

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder of **Spice Communications Limited**. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or the Manager/ Registrar to the Offer. In case you have recently sold your equity shares in Spice Communications Limited, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the stock exchange through whom the said sale was effected.

CASH OFFER AT Rs. 77.30 (Rupees Seventy Seven and Thirty Paise Only) PER FULLY PAID-UP EQUITY SHARE OF FACE VALUE OF RUPEES TEN EACH

Pursuant to regulation 10, 11 & 12 of the Securities and Exchange Board of India
(Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto

TO ACQUIRE

Up to 137,985,050 fully paid-up Equity Shares of face value Rs. 10/- each, (representing 20% of the fully paid up equity voting capital) ("Offer")

OF

Spice Communications Limited ("Target Company" or "Spice")

Registered office: 60-D, Sainik Farms, New Delhi – 110062, (Tel: + 91-120-436 3600, Fax: + 91-120-436 3845)

BY

Idea Cellular Limited ("Acquirer" or "Idea")

Registered Office: Suman Tower, Plot No. 18, Sector 11, Gandhinagar 382011, Gujarat,
(Tel: +91-22-6682 0106, Fax: +91-22-6682 0499)

ALONG WITH THE FOLLOWING PERSONS ACTING IN CONCERT ("PAC")

TM International Berhad ("TMI")

Registered Office: Level 42, North Wing, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia
(Tel: +6032240 1243/6830, Fax: +6032240 0253)

TMI Mauritius Ltd ("TMI Mauritius")

Registered office: Level 6, One Cathedral Square, Jules Koenig Street, Port Luis, Mauritius,
(Tel: +230 207 1000, Fax: +230 208 7949)

TMI India Ltd ("TMI India")

Registered office: Level 6, One Cathedral Square, Jules Koenig Street, Port Luis, Mauritius,
(Tel: +230 207 1000, Fax: +230 208 7949)

Green Acre Agro Services Private Limited ("GAASPL")

Registered Office: Apeejay, Shahid Bhagat Singh Marg, Fort, Mumbai – 400 001, (Tel: +91-22-24995526, Fax: +91-22-24995229)

ATTENTION:

- a) The acquisition of shares from foreign shareholders (NRIs/OCBs/FILs) by the Acquirer and GAASPL under the Offer is subject to the approval of the RBI under FEMA. Any purchase of shares by TMI, TMI Mauritius or TMI India is also subject to approval of RBI under FEMA. By its letter dated 01 September, 2008, in response to applications made by TMI India and TMI Mauritius, the RBI has accorded its approval to TMI India and TMI Mauritius acting as PACs to acquire tendered shares under the Offer. The Acquirer and GAASPL have also made a separate application to the RBI in this regard, approval for which is awaited.
- b) The purchase of shares tendered under the Offer by TMI, TMI Mauritius or TMI India is also subject to TMI obtaining approval from Bank Negara Malaysia ("Bank Negara") and the shareholders of TMI under Section 132 (c) of the Companies Act, 1965 (Malaysia) and pursuant to paragraph 10.06 of the Bursa Malaysia Listing requirements. Approval of Bank Negara was obtained on July 25, 2008 and approval of the shareholders of TMI was received on August 1, 2008 respectively.
- c) Total Shareholders who are eligible to tender shares under this Offer do not hold more than 20% of the paid up capital of the Target Company. Hence, a situation where the aggregate of the valid responses to the Offer exceeding the Offer size of 137,985,050 fully paid-up equity shares of the Target Company (representing 20.0% of the paid up equity capital of the Target Company), will not arise and hence all the Shares tendered in the Offer would be accepted.
- e) If there is any upward revision in the Offer Price by the Acquirer and PACs until the last date of revision i.e. Wednesday, September 24, 2008 or withdrawal of the Offer in terms of the SEBI Takeover Code, the same would be informed by way of a public announcement in the same newspapers where the original Public Announcement dated June 30, 2008, had appeared. Such revised offer price would be payable for all the equity shares of Spice Communications Limited, validly tendered anytime during the Offer and accepted under the Offer.
- f) This Offer is not conditional on any minimum level of acceptance.
- g) **Shareholders who have accepted the Offer by tendering the requisite documents, in terms of this Letter of Offer have an option to withdraw the same up to three (3) working days prior to the date of the Offer Closing Date (i.e. Monday, October 6, 2008). Requests for such withdrawals should reach the designated collection centres before the close of business hours on Tuesday September 30, 2008**
- h) This document has not been filed, registered or approved in any jurisdiction outside India. Recipients of this document resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements.
- i) There has been no competitive bid till date.
- j) **If there is a competitive bid:**
 - i. **The public offers under all the subsisting bids shall close on the same date.**
 - ii. **As the Offer Price cannot be revised during 7 (seven) working days prior to the Closing date (i.e. Monday, October 6, 2008) of the Offers / bids, it would, therefore, be in the interest of the Shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
- k) The Form of Acceptance cum Acknowledgement and Form of Withdrawal are enclosed with this Letter of Offer.
- l) **The Public Announcement published on June 30, 2008, this Letter of Offer, Form of Acceptance and Form of Withdrawal will also be available on SEBI's website (www.sebi.gov.in) from the date of the Offer, being Wednesday, September 17, 2008.**

