-95 aggregating tax impact of Rs. 71.71 million, inter alia on the issue of deduction under Section 80 HHC of the IT Act and deduction under Section 80 I of the IT Act. The matter is pending before the ITAT.
5. Hindalco has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1995-96 aggregating tax impact of Rs. 127.56 million, inter alia on the issue of deduction under Section 80 HHC of the IT Act and deduction under Section 80 I of the IT Act. The matter is pending before the ITAT.
6. Hindalco has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1996-97 aggregating tax impact of Rs. 165.32 million, inter alia on the issue of deduction under Section 80 HHC of the IT Act and deduction under Section 80 I of the IT Act. The matter is pending before the ITAT.
7. Hindalco has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1997-98 aggregating Rs. 22.30 million, inter alia on the issue of disallowance of deduction under Section 80 O in respect of royalty received and the issue on disallowance of depreciation and expenses. The matter is pending before the ITAT.
8. Hindalco has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1998-99 aggregating tax impact of Rs. 25.08 million , inter alia on the issue deduction under Section 80 HHC of the IT Act and issue of disallowance of deduction under Section 80 O in respect of royalty received. The matter is pending before the ITAT.
9. Hindalco has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1999-2000 aggregating tax impact of Rs. 32.48 million, inter alia on the issue of deduction under Section 80 HHC of the IT Act and issue of disallowance of certain expenses. The matter is pending before the ITAT.
10. Hindalco has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 2000-2001 aggregating tax impact of Rs. 10.14 million, inter alia on the issue of deduction under Section 80 HHC of the IT Act and issue of disallowance of certain expenses. The matter is pending before the ITAT.
11. Hindalco has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 2001-2002 aggregating tax impact of Rs. 453 million, inter alia on the issue of the deduction under Section 80 HHC of the IT Act and issue of disallowance of certain expenses. The matter is pending before the ITAT.
12. Hindalco has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 2002-2003 aggregating tax impact of Rs. 367.53 million, inter alia on the issue of deduction under Section 80 HHC of the IT Act and disallowance of certain expenses. The matter is pending before the ITAT.
13. Hindalco has filed an appeal before the ITAT, against the order of the Commissioner of Income Tax (Appeals) for the assessment year 2003-2004 aggregating tax impact of Rs. 233.77 million, inter alia upholding the order of the assessing

officer on the issues of disallowance of write off of Inter Corporate Deposits, deduction under Section 80 HHC of the IT Act and disallowance of certain expenses. The matter is pending before the ITAT.

14. Hindalco has filed appeals before the ITAT, on the issue of withholding tax on the GDR issue expenses aggregating tax impact of Rs. 48.43 and 43.13 million for the assessment year 1994-95 and 1995-96 respectively. The matter is pending before the ITAT. In addition, Hindalco has also filed appeals with the ITAT on the issue of withholding tax on the remittances of fees and expenses to foreign parties.

In addition, appeals have been filed against the orders of the tax / appellate authorities in respect of the erstwhile Renusagar Power Company for the assessment years 1979-80 and 1980-81.

Appeals filed by the Department of Income Tax before the ITAT

The Department has filed the following major appeals before the ITAT, for amounts aggregating Rs. 8,009.43 million:

1. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1988-89 aggregating tax impact of Rs. 10.58 million , inter alia on issues of deletion of addition on account of Modvat credit and deletion of income under Section 41(1) of the IT Act. The matter is pending before the ITAT.
2. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1988-89 aggregating tax impact of Rs. 11.98 million , inter alia on commission paid to stockists, deduction under Section 80 M and on the issue of deduction of on borrowed fund under Section 36(1) (iii) of the IT Act. The matter is pending before the ITAT.
3. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1989-90 aggregating tax impact of Rs. 17.48 million , inter alia on issues of deletion of addition on account of Modvat credit, deletion of income under Section 41(1) of the IT Act and set off of loss. The matter is pending before the ITAT.
4. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1989-90 aggregating tax impact of Rs. 18.99 million, inter alia on commission paid to stockists, deduction under Section 80 M and on the issue of deduction of interest on borrowed fund under Section 36(1) (iii) of the IT Act. The matter is pending before the ITAT.
5. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1990-91 aggregating tax impact of Rs. 29.80 million, inter alia on issues of deletion of addition on account of in Modvat credit and set off of losses. The matter is pending before the ITAT.
6. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the reassessment year 1990-91 aggregating tax impact of Rs. 31.64 million , inter alia on commission paid to stockists, deduction under Section 80 M and on the issue of deduction of interest on borrowed fund under Section 36(1) (iii) of the IT Act. The matter is pending before the ITAT.
7. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1992-93 aggregating tax impact of Rs. 138.08 million, inter alia on issues of deductions under Section 80 I of the IT Act, deduction under Section 80 M of the IT Act and on the issue of deduction of interest on borrowed fund under Section 36(1) (iii) of the IT Act. The matter is pending before the ITAT.
8. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1993-94 aggregating tax impact of Rs. 158.35 million, inter alia on issues of deletion of addition on account of Modvat credit and deduction of interest on borrowed fund under Section 36(1) (iii) of the IT Act. The matter is pending before the ITAT.
9. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1994-95 aggregating tax impact of Rs. 133.07 million, inter alia on issues of commission paid to stockists and issue of deduction of interest on borrowed fund under Section 36(1) (iii) of the IT Act. The matter is pending before the ITAT.
10. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1995-96 aggregating tax impact of Rs. 141.90 million, inter alia on issues of deletion of addition on account of Modvat credit and deduction of interest on borrowed fund under Section 36(1) (iii) of the IT Act. The matter is pending before the ITAT.
11. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1996-97 aggregating tax impact of Rs. 121.83 million, inter alia on issues of deletion of addition on account of Modvat credit

commission paid to stockists, deductions under Section 80 M of the IT Act and deduction of interest on borrowed fund under Section 36(1) (iii) of the IT Act. The matter is pending before the ITAT.

12. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1997-98 aggregating tax impact of Rs. 169.36 million, inter alia on issues of deletion of addition on account of Modvat credit commission paid to stockists, deductions under Section 80 M of the IT Act and interest on borrowed fund under Section 36(1) (iii) of the IT Act. The matter is pending before the ITAT.
13. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1998-99 aggregating tax impact of Rs. 140.39 million, inter alia on issues of allowance of claim under Section 80 IA interest on borrowed funds and computing deduction under Section 80 HHC of the IT Act. The matter is pending before the ITAT.
14. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 1999-2000, aggregating tax impact of Rs. 993.74 million, inter alia on issues of allowance of claim under Section 80 IA interest on borrowed funds and computing deduction under Section 80 HHC of the IT Act. The matter is pending before the ITAT.
15. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 2000-2001, aggregating tax impact of Rs. 1543.64 million, inter alia on issues of allowance of claim under Section 80 IA interest on borrowed funds and computing deduction under Section 80 HHC of the IT Act. The matter is pending before the ITAT.
16. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 2001-2002, aggregating tax impact of Rs. 2276.48 million, inter alia on issues of deletion of addition on account of Modvat credit, allowance of claim under Section 80 IA interest on borrowed funds, deduction of interest capitalization and computing deduction under Section 80 HHC of the IT Act. The matter is pending before the ITAT.
17. The Department has filed an appeal before the ITAT, against the order of the CIT(A) for the assessment year 2002-2003, aggregating tax impact of Rs. 2035.45 million, inter alia on issues of deletion of addition on account of Modvat credit, allowance of claim under Section 80 IA interest on borrowed funds, deduction of interest capitalization and computing deduction under Section 80 HHC of the IT Act. The matter is pending before the ITAT.

In addition, the Department has filed seven appeals in respect of the erstwhile Renusagar Power Company against the orders of the Assessing Officer, for the assessment years 1978-79, 1979-80, 1980-81 and 1988-89.

ITAT Appeals Involving Less than Rs. 10 million

Hindalco is appellants in five income tax appeals pending before the ITAT. These appeals have arisen out of orders passed by the Adjudicating Officers confirming demands raised by the Department against Hindalco. The aggregate financial implication of these matters is approximately Rs. 19.04 million. Hindalco is also defendants in six income tax appeals pending before the ITAT. In all these cases the demands raised by the Income Tax Department have been rejected by the Adjudicating Officers. The aggregate financial implication of these six matters is approximately Rs. 36.67 million.

Income Tax Proceedings in respect of demerged undertaking of Indian Aluminium Company Limited.

Pursuant to a Scheme of Arrangement approved by the High Courts of Kolkata and Mumbai, all businesses of Indal with the exception of business pertaining to the foils plant at Kollur, Andhra Pradesh were demerged into us with effect from April 1, 2004.

ITAT appeals filed before the High Court and Supreme Court

1. For assessment years 1974-75 and 1979-80, the Supreme Court in a matter relating to Section 80 J of the IT Act and aggregating Rs. 17.37 million in favour of the Income Tax Department. The Department order is pending which will follow after the Income Tax Appellate Tribunal relays the judgement.
2. For assessment year 1987-88, Hindalco filed a writ petition in the Calcutta High Court questioning the applicability of special audit under Section 142(2A) of the IT Act. The matter is pending before the High Court and the assessment is also pending.
3. For assessment year 1990-91, Hindalco filed a reference application before the Calcutta High Court against the order of the ITAT aggregating to Rs. 33.45 million on various grounds including deduction under Section 80 HHC, deduction under Section 80I, deduction under Section 32AB and prior year expenditure. The matter is pending before the High Court.

4. For assessment year 1981-82, the department filed an application u/s 256(2) with the Calcutta High Court on the issue of allowability of transit house expenses for Rs. 0.48 million. The matter is pending before the High Court.

Appeals filed with the ITAT

Hindalco has filed an appeal with the ITAT for assessment year 1995-96 against an order passed by the Commissioner of Income Tax under Section 263 of the IT Act for an amount of Rs. 8.5 million on account of alleged excess deduction allowed under Section 80M of the IT Act. The matter is pending before the ITAT.

Appeals filed with the Commissioner of Income Tax (Appeals)

Six appeals have been filed with the Commissioner of Income-tax (Appeals), details of which are given below:

1. For assessment year 1996-97, the assessing officer disallowed Rs. 26.7million towards excise duty under Section 147 of the IT Act. The matter is pending before the Commissioner of Income Tax (Appeals).
2. For assessment year 1997-98 the assessing officer disallowed Rs. 32.04 million towards excise duty under Section 147 of the IT Act. The matter is pending before the Commissioner of Income Tax (Appeals).
3. For assessment year 1998-99 the assessing officer disallowed Rs. 24.6 million towards excise duty under Section 147 of the Income-tax Act. The matter is pending before the Commissioner of Income Tax (Appeals).
4. Hindalco has filed an appeal against the regular assessment order of the assessing officer for assessment year 2000-01 aggregating to Rs. 231 million on various grounds including disallowance for current repairs, VRS expenses, bad debts written off, etc. The matter is pending before the Commissioner of Income Tax (Appeals).
5. Hindalco has filed an appeal against the regular assessment order of the assessing officer for assessment year 2001-02 aggregating to Rs. 284 million on various grounds including disallowance for current repairs, deduction under Section 80IA and 80IB of the IT Act, interest on borrowing for construction, etc. The matter is pending before the Commissioner of Income Tax (Appeals).
6. Hindalco has filed an appeal against the regular Assessment Order of the Assessing Officer for assessment year 2002-03 aggregating to Rs. 858 million on various grounds including disallowance under Section 80IA and 80IB, deduction under Section 80HHC, deduction on account of commission, current repairs, etc. The matter is pending before the Commissioner of Income Tax (Appeals).

Wealth Tax

There are wealth tax appeals in respect of Hindalco for claims of less than Rs. 1 million.

Civil disputes

Cases filed against Hindalco

7. Bombay Environmental Action Group and Shyam Chainani have filed Writ Petition No. 959 of 1998 on March 16, 1998 before the High Court of Judicature at Bombay seeking to restrain Indal from carrying any mining activity or any other activity of any nature whatsoever in the Iderganj area of Radhanagari Taluka, Kolhapur District on the alleged ground that the mine is within the Radhanagari Sanctuary and the mining activity is carried out by Indal without obtaining the necessary permissions for the same from the relevant authorities and that grave and irreparable harm, loss and injury would be caused to the environment and topography of the Radhanagari Reserve Sanctuary. The High Court has granted a stay order dated April 1, 1998 restraining Indal from carrying on any mining activity in the Iderganj area of Radhanagari, Kolhapur, until further orders. The stay order is still in force.
8. Bombay Environmental Action Group and Shyam Chainani have filed Writ Petition No. 2244 of 98 before the High Court of Judicature at Bombay seeking cancellation of the renewal of mining lease granted to Indal in the Iderganj area allegedly within the Radhanagari Sanctuary in Kolhapur. Stay on the renewal of the lease is in force. The total value of the mining rights which have been affected through these cases was Rs. 22.05 million.
9. The Estate Officer, Air India Limited issued an Eviction Notice dated April 19, 1999 to Hindalco purporting to act under Section 4 of the Public Premises (Eviction of Unauthorized Occupants) Act, 1971 claiming that Hindalco was in unauthorized occupation of an area of 10496.80 sq. ft. on the 15th floor of the Air India Building, situated at Nariman Point, Mumbai, and

seeking to evict Hindalco therefrom. Hindalco filed its reply dated October 4, 1999 before the Estate Officer who passed an order dated October 3, 2001 holding that Hindalco was in unauthorized occupation of the premises and ordered it to vacate the same. The same officer passed an order on the same day staying the eviction for a period of four weeks in the interests of justice. Hindalco filed an appeal dated October 11, 2005 before the Principal Judge, Bombay City Civil Court, against this order dated October 3, 2001. The appeal is pending disposal.

10. The Estate Officer, Air India Limited issued a SCN dated November 21, 2003 to Hindalco purporting to act under Section 7 of the Public Premises (Eviction of Unauthorized Occupants) Act, 1971 demanding an aggregate of amount of Rs. 320 million as damages in respect of the alleged unauthorized occupation of Hindalco of an area of 10496.80 sq. ft. on the 15th floor of the Air India Building, situated at Nariman Point, Mumbai, and interest thereon. Hindalco filed its reply dated December 29, 2003 before the Estate Officer. The Estate Officer passed an order dated March 4, 2004 adjourning the hearing of the matter until further notice. The matter is pending disposal.

11. The Centre for Public Interest Litigation has filed Interim Application No. 152 of 2003 dated May 13, 2003 in Civil Writ Petition No. 202 of 1995 before Central Empowered Committee ("CEC") constituted by the Supreme Court in the case of T.N. Godavarman Thirumalpad v Union of India inter alia alleging that Hindalco encroached on forest land in Renukoot resulting in loss of flora and fauna of the area which is in violation of the Forest Act, the Forest (Conservation) Act and the Wildlife Act. The Interim Application also alleged that Hindalco has transferred some of the land allotted to it without requisite sanction, which is also violative of the aforesaid Acts. The complaint has been filed on the basis of internal reports of the Forest Department. Hindalco filed a counter in reply where it, inter alia took the preliminary objection that the Supreme Court, had earlier, vide order dated August 26, 2002, rejected writ petition No. 238 of 2002, which was filed on identical issues by one Mr. N.K. Jain and another, and hence the interim application must be dismissed. The Complainant has filed a rejoinder on December 3, 2003, which refuted the reply by Hindalco, inter alia on the grounds that the dismissal of the said writ petition was at grounds of the same being misconceived, motivated and belated and therefore did not affect the admissibility of the interim application. The first effective hearing was held on January 5, 2004 where the CEC took note of the preliminary objection filed by Hindalco as well as the rejoinder and directed the complainant to file an affidavit on two points- namely that the present matter is not covered by the Writ Petition decided by the Supreme Court and that the CEC can entertain the matter despite the dismissal of the earlier writ petition. The date of disposal of the preliminary objection will be fixed after the filing of the said affidavit by the Complainant.

12. Centre for Public Interest Litigation has filed Writ Petition No. 2145 of 99 before the Delhi High Court against the Union of India and Ministry of Environment and Forest seeking issuance of directions by the High Court to the Union of India and its agencies to ensure that the fly ash generated as industrial waste by thermal power plants is utilized for the purpose of making cement or bricks and other building materials. The Petitioner also sought suitable directions from the Court to give effect to the objectives of the draft Notification dated May 22, 1998 under the Environment (Protection) Rules, which aims to prevent the dumping and disposal of fly ash in landfills. The notification was brought into force on September 14, 1999, in pursuance of, inter alia, the order of the Delhi High Court dated August 25, 1999 in the aforesaid writ petition directing the Central Government to publish the final notification. Subsequently, the Court has issued directions vide several orders to ensure the compliance of the aforesaid notification. Hindalco has filed an affidavit on August 22, 2003 certifying that it has reported compliance with the notification vide letter No. PandIR/HRD/5308/10827 dated August 12, 2000 to the Uttar Pradesh Pollution Control Board, letter No. HR/Env/1714/29049 dated March 12, 2002 to the Central Pollution Control Board, New Delhi and letter No. PandIR/Env/6020/11383 to the Ministry of Environment and Forest, Lucknow. The High Court had asked the Union of India to file an affidavit on the implementation of the objectives of the notification by concerned thermal power stations as well as by the State Pollution Control Boards. The Ministry of Environment and Forest in turn asked various thermal power stations including Hindalco (Renusagar) to file report on the status of the implementation of the aforesaid notification to it. Hindalco vide letter No. PandIR/Env/1323 dated February 26, 2004, furnished the requisite details to the Ministry of Environments and Forests. The Union of India filed the requisite affidavit on July 14, 2004 before on the Delhi High Court. The matter was listed for hearing on December 12, 2005 when the court heard in part the compliance report. Listed on September 25, 2006, when it was adjourned sine die, in view of the fact that the transfer petition has been field in the Supreme Court.

13. Surendra Nath Dubey has filed Civil Miscellaneous Writ Petition No. 4926 of 2002 dated November 20, 2001 before the Allahabad High Court against Hindalco seeking to restrain Hindalco from constructing an ash dam in district Sonebhadra on the ground that such construction would allegedly cause air and water pollution. Notices have been issued by the Court but

have not been served on Hindalco. Hindalco has completed the construction of the ash dam. The next date for hearing is yet to be fixed. However, under the circumstances the position has become infractious.

14. Prakriti Seva Sansthan has filed Civil Miscellaneous Writ Petition No.14403 of 2002 dated April 8, 2002 against, inter alia, the State of Uttar Pradesh and Hindalco alleging that enquiry by the Sub-divisional Magistrate, Sonbhadra into an accident that took place at the ash dam in 1996 was strongly influenced by the management of the Hindalco Group and therefore was not properly conducted. The Writ Petition also alleges that that the ash dam being built by Hindalco is in breach of applicable environmental norms and therefore has prayed that the Court direct the Respondents to construct a permanent ash dam with professional expertise and advise and take all preventive and ecologically friendly measures to safeguard the environment of the area. In addition, the petitioner also sought an ad interim order directing the Respondent to conduct a fresh enquiry into the accident. The Allahabad High Court admitted the Writ Petition vide order dated April 12, 2002. The Court further directed the District Magistrate, Sonbhadra to personally make a local spot inspection in relation to the incident that took place in 1996 and submit his report. The District Magistrate submitted a report of his findings to the Court on May 22, 2002. Notice has to be issued in this case, which has not been listed thereafter.

15. M/s Trimax Industries Ltd. filed Writ Petition No. 4290 of 2002 against the Union of India, the Company and others before Orissa High Court challenging an order dated September 18, 2002 in Revision Application No. 22/(II)/2001-R-C-I passed by the Central Government under Section 30 of the Mines and Minerals (Development and Regulation) Act, 1957 and Rule 55 of the Minerals Concession Rules, 1960 in favour of Hindalco. The impugned order had allowed the revision preferred by Hindalco against the order of the State Government dated February 14, 2001 rejecting application of Hindalco and Trimax for bauxite mining lease in Orissa. A similar application for revision by Trimax had been rejected by Central Government vide order dated September 18, 2002. The Court, vide interim order dated October 24, 2002 issued a stay on the revision passed by the Central Government. The High Court vide its order dated May 8, 2003 vacated the stay order. The Court directed the Union of India to file a counter to the Writ Petition. Meanwhile, M/s Trimax has filed another Writ Petition no.10756 2005 challenging the order of approval of grant of mining lease in favour of Hindalco. The matter was heard on November 9, 2006 and the order was reserved. However, on 15.11.2006 the bench which heard the matter released it without passing any order. This matter has now been listed before some other bench for rehearing. Similarly, M/s Gimpex Industries Ltd. has challenged an order dated September 9, 2004 issued by the State of Orissa recommending granting mining lease in favour of Hindalco by filing revision petition No. 22 (8) 2004/RC-I dated November 16, 2004 before the Mines Tribunal, New Delhi. Gimpex Industries has asked for a stay to be imposed on the mining activity. The reply to this application has been filed on January 13, 2005. The matter was finally heard on June 28, 2005. The tribunal vide its order dated December 12, 2005 rejected the Revision Petition.

16. Ram Shankar Singh, Shital Pravad Shiv Nandan and Abhay Lal have filed Civil Miscellaneous Writ Petition No. 5241 of 2002 dated January 25, 2002 before the Allahabad High Court inter alia against the Government of India, Northern Coalfields Limited and Hindalco seeking to restrain them from interfering with the possession of the petitioners over certain plots of land in District Sonebhadra. The petitioners have alleged that compensation has not been paid to them in respect of the acquisition of these plots of land by the Government of India under the provisions of the Coal Bearing Areas (Acquisition and Development) Act, 1957. After acquisition, the Government handed over the land to Northern Coalfields Ltd. Hindalco has taken permission and possession from Northern Coalfields Ltd. for laying of a ashpipeline. The petitioners have challenged the acquisition of the land as well as the subsequent grant of permission to Hindalco from Northern Coalfields Ltd. On an interim application filed in March, 2002 the Court ordered that in case the possession of the land is still with the petitioners, they should not be dispossessed. The matter is yet to be listed for hearing. However, the ashpipeline construction has been completed.

17. Agnorpeth Shri Sarveshwari Samooh filed Civil Misc. Writ Petition No. 3800 of 2001 dated November 21, 2001 against the State of UP, Hindalco and others before Allahabad High Court alleging that peaceful possession of the land occupied by the Ashram managed by the Petitioner society, is being disturbed by officials of Hindalco, who dispute the Petitioner's ownership and possession of the Ashram premises. The petitioner also filed a stay application No. 3800 of 2001 asking the Court to direct the Respondents not to interfere in the peaceful possession and functioning of the Petitioner society and further direct them to permit the free flow of goods in the Ashram premises and further to direct the Respondents to allow the Petitioner to construct a tube well on its premises. Hindalco has filed its counter affidavit before the High Court. The next date for hearing is yet to be fixed.

18. Indian Bank has filed O.A. No. 66 of 1994 against the erstwhile Renusagar Power Company, its directors and Hindalco before Debt Recovery Tribunal, Calcutta claiming differential interest amounting to Rs. 6.5 million in relation to a term loan of Rs. 34.5 million with an interest of 4.5 per cent per annum over the official rate of the Reserve Bank of India with a minimum of 13.5 per cent per annum from the date of execution of documents until the date of payment in full, availed of by the erstwhile Renusagar Power Company under a term loan agreement dated June 23, 1981. The Indian Bank has alleged that Hindalco, as guarantor of the said loan has failed to make the payment of interest in accordance with the terms of the disbursement. Subsequently, the name of Hindalco was substituted as Respondent No. 1 vide order of the Debt Recovery Tribunal dated July 5, 2002. The matter was fixed for judgment on February 2, 2004. However, the Presiding Officer could not deliver the judgment and retired. The matter was adjourned for arguments on July 31, 2006 after which it has been further adjourned for arguments until January 25, 2007.

19. Md. Hussain and others, who are residents of the Nagar Panchayat, Renukoot have filed Writ Petition No. 39739 of 2000 dated August 20, 2000 against the State of Uttar Pradesh, Hindalco and others before the Allahabad High Court challenging the Notification dated April 7, 2000 which declared the property held by Hindalco in Renukoot, Uttar Pradesh as an Industrial Township by virtue of the power given to the Governor of Uttar Pradesh under Article 243-Q of the Constitution. The petition was filed on the grounds the notification is based on information including information that no service within the area has been rendered by the Nagar Panchayat Renukoot, the population of the area and the area and size of the Hindalco establishment, all of which is incorrect and unsubstantiated. Further, the petition alleges that a hearing has not been provided to the general public of Renukoot or the elected Nagar Panchayat Committee before the making of such notification. The petition alleges that the objective satisfaction of the Governor in declaring the area as an Industrial Township is not supported by any evidence or material and that the Governor has not applied his mind in issuing such notification. Notices have been issued to the Respondents. Hindalco is yet to file its counter.

20. Six cases have been filed wherein parties have made representation to have small plots of land held by Hindalco, recorded as their ownership in the revenue records in Mirzapur District. The tehsildar and subsequently the Assistant Record Officer passed orders in favour of the Plaintiffs. Hindalco filed revision petitions before the Commissioner, Mirzapur and the Board of Revenue which are still pending.

21. In Appeal No. 3501 of 1994, similar to those mentioned hereinabove, filed by Nokhai, the Assistant Record Officer vide order dated April 22, 1994 ordered mutation of the revenue records in the name of Nokhi, deleting the name of Hindalco, in respect of certain plots, recorded in the name of Hindalco. These lands had been purchased by Hindalco through a sale deed registered under the Government Grants Act, 1895. Hindalco has filed an appeal before the Record Officer, Sonebhadra against this order. The date of hearing is yet to be fixed.

22. Three cases have been filed against Hindalco seeking an order of permanent injunction against the construction of an ash pipeline by Hindalco. The cases have been filed on the premise that the construction is interfering with their enjoyment of their property. Hindalco has erected an ash dam, pipeline and roads on these properties. Two cases have been dismissed in default by the Court of Civil Judge in favour of Hindalco on November 16, 2006 and December 13, 2006 respectively. One case is still pending.

23. Ashok Kumar and others have filed Civil Miscellaneous Writ Petition No. 18683 of 2005 before the Allahabad High Court against Hindalco. Hindalco had filed Civil Suit No. 33 of 1987 before the Court of the Civil Judge (Junior Division), Dudhi for permanent injunction and demolition of unauthorized construction made by the petitioners on Hindalco's land in District Sonebhadra. To comply with the condition imposed in the Environment Management Plan (EMP) to upgrade the existing Effluent Treatment Plant ("ETP")/Sewage Treatment Plant ("STP") to ensure "zero discharge", a pipeline from STP to Alumina Plant was laid by Hindalco. A portion of the pipeline also passed beneath the land on which the Petitioners' unauthorized construction exists. The Petitioners moved an application before the Court of the Civil Judge on September 14, 2004 seeking to restrain Hindalco from passing the pipeline from underneath the construction of the petitioners and from utilizing the pipeline for drainage. The trial court allowed the application on December 24, 2004 and restrained Hindalco from using the pipeline. Aggrieved by this order of the trial court, Hindalco filed a miscellaneous appeal before the District Judge, who allowed the appeal on February 8, 2005 and vacated the injunction order passed by the trial court. Aggrieved by the aforesaid order, the Petitioners filed the instant writ petition. The petition was taken up by the High Court on March 3, 2005. No interim order was made by the Court against Hindalco. The matter is to be listed in the next cause list.

24. A claim for anode slime insurance at Noranda has been filed and admitted by National Consumer Forum for Rs. 28.4 million

on August 3, 2004. A hearing was held on November 10, 2004. M/s. New India Assurance Co. have submitted their replies. National Consumer Forum is yet to determine the next hearing date.

Other civil cases under Rs. 10 million

Apart from the cases described hereinabove there are 14 civil cases filed against Hindalco. Majority of these cases pertain to property related disputes where the relief sought is in the nature of injunction against Hindalco restraining it from constructing on or encroaching into relevant suit properties. The approximate amounts in these cases aggregate to 3.01million.

Cases filed By Hindalco

There are 169 civil cases which have been filed by Hindalco. The causes of action in majority of these matters relate to encroachment and unauthorized construction by the defendants in the land owned by Hindalco and the reliefs claimed is in the nature of permanent injunction and declaration of company's rights over its properties. The aggregate amount involved in these matters is approximately Rs. 87.01 million.

Central excise disputes

1. The Deputy Commissioner of Central Excise (Rebate), Mumbai – I, has issued deficiency memo-cum-SCN-cum-call for personal hearing F. No. V(15)/Reb/Ch.-74/2004/3072 dated November 10, 2004 on 37 rebate claims for the months of July and August 2004 on the grounds that Hindalco has not submitted final assessment certificate issued by the Assistant Commissioner, Bharuch as well as duty payment certificate and duplicate ARE-1 was not submitted in the tamper proof sealed covers. Personal hearing was held on December 22, 2004. Hindalco has submitted a letter to the Deputy Commissioner requesting him to settle the rebate claims keeping in abeyance the cess amount, until appropriate clarifications issued by the Central Board of Excise and Customs, New Delhi. The rebate claim on the cess amount will be allowed thereafter. The Deputy Commissioner, Central Excise, Raigad has issued two Order-in-Original Nos. 419/05-06/D.C.(R)/ RAIGAD and 420/05-06/D.C.(R) / RAIGAD both dated June 16, 2005 settling thereby the rebate claims for the period July, 2004 to November, 2004 amounting to Rs. 945.9 million without education cess amounting to Rs. 8.13 million, stating that education cess paid during July 10, 2004 to September 6, 2004 cannot be allowed as rebate. Hindalco has filed appeals before the Commissioner of Excise (Appeals), Mumbai and presentation for issuing clarification is pending before the Central Board of Excise and Customs, New Delhi.
2. The Commissioner, Central Excise and Customs, Vadodara – II, has confirmed the demand of Excise Duty of Rs. 1.09 billion being the duty payable on the clearances of the gold bars for the period from May 2000 to February 2003. The Commissioner ordered the appropriation of the amount of Rs. 634.34 million already paid by Hindalco and ordered Hindalco to pay the differential amount of Rs. 459.35 million and imposed a penalty of Rs. 1.09 billion as well as interest. Hindalco filed an appeal along with an application for a stay and a request for early hearing with CESTAT, Mumbai on July 21, 2003. Personal hearing on the stay application was held on July 31, 2003 and an unconditional stay was granted. Personal hearing was held on October 19, 2004 and October 20, 2004 at CESTAT, Mumbai and written arguments have been submitted on November 24, 2004. An order has since been delivered in June 2005, wherein one member of CESTAT has not confirmed the demand whereas the other member has confirmed the demand of duty but set aside the penalty. In view of the difference of opinion, the matter will be referred to a third member.
3. The Additional Commissioner, Central Excise, has issued a SCN No. V Ch.74(4)80/R-IV/D-Brh/Commr/2003 dated June 27, 2003 demanding an aggregate amount of Rs. 3.08 million at the rate of 16 per cent on gold manufactured and cleared without payment of duty in respect of which supplementary invoices were issued in March 2003. Subsequently, the Additional Commissioner, Central Excise issued an Order-In Original dated December 22, 2003 confirming the SCN and further imposed a penalty of Rs. 3.08 million. Hindalco filed an appeal dated March 11, 2004 before the Commissioner (Appeals). Personal hearing was held on March 22, 2004. The Commissioner (Appeals) granted an unconditional stay until the decision of the matter before the CESTAT, Mumbai in the case (3) above. Personal hearing was held on June 17, 2004 where Hindalco requested the Commissioner (Appeals) to issue the necessary directions to be operative until the matter was pending before the CESTAT, Mumbai. The matter was decided against Hindalco on February 25, 2005. Hindalco filed an appeal along with an application for stay before the CESTAT, Mumbai on April, 29, 2005. The department has issued a letter regarding the recovery of dues against confirmed demand on June 17, 2005. The CESTAT, Mumbai has granted a stay on the recovery of dues on June 21, 2005. The case is pending hearing.

