



EXPANDING THE INDIA PRESENCE

Presentation to Shareholders
Extraordinary General Meeting

1 August 2008

TRANSACTION RATIONALE

TRANSACTION STEPS / RESOLUTIONS

VALUATION & FUNDING PLAN

INVESTORS' & ANALYSTS' FEEDBACK

CONCLUSION

Transaction rationale

1 India is a must given significant growth potential

2 Accelerate participation in growth through consolidation/ inorganic means

TMI

6 Meets the Investment Criteria



3 Idea and Spice is the ideal combination

5 The best long term option

4 Merger of Idea & Spice brings additional benefits to both parties

India Telecom – A Snapshot

COUNTRY BRIEF

Population (Mar'2008E)	1.146 bn
States and Union Territories	30 states and 5 Union Territories
Cities & Towns / Villages	Over 5,000 / over 600,000
No of Telecom circles	23
No. of Wireless Subscribers	255.9 mn
Wireless Penetration	23%
No. of Wireline Subscribers	42.6 mn
Wireline Penetration	3.8%
Teledensity	26.2%

COMMENTS

Second largest wireless telecom market globally- adding c 8 mn subs per month

Growth aided by regulatory initiatives, rapidly falling tariffs & intense competition

Subs grown at a CAGR of 83% over last 5 years (Dec'02 to Dec'07)

Sector landscape dominated by 7 fixed line service providers and 12 wireless service providers

- **New licenses issued in Jan 08 – will intensify competition further**

Industry dominated by mobile services - Subscriber CAGR 56% (Dec '06 – Dec '07)

Rapid growth of wireless services anticipated

- **Population growth and demographic changes**
- **Penetration rates of wireless and associated products currently low**



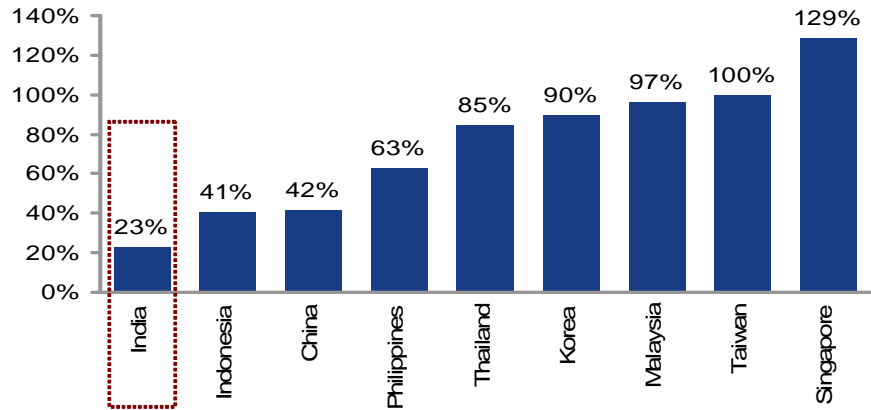
Source: COAI, AUSPI, DoT & TRAI

Data as of March 2008

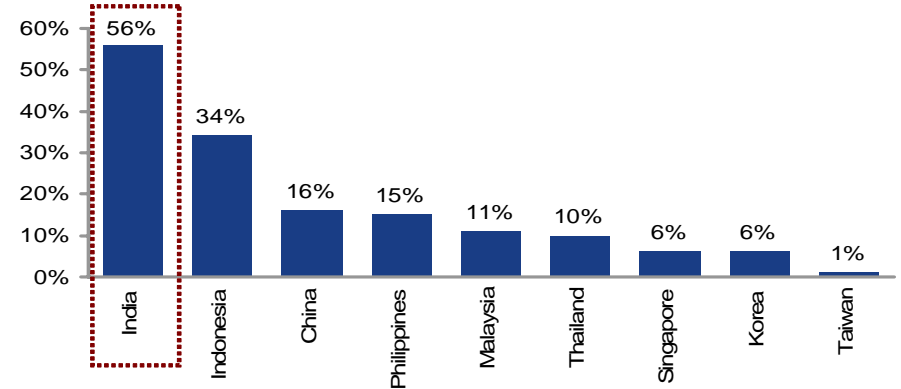
1 India is a must for TMI given significant potential

India is the fastest growing wireless market by subs and revenues

Wireless penetration (Mar 2008)

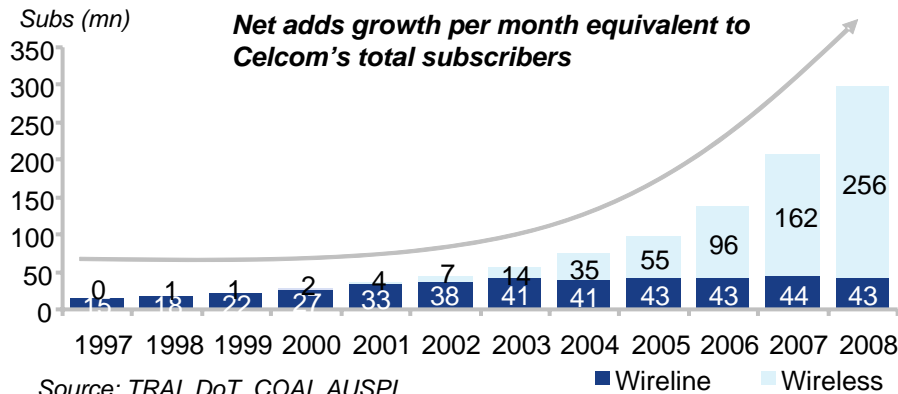


Wireless subs growth (Dec 06 – Dec 07)