MANAGER TO THE OFFER

LAZARD

Lazard India Private Limited

20th Floor, Express Towers, Nariman Point, Mumbai- 400 021

Tel No: 022 6752 6000;

Fax No: 022 6752 6060,

Email: spice-openoffer@lazard.com

Contact Person: Mr. Nikhil Saraf

REGISTRAR TO THE OFFER



Karvy Computershare Private Limited

46, Avenue 4, Street No. 1,

Banjara Hills, Hyderabad – 500 034

Tel: 040 23420815-23

Fax: 040 23420814

Email: murali@karvy.com

Contact Person: Mr. M Murali Krishna

OFFER OPENS ON : WEDNESDAY , SEPTEMBER 17 , 2008

OFFER CLOSSES ON: MONDAY , OCTOBER 6, 2008

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER	ORIGINAL TIME SCHEDULE		REVISED TIME SCHEDULE	
	DATE	DAY	DATE	DAY
Public Announcement Date	June 30, 2008	Monday	June 30, 2008	Monday
Specified Date	July 14, 2008	Monday	July 14, 2008	Monday
Last date for a competitive bid	July 21, 2008	Monday	July 21, 2008	Monday
Date by which Letter of Offer to be dispatched to shareholders	August 12, 2008	Tuesday	September 12, 2008	Friday
Date of opening of the Offer	August 22, 2008	Friday	September 17, 2008	Wednesday
Last date for revising the Offer Price	September 2, 2008	Tuesday	September 24, 2008	Wednesday
Last date for withdrawing acceptance from the Offer	September 8, 2008	Monday	September 30, 2008	Tuesday
Last date of closing of the Offer	September 11, 2008	Thursday	October 6, 2008	Monday
Last date of communicating rejection/ acceptance & payment of consideration for accepted tenders	September 26, 2008	Friday	October 21, 2008	Tuesday

*Specified Date is only for the purpose of determining the names of the Shareholders as on such date to whom the Letter of Offer will be sent. However, all owners (registered or unregistered) of the Shares of the Target Company are eligible to participate in the Offer anytime before the closure of the Offer.

RISK FACTORS

Given below are the risks related to the transaction, the proposed Offer and being associated with the Acquirer and the PACs:

- Acceptance of equity shares of Spice tendered in the Offer is subject to receipt of the statutory approvals, as mentioned in section 12.1 of this Letter of Offer.
- In the event that either (a) the regulatory approvals are not received in a timely manner or (b) litigation leading to stay on the Offer, or (c) SEBI instructing that the Offer should not be proceeded with, the Offer process may be delayed beyond the Schedule of the Major Activities of the Offer indicated in this Letter of Offer. Consequently, the payment of consideration to the public Shareholders of Spice whose Shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirer may be delayed.
- Further, the Shareholders should note that after the last date of withdrawal i.e. Tuesday, September 30, 2008, the Shareholders who have lodged their acceptances would not be allowed to withdraw their acceptance even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered Shares and documents would be held to the credit of a designated escrow account by the Registrar to the Offer in trust for the Acquirer and PACs, till such time the process of acceptance of tenders, the payment of consideration and other Offer obligations are completed.
- The Shares tendered in the Offer will be held to the credit of a designated escrow account in trust for the Acquirer and PACs, by the Registrar to the Offer till the completion of the Offer formalities and the Shareholders will not be able to trade in such Shares. During such period there may be fluctuations in the market price of the Shares. Accordingly the Acquirers / PACs make no assurance with respect to the market price of the Shares of Spice, which would prevail both during the Offer period and after completion of the Offer, and disclaim any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
- The Acquirer, the PACs and the Manager to the Offer accept no responsibility for the statements made otherwise than in the Public Announcement or the Letter of Offer or in the advertisement or any materials issued by, or at the instance of the Acquirer and the Manager to the Offer, and anyone placing reliance on any other source of information would be doing so at his/her/their own risk.
- The Acquirer and the PACs make no assurance with respect to the financial performance of Spice. The Acquirer and the PAC make no assurance with respect to their investment / divestment decisions relating to their proposed shareholding in Spice.
- In the event of non-compliance by the Acquirer and PACs of any provisions of the SEBI (SAST) Regulations, SEBI may pass appropriate directions with regard to the acquisition of the Shares of Spice, pursuant to which this Offer has been made to the shareholders of the Target Company.

The risk factors set forth above pertain to the acquisition and the Offer and not in relation to the present or future business or operations of Spice or the Acquirer/PACs or their subsidiaries or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of Spice are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

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1. DEFINITIONS

ACQUIRER / IDEA	IDEA CELLULAR LIMITED
ABNL	ADITYA BIRLA NUVO LIMITED
BSE	BOMBAY STOCK EXCHANGE LIMITED
BURSA MALAYSIA / BURSA SECURITIES	MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD (MALAYSIAN STOCK EXCHANGE)
CDSL	CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED
DEPOSITORIES	COLLECTIVELY NSDL AND CSDL
DP	DEPOSITORY PARTICIPANT
DOT	DEPARTMENT OF TELECOMMUNICATIONS
ECS	ELECTRONIC CLEARING SYSTEM
FEMA	FOREIGN EXCHANGE MANAGEMENT ACT, 1999 AND THE RULES AND REGULATIONS MADE THEREUNDER
FI(S)	FINANCIAL INSTITUTION(S)
FII(S)	FOREIGN INSTITUTIONAL INVESTOR(S)
FULLY EXPANDED VOTING EQUITY CAPITAL	THE VOTING PAID-UP EQUITY SHARE CAPITAL OF SPICE AS EXPECTED TO BE AT THE EXPIRY OF 15 DAYS AFTER THE OFFER CLOSING DATE I.E. 689,925,000 SHARES
FORM OF ACCEPTANCE / FOA	FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
FY	FINANCIAL YEAR
GAASPL	GREEN ACRE AGRO SERVICES PRIVATE LIMITED
IDEA / ACQUIRER	IDEA CELLULAR LIMITED
INR / RS.	INDIAN RUPEE
ITO	INCOME TAX OFFICE
LAC(S)	100,000 (0.1 MILLION)
LETTER OF OFFER / LOF	THIS LETTER OF OFFER
MCA	MERGER COOPERATION AGREEMENT BETWEEN IDEA, TMI MAURITIUS, TMI INDIA, GAASPL, ABNL AND TARGET COMPANY
MANAGER/ MANAGER TO THE OFFER / MERCHANT BANKER	LAZARD INDIA PRIVATE LIMITED ("LIPL")
MF	MUTUAL FUNDS
MN / MN	MILLION
NEFT	NATIONAL ELECTRONIC FUND TRANSFER
NSDL	NATIONAL SECURITIES DEPOSITORY LIMITED
NSE	THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED
NRI	NON RESIDENT INDIAN
OCB	OVERSEAS CORPORATE BODIES
OFFER	THIS OPEN OFFER FOR ACQUISITION OF UPTO 137,985,050 FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF RS.10/- EACH, REPRESENTING 20 % OF FULLY EXPANDED VOTING EQUITY CAPITAL AT THE OFFER PRICE.
OFFER CLOSING DATE	MONDAY, OCTOBER 6, 2008
OFFER PRICE	PRICE PER SHARE AT WHICH THIS OFFER IS BEING MADE I.E. RS 77.30 (RUPEES SEVENTY SEVEN AND THIRTY PAISE ONLY)