4. The Assistant Commissioner, Central Excise, Mirzapur, served a demand notice No. V (3) 16-demand /94/257 dated February 16, 1994 on Hindalco calling upon it to pay a sum aggregating Rs. 145.9 million in respect of excise duty on the electricity purchased by Hindalco from Renusagar on the ground that the excise on manufacture of electricity by Renusagar has been included in the prices of aluminum from time to time fixed by the Central Government in the relevant period. The demand notice stated that out of the total sum of Rs. 145.9 million of the demand dated September 30, 1984, Hindalco has made provision for Rs. 54.70 million in its accounts and the balance amount has been sequestered in the Aluminium Regulation Account constituted under the Aluminium (Control) Order, 1970 which ought to have been deposited to the credit of the Central Government as envisaged under the provisions of Section 11D of the Central Excise Act, 1944. Hindalco has filed Writ Petition No. 1175/1994 in the Delhi High Court on March 8, 1994. The Court, allowed the petition on July 9, 1993 and vide order dated August 5, 1994 found that the Respondent in the writ petition did not file a reply despite being given two opportunities to do so and therefore stayed the demand notice dated February 16, 1994 until final orders were passed in the writ petition.

5. The Commissioner, Central Excise and Customs, Vadodara – II has issued a SCN No. V.Ch.74(4)43/R-IV/D-BRH/Commr./2004 dated April 13, 2004 to Hindalco in respect of the amount of Rs. 16.34 million that is sought to be recovered from Hindalco under Rule 12 of the Cenvat Credit Rules, 2002 read with Section 11A of the Central Excise Act, 1944. The Commissioner has also sought to impose penalty under Rule 13 of the Rules and charge interest at the rate as fixed by the Board under Section 11AB of the Central Excise Act, 1944. Hindalco had allegedly not reversed the credit amounting to Rs. 16.34 million which they had originally availed, and which was in excess of the correctly admissible credit of duty. Hearing was held on February 21, 2005. The Commissioner Central Excise and Customs dropped the proceedings against Hindalco vide order dated February 22, 2005. This SCN was confirmed by Additional Commissioner, vide order-in-original no.48/Demand/ADC/D-BRH/03 dated August 26, 2003 which was reversed by the Commissioner (Appeal), vide Order-in-Appeal No. Commr (A)/31/VDR-II/04 dated January 30, 2004. The Commissioner of Central Excise and Customs, Vadodara-II has now filed a Memorandum of Appeal in CESTAT, Mumbai against this Order-in-Appeal. Cross objections against the appeal have been filed by Hindalco on May 17, 2004 in CESTAT, Mumbai. The matter is currently pending in CESTAT, Mumbai.

6. The Commissioner, Central Excise, Allahabad, issued a demand-cum-SCN No. 13/Commr.Alld./2004 for the assessment period 2001-2002 dated February 16, 2004 to Hindalco demanding an aggregate sum of Rs. 16.71 million in respect of the alleged non-inclusion of interest element while arriving at the cost of production of rolled product for captive consumption as per valuation rules. The reply to the SCN has been submitted and a hearing held on July 13, 2004. The matter is pending with the Commissioner, Central Excise, Allahabad.

7. The Commissioner, Central Excise, Allahabad, issued a SCN bearing No. 21\Commr\all\2004 dated April 6, 2004 to Hindalco demanding an aggregate sum of Rs. 10.59 million for the assessment period 2000-2001 in respect of the alleged non-inclusion of interest element while arriving at the cost of production of rolled product for captive consumption as per valuation rules. The matter is pending with the Commissioner, Central Excise, Allahabad.

8. The Commissioner, Central Excise, Bhubaneshwar-II issued a Demand-cum-SCN No. V(76)15/SCNMC/SBP-II/35/2003/9433A dated June 17, 2005 to Hindalco demanding an aggregate amount of Rs. 110.96 million, penalty under Section 11AC of the Central Excise Act, 1944 and interest under Section 11AB of the Central Excise Act, 1994 in respect of the alleged under-valuation of ingots and cast coils transferred to other units between July 1, 2000 to March 31, 2002, invoking the extended period of limitation. Pursuant to an application made by Hindalco to extend time for submission of the reply to the SCN, the Superintendent (Adjudication) has granted an extension of time allowing Hindalco to submit a reply on or before September 5, 2005 before the Commissioner, Central Excise, Bhubaneshwar-II. The matter is pending.

9. The Director General of Anti-Evasion issued SCN dated April 11, 1997 to Hindalco demanding an aggregate amount of Rs. 20.2 million in respect of the alleged clandestine manufacture and removal of excisable goods. Hindalco filed a reply dated September 28, 1998 before the Commissioner of Central Excise (Adjudication), Mumbai, who passed an order dated March 23, 2005, dropping a major portion of the demand and charges of clandestine removal but confirmed the demand in respect of some differences between the physical stock of scrap and stock as reflected in the excise records. The Commissioner passed an order for payment of duty, penalty and redemption fine aggregating Rs. 8.75 million. Hindalco has filed an appeal dated June 23, 2005 along with an application for stay before the CESTAT. The matter is pending.

10. A SCN has been issued to Hindalco dated February 28, 2005 to Hindalco demanding an aggregate sum of Rs. 12.8 million in respect of the notional interest alleged to have been earned for the period 2003-04 on the credit balances of the buyers. The reply to this notice is yet to be filed.

11. Disputes with respect to classification of closure sheets amounting to Rs. 39.85 million are pending before the Commissioner, Central Excise, Kolkata-II. The cases have not proceeded after show cause proceedings in July 1996. Hindalco has attended a personal hearing for cases amounting Rs. 15.86 million before Commissioner, Central Excise, Kolkata-II on March 15, 2005 and an order with respect to the same is awaited.

12. The Assistant Commissioner, Central Excise (Adj), has issued SCNs to Hindalco demanding a sum of Rs. 11.4 million in respect of input credit against dross clearance. The matter is pending before the Commissioner of Central Excise (Adj).

13. The Assistant Commissioner/Commissioner, Central Excise (Adj), has issued SCNs to Hindalco demanding a sum of Rs. 27.1 million in respect of dross removed without payment of excise duty and education cess. Out of Rs. 27.1 million, CESTAT had issued an order of Rs. 10.2 million in favour of Hindalco. Excise Authorities have challenged this order in the Calcutta High Court. No hearings have taken place before the High Court. With regard to the balance Rs. 16.9 million, the matter is pending before the Commissioner of Central Excise (Adj).

14. The Commissioner, Central Excise, issued a SCN No. V-CH-76(15)198-CE/KOL-II/ADJN/2002/3142-45-A dated November 10, 2003 to Hindalco demanding an aggregate amount of Rs. 1.03 billion on the ground that Hindalco had already availed of Cenvat credit on the inputs received on stock transfer basis from its other unit during the period April 1, 2000 to September 30, 2002. The matter is pending before the Commissioner, Central Excise. Similarly the Commissioner, Central Excise has issued a SCN No.V-Ch.76(15)198-CE/KOL-II /Adjn/2002/4971 dated July 16, 2004 to Hindalco demanding an aggregate amount of Rs. 249.22 million on the ground that Hindalco availed of Cenvat credit on the inputs received on stock transfer basis from its other units for the period January 1, 2002 to March 31, 2003. The matter is pending before the Commissioner, Central Excise.

15. The Commissioner, Central Excise issued a SCN No. 294 dated August 5, 2005 to Hindalco demanding an aggregate amount of Rs. 20.7 million on the ground that Hindalco considered lower cost of input materials for valuation of products dispatched to other units of Hindalco during the period July 2002 to December 2004. Hindalco is in the process of replying to this SCN.

16. The Directorate of Central Excise Intelligence, Mumbai issued a SCN-cum-demand notice dated June 1, 2001 to Hindalco demanding duty amounting to an aggregate of Rs. 472.2 million on the ground of wrongly availing the benefit of the exemption contained in Notification No. 6/2000-CE dated March 1, 2000, thereby manufacturing and clearing precious metal, gold without payment of duty.

Central Excise disputes under Rs. 10 million

Apart from the cases described hereinabove there are approximately 104 other excise related cases filed against Hindalco. The approximate amounts in these cases aggregate to Rs. 107.6 million.

Customs disputes

1. The Collector of Customs, Calcutta issued a SCN No. S2-9/92-SIB dated April 23, 1992 to Hindalco invoking a bank guarantee for recovery of refund aggregating Rs. 62.1 million on the ground that coal tar pitch is being manufactured by the process "straight run method" attracting duty at 15 per cent, whereas Hindalco contended that the coal tar pitch was manufactured by the "cut-back method and attracted duty at Rs. 100 per ton. Hindalco filed Writ Petition No. 3498 of 1993 in the Calcutta High Court. The Court, vide order dated September 7, 1994 allowed the appeal, thereby quashing the SCN. . The Collector of Customs, Calcutta filed Appeal No. 620 of 1994 before the Division Bench of the Calcutta High Court. The matter was listed for hearing on November 28, 2006, but could not be taken up for hearing.

2. The Deputy. Commissioner, Customs, Kandla vide Order-in-Original No. KDL/DC-GP-I/9/2000 dated December 22, 2000 confirmed the differential duty demand for 6 Bills of Entry amounting to Rs. 40.45 million considering the CIF value as FOB value and adding the cost of freight and insurance for assessment. Hindalco filed an appeal with the Commissioner (Appeals) who, vide order dated April 28, 2003, set aside the Order-in-Original dated December 22, 2000 remanded the case back to the Deputy Commissioner for reconsideration of the issues following the principles of natural justice. Hindalco has received a fresh Demand cum SCN F No. S/5-20/1867 Gr-I dated August 16, 2004 from the Deputy Commissioner,

Customs, Kandla. Hindalco has submitted its reply to the SCN and personal hearing has been held on November 24, 2004. The matter has been decided in favour of Hindalco. The Department is yet to file an appeal against the order of the Deputy Commissioner, Customs.

3. The Assistant Commissioner, Customs, Calcutta has issued a SCN dated June 1, 2000 to Hindalco seeking to include the CIF value of Rs. 40.90 million in the price of equipment imported from KHD Humboldt Wedag AG, Germany for the production of green anode used in the process of electrolysis for production of aluminum metal, to confiscate technical manuals valued at Rs. 40 million imported from VAW Aluminium Technologies GmbH, Germany ("VAW") and to impose a penalty under Section 112 of the Customs Act, 1962. VAW sent the manuals to Hindalco vide airway bill dated June 15, 2000. Hindalco filed a Bill of Exchange for clearance of the manuals on June 21, 1999. Hindalco filed a writ petition before the Delhi High Court seeking release of material On April 6, 2000 the Court ordered the release of the manuals on Hindalco furnishing a bank guarantee for Rs. 5 million and a Provisional Duty Assessment bond (**"**P.D. Bond**"**) for Rs. 7 million. Hindalco furnished the bank guarantee and P. D. bond as ordered by the Court and the manuals have been released. The bank guarantee has been extended up to March 31, 2006. Hindalco replied to the SCN on January 31, 2001. The date of personal hearing is yet to be fixed.

4. The Assistant Commissioner, Customs, Mumbai, has issued an order dated June 14, 1996 finalizing the assessment in respect of 400 metric tonnes of Synthetic Cryolite and requiring Hindalco to pay a duty of Rs. 18 million by enforcing the P. D. bond given by Hindalco at the time of the provisional assessment. A duty of Rs. 4.55 million as provisionally assessed was paid to get the goods cleared in May 1994. Hindalco filed an appeal against the order of the Assistant Commissioner before the Commissioner of Customs (Appeals) who allowed the appeal on January 5, 1998 and remanded the matter to the Assistant Commissioner. The Assistant Commissioner heard the matter on April 16, 1998 and reserved orders. The order has not so far been released.

Custom Cases under Rs. 10 million

Apart from the cases described hereinabove there are 5 cases filed against Hindalco. The approximate amounts in these cases aggregate to Rs. 15.03 million.

Service tax disputes

1. Liability to pay service tax was initially imposed on the persons availing the services of 'Goods Transport Operator' and 'Clearing and Forwarding Agents'. As Hindalco was availing the services, it got itself registered and paid service tax until 1999. The Supreme Court of India, vide its judgement dated August 27, 1999 in the Laghu Udyog Bharti case, directed that any tax which had been paid by the customer or client of a "Goods Transport Operator' or 'Clearing and Forwarding Agents' was to be refunded within 12 weeks of them making a demand. Hindalco also sought the refund of Rs. 4.92 million in September and October 1999 which was rejected by the Assistant Commissioner on June 19, 2000 and Rs. 10.21 million in December 1999 and January 2000 which was rejected by the Assistant Commissioner on February 6, 2001. However, the provisions were amended to nullify the effect of the judgement and the authorities rejected the claim on the basis of those amendments. Hindalco filed an appeal before the Commissioner (Appeals) who passed an order dated December 24, 2001 rejecting the appeal. Hindalco filed an appeal before the CEGAT, New Delhi against this order, which was rejected by an order dated June 4, 2003. Hindalco has filed an SLP in the Supreme Court against this order of the CEGAT. Two writ petitions bearing Nos. 328 and 329 of 2004 were filed in the Supreme Court challenging the amendments made vide Sections 116 and 117 of the Finance Act, 2000 to the provisions of the Service Tax Act, 1994. The writ petitions further challenged the validity of Section 158 of the Finance Act, 2003 by which the provisions of Chapter V of the Finance Act, 1994 as modified by Section 116 of Finance Act, 2000 have been retrospectively amended and validated in respect of services rendered by the goods transport operators and clearing and forwarding agents. Both the aforesaid writ petitions were dismissed vide order dated March 17, 2005. The SLP is pending disposal.

2. The Assistant Commissioner has issued a SCN dated July 4, 2004 to Hindalco demanding an amount of Rs. 18.7 million as service tax leviable in respect of the consulting engineering / technical know how received from a firm which does not have an office in India.

3. The Assistant Commissioner, Central Excise Division, Mirzapur has issued a SCN dated December 29, 2004 to Hindalco demanding an amount of Rs. 19.4 million as service tax leviable in respect of the consulting engineering / technical knowhow received from a firm which does not have an office in India. The reply to the same is yet to be filed.

4. The Assistant Commissioner, Central Excise, Mirzapur, issued a SCN dated June 4, 2004 to Hindalco demanding an aggregate sum of Rs. 18.7 million in respect of the alleged non-payment of service tax on consulting engineering services/ know-how from non-resident firms. The sum demanded has been subsequently revised. Hindalco has filed its reply and the matter is pending with the Assistant Commissioner, Central Excise, Mirzapur.

Sales tax disputes

1. The Commercial Taxes Department has issued SCNs No. NBZ/07/02/01-02, NBZ/07/02/02-03 and NBZ/07/02/03-04 dated August 11, 2004 to Hindalco for an amount aggregating Rs. 14.22 million in respect of the denial of set-off of taxes paid on inter-state purchases of various inputs used in the manufacturing of aluminum foils which are subject to the interstate sales tax and set off as provided GO 667 dated October 11, 2001 for the assessment years 2001-02, 02-03 and 03-04 respectively. The department also issued subsequent notices dated November 2, 2004 and November 10, 2004 Hindalco has filed Writ Petition No. 21775/2004 before the High Court of Andhra Pradesh against the notices. The petition has been admitted by the Court. Vide an order dated February 17, 2005, the High Court admitted the petition and directed the Department not to take any action with respect to the assessment years 2001-02 and 02-03 pending disposal of the petition, with a specific direction to Hindalco to file its objections to the SCN in relation to the assessment year 2003-04. The writ petition is pending disposal. With respect to the assessment year 2004-05, Hindalco has written to the department disputed that the matter is sub-judice and will be addressed after the decision in the writ petition.
2. The Flying Squad Unit, Ahmedabad has issued a demand notice in provisional assessment dated September 11, 2001 for an aggregate amount of Rs. 218.9 million for non-payment of sales tax on leased assets. Hindalco has filed a writ petition before the Gujarat High Court at Ahmedabad against this provisional assessment. The Court admitted the writ petition and granted a stay against recovery proceeding in 2001. The next hearing is awaited.
3. The Flying Squad Unit, Ahmedabad has issued a demand notice in provisional assessment dated June 11, 2001 for an aggregate amount of Rs. 212.3 million for non-payment of sales tax on leased assets. Hindalco has filed a writ petition before the Gujarat High Court at Ahmedabad against this provisional assessment. The Court admitted the writ petition and granted a stay against recovery proceeding on November 18, 2001. The next date of hearing is yet to be fixed by the High Court. Meanwhile, regular sales tax assessment for the relevant year 1997-98 has been passed. In the interim, the Deputy Commissioner, Sales Tax, Bharuch has passed an order for final assessment and regularized the revised demand of Rs. 260.5 million.
4. An order of assessment under Section 15B of the Gujarat Sales Tax Act was made for assessment years 1998-1999 demanding sales tax of an amount of Rs. 10.8 million together with interest, etc. Hindalco filed an appeal dated May 5, 2003 before the Assistant Commissioner Sales Tax (Appeal), Vadodara against the demand, but the appeal was rejected. Hindalco has appealed to the Tribunal which has granted a stay on September 17, 2003 until the hearing of the appeal. The hearing was fixed for April 11, 2005 but was adjourned. The matter is pending.
5. The Assistant Commissioner, Commercial Taxes, Ranchi, issued an assessment order dated February 1, 2005 to Hindalco for an aggregate amount of Rs. 30.8 million for the assessment year 2000-01 in respect of non-submission of Form F for alumina sent to Hindalco for conversion and in respect of TOT and Surcharge. Hindalco filed an appeal on March 14, 2005 with the Joint Commissioner (Appeals), Ranchi. The hearing of the appeal was completed on June 10, 2005 and the Commissioner (Appeals) passed an order dated July 26, 2005 remanding the matter to the Deputy Commissioner, Ranchi with directions.
6. The Directorate of Commercial Taxes issued a SCN dated July 10, 2001 to Hindalco demanding an aggregate amount of 17.1 million as sales tax along with interest for the assessment year 1998-99 under the West Bengal Sales Tax Act, 1994. The amount demanded includes disallowance of credit notes, higher demand for sales tax with respect to sale of import licenses and sale of assets, extra demand against stock transfer and non-production of forms. Hindalco went on appeal against the said order of the Department to the Deputy Commissioner. The matter is being heard.

Sales Tax Cases under Rs. 10 million

Apart from the cases described hereinabove there are 27 other sales tax related cases filed against Hindalco. The approximate amounts in these cases aggregate to Rs. 30.56 million.

Other taxes, fees and cesses

1. The State of Madhya Pradesh has imposed a transit fee at the rate of Rs. 7 per ton on coal (including 4 per cent sales tax thereon) under the Madhya Pradesh (Forest Produce) Rules, 2000. The General Manager, Northern Coalfields Ltd. issued demand notices No. NCL:SGR:Sales:SR:02: 260 and 261 both dated March 1, 2002 and notice No. JRD/AFM/Supply.bill/Transp.fee/2001-02/962 dated March 23/27, 2002, notice No. JRD/AFM/Supply.bill/Transp.fee/2002-03/218 dated June 19/22, 2002, notice No. JRD/AFM/Supply.bill/Transp.fee/2001-02/219 dated June 19, 2002, notice No. coal/credit/transit fee/RSTPP/2002-2003/148 dated June 10, 2002, notice No. coal/credit/transit fee/RSTPP/2002-2003/148 dated June 10, 2002 and notice No. coal/credit/transit fee/RPD/2002-2003 dated July 10, 2002 demanding the said duty of a sum amounting to an aggregate of Rs. 30.31 million to Hindalco. Hindalco has filed Writ Petition No. 4115/2002 before the High Court of Madhya Pradesh at Jabalpur challenging the aforesaid demand notices as well as the constitutional validity of order No. F-5/9/10-3/2001 dated May 28, 2001 issued by the State of Madhya Pradesh to the Chief Conservator of Forests and notification dated May 28, 2001 fixing the transit fee and letter No. 327/sidhi dated February 2, 2002, as illegal, arbitrary and without jurisdiction. The petition further challenged the constitutional validity of the relevant provisions of the Madhya Pradesh Transit (Forest Produce) Rules, 2000 and Sections 2(4)(b)(iv) and 41 of the Indian Forest Act, 1927. Hindalco has paid Rs. 146.4 million (up to September, 2006) (recurring) under protest and subject to the judgment in the writ petition. The hearing was concluded on February 28, 2006 and written arguments have been submitted. Orders have been reserved.
2. The Divisional Forest Officer, Renukoot has, in exercise of power under Section 41 of the Indian Forest Act, 1927 and Rule 5 of the Uttar Pradesh Transit of Timber and other Forest Produce Rules, 1978, imposed initially a transit fee at the rate of Rs. 5 per tonne on bauxite being brought by trucks from Madhya Pradesh to Renukoot and on coal moved by Hindalco by trucks from Madhya Pradesh to Renusagar and also within district Sonebhadra at the rate of Rs. 38 per tonne with effect from June, 2004. Hindalco has paid a transit fee on coal amounting to Rs. 2.56 million from July 20, 1999 to January 17, 2000 and a transit fee on bauxite amounting to Rs. 0.28 million from July 19, 1999 to January 24, 2000. A transit fee of Rs. 4.3 million has been imposed on bauxite from January, 2000 to August, 2006, and Rs. 281.8 million on coal up to September 2006. Hindalco has filed Writ Petition No. 40 of 2000 challenging the said imposition before the Allahabad High Court on the ground that the D.F.O, Renukoot does not have the legislative competence to impose the said levy and has further challenged the constitutional validity of Sections 2(4)(b)(iv) and 41 of the Indian Forest Act, 1927. In response to stay application No. 2000 in WP No. 40 of 2000, the Court, vide order dated January 18, 2000, issued a stay on the levy on the condition that if the writ petition fails, the amount will be payable with interest at 18 per cent per annum.
3. The Zilla Panchayat, Sonebhadra has, under the provisions of the Uttar Pradesh Kshetra Panchayat and Zilla Parishad Adhiniyam, 1961, levied a transport/toll tax on the transportation of coal by Hindalco from the collieries to its factories at Renukoot and Renusagar at the rate of Rs. 30 per truck. Hindalco has filed Writ Petition No. 587/2003 before the Allahabad High Court challenging the levy. The Petition also challenged the constitutional validity of the said Zilla Parishad Adhiniyam, 1961 on grounds that that Zilla Panchayat does not have the legislative competence to frame the impugned bye laws. The realization of the levy has been stayed by the High Court vide order dated April 10, 2003. Vide order dated May 22, 2003, the petition has been clubbed with another writ petition No. 18035 and referred to a Full Bench of the High Court. The order dated April 10, 2003 also directs Petitioner to make necessary changes in their petition and the Respondents to file counter within one month. The Respondents have not filed counters. Arguments on behalf of Hindalco is concluded. Matter in now being listed for reply by Advocate General.
4. Shaktinagar Special Area Development Authority imposed a cess at the rate of Rs. 5 per ton on coal purchased by Hindalco from Northern Coalfields Ltd. Northern Coalfields Ltd. has demanded the said levy aggregating Rs. 33.2 million (as at June 2005) from Hindalco. Hindalco has paid an amount Rs. 2.4 million. Hindalco has filed a writ petition No. 791 of 1997 dated April 4, 1997 against the State of Uttar Pradesh and others before the Allahabad High Court challenging the demand. Hindalco has further challenged the constitutionality of the said levy on several grounds including legislative competence and arbitrariness. The imposition was stayed by the Court on December 19, 1997 with directions not to press the demand for the impugned cess in pursuance of bills raised and also not to raise any further demand for the cess pending further orders. The Respondent Government has filed its counter. The petition was listed on August 11, 2004 and was adjourned. The next date of listing is yet to be announced.
5. As the monitoring agency for the collection of Research and Development Cess, IDBI demanded the payment of Rs. 12.8 million in connection with the import by Hindalco of TG Sets from ABB Germany. Hindalco filed an application dated March

14, 2002 with Technology Development Board, the subsequent monitoring agency. The agency refused the refund of the cess paid. Hindalco has challenged this order through a Writ Petition filed before the Delhi High Court.

6. The Commercial Taxes Department has issued demand notices in Form II dated November 22, 2004, December 23, 2004, January 22, 2005, March 1, 2005, March 22, 2005 and May 10, 2005 to Hindalco demanding an aggregate sum of Rs. 8155.1 million as the Special Entry Tax in respect of the furnace oil procured by Hindalco by way of import and indigenously from the State of Karnataka imposed under the provisions of the Karnataka Special Tax on Entry of Certain Goods Act, 2004. Hindalco filed a writ petition No. 45866/2004 dated November 19, 2004 before the High Court of Karnataka against this notice. The High Court passed an order granting a stay on the proceedings of collection of the Special Entry Tax for the periods April and May 2005. However, Hindalco is yet to receive the orders certifying the same. The demand notices for April 2005 to July 2005 have been received vide notices dated May 31, 2005, June 23, 2005 and September 2, 2005 and are awaiting a stay in relation to the same. No provision was made for the month of August 2005 as the entire furnace oil was purchased within the State. The date of hearing is yet to be announced.

7. The Director General of Foreign Trade has issued a SCN to Hindalco in respect of non-submission of export obligation against EPCG License. The reply is under preparation. A personal hearing was held on February 15, 2005.

8. The State of Orissa imposed Rural Infrastructure and Socio Economic development Tax under Orissa Rural Infrastructure and Socio Economic Development Act, 2005 (ORISED Act) on minerals and Coal bearing land. Hindalco has challenged inter alia Act/ Rules/ Notification by way of W.P. No. 8228/2006 before Orissa High Court . The Division Bench of the High Court of Orissa struck down the impugned Act/Rules and Notification vide its order dated 5.12.2005. Against the order of the High Court the State of Orissa filed an SLP No. 5264 of 2006 before the Hon'ble Supreme Court of India . The case is next posted for hearing on January 22, 2007.

9. Northern Coalfields Limited (NCL), Jhingurdah project raised a Demand dated 23.3.2006 through supplementary bill for the period from 30.9.2005 to 28.2.2006 for Rs. 44.3 Millions and for 1.91 million on the Basic value of dispatch of coal for 5 days (Total 46.2 Million) in respect of Renusagar Power Division and for 2.84 million in respect of Renukoot (including CST @ 4%) for the period 20.9.2005 to 27.3.2006 under Madhya Pradesh Gramin Avsanrachna Tatha Sadk Vikas Adhiniyam,2005. As the liability is recurring the Hindalco has filed a W.P. No. 4915 of 2006 before the Hon'ble High Court of Jabalpur challenging the Act/Rules/ Notification and demand raised by NCL there under. The Hon'ble High Court has stayed the Demand vide interim order dated 4.4.2006. Notices were issued to the respondents and the case is listed for further hearing. Meanwhile as a similar levy imposed by the State of Orissa was struck down by the Orissa High Court and the order is under challenge before the Hon'ble Supreme Court, Hindalco moved a Transfer petition before the Hon'ble Supreme Court and the Transfer petition has been allowed on 6th Nov, 2006.

10. Nagar Palika , Singrauli, Distt. Sidhi (M.P.) in purported exercise of power under Section 132 of the M.P. Municipalities Act, 1960 imposed a Terminal Tax inter alia on export of coal @ Rs. 5/- per tonne. Initially demands were raised on Northern Coalfield Limited (NCL). However, NCL decline to pay. The Nagar Palika, Singrauli put up the barriers on the road for the purpose of collection of Terminal Tax and stopped all the trucks carrying coal for renusagar Power Division of the Hindalco. A Writ Petition No. 1588 of 2006 has been filed at High Court of Madhya Pradesh at Jabalpur challenging the levy. The High Court vide its order dated 25.1.2006 has issued notice to the Respondents and has meanwhile ordered that trucks carrying coal will not be detained at the checkposts subject to the condition that terminal tax shall be paid on the coal obtained from NCL. Although there is no provision for payment of Tax in advance the Hindalco has paid an advance of Rs. 2.3 million as goodwill gesture up to September, 2006. The case is to be listed for the hearing.

Other tax Cases under Rs. 10 million

Apart from the cases described hereinabove there are 4 other miscellaneous tax related cases filed against Hindalco. The approximate amounts in these cases aggregate to Rs. 7.39 million.

Miscellaneous disputes

Cases filed against Hindalco

1. Three cases have been filed under Section 5 and 26 of the Indian Forest Act, 1927 ("**Forest Act**") before the Magistrate's Court by the Divisional Forest Officer, Renukoot alleging encroachment upon forest land by Hindalco through incorrect construction of boundary wall. In each of these cases, the Investigating Officer has recommended that an application for invocation of Section 63 of Forest Act be made.

2. Eight cases have been filed before the Judicial Magistrate at Lohardaga for breach of Sections 25, 26 and 33 of the Forest Act by Hindalco. It is alleged in these cases that Hindalco has engaged in activities not permitted in the forest area such as mining, construction of road and transportation of bauxite. In three of these cases, the High Court has admitted a petition for quashing the proceedings and has stayed the proceeding in the lower court. In three other cases, the lower court is hearing the case. In two of the cases, the sanction of the Deputy Forest Officer for continuing the proceedings is awaited.

3. Two cases have been filed against Hindalco under Section 52 of the Forest Act before the Divisional Forest Officer for the confiscation of materials illegally collected from the forest. One of these cases is pending hearing before the Divisional Forest Officer. In the other case, an adverse order was passed by the Officer on March 3, 2005. Against this order, Writ Petition (Cr) No.146 of 2005 was filed at Jharkhand High Court, Ranchi on April 19, 2005 and the order of the lower court was stayed vide order dated May 12, 2005.

4. The Assistant Mining Officer, Lohardaga, issued a demand notice dated January 5, 2002 directing Hindalco to pay an amount aggregating Rs. 19.55 million (together with Mines and Minerals Ltd.) in respect of the alleged arrears of royalty on vanadium sludge payable by Hindalco and interest thereon until December 31, 2001. Hindalco disputed its liability and the matter was referred to the Certificate Officer (Mines), Ranchi, who commenced certificate proceedings under a notice dated January 15, 2002. Hindalco filed Writ Petition No. 6839 of 2002 before the Allahabad High Court challenging the notice dated January 5, 2002 and January 15, 2002. The High Court passed orders dated February 14, 2002 and March 22, 2002 holding that in case Hindalco deposited 50 per cent of the aggregate amount and furnished a bank guarantee for the remaining amount, any further action including the certification proceedings pursuant to the demand notice would remain stayed. Hindalco has complied with the aforesaid conditions.

5. The Assistant Mining Officer, Gumla vide Notice dated June 13, 2005 demanded royalty on Vanadium amounting to Rs. 13.8 million for the period 1991-92 to 2000-01 with interest of Rs 26.7 million calculated up to March 31, 2005. Hindalco has furnished a reply to this notice denying the liability. The Certificate Officer has issued notice to Hindalco on July 25, 2005 for realization of the dues. Hindalco has denied its liability to pay vide August 25, 2005. The reply from the Assistant Mining Officer has also been filed before the Certificate Officer on September 6, 2005. The Certificate Officer vide its order dated December 20, 2005 directed Hindalco to deposit 50% of the certificate amount in cash and furnish a bank guarantee for the balance.

6. The District mining authorities of District Gumla and Lohardaga in the State of Jharkhand raised the demand for royalty on vanadium in respect of mining leases situated in dist Gumla for Rs. 5,51,87,693/- and Lohardaga for Rs. 3,10,24,253/- totaling Rs. 8,62,11,936/- for the period 2001-05. The certificate proceedings commenced and the Hindalco's interim application for the rectification of amount has been allowed The revised amount now stands at 24367756/-. The Court however in line with its earlier order has directed the Hindalco to deposit as an interim measure the 50% of the amount as cash and furnish a bank guarantee for the balance amount. Hindalco complied with the directions. The matter is pending.

7. Hindalco has filed Revision Application dated January 21, 2002 under Section 54 of the Mineral Concession Rules, 1960 before the Revisional Tribunal, Mines, Delhi against the order of the Government of Maharashtra dated February 16, 2002, granting mining lease rights to Mr. R.M. Mohite in Kolhapur copper mines of area 1312.41 hectares. Revision hearing was held on June 13, 2004 and was concluded on June 20, 2004. The order of the tribunal is awaited.