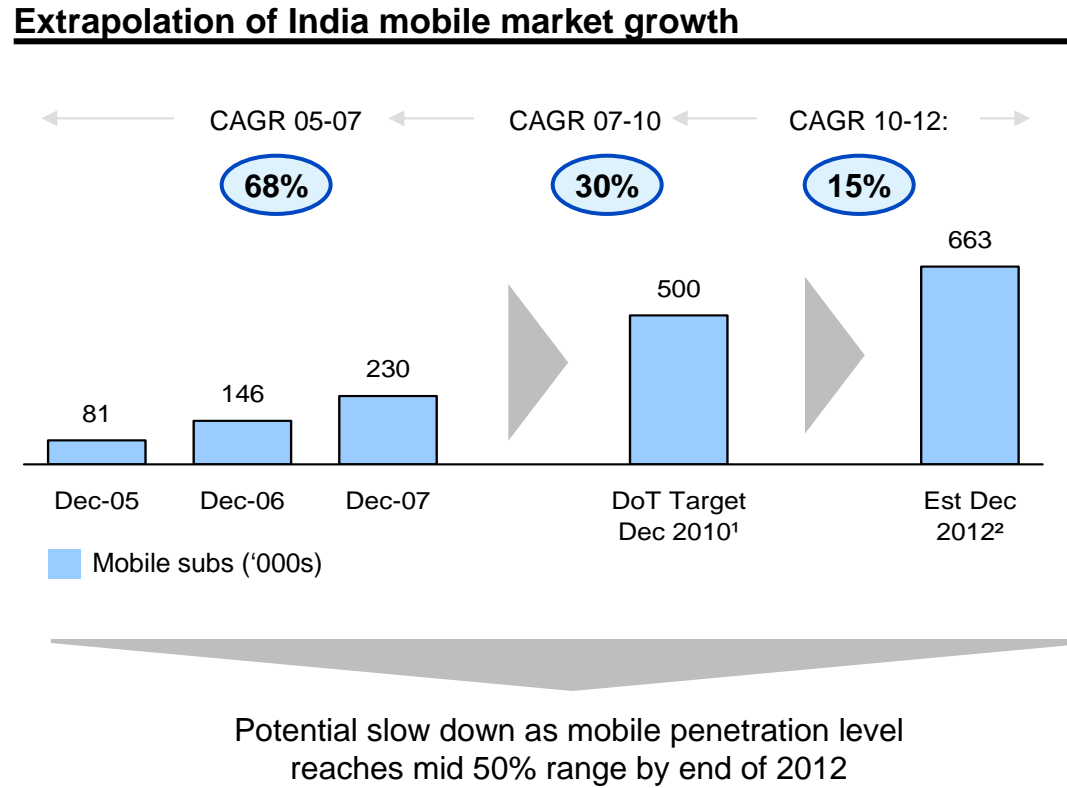
Source: The Mobile World

7m – 8m wireless net adds per month



Total headroom for growth in India of 250 – 300 mn is equivalent to the combined growth potential of current TMI portfolio countries and other target counties in South East Asia and South Asia region for TMI.

2 Accelerate participation in growth through consolidation/ inorganic means

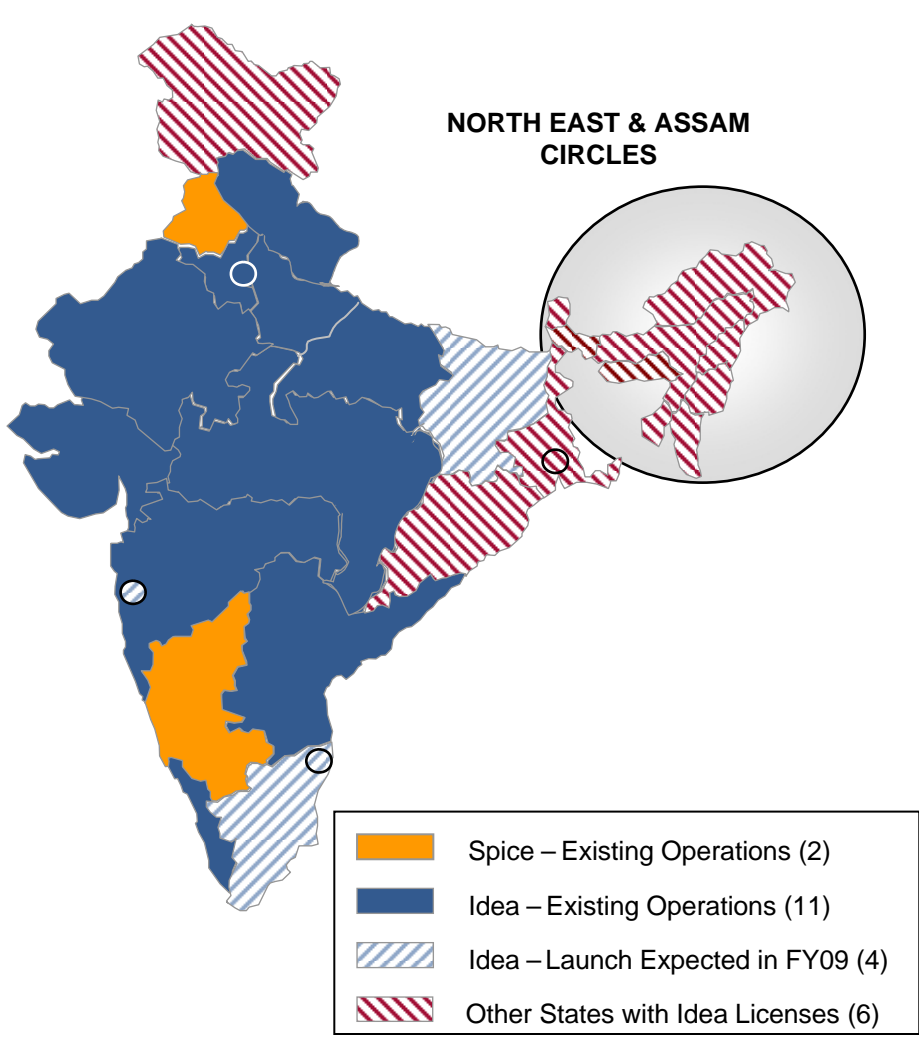


The 'India Opportunity' is now so need to capitalize on the growth today

Source: TRAI, DoT, Ovum, COAI, AUSPI
 Note:
 1. Target set by the Government of India
 2. Ovum estimate

3 Idea and Spice is the ideal combination

Current deal expands coverage significantly with no overlaps



PAN INDIA PRESENCE

- 70% population coverage with > 700m population



NO OVERLAP



5 PLAYER (28m subscribers) FROM # 6 (IDEA) AND # 8 (SPICE) RESPECTIVELY



OPPORTUNITY TO LEVERAGE PASSIVE INFRASTRUCTURE

- Faster rollout leveraging on Indus Towers (70,000 sites)



