

Derivation of acquisition multiples

	Merger of Idea/Spice				Assuming pre-announcement price		Assuming using swap price of INR 157.8	
	Preferential allotment into Idea	Issuance of Idea shares to TMI in consideration for TMI's 39.2% stake in Spice ¹	Issuance of Idea shares to TMI in consideration for TMI being a party in concert to the MGO of Spice for 9.8% stake in Spice	Effective valuation for this entire transaction	Issuance of Idea shares to TMI in consideration for TMI's 39.2% stake in Spice ³	Effective valuation for this entire transaction	Issuance of Idea shares to TMI in consideration for TMI's 39.2% stake in Spice ⁴	Effective valuation for this entire transaction
OFFER STATISTICS								
TMI acquisition price per share (INR)	157.0	58.0	157.8	136.2	105.0	146.1	157.8	157.2
Total shares acquired (m)	464.7	132.5	33.1	630.4	132.5	630.4	132.5	630.4
Post-merger stake acquired in Idea (%) (fully diluted)	14.0	4.0	1.0	19.0	4.0	19.0	4.0	19.0
Total consideration (US\$m)	1,699 ⁵	179 ⁶	122 ⁶	1,999 ⁶	324 ⁶	2,145 ⁶	487 ⁶	2,307 ⁶
Implied Idea equity value (US\$m)	11,333	4,481	12,188	10,524	8,112	11,287	12,188	12,144
Implied Idea EV (US\$m)	10,266	4,249	11,956	10,293	7,880	11,056	11,956	11,913
PREMIUM AND MULTIPLE ANALYSIS								
Premium over last price (%)	49.5%	(44.8%)	50.2%	29.7%	0.0%	39.1%	50.2%	49.7%
Premium over T-90 days (%)	49.0%	(44.9%)	49.8%	29.3%	(0.3%)	38.7%	49.8%	49.2%
Premium over T-180 days (%)	40.0%	(48.3%)	40.7%	21.5%	(6.3%)	30.3%	40.7%	40.2%
Implied EV/2009E EBITDA (T+1) ²	14.0x	5.2x	14.5x	12.5x	9.6x	13.4x	14.5x	14.5x
Implied EV/2010E EBITDA (T+2) ²	10.9x	4.0x	11.2x	9.7x	7.4x	10.4x	11.2x	11.2x

Source: Company filings, Exchange rate: 1 USD = INR 42.94

Note:

1. Spice valued at investment cost of US\$179m

2. Bloomberg consensus EBITDA (year end 31 March), 2009E Idea US\$735m, Spice US\$88m; 2010E Idea US\$938m Spice US\$127m

3. Spice valued using pre-announcement price of INR 52 (as of 6 June), implying Idea price of INR 105. The price is before news flows on the details of the transaction

4. Spice valued at open offer price of INR 77.3, implying Idea price of INR 157.8

5. Net debt Idea US\$1,272m, Inflow from preferential offer US\$1,699m and Inflow to consolidated Idea for stake sale in ABTL US\$640m

6. Net debt Idea US\$1,272m Spice US\$197m, Idea outlay for Modi + MGO = US\$638m, Inflow from preferential offer US\$1,699m and Inflow to consolidated Idea for stake sale in ABTL US\$640m