8. Hindalco has filed Title Suit No. 174 of 1999 in the court of the Civil Judge Sambalpur against the encroachment of land held by Hindalco at Hirakud against Mrs. B. Kanta and others. The case is posted for hearing.

9. District mining authorities Gumla, Jharkhand has raised a demand of Rs. 48,48,245/- for the period 1.1.06 to 31.8.06 towards royalty with interest on Vanadium Sludge. Hindalco filed its objections. The department however initiated the certificate proceedings and notice was to file objections received on 7.11.2006. Hindalco filed its reply. The certificate officer, however ignoring contentions has ride order dated December 18, 2006 directed Hindalco to deposit 50% of the amount in cash and provide a bank guarantee for the remaining 50%. Similar demand amounting to Rs. 19,97,730/-has been made by authorities of District Lohardaga, reply submitted. But the authorities have initiated Certificate proceeding. Hindalco has filed its reply.

10. Hindalco has received a notice dated November 25, 2006 from the court of collector of stamps to appear in connection with a proceedings (u/s 33 and 47 of the Indian Stamp Act, 1899) instituted to recover an alleged short payment of stamp duty on the court order sanctioning merger of a business division of Indo Gulf with Hindalco. The financial impact on Hindalco is to the tune of Rs. 2520 million and any additional penalty that the authorities may impose. Hindalco is taking steps to defend the proceedings.

Miscellaneous cases under Rs. 10 million

Apart from the cases described hereinabove there are eight other cases filed against Hindalco. The approximate amounts in these cases are an aggregate of Rs. 13.88 million.

Cases filed by Hindalco

Hindalco has filed eight miscellaneous cases against several defendants. Majority of these matters these matters relate to (i)municipal charges; (ii) disconnection of power supply to one of Hindalco's installations; (iii) imposition of penalty due to short payment of stamp duty; (iv) confiscation and stoppage of transportation work at some of the mines owned by Hindalco etc. Hindalco has sought declaratory as well as injunctive reliefs in respect of these matters. The total financial implication of these matters is approximately Rs. 116.2 million.

Arbitration Proceedings

1. Hindalco initiated arbitration proceedings for failure of Uttar Pradesh State Electricity Board ("UPSEB") to supply electrical energy in terms of Agreement dated October 29, 1959. For the period 1971 to 1973, the amount claimed was Rs. 20.5 million and for 1973 to 1975, the amount claimed was Rs. 69.1 million. UPSEB moved the lower Court challenging the reference to Arbitration, which was rejected. Hence UPSEB has filed Revision Nos. 6 and7 of 1980 dated January 1, 1980. Stay was granted on January 18, 1980 Hindalco has filed an application for vacation of stay. The matter was last listed on May 20, 2005 when the court directed the cases to be listed before the appropriate regular court.
2. Hindalco has been involved in arbitration proceedings with IFFCO. The Presiding Arbitrator endorsed the awards of IFFCO's Arbitrator against Hindalco. An amount of Rs. 71.9 million along with interest at 10.25 per cent from January 15, 2001 was awarded to IFFCO. Hindalco has filed an appeal in the Delhi High Court on October 10, 2004 against this arbitration award. A hearing was held on December 1, 2004 and notices were issued. The next date for hearing is on September 10, 2005. Court directed both parties to file synopses and listed the matter for hearing on November 22, 2005. The matter is still pending.
3. Hindalco initiated arbitration proceedings for Rs. 15.3 million and Rs. 11.7 million on the grounds of failure of UPSEB to supply electrical energy in terms of agreement dated November 30, 1976. UPSEB filed miscellaneous cases before the Civil Judge, Lucknow, which were dismissed for default. The application for restoration and condonation of delay were also dismissed by order dated February 5, 1993, UPSEB filed FAFO Nos. 105 of 1993 and 107 of 1993 was filed by UPSEB. Arbitration proceedings were stayed by High Court vide order dated May 20, 1993. The next date of hearing is yet to be fixed.
4. Hindalco initiated three arbitration proceedings for failure of UPSEB to supply electrical energy in terms of Agreements dated October 29, 1959 and September 30, 1976. The amounts claimed were Rs. 26.4 million for the period September 1973 to November 30, 1977, Rs. 61.62 million for the period April 7, 1977 to September 18, 1977 and Rs. 62.21 million for the period December 1, 1977 to May 7, 1978. UPSEB moved the Lower Court challenging the references to Arbitration. The lower court partly allowed the applications holding that the arbitration clauses were valid and the dispute were covered by the arbitration clauses but the references to arbitration were unilateral and hence invalid. Against these orders Hindalco filed Revision Nos. 339, 340 and 341 of 1979 while UPSEB filed Revision Nos. 10, 11 and 40 of 1980. Restraint orders have been granted against the arbitrator from proceeding in these arbitrations. Revisions are being listed for final hearing. The matters were listed on May 20, 2005 and the Court directed these to be listed before the appropriate Court.
5. Hindalco initiated arbitration proceedings for failure of UPSEB to supply electrical energy in terms of the agreements dated October 29, 1959 and November 30, 1976. The amount claimed was Rs. 41.93 million for the period March 8, 1978 to September 30, 1978. UPSEB filed suit No. 58 of 1979 before Civil Judge (S.D.) Lucknow for permanent injunction against the arbitration proceedings and for declaration that the dispute did not come within the purview of the arbitration clause. The said suit was allowed vide order dated September 28, 1998. Against this order of the Civil Judge Civil Revision No. 122 of 1998 has been preferred by Hindalco. In this proceeding, the High Court vide its order dated January 18, 1999 stayed the operation of the impugned order of the Civil Judge. The matter came up for hearing on July 25, 2003 and was dismissed due to non-appearance of counsels. Restoration application has been filed on July 31, 2003. The High Court ordered restoration of the case to its original number and continuation of the existing stay order on March 4, 2004. The case was listed last in July 9, 2004 and adjourned. A further date of hearing is yet to be fixed.

6. Hindalco had initiated arbitration proceedings against UPSEB in respect of the refund of Rs. 3.64 million paid under protest on account of wrongful demand based on minimum consumption guarantee. The UPSEB declined to appoint an arbitrator and challenged the appointment of sole arbitrator before the District Court in the Unnao District of Uttar Pradesh. The Court vide its order dated April 10, 1992 rejected the challenge and UPSEB filed a Writ Petition No. 1232 of 1992 against the said Order. The writ petition was dismissed for default on December 4, 2000. The sole arbitrator passed an award on December 15, 2000 which was made Rule of Court in the year 2001. UPSEB filed an application No. 6179 of 2000 for recall of the order dated December 4, 2000 and for restoration of the Writ Petition No. 1232 of 1992. The application is pending disposal.

7. UPSEB had revised its general rates from July 1, 1978 and had worked out an increase of 4.1647 paisa /unit over and above the average rate of 11 paisa/unit by ignoring the effect of fuel cost valuation adjustment charges in calculating the proportionate increase in terms of power agreement. Hindalco had paid a sum of Rs. 11.7 million under protest and had initiated arbitration proceedings on April 17, 1981. The arbitrator made an award for Rs. 3.59 million, which was made Rule of Court on August 27, 1990. Against the order of making the award the Rule of Court, FAFO No. 47 of 1991 dated March 26, 1991 has been filed by the UPSEB in respect of an amount of Rs. 1.73 million. The appeal was admitted on August 16, 1994. Proceedings are pending and no further date has been fixed.

Notice

Hindalco was allotted 64 acres 30 guntas extent of land in Kangrali Industrial Area by the Karnataka Industrial Areas Development Board ("KIADB") vide an allotment letter dated April 4, 1973. The Assistant Secretary, KIADB, Belgaum passed an order dated January 18, 2000 terminating the allotment letter and resuming the land on account of the alleged non-compliance with the conditions contained in the allotment letter. Hindalco, by a letter dated January 18, 2000, requested the KIADB to withdraw its letter dated January 18, 2000 and consider its proposals submitted in an earlier letter dated August 6, 2000. The KIADB, by its letters dated January 28, 2000 and January 31, 2000 revoked the order dated January 18, 2000 and kept the same in abeyance. By its letter dated February 1, 2000, the KIADB withdrew the order. Hindalco made an exchange proposal to the KIADB. The exchange proposal was accepted by KIADB. However, the same would not be implemented due to various practical problems such as stamp duty and surrender of our own land. Matter is pending with KIADB.

Other Regulatory matter

Pursuant to its order dated February 18, 2005, SEBI ordered Hindalco Industries Limited and Pilani Investment and Industries Corporation Limited (the "Acquirers") to make a Public Announcement for an Open Offer of Bihar Caustic & Chemicals Limited ("Target Company") as required under Chapter III of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, taking the reference date as June 18, 2002 to the shareholders of Bihar Caustic & Chemicals Limited as on that date. SEBI further ordered the Acquirers to pay interest @ 10% per annum to the shareholders of the Target Company in terms of Regulation 44 (i) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 for the loss of interest caused to them from October 21, 2002 till the date of actual payment of consideration for the shares to be tendered/accepted in the offer directed to be made by the Acquirers. Hindalco had acquired 17,700 Equity shares under the open offer for which the required consideration was paid and the offer has been closed. All the statutory compliances under the aforesaid open offer were completed.

Grasim Industries Limited ("Grasim")

1. On January 31, 2006, Tata Industries Limited ("TIL") sent a letter to Grasim under the Shareholders Agreement dated December 15, 2000 (the "Shareholders Agreement") alleging that the application made by Aditya Birla Telecom Limited for grant of UAS License for a metro circle constituted a material breach of the Shareholders Agreement.

   Further, on February 27, 2006, TIL sent another letter to Grasim alleging that the performance review investor presentation for the second quarter ended on September 30, 2005 and the third quarter ended December 31, 2005 and investor/ analysts meet presentation dated September 12, 2005 posted on ABNL's website had resulted in a material breach of the confidentiality provisions of the Shareholders Agreement. TIL characterized this letter as a "*Termination Notice*" and notified Grasim that it would purchase the Aditya Birla Group's entire shareholding in the Company (then existing) (the "*Aditya Birla Shares*") within 90 days of the notice at the Default Price (as defined in the Shareholders Agreement). On its part, Grasim refuted the allegations. Subsequently though, notwithstanding the Termination Notice and, as required by the Shareholders Agreement, the TATA Group offered to sell its entire shareholding in the Company (then existing) (the "*Tata Shares*") to the Aditya Birla Group since it had received an offer to purchase the Tata Shares from a third party.

Meanwhile, on May 5, 2006, TIL, purportedly acting for itself and on behalf of Apex Investments (Mauritius) Holding Private Limited ("Apex"), issued a notice of arbitration to Grasim under the Shareholders Agreement. Pursuant to this offer, the Tata Shares were purchased by the Aditya Birla Group, on June 20, 2006, from TIL and Apex Investments (Mauritius) Holding Private Limited ("Apex") the entities which held these shares. The share purchase agreement dated June 1, 2006 entered into between the TATA Group and the Aditya Birla Group provides that it was executed without prejudice to the rival contentions of the parties with reference to the Termination Notice and the legal rights, which have accrued under the Shareholders Agreement.

Thereafter, TIL and Apex filed an arbitration application in the Bombay High Court for the appointment of an arbitrator for adjudication of the alleged disputed under the Shareholders Agreement. The applicants withdrew this application on September 8, 2006 with liberty to adopt appropriate proceedings as the Bombay High Court was not the appropriate forum for hearing the arbitration application. There is a possibility that TIL and Apex may file proceedings on this issue with the Supreme Court of India.

2. A show cause notice for an amount of Rs. 104 million was issued against cenvat credit on the ground that the spinning and weaving units of Bhiwani Unit is not a composite mill. The matter is pending in CEGAT. Show cause notices have been served aggregating Rs. 151.6 million on the grounds of misclassification of machinery, cenvat on fuel oil and non-fuel items. These are pending at various levels. Show cause notices have been served aggregating Rs. 275.9 million towards disallowance of modvat credit on raw material supplies and capital goods. The matter is pending in CEGAT. In addition, there are other cases aggregating Rs. 154.5 million which are pending at various levels.

3. Demand of Rs. 108.6 million has been raised towards custom duty on import of technical knowhow and other services against which Bank Guarantee of Rs. 56.8 million has been furnished. Matter is pending in appeal with the High Court at Mumbai. In addition, there are cases aggregating to Rs. 0.4 million towards calculation of duty on moisture allowance for coal and towards purchase of computer. These matters are pending at various levels.

4. Demand of Rs. 107.4 million has been raised towards stamp duty and lease transfer charges on the transfer of Gwalior property. A demand of Rs. 56.6 million has been made towards Stamp Duty on valuation of mining lease. A petition has been filed challenging the basis of valuation. In addition, there are other cases aggregating Rs. 52.4 million which are pending at different levels.

5. Madhya Pradesh State Electricity Board ("MPSEB") has raised a demand of Rs. 454.7 million on the basis of an order of the Madhya Pradesh Electricity Regulatory Commission imposing a condition to use Board's minimum power to the extent of equivalent units generated by 3 DG sets against which a stay has been obtained from Madhya Pradesh High Court. A demand of Rs. 22.5 million has been made towards surcharge on non-payment of energy development cess. Matter is pending with Madhya Pradesh High Court. An appeal against a demand of electricity tax of Rs. 72.3 million made by CEIG is pending with Energy Secretary for disposal. There are other cases amounting to Rs. 75.4 million pending before different levels.

6. Demand aggregating Rs. 96.2 million has been made towards Sales Tax on stock transfers and interest thereon and pending "C" forms. The matters are pending before the Sales Tax Board. Additionally, demand of Rs. 21.4 million has been made towards disallowance on various accounts. There are other cases relating to pending "C" Forms, sales tax registration, purchase tax, entry tax, etc. aggregating Rs. 263 million, which are pending at various levels.

7. Demand of Rs. 133.3 million has been made by the Irrigation Department. Government of Gujarat, towards water charges. In addition, demand for water cess amounting to Rs. 12.6 million has been made. All these are pending at various levels.

8. Matters aggregating Rs. 34.8 million with regard to Mineral Area Development Cess & Royalty, Rs. 62.7 million with regard to Land compensation, Rs. 62.2 million with regard to labor disputes, Rs. 30 million with regard to Freight disputes, Rs. 5.9 million with regard to Betterment fees, Rs. 2.2 million with regard to Service tax, Rs. 9.9 million with regard to Property & Road Tax, Rs. 35.7 million with regard to wood price difference, claims from parties aggregating Rs. 27.9 million and miscellaneous cases aggregating Rs. 68.4 million are pending before various appropriate authorities.

9. The State represented by the Labor Enforcement Officer, Tiruchirappalli, Tamil Nadu ("LEO") filed two complaints S.T.C. No. 505 of 2003 and S.T.C. No. 506 of 2003 under Section 24 of the Contract Labour (Regulation & Abolition) Act, 1970 before the Judicial Magistrate, Ariyalur against Mr. Kumara Mangalam Birla (in his capacity as Chairman of Grasim), Mr. S.K. Maheshwari, Mr. K.C. Birla and two different contractors engaged in packing and loading of cement bags in packing Section

of Grasim, Tamil Nadu. It has been alleged that the contractors were under the control and supervision of Grasim including Mr. Kumara Mangalam Birla, Mr. S.K. Maheshwari and Mr. K.C. Birla. In his letter dated February 14, 2003, the LEO had requested Grasim to rectify the irregularities mentioned in their inspection report of January 7, 2003. They also ordered Grasim to pay wages in accordance with guidelines given by the Cement Wage Board amounting to approximately Rs. 7.5 million and Rs. 2.87 million to the workers under the two cases respectively. Grasim requested the Judicial Magistrate to discharge the petitions against Mr. Kumara Mangalam Birla and Mr. S.K. Maheshwari as they were not responsible for the day to day working of Grasim. Grasim accepted that Mr. K.C. Birla was responsible for the day to day working and accepted the offence. The Magistrate by his order dated February 27, 2004 rejected the request. Criminal miscellaneous petition nos. 5405 & 5406 of 2004 were thus filed by Grasim in the High Court of Judicature at Chennai for discharge of the petition against Mr. Kumara Mangalam Birla and Mr. S.K. Maheshwari. The High Court in its order dated April 28, 2004 stayed all further proceedings and set aside the order dated February 27, 2004 of the Judicial Magistrate. The matters are currently pending.

10. Satyabhama Devi, a shareholder of Grasim Industries Limited has filed case No. 1477(C) 2001 against Kumara Mangalam Birla as Chairman of Grasim and others in the Court of the Judicial Magistrate, First Class, Patna for offences under Sections 406 and 420 of the Indian Penal Code. She has alleged that she applied for 710 debentures of Grasim and also paid Rs. 49,700 for them. She has further alleged that when she sold her shares in the secondary market after conversion of her debentures as per the prospectus, Grasim stopped the transfer of her shares resulting in loss for her. She has also alleged that she has not received any interest or principal amount for the 710 debentures and also no dividend for the past 12 years. Grasim has contended that these debentures did not belong to Satyabhama Devi in the first place. The Judicial Magistrate, by his order dated October 10, 2001, had directed for issue of summons against Mr. Kumara Mangalam Birla and the other accused. Mr. Kumara Mangalam Birla filed criminal miscellaneous No. 1305/2002 in High Court at Patna requesting for quashing of the impugned order passed by the Judicial Magistrate. The High Court by its order dated July 22, 2002 admitted the application and stayed further proceedings in case No. 1477(C) 2001. The matter is currently pending.

11. Grasim and Samruddhi Swastik Trading & Investments Limited (the "Acquirers") made an open offer for acquisition of 20% of the equity share capital of Larsen & Toubro Limited ("L&T") pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the "Regulations"). SEBI vide its later dated November 8, 2002 (the "SEBI Letter") decided to conduct an investigation in terms of Chapter V of the Regulations on the alleged violations, with regard to the acquisition of 25,000,000 equity shares, aggregating to 10.05% of the paid up and voting capital of L&T by the Acquirers on November 18, 2001. SEBI advised the merchant banker responsible for the open offer to not to proceed with the open offer formalities pursuant to the public announcement made on October 14, 2002 and to issue a revised public announcement stating, the contents of the SEBI Letter. A revised public announcement with the contents of the SEBI Letter was made on November 21, 2002.

    Further, SEBI vide its letter dated November 29, 2002, advised the merchant banker that the Acquirers should not acquire any further shares of L&T in the open market or through negotiation or otherwise with effect from November 29, 2002 until further advice. The Acquirers were also asked to furnish the details of their shareholding in L&T pursuant to the public announcement.

    The Acquirers filed an appeal with the Securities Appellate Tribunal ("SAT") on November 18, 2002. While SAT admitted the petition, it did not grant interim relief to stay the directions issued by SEBI. SEBI vide its letter dated April 22, 2003 withdrew the restrictions imposed on the Acquirers regarding further acquisition of the equity share capital of L&T and also allowed the merchant banker to proceed with the public offer with instructions to make certain disclosures in the Letter of Offer. In view of SEBI having permitted the Acquirers to proceed with the public offer, the appeal filed with SAT was withdrawn. The public offer opened on May 7, 2003 and closed on June 2, 2003.

Birla TMT Holdings Private Limited ("Birla TMT")

There are no proceedings by or against Birla TMT.

Litigation against Promoter group companies

We have limited the disclosure in respect of companies in the same group as our Promoters to the top five listed companies of the Promoters' group.

PSI Data Systems Limited ("PSI")

Cases filed against PSI

Criminal Cases

1. Tushar N. Mehta filed a criminal case (No. 1943/1990) on December 28, 1989 before the Metropolitan Magistrate, Ahmedabad, against Mr. Vinay L. Deshpande and Mr. Ajit Balakrishnan (former Managing Directors of PSI) for allegedly misrepresenting the capabilities of PSI's products. The case has remained dormant for several years. The financial impact on PSI is likely to be Rs. 0.10 million.
2. Caltiger, Kolkata filed a complaint (MP 85/2001) on June 11, 2001 before the Magistrate's Court, Barrackpore, Kolkota, against some senior management staff alleging criminal conspiracy (Section 120A of the Indian Penal Code) and cheating (Section 420 of the Indian Penal Code). As advised by Corporate Legal, PSI's advocate has filed an application under Sections 239 and 245(2) of the Criminal Procedure Code for dismissal of the complaint since no offence was committed and the charges were baseless. The matter was taken up on March 23, 2005. The Court has not yet framed charges, as the Learned Judicial Magistrate, Barrackpore has transferred the matter before the Learned Chief Judicial Magistrate, Bidhannagar. The financial impact on PSI is likely to be Rs. 0.56 million.

Income tax disputes

The Commissioner of Income Tax filed a complaint (ITA 497/02 and ITA 498/02) before the Income Tax Appellate Tribunal, Bangalore Bench against PSI for not deducting tax at source under Section 192 on the perquisite in the form of Stock Options granted to its employees under the employees stockoption plan. The Commissioner opined that the benefit granted to the employees by way of allotment of share at a concessional price is a perquisite. Whereas, the Tribunal held that any benefit by way of allotment of shares under the employee stock option plan is not a perquisite. Against the said order of the tribunal, the department has filed an appeal under Section 260A of the Act to the High Court of Karnataka, challenging the findings of the Tribunal. No date has been decided yet. The financial impact on PSI is Rs. 16.15 million.

Civil disputes

There are five other civil cases (including Sales Tax, the Employee State Insurance Corporation) filed against PSI for claims aggregating Rs. 3.18 million.

Regulatory Matters

PSI received a notice from SEBI dated October 8, 2001 in relation to the open offer by PSI under Regulation 6(2)(4) and Regulation 8(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 for non-compliance with Regulations 6 and 8 (3). SEBI initiated proceedings against PSI on September 23, 2002. Under the SEBI (Substantial Acquisition of Shares and Takeovers) Regularization Scheme, 2002, PSI sought to regularize the non-compliance and also paid Rs. 50,000 as penalty. The company, which is the erstwhile promoter of PSI Data Systems, also paid a penalty of Rs. 10,000 under the SEBI (Substantial Acquisition of Shares and Takeovers) Regularization Scheme, 2002. Pursuant to the same, SEBI withdrew the adjudication proceedings by a letter dated December 11, 2003.

Cases filed by PSI

Industrial cases

PSI filed a suit (OS No. 3926/1997) against an ex-employee Mr. R. Gopinath for committing breach of the deputation agreement. The amount to be recovered is Rs. 0.20 million. The case is posted for cross examination of Mr. Gopinath.

Bihar Caustic and Chemicals Limited ("Bihar Caustic")

Cases filed against Bihar Caustic

1. Mr. Dilip Kumar Sharma filed a criminal complaint against one of the contractors of Bihar Caustic and the Managing Director of Bihar Caustic. Mr. Sharma had rented a machine to a contractor for carrying out work in Bihar Caustic's premises. The full amount of rent was not paid by the contractor and Mr. Sharma filed the criminal complaint. The court took cognizance of the complaint and issued a bailable warrant against the contractor and the Managing Director of Bihar Caustic. Bihar Caustic filed a criminal miscellaneous application to quash the order before the Jharkhand High court at Ranchi, and the High court has issued a stay against the proceedings of the trial court. The criminal miscellaneous application is pending for final disposal.
2. The Jharkhand State Electricity Board (JSEB) raised an annual minimum guarantee bill of Rs. 21.4 million, which was challenged by Bihar Caustic before the High Court. The High Court directed JSEB to issue a revised bill, which was issued for an amount aggregating to Rs. 158.9 million. The revised bill included fuel surcharge and other charges. The matter is sub-judice before the High Court. The amount in dispute aggregates approximately Rs. 615 million.
3. A fuel surcharge bill of Rs. 378 million was raised by the JSEB and challenged by Bihar Caustic on the ground of wrong calculation. The disputed amount involved is approximately Rs. 128.2 million. The delayed payment surcharge on the disputed amount of fuel surcharge arrears amounts Rs. 58.9 million. The matter already concluded in Supreme Court, judgment reserved and order is awaited.
4. There was strike by workers' union in 1986 for want of a salary structure of different categories of employees and the matter was referred to by the State Government to the Industrial Tribunal for adjudication. The matter is pending.

   There are some more minor Labour matters pending with various courts and the altogether disputed claims amounts Rs. 15.6 million.
5. There are four income tax cases pending before the Commissioner of Income Tax (Appeals) / High Court aggregating to Rs. 10.9 million.

Cases filed by Bihar Caustic

Criminal Cases

1. Bihar Caustic filed a criminal case (No. 817/2001). Bihar Caustic supplied chlorine to M/s. B.L. Chemicals, Bulund Sahar (U.P) in the year 1998-1999 and to M/s. Krison Chemicals, Buland Sahar (U.P.) during 1999-2000 to 2000-2001. Bihar Caustic could not recover the amount for the said supply. Criminal case was filed against the parties in the month of November 2001. A fresh non-bailable warrant was obtained and was sent to the Police Commissioner, Delhi for execution of the same. Bihar Caustic has also received orders for Kurki and Zabti of their fixed assets. The financial impact is Rs. 0.54 million.
2. Bihar Caustic filed a criminal case (No. 320/2002). Bihar Caustic supplied caustic soda and chlorine to M/s. Konark Paper and Industries, Orissa, during the years 1998-1999 and 1999-2000. Due to non recovery, a criminal case was filed and a non-bailable warrant was issued by the Court. The warrant is pending for execution. Fifty per cent of the amount has been recovered from the agent. The financial impact is Rs. 0.07million.
3. Bihar Caustic filed a criminal case (No. 322/2002) against M/s. Hi-Tech Steel, Bihar, for recovery of dues for the year 2000-2001 against the supply of HCL. The matter is pending and is posted for evidence. The financial impact is Rs. 0.17 million.
4. Bihar Caustic filed a criminal case (No. 380/2002) against M/s. Keshari Mall and Sons, Nagpur. Bihar Caustic supplied HCL to M/s. Keshari Mall and Sons, Nagpur. Two cheques were issued by M/s Keshari Mall and Sons which were dishonoured by the drawee bank at Nagpur. A non-bailable warrant was obtained on December 24, 2004 and the same was sent to the police commissioner, Nagpur for execution. The execution report is awaited. The financial impact is Rs. 0.06 million.
5. Bihar Caustic filed a criminal case (No. 455/2003) against M/s. Upma Chemicals, Kolkata. HCL worth Rs. 1,18,762/- was supplied during 1999-2000. A criminal case was filed and a non-bailable warrant was issued on July 23, 2004. Efforts are being made to execute the same. The financial impact is Rs. 0.12 million.
6. Bihar Caustic filed a criminal case (No. 780/2002) against M/s. Laxmi Enterprises, Agra. Bihar Caustic supplied chlorine during the year 2001-2002 to the M/s Laxmi Enterprises. M/s Laxmi Enterprises issued one cheque which was dishonoured by the drawee bank. Cognizance was taken by the Court and a summons has been sent to M/s. Laxmi Enterprises. In the

meantime, the Marketing Department made a settlement and recovered Rs. 0.26 million and the remaining Rs. 0.32 million was to be recovered. Out of total dues of Rs. 0.32 million, Bihar Caustic has received 23 post dated cheques for Rs. 10,000/- p.m. and thus have recovered Rs. 0.12 million. Out of above 23 post dated cheques, 4 cheques for Rs. 10,000/- each were returned unpaid. A criminal case on the above score was filed.

7. Bihar Caustic filed a criminal case against M/s. Kanak Chemicals, Patna. HCL worth Rs. 27,096/- was supplied during 2000-01. A criminal case was filed, which is presently on evidence stage. All efforts are under way to obtain appropriate orders from the Court for its execution so as to recover the money at the earliest. The financial impact is Rs. 0.027 million.
8. Bihar Caustic filed a criminal case against M/s. U.B.Distilleries Ltd., Gopalganj. HCL worth Rs. 27,097/- was supplied during 1998-99 and 1999-2000. The case is on evidence stage. All efforts are under way to obtain appropriate orders from the Court for its execution so as to recover the money at the earliest. The financial impact is Rs. 0.027 million.
9. Bihar Caustic filed a criminal case (No. 456/2003) against M/s Ohm Securities Limited, Patna. The matter relates to illegal holding of interest on government securities purchased through M/s. Ohm Securities. A non-bailable warrant has been issued on July 1, 2006. The execution report is awaited. The financial impact is Rs. 0.53 million.

Industrial disputes

Bihar Caustic has filed three labour related cases.

Civil disputes

1. Bihar Caustic filed a suit (No. 820/1994) before the Ranchi High Court against JSEB. An AMG bill of Rs. 21.4 million was raised by JSEB against Bihar Caustic. The same was challenged by Bihar Caustic on account of non grant of remission under Clause 13. Following the orders of the Consumer Grievance Redressal Forum on the matter. Bihar Caustic filed an appeal against the orders before the Ranchi High Court. The High Court directed JSEB to issue a revised bill. Accordingly, a revised bill of Rs. 158.9 million, wherein fuel surcharge and other charges were also included, was raised and the same is sub-judice. The matter was appearing on the monthly list . The likely financial gain to Bihar Caustic is Rs. 16.9 million. The matter is pending.
2. Bihar Caustic filed a suit (No. 571/2001) before the Jharkand High Court against JSEB. A fuel surcharge bill of Rs. 378.2 million was raised by JSEB. The same was disputed by Bihar Caustic on the ground of an error in calculation. Bihar Caustic along with the JSEB argued the matter before the Supreme Court as well. The matter has been concluded in the Supreme Court and the judgment has been reserved. The financial gain to Bihar Caustic is Rs. 128.2 million.
3. Bihar Caustic filed a suit (No. 92/2003) before the Consumer Dispute Redressal Forum, Ranchi for the payment of interest on security deposit. The forum confirmed our entitlement for an interest on security, which amounts to Rs. 23.8 million, but the same is yet to be released despite reminders and representations. The forum has approved the entitlement of interest, credit is to be given after the judgment in the fuel surcharge case pending before the Supreme Court.
4. Bihar Caustic filed a suit (No. 93/2003) before the Consumer Grievances Redressal Forum, Ranchi for adjustment of security deposit in the proper head. The JSEB had wrongly adjusted the said security deposit in AMG's arrear bill. The forum directed JSEB to adjust the same in the proper head. The Board approved the adjustment under the proper head and adjustment was subsequently granted.
5. Bihar Caustic has also filed ten recovery suits. The financial impact of these suits is Rs. 1.32 million.

Writ Petition

Bihar Caustic filed a writ petition (No. 9367/1997) before the Patna High Court which was subsequently transferred to the Jharkand High Court for an interest free sales tax loan which was to be provided by the Bihar Government in accordance with the provisions of an industrial policy. Bihar Caustic was entitled to a loan of approximately Rs. 100 million but was only reimbursed Rs. 10 million. The matter is presently pending and was scheduled to come up for hearing towards the end of March, 2007. The financial gain to Bihar Caustic is Rs. 90 million. The matter is pending.

Insurance matters

Bihar Caustic has filed one insurance case. The financial impact is Rs. 0.13 million.