OFFER SIZE	137,985,050 SHARES
PA / PUBLIC ANNOUNCEMENT	PUBLIC ANNOUNCEMENT FOR OFFER PUBLISHED ON JUNE 30, 2008 UNDER REGULATION 14 OF THE SEBI TAKEOVER CODE
PAC/PACS/TMI/TMI MAURITIUS / TMI INDIA/GAASPL	PERSON ACTING IN CONCERT WITH THE ACQUIRER I.E. TMI, TMI MAURITIUS, TMI INDIA AND GAASPL
RBI	RESERVE BANK OF INDIA
RM / MYR	MALAYSIAN RINGGIT
REGISTRAR TO OFFER	KARVY COMPUTERSHARE PRIVATE LIMITED (“KARVY”)
REGULATIONS	SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENTS THERETO UPTO THE PUBLIC ANNOUNCEMENT
RTGS	REAL TIME GROSS SETTLEMENT
SALE CONSIDERATION	AGGREGATE AMOUNT TO BE PAID BY THE ACQUIRER TO SELLERS FOR ACQUISITION OF SALE SHARES – RS. 2,17,591 LACS
SALE SHARES	281,489,350 EQUITY SHARES AGREED TO BE SOLD BY THE SELLERS TO THE ACQUIRER UNDER THE SPA
SEBI	SECURITIES AND EXCHANGE BOARD OF INDIA
SEBI ACT	SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992
SEBI DIP GUIDELINES	SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000
SEBI TAKEOVER CODE / SEBI (SAST) REGULATIONS	SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENTS THERETO UPTO THE PUBLIC ANNOUNCEMENT
SELLER	MCORPGLOBAL COMMUNICATIONS PRIVATE LIMITED (“MCPL”)
SHA	THE SHAREHOLDERS AGREEMENT DATED JULY 30, 2008 ENTERED INTO BETWEEN IDEA, TMI INDIA, GAASPL AND SPICE
SHARE(S)	FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF RS.10/- EACH OF SPICE
SHAREHOLDER(S)	EQUITY SHAREHOLDER OF SPICE HOLDING FULLY PAID UP EQUITY SHARE OF RS. 10/- EACH
SPA	THE SHARE PURCHASE AGREEMENT DATED JUNE 25, 2008 ENTERED INTO BETWEEN IDEA AND MCPL
SPECIFIED DATE	MONDAY, JULY 14, 2008
SPICE / THE TARGET COMPANY	SPICE COMMUNICATIONS LIMITED
TMI	TM INTERNATIONAL BERHAD
TMI INDIA	TMI INDIA LTD
TMI MAURITIUS	TMI MAURITIUS LTD
UAS LICENCES / UASL	UNIFIED ACCESS SERVICE LICENCE
USD	UNITED STATE DOLLAR

Rupee Translation: Certain financial details contained in this Letter of Offer are denominated in USD and / or RM. The Rupee equivalent quoted in case of USD is calculated at the quoted USD/INR exchange rate as on June 27, 2008, namely 1USD = Rs. 42.845 (Source: Bloomberg), while the Rupee equivalent of RM numbers is calculated at the quoted MYR/INR exchange rate as on June 27, 2008, namely 1RM = Rs. 13.14 (Source: Bloomberg)

In this Letter of Offer, any discrepancies in any table between the total and sum of amounts listed are due to rounding off.