IDEA AS A SOLID PARTNER

- Exceeded industry growth with 71% subscriber growth FY07-08. (Industry at 58%)
- Strong partner in the respected Birla Group

Note: The above is a circle wise map of India displaying telecom circles. The political state boundaries may be different

Source: COAI, AUSPI, Idea Disclosures

4 Merger of Idea & Spice brings additional benefits to both parties

Benefits to TMI

- Low cost Indian Telco model
- Economies of scale & bargaining power
- Indian IT and Telco talent



Benefits to Idea

- TMI's mature market experience – 3G , Mobile Broadband
- Roaming, procurement, product / services (eg- m-remittance)
- Capital Infusion

5 The best option available in India



	POTENTIAL FUTURE FINANCIAL IMPACT	RISK	IMPLICATIONS
AS IS OPERATIONS	<ul style="list-style-type: none"> Positive but very small 	HIGH	<ul style="list-style-type: none"> Minimal growth opportunity with 2 circles Natural death as new competitors are entering into the 2 circles of operations
AS IS & NATIONAL ROLLOUT	<ul style="list-style-type: none"> Significant negative next 4-5 years 	VERY HIGH	<ul style="list-style-type: none"> High rollout risk with competition and scarcity of spectrum Huge funding requirement and time to rollout
INVEST IN NEW ENTRANTS	<ul style="list-style-type: none"> Significant negative next 4-5 years 	VERY HIGH	<ul style="list-style-type: none"> High rollout risk with competition and scarcity of spectrum Huge funding requirements and uncertainty in partners
EXIT FROM IDEA	<ul style="list-style-type: none"> Immediate gains from disposal of asset 	n/a	<ul style="list-style-type: none"> Immediate returns but India is no longer an option for TMI. Closed opportunity
ACQUISITION & MERGER WITH IDEA	<ul style="list-style-type: none"> Earnings accretive in 2010 and 15-18% of TMI's contribution in 2012 	LOW TO MEDIUM	<ul style="list-style-type: none"> Strong Position to capture the high growth of Indian market through a Pan Indian operator with an established and proven partner

6 Meets the investment criteria

- 1 IDEA IS A PROFIT MAKING COMPANY**
 - PAT of INR10,423m (USD 243m) in the year ending March 2008 with a CAGR of 123% from 2006 to 2008
- 2 EARNINGS ACCRETIVE* IN THE FIRST FULL YEAR OF OPERATIONS**
- 3 15-18% OF TMI'S CONSOLIDATED PROFITS**
 - Expected by 2012, (based on existing portfolio) with the proportion increasing going forward
- 4 PROJECT IRR IN THE RANGE OF MID TO HIGH TEENS**
 - over a 5 years
- 5 IMMEDIATE CASH INJECTION OF USD 1,060 mn**
 - into the combined entity to accelerate rollout

Note: Certain financial data provided on this slide is based on quarterly releases of Idea and may be unaudited or preliminary.

** Post financing cost*

TRANSACTION RATIONALE

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Approvals sought from shareholders at the EGM

- Ordinary Resolution 1:** Proposed subscription by TMI Mauritius Ltd of 464,734,670 new ordinary shares of Rs.10 each in Idea Cellular Limited (“Idea”)
- Ordinary Resolution 2:** Proposed mandatory general offer by Idea together with TMI, TMI Mauritius Ltd, TMI India Ltd and Green Acre Agro Services Private Limited (“GAASPL”), as persons acting in concert (“PAC”) with Idea, to acquire the remaining 137,985,050 ordinary shares of Rs.10 each in Spice Communications Limited (“Spice”), not held by Idea and the PAC
- Ordinary Resolution 3:** Proposed merger of Spice and Idea and option for TMI group to acquire additional Spice shares (to be converted to Idea shares under the Proposed Merger) from GAASPL

Conditionality

Proposed Subscription

The Proposed Subscription is not conditional upon any other proposals.

Proposed Offer

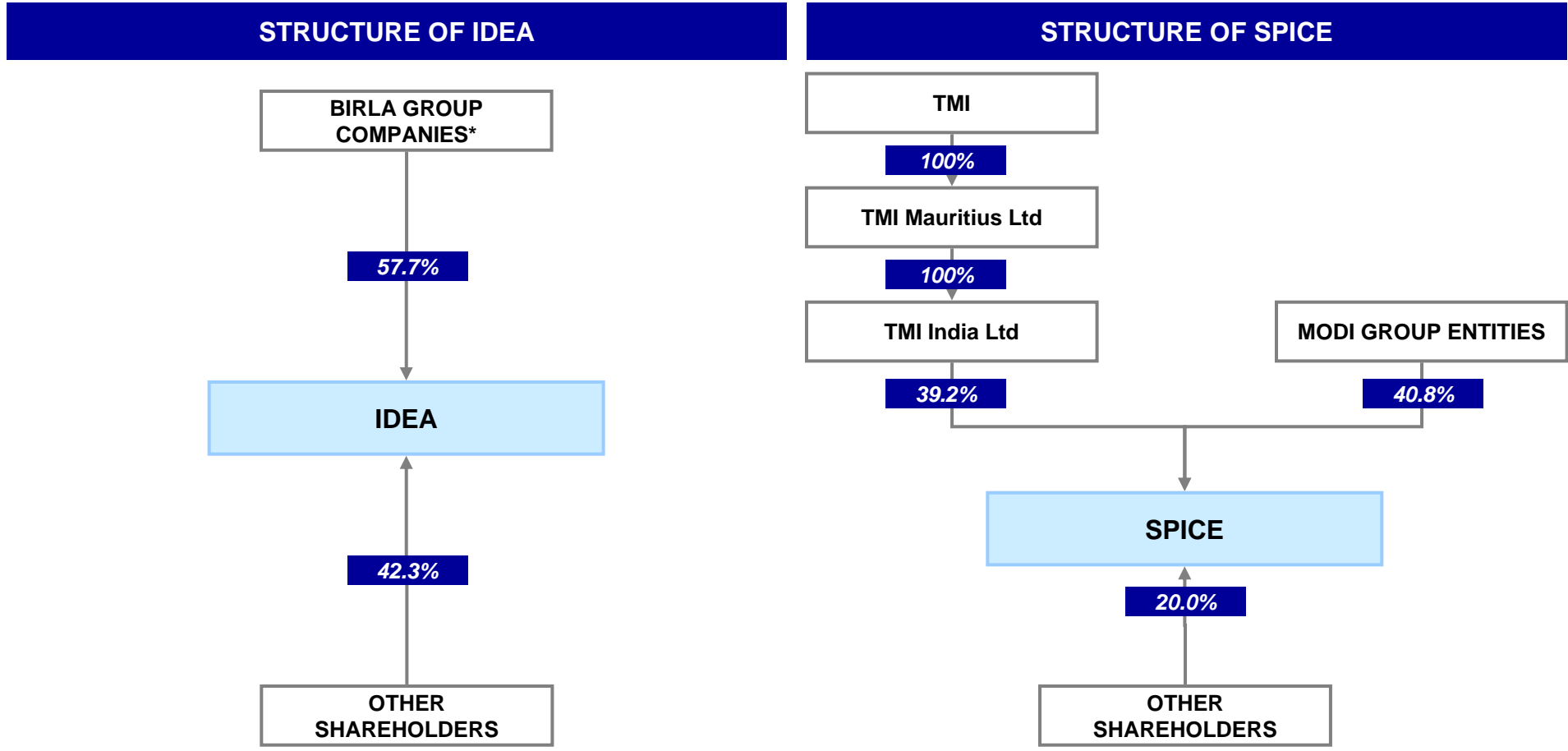
The Proposed Offer is not conditional upon any other proposals