Shree Digvijay Cement Company Limited ("Shree Digvijay")

Cases filed against Shree Digvijay

Criminal Cases

1. On the basis of complaints by the villagers of Sikka village, the Sub-Divisional Magistrate, Jamnagar passed an order dated September 21, 1992, in a criminal case (No. 12 of 1992), under Sections 133 and 142 of the Code of Criminal Procedure, 1973 directing Shree Digvijay to shutdown its cement plant immediately. The order was based on the grounds that the emission from the stacks of the plant was allegedly detrimental to the health of the people residing in the vicinity and also retarded the growth of vegetation. Shree Digvijay filed a special criminal application (No. 1549 of 1992) before the Gujarat High Court seeking stay of the operation and implementation of the order dated September 24, 1992 until September 30, 1992. Shree Digvijay filed preliminary objections in criminal case (No. 12 of 1992) seeking a stay on the proceedings until a decision on the point by the High Court. The Sub-Divisional Magistrate passed an order dated September 28, 1992 rejecting the prayer and continuing the proceedings. Shree Digvijay has also filed a miscellaneous criminal application (No. 4305 of 1992) before the High Court seeking a stay on the proceedings before the Sub-Divisional Magistrate. The application and criminal case (No. 12 of 1992) are pending disposal.
2. The Administrator of Sikka, Digvijaygram Joint Nagar Panchayat filed a complaint (No. 1 of 1986) before the Sub-Divisional Magistrate, Jamnagar alleging inter alia, that the dry process cement manufacturing plant of Shree Digvijay was causing nuisance to the residents of Sikka and affecting their health. On these grounds the administrator sought removal of the plant. The Sub-Divisional Magistrate passed an order dated April 25, 1988, directing Shree Digvijay to install the requisite machinery as laid down by the Gujarat Pollution Control Board within 15 days, failing which Shree Digvijay would be prohibited from starting the plant or taking any production from it. Shree Digvijay filed a criminal revision application for a stay on the operation of the order dated April 25, 1988. The Court passed an order dated May 2, 1988 staying the operation of the order. The matter is pending disposal.
3. The Registrar of Companies , Gujarat has filed a criminal case (No. 4644 of 2000) in the Court of the Judicial Magistrate First Class at Jamnagar against Shree Digvijay and others for offences under Section 211 read with schedule VI of the Act as Shree Digvijay had allegedly not adopted the correct rate of depreciation as per schedule providing excess/short depreciation and further had neither provided liability in the books of accounts in its annual accounts of 1997-1998 in respect of certain items nor had it made proper disclosures in respect of the same. The case has been stayed by the Gujarat High Court.
4. The Registrar of Companies, Gujarat has filed a criminal case (No. 4645 of 2000) in the court of the Judicial Magistrate First Class at Jamnagar against Shree Digvijay and others for an offence under Section 293 of the Companies Act as Shree Digvijay has sold one of the undertakings (Hastings Jute Mills) without the prior consent and approval of Shree Digvijay in general meeting. The case has been stayed by the Gujarat High Court.
5. The Registrar of Companies, Gujarat has filed a criminal case (No. 5447 of 2000) in the Court of the Judicial Magistrate First Class at Jamnagar against Shree Digvijay and others for offences under Section 391 and Section 394 of the Act. It has been alleged that Shree Digvijay has transferred its entire investment held in shares of Laxmi Agents Limited, India Textile Agency Limited and Rubcoir Mattresses Private Limited to a newly formed company, namely Digvijay Finlease Limited. Subsequently, Laxmi Agents Limited, India Textile Agency Limited and Rubcoir Mattresses Private Limited cease to be the subsidiaries of Shree Digvijay. It has been alleged that as the entire investment of Shree Digvijay was transferred at cost when the shares were fetching more value in the market and as the ordinary shareholders lost control over the three companies and there was an arrangement or compromise between Shree Digvijay and its members for allotment of shares in the new company, permission of the Court should have been taken as stipulated by Section 391 and Section 394 of the Companies Act. The case has been stayed by the Gujarat High Court.
6. The Government Labour Officer, Jamnagar has filed a criminal case (No.1606 of 1985) in the Court of the Judicial Magistrate First Class, Jamnagar against Shree Digvijay and another for the alleged breach of Section 25(v) of the Industrial Disputes Act, 1947 for retrenching workmen without seeking permission from the appropriate authority. Shree Digvijay has filed its reply and the case is pending disposal.
7. The Government Labour Officer, Jamnagar has filed two criminal cases (Nos.702 and 703 of 1993) against Shree Digvijay and others for the alleged breach of the Contact Labour (Regulation and Abolition) Act, 1970, inter alia for not obtaining the relevant registration certificate, not maintaining the register of contractors and not certifying the payments made by the contractors to their workers. The case is pending disposal.

8. The Inspector of Factories, Jamnagar, has filed a criminal case (No.75 of 1997) before the Chief Judicial Magistrate, Jamnagar against Shree Digvijay and another for the alleged breach of Section 92 of the Factories Act, 1948 for not maintaining safety measures as a result of which a fatal accident occurred on July 30, 1997. The case is pending disposal.
9. Vadilal Chemicals Limited has filed a criminal case (No. 1024 of 1996) against Shree Digvijay and others for the alleged offence of cheating by making false representation and non-disclosure of material facts regarding the title of a seep water jetty of Shree Digvijay and thereby fraudulently obtaining the amount of Rs. 0.5 million from Vadilal Chemicals Limited. The Court has taken cognizance of the matter and issued process. The case is pending disposal.
10. Narendrabhai Prajapati has filed a criminal case (No. 573 of 2002) in the Court of the Judicial Magistrate First Class at Vijapur against Shree Digvijay for offences of cheating as Shree Digvijay has allegedly not supplied to him certain quantities of cement despite having accepted payment in respect of the same. The complaint is pending disposal.
11. In addition, there are approximately seven (7) criminal cases filed against Shree Digvijay before various forums where the amounts involved cannot be quantified. These cases are in various stages of pendency.

Civil disputes

1. Vadilal Chemicals Limited has filed a civil suit (No. 37 of 1998) against the Shree Digvijay in the Court of the Civil Judge (Senior Division) at Jamnagar for an amount aggregating approximately Rs. 10.51 million being compensation and damages for the alleged fraud committed by Shree Digvijay in respect of the lease of a jetty by Shree Digvijay to Vadilal Chemicals Limited. Shree Digvijay has filed its reply and also filed a counter claim for an amount aggregating Rs. 9.93 million as the alleged rent due by Vadilal Chemicals Limited. The suit is pending disposal.
2. The Board of Trustees of the Port of Bombay has filed three eviction petitions before the Estate Officer against Shree Digvijay under the provisions of the Public Premises (Eviction of Unauthorized Occupants) Act, 1971 in respect of three plots of land in Bombay in leasehold possession of Shree Digvijay. The amount involved in these petitions aggregated approximately Rs. 104.10 million. The petitions are pending disposal.
3. Further, there are approximately one hundred and six (106) civil cases filed against Shree Digvijay before various fora for amounts aggregating Rs. 27.21 million. These cases are in various stages of pendency.
4. There are one hundred and thirty five other civil cases pending against Shree Digvijay aggregating Rs. 114.03 million.

Statutory proceedings

There are three statutory proceedings pending against Shree Digvijay.

Labour Suits

There are two hundred and sixty nine Labour suits pending against Shree Digvijay aggregating Rs. 27.44 million.

Income tax

There are ten income tax proceedings against Shree Digvijay aggregating Rs. 25.47 million.

Central Excise

There are four central excise proceedings against Shree Digvijay aggregating Rs. 4.72 million.

Service tax

There are two service tax proceedings against Shree Digvijay aggregating Rs. 17.87 million.

Sales Tax

There are three sales tax proceedings against Shree Digvijay aggregating Rs. 2.29 million.

Wealth tax disputes

1. The Joint Commissioner of Wealth Tax, Rajkot passed an assessment order dated March 25, 1999, in respect of the assessment year 1996-1997 including an amount aggregating Rs. 350 million in the net worth of Shree Digvijay, being the value of certain 'urban land' in Bombay. Shree Digvijay filed an appeal dated April 26, 1999, before the Commissioner of

Income Tax (Appeals), Rajkot on the ground that the value of the lease hold right in the land cannot be included in the net worth of Shree Digvijay. The Commissioner of Income Tax (Appeals) passed an order dated August 3, 1999 allowing the appeal. The Joint Commissioner of Wealth Tax, Rajkot filed an appeal before the ITAT, Rajkot against the order dated August 3, 1999. The ITAT passed an order dated September 12, 2003, dismissing the appeal. The Commissioner of Wealth Tax has filed Tax Appeal (No. 117 of 2004) before the Gujarat High Court against the order dated September 12, 2003. The Appeal is pending disposal.

Other taxes

There are seven other tax proceedings against Shree Digvijay aggregating Rs. 2.54 million.

Miscellaneous cases

There are nine cases pending where the ownership of the equity shares is in dispute to which Shree Digvijay has been made a party.

Cases filed by Shree Digvijay

Criminal Cases

1. Shree Digvijay has filed approximately fifty eight (58) criminal cases under Section 138 of the Negotiable Instruments Act, 1882, before various fora in respect of an amount aggregating Rs. 14.50 million. These cases are in various stages of pendency. The same could be withdrawn.
2. The State of Gujarat issued an order of seizure dated November 25, 1992 against Shree Digvijay and consequently seized 17,889 MT of cement from the cement silos at the factory on the ground that Shree Digvijay had allegedly violated the Gujarat Essentials Articles (Dealer's Regulations) Order, 1977. Shree Digvijay filed a special civil application (No. 8473 of 1992) against this order and the seizure before the Gujarat High Court. The Court passed an order dated December 7, 1992 staying the operation and implementation of the order dated November 25, 1992. The matter is pending disposal.

Civil disputes

1. The District Development Officer, Jamnagar issued a demand notice dated June 26, 2000, against Shree Digvijay demanding an amount aggregating Rs. 10.24 million allegedly towards rent for using a pipeline. Against this notice dated June 26, 2000, Shree Digvijay filed a special civil suit (No. 133 of 2000) before the Civil Judge (Senior Division) at Jamnagar. The suit is pending disposal.
2. Shree Digvijay has filed a special civil application (No. 2454 of 1997) against the Gujarat Electricity Board seeking to quash the order dated January 29, 1997, as well as the supplementary bill dated January 31, 1997, issued by the Board demanding an amount aggregating approximately Rs. 71.52 million for the alleged theft of power by Shree Digvijay.

UltraTech Cement Limited ("UltraTech")

Cases filed against UltraTech

Criminal Cases

There are no criminal cases pending against UltraTech.

Civil disputes

M/s. Sharda Steel Corporation has filed a special civil suit (No. 60/2002) before the Court of Civil Judge (Senior Division), at Bhavnagar, against UltraTech alleging breach of contract for the purchase of aluminous and ferruginous clays from a location near Mahuva, in Gujarat, claiming damages approximately Rs. 38 million. The Civil Judge, Bhavnagar by an order dated February 19, 2002, directed UltraTech to deposit a security amount of Rs. 30 million which was challenged by UltraTech in the High Court at Ahmedabad, and pursuant to the order of the High Court, an undertaking has been given by UltraTech not to alienate/dispose of the assets of UltraTech up to a value of Rs. 40 million. UltraTech has now challenged the jurisdiction of the Court and its application for transfer of the case to Mumbai is pending.

Sales tax disputes

The Commissioner of Sales Tax, Orissa, has challenged the assessment order for 1994-95 passed by the first Appellate Authority. This is pertaining to UltraTech's Cement Grinding Unit at Jharsuguda, Orissa. The amount involved aggregates Rs. 89.3 million. The matter is pending appeal with the Orissa Sales Tax Tribunal.

Consumer disputes

There are eight consumer cases pending against UltraTech. The issues involved in these cases are mainly pertaining to quality of cement supplied. The total amount involved in these cases is around Rs. 7.5 million.

Arbitration proceedings

M/s. Sunfield Resources Private Limited, filed two arbitration petitions (No. 34 and 35 of 2004) against UltraTech arising out of a dispute regarding a contract for supply of coal, claiming demurrage cumulatively amounting to Rs. 12 million. UltraTech challenged the award in the High Court of Bombay (Appeal No. 881 of 2005) which has since been admitted and the matter is now pending hearing.

Cases filed by UltraTech

Civil Cases

1. UltraTech filed a writ petition in the High Court of Jabalpur (Madhya Pradesh) praying that the sales tax benefits be continued to be granted for sale of cement affected in the State of Madhya Pradesh from its Hirmi Cement Works, Raipur, consequent to the bifurcation of the State of Madhya Pradesh and formation of the State of Chhattisgarh. On rejection of this petition, UltraTech filed a special leave petition in the Supreme Court which has been admitted by its order dated January 13, 2005. Until its final disposal the State of Madhya Pradesh has been directed not to take any coercive action against UltraTech. Hearings in the civil appeals No. 460 & 461 of 2005 in the Supreme Court have commenced and the next date of hearing was scheduled for February 2007. The amount involved in the matter is around Rs. 140 million. The matter is pending.
2. UltraTech filed a writ petition before the High Court of Bombay, Nagpur Bench, against the order of the Mines Tribunal demanding ZP and GP cesses as land revenue on the entire mining lease area of UltraTech's Awarpur Cement Works, Chandrapur, instead of cess on the area actually used for mining. On dismissal of the petition by the High Court, UltraTech filed a special leave petition in the Supreme Court which was heard and admitted pursuant to its order dated January 31, 2005. Hearing on the civil appeal (No. 864 of 2005) in the Supreme Court has not yet commenced. The amount involved in this matter is around Rs. 25 million.
3. UltraTech challenged before the Maharashtra Electricity Regulatory Commission (MERC). MSEB's demand of Rs. 47.4 million being the difference of energy bills to Captive Power Plant (CPP) of its Awarpur Cement Works for the period November 1999 to March 2000. MSEB raised the bill based on its circular whereby CPP holders are required to draw at least 25% of their monthly energy consumption from MSEB, failing which MSEB will levy energy charges at higher rate of 110% of the tariff. MERC struck down the impugned levy and passed an order in UltraTech's favour on May 21, 2004. Challenging the said order, MSEB filed a writ petition (No. 370 of 2005) in the High Court of Bombay, which has been admitted on April 4, 2005. The Hon'ble Court has directed parties to maintain status quo until the final hearing of the petition. MSEB has now filed an appeal before the Appellate Tribunal for electricity in New Delhi. No date of hearing has been announced yet.
4. UltraTech filed a writ petition in the High Court of Gujarat at Ahmedabad (special civil application No. 14743 of 2004) challenging the order dated June 25, 2004, of Gujarat Electricity Regulatory Commission (GERC) maintaining that Parallel Operation Charges (POC) at 2.5% to 10% of demand charges corresponding to the Captive Power Plant (CPP) capacity is leviable by the Gujarat Electricity Board. In case of UltraTech's CPP at its Gujarat Cement Works, the POC if levied would amount to Rs. 116.1 million per annum.
5. UltraTech has challenged in the Chhattisgarh High Court, Bilaspur, the basis of levy of higher amount on limestone mined, i.e. royalty on the basis of 1.6 conversion factor. Stay has been granted in UltraTech's favour. The amount of royalty claimed from 1994 up to March 31, 2004 is approx. Rs. 296 million. The matter is pending and not yet listed.

6. UltraTech filed a writ petition in the Orissa High Court, Cuttack, challenging the withdrawal of sales tax benefit (IPR-1989) given to its Jharsuguda Cement Works. On rejection of this petition, UltraTech filed a special leave petition in the Supreme Court which has since been dismissed. It is now proposed to file a joint review petition (9 other companies are similarly affected) in the Supreme Court with an appeal to direct the High Court of Orissa to allow points to be argued which were earlier not argued, as mentioned in the dismissal order of the Supreme Court. The financial implication on UltraTech would be around Rs. 180 million.
7. UltraTech has filed a writ petition in the Madras High Court against the order of State Industries Promotion Corporation of Tamil Nadu (SIPCOT), rejecting sales tax to its Arakkonam Cement Works (ARCW) on the ground that ARCW does not add to more than 15% of the existing turnover and hence does not qualify as a new unit. The petition has been heard and kept for orders. The amount involved in this case is around Rs. 240 million.

There are six other civil disputes pending in various Courts for claims amounting to Rs. 22 million.

Arbitration proceedings

UltraTech filed an arbitration petition (No. 500 of 2004) against M/s. Anker Coal Company, Rotterdam, arising out of dispute regarding contract for supply of coal, claiming damages of approximately Rs. 75 million. Anker Coal challenged the arbitration award (Appeal No. 399 of 2006) and the Hon'ble Division Bench of the High Court of Bombay while admitting the appeal, has directed Anker Coal to deposit an amount of approximately Rs. 35.6 million. The Court has also permitted UltraTech to withdraw the said deposit after providing appropriate securities.

Cases filed under the Negotiable Instruments Act

There are twenty two cases filed by UltraTech in Mumbai under Section 138 of Negotiable Instruments Act aggregating Rs. 13.6 million.

TANFAC Industries Limited ("Tanfac")

Cases filed against Tanfac

Income tax disputes

1. HF Acid, as a saleable product, was introduced in 1990 after carrying out modification and expansion of the existing facility. Aluminium Fluoride, the main product, is produced by reacting HF Acid (an intermediate product manufactured captively) with Aluminium Hydroxide. As Tanfac is eligible to claim deduction under Section 80-I for the new project, Tanfac is considering the market price of HF Acid for transfer cost for making Aluminium Fluoride and accordingly claimed the said deduction in their return. Tanfac has also taken legal opinions from leading advocates in this regard. Even though the law is very clear in the facts of similar cases, the Income Tax Department is contesting Tanfac's claim. The dispute is presently at the tribunal level (Commissioner of Income Tax (Appeals) has passed favourable orders supporting Tanfac's claim).
2. As per the provision of the Income-Tax Act, Tanfac has claimed a deduction for profits relating to exports as per the formula laid down in the Income-Tax Act (Export Turnover / Total Turnover x Taxable profits). The Income-Tax Department is contesting that the total turnover should include excise duty, sales tax, etc. and not the net sales as claimed by Tanfac. The matter is at the appellate stage before the Commissioner of Income Tax (Appeals). The amount involved in the above cases is Rs. 24.3 million.

Central Excise disputes

There are two cases relating to central excise pending against Tanfac before the Appellate Tribunal amounting to Rs. 4.4 million.

Custom disputes

There are two cases against Tanfac regarding customs amounting to Rs. 1.7 million.

Sales tax disputes

There is one case pending against Tanfac relating to Tamil Nadu General Sales Tax amounting to Rs. 0.3 million.

Litigation against Directors

Dr. Kumar Mangalam Birla

1. A notice has been issued by the Assistant Conservator of Forests, Bannerghatta National Park, Bangalore to Mr. Kumar Mangalam Birla alleging that there has been an encroachment of four acres of the forest land in Basavanapura by Grasim Jan Seva Trust. Grasim Jan Seva Trust is taking necessary action pursuant to the notice.

2. ABNL has filed a criminal miscellaneous petition nos. 8607/03 and 8608/03 on behalf of Mr. K.M. Birla and Mr. S.K. Mitra in the High Court of Judicature at Allahabad under Section 482 of the criminal procedure code against Mr. Charanjeet Singh. Charanjeet Singh had filed case No. 2339/02 against Mr. K.M. Birla, Mr. S.K. Mitra and an ex-employee of the Lucknow Branch, Mr. Ashish Goel, in the Court of the Metropolitan Magistrate, Kanpur for cheating, mischief and causing damage under Sections 417, 418, 419 and 420 of the Indian Penal Code in relation to a hire purchase transaction of ABNL. A second-hand Maruti was taken under hire purchase from ABNL but Charanjeet Singh alleged that registration papers were not given to him and as a result he could not use the car as a taxi. He thus suffered losses and requested the Court of the Metropolitan Magistrate, Kanpur to summon Mr. Birla and Mr. Mitra to try and convict them. The High Court at Allahabad granted a stay on the proceedings at the Court of the Metropolitan Magistrate, Kanpur vide its order dated October 16, 2003. The stay is still in force and there are no further developments in the case.

3. B.N. Sharma, a fixed deposit holder has filed a criminal complaint under Section 138 of the Negotiable Instruments Act, 1881 against ABNL, the Chairman and Mr. S.K. Mitra, the then Managing Director of the erstwhile Birla Global Finance Limited ("BGFL"- now part of ABNL) for an amount of Rs. 283,000 in the Court of the Metropolitan Magistrate, Karkadooma, Delhi. The Court ordered for issuance of process against ABNL, the Chairman and Mr. Mitra. ABNL has filed criminal revision petition under Section 397 read with Section 399 of Criminal Procedure Code against B.N. Sharma in the Court of Additional Sessions Judge, Karkardooma, Delhi for setting aside the impugned order for issue of process dated February 28, 2005 passed by the Court of Metropolitan Magistrate, Karkardooma, Delhi and for staying the proceedings before the trial court. This case does not concern Mr. Birla as he was not the Chairman of BGFL when the case was filed. The matter is currently pending.

4. The State represented by the Labour Enforcement Officer, Tiruchirappalli, Tamil Nadu ("LEO") filed two complaints S.T.C. No. 505 of 2003 and S.T.C. No. 506 of 2003 under Section 24 of the Contract Labour (Regulation & Abolition) Act, 1970 before the Judicial Magistrate, Ariyalur against Mr. Kumara Mangalam Birla (in his capacity as Chairman of Grasim Industries Limited ("Grasim")), Mr. S.K. Maheshwari, Mr. K.C. Birla and two different contractors engaged in packing and loading of cement bags in packing Section of Grasim, Tamil Nadu. It has been alleged that the contractors were under the control and supervision of Grasim including Mr. Kumara Mangalam Birla, Mr. S.K. Maheshwari and Mr. K.C Birla. In his letter dated February 14, 2003, the LEO had requested Grasim to rectify the irregularities mentioned in their inspection report of January 7, 2003. They also ordered Grasim to pay wages in accordance with guidelines given by the Cement Wage Board amounting to approximately Rs. 7.5 million and Rs. 2.87 million to the workers under the two cases respectively. Grasim requested the Judicial Magistrate to discharge the petitions against Mr. Kumara Mangalam Birla and Mr. S.K. Maheshwari as they were not responsible for the day to day working of Grasim. Grasim accepted that Mr. K.C. Birla was responsible for the day to day working and accepted the offence. The Magistrate by his order dated February 27, 2004 rejected the request. Criminal miscellaneous petition nos. 5405 & 5406 of 2004 were thus filed by Grasim in the High Court of Judicature at Chennai for discharge of the petition against Mr. Kumara Mangalam Birla and Mr. S.K. Maheshwari. The High Court in its order dated April 28, 2004 stayed all further proceedings and set aside the order dated February 27, 2004 of the Judicial Magistrate. The matters are currently pending.

5. Satyabhama Devi, a shareholder of Grasim Industries Limited has filed case No. 1477(C) 2001 against Kumara Mangalam Birla as Chairman of Grasim and others in the Court of the Judicial Magistrate, First Class, Patna for offences under Sections 406 and 420 of the Indian Penal Code. She has alleged that she applied for 710 debentures of Grasim and also paid Rs. 49,700 for them. She has further alleged that when she sold her shares in the secondary market after conversion of her debentures as per the prospectus, Grasim stopped the transfer of her shares resulting in loss for her. She has also alleged that she has not received any interest or principal amount for the 710 debentures and also no dividend for the past 12 years. Grasim has contended that these debentures did not belong to Satyabhama Devi in the first place. The Judicial Magistrate, by his order dated October 10, 2001, had directed for issue of summons against Mr. Kumara Mangalam Birla and the other accused. Mr. Kumara Mangalam Birla filed criminal miscellaneous No. 1305/2002 in High Court at Patna requesting for

quashing of the impugned order passed by the Judicial Magistrate. The High Court by its order dated July 22, 2002 admitted the application and stayed further proceedings in case No. 1477(C) 2001. The matter is currently pending.

6. Mr. Ganga Sahai Modi has filed a criminal case (No. 1795 of 1997) before the Court of Additional Chief Judicial Magistrate, Bareilly against Mr. Kumara Mangalam Birla, in his capacity as a director of Mangalore Refinery & Petrochemicals Limited ('**MRPL**"), Mr. Vimal Kejriwal, company secretary of MRPL and several others ("**Accused Persons**"). In his complaint, Mr. Mody has alleged, amongst others, forgery by the Accused Persons in respect of transfer of 500 equity shares of MRPL. On February 27, 1998, summons were issued against the Accused Persons and in response, Mr. Birla and Mr. Kejriwal filed a criminal revision petition (Criminal Revision No. 56/2001) before the Court of District and Sessions Judge, Bareilly. Mr. Birla has ceased to be a director of MRPL since February 2, 2001 and MRPL is now wholly controlled by the Oil and Natural Gas Corporation Limited. On January 18, 2007, Mr. Mody has filed an affidavit requesting withdrawal of his complaint and dismissal of the case.

7. SEBI has imposed a penalty of Rs. 0.075 million on Birla Mutual Fund for non-compliance of disclosure requirements under Regulation 7 (1) of SEBI (Substantial Acquisitions of Shares and Takeover) Regulations, 1997 pursuant to the acquisition of 1,61,200 shares (representing 5.01% of the paid up capital) of Subex Systems Limited on October 18, 1999 by the schemes of Birla Mutual Fund.

8. SEBI has issued a letter to the erstwhile Birla Global Finance Limited (now a part of ABNL) alleging violation of Regulation 6(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 in the year 1997 and ABNL has agreed to settle the same by consent order.

Mr. Saurabh Misra

A company petition (No.4/1999) was filed by Mr. Sameer J. Sheth before the Hon'ble High Court of Judicature, Andhra Pradesh at Hyderabad for winding up ITC Agrotech Finance & Investment Ltd. The Hon'ble High Court subsequently ordered winding up of this Company on June 28, 2001 and appointed an Official Liquidator. The liquidation proceedings are pending before Hon'ble High Court and the Official Liquidator has filed petitions / applications before the Hon'ble High Court. Mr. S. Misra, who was a non-executive director on the board of this company, has been named in these petitions / appeals as a respondent. Mr. Misra has since resigned from the company.

The above proceedings have no impact on the Company.

Material Developments since the last Balance Sheet date

In the opinion of the Board, save as disclosed in this Prospectus, there have not arisen, since the date of the last financial statements set out herein, any circumstances that materially or adversely affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our material liabilities over the next twelve months.

LICENSING ARRANGEMENTS

In view of the approvals listed below, we can undertake our current business activities and no further major approvals from any government authority are required to undertake or continue our business activities, except as mentioned below.

Our Telecommunications Circles

For the purposes of this Section the terms "we", "us" and "our" includes ICL, IMCL, ITL, BTA Cellcom and Aditya Birla Telecom Limited.

We have been granted licenses by the DoT to provide GSM-based services in thirteen telecommunications Circles, the details of which are given below:

Circle (Category)	States/areas covered	License held by	Details of license
Andhra Pradesh (Category A)	Andhra Pradesh	Idea Cellular Limited (formerly awarded to Tata Communications Pvt. Limited)	Agreement dated December 19, 1995 (License Agreement number 842-52/95-VAS/B) as amended on January 29, 2001, September 25, 2001 (both amendments signed on March 6, 2002), March 18, 2002, June 21, 2002, August 1, 2002, August 12, 2002, October 11, 2002, November 20, 2002, June 2, 2003, January 27, 2004, January 28, 2004, November 25, 2004 (signed on June 9, 2006), February 15, 2005 (signed on June 9, 2006), February 6, 2006 and March 16, 2006.
Bihar (Category C)	Bihar and Jharkhand	Aditya Birla Telecom Limited	Agreement dated December 6, 2006 (License Agreement number 20-204/2006-BIRLA/AS-I)
Delhi (Metro - Category A)	Local areas served by Delhi, Ghaziabad, Faridabad, Noida and Gurgaon Telephone Exchanges	Idea Cellular Limited (formerly awarded to Birla AT&T Communications Limited)	Agreement dated October 5, 2001 (License Agreement number 842-384/2001-VAS) as amended on March 18, 2002, August 1, 2002, October 11, 2002, November 20, 2002, November, 25, 2002, June 2, 2003, January 27, 2004, November 25, 2004 (signed on June 9, 2006), February 15, 2005 (signed on June 9, 2006), February 6, 2006 and March 16, 2006.
Gujarat (Category A)	Gujarat and the Union Territory of Daman and Diu, Silvassa (Dadra and Nagar Haveli)	Idea Cellular Limited (formerly awarded to Birla AT&T Communications Limited)	Agreement dated December 12, 1995 (License Agreement number 842-58/95-VAS/A) as amended on January 29, 2001, September 25, 2001 (both amendments signed on March 6, 2002), March 18, 2002, June 21, 2002, August 1, 2002, August 12, 2002, October 11, 2002, November 20, 2002, June 2, 2003, January 27, 2004, January 28, 2004, November 25, 2004 (signed on June 9, 2006), February 15, 2005 (signed on June 9, 2006), February 6, 2006 and March 16, 2006.

Circle (Category)	States/areas covered	License held by	Details of license
Haryana (Category B)	Haryana (except the local areas served by Faridabad and Gurgaon) telephone exchanges	Idea Mobile Communications Limited (formerly awarded to Escotel Mobile Communications Limited)	Agreement dated December 12, 1995 (License Agreement number 842-64(B)/95-VAS) as amended on October 23, 1997, January 29, 2001, September 25, 2001, June 21, 2002, August 12, 2002, October 11, 2002, November 20, 2002, June 2, 2003, January 27, 2004, January 28, 2004, November 25, 2004, February 15, 2005, February 6, 2006 and March 16, 2006.
Himachal Pradesh (Category C)	Himachal Pradesh	Idea Telecommunications Limited (formerly awarded to Escorts Telecommunications Limited)	Agreement dated October 20, 2001 (License Agreement number 842-382/2001-VAS/ Himachal Pradesh as amended on April 2, 2002, October 11, 2002, November 20, 2002, June 2, 2003, January 18, 2004, January 19, 2004, August 26, 2004, November 24, 2004, November 25, 2004, February 15, 2005, February 6, 2006, March 16, 2006 and September 5, 2006.
Kerala (Category B)	Kerala and the Union Territory of Lakswadeep and Minicoy	Idea Mobile Communications Limited (formerly awarded to Escotel Mobile Communications Limited)	Agreement dated December 12, 1995 (License Agreement number 842-54(B)/95-VAS) as amended on October 23, 1997, January 29, 2001, September 25, 2001, June 21, 2002, August 12, 2002 (signed on February 11, 2003), October 11, 2002, November 20, 2002, June 2, 2003, January 27, 2004, January 28, 2004, November 25, 2004, February 15, 2005, February 6, 2006 and March 16, 2006.
Madhya Pradesh (Category B)	Madhya Pradesh and Chattisgarh	BTA Cellcom (formerly awarded to Cellular Communication India Limited)	Agreement dated December 15, 1995 (License Agreement number 842-56/95-VAS/A) as amended on August 13, 1997, January 29, 2001, September 25, 2001 (both amendments signed on February 11, 2003), June 21, 2002, August 12, 2002, October 11, 2002, November 20, 2002, November, 25, 2002, June 2, 2003, January 27, 2004, January 28, 2004, November 25, 2004 (signed on June 9, 2006), February 15, 2005 (signed on June 9, 2006), February 6, 2006 and March 16, 2006.
Maharashtra (Category A)	Maharashtra (excluding Mumbai metro) and Goa	Idea Cellular Limited (formerly awarded to Birla AT&T Communications Limited)	Agreement dated December 12, 1995 (License Agreement number 842-57/95-VAS/A) as amended on January 29, 2001, September 25, 2001 (both amendments signed on March 6, 2002), March 18, 2002, June 21, 2002, August 1, 2002, August 12, 2002, October 11, 2002, November 20, 2002, June 2, 2003, January 27, 2004, January 28,

Circle (Category)	States/areas covered	License held by	Details of license
			2004, November 25, 2004 (signed on June 9, 2006), February 15, 2005 (signed on June 9, 2006), February 6, 2006 and March 16, 2006.
Mumbai (Metro - Category A)	Local areas served by Mumbai, New Mumbai and Kalyan Telephone Exchanges	Idea Cellular Limited	Agreement dated December 6, 2006 (License Agreement number 20-223/2006-IDEA/AS-I)
Rajasthan (Category B)	Rajasthan	Idea Telecommunications Limited (formerly awarded to Escorts Telecommunications Limited)	Agreement dated October 20, 2001 (License Agreement number 842-382/2001-VAS/ Rajasthan) as amended on April 2, 2002, October 11, 2002, November 20, 2002, June 2, 2003, January 18, 2004, January 19, 2004, August 26, 2004, November 24, 2004, November 25, 2004, February 15, 2005 (signed on June 9, 2006), February 6, 2006, March 16, 2006 and September 5, 2006.
Uttar Pradesh (East) (Category B)	Eastern Uttar Pradesh	Idea Telecommunications Limited (formerly awarded to Escorts Telecommunications Limited)	Agreement dated October 20, 2001 (License Agreement number 842-382/2001-VAS/ UP(East)) as amended on April 2, 2002, October 11, 2002, November 20, 2002, June 2, 2003, January 18, 2004, January 19, 2004, August 26, 2004, November 24, 2004, November 25, 2004, February 15, 2005, February 6, 2006, March 16, 2006 and September 5, 2006.
Uttar Pradesh (West) (Category B)	Western Uttar Pradesh and Uttaranchal	Idea Mobile Communications Limited (formerly awarded to Escotel Mobile Communications Limited)	Agreement dated December 12, 1995 (License Agreement number 842-61(A)/95-VAS) as amended on October 23, 1997, January 29, 2001, September 25, 2001, June 21, 2002, August 12, 2002, October 11, 2002, November 20, 2002, June 2, 2003, January 27, 2004, January 28, 2004, November 25, 2004, February 15, 2005 (signed on June 9, 2006), February 6, 2006 and March 16, 2006.