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF SPICE COMMUNICATIONS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, PACs OR THE TARGET COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ACQUIRER AND THE PAC ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER AND THE PAC DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, LAZARD INDIA PRIVATE LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JULY 11, 2008 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND THE PAC FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3. DETAILS OF THE OFFER

3.1 Background of the Offer

- 3.1.1 This Offer is being made to the equity shareholders of Spice Communications Limited ("Spice" or "Target Company") in accordance with Regulations 10, 11 and 12 of the SEBI Takeover Code in view of substantial acquisition of shares of Spice by Acquirer and PACs, consolidation of holdings in Spice by Acquirer and PACs and change in control of Spice.
- 3.1.2 Idea Cellular Limited ("Idea" or "Acquirer"), a public limited company incorporated under the Companies Act, 1956 having its registered office at Suman Tower, Plot No. 18, Sector – 11, Gandhinagar – 382011, Gujarat along with TM International Berhad ("TMI"), a company incorporated under the laws of Malaysia, with its registered office at Level 42, North Wing, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia; TMI Mauritius Ltd ("TMI Mauritius"), a company incorporated under the laws of Mauritius, with its registered office at Level 6, One Cathedral Square, Jules Koenig Street, Port Louis, Mauritius; TMI India Ltd ("TMI India"), a company incorporated under the laws of Mauritius having its registered office at Level 6, One Cathedral Square, Jules Koenig Street, Port Luis, Mauritius and Green Acre Agro Services Private Limited ("GAASPL"), a private limited company incorporated under the Companies Act, 1956 having its registered office at Apeejay, Shahid Bhagat Singh Marg, Fort, Mumbai – 400 001 hereinafter collectively referred to as the "Persons Acting in Concert" or "PAC" are making this offer ("Offer") to the Shareholders of Spice Communications Limited ("Spice" or the "Target Company") to acquire from them upto 137,985,050 fully paid-up equity shares of Rs. 10/- each ("Offer Size") representing 20 % of Fully Expanded Voting Equity Capital of Spice, at a price of Rs. 77.30 (Rupees Seventy Seven and Thirty paise only) per fully paid up equity share (the "Offer Price") payable in cash subject to the terms and conditions mentioned hereinafter.
- 3.1.3 Idea is a leading GSM Mobile Services operator in India currently operating in 12 service areas of India covering Delhi, Mumbai, Himachal Pradesh, Rajasthan, Haryana, Uttar Pradesh (East), Uttar Pradesh (West) (including Uttaranchal), Madhya Pradesh (including Chattisgarh), Gujarat, Maharashtra (including Goa), Andhra Pradesh and Kerala. In addition, it holds licenses for 10 service areas/circles directly and of one services area (i.e. Bihar including Jharkhand) through its wholly owned subsidiary Aditya Birla Telecom Limited. The equity shares of the Acquirer are listed on the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE").
- 3.1.4 TMI is a company listed on the Main Board of Bursa Malaysia Securities Berhad (Malaysian Stock Exchange) having mobile and mobile related operations and investments in 10 countries. TMI India is a wholly owned subsidiary of TMI Mauritius which in turn is wholly owned by TMI. TMI India is primarily an investment holding company which also provides technical services. TMI Mauritius is primarily an investment holding company with no operations of its own. GAASPL, incorporated under the Companies Act, 1956, is a private company and does not have any significant commercial activity. Due to the operation of Regulation 2(1)(e)(2) of the SEBI Takeover Code, there could be persons who could be deemed to be acting in concert with the Acquirer and the PAC. However, such persons are not acting in concert for the purposes of this Offer.

3.1.5 On June 25, 2008 Idea entered into a Share Purchase Agreement (“SPA”) with MCorpGlobal Communications Private Limited (formerly known as Modi Wellvest Private Limited) (“MCPL” or “Seller”) to acquire 281,489,350 shares (“Sale Shares”) representing 40.8% of the issued share capital of Spice for a consideration of Rs. 77.30 per share (Seventy seven rupees and thirty paise only) aggregating to Rs. 2,17,591 lacs (“Sale Consideration”). The Sale Shares will represent 40.8% of the Fully Expanded Voting Equity Capital of Spice.