Proposed Merger

The Proposed Merger is conditional upon the Proposed Subscription and Proposed Offer

Other than the above, there is no conditionality among the Proposals

Shareholding Structure of Idea and Spice (pre announcement)



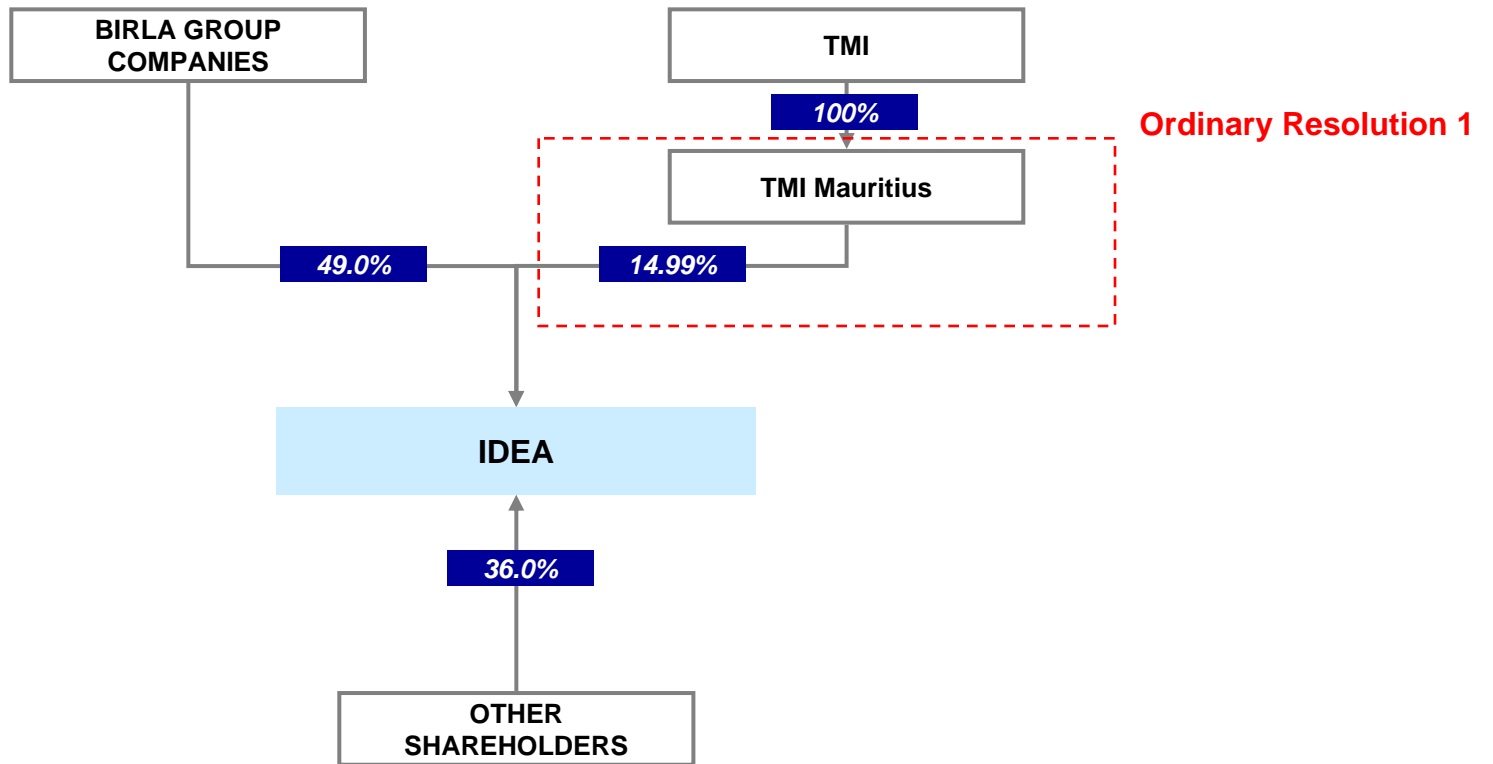
The shareholding structures are as on 24 June 2008, a day prior to the announcement of the proposed transactions

*Includes Birla Group Companies which are classified as Promoters; i.e. Aditya Birla Nuvo, Grasim Industries, Hindalco Industries and Birla TMT Holdings
 Note: 1. The diagrams have been simplified for illustration purposes, only TMI holdings have been described in detail
 2. The shareholdings presented are based on issued and subscribed share capital

Ordinary Resolution 1 : Proposed Subscription of Idea Shares

Proposed subscription by TMI Mauritius Ltd of 464,734,670 new ordinary shares of Rs.10 each in Idea Cellular Limited (“Idea”)