The licenses for all of the Established Circles other than the Delhi Circle were obtained pursuant to tenders invited by the DoT in January 1995 on the initial opening of the telecommunications sector to private participation. Initially, the term of each license was ten years and license fees were fixed at 15% of adjusted gross revenue ("AGR"). The annual license fee for the first year was payable in full prior to the signing of the license agreement. Thereafter, the license fee was to be paid quarterly in advance. The annual license fee for a category A Circle was higher (Rs. 1,631 million annually) than the license fee for a category B Circle (Rs. 46.4 million annually) for the first five years.

Following the institution of NTP, each Original License was amended to provide for migration from the fixed license fee regime to a revenue sharing regime. The license fees were revised from time to time to create a 12% of AGR license fee for the category A Circles and a lower license fee of 10% of AGR for the category B Circles. The license fees were further reduced to 10% of AGR for category A Circles and 8% of AGR for category B Circles, and from April 1, 2004 a further reduction of 2% for

a period of four years was granted. Accordingly, through March 31, 2008, we will pay license fees equivalent to 8% of our AGR for each category A Circle and 6% of our AGR for each category B Circle. Details of the license fees payable are given below:

Circle	License fees through March 31, 2008
Andhra Pradesh (category A)	8%
Gujarat (category A)	8%
Haryana (category B)	6%
Kerala (category B)	6%
Madhya Pradesh (category B)	6%
Maharashtra (category A)	8%
Uttar Pradesh (West) (category B)	6%

The term of the abovementioned licenses has now been extended to twenty years from the effective date of the relevant license agreement and is renewable for a further period of ten years. Accordingly, each license is currently valid until December, 2015.

Fourth Operator Licenses

The licenses for Delhi and the New Circles were obtained pursuant to tenders invited by the DoT in January 2001, following a decision to permit four licensees to operate in each Circle. Presently, a license fee equivalent to 10% of our AGR is payable under the license for the Delhi Circle. The license fee payable for each of the Rajasthan and Uttar Pradesh (E) Circles (category B Circles) is equivalent to 8% of our AGR. Himachal Pradesh, which is our only category C Circle, is subject to license fees equivalent to 6% of our AGR. Details of the license fees payable are given below:

Circle	License fees from April 1, 2004
Delhi (category A)	10%
Rajasthan (category B)	8%
Uttar Pradesh (E) (category B)	8%
Himachal Pradesh (category C)	6%

The terms of these licenses, like the Original Licenses, have now been extended to twenty years from the effective date of the relevant license agreement and are renewable for a further period of ten years. Accordingly, these licenses are currently valid until October 2021.

The DoT has extended the time period for commencement of services for the New Circles by an amendment to the licenses in respect of each New Circle dated November 24, 2004. Therefore, the three year roll-out obligations under the respective license agreements have been extended to June 2007.

National Long Distance (NLD) License

On July 7, 2006 we received a letter of intent from the DoT for a NLD license to provide NLD service on a non-exclusive basis. The license agreement was signed on November 23, 2006 upon payment by us of a one time Entry Fee of Rs. 25 million and subject to receipt of a no dues certificate in respect of all payments arising out of any licenses granted to us under Section 4 of the Indian Telegraph Act, 1885. The term of the NLD license agreement is 20 years. This license agreement requires us to pay an annual license fee (including USO contribution) equivalent to 6% of the AGR. As required under this license agreement, we have also submitted a financial guarantee of Rs. 200 million which is valid until December 26, 2007.

Mumbai Circle License

We received a letter of intent from the DoT dated November 20, 2006 for the award of a new UAS License for the Mumbai Circle. We accepted the same on November 21, 2006 after paying Entry Fees of Rs. 2,036.60 million. Subsequently, on December 6, 2006 we entered into a UAS License agreement with the DoT. The term of this license agreement is 20 years. Pursuant to the terms of the license agreement, we are required to pay annual license fees equivalent to 10% of AGR generated in the Mumbai Circle.

Bihar Circle License

Aditya Birla Telecom Limited received a letter of intent from the DoT confirming the award of a UAS License for the Bihar Circle on November 21, 2006. Aditya Birla Telecom Limited confirmed its acceptance of the UAS License for the Bihar Circle and paid the stipulated entry fee of Rs. 100 million on November 24, 2006. Subsequently, on December 6, 2006 Aditya Birla Telecom Limited entered into a UAS License agreement with the DoT. The term of this license agreement is 20 years. In accordance with the terms of the license agreement, Aditya Birla Telecom is required to pay annual license fees equivalent to 6% of AGR.

Pursuant to a letter dated November 22, 2006, the Company has agreed to purchase, and ABNL has agreed to sell, the entire issued and paid-up share capital of Aditya Birla Telecom Limited for an aggregate consideration of Rs. 100 million, which we have already paid in order to enable Aditya Birla Telecom Limited to pay the entry fee for the license. Following completion of this acquisition (which is anticipated to occur before March 31, 2007), Aditya Birla Telecom Limited will become a wholly-owned subsidiary of the Company.

Key Terms of Licenses

Guarantees

Under each license, we are required to procure from a bank or a financial institution a guarantee for our financial obligations under the license and the performance by us of other obligations under the license.

The financial guarantee is equivalent to the estimated sum payable for two quarters towards license fees and other dues not otherwise secured and must be valid for one year subject to periodic review by the DoT.

Details of financial guarantees provided are as follows:

Company	Circle	Amount (in Rs. million)	Validity
ICL	Andhra Pradesh	34.00	May 3, 2007
ICL	Andhra Pradesh	124.00	May 31, 2007
ICL	Andhra Pradesh	12.40	May 31, 2007
ICL	Andhra Pradesh	57.47	April 26, 2007
Aditya Birla Telecom Limited	Bihar	50.00	November 30, 2008
ICL	Delhi	24.70	May 2, 2007
ICL	Delhi	54.50	February 1, 2008
ICL	Delhi	28.20	November 4, 2007
ICL	Delhi	14.70	August 11, 2007
ICL	Delhi	86.20	September 23, 2007
ICL	Delhi	59.02	April 26, 2007
ICL	Gujarat	12.30	July 31, 2007
ICL	Gujarat	18.70	February 28, 2007
ICL	Gujarat	9.00	July 31, 2007
ICL	Gujarat	60.00	October 10, 2007

Company	Circle	Amount (in Rs. million)	Validity
ICL	Gujarat	30.00	October 17, 2007
ICL	Gujarat	10.00	October 17, 2007
ICL	Gujarat	53.61	April 26, 2007
IMCL	Haryana	36.50	June 6, 2007
IMCL	Haryana	9.64	May 2, 2007
ITL	Himachal Pradesh	5.00	September 12, 2007
IMCL	Kerala	11.50	February 26, 2007
IMCL	Kerala	8.43	October 3, 2007
IMCL	Kerala	56.10	June 6, 2007
IMCL	Kerala	5.10	June 6, 2007
IMCL	Kerala	10.80	November 7, 2007
IMCL	Kerala	32.43	May 2, 2007
BTA Cellcom	Madhya Pradesh	43.00	March 11, 2007
BTA Cellcom	Madhya Pradesh	2.37	March 11, 2007
BTA Cellcom	Madhya Pradesh	4.50	March 11, 2007
BTA Cellcom	Madhya Pradesh	11.56	March 11, 2007
BTA Cellcom	Madhya Pradesh	4.80	March 11, 2007
BTA Cellcom	Madhya Pradesh	7.66	March 11, 2007
BTA Cellcom	Madhya Pradesh	19.83	March 11, 2007
BTA Cellcom	Madhya Pradesh	35.74	April 29, 2007
ICL	Maharashtra	26.70	November 17, 2007
ICL	Maharashtra	28.50	May 11, 2007
ICL	Maharashtra	41.50	November 22, 2007
ICL	Maharashtra	135.70	October 10, 2007
ICL	Maharashtra	116.00	October 17, 2007
ICL	Maharashtra	142.62	April 26, 2007
ICL	Mumbai	500.00	November 28, 2009
ICL	NLD	200.00	December 26, 2007
ITL	Rajasthan	25.00	September 12, 2007
ITL	Uttar Pradesh (East)	25.00	September 22, 2007
IMCL	Uttar Pradesh (West)	13.60	October 3, 2007
IMCL	Uttar Pradesh (West)	50.00	June 6, 2007
IMCL	Uttar Pradesh (West)	22.00	June 6, 2007
IMCL	Uttar Pradesh (West)	12.00	February 26, 2007
IMCL	Uttar Pradesh (West)	39.34	May 2, 2007
	Total	**2,421.72**	

Performance guarantees to be provided to the DoT are as follows:

- Metro / Category A License: Rs. 200 million
- Category B License: Rs. 100 million
- Category C License: Rs. 20 million

The licensee is permitted to reduce the value of the performance guarantee by 50% after the coverage criteria prescribed in the license agreement is fulfilled.

Details of performance guarantees provided by us are as follows:

Company	Circle	Amount (in Rs. million)	Validity
ICL	Andhra Pradesh	50.00	March 18, 2007
Aditya Birla Telecom Limited	Bihar	20.00	November 30, 2009
ICL	Delhi	200.00	November 29, 2008
ICL	Delhi	200.00	September 23, 2007
ICL	Gujarat	50.00	October 31, 2007
IMCL	Haryana	25.00	June 6, 2007
ITL	Himachal Pradesh	20.00	September 22, 2007
IMCL	Kerala	25.00	June 6, 2007
BTA Cellcom	Madhya Pradesh	25.00	March 11, 2007
ICL	Maharashtra	50.00	October 31, 2007
ICL	Mumbai	200.00	November 28, 2009
ITL	Rajasthan	100.00	September 5, 2007
ITL	Uttar Pradesh (East)	100.00	September 5, 2007
IMCL	Uttar Pradesh (West)	25.00	June 6, 2007
	Total	**1,090.00**	

Technology

Although the original licenses were for GSM-based technology, the amended license agreements now provide that any digital technology having been used for a customer base of one lakh or more for a continuous period of one year anywhere in the world, shall be permissible for use.

Coverage

The license agreements stipulate phased network roll-out obligations based on coverage in district headquarters ("DHQs"). The licensee must commence operations within one year.

The coverage requirement in each Circle is:

- within one year of the effective date of license, there must be coverage of a minimum of 10% of DHQs in the service area; and
- within three years of the effective date of the license, there must be coverage of a minimum of 50% of DHQs in the service area.

For metro licenses, the requirement is for 90% coverage of the service area within one year of the effective date of the license.

Coverage of a DHQ or town means that at least 90% of the area bounded by the municipal limits has access to street, as well as in-building, coverage. There is, however, no mandatory requirement for coverage of rural areas.

Quality of services/performance

The licensee must ensure a quality of service as determined by TRAI. In accordance with terms of quality of performance, 90% of faults must be rectified within 24 hours and 99% must be rectified within three calendar days.

Roaming/ Interconnection

There is no restriction on Roaming and the licensee is allowed to interconnect with any other services provider in our license area. Interconnect revenues are based on mutual agreement between service providers, subject to the interconnect order by TRAI.Our licenses allow us to provide all types of GSM-based services including voice and non-voice messages, data services and public call offices, utilizing any type of network equipment, including circuit and/or packet switches. We can also provide internet telephony, internet services and broadband services.

Interconnection Arrangements – We have entered into several interconnection agreements with various other mobile / basic operators. These comprise a mutual agreement to use each other's telecommunication services to provide for maximum range of services to the largest number of subscribers in each other's service areas.

Ownership Restrictions/Change of Ownership Control

Following Press Note 5 of 2006, which raised the aggregate foreign shareholding from 49% (direct) to 74% (direct and indirect), the DoT has made the following amendments to the license agreements:

- FDI up to 49% remains to be under automatic route of the RBI but FIPB approval is required for FDI in the licensee company/ Indian promoters/investment companies including their holding companies if it has a bearing on the overall ceiling of 74%.
- We are to ensure that:
  - (i) Any change in the share holding shall be subject to all applicable statutory permissions,
  - (ii) No single company/legal person, either directly or through its associates, shall have substantial equity holding in more than one licensee company in the same service areas for the same service. 'Substantial equity' herein will mean 'an equity of 10% or more'. A promoter company/legal person cannot have stakes in more than one licensee company for the same service area.
  - (iii) Management control of the licensee company shall remain in Indian hands
- Merger with an Indian company may be permitted as long as competition is not compromised (as defined in (iii) above)
- The licenses cannot be transferred and no third party interest created therein unless one of the following exceptions applies:
  - The prior written consent of the DoT, for assignment of the license to the lenders, pursuant to a tripartite agreement between the lenders, the DoT and the Company; or
  - Whenever a merger of two licensee companies is approved by a High Court and there is no compromise in competition in the provision of telecommunications service.

Confidentiality, Privacy and Security conditions

The licenses lay down conditions to ensure that information made available to us by our customers is kept confidential and to safeguard the privacy of our customers. In addition, we must have facilities to trace calls, to deal with obscene calls, unauthorized material and infringement of intellectual property on our network.

We cannot employ bulk encryption equipment in our network without the DoT's consent. However, standard GSM encryption techniques are allowed.

Our licenses also prescribe conditions to safeguard India's security by requiring us to have facilities to counteract espionage, subversive acts, sabotage or any other unlawful activity. We are also required to archive all communications exchanged on our network for one year.

Apart from a right to inspect, the Government also has the right to take over our services, equipment and network in the national interest.

An amendment of all licenses on August 12, 2002 required customer verification when activating new subscribers. Since then we have obtained identification documents from subscribers. We have received notices from the DoT in respect of our operations in the Andhra Pradesh, Delhi and Haryana Circles asking us to disconnect all mobile connections of subscribers in these Circles who have been allegedly given connections prior to May 31, 2006 without first being subject to proper verification. However, we are discussing these notices, in conjunction with other mobile operators who are similarly affected, with the DoT on grounds of the logistical and practical difficulties involved in verifying all details of subscribers who were given mobile connections prior to May 31, 2006, and we are taking action which we believe will satisfy the DoT.

Technical Approvals

Wireless and Planning Commission ("WPC") Approvals

Approval from the WPC Wing of the DoT is needed for assignment/utilization of appropriate frequencies / band for the establishment, possession and operation of the wireless element of telecom service. The terms of approval of the WPC must be recorded in a separate WPC license. Currently, we do not possess WPC licenses for any of our 13 Circles. However, applications for the same have been made for some Circles.

Standalone Advisory Committee on Radio Frequency ("SACFA") Clearances

We are also required to obtain a site clearance in respect of fixed stations and its antenna mast (cell sites) from SACFA. Clearances in respect of certain of the cell sites have not been received and applications have not been made for clearances of certain cell sites.

Telecommunications Engineering Center ("TEC")

A TEC certificate is given by the TEC after a test of equipments at our Base Transmitting Stations ("BTS"). After obtaining a TEC certificate we can commission the operation of our services.

We have TEC Certificates for the Established Circles and are in the process of obtaining formal TEC certificates for the New Circles.

OTHER REGULATORY AND STATUTORY DISCLOSURES

In view of the approvals listed below, we can undertake this Issue and no further major approvals from any government or regulatory authority are required to undertake this Issue, except as mentioned below.

Authority for the Issue

Our Board has, pursuant to a resolution passed at its meetings held on June 20, 2006 and October 19, 2006, authorized the Issue subject to the approval of the shareholders of the Company under section 81(1A) of the Companies Act. Pursuant to the authority granted by our Board at its meetings held on June 20, 2006 and October 19, 2006, the IPO Committee has approved the Draft Red Herring Prospectus on December 4, 2006, the Red Herring Prospectus on January 24, 2007 and the Prospectus on February 16, 2007.

Our shareholders have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the EGM of the Company held on November 15, 2006.

Prohibition by SEBI

We, our Directors, our Promoters, their Directors or person(s) in control of our Promoters, our Subsidiaries and affiliates and companies with which the Directors are associated with as directors have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Eligibility for the Issue

As per clause 2.2.1 of the SEBI DIP Guidelines, an unlisted company may make an initial public offering of equity shares, only if it meets the following conditions; with eligibility criteria calculated in accordance with financial statements under Indian GAAP:

a) The company has net tangible assets of at least Rs. 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets:

   Provided that, if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project;

b) The company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three out of the immediately preceding five years;

   Provided further that extraordinary items shall not be considered for calculating distributable profits in terms of Section 205 of Companies Act, 1956;

c) The company has a net worth of at least Rs. 10 million in each of the preceding three full years (of 12 months each);

d) In case the company has changed its name within the last one year, at least 50% of the revenue for the preceding one full year is earned by the company from the activity suggested by the new name; and

e) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document and firm allotment and promoters' contribution through the offer document), does not exceed five times its pre-issue net worth as per the audited balance sheet of the last financial year.)

Our unconsolidated net profit, dividend, net worth, net tangible assets and monetary assets derived from the Auditor's Report included in this Prospectus under the Section "Financial Statements", as at, and for the last five years ended FY 2006 are set forth below:

(In Rs. Millions)

	FY 2006	FY 2005	FY 2004	FY 2003	FY 2002
Net Tangible Assets (1)	32,753.98	28,648.63	23,289.01	18,522.85	15,926.42
Monetary Assets (2)	1,290.91	1,518.88	874.75	376.14	380.35
Distributable Profits	1,256.03	260.53	(2,069.12)	(1,598.08)	(2,124.48)
Net worth, as restated	11,658.29	10,467.91	10,226.29	10,933.45	10,093.06

(1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).

(2) Monetary assets include cash on hand and bank. For further details see "Financial Statements" on page 194 of this Prospectus.

(3) The distributable profits of the Company as per Section 205 of the Companies Act have been calculated from the audited financial statements of the respective years/period before making adjustments for restatement of financial statements.

As stated above, we do not satisfy the eligibility criteria as specified in clause 2.2.1 of the SEBI DIP Guidelines.

However, in terms of Clause 2.2.2 of the SEBI DIP Guidelines, we may make an issue to the public if the following conditions are fulfilled:

- The issue is made through a Book Building Process with at least 50% of the net issue to the public being allotted to QIBs; and
- The minimum post-issue face value capital of the Company is Rs. 100 million.

Further, in terms of Clause 2.2.2 A of the SEBI DIP Guidelines prospective allotees shall not be less than 1000 (one thousand) in number.

In terms of Rule 19(2)(b) of the Securities Contracts Regulation Rules, 1957, as amended from time to time ("SCRR"), with respect to the Issue being less than 25% of post Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 10% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% of the Net Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 6,666,666 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price.

Furthermore, the size of the offer to the public shall be at least Rs. 1000 million and a minimum of 2 million securities are to be issued to the public, excluding reservations and promoter contribution. Additionally, in accordance with Clause 2.2.2A of the SEBI DIP Guidelines, we shall ensure that the numbers of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, JM MORGAN STANLEY PRIVATE LIMITED AND DSP MERRILL LYNCH LIMITED, AND THE SENIOR CO-BOOK RUNNING LEAD MANAGERS CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED AND UBS SECURITIES INDIA PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, JM MORGAN STANLEY PRIVATE LIMITED, DSP MERRILL LYNCH LIMITED AND SENIOR CO BOOK RUNNING LEAD MANAGERS, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, AND UBS SECURITIES INDIA PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 5, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

"(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS, MORE

PARTICULARLY REFERRED TO IN THE ANNEXURE, IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

(III) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATIONS ARE VALID.

(IV) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

(V) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS."

All legal requirements pertaining to the Issue will have been complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

The filing of the Red Herring Prospectus does not, however, absolve us from any liabilities under Section 63 and Section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Red Herring Prospectus.

Disclaimer from the Company, the BRLMs and SCBRLMs

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to us, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire our Equity Shares and will not issue, sell, pledge or transfer our Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire our Equity Shares. We, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire our Equity Shares.

We, our Directors and the BRLMs, SCBRLMs and the Co-Manager accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at instance of the abovementioned entities and anyone placing reliance on any other source of information, including our website, www.ideacellular.com, would be doing so at his or her own risk.

The BRLMs and SCBRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs and SCBRLMs and us dated December 4, 2006 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and the BRLMs, SCBRLMs and the Co-Manager to the public and investors at large and no selective or additional information would be available for a Section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers etc.

Neither we nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India) and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted Non-Residents including Eligible NRIs, FIIs and eligible foreign investors. This Prospectus does not, however, constitute an invitation to subscribe for Equity Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for observations. Accordingly, our Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act ("Regulation S")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only to (1) "qualified institutional buyers" (as defined under Rule 144A under the U.S. Securities Act) in the United States in transactions exempt from registration under the U.S. Securities Act, and (2) investors in India pursuant to a public offering in India, and (3) institutional investors outside the United States and India in transactions compliant with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Further, each Bidder, where required, will be required to agree in the CAN that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any so-called P-Notes or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Disclaimer clause of the BSE

As required, a copy of the Red Herring Prospectus has been submitted to the BSE. The BSE has given permission to the Company in its letter No. DCS/IPO/PS/IPO-IP/244/2006 dated December 22, 2006, to use the BSE's name in the Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed. The BSE has scrutinized the Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. The BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; or
- Warrant that our securities will be listed or will continue to be listed on the BSE; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that the Red Herring Prospectus has been cleared or approved

by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of the Red Herring Prospectus has been submitted to NSE. NSE has given permission to the Company in its letter Ref. No. NSELIST:35641-5 dated December 20, 2006 to use the NSE's name in this Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The NSE has scrutinized the Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by the NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Red Herring Prospectus was filed with SEBI at Corporation Finance Department, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, was delivered for registration to the RoC and a copy of this Prospectus, which is required to be filed under Section 60 of the Companies Act will be delivered for registration with RoC situated at Ahmedabad.

A copy of this Prospectus will be filed with the Corporate Finance Department of SEBI at No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051.

Listing

Applications have been made to the BSE and the NSE for permission for listing of our Equity Shares being issued through this Prospectus.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by either of the Stock Exchanges, we shall forthwith repay, without interest, all moneys received from the applicants pursuant to this Prospectus. If such money is not repaid within eight days after we become liable to repay it (i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier), then we along with every Director who is in default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalization of the basis of allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name

shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Company; and (b) the BRLMs, the SCBRLMs, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of this Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, Deloitte Haskins and Sells and RSM & Co., our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

As the offered Equity Shares have not been and will not be registered under the U.S. Securities Act, the Auditors have not issued and we have not filed a consent under the U.S. Securities Act.

Expert Opinion

Except as stated elsewhere in this Prospectus, we have not obtained any expert opinions.

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Activity	Expense (Rs. million)	Percentage of Issue Expenses	Percentage of Issue Size
Lead management, underwriting and selling commissions	280.90	34.0%	1.3%
Advertising and marketing expenses	166.10	20.1%	0.8%
Printing and stationery	180.40	21.9%	0.8%
Other (Registrar's fees, legal fees, etc.)	197.60	24.0%	0.9%
Total estimated Issue expenses	**825.00**	**100.0%**	**3.9%**

All expenses with respect to the Issue will be borne by us .

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable to the BRLMs and SCBRLMs and the Syndicate Members (including underwriting commission and selling commission) will be as stated in the Engagement Letter with the BRLMs and SCBRLMs, a copy of which is available for inspection at our corporate office located at 11/1 Sharada Center, Off Karve Road, Erandwane, Pune - 411 004, India.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with us, a copy of which is available for inspection at our registered office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

Fees payable to Monitoring Agency

The total fee payable to the Monitoring Agency, Industrial Development Bank of India Limited, is Rs. 2.5 million as per the their letter dated November 18, 2006, a copy of which is available for inspection at our offices.

Particulars regarding Public or Rights Issues during the Last Five Years

We have not made any public or rights issues during the last five years.

Issues otherwise than for Cash

Except as stated in "Capital Structure" on page 61 of this Prospectus and "Our History and Corporate Structure" on page 137 of this Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of our Equity Shares

Since this is the initial public issue of our Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since inception.

Companies under the same Management

There is no other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act, other than the Subsidiaries, joint ventures, associates, Promoters and Promoter group companies, details of which companies are provided in "Our History and Corporate Structure" and "Our Promoters" and "Promoter Group" beginning on pages 137, 167 and 179 of this Prospectus.

Promise vs. Performance – Last Issue of Group/Associate Companies

There has been no public issue by any of the Group/Associate Companies in the past except as mentioned in "Our Promoters" and "Promoter Group" beginning on pages 167 and 179 in this Prospectus.

Outstanding Debentures or Bonds

We do not have any outstanding debentures or bonds.

Outstanding Preference Shares

There are no outstanding preference shares issued by our Company except as described in the Section "Capital Structure", on page 61 of this Prospectus.

Stock Market Data of our Equity Shares

This being our initial public issue, our Equity Shares are not listed on any stock exchange.

Purchase of Property

Except as stated in the "Objects of the Issue" on page 74 of this Prospectus, and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Issue, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the

date of this Prospectus, other than property in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business. Neither was the contract entered into in contemplation of the Issue, nor is the Issue contemplated in consequence of the contract; or
- The amount of the purchase money is not material.

Except as stated in this Prospectus, we have not purchased any property in which any of our Promoters and/or Directors have any direct or indirect interest in any payment made thereunder.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue and us will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit and refund orders to enable investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be ten working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed a Shareholders/Investor Grievance Committee comprising Mr M. R. Prasanna, Mr, Sanjeev Aga and Mr. Saurabh Misra.

We have appointed Mr. A. J. S. Jhala, Chief Financial Officer as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems. He can be contacted at the following address:

Idea Cellular Limited
11/1 Sharada Center
Off Karve Road
Erandwane, Pune - 411 004, India
Tel: +91 98500 03222
Fax: + 91 98500 03999
Email: shs@ideacellular.com

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Company's Memorandum of Association and Articles of Association, the terms of each of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to applicable laws, guidelines, notifications and regulations relating to the issue of capital and the listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Our Board of Directors authorized a fresh issue of Equity Shares up to an amount of Rs. 25,000 million in one or more tranches pursuant to a resolution passed at its meetings held on June 20, 2006 and October 19, 2006. Our shareholders authorized the Issue at the EGM of the Company held on November 15, 2006. The Board of Directors has pursuant to the aforementioned resolution dated October 19, 2006 authorized the IPO Committee to take decisions on behalf of the Board in relation to the Issue. Our IPO Committee has authorized the Draft Red Herring Prospectus on December 4, 2006, the Red Herring Prospectus at its meeting held on January 24, 2007 and the Prospectus at its meeting held on February 16, 2007.

The Pre-IPO placement has been completed prior to the filing of this Prospectus with the RoC, at the Cap Price and details of the same has been updated in this Prospectus. Any fractions of Equity Shares arising pursuant to the Pre-IPO placement has been ignored.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, the Company's Memorandum of Association and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares of the Company including rights in respect of dividends.

Mode of Payment of Dividend

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Face Value and Issue Price

The Equity Shares are being offered pursuant to the terms of this Prospectus at a price of Rs. 75 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

The face value of each Equity Share is Rs. 10 and the Issue Price is 7.5 times the face value.

Rights of the Equity Shareholder

Subject to applicable laws, rules, regulations and guidelines and the Articles of Associations, the holders of our Equity Shares shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to "Main Provisions of the Articles of Association" on page 449 of this Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per the existing SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialized form for all investors.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of 90 Equity Shares. For details of allocation and Allotment, please refer to "Issue Procedure" on page 418 of this Prospectus.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of our Company, or to the Registrar to the Issue and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act shall, upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective Depository Participant.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only to (1) "qualified institutional buyers" (as defined under Rule 144A under the U.S. Securities Act) in the United States in transactions exempt from registration under the U.S. Securities Act, and (2) investors in India pursuant to a public offering in India, and (3) institutional investors outside the United States and India in transactions compliant with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with applicable laws of such jurisdiction.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Net Issue (including Allotment of at least 60% of the Net Issue to QIBs) to the public to the extent of the amount payable on application, including devolvement on Underwriters, if

any, within 60 days from the Bid Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount (i.e., 60 days from the Bid Closing Date), it shall pay interest prescribed under Section 73 of the Companies Act.

Further, in terms of Rule 19(2)(b) of SCRR, if at least 60% of the Net Issue cannot be allocated to QIBs, all application money shall be refunded forthwith.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Mumbai, India.

Application in Issue

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only.

ISSUE STRUCTURE

The Issue of 283,333,333 Equity Shares of Rs. 10 each for cash at a price of Rs. 75 aggregating Rs. 21,250 million is being made through the 100% Book Building Process. The Issue comprises a reservation of 6,666,666 Equity Shares of Rs. 10 each for Eligible Employees aggregating Rs. 500 million and a Net Issue to the public of 276,666,667 Equity Shares of Rs. 10 each aggregating Rs. 20,750 million. There will also be a Green Shoe Option of up to 42,500,000 Equity Shares of Rs. 10 each not exceeding Rs. 3,187.50 million. The Issue and the Green Shoe Option aggregate Rs. 24,437.50 million. The Issue would constitute 10.9% of the fully diluted post Issue paid-up equity capital of the Company assuming no exercise of the Green Shoe Option and 12.4% assuming the Green Shoe Option is exercised in full.

	QIBs	**Non-Institutional Bidders[4]**	**Retail Individual Bidders[4]**	**Employee Reservation Portion[3]**
Number of Equity Shares[1]	At least 166,000,000 Equity Shares.	At least 27,666,667 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	At least 83,000,000 Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.	Up to 6,666,666 Equity Shares
Percentage of Issue Size available for Allotment/ Allocation	At least 60% of Net Issue Size shall be allocated to QIBs. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 10% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 30% of the Net Issue or Net Issue less allocation to QIB Bidders and Non Institutional Bidders.	Rs. 500 million
Basis of Allotment/ Allocation, if respective category is oversubscribed	Proportionate as follows: (a) 8,300,000 Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b)157,700,000Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds Rs. 100,000 and which is a multiple of 90 Equity Shares.	Such number of Equity Shares so that the Bid Amount exceeds Rs. 100,000 and which is a multiple of 90 Equity Shares.	90 Equity Shares and in multiples of 90 Equity Share thereafter.	90 Equity Shares and in multiples of 90 Equity Share thereafter.

	QIBs	Non-Institutional Bidders[4]	Retail Individual Bidders[4]	Employee Reservation Portion[3]
Maximum Bid	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.	20,000 Equity Shares
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Allotment Lot	90 Equity Shares in multiples of 1 Equity Shares	90 Equity Shares in multiples of 1 Equity Shares	90 Equity Shares in multiples of 1 Equity Shares	90 Equity Shares in multiples of 1 Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply[2]	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, multilateral and bilateral development financial institutions, and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Individuals (including HUFs, NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.	Eligible Employees

	QIBs	Non-Institutional Bidders[4]	Retail Individual Bidders[4]	Employee Reservation Portion[3]
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid-cum-Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of at the time of submission of Bid-cum-Application Form to the Syndicate Members.	Margin Amount at the time of submission of Bid-cum-Application Form to the Syndicate Members.	Margin Amount applicable to Eligible Employees at the time of submission of Bid-cum-Application Form to the Syndicate Members.
Margin Money/ Amount	At least 10% of the Bid Amount.	100% of Bid Amount.	100% of Bid Amount.	100% of Bid Amount.

