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To,

June 05, 2017

**The Company Secretary
Idea Cellular Limited**

10th Floor, The Birla Centurion,
Plot no.794, B Wing,
Pandurang Budhkar Marg,
Worli, Mumbai: 400030.

Re: Valuation Workings underlying the recommendation of Exchange Ratio for the proposed amalgamation of Vodafone India Limited ("VIL") and Vodafone Mobile Services Limited ("VMSL") into Idea Cellular Limited ("ICL")

Dear Sir,

This refers to the Circular bearing reference No. NSE/CML/2017/12 issued by the National Stock Exchange of India Limited ("NSE") and your email dated June 1, 2017 whereby you have requested us to provide the Computation of Fair Exchange Ratio recommended in the Valuation Report dated March 19, 2017 for the proposed amalgamation of Vodafone India Limited and Vodafone Mobile Services Limited into Idea Cellular Limited ("**the Report**"), issued jointly by Walker Chandiok & Co LLP ("**WCC**") and Bansi S. Mehta & Co ("**BSM**") in the format required by the NSE.

In this regard, the Computation of the Fair Exchange Ratios recommended in the Report by WCC and BSM have been reproduced in *Annexure A* and *Annexure B*, respectively, to this letter.

The Workings enclosed in *Annexures* are prepared solely for the purpose of submission to BSE Limited, National Stock Exchange of India Limited and other relevant regulatory authorities as required. The same should be read in conjunction with the Report and the caveats therein. Further, none of its contents may be reproduced or circulated to any person or for any purpose other than as mentioned above without the prior consent of BSM.

Thanking you.

Yours faithfully,

Bansi S. Mehta
Bansi S. Mehta & Co.



Walker Chandiok & Co. LLP

Walker Chandiok & Co LLP



Annexure A

Derivation of Share Exchange Ratio for the Proposed Merger of:

Vodafone India Limited ("VIL") and Vodafone Mobile Services Limited ("VMSL") in to Idea Cellular Limited ("ICL")

Step 1: Amalgamation of VMSL with ICL, whereby equity shares of ICL are issued to VIL

The Share Exchange Ratio as mentioned in the Report is reproduced here for reference:

"For the entire shareholding in VMSL, the shareholders of VMSL i.e. VIL would be issued 47% holding in ICL."

Computation of Share Exchange Ratio for the merger of VMSL with ICL is detailed hereunder:

Valuation Method	VMSL		ICL	
	Equity Value INR Mn.	Weight	Equity Value INR Mn.	Weight
Net Asset Value Method	349,473.4	20%	Not Applied	0%
Comparable Companies Market Multiple Method	343,641.4	80%	Not Applied	0%
Market Price Method	Not Applied	0%	388,564.5	100%
Relative Value	344,807.8		388,564.5	
Exchange Ratio (rounded off) (Entitlement holding)		100%		47%

Step 2: Amalgamation of VIL with ICL, whereby equity shares of ICL are issued to Shareholders of VIL leading to cancellation of equity shares of ICL issued to VIL on completion of Step 1

The Share Exchange Ratio as mentioned in the Report is reproduced here for reference:

"For the entire shareholding in VIL, the shareholders of VIL would be issued 50% shareholding in ICL after cancellation of shares issued upon completion of Step 1."

Computation of Share Exchange Ratio for the merger of VIL with ICL is detailed hereunder:

Valuation Method	VIL		ICL	
	Equity Value INR Mn.	Weight	Equity Value INR Mn.	Weight
Net Asset Value Method	458,776.0	20%	Not Applied	0%
Comparable Companies Market Multiple Method	366,527.3	80%	Not Applied	0%
Market Price Method	Not Applied	0%	388,564.5	100%
Relative Value	384,977.0		388,564.5	
Exchange Ratio (rounded off) (Entitlement holding)		100%		50%



Annexure B

Computation of Fair Exchange Ratio for the proposed merger of VMSL and VIL into ICL in the Report

Step 1: Amalgamation of VMSL with ICL, whereby equity shares of ICL are issued to VIL

(INR in Million)

Valuation Method	ICL		VMSL	
	Business Value	Weight	Business Value	Weight
Net Asset Value Method	3,20,529	20%	3,49,473	20%
Earnings Multiple Method	3,54,634	40%	3,39,935	80%
Market Price Method	3,88,565	40%	Not Applied	0%
Relative Business Value	3,88,565 [#]		3,41,843	
Exchange Ratio (rounded off)				47%

Exchange Ratio –

“For the entire shareholding in VMSL, the shareholders of VMSL i.e. VIL would be issued 47% holding in ICL.”

Step 2: Amalgamation of VIL with ICL, whereby equity shares of ICL are issued to shareholders of VIL, leading to cancellation of equity shares of ICL issued to VIL on completion of step 1.

(INR in Million)

Valuation Method	ICL		VIL	
	Business Value	Weight	Business Value	Weight
Net Asset Value Method	3,20,529	20%	4,58,775	20%
Earnings Multiple Method	3,54,634	40%	3,66,520	80%
Market Price Method	3,88,565	40%	Not Applied	0%
Relative Business Value	3,88,565 [#]		3,84,971	
Exchange Ratio (rounded off)				50%

Exchange Ratio-

“For the entire shareholding in VIL, the shareholders of VIL would be issued 50% shareholding in ICL after cancellation of shares issued upon completion of Step 1.”

[#] The Business Value considered for ICL is based on the price computed under ICDR Regulations as the average value based on the methods adopted is lower than the price computed under the ICDR Regulations.