POTENTIAL SHAREHOLDING STRUCTURE OF IDEA POST PROPOSED SUBSCRIPTION



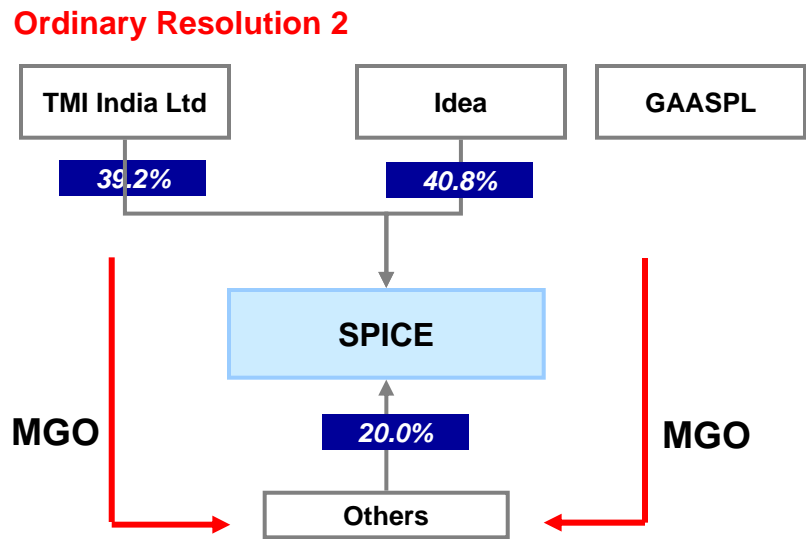
TMI could become the second largest shareholder in Idea post the proposed subscription of shares

Note: 1. The diagrams have been simplified for illustration purposes, only TMI holdings have been described in detail
 2. The shareholding presented is based on issued and subscribed capital

Ordinary Resolution 2 : Proposed MGO of remaining shares in Spice not held by TMI & Idea

Proposed mandatory general offer by Idea together with TMI, TMI Mauritius Ltd, TMI India Ltd and Green Acre Agro Services Private Limited (“GAASPL”) as persons acting in concert (“PAC”) with Idea, to acquire the remaining 137,985,050 ordinary shares of Rs.10 each in Spice not held by Idea and the PAC

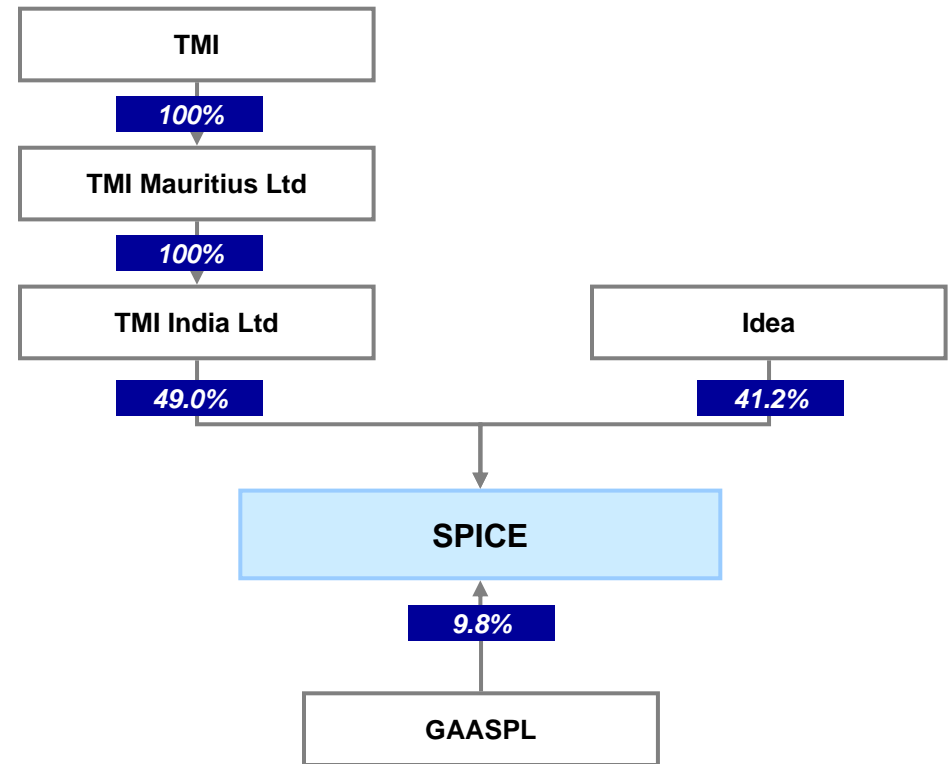
MGO of Spice Shares not held by TMI & Idea



As a result of the acquisition of Modi Group shareholding in Spice by Idea, an obligation to carry out a MGO is triggered in accordance with SEBI Takeover Regulations

GAASPL is a vehicle for the Birla Group

POTENTIAL SHAREHOLDING STRUCTURE OF SPICE POST PROPOSED MGO



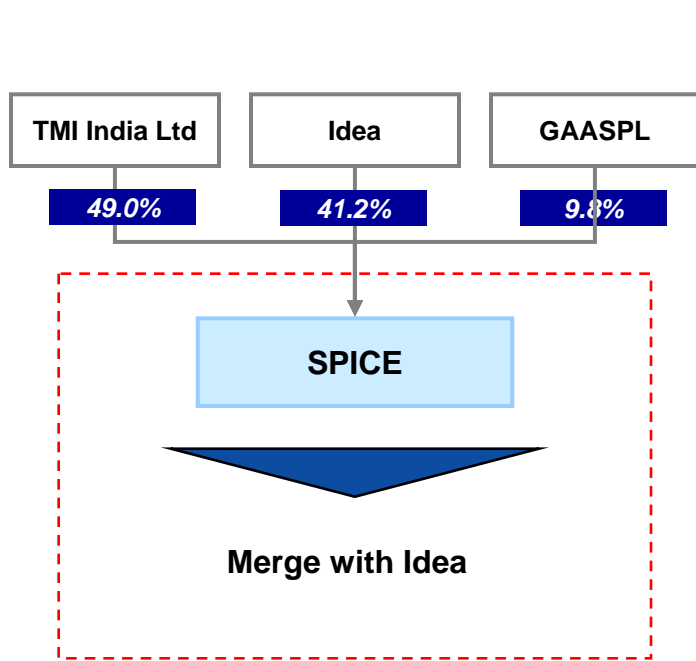
The above assumes 100% acceptance to the MGO and assumes purchase of Spice shares in the MGO by TMI India, Idea and GAASPL