3.1.6 The Sale Shares are subject to lock-in under SEBI (Disclosure and Investor Protection) Guidelines, 2000 (“SEBI DIP Guidelines”), more particularly, 137,985,000 shares are subject to lock-in restrictions for a period of 3 years from July 10, 2007 pursuant to paragraph 4.11.1 of the SEBI DIP Guidelines (the “Promoter Locked-In Shares”) and 143,504,350 shares are subject to lock-in restrictions for a period of 1 year from July 10, 2007 (the “Other Shares”) pursuant to paragraph 4.14.1 of the SEBI DIP Guidelines. Further, in accordance with the SEBI DIP Guidelines, the Acquirer has provided an undertaking to continue the existing lock-in restrictions.

3.1.7 The details of the Seller is as under

Name Of Seller	Shares Held As On The Date Of SPA	Shares Proposed To Be Sold Under The SPA	Address And Contact Details Of Sellers
MCorpGlobal Communications Private Limited (formerly known as Modi Wellvest Private Limited)	281,489,350	281,489,350	D-1, Sector 3, Noida - 201301; Tel: +91 120 4363 600 Fax No: +91 120-4320467

3.1.8 The other key terms of the SPA are as follows:

- The Sale Shares can be acquired either through a market purchase on any of the block trading windows on either the BSE or NSE, or through an off-market purchase and in 1 or more tranches. Upon effecting the transfer of any of the Sale Shares, the Sale Shares will be delivered into an escrow account established with Hongkong and Shanghai Banking Corporation (“HSBC”) as an escrow agent and the Sale Shares will continue to remain in the escrow account until completion of the Offer formalities. The Acquirer will not exercise voting rights on the Sale Shares until all the formalities of the Offer are completed.

As provided in the SPA, on July 7, 2008, Idea has acquired 281,489,313 Shares at a price of Rs. 77.30 per Share and on July 15, 2008, 37 Shares at a price of Rs. 74.05 per Share, in total constituting 40.8% of the paid up capital of Spice. These Shares have been acquired via a block trade carried out on the BSE. Further, the above shares are held in an escrow account and in compliance with Regulation 23(6) of the SEBI Takeover Code, will be released to Idea only once the Acquirer and PACs have fulfilled all their obligations under the SEBI Takeover Code.

- It is provided that if the Acquirer fails to comply with the provisions of the SEBI Takeover Code, the SPA, to the extent it relates to the sale and purchase of the Sale Shares, shall not be acted upon by the Seller, the Target Company or the Acquirer.
- The SPA contains a provision expressly stipulating that the parties to the SPA shall not give effect to the transfer and delivery of the Sale Shares to the Acquirer until the Acquirer has fully complied with the provisions of the Regulations
- It is also provided that the SPA could be terminated by either of the parties in specified circumstances whereby the Acquirer or the Seller or the Target Company are not able to fulfill the specified obligations.
- The Seller and its affiliates are engaged in a number of businesses which use the brand ‘Spice’. The Acquirer has undertaken to cause Spice to cease, within a period of 3 years from the date of fulfillment of obligations of the Acquirer and Seller under the SPA, to use the brand ‘Spice’ and to transfer and assign to such affiliates of the Seller, all rights, title and interest of Spice in the brand ‘Spice’. However, it may be noted that this arrangement is not expected to affect the business of Spice as the merged entity as per the envisaged merger between Spice and Idea (refer 3.1.11 below), would use the brand ‘Idea’ which has a significantly stronger presence across India.

3.1.9 The Seller and its promoters (as defined below – ‘MCPL Promoters’), have extensive knowledge of the telecommunications sector and intimate knowledge of Spice’s business. Further they continue to have interests in the telecom sector being engaged through Spice Mobile Ltd in the distribution of hand sets,

through Cellebrum Technologies Ltd in providing value added services in the telecommunications space and through Hotspots Retail Pvt Ltd in retailing of telecommunications and technology products. Given the real risk of MCPL and/or the MCPL promoters re-entering the telecommunications sector and using their intimate knowledge of Spice to directly or indirectly compete with it, which would materially and adversely impact on Spice's operations and profitability and on shareholder value, along with the SPA, the Acquirer and the Seller have also entered into a non-compete agreement ('Non-Compete Agreement').