Notes:

(1) Subject to valid Bids being received at or above the Issue Price and subject to a minimum of 60% of the Issue being allocated to QIBs. In terms of Rule 19(2)(b) of the Securities Contracts Regulation Rules, 1957, as amended from time to time ("SCRR"), with respect to the Issue being less than 25% of post Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 10% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% of the Net Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 6,666,666 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price. If the aggregate demand by Mutual Funds for Equity Shares is less than 8,300,000 Equity Shares, the balance of the Equity Shares available for allocation to Mutual Funds will be available for allocation to QIBs in proportion to their Bids. If the minimum allotment of 60% of the Net Issue to the public is not made to QIBs the entire subscription monies shall be refunded.

(2) In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid-cum-Application Form.

(3) Under-subscription, if any, in the Employee Reservation Portion will be added back to either the Non-Institutional Portion and the Retail Individual Bidders Portion and the proportionate of such Equity Shares shall be at the sole discretion of the Company in consultation with the BRLMs and the SCBRLMs. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

(4) Under-subscription, if any, in Retail Bidders category would be first allowed to be met with spill over from Non Institutional Bidder category, Non-Institutional Bidders category would be first allowed to be met with spill over from Retail Bidder category at the sole discretion of the Company, in consultation with the BRLMs and SCBRLMs.

Withdrawal of the Issue

The Company in consultation with the BRLMs and SCBRLMs, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date but prior to Allotment, without assigning any reason therefor.

Bidding Period / Issue Period

BID / ISSUE OPENED ON : MONDAY FEBRUARY 12, 2007

BID / ISSUE CLOSED ON : THURSDAY FEBRUARY 15, 2007

Bids and any revision in Bids shall be accepted only between **10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period/Issue Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form and uploaded until such time as permitted by the NSE and the BSE. Bids will only be accepted on working days i.e. Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bidding Period/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

In case of revision in the Price Band, the Bidding Period/Issue Period will be extended for three additional days after revision of the Price Band subject to the Bidding Period/Issue Period not exceeding 10 days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the NSE and the BSE by issuing a press release, and also by indicating the change on the websites of the BRLMs and SCBRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19(2)(b) of the Securities Contracts Regulation Rules, 1957, as amended from time to time ("SCRR"), with respect to the Issue being less than 25% of post Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 10% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% of the Net Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 6,666,666 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees aggregating Rs. 500 million, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allotted to QIBs, the entire application money will be refunded.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through BRLMs and SCBRLMs. In case of QIB Bidders, the Company in consultation with the BRLMs and SCBRLMs may reject Bids at the time of acceptance of the Bid-cum-Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In the case of Non-Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, the Company would have a right to reject Bids only on technical grounds.

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Illustration of Book Building and Price Discovery Process (Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue).

Bidders can bid at any price within the price band. For instance, assume a price band of Rs 20 to Rs 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs. 24 per share while another has bid for 1,500 shares at Rs. 22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Amount (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 22 in the above example. The issuer, in consultation with the BRLMs and SCBRLMs, will finalize the issue price at or below such cut off price i.e. at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the

Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed color of the Bid-cum-Application Form for various categories is as follows:

Category	**Color of Bid-cum-Application Form**
Indian public including resident QIBs, Non-Institutional Bidders and Retail Individual Bidders	White
NRIs and FIIs	Blue
Eligible Employees	Pink

Who can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the Equity Shares;
- Indian Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and regulations, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorized under their constitution to hold and invest in Equity Shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- FIIs registered with SEBI, on a repatriation basis;
- Scientific and/or Industrial Research Organizations authorized to invest in Equity Shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- As may be permitted by applicable laws, Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in Equity Shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in Equity Shares;
- Multilateral and Bilateral Development Financial Institutions; and
- Eligible Employees

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by associates of BRLMs, SCBRLMs, Co-Manager and Syndicate Members

The BRLMs, SCBRLMs, Co-Manager and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs, SCBRLMs, Co-Manager and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or their clients' account.

Application by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the aggregate demand is greater than Rs. 622.50 million, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by NRIs

Bid-cum-Application Forms have been made available for NRIs at our corporate office, members of the Syndicate and the Registrar to the Issue.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. NRIs who intend to make payment through Non-Resident Ordinary ("NRO") accounts shall use the form meant for Resident Indians.

Application by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII shall not exceed 10% of our post-Issue issued capital, i.e. 263,536,054 Equity Shares (assuming the Green Shoe Option is exercised in full). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, in accordance with the foreign investment limits applicable to us, the total FII investment cannot exceed 24% of our total paid up capital. The aggregate holding by FIIs in a company cannot exceed 24% of its issued share capital, however, this limit of 24% may be increased up to the applicable sectoral cap by passing a board resolution and a special resolution of the shareholders authorizing such an increase.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub-account, including any affiliate or associate of any BRLM or Syndicate Member, may issue, deal or hold, off shore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI, respectively. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed the limits prescribed under these regulations.

SEBI issued a press release on June 26, 2006 stating that the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering, would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing of the draft prospectus with SEBI.

The above information is given for the benefit of the Bidders. The Company, the BRLMs, SCBRLMs and the Co-Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

For Retail Individual Bidders: The Bid must be for a minimum of 90 Equity Shares and in multiples of 90 Equity Shares thereafter, so as to ensure that the Bid Amount (including revision of Bids, if any) payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off price option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off price option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Non-Institutional Bidders and QIBs: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 90 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws.

For Employee Reservation Portion: The Bid must be for a minimum of 90 Equity Shares and in multiples of 90 Equity Shares thereafter. The maximum Bid in this category by an Eligible Employee cannot exceed 20,000 Equity Shares.

Under the existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the QIB Margin Amount upon submission of its Bid.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 in order to be considered for allocation in the Non-Institutional Portion. If the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-off Price.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under any applicable law or regulation or as specified in the Red Herring Prospectus.

Information for the Bidders:

Our Company filed the Red Herring Prospectus with the RoC.

The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.

Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid-

cum-Application Form can obtain the same from our registered office or from any of the members of the Syndicate.

Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs and SCBRLMs or the Co-Manager or Syndicate Members or their authorized agent(s) to register their Bids.

The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms that do not bear the stamp of the members of the Syndicate will be rejected.

Method and Process of Bidding

Our Company and the BRLMs and SCBRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in two widely circulated newspapers (one in each of English and Hindi) and a Gujarati newspaper. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XX–A of the SEBI Guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005. The Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.

The Bidding Period shall be for a minimum of three working days and shall not exceed seven working days. If the Price Band is revised, the revised Price Band and the Bidding Period will be published in two widely circulated newspapers (one in each of English and Hindi) and a Gujarati newspaper, and the Bidding Period may be extended, if required, by an additional three days, subject to the total Bidding Period not exceeding 10 (ten) working days.

Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to "Issue Procedure - Bids at Different Price Levels and Revision of Bids" on page 425 of this Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

The Bidder cannot bid on another Bid-cum-Application Form after Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as a multiple Bid and is liable to be rejected either before entering of the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares. However, the Bidder can revise the Bid through the Revision Form, for further details on the procedure see "Issue Procedure - Build up of the Book and Revision of Bids" on page 428 of this Prospectus.

The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.

During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under "Issue Procedure - Terms of Payment and Payment into the Escrow Accounts" on page 427 of this Prospectus.

Bids at Different Price Levels and Revision of Bids

The Issue Price is Rs. 75 per Equity Share. The Issue Price is 7.5 times the Face Value of each Equity Share. The Bidders can bid at any price with in the Price Band, in multiples of Re. 1 (Rupee One).

Our Company, in consultation with the BRLMs and SCBRLMs, reserves the right to revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended in accordance with the SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.

In case of revision of the Price Band, the Issue Period will be extended for three additional days after the Price Band revision subject to a maximum of 10 (ten) working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two widely circulated newspapers (one in each of English and Hindi) and a Gujarati newspaper, and also by indicating the change on the websites of the BRLMs, SCBRLMs and the Co-Manager and at the terminals of the Syndicate Members.

Our Company, in consultation with the BRLMs and SCBRLMs, can finalize the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the Bidders.

The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIBs and Non-Institutional Bidders and Bidders in the Employee Reservation Portion (for Bids greater than Rs. 100,000) and such Bids from QIBs and Non-Institutional Bidders and employees shall be rejected.**

Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band and shall deposit the Bid Amount based on the higher end of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the Allocation Amount payable by the Retail Individual Bidders who Bid at the Cut-off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders shall receive a refund of the excess amounts from the Escrow Account.

In case of an upward revision in the Price Band announced as above, Retail Individual Bidders bidding at the Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to bid at the Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. If the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

In the event of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 90 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out a cheque or demand draft in respect of his or her Bid and/or revision of such Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) shall maintain the monies in the Escrow Account for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account

as per the terms of the Escrow Agreement. Payments of refunds to Bidders shall also be made from the Escrow Account/refund account as per the terms of the Escrow Agreement and the Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall with the submission of the Bid-cum-Application Form draw a cheque or demand draft for the applicable Margin Amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to "Issue Procedure" on page 421 of this Prospectus) and submit the same to the member of the syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism or any similar method. Each QIB shall provide its QIB Margin Amount only to a BRLM or Syndicate Member duly authorized by the BRLM in this regard. Bid-cum-Application Forms accompanied by cash/Stockinvest/money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid-cum-Application Form.

The members of the Syndicate shall deposit cheques or demand drafts with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date and no later than 15 (fifteen) days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under "Issue Structure" on page 418 of this Prospectus. Where the Margin Amount applicable to a Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of bidding, shall be payable by the Bidder no later than the Pay-in Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs and SCBRLMs. QIBs will be required to deposit a margin of 10% at the time of submitting their Bids.

If payment is not made into the Escrow Account within the time stipulated above, the Bid of such Bidder is liable to be cancelled. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.

Where the Bidder has been allocated/allotted a lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation/Allotment, will be refunded to such Bidder within 15 days from the Bid/ Issue Closing Date, failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

The members of the Syndicate will register Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connection in each city where a stock exchange is located in India and where Bids are being accepted.

The Stock Exchanges will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the members of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges.

The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be uploaded on a

regular basis, consolidated and displayed on-line at all bidding centers and the websites of the BSE and the NSE. A graphical representation of consolidated demand and price would be made available at the bidding centers and the websites of the BSE and the NSE during the Bidding Period.

At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor into the on-line system:

- Name of the investor (Investors should ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names in the same sequence as that in which they appear in the Bid-cum-Application Form.)
- Investor Category – Individual, Corporate, NRI, FII, FVCI or Mutual Fund etc.
- Numbers of Equity Shares bid for.
- Bid Amount.
- Bid-cum-Application Form number.
- Whether Margin Amount has been paid upon submission of Bid-cum-Application Form.
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

A system generated TRS will be given to the Bidder as proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that Equity Shares will be allocated/allotted either by the members of the Syndicate or our Company.

Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

In the case of QIB Bidders, members of the Syndicate also have the right to accept a Bid or reject it. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In the case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in "Issue Procedure – Grounds for Technical Rejections" on page 439 of this Prospectus.

It is to be distinctly understood that the permission given by the Stock Exchanges to use the network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs and SCBRLMs has been cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed as meaning that the Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and the NSE.

Build Up of the Book and Revision of Bids

Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.

The book gets built up at various price levels. This information will be available to the BRLMs, SCBRLMs and the Co-Manager on a regular basis.

During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.

Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or

her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill in the details of the other two options that are not being revised, on the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.

Any revision of a Bid shall be accompanied by payment in the form of a cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Prospectus. In the case of QIB Bidders, the members of the Syndicate shall collect payment in the form of a cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Only Bids that are uploaded onto the online IPO system of the NSE and the BSE shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the Company in consultation with the BRLMs and SCBRLMs based on the physical records of Bid-Cum-Application Forms shall be final and binding on all concerned.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the BRLMs, SCBRLMs and the Co-Manager will analyze the demand generated at various price levels and discuss the pricing strategy with the Company.

The Company, in consultation with the BRLMs and SCBRLMs, shall finalize the Issue Price.

The allocation to QIBs of at least 60% of the Net Issue size (including 5% specifically reserved for Mutual Funds) and allocation to Non-Institutional Bidders of up to 10% of the Net Issue size and Retail Individual Bidders of up to 30% of the Net Issue, will be on a proportionate basis, in a manner specified in the SEBI Guidelines and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in the Issue, would be allowed to be met with spill-over from any category or combination of categories at the discretion of the Company in consultation with the BRLMs and SCBRLMs. **However, if the aggregate demand by Mutual Funds is less than Rs. 622.5 million (assuming the QIB Portion is 60% of the Net Issue size, i.e. Rs. 20,750 million), the balance of Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. If a minimum Allotment of at least 60% of the Net Issue is not made to QIBs, the entire subscription monies shall be refunded.**

Allocation to Non-Residents, including Eligible NRIs, FIIs and FVCIs registered with SEBI, applying on a repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

The BRLMs, SCBRLMs and the Co-Manager, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In accordance with the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Notice to QIBs: Allotment Reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/

NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in its entirety the earlier CAN.

Issuance of CAN

Upon approval of the basis of Allotment by the Designated Stock Exchange, the relevant BRLM, or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue is the same.

The BRLM or members of the Syndicate would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall receive the CAN direct from the Registrar to the Issue subject, however, to realization of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

The issuance of a CAN is subject to the procedures set out in "Issue Procedure - Notice to QIBs Allotment Reconciliation" on page 429 of this Prospectus.

Signing of Underwriting Agreement and RoC Filing

The Company, the BRLMs, SCBRLMs, the Co-Manager and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) /Allotment to the Bidders.

After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed the "Prospectus". The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

We will file a copy of the Prospectus with the RoC in accordance with Section 56, Section 60 and Section 60B of the Companies Act.

The copy of the Prospectus will be delivered to the RoC at the following address:

Registrar of Companies, Gujarat, Ministry of Company Affairs, Registrar of Companies Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380 013. Phone: 079-27437597

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in two widely circulated newspapers (one in each of English and Hindi) and a Gujarati newspaper.

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares

Our Company will ensure that the Allotment of Equity Shares is done within 15 (fifteen) days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company would ensure the credit to the successful Bidders' depository account. Allotment of the Equity Shares to the successful Bidders shall be within 15 (fifteen) days from the Bid/Issue Closing Date.

In accordance with the SEBI Guidelines, Equity Shares will be issued, transferred and Allotment shall be made to the successful Bidders only in the dematerialized form. Successful Bidders will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

DO's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the Resident Bid-cum-Application Form (white in color) or Non-Resident Bid-cum-Application Form (blue in color) or Employee Reservation Form (pink in color) as the case may be;
- Ensure that the details about the Depository Participant and beneficiary account are correct as Allotment of Equity Shares will be in dematerialized form only;
- Investor must ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the depository account is held. In case the Bid-cum- Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form;
- Ensure that Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have been given a TRS for all your Bid options;
- Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- Ensure that the Bid is within the Price Band;
- Submit the Bid with the applicable Margin Amount; where Bid(s) is/are for Rs. 50,000 or more, each of the Bidders should mention their Permanent Account Number ("PAN") allotted under the I.T. Act. Copies of the PAN Card or PAN allotment letter should be submitted with the Bid-cum-Application Form. If you have mentioned "Applied for" or "Not Applicable", in the Bid-cum-Application Form in the Section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as proof of address;
- QIBs shall submit their bids only to the BRLMs and SCBRLMs or to Syndicate Members duly appointed in this regard.
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; and
- Ensure that the name(s) given in the Bid-cum-Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid-cum-Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and that such names are in the same sequence in which they appear in the Bid-cum-Application Form.

DON'Ts:

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/revise Bid Amount to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash, by money order or by postal order or by Stockinvest;
- Do not send Bid-cum-Application Forms by post; instead submit the same to a member of the Syndicate only;
- Do not Bid at the Cut-Off Price (for QIB Bidders and Non-Institutional Bidders and Bidders in the Employee Reservation Portion applying for a Bid amount exceeding Rs. 100,000);
- Do not Bid a Bid Amount exceeding Rs. 100,000 (for Retail Individual Bidders);
- Do not fill out the Bid-cum-Application Form such that the Equity Shares bid for exceed the Issue Size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
- Do not submit a GIR Number instead of a PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

Made only on the prescribed Bid-cum-Application Form or Revision Form, as applicable (white or blue or pink in color, as the case may be).

Completed in full, in **BLOCK LETTERS** in **ENGLISH** and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.

For Retail Individual Bidders, the Bid must be for a minimum of 90 Equity Shares and in multiples of 90 thereafter subject to a maximum Bid Amount of Rs. 100,000.

For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 90 Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

For Employee Reservation Portion, the Bid must be for a minimum of 90 Equity Shares and in multiples of 90 thereafter subject to a maximum of 20,000 Equity Shares.

In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and beneficiary account number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository the Bidders' bank account details. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as they appear on the records of the Depository Participant.** Please note that failure to do so could result in delays in the credit of refunds to Bidders at the Bidders' sole risk and neither the BRLMs and SCBRLMs nor the Company shall have any responsibility or undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and beneficiary account number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as "Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders on the Bid-cum-Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid-cum-Application Form, the Bidder would be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, Escrow Collection Banks nor the BRLMs and SCBRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity ("DP ID") and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice or refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the Depositories.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees or Directors or and directors of the Subsidiaries, who are Indian nationals, based in India and are physically present in India on the date of submission of the Bid-cum-Application Form.

Bids under the Employee Reservation Portion by Eligible Employees shall be made only on the prescribed Bid-cum-Application Form or Revision Form (i.e. pink color form.)

Only Eligible Employees are eligible to apply in this Issue under the Employee Reservation Portion; the sole/first bidder should be an Eligible Employee as defined above, and should mention their Employee Number at the relevant place in the Bid-cum-Application Form.

Eligible Employees will have to bid like any other Bidder and only those bids which are received at or above the Issue Price will be considered for allocation under this category. Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at the Cut-Off Price, but this facility is not available to other Eligible

Employees whose minimum Bid Amount exceeds Rs. 100,000. The maximum bid in this category by an Eligible Employee cannot exceed 20,000 Equity Shares. Bid/Application by Eligible Employees can also be made in the net Issue to the public and such bids shall not be treated as multiple bids.

If the aggregate demand in the Employee Reservation Portion is less than or equal to 6,666,666 Equity Shares aggregating to Rs. 500 million at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Non-Institutional Portion and the Retail Individual Bidders portion equally. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion. If the aggregate demand in the Employee Reservation Portion is greater than 6,666,666 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis. For the method of such proportionate basis of allocation, refer to "Issue Procedure - Basis of Allotment" on page 442 of this Prospectus.

The Employee Reservation Portion is not an issue for sale within the United States of any Equity Shares or any other security of the Company. Securities of the Company, including any offering of its Equity Shares, may not be offered or sold in the United States in the absence of registration under U.S. securities laws or unless exempt from registration under such laws.

Bids by Non Residents including NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis.

Bids and revision to Bids must be made in the following manner:

Bids and revision to Bids must be made on the Bid-cum-Application Form or the Revision Form, as applicable (blue in color), and completed in full in **BLOCK LETTERS** in **ENGLISH** in accordance with the instructions contained therein. Bids and revisions to Bids must be made in a single name or joint names (being not more than three), and can be made in the names of individuals, or in the names of FIIs/FVCIs or Multilateral and Bilateral Development Financial Institutions. They cannot be made in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

NRIs with a Bid Amount of up to Rs. 100,000 will be considered under the Retail Portion for the purposes of allocation. NRIs with a Bid Amount of more than Rs. 100,000 will be considered under the Non-Institutional Portion for the purposes of allocation. Bids by other eligible non-resident Bidders, for a minimum of such number of Equity Shares and in multiples of 90 thereafter that the Bid Amount exceeds Rs. 100,000, will be considered under QIB Portion for the purposes of allocation. There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

For further details, please refer to "Issue Structure" on page 418 of this Prospectus.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In the case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or, if the Bidders so desire, will be credited to their NRE Accounts, details of which should be furnished in the space provided for this purpose on the Bid-cum-Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only to (1) "qualified institutional buyers" (as defined under Rule 144A under the U.S. Securities Act) in the United States in transactions exempt from registration under the U.S. Securities Act, and (2) investors in India pursuant to a public offering in India, and (3) institutional investors outside the United States and India in transactions compliant with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Bids under Power of Attorney

In the case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies or registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor. In the case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by Mutual Funds registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions that our Company and the BRLMs and SCBRLMs may deem fit.

PAYMENT INSTRUCTIONS

The Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation/Allotment in the Issue.

Each Bidder shall draw a cheque or demand draft or remit funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

Payment into Escrow Account

The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid-cum-Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.

If the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN, which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs and SCBRLMs.

The payment instruments for payment into the Escrow Account should be drawn in favour of:

- In the case of Resident QIB Bidders: **"Escrow Account – IDEA IPO – QIB - R"**
- In the case of Non Resident QIB Bidders: **"Escrow Account – IDEA IPO – QIB - NR"**
- In the case of Resident Bidders: **"Escrow Account – IDEA IPO - R"**
- In the case of Non-Resident Bidders: **"Escrow Account – IDEA IPO – NR"**
- In the case of Eligible Employees: **"Escrow Account – IDEA IPO – Eligible Employees"**

- In the case of Bids by NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External ("NRE") Accounts or Foreign Currency Non-Resident ("FCNR") Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary ("NRO") Account of a Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting to an NRE Account or a FCNR Account. In the case of Bids by Eligible NRIs applying on a non-repatriation basis, payments must be made out of an NRO account.
- In the case of Bids by NRIs applying on a non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External ("NRE") Accounts or Foreign Currency Non-Resident ("FCNR") Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. or out of a Non-Resident Ordinary ("NRO") Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
- In case of Bids by FIIs/ FVCIs/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

The monies deposited in the Escrow Account will be held for the benefit of the Bidders until the Designated Date.

On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjusting for allocation/ Allotment to the Bidders.

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at, the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/Money Orders/Postal Orders will not be accepted.

Payment by Stockinvest

In terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the Stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of a Bid-cum-Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form. All communications will be

addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In this regard, illustrations of certain procedures which may be followed by the Registrar to the Issue to detect multiple applications are provided below:

Bids by Eligible Employees can also be made in the Net Issue and such Bids shall not be treated as multiple bids.

All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.

In this master, a check will be carried out for the same PAN/GIR Numbers. In cases where the PAN/GIR Numbers are different, the same will be deleted from this master.

Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. Applications with the same name and same address will be treated as multiple applications.

The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.

After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also father/husband names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of a Mutual Fund and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number ("PAN") allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR Number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the sole/First Bidder and Joint Bidder(s) is/are not required to obtain a PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for a PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid-cum-Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/ First Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended through a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

Unique Identification Number - MAPIN

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars through its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000 an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations. At present, investors are not required to provide a MAPIN.

GROUNDS FOR REJECTIONS

In the case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In the case of Non-Institutional Bidders and Retail Individual Bidders who Bid, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft or by electronic transfer and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN photocopy/PAN communication/Form 60 or Form 61 declaration, along with documentary evidence in support of address given in the declaration, not given where a Bid is for Rs. 50,000 or more;
- GIR Number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders and Bidders in the Employee Reservation Portion bidding for an amount greater than Rs. 100,000;
- Bids for number of Equity Shares which are not in multiples of 90 ;
- Category not ticked;
- Multiple Bids as described in this Prospectus;
- In the case of a Bid under power of attorney or by a limited company, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and/or joint Bidders missing;
- Bid-cum-Application Form does not have the stamp of the BRLMs and SCBRLMs, or Syndicate Members;
- Bid-cum-Application Forms does not have Bidder's depository account details;
- Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity ("DP ID") and the beneficiary's account number;
- Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act or other than in reliance on Regulation S under the U.S. Securities Act of 1933;
- Bids that do not comply to the securities laws of their respective jurisdictions are liable to be rejected;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids not duly signed by the sole/joint Bidders;
- Bids by OCBs;

- Bids by Eligible Employees exceeding 20,000 Equity Shares;
- Bids in the Employee Reservation Portion by persons who are not Eligible Employees;
- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws.

Equity Shares In Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated January 24, 2007 with NSDL, the Company and the Registrar to the Issue;
- Agreement dated January 22, 2007 with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision Form.

Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.

The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

The trading of the Equity Shares of the Company would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc.

Disposal of Applications and Application Moneys and Interest In Case Of Delay

The Company shall ensure dispatch of Allotment advice, refunds and give credit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 15 days from the Bid/Issue Closing Date.

Refunds shall be made in the manner described in "Issue Procedure" on page 446 of this Prospectus.

For this purpose, the details of bank accounts of applicants would be taken directly from the Depositories' database. The Registrar will send the electronic files with the refund data to the Bankers to the Issue and the bankers to the issue shall send the refund files to the RBI system within 15 days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 15 days of Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Refunds will be done within 15 days from the Bid/Issue Closing Date at the sole or First Bidder's sole risk; and
- We shall pay interest at the rate of 15% per annum if the Allotment letters/refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from Bid/Issue Closing Date.

We will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

The Issue Size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to 83,000,000 Equity Shares aggregating to Rs. 6,225 million at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.

If the aggregate demand in this category is greater than 83,000,000 Equity Shares aggregating to Rs. 6,225 million at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 90 Equity Shares and in multiples of 1 (one) Equity Share thereafter. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

The Issue Size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to 27,666,667 Equity Shares aggregating to Rs. 2,075 million at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than 27,666,667 Equity Shares aggregating to Rs. 2,075 million at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 90 Equity Shares and in multiples of 1 (one) Equity Share thereafter. For the method of proportionate basis of Allotment refer below.

C. For QIBs

Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

- In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
- In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
- Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below.
- The aggregate Allotment to Mutual Funds shall not be less than 8,300,000 Equity Shares aggregating to Rs. 622.50 million.

(b) In the second instance allocation to all QIBs shall be determined as follows:

- The number of Equity Shares available for this category shall be the QIB Portion less the allocation to Mutual Funds as calculated in the first instance above;
- The subscription level for this category shall be determined based on the overall subscription in the QIB Portion less the allocation to Mutual Funds as calculated in the first instance above;

- Based on the above the subscription level shall be determined and proportionate allocation to QIBs including Mutual Funds in this category shall be made;
- The aggregate Allotment to QIB Bidders shall not be less than 157,700,000 Equity Shares aggregating to Rs. 11,827.50 million.

D. For Employee Reservation Portion

Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Eligible Employees will be made at the Issue Price.

If the aggregate demand in this category is less than or equal to 6,666,666 Equity Shares aggregating to Rs. 500 million at or above the Issue Price, full Allotment shall be made to the Eligible Employees to the extent of their demand.

If the aggregate demand in this category is greater than 6,666,666 Equity Shares aggregating to Rs. 500 million at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 90 Equity Shares and in multiple of 1 (one) Equity Share thereafter.

Only Eligible Employees eligible to apply under the Employee Reservation Portion.

For the method of proportionate basis of Allotment, refer below.

Method of Proportionate Basis of Allotment in the QIB, Retail, Non-Institutional and Employee Reservation Portions

In the event of the Issue being over-subscribed, we shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and SCBRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders will be categorized according to the number of Equity Shares applied for.

(b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

(d) In all Bids where the proportionate Allotment is less than 90 Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be allotted a minimum of 90 Equity Shares; and
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

(e) If the proportionate Allotment to a Bidder is a number that is more than 90 but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple whole number. Allotment to all Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

(f) If the Equity Shares allocated on a proportionate basis to any category are less than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds (MF)

Issue Details

Particulars	Issue details
Issue size	100 million Equity Shares
Allocation to QIB (60% of the Net Issue)	60 million Equity Shares
Of which:	
a. Reservation for Mutual Funds, (5%)	3 million Equity Shares
b. Balance for all QIBs including Mutual Funds	57 million Equity Shares
Number of QIB applicants	10
Number of Equity Shares applied for	250 million Equity Shares

Details of QIB Bids

Type of QIB bidders#	No. of Equity Shares bid for (in million)
A1	25
A2	10
A3	65
A4	25
A5	25
MF1	20
MF2	20
MF3	40
MF4	10
MF5	10
TOTAL	**250**

 # A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

Details of Allotment to QIB Bidders/Applicants

(Number of Equity Shares in million)

Type of QIB bidders	Equity Shares bid for	Allocation of 3 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 57 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	25	-	5.77	-
A2	10	-	2.31	-
A3	65	-	15.00	-
A4	25	-	5.77	-
A5	25	-	5.77	-
MF1	20	0.60	4.48	5.08
MF2	20	0.60	4.48	5.08
MF3	40	1.20	8.95	10.15
MF4	10	0.30	2.24	2.54
MF5	10	0.30	2.24	2.54
	250	**3.00**	**57.00**	**25.38**

Please note:

The illustration presumes compliance with the requirements specified in "Issue Structure" beginning on page 418 of this Prospectus.

Out of 60 million Equity Shares allocated to QIBs, 3 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 100 million Equity Shares in the QIB Portion.

The balance 57 million Equity Shares (i.e. 60 – 3 (available for Mutual Funds only)) will be allocated on proportionate basis among 10 QIB Bidders who applied for 250 million Equity Shares (including 5 Mutual Fund applicants who applied for 100 million Equity Shares).

The figures in the fourth column titled "Allocation of balance 57 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

For QIBs other than Mutual Funds (A1 to A5) = Number of Equity Shares Bid for X 57/247

For Mutual Funds (MF1 to MF5) = [(No. of Equity Shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 57/247

The denominator for arriving at allocation of the balance 57 million Equity Shares to the 10 QIBs are reduced by 2.5 million Equity Shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

The numerator for arriving at allocation of balance 57 million Equity Shares to the Mutual Fund applicants is reduced by the respective number of Equity Shares already allotted to each Mutual Fund in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders

We shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 15 working days of the Bid Closing Date/Issue Closing Date. We shall ensure refunds as per the modes of refund discussed in the paragraph given below.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date.a

Dispatch of refund orders

Refunds will be done within 15 days from the Bid/Issue Closing Date at the sole or First Bidder's sole risk. We will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue; and

Interest in case of delay in dispatch of Allotment letters/refund orders

We shall pay interest at the rate of 15% per annum if the Allotment letters/refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from Bid/Issue Closing Date.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us as an Escrow Collection Bank and payable at par at places where Bids are received except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Modes of Refund

The payment of refund, if any, shall be undertaken using the following methods:

ECS

Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 15 centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds shall be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refund through ECS is mandatory for all applicants having a bank account at any of the abovementioned 15 centers, except where the applicant, is otherwise disclosed as eligible to receive the refund through direct credit or RTGS.

The Company in consultation with the BRLMs and the SCBRLMs and the Registrar may decide to use the National Electronic Funds Transfer ("NEFT") facility for payment of refunds as mentioned herein below.

NEFT

Payment of refund may be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code ("IFSC"), which can be linked to a Magnetic Ink Character Recognition ("MICR") , if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as at a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

Direct Credit

Applicants applying through the web/internet whose service providers opt to have the refund amounts for such applicants by way of direct disbursement by the service provider through their internal networks, the refund amounts payable to such applicants will be directly handled by the service providers and credited to bank account particulars as registered by the applicant in the demat account being maintained with the service provider. The service provider, based on the information provided by the Registrar, shall carry out the disbursement of the refund amounts to the applicants.

RTGS

Applicants having a bank account at any of the abovementioned 15 centers and whose refund amount exceeds Rs. 5 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for RTGS as a mode of refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

Refund Order

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders shall be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for three additional days after the Price Band revision. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and by indicating the change on the web site of the BRLM and at the terminals of the Syndicate.

Undertakings by Our Company

Our Company undertakes as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment;
- that the funds required for dispatch of refund orders/Allotment letters to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by us;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund; and
- that no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilization of Issue proceeds

Our Board of Directors certifies that:

i. All monies received out of the Issue of Equity Shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

ii. Details of all monies utilized out of the Issue referred in (i) shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have had been utilized;

iii. Details of all unutilized monies out of the Issue of Equity Shares, if any, referred to in (i) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested;

iv. The utilization of monies received under the Employee Reservation Portion shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilized; and

v. The details of all unutilized monies out of the Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such monies have been invested.

Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality, interest/dividend bearing liquid instruments including money market Mutual Funds, deposits with banks for the necessary duration. Such investments would be in accordance with investment policies approved by the Board from time to time.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of the Company relating to the voting rights, dividend, lien on shares, restrictions on transfer and transmission of shares/debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

Definitions

"Aditya Birla Nuvo Limited" means a company within the meaning of the Act, having its registered office at Indian Rayon Compound, Veraval -362266, Gujarat.

"License Agreements" means the license agreements entered into by the Company with the DoT for carrying on any of the above businesses including the cellular mobile telephone service license agreement, unified access service license agreement, national long distance license agreement and the international long distance license agreement as amended or substituted from time to time

"Serious Resident Indian Investor" means any resident Indian promoter holding at least ten percent of the Equity Capital of the Company and registered as promoter with the DoT for the licenses enjoyed by the company or such requirements laid down by the DoT from time to time.

"Senior Officers" mean the Chief Financial Officer, the Chief Technical Officer, the Company Secretary and any other key positions of the Company as may be notified by the DoT from time to time.

Article 3 Capital and Increase and Reduction of Capital

3. (a) The Authorized Share Capital of the Company is Rs. 42,750,000,000 (Rupees Forty Two Billion and Seven Hundred Fifty million) divided into 3,775,000,000 (Three Billion and Seven Hundred Seventy Five million) Equity Shares of Rs. 10/- (Rupees Ten) each and 500 Redeemable Cumulative Non-Convertible Preference Shares of Rs. 10,000,000 (Rupees Ten million) each with power from time to time subject to the provisions of the Memorandum of Association to modify, increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, guaranteed, qualified, or special rights, privileges or conditions as may be determined by or in accordance with these Articles and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by these Articles.

(b) Upon an acquisition, whether by merger, issue of shares or otherwise by the Company of another body corporate, the Company may issue new shares in its Equity Capital at par or at such premium as may be agreed by shareholders.

(c) Subject to the provisions of Article 93 (j), the Company may, with the approval of the shareholders in a general meeting, issue shares with differential rights as to dividend, voting or otherwise.

Article 4

4. (a) The Company in General Meeting, may, by Special Resolution and subject to the provisions of these Articles, from time to time, increase the authorized capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of Sections 80, 81, 85, 86, 87, 89 and 90 of the Act, the new shares shall be issued upon such terms and conditions, and with such rights and privileges annexed thereto, as the General Meeting shall direct and if no direction be given, as the Board of Directors shall determine, and in particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company and subject to the provisions of the said Sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are liable to be redeemed.

(b) Whenever the capital of the Company has been increased under the provisions of this Article the Board of Directors shall comply with the provisions of Section 97 of the Act.

Article 5 Increase of share capital

5. Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares, shall be considered as part of the original capital, and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting or otherwise.

Article 7 Preference Shares

7. (a) Subject to the provisions of Section 80, Section 85 and other applicable provisions, if any, of the Act, and the provisions of these Articles, the Company shall by a special resolution have power to issue preference shares/ cumulative convertible preference shares with such rights and on such terms and conditions that are prescribed in this behalf from time to time.

Provided that:

(i) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of redemption;

(ii) No such shares shall be redeemed unless they are fully paid;

(iii) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed;

(iv) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the capital redemption reserve account", a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the capital redemption reserve account were paid up share capital of the Company.

(b) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.

(c) The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its authorized Share Capital.

(d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relates to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

(e) The Capital Redemption Reserve Account may, notwithstanding anything in this article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

Article 9 Reduction of Share Capital

9. (a) The Company may (subject to the provisions of Section 70, 80 and 100 to 104 inclusive, of the Act and the provisions of these Articles), from time to time by a Special Resolution, reduce its share capital and any Capital Redemption Reserve Account or share premium account in any manner for the time being authorized by law, and in particular capital may be paid off on the footing that it may be called up again or otherwise.

(b) This Article shall not derogate from any power the Company would have if it were omitted.

Article 10 Increase/consolidation etc.

10. Subject to the provisions of Section 94 of the Act and these Articles, the Company in General Meeting may, from time to time, by Special Resolution alter the conditions of its Memorandum of Association so as to:

(a) increase its share capital by such amount as it thinks expedient by issuing new shares;

(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(c) convert all or any of its fully paid up shares into stock; and reconvert that stock into fully paid up shares of any denomination;

(d) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association of this Company subject nevertheless to the provisions of the Act in that behalf and so however, that in the sub-division, the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived, and the Resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise, over, or as compared with, the others or other, and

(e) cancel shares which at the date of passing of the Resolution in general meeting in that behalf have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 30 Joint holders

30. If any share stands in the names of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus, or service of notices and all other matters connected with the Company, except voting at meetings, and the transfer of the shares be deemed the sole holder; but the other joint holder(s) of the same shall not be relieved of his/their obligations in respect of payment of all installments and calls due on the share and all incidents thereof in accordance with the Company Regulations.

Articles 37, 38, 39, 40, 41, 42, 43 Calls and Installments

37. (a) The Board may, from time to time, subject to: (i) the terms on which any shares may have been issued; (ii) the conditions of allotment; and (iii) with prior sanction of the Company in general meeting, by resolution passed at a meeting of the Board (and not by circulation) make such calls as it thinks fit upon the Members/Debenture holders in respect of all monies unpaid on the shares/debentures held by them respectively, and each Member/Debenture holder shall pay the amount of every call so made on him to the person, and at the time and place appointed by the Board.[1]

(b) A call may be revoked or postponed at the discretion of the Board.

(c) A call may be made payable by installments.

38. Not less than fifteen days' notice in writing of any call shall be given by the company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

39. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board and may be made payable by the member/debenture holder on a subsequent date to be specified by the Directors.

40. The joint holders of a share shall be jointly and severally liable to pay all installments and calls in respect thereof.

41. The Board may, from time to time, at discretion, extend the time fixed for the payment of any call, and may extend such time as to all payment of any call for any of the Members/Debenture holders but no Member/Debenture holder shall be entitled to such extension save as a matter of grace and favour.

42. (a) If any Member/Debenture holder fails to pay any call due from him on the date appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall, from time to time be fixed by the Board.

(b) The Board shall be at liberty to waive payment of any such interest wholly or in part.

43. Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share/debenture or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of nonpayment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Article 47, 48, 49 Lien

47. (a) The Company shall have a first and paramount lien upon all shares and/or debentures (other than fully paid-up shares/debentures) registered in the name of each member whether solely or jointly with others and upon the proceeds of sale thereof, for all monies including his debts, liabilities and engagements solely or jointly with any other person to or with the Company (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any such share shall be created except upon the footing and condition this Article will have full legal effect. Provided that the Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause[1].

(b) Unless otherwise agreed, the registration of transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

48. (a) For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as it shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debentures and may authorize one of their number to execute a transfer thereof on behalf of and in the name of such Member/Debenture holder.

Provided that no such sale shall be made –

(i) unless a sum in respect of which the lien exists is presently payable, or

(ii) until the expiration of fourteen days after a notice in writing of the intention to sell shall have been served on such member, his executors or administrators or his committee, curator bonis or other legal representatives as the case may be and default shall have been made by him or them in the payment of the sum payable as aforesaid.

(b) To give effect to any such sale, the Board may authorize any person to transfer the shares sold to the purchaser thereof.

(c) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(d) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

49. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists, as is presently payable and the residue, if any, shall be payable to such members his executors or administrators or assigns or his committee, curator bonis or other legal representatives as the case may be, who are entitled to the shares on the date of the sale.

(b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or by statute required) be bound to recognize equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

Articles 50 to 61 Forfeiture

50. If any Member or Debenture holder fails to pay any call or installment of a call, on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter during such time as the call or installment remains unpaid, serve notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

51. (a) The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.

(b) The notice shall also state that, in the event of the nonpayment at or before the time and at the place appointed, the shares, in respect of which the call was made or installment is payable, will be liable to be forfeited.

52. Neither a judgment or a decree in favour of the Company nor the receipt by the Company of a portion of any money which shall, from time to time be due from any member/debenture holders, to the Company in respect of his shares, debenture, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares/ debentures as hereinafter provided.

53. If the requirements of any such notice as stated in Article 38 shall not be complied with, every or any share/debenture in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared/interest paid or any other monies payable by the Company in respect of the forfeited shares/debentures and not actually paid before the forfeiture.

54. When any share/debenture shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members/Register of Debenture holders but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

55. Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, reallotted, or otherwise disposed of, either to the original holder thereof or to any other person upon such terms and in such manner as the Board shall think fit.

56. (a) Any member or debenture holder whose shares or debentures have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand, all calls, installments, interest and expenses owing upon or in respect of such shares or debentures at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment at such rate, as the Board may determine and the Board may enforce the payment thereof, if it thinks fit, but shall not be under any obligation to do so.

(b) The liability of such person shall cease if and when the Company shall have received payment in full of all such money in respect of the shares.

57. The forfeiture of a share or debenture shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by these Articles are expressly saved.

58. A certificate in writing under the hand of one Director and counter signed by the Secretary or any other Officer authorized by the Directors for the purpose, that the call in respect of a share or debenture was made and notice thereof given and that default in payment of the call was made and that the forfeiture of the share or debenture was made by a resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.

59. (a) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board of Directors may appoint some person to execute an instrument of transfer of the shares or debentures sold and may cause the purchaser's name to be entered in the Register of Members or Debenture holders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members or Debenture holders in respect of such shares or debentures, the validity of the sale shall not be impeached by any person.

(b) Upon any such sale, re-allotment or other disposal under the above clause, the certificate or certificates originally issued in respect of the shares or debentures sold shall (unless the same shall, on demand by the Company, have been previously surrendered to it by the defaulting Member or Debenture holder) stand cancelled and become

null and void and be of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares or debentures to the person or persons entitled thereto.

60. The Board of Directors may, at any time before any share or debenture so forfeited shall have been sold, allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

61. The Board of Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering them on such terms as they think fit.

Articles 62 to 79 Transfer and Transmission of Shares and Debentures

62. Subject to the provisions of the Act and these Articles a Member may, at any time, transfer all or any part of the shares held by him, to any person.

63. The instrument of transfer of any share shall be in writing and all the provisions of Section 108 of the Act shall be duly complied with in respect of all transfer of shares and registration thereof.

64. In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

65. Every such instrument of transfer shall be executed by or on behalf of both the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

66. The Company, the transferor and the transferee of the shares, shall comply with the provisions of sub-sections (1) and (1-A) of Section 108 of the Act.

67. Every proper instrument of transfer shall be presented to the Company duly stamped and executed for registration accompanied by the relative share certificate(s) and such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares and generally under the subject to such conditions and Regulations as the Board may, from time to time, prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors.

68. (a) An application for registration of a transfer of the shares in the Company may be made either by the transferor or the transferee.

(b) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

(c) For the purpose of clause (b) above, notice to the transferee shall be deemed to have been duly given if it is dispatched by pre-paid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

69. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to a notice which may be given to it of any equitable right title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board of Directors shall so think fit.

70. In the case of death, insolvency, liquidation, dissolution or winding up of any one or more of the holders of any share, the Company shall not be bound to recognize any person(s) other than the surviving or remaining holder(s).

71. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint holders)

shall be the only persons whom the Company will be bound to recognize as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent Court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary and under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

72. Any person becoming entitled to shares in consequence of death, insolvency, dissolution, winding up or liquidation of any Member, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, which it shall not be under any obligation to give, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or his title, as the Board of Directors thinks sufficient, be registered as the holder of the shares subject to the provisions of the Act, and the Articles.

73. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

74. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document and the Board shall also comply with rules, regulations of relevant laws and stock exchange(s).

75. Subject to the provision of Section 111 of the Act, Section 22A of the Securities Contracts (Regulation) Act, 1956, these Articles and subject to the provisions of any other law, the Board may decline to register any transfer or transmission of shares (notwithstanding that the proposed transferee or the beneficiary under transmission be already a Member) whether fully paid or not, but in such cases it shall, within one month from the date on which the instrument of transfer was lodged with the Company, or the intimation of such transmission, as the case may be, was delivered to the Company, send to the transferee and the transferor, notice of the refusal to register such transfer or transmission giving reasons for such refusal provided that refusal to transfer shall not be refused on the ground that the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Provided however that, transfer of shares/debentures shall not be refused on the ground of size of the lot.[1]

76. The Company shall keep a book, to be called the "Register of Transfers and Transmissions", and therein shall be fairly and distinctly entered the particulars of every transfer and transmission of shares.

77. The Board shall have power, on giving seven days' previous notice by advertisement in some newspaper circulating at the place where the Registered Office, for the time being, is situate, to close the transfer books, the Register of Members and Register of debenture holders, at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days in such year, as may seem expedient.

78. Only fully paid shares or debentures shall be transferred to a minor, acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

79. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law, of debentures of the Company.

Article 82 Joint Holders

82. Where two or more persons are registered as the holders of any share/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.

(a) The company shall be entitled to decline to register more than six persons as the joint holders of any shares/ debentures.

(b) The joint holders of any share/debenture shall be liable severally as well as jointly for and in respect of all calls and other payments, which ought to be made in respect of such shares/debentures.

(c) In the case of a transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

(d) On the death of any one or more such joint holders the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person.

(e) Any one of such joint holders may give effectual receipts of any dividends, interests or other monies payable in respect of such share/debenture.

(f) Only the person whose name stands first in the Register of Members/Debenture holders as one of the joint holders of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice (which expression shall be deemed to include all documents as defined in Article (2)(a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

(g) (i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder presently by Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.

(ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

Articles 84 to 90 Powers of Directors

84. The Board of Directors shall not, except with the consent of the Company in general meeting accorded by a special resolution.

(a) Sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company, or where the Company owns more than one undertaking of the whole, or substantially the whole, any such undertaking.

(b) Remit, or give time for the repayment of any debt due by a Director.

(c) Invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition after the commencement of this Act, of any such undertaking as is referred to in clause (a) hereof or any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.

(d) Borrow monies where the monies to be borrowed, together with the monies already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.

(e) Contribute, to charitable and other funds not directly relating to the business of the company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

Explanation:- Every resolution passed by the Company in general meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount up to which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).

85. The Board of Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable, debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

86. Any bonds, debentures, debenture-stocks or other securities issued or to be issued by the Company shall be under the control of the Board of Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Provided that bonds, debentures, debenture-stock or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting.

87. Debentures, debenture-stocks, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

88. Any bonds, debentures, debenture-stocks or other securities may be issued, subject to the provisions of the Act, and these Articles, at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, appoint of Directors and otherwise and subject to the following:

(a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.

(b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.

(c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.

(d) Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in Section 125 of the Act.

(e) The term 'charge' shall include mortgage in these Articles.

(f) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance.

(g) The Company shall, within three months after the allotment of any of its debentures and within two months after the application for the registration of the transfer of any such debentures or debenture stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide.

The expression transfer for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

(h) (i) A copy of the Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment;

(1) in the case of a printed Trust deed of the sum of Rupee one and

(2) in the case of a Trust deed which has not been printed of thirty seven paise for every one hundred words or fractional part thereof required to be copied.

(ii) The Trust deed referred to in item (i) above also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees as if it were the Register of members of the Company.

89. If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

90. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Article 103 Quorum for a General Meeting

103. (a) Five Members present in person shall be a quorum for a General Meeting.

(b) A body corporate, being a Member, shall be deemed to be personally present if represented in accordance with Section 187 of the Act.

Article 158 Casting Vote

158. The Chairman of the Board shall be a resident Indian citizen who shall be selected by Aditya Birla Nuvo Limited so long as Aditya Birla Nuvo Limited remains a Serious Resident Indian Investor. The Chairman of the Board shall have a casting vote.

Articles 114 to 126 Vote of Members

114. No Member shall be entitled to vote either personally or by proxy for another Member, at any General Meeting or at any Meeting of a class of shareholders, either upon a show of hands, or upon a poll, in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.

115. (a) Subject to the provisions of these Articles, and without prejudice to any special privileges or restrictions as to voting, for the time being attached to any class of shares for the time being, forming part of the capital of the Company, every Member, not disqualified by the last preceding Article, shall be entitled to be present, and to speak and vote at such Meeting, and on a show of hands every Member present in person shall have one vote and upon a poll every Member present in person or by proxy shall have the right to vote in proportion to his share of the paid up equity capital of the Company, provided, however, if any preference shareholder be present at any Meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on Resolutions placed before the Meeting which directly effect the rights attached to his preference shares.

(b) Such a person shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the Member company which he represents as that member company could exercise.

116. If there be joint registered holders of any shares, any one of such persons may vote at any Meeting or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto and if more than one such joint holder be present at any Meeting either in person or by proxy, that one of the said persons so present whose name stands higher on the Register of Members shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the Meeting.

117. (a) Subject to the provisions of these Articles, votes may be given by Members either in person or by proxy.

(b) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in case of joint holders, all holders) shall not appoint more than one person as proxy.

(c) In every notice called a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that proxy need not be a member.

118. (a) The instrument appointing a proxy shall –

(i) be in writing; and

(ii) be signed by the appointee or his attorney duly authorized in writing or, if the appointee is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.

(b) The proxy so appointed shall not have any right to speak at the Meeting.

119. No Member present only by proxy shall be entitled to vote on a show of hands. The representative of a body corporate appointed in terms of Section 187 of the Act, however, shall have a vote on a show of hands.

120. (a) The President of India or the Governor of a State if he is a member of the Company may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company in accordance with provisions of Section 187A of the Act or any other statutory provision governing the same.

(b) A person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a member of such a Company and shall be entitled to exercise the same rights and powers (including the right to, vote by proxy) as the President or the Governor, as the case may be, could exercise, as a member of the Company.

121. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power of authority, shall be deposited at the office not less than 48 hours before the time for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid.

122. Every instrument of proxy shall be in the form specified in Schedule IX to the Act, or in a form as near thereto as circumstances admit.

123. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous winding up of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given.

Provided that no intimation in writing of the winding up, revocation or transfer shall have been received at the Office before the Meeting.

124. No objection shall be raised to the qualification of the voter or to the validity of any vote, except at the Meeting or at the adjourned Meeting or on a poll at which such vote shall be given or tendered, and every vote whether given personally or by proxy, not disallowed at such Meeting or adjourned Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.

125. The Chairman of any Meeting shall be the sole judge of the validity of every vote given or tendered at such Meeting. The Chairman present at the time of taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

126. (a) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such Meeting, entries thereof in books kept for that purpose with their pages consecutively numbered.

(b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each Meeting in such book shall dated and signed by the Chairman of the same Meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within this period, by a Director duly authorized by the Board for the purpose.

(c) In no case the minutes of proceedings of a Meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(d) The minutes of each Meeting shall contain a fair and correct summary of the proceedings thereat.

(e) All appointments of officers made at any of the Meetings aforesaid shall be included in the minutes of the Meeting.

(f) (i) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the Meeting:

(1) is, or could reasonably be regarded as defamatory of any person;

(2) is irrelevant or immaterial to the proceedings; or

(3) is detrimental to the interest of the Company.

(ii) The Chairman of the Meeting shall exercise an absolute discretion in regard to the inclusion or non inclusion of any matter in the minutes on the aforesaid grounds.

(g) Any such minutes shall be evidence of the proceedings recorded therein.

(h) (i) The books containing the minutes of the proceedings of any General Meeting shall be kept at the Office and shall be open, during business hours, for a period two hours in the aggregate in each day, to the inspection of any Member without charge.

(ii) Any Member shall be entitled to be furnished, within seven days after he has made a request in that behalf to the Company, with a copy of any minutes referred to in sub-clause (a) on payment of thirty seven paise for every one hundred words or fractional part thereof to be copied.

Articles 127 to 168A Directors

127. (a) Until otherwise determined by a General Meeting and subject to Section 252 of the Act, and the provisions of these Articles, the number of Directors shall be not less than three and not more than twelve.

(b) The majority Directors on the Board shall be resident Indian citizens appointed in consultation with Aditya Birla Nuvo Limited as long as Aditya Birla Nuvo Limited remains a Serious Resident Indian Investor.

128. The persons hereinafter named shall be the first Directors, that is to say:

SHRI ADITYA VIKRAM BIRLA
SHRI KUMAR MANGALAM BIRLA
SHRI MAHESH CHANDRA BAGRODIA

129. Any Trust deed for securing debentures or debenture stocks may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture stocks, of some person or persons to be a Director or Directors of the Company and may empower such trustees or holders of debentures or debenture stocks from time to time, to remove and reappoint the Director(s) so appointed. The Director(s) so appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director(s) shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

130. (a) The Industrial Development Bank of India (IDBI) and/or The Industrial Finance Corporation of India (IFCI) and/or The Industrial Credit and Investment Corporation of India Limited (ICICI) and/or any other Indian Financial Institutions/ Banks/Non-banking Financial Companies (hereinafter referred to as the "Lending Institutions") who lend term loans or any other form of loans or funded/non-funded credit facilities to the Company, shall have a right to nominate one or more Director/(s) on the Company's Board, so long as any monies are due to them under the respective loan/credit facility arrangement, if any, with them. The Lending Institutions shall have right to remove the Director or Directors nominated by them and nominate any person or persons in his or their place.

Such Directors, shall not be bound to hold any qualification shares and also shall not be liable to retirement by rotation at the option of the Lending Institutions or be removed from the said office by the Company.

(b) All the above references to IDBI and/or other Banks/Financial Institutions shall be deemed to include any lender(s) whether domestic or foreign, that may be brought in by the Company to substitute the said lenders, in part or in whole, with or without additional facilities and limits. Consequently all references to Financing Documents and any re-execution thereof shall be construed accordingly.

(c) The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/ s shall accrue to the Lending Institution/s and the same shall accordingly be paid by the Company directly to the Lending Institution/s. Any expenses that may be incurred by the Lending Institution/s or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Lending Institutions or, as the case may be, to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Lending Institution the sitting fees, in relation to such Nominee Director/s shall also accrue to the Lending Institution and the same shall accordingly be paid by the Company directly to the Lending Institution/s.

(d) In addition, the Company shall in general, subject to the provisions of the Companies Act 1956, be entitled hereafter to agree with the Central or any State Government, person, firm or corporation or any financial or lending Institution, the he or it shall have right to appoint his or its nominee(s) on the Board of the Company, upon such terms and conditions mutually agreed on.

131. (a) In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorize such Company, Corporation, firm or person (hereinafter in this clause referred to as "Collaborator") to appoint from time to time, any person or persons as Director or Directors of the Company (hereinafter referred to as `Special Director') and may agree that such special director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however, that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such Collaborator arrangements or at any time thereafter.

(b) The Collaborator may at any time and from time to time remove any such special director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time, appoint any other person as a special director in his place and such appointment or removal shall be made in writing signed by such Company or Corporation or any partner or such person and shall be delivered to the Company at its registered office.

(c) It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person or persons as a Director(s) and so that if more than one Collaborator is so entitled there may at any time be as many special directors as the Collaborators eligible to make the appointment.

132. Subject to the provisions of Section 255 of the Act, the number of Directors appointed under Article 129, 130, 131 and 133 shall not exceed in the aggregate one-third of the total number of Directors for the time being in office.

133. (a) The Board of Directors shall be entitled to appoint an alternate Director to a Director who is not present in the State where meetings of the Board of Directors are ordinarily held.

(b) An alternate Director appointed under this Article shall vacate office if and when the original Director returns to such State in which meetings of the Board are ordinarily held.

(c) If the term of office of the original director is determined before he so returns to that State, any provision in the Act or in these Articles for the automatic re-appointment of retiring Directors in default of another appointment shall apply to the Original Director, and not to the alternate Director.

(d) An alternate Director shall not hold office as such for a longer period than that permissible to the original Director in whose place he has been appointed.

134. (a) Subject to the other applicable provisions of these Articles, the Board of Directors shall also have power any time and from time to time to appoint any person, as an additional Director, but so that the total number of Directors shall not, at any time exceed the maximum strength fixed for the Board by the Articles.

(b) Any person so appointed as an additional Director shall remain in office only up to the date of the next Annual General Meeting, but shall be eligible for the re-appointment at such Meeting subject to the provisions of the Act.

135. If the office of any Director appointed by the Company in General Meeting is vacated before his term of office will expire in the normal course, the resulting casual vacancy may, in default of and subject to these Articles, be filled by the Board of Directors at a meeting of the Board.

136. No Director shall be required to hold any shares as qualification shares.

137. (a) At a General Meeting of the Company a motion shall not be made for the appointment of two or more persons as Directors by a single resolution, unless a resolution that it shall be so made has first been agreed to by the Meeting without any vote being given against it.

(b) A resolution moved in contravention of clause (a) shall be void, whether or not objection was taken at the time of its being so moved.

Provided that where a Resolution so moved is passed, no provision for the automatic re-appointment of the retiring Director in default of another appointment shall apply, as herein before provided.

(c) For the purpose of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.

138. (a) A person who is not a retiring Director shall be eligible for appointment to the office of Director at any General Meeting, if he or some Member intending to propose him has, not less than fourteen days before the Meeting, left at the Registered Office a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office, as the case may be, to such member, if the person succeeds in getting elected as a Director.

The Company shall inform its Members of the candidature of a person for the office of a Director or the intention of a Member to propose such person as a candidate for that office, by serving individual notices on the Members not less than seven days before the Meeting;

Provided that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid, if the Company advertises such candidature or intention, not less than seven days before the Meeting, in at least two newspapers circulating in the place where the Office of the Company is located, of which one is published in the English language and the other in the regional language of that place.

(b) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company, a notice under Section 257 of the Act signifying his candidature for the office of Directors) proposed as a candidate for the office of a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed.

139. A person other than -

(a) A Director re-appointed after retirement by rotation or immediately on the expiry of his term of office; or

(b) An additional or alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or re-appointed as an additional or alternate Director, immediately on the expiry of his term of office; or

(c) A person named as a Director of the Company under its Articles as first registered, shall not act as a Director of the Company, unless he has, within thirty days of his appointment, signed and filed with the Registrar his consent in writing to act as such Director.

140. (a) The fee payable to a Director for attending a meeting of the Board or Committee thereof or a General Meeting shall be decided by the Board of Directors from time to time within the maximum limit of such fee that may be prescribed to act as such Director.

(b) Subject to the provisions of the Act, the Directors may be paid such further or additional remuneration, if any, as the Company in General Meeting shall, from time to time, determine, and such additional or further remuneration shall be divided among the Directors in such proportion and manner as the Board may, from time to time, determine, and in default of such determination shall be divided equally among the Directors entitled to remuneration.

(c) Subject to the Provisions of the Act, if any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts, either by a fixed sum or otherwise, as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided.

141. The Board of Directors may allow and pay to any Director, who is not a resident of the place where the meetings of the Board or Committees thereof or general Meeting of the Company are held and who shall come to such place for the purpose of attending a meeting or for attending its business at the request of the Company, such sum as the Board may

consider fair compensation for travelling, and other incidental expenses, in addition to his fee, if any, for attending such meeting as above specified, and if any Director be called upon to go or reside out of the ordinary place of his residence of the Company's business, he shall be entitled to be reimbursed all traveling and other expenses incurred in connection with the business of the Company.

142. The continuing Director(s) may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the continuing Director(s) may act for the purpose of increasing the number of Directors to that fixed for the quorum, or for summoning a General Meeting, but for no other purpose.

143. Subject to Section 283(2) of the Act, the office of a Director shall become vacant, if

(a) he is found to be of unsound mind by a Court of competent jurisdiction;

(b) he applies to be adjudicated as an insolvent;

(c) he is adjudged an insolvent;

(d) he fails to pay any call made on him in respect of shares of the Company held by him whether alone or jointly with others, within six months from the last date fixed for the payment of the call, unless the Central Government has, by notification in the Official Gazette, removed the disqualification incurred by such failure;

(e) he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board;

(f) he becomes disqualified by an order of Court under Section 203 of the Act;

(g) he is removed in pursuance of Section 284 of the Act;

(h) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a Partner or any Private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act;

(i) he acts in contravention of Section 299 of the Act;

(j) he is convicted by a Court of any offense involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;

(k) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.

144. (a) A Director or his relative, a firm in which such Director or relative is a partner, any other partner in such a firm, or a private company of which the Director is a member or director may enter into any contract with the Company for the sale, purchase or supply of goods, materials or services or for underwriting the subscription of any shares in, or debentures of the Company if the sanction of the Board is obtained before or within three months of the date on which the contract is entered into, in accordance with Section 297 of the Act.

(b) No sanction, however, shall be necessary to:

(i) any purchase of goods and materials from the Company, or the sale of goods or materials to the Company, by any such Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices, or

(ii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company or the Director, relative, firm, partner or private company, as the case may be, regularly trades or does business:

Provided that such contract or contracts do not relate to goods and materials the value of which, or services the cost of which exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts.

(c) Every consent of the Board required under clause (a) of this Article shall be accorded by a resolution passed at a meeting of the Board and the same shall not be deemed to have been given within the meaning of that clause

unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.

(d) If the consent is not accorded to any contract under this Article, anything done in pursuance of the contract will be voidable at the option of the Board.

145. (a) A Director of the Company, who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement entered into or a proposed contract or arrangement to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299(2) of the Act. Provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into with any other company where any of the Directors of the Company holds or two or more of them together hold, not more than two per cent of the paid up share capital in any such other company.

(b) (i) In the case of a proposed contract or arrangement, the disclosure required to be made by a Director under clause (a) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not, at the date of that meeting concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested;

(ii) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.

(c) (i) A general notice given to the Board by a Director to the effect that he is a director or member of a specified body corporate or is a partner of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made.

(ii) Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would otherwise expire.

(iii) No such general notice, and no renewal thereof, shall be of effect unless, either it is given at a meeting of the Board, or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

146. No Director shall as such interested Director, take any part in the discussion of, or vote on, any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote, and if he does vote, his vote shall be void; provided however, that nothing herein contained shall apply to:-

(a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;

(b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a Subsidiary of a public company in which the interest of the Director consists solely –

(i) in his being

(1) a director of such company; and

(2) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company, or

(ii) in his being a member holding not more than 2 (two) percent of its paid up share capital.

147. (a) The Company shall keep one or more Registers in accordance with Section 301 of the Act, and shall within the time specified therein, enter in such Register(s) the particulars of all contracts or arrangements to which Section

297 or Section 299 of the Act applies including the following particulars to the extent they are applicable in each case, namely;

(i) the date of the contract or arrangement;

(ii) the names of the parties thereto;

(iii) the principal terms and conditions thereof;

(iv) the date on which it was placed before the Board in the case of a contract to which Section 297 applies or in the case of a contract or arrangement to which sub-section (2) of Section 299 applies;

(v) the names of the Directors voting for and against the contract or arrangement and the names of those remaining neutral.

(b) The Register(s) aforesaid shall also specify, in relation to each Director of the Company, the names of the firms and bodies corporate of which notice has been given by him under Section 299(3) of the Act.

(c) The Registers shall be kept at the Office and shall be open to inspection at the Office and extracts may be taken there from and copies thereof may be required by any Member of the Company to the same extent, in the manner and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

148. Subject to the provisions of the Act and any other law for the time being in force, a Director may be or become a Director of any Company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as Director or shareholder of such other Company.

149. (a) The appointment, re-appointment and extension of the term of a Sole Selling Agent, shall be regulated in accordance with the provisions of Section 294 of the Act and rules or Notifications issued by competent authority in accordance with that Section and the provisions of these Articles and the Directors and/or the Company in general meeting may make the appointment, re-appointment or extension of the term of office in accordance with and subject to the provisions of the said Section and such Rules or Notifications, if any, as may be applicable.

(b) The payment of any compensation to a Sole Selling Agent shall be subject to the provisions under Section 294A of the Act.

150. (a) The Company shall keep at the Office a register containing the particulars of Directors, Managers, Secretaries and other persons mentioned in Section 303 of the Act and shall send to the Registrar, a return containing the particulars specified in such register and shall otherwise comply with the provisions of the said Section in all respects.

(b) The Company shall also keep at the Office a register in respect of the shares or debentures of the Company held by the Directors as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.