Note: 1. The diagrams have been simplified for illustration purposes, only TMI holdings have been described in detail
 2. Assumes purchase of 49% of shares offered in MGO by TMI India, 49% by GAASPL and remaining by Idea. Actual purchases would be determined by number of shares tendered and foreign ownership limits in India

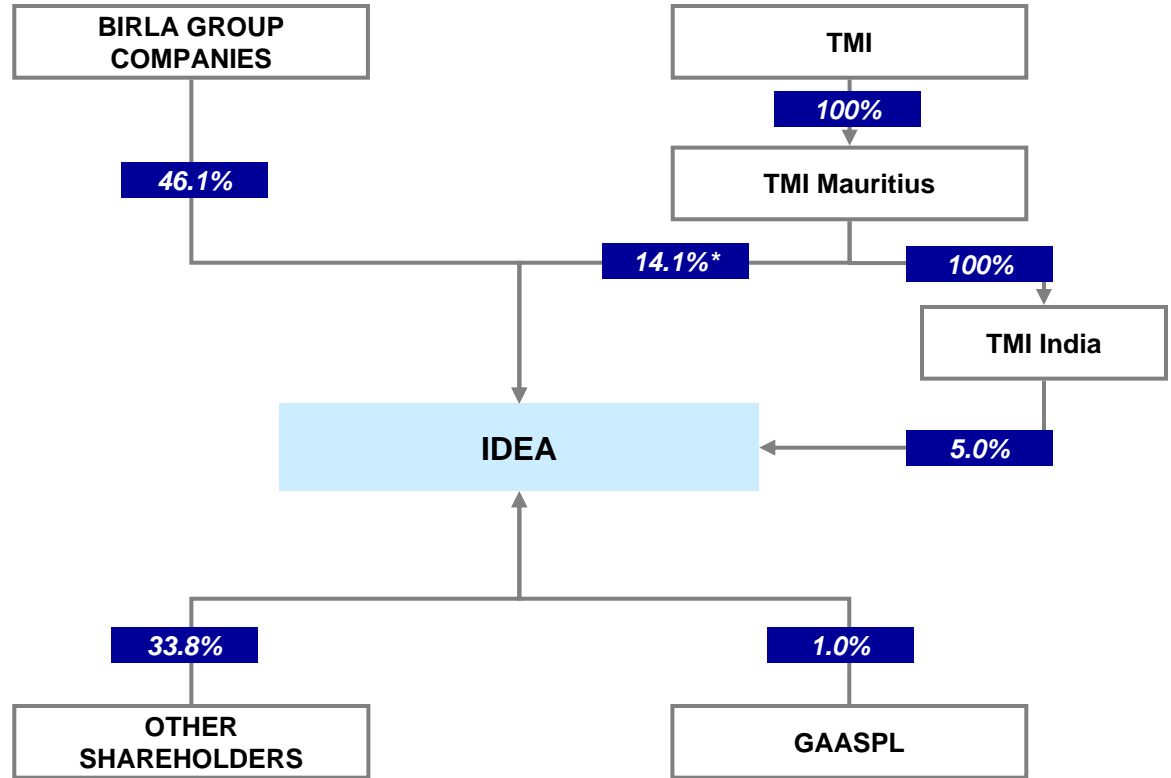
Ordinary Resolution 3 : Proposed Merger of Spice and Idea

Proposed merger of Spice and Idea – Spice shareholders to receive 49 Idea shares for every 100 Spice shares held by them

POTENTIAL SHAREHOLDING STRUCTURE OF IDEA POST PROPOSED SUBSCRIPTION, MGO & MERGER



Ordinary Resolution 3



TMI could, directly or through subsidiaries, hold 19.1% in Idea if all the proposals are completed and assuming 100% response to the MGO. In addition, TMI would have the option to acquire GAASPL stake in Idea (accrued from Spice shares acquired in MGO)

Note: 1. The diagrams have been simplified for illustration purposes, only TMI holdings have been described in detail
 2. Assumes purchase of 49% of shares offered in Spice MGO by TMI India, 49% by GAASPL and remaining by Idea. Actual purchases would be determined by number of shares tendered and foreign ownership limits in India
 3. The shareholding presented is based on issued and subscribed capital
 * due to the dilution on account of the merger, as new shares are issued to Spice shareholders.

Transaction step 1

Transaction steps	Total outlay for TMI	# of shares issued/purchased by TMI in Idea (m)	Cumulative % stake of TMI in Idea
1 Preferential issuance of Idea shares to TMI	Rs 72,945 m (US\$1,699 m)	464.7	14.99%

ORDINARY RESOLUTION 1

PROPOSED SUBSCRIPTION BY TMI MAURITIUS LTD OF 464,734,670 NEW ORDINARY SHARES OF INDIAN RUPEE 10 EACH IN IDEA CELLULAR LIMITED

- **Subscription represents approximately 14.99% of the enlarged issued and paid up share capital of Idea**

Note: 1) For the purpose of this document exchange rate has been assumed at 1 US\$ = INR 42.94

Transaction step 2

Transaction steps	Total outlay for TMI	TMI's stake in Spice pre MGO	TMI's stake in Spice post MGO
2 Idea acquires Modi Group stake in Spice, participate in Spice MGO as a person acting in concert	Rs5,227 m (US\$122 m)	39.2%	49.0%

ORDINARY RESOLUTION 2

PROPOSED MANDATORY GENERAL OFFER (“MGO”) BY IDEA TOGETHER WITH TMI, TMI MAURITIUS, TMI INDIA LTD AND GREEN ACRE AGRO SERVICES PRIVATE LIMITED, AS PERSONS ACTING IN CONCERT (“PAC”) WITH IDEA, TO ACQUIRE THE REMAINING 137,985,050 ORDINARY SHARES OF RS.10 EACH IN SPICE COMMUNICATIONS LIMITED, NOT HELD BY IDEA AND THE PAC

- **As a result of the acquisition of MCPL (MCorp Global Communications Private Limited) shareholding in Spice by Idea, an obligation to carry out a MGO is triggered in accordance with SEBI Takeover Regulations**
- **MGO is made to the remaining Spice shares not held by Idea and PAC after Spice acquisition representing approximately 20% of the issued and paid-up share capital of Spice**
- **TMI will acquire 49% of Spice Shares under the Proposed Offer**

Transaction step 3

Transaction steps	Total outlay for TMI	# of shares issued/purchased by TMI in Idea (m)	Cumulative % stake of TMI in Idea
3 Merger of Spice into Idea (49 Idea shares for 100 Spice shares)	–	165.7	19.1%

ORDINARY RESOLUTION 3

PROPOSED MERGER OF SPICE AND IDEA

- **Proposed Merger will involve the merger of Spice into Idea whereby all Spice Shares shall be exchanged for Idea Shares on a basis of 49 Idea shares for every 100 Spice Shares held.**
- **Upon completion of the Proposed Merger, TMI Group equity interest in Idea will increase to 19.1%**
- **TMI also has the option to purchase Green Acre stake in Idea corresponding to Spice shares acquired by Green Acre**

Complete Transaction steps¹

	Transaction steps	Total outlay for TMI	# of shares issued/purchased by TMI in Idea (m)	Cumulative % stake of TMI in Idea
1	Preferential issuance of Idea shares to TMI	Rs 72,945 m (US\$1,699 m)	464.7	14.99%
2	Idea acquires Modi Group stake in Spice, participate in Spice MGO as a person acting in concert	Rs 5,227 m (US\$122 m)	–	14.99%
3	Merger of Spice into Idea (49 Idea shares for 100 Spice shares)	–	165.7	19.1%
TOTAL		Rs 78,172 m (US\$1,821 m)	630.4	19.1%

- TMI has earned ability to equity account Idea stake
- TMI has option to purchase Green Acre stake in Idea corresponding to Spice shares acquired by Green Acre in MGO

The transaction is expected to complete by 2Q 2009

Note:

¹ Numbers mentioned in this slide have been calculated assuming 100% response to the MGO. Actual numbers will depend on the response to the MGO and could differ from the numbers presented in this slide

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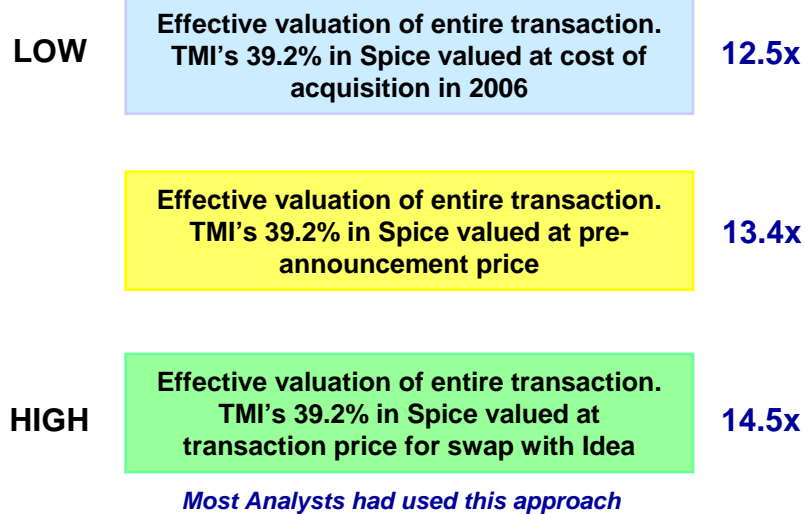
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TMI's acquisition is in line with recent Indian telco precedent multiples

IMPLIED EV/EBITDA 2009E of entire transaction

The valuation includes the transaction of the preferential offer of Idea shares, Spice MGO and merger of Spice into Idea. The valuation variable is the value of Spice which TMI has viewed as its investment cost in 2006 in arriving at a blended multiple of 12.5x

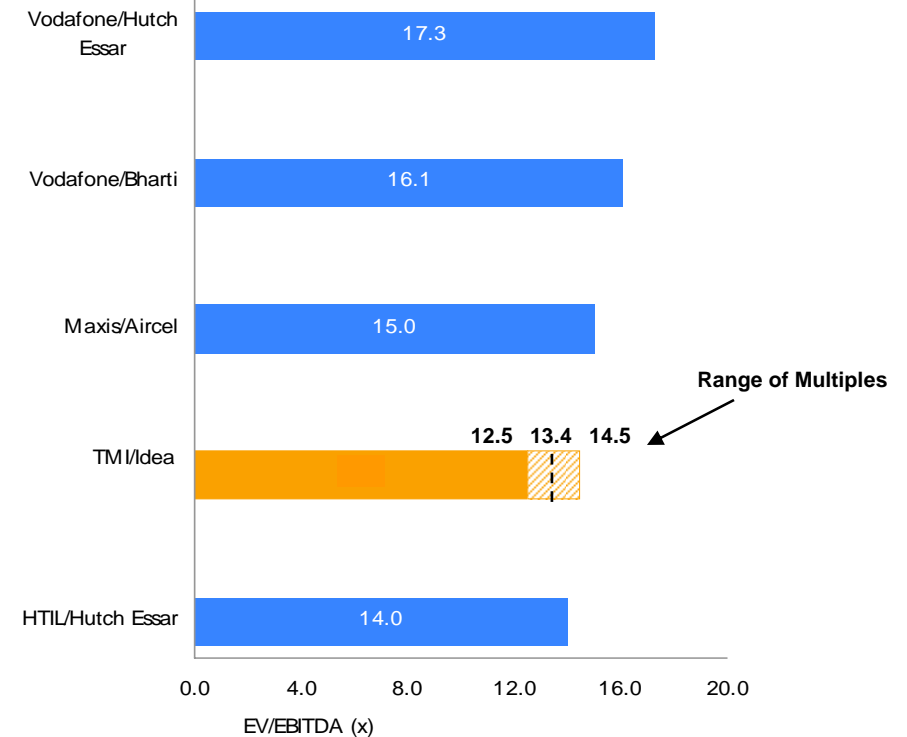


Note :

- Spice valued at investment cost of USD179m
- Spice valued using pre announcement price if INR52 (as of 6 of June) before news flows of transaction
- Spice valued at open offer price of INR 77, implying Idea price of INR157

EV/EBITDA (T+1)*

Implied Valuation Multiple range are in line with comparables



Source: Company filings, consensus estimates, TheMobileWorld.