151. (a) Every Director (including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company shall, within twenty days of his appointment to any of the above offices in other body corporate, disclose to the Company the particulars relating to his office in the other body corporate or bodies corporate which are required to be specified under sub-section (1) of Section 303 of the Act.

(b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.

152. (a) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) by passing a special resolution at the general meeting remove any director other than special directors or debenture directors before the expiry of his period of office.

(b) Special notice as provided by Section 190 of the Act shall be required of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.

(c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is member of the Company) shall be entitled to be heard on the resolution at the meeting.

(d) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to members of the Company, the company shall unless the representations are received by it too late for it to do so.

(i) In the notice of the resolution given to members of the Company state the fact of the representations having been made, and

(ii) Send a copy of the representation to every member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representations by the Company), and if a copy of the representations, is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting, provided that copies of the representations need not be sent or read out at the meeting if so directed by the Court.

(e) Subject to the provisions of the other Articles hereof and in particular Article 135 hereof a vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in general meeting or by the Board in pursuance of Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under clause (b) hereof. A Director so appointed shall hold office until the date up to which his predecessor would have held office if he had not been removed as aforesaid.

(f) If the vacancy is not filled under clause (e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they may be applicable, of the said Article 133 and of Section 262 of the Act, and all the provisions of that Section shall apply accordingly;

Provided that the Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.

(g) Nothing contained in this Article shall be taken;

(i) as depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as director or of any appointment terminating with that as director; or

(ii) as derogating from any power to remove a Director which may exist apart from this Article.

ROTATION OF DIRECTORS

153. Not less than two third of the total number of Directors shall:

(a) be persons whose period of office is liable to determination by retirement of Directors by rotation, and

(b) save as otherwise expressly provided in the Act, be appointed by the Company in general meeting.

The remaining Directors shall, in default of and subject to any regulations in the Articles of the Company, also be appointed by the Company, in general meeting.

154. (a) At every annual general meeting one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearer to one-third, shall retire from office.

(b) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot.

(c) At the annual general meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.

(d) (i) If the place of the retiring Director is not so filled up and that meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned until the same day in the next week, at the same time and place.

(ii) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless:

(1) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;

(2) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;

(3) he is not qualified or is disqualified for appointment;

(4) a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act; or

(e) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

Explanation: In this Article the expression 'Retiring Director' means Director retiring by rotation.

PROCEEDINGS OF DIRECTORS

155. The Directors may meet as a Board for the dispatch of business from time to time, and shall so meet at least once in every quarter and at least four (4) such meetings shall be held in every calendar year. The Directors may adjourn and otherwise regulate their meetings as they think fit. The meetings of the Board may be called by the Company Secretary on instructions of any member of the Board or by any member of the Board or by the Chairman. The provisions of this Article shall not be deemed to be contravened merely by reason of the fact that meetings of the Board, which had been called in compliance with the terms herein mentioned could not be held for want of quorum.

156. (a) At least fourteen (14) calendar days' notice of every meeting of the Board shall be given in writing to every Director. Such notice shall be accompanied by the agenda setting out the business proposed to be transacted at the meeting of the Board, provided, however, that with the consent of all Directors of the Company, a meeting of the Board may be convened by a shorter notice in the case of an emergency or if special circumstances so warrant. Notice of Board Meetings to all Directors shall be given in writing by facsimile transmission and by e-mail and confirmation copy by courier and a copy of such notice shall also be served at the address within India specified by such Directors in writing to the Company.

(b) The Board shall only transact the business set out in the agenda accompanying the notice to the Directors provided however that with the consent of the Board, any other business not set out in the agenda may be transacted.

157. The quorum for a meeting of the Board shall be one-third of the total strength of the Board for the time being or three Directors whichever is more. In the event at a meeting of the Board, if quorum is not there, the meeting shall stand adjourned by two weeks at the same time and place unless otherwise notified in writing. If at the adjourned meeting also, there is no quorum, the Directors present at such adjourned meeting being not less than three in number shall constitute quorum for that particular meeting and the business as per the agenda already circulated to the Directors, in respect of the original meeting transacted by such Directors at such adjourned meeting shall be valid and binding.

158. The Chairman of the Board shall be a resident Indian citizen who shall be selected by Aditya Birla Nuvo Limited so long as Aditya Birla Nuvo Limited remains a Serious Resident Indian Investor. The Chairman of the Board shall have a casting vote.

159. A meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion which by or under the Act or the Articles or the Regulations of the Company are, for the time being, vested in or exercisable by the Board generally.

160. (a) The Board of Directors may create such committees as it deems appropriate or as may be required by applicable law. Permanent invitees of the committees, if any, shall be determined by the Board of Directors.

(b) The Board may, from time to time, dissolve or discharge any such committee of the Board either wholly or in part and either as to persons or purposes, but every committee of the Board to be formed shall in the exercise of the powers so delegated confirm to any regulations that may, from time to time, be imposed on it by the Board.

(c) All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointment but not otherwise shall have the like effect as is done by the Board.

161. The meetings and proceedings of any such committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto, and are not superseded by any regulations made by the Directors under Article 160.

The Board may subject to the provisions of the Companies Act from time to time fix the remuneration to be paid to any member or members of their body constituting a committee appointed by the Board in terms of these Articles and may pay the same.

162. Save as required by applicable law, a resolution by circulation or a resolution passed at a video /audio conference shall be as valid and effectual as a resolution duly passed at a meeting of the Directors called and held in accordance with the provisions of the Act and these Articles, provided it has been circulated in draft form, together with the relevant papers, if any, to all the Directors, whether resident in India or abroad, and has been approved by a majority of the Directors entitled to vote thereon.

163. All acts done by any meeting of the Board or by a committee of the Board, or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid or that they or any of them were disqualified or that the appointment of any of them be terminated by virtue of any provisions contained in the Act in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director.

Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

164. (a) The Company shall cause minutes of all proceedings of every meeting of the Board and of every committee of the Board to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.

(b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each book shall be dated and signed by the Chairman of that meeting of the Board or of the Committee, as the case may be, or the Chairman of the next succeeding meeting of the Board or the Committee, as the case may be.

(c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.

(f) The minutes shall also contain details of -

(i) the names of Directors and other members of the committee present at the meeting;

(ii) all orders made by the Board and Committee of the Board;

(iii) all resolutions and proceedings of meetings of the Board; and

(iv) in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from, or not concurring in, the resolution.

(g) Nothing contained in clauses (a) to (f) shall be deemed to require the inclusion in such minutes of any matter which, in the opinion of the Chairman of the Meeting:-

(i) is, or could reasonably be regarded as defamatory of any person;

(ii) is irrelevant or immaterial to the proceedings, or

(iii) is detrimental to the interest of the Company.

(h) The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this clause.

(i) Minutes kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

165. The Directors shall cause to be kept at the registered office of the Company:

(a) (i) A Register of the Directors, Managing Director, Manager and Secretary of he Company containing the particulars required by Section 303 of the Act.

(ii) A Register of Contracts with companies and firms in which the Directors are interested, containing the particulars required by Section 301 of the Act, and

(iii) A Register of Directors shareholding containing the particulars required by Section 307 of the Act.

They shall also cause to be kept other registers and indexes as required by the Act.

(b) The Company shall comply with the provisions of Sections 301, 302 and 307 and other Sections of the Act with regard to the inspection of registers and furnishing copies or extracts so far as the same be applicable to the Company.

POWER OF DIRECTORS

166. The business of the Company shall be managed by the Board, and the Board may exercise all such powers of the Company and do all such acts and thing as are not, by the Act, or any other law or by the Memorandum of Association of the Company or by these Articles required to be exercised by the Company in General Meeting, subject nevertheless to the provisions of the Act, any other law, or in the Memorandum of the Company or these Articles or any Regulations, being not inconsistent therewith and duly made thereunder including Regulations, made by the Company in General Meeting, but no Regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

167. (a) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board.

(i) The power to make calls on shareholders in respect of money unpaid on their shares;

(ii) The power to issue debenture;

(iii) The power to borrow moneys otherwise than on debentures;

(iv) The power to invest the funds of the Company, and

(v) The power to make loans.

Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clause (iii), (iv) and (v) to the extent specified in clauses (b), (c) and (d) respectively on such condition as the Board may prescribe.

(b) Every resolution delegating the power referred to in sub-clause (iii) of clause (a) shall specify the total amount outstanding at any one time up to which moneys may be borrowed by the delegate.

(c) Every resolution delegating the power referred to in sub-clause (iv) of clause (a) shall specify the total amount up to which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.

(d) Every resolution delegating the power referred to in sub-clause (v) of clause (a) shall specify the total amount up to which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount up to which loans may be made for each such purpose in individual cases.

(e) Nothing in this article contained shall be deemed to affect the right of the Company in General Meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in sub- clause (i),(ii),(iii),(iv) and (v) of clause (a) above.

168. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by the Act and these Articles, but subject to the restrictions contained in the other articles hereof, it is hereby declared that the Directors shall have the following powers:

(a) to pay/reimburse the costs, charges, and expenses, preliminary and incidental to the incorporation, promotion, establishment and registration of the Company;

(b) to purchase or otherwise acquire for the Company any lands, buildings, machinery, premises, assets, hereditaments property, effects, rights or privileges, credits, royalties, bounties and goodwill of any person, firm or company which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

(c) to pay and charge to the capital account of the company any commission or interest lawfully payable thereat under the provisions of Section 76 and 208 of the Act.

(d) at their discretion, and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partly, in cash or in shares, stock, bonds, debentures, debenture-stock, mortgages or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture-stock, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

(e) to secure the fulfillment of any contract or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as the Directors may think fit;

(f) to accept from any member, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;

(g) to appoint any person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purpose; and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees;

(h) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, or its other employees or otherwise concerning the affairs of the Company, and also to compound and allow time for payment on satisfaction of any debts due, and of any claims or demands by or against the Company, and to refer any differences to arbitration, and to observe and perform any awards made thereon;

(i) subject to the provisions of the Act, to give in the name and on behalf of the Company such indemnities and guarantees as may be necessary;

(j) to act on behalf of the Company in all matters relating to bankrupts and insolvent;

(k) to make and give receipts, release, and other discharges for moneys payable to the Company and for the claims and demands of the Company;

(l) subject to the provisions of Sections 292, 293 and 372A of the Act, to invest and deal with any moneys of the Company upon such security (not being shares of this Company), or without security and in such manner as they may think fit and, from time to time, vary or realize such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;

(m) to execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit; and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;

(n) to determine, from time to time, who shall be entitled to sign, on the Company's behalf, bills, promissory notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts, instruments and documents, and general correspondence, and to give the necessary authority for such purpose;

(o) to provide for the welfare of Directors or ex- Directors or employees or ex-employees of the company and other persons who are or were working for the Company delegated or seconded by any other organizations and the wives, widows and families or the dependents or connections of such persons by building or contributing to the building of houses, dwellings, or by grants of money, pensions, gratuities, bonus, allowances or other payments; or by creating and from time to time subscribing or contributing to provident fund, including acceptance of transfer of money or from any other provident fund and any superannuation fund for being credited to the relevant fund created by the Company and to other associations, institutions, funds or trusts including any research and development organizations, training schools, by providing or subscribing or contributing towards research and development centers and places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Directors shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, educational, cultural, social and other institutions for objects which shall have any moral or other claims to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;

(p) (i) before recommending any dividend, to set aside, out of the profits of the Company such sums as they may think proper for depreciation or the depreciation fund, or to an insurance fund, or as a reserve fund or sinking fund or any special fund to meet contingencies or to repay debentures or debenture-stock, or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the property of the Company, and for such other purposes (including the purposes referred to in the preceding clause) as the Directors may, in their absolute discretion, think as being conducive to the interest of the Company notwithstanding that the matters to which the Directors apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and

(ii) to divide any reserve fund into such special funds as the Directors may think fit, with full power to transfer the whole or any portion of such reserve fund or division of such reserve fund to any other fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures or debenture-stock, and that without being bound to keep the same separate from the other assets, and without being bound to pay interest on the same, with power however to the Directors at their discretion to pay or allow to the credit of such funds interest at such rate as the Directors may think proper.

(q) to distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any Director, officer or other person employed by or working for the Company, a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company;

(r) to appoint, and at their discretion, remove, or suspend any general manager, chief accountant, managers, secretaries, officers, assistants, supervisors, clerks, agents and other employees for permanent, temporary or special services as they may, from time to time, think fit, and to determine their powers and duties, and fix their salaries, or emoluments, and to require security in such instances and for such amounts as they may think fit;

(s) to effect, make and enter into, on behalf of the Company, all transactions, agreements and other contracts within the scope of the business of the Company; and to appoint, constitute and at their discretion, remove or dissolve any consultant, advisors and committee(s) as they may from time to time think fit, and to determine their powers and duties and fix their remuneration

(t) from time to time and at any time, to make such arrangements as the Directors may consider appropriate for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person(s) to be in charge of such offices;

(u) subject to Section 292 of the Act, from time to time, and at any time to appoint any person and to delegate to the person so appointed, any of the powers, authorities and discretion for the time being vested in the Directors; and to authorize any person to fill up any vacancies therein and to act notwithstanding vacancies; and such appointment or delegation may be made on such terms, and subject to such conditions as the Directors may think fit, and the Directors may, at any time remove any person so appointed, and may annul or vary any such delegation;

(v) at any time, and from time to time, by power of attorney to appoint any person or persons to be the attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these presents) and subject to the provisions of Section 292 of the Act and for such period and subject to such conditions as the Directors may, from time to time, think fit, and any such appointment may (if the Directors think fit) be made in favour of any person or in favour of any Company, or the Shareholders, Directors, Nominees or Managers of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Directors and any such power of attorney may contain such powers for the protection of convenience of persons dealing with such attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them;

(w) subject to Sections 294, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient;

(x) to purchase or otherwise acquire or obtain license for the use of, and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.

(y) to undertake on behalf of the Company any payment of all rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned or to otherwise acquired by the Company, and to purchase the reversion or reversions, and otherwise to acquire the fee simple of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate;

(z) to improve, manage, develop, exchange, lease, sell, re-sell, and re-purchase, dispose of, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company has or may have interest;

(za) to let, sell or otherwise dispose of, subject to the provisions of Section 293 of the Act any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and accept payments of satisfaction for the same in cash or otherwise as they think fit; and

(zb) from time to time to make, vary and repeal bye-laws, regulations and other rules, guidelines or instructions for regulating the business of the Company, its officials employees and other persons having dealings with the Company.

(zc) to get insured and keep insured against loss or damage by fire or otherwise for such period and to such extend as they may think proper, all or any part of the building, machinery, goods, stores, produce and other movable property of the Company either separately or co-jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to assign, surrender or discontinue any policies of assurance effected in Section 175 in pursuance of this power.

(zd) Subject to Section 292 of the Act, to open accounts with any bank or bankers or with any Company, firm or individual and to pay money into and draw money from any account from time to time as the Directors may think fit.

DECISION ON SPECIFIC MATTERS

168A. A resolution of the Board of Directors shall be adopted by the affirmative vote of the majority of the Directors present at a meeting, at which a quorum of the Board of Directors is present.

Article 169 Officer

169. Officers

(a) The Company shall have a Chief Executive Officer/Managing Director who shall be a resident Indian citizen and shall be appointed by the Board. So long as Aditya Birla Nuvo Limited remains a Serious Resident Indian Investor, Aditya Birla Nuvo Limited may nominate a Managing Director or Chief Executive Officer. The Chief Executive Officer /Managing Director shall be vested with the day-to-day responsibility and discretion for managing the business and operations of the Company and the authority conferred on him by the Board of Directors. The Chief

Executive Officer/Managing Director shall have, in addition to the powers and authorities normally incidental to the office of Chief Executive Officer/Managing Director, and the powers and duties set forth in the Articles of Association, if any, the following authorities and accountabilities: (i) accountability to the Board of Directors to achieve the milestones, requirements and objectives as set forth in annual operating and capital budget or otherwise; (ii) day-to-day administration of the Company and co-ordination of the subcontractors; (iii) representing the Company in dealings with the Shareholders and third parties; (iv) proposing to the Board of Directors updates and amendments to annual operating and capital budgets; (v) delegating authority pursuant to the Schedule of Authorizations; and (vi) managing the personnel resources of the Company including appointment and removal of executives other than Senior Officers.

(b) The Company shall have Senior Officers as decided by the Board of Directors. The Senior Officers shall be resident Indian citizens and shall discharge such functions as may be decided by the Board of Directors.

Articles 170, 171, 172 Managing Director/Whole Time Director

170. (a) Subject to the provisions of the Act and Article 169, the Board shall have the power to appoint and reappoint and from time to time remove one or more persons to be Managing Director(s) and whole time Director(s) of the Company for a fixed period as the Board thinks fit, and subject to the provisions of Article 172, the Board may by resolution vest in such Managing Director such of the powers hereby vested in the Board generally as it thinks fit, and such power may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine.

(b) A Managing Director or a Whole time Director shall receive such remuneration (whether by way of salary, perquisites, commission or participation in profits, or otherwise or partly in one way and partly in another) as the Directors may, subject to the provisions of the Act, or any other law applicable for the time being in force in that behalf, determine.

(c) Subject to the provisions of the Act, the Board of Directors may entrust to and confer upon a Managing Director or Whole Time Director any of the powers exercisable by the Board upon such terms and conditions and with such restrictions as the Board may think fit, and either collaterally with or to the exclusion of powers of the Board, and may, from time to time, revoke, withdraw, alter or vary any of such powers.

171. The Managing Director(s) or Whole time Director(s) shall not exercise the power to:-

(a) make calls on shareholders in respect of money unpaid on their shares in the Company; and

(b) issue debentures, and except to the extent mentioned in the resolution passed at the Board Meeting under Section 292 of the Act, the Managing Director(s) or Whole time Director(s) shall also not exercise the powers to:-

(i) borrow moneys,

(ii) invest the funds of the Company, and

(iii) make loans.

172. (a) The Company shall not appoint or employ, or continue the appointment or employment of, a person as its Managing or Whole-time Director who;

(i) is an undischarged insolvent, or has, at any time, been adjudged an insolvent;

(ii) suspends, or has, at any time, suspended with his creditors, or makes, or has at any time made, a composition with them; or

(iii) is, or has at any time been convicted by a Court of an offense involving moral turpitude.

(b) If the Managing or Whole-time Director ceases to hold the office of Director he shall ipso facto and immediately cease to be a Managing Director or whole time Director, as the case may be, of the Company.

Article 173 Manager

173. (a) Subject to the provisions of the Act, if a Managing Director has not been appointed as provided for in the Articles, the Board may appoint a Manager for such term and on such remuneration and upon such conditions as it may deem fit; and any Manager so appointed may be removed by the Board.

(b) The Manager shall exercise such power or powers and for such period or periods and upon such conditions and subject to such restrictions as the Board may determine.

Article 177 to 192 Dividends

177. The Profits of the Company, subject to the provisions of these Articles, shall be divisible among the Members in proportion to the amount of capital paid up or credited as paid up on the shares held by them respectively.

178. The Company, in General Meeting, may declare dividends to be paid to Members according to their respective rights but no dividend shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

179. No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act, or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both.

Provided that -

(a) if the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying any dividend for any financial year, provide for such depreciation out of the profits of that financial year or out of the profits of any other previous financial year or years;

(b) if the Company has incurred any loss in any previous financial year or years, the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such high percentage of its profits as may be allowed in accordance with that Section.

Nothing contained in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

180. The Board may, from time to time, pay to the Members such interim dividend as in its judgment the position of the Company justifies.

181. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

182. The Company shall pay dividends in proportion to the amount paid up or credit as paid-up on some shares than on others.

183. The Board may retain the dividends payable upon shares in respect of which any person has become entitled to be a Member under Article 58 or any person under that Article is entitled to transfer until such person becomes a Member in respect of such shares or shall duly transfer the same.

184. Any one of the several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such share.

185. No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share whilst any moneys may be due or owing from him to the Company in respect of such share or otherwise, however, either alone or jointly with any other person or persons; and the Board may deduct from the interest or dividend payable to any Member all such sums of money so due from him to the Company.

186. (a) Unless otherwise directed, any dividend may be paid by cheque or warrant payable only in India, or by a payslip or receipt having the force of a cheque or warrant, sent through the post to the registered address of the Member or person entitled, or in case of joint holders to that one of them first named in the Register of Members in respect of the joint holding.

(b) Every such cheque or warrant shall be made payable to the registered holder of shares or to his order or to his bankers.

(c) The Company shall not be liable or responsible for any cheque or warrants or payslip or receipt lost in transmission, or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature on any payslip or receipt or the fraudulent or improper recovery of the dividend by and other means.

187. The Company shall pay the dividend or send the warrant in respect thereof to the Member entitled to the payment of dividend, within *thirty* [1] days from the date of the declaration unless:

(a) where the dividend could not be paid by reason of the operation of any law;

(b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;

(c) where there is a dispute regarding the right to receive the dividend;

(d) where the dividend has been lawfully adjusted by the company against any sum due to it from the shareholder; or

(e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

188. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provisions of Section 205-A of the Act, in respect of such dividend.

189. Unclaimed dividends shall be transferred to the unpaid dividend account of the Company as hereinafter provided.

190. (a) Where the dividend has been declared but not paid but the warrant in respect thereof has not been posted, within *thirty* days from the date of the declaration to any shareholder entitled to the payment thereof, the Company shall within seven days from the date of expiry of the said period of *thirty* days transfer the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted within the said period of *thirty* days to a special account to be opened by the Company in that behalf in any Scheduled Bank to be called "Unpaid Dividend Account of ";

A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

(b) Any money transferred to the unpaid dividend account of the Company in pursuance of Clause (a) hereof which remains unpaid or unclaimed for a period for seven years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government;

(c) The Company shall, when making any transfer under clause (b) hereof to the general revenue account of the Central government of any unpaid or unclaimed dividend, furnish to such officer as the Central Government may appoint in this behalf a statement in the prescribed form setting forth in respect of all sums included in such transfer, the nature of the sums, the names and last known addresses of the persons entitled to receive the sum, the amount to which each person is entitled, and the nature of his claim thereto and such other particulars as may be prescribed by the Central Government.

191. Any General Meeting declaring a dividend may, on the recommendations of the Board of Directors, make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and the Members, be set off against the call.

192. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by Members of the Company.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the GoI (the "Industrial Policy"), as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued thereunder. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India ("FIPB") and the RBI.

Currently, the Industrial Policy and FEMA permit foreign investment in a company engaged in providing telecommunication services such as mobile services under the automatic route (i.e. without any prior regulatory approval), provided such investment does not exceed 49% of the outstanding capital of such company. Foreign investment beyond 49% of the outstanding capital of such a company may be made with prior approval of the FIPB subject to fulfillment of certain conditions including that the composite foreign holding in the company, both direct and indirect, does not exceed 74% of its outstanding capital. Pursuant to Press Note 1 of 2007, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce, the Government has notified a further extension of the time period for the telecom service provider companies to comply with the conditions set out in Press Note 5 of 2005, by three months i.e. from January 3, 2007 to April 2, 2007.

As at November 22, 2006 (the date of our FIPB application) the composite foreign holding (direct and indirect) in our Company constitutes approximately 47.55% of our equity capital. We have recently received permission of FIPB pursuant to letter dated January 10, 2007 to raise the foreign investment ceiling applicable to our Company from 49% to 74%.

The allotment of Equity Shares to non-resident Bidders shall be subject to RBI approval or any requisite permission as may be necessary under the FEMA.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian companies is available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of a company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-offer paid up capital of the company. However, this limit may be increased to 24% if the shareholders of the company pass a special resolution to that effect. No single NRI may own more than 5% of the post-offer paid up capital of the company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remain non-repatriable.

As per the RBI, Exchange Control Department Circular No. ADP (DIR Series) 13 dated November 29, 2001, OCBs are not permitted to invest under the portfolio investment scheme in India. However, OCBs would continue to be eligible for making foreign direct investment under FEMA and the regulations thereunder as per notification No. FEMA 20/20000 RB dated May 3, 2000. Also, OCBs can sell their existing shareholdings through a registered broker on the stock exchanges.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards a sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of a company. However, the limit of 24% can be raised up to the permitted sectoral cap for that company if the approval of the board of directors and the shareholders of the company is obtained. The offer of shares to a single FII should not exceed 10% of the post-issue paid-up capital of the company. In respect of an FII investing in shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company.

Under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended, or Takeover Code, upon the acquisition of more than 5.0% of the outstanding shares or voting rights of a listed public Indian company, a purchaser is required to notify the company of such acquisition, and the company and the purchaser are required to notify all the stock exchanges on which the shares of such company are listed. Upon the acquisition of 15.0% or more of such shares or voting rights or a change in control of the company, the purchaser is required to make an open offer to the other shareholders offering to purchase at least 20.0% of all the outstanding shares of the company at a minimum offer price as determined pursuant to the Takeover Code.

The above information is given for the benefit of the Bidders and neither the Company nor the BRLMs and SCBRLMs are liable for any modifications that may be made after the date of the Red Herring Prospectus.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. Copies of these contracts have been attached to the copy of the Red Herring Prospectus delivered to the Registrar of Companies, Gandhinagar for registration. Copies of these contracts were also deposited with the documents for inspection referred to hereunder, at the Registered Office of the Company located at Suman Tower, Plot No. 18, Sector-11, Gandhinagar - 382011 and could be inspected from 10.00 a.m. to 4.00 p.m. on working days, from the date of the Red Herring Prospectus until the date of closure of the Issue

A. Material Contracts

1. Letter dated August 10, 2006 from JM Morgan Stanley Private Limited and DSP Merrill Lynch Limited, regarding their appointment as Book Running Lead Managers to the Issue and Idea Cellular Limited's acceptance thereto.
2. Memorandum of Understanding between Idea Cellular Limited, JM Morgan Stanley Private Limited, DSP Merrill Lynch Limited, Citigroup Global Markets India Private Limited and UBS Securities India Private Limited dated December 4, 2006.
3. Letter dated August 18, 2006 from the Company to Citigroup Global Markets India Private Limited and UBS Securities India Private Limited regarding their appointment as SCBRLMs to the Issue and the letter dated November 23, 2006 from the Company to Macquarie India Advisory Services Private Limited regarding their appointment as the Co-Manager.
4. Letter from Idea Cellular Limited dated January 20, 2007 appointing Bigshare Services Private Limited as the Registrar to the Issue.
5. Memorandum of Understanding between Idea Cellular and the Registrar, Bigshare Services Private Limited dated January 20, 2007.
6. Letter from the Industrial Development Bank of India dated November 18, 2006 agreeing to act as the Monitoring Agency and Company's acceptance thereto.
7. Stabilization Agreement entered into amongst Idea Cellular Limited, the Stabilizing Agent and the Green Shoe Lender dated December 4, 2006.

B. Material Documents

1. The Memorandum and Articles of Association of the Company, as amended from time to time.
2. Certificate of incorporation of the Company dated March 14, 1995; fresh certificate of incorporation of the Company consequent upon change of name dated May 30, 1996; and fresh certificate of incorporation of the Company consequent upon change of name dated May 1, 2002.
3. Certificate of commencement of business dated August 11, 1995.
4. License agreements between the DoT towards providing telecommunication services in our 13 Circles.
5. Resolution of the Board of Directors of the Company, passed at its meeting held on June 20, 2006 and October 19, 2006 authorizing this issue of Equity Shares and resolution of the members of the Company passed at its extra ordinary general meeting held on November 15, 2006 authorizing the Board of Directors to decide the terms and conditions for this offering.
6. The report of the joint statutory auditors, Deloitte Haskins and Sells and RSM & Co. dated January 22, 2007 prepared in accordance with Indian GAAP and referred to in the Red Herring Prospectus.
7. The report of the joint statutory auditors, Deloitte Haskins and Sells and RSM & Co. dated January 22, 2007 on the consolidated accounts of the Company and its Subsidiaries, prepared in accordance with Indian GAAP as referred to in the Red Herring Prospectus.
8. Consent dated December 1, 2006 and January 25, 2007 from Deloitte Haskins and Sells and RSM & Co. for the inclusion of their reports on accounts in the form and context in which they appear in the Red Herring Prospectus and Prospectus.
9. A copy of the tax benefit report dated January 20, 2007 from our joint statutory auditors Deloitte Haskins and Sells and RSM & Co.

10. Certificate dated January 20, 2007 from our joint statutory auditors Deloitte Haskins and Sells and RSM & Co. regarding the amounts already spent towards the objects of the offering.
11. Consents of Directors, auditors, legal advisors of the Company, expert named in the Red Herring Prospectus, BRLMs and SCBRLMs, Syndicate Members, Registrar to the Issue, Bankers to the Issue, bankers to the Company, Company Secretary and compliance officer, Monitoring Agency and Co-Manager as referred to in their respective capacities.
12. Resolution of the members of the Company passed at the annual general meeting held on September 30, 2006 appointing Deloitte Haskins and Sells and RSM & Co. as joint statutory auditors for the year Financial Year 2007.
13. Due diligence certificate dated December 5, 2006 to SEBI from the BRLMs and SCBRLMs.
14. SEBI observation letter CFD/DIL/SM/84326/2007 dated January 15, 2007.
15. "In-principle" listing approval for listing our Equity Shares at the Bombay Stock Exchange Limited dated December 22, 2006 and National Stock Exchange of India dated December 20, 2006.
16. Approval of the FIPB, Ministry of Finance, Government of India dated January 10, 2007 permitting up to 74% FDI in the paid up capital of our Company.
17. Copies of the Annual Report of the Company and its Subsidiaries for the last five financial years, to the extent available.
18. Letter dated November 22, 2006, from ABNL agreeing to transfer its entire shareholding in ABTL.
19. License Agreement dated November 23, 2006 between the Company and the DoT for NLD services to be provided by the Company.
20. Governance and Exit Rights Agreement dated October 23, 2006 between ABNL, Birla TMT and P5 Asia.
21. Resolution passed by Board of Directors of the Company giving in-principle approval for merger of all its subsidiaries except SSS and Co. dated October 19, 2006.
22. Letters dated December 2, 2006 to ABNL and Birla TMT from P5 Asia giving their consent for the Issue.
23. Resolution by circulation of the Board of Directors dated October 26, 2006 appointing Mr. Sanjeev Aga as the Managing Director of our Company.
24. Agreement dated January 24, 2007 with NSDL, the Company and the Registrar to the Issue.
25. Agreement dated January 22, 2007 with CDSL, the Company and the Registrar to the Issue.
26. Copy of the Board resolutions dated June 20, 2006 and October 19, 2006 authorizing the Issue subject to the approval of the shareholders of the Company under section 81(1A) of the Companies Act.
27. Copy of the resolution of the IPO Committee dated December 4, 2006 approving the Draft Red Herring Prospectus; the resolution of the IPO Committee dated January 24, 2007 approving the Red Herring Prospectus and the Pre-IPO placement and the resolution of the IPO Committee dated February 16, 2007 approving the Prospectus and the Issue Price.
28. Underwriting Agreement dated Feburary 16, 2007 between the Company, the Underwriters and the Green Shoe Lender.
29. Escrow Agreement dated February 7, 2007, between the Company, the Underwriters, the Registrar and the Escrow Collection Banks.
30. Syndicate Agreement dated February 7, 2007 between the Company and the Underwriters.

Any of the contracts or documents mentioned in the Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government or by SEBI, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be.

SIGNED BY THE DIRECTORS

Dr. Kumar Mangalam Birla

Smt. Rajashree Birla

Mr. Debu Bhattacharya

Mr. M.R. Prasanna

Mr. Saurabh Misra

Mr. Sanjeev Aga

Mr. Arun Thiagarajan

Ms. Tarjani Vakil

Mr. Mohan Gyani

Mr. Biswajit Anna Subramanian

Mr. Gian Prakash Gupta

SIGNED BY THE MANAGING DIRECTOR

Mr. Sanjeev Aga

SIGNED BY THE CHIEF FINANCIAL OFFICER (CFO)

Mr. A. J. S. Jhala

Date: February 21, 2007

Place: Mumbai