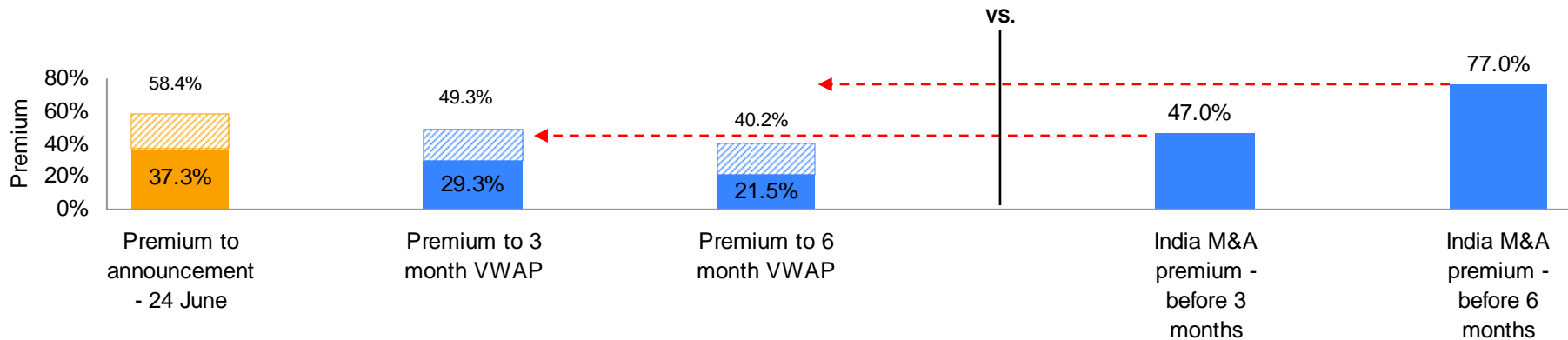
* EBITDA based on forward 12 months consensus. Idea multiple based on 2009 estimates

- Recent acquisitions in India come with a premium due to the expectations of high growth and scarcity of assets.
- However the implied premium of TMI's acquisition is still in line with recent comparable transactions when compared using the low end multiple of 12.5x and high end of multiple of 14.5x. A 2009 multiple is used as the transaction is expected to complete by 2nd Quarter 2009

Premium is in line with past M&As

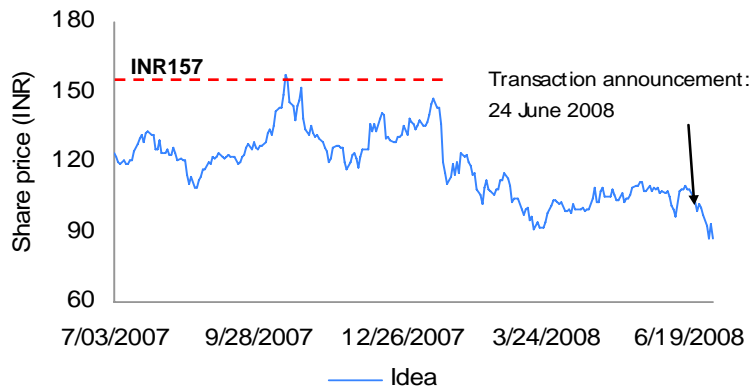
Effective premium for Idea compared against historical prices

Indian M&As



Note: Based on effective price paid for Idea in the range of INR 136.2 ps – INR 157.2 ps

Deal announced when Idea is off its peak price



Source: Factset, Bloomberg

-*As at 14 Jul 2008

- market price per share is the closing price as per date of announcement

- The premium is analysed against the recent and historical Volume Weighted Average Price (VWAP) of Idea as the traded price has fluctuated over the last year . The last traded price may not reflect the intrinsic price of Idea
- Premium is in line with recent Indian M&As
- Examples of past acquisitions which were perceived by the market to be expensive include the following:
 - Vodafone’s entry into Bharti in Oct ’05 was at market price of INR 328.35 per share and partially exited in Feb ’07 at market price of INR 752 per share.
 - Tata exited Idea with an implied 100% equity value of INR91.5 bn while the market capitalisation of Idea is now at INR216.5 bn*

FINANCING THE TRANSACTION

BRIDGING LOAN

- In the interim we have several bridging financing facilities in place ranging from 6 months to a year to finance the transaction.
- Combination of USD and Ringgit Malaysia to mitigate the foreign exchange movements.

FUNDING PLAN

- We will announce our funding plan for the transaction within 3-6 months
- Structure will be aimed at optimising the capital structure of the company and minimise dilution impact to shareholders.

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FEEDBACK FROM INSTITUTIONAL INVESTORS & ANALYSTS



INSTITUTIONAL INVESTORS

- Largely agree with the strategic rationale of the acquisition and the strong potential of the Indian market. Remaining as sub scale would be value destructive.
- Acknowledge that premium is on the high side but given the strategic case and acquisition multiples that are in line with precedent transactions, investors largely understand the premium.
- Primary concern to be addressed moving forward is the funding plan for this transaction.

ANALYSTS

- Idea acquisition, though gives TMI a meaningful exposure in the fast growing Indian mobile market, we cannot deny that this is an expensive acquisition. - Macqaurie
- Transaction mildly dilutive on its own given it is acquiring a minority stake at a premium to trading price. Longer term makes strategic sense as it largely enhances TMI's footprint from sub scale operations. Deal to be considered in conjunction with TMI's regional expansion plans as India had been its weak spot. - UBS
- Recent de-rating has been misdirected. TMI will have a meaningful exposure in the world's second (India) most populous country with strong market position. – ABN AMRO

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Conclusion

- The combined entity has the potential to become one of the largest players in the wireless telecom market in India, one of the largest markets (apart from China) in the world
- The best option for faster, most economical and least risk investment for an India-wide presence to capture window of growth opportunity now and position against bigger players and new entrants
- A unique proposition of both accelerated growth potential and earnings accretive by 2010 with lower execution risks
- The only real option for TMI

THANK YOU

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