3.1.10 Pursuant to this Non-Compete Agreement, MCPL, has undertaken that it will not directly or indirectly compete with Spice and will procure that its affiliates and the MCPL promoters shall not directly or indirectly, alone or with, through or as adviser, consultant, partner or as agent for any person compete with Spice. In consideration of these undertakings, the Acquirer has agreed to pay the Seller an aggregate non-compete consideration of approximately Rs 54,398 lacs, which is equal to Rs 19.32 per Sale Share. The non-compete consideration does not exceed 25% of the Open Offer Price which is within the limit specified under Regulation 20(8) of SEBI (SAST) Regulations. Other salient terms of the Non-Compete Agreement are set out below:

- For a period of 3 years from the date of execution of the Non-Compete Agreement, MCPL has given up all its rights to undertake or carry on, either directly or indirectly, the business of providing 2G and 2.5G cellular mobile services under the terms of the Unified Access Services Licenses or the right to acquire an interest of 10% or more in a company whose business activities encompass the provision of 2G or 2.5G cellular mobile services.
- MCPL has undertaken to the Acquirer that, for a period of 3 years from the date of execution of the Non-Compete Agreement, it shall not, and shall procure that none of its affiliates or persons in ultimate control of MCPL, including Mr Dilip Modi, his spouse, his children and any entity controlled by Mr Dilip Modi, his spouse or his children (the 'MCPL Promoters') shall directly or indirectly, alone or with, through or as advisor, consultant, partner or agent for any person carry on, within India, any business which is the same as the Business.
- MCPL, its affiliates and MCPL Promoters agree to not, directly or indirectly, solicit, endeavor or entice away from Spice any director, manager, sales person or senior employee or any employee who is or was employed or otherwise engaged on a full time basis by Spice at any time during the previous 6 months.
- Further, MCPL, affiliates of MCPL and MCPL Promoters have acknowledged and agree with Idea and Spice that the undertakings provided by MCPL are reasonable and necessary for the protection of Spice and that, having regard to that fact, those undertakings do not work harshly on either or all of them.

3.1.11 Idea, TMI, TMI Mauritius, TMI India, GAASPL, the Target Company and Aditya Birla Nuvo Limited ("ABNL") (collectively referred to as "Parties"), a promoter of the Acquirer, have entered into a Merger Co-operation Agreement ("MCA") on June 25, 2008 whereby the Parties have agreed to co-operate towards the merger of the Target Company with the Acquirer in accordance with the provisions of Sections 391 – 394 of the Companies Act, 1956. Further, the MCA also captures inter se arrangements between Acquirer and PACs in relation to the Offer. The key terms of the MCA in relation to the Offer are:

- The Parties have agreed that only TMI, TMI India, TMI Mauritius and GAASPL will act as PAC with the Acquirer for the purposes of this Offer
- The Acquirer and PACs will co-operate fully with each other so as to enable them to conduct the Offer in compliance with the provisions of the Regulations and will be jointly and severally liable for the performance of their obligations under the Regulations
- The Parties to the MCA had agreed to enter into a New Shareholders Agreement ("SHA") within 10 days of Public Announcement which would govern their inter se rights in relation to the Target Company.

However, please note that the Parties vide letter dated July 14, 2008 had agreed to extend the time to execute the SHA to July 31, 2008 (Please refer to 3.1.13 below).

- Please note that the Parties have agreed that, subject to Applicable Laws, including FDI limits, Shares will be purchased by them pursuant to acceptances under the Offer as follows:
 - the first 49% of the Shares subject to the Offer will be purchased and paid for by TMI, TMI Mauritius and TMI India;
 - upto the next 49% of the Shares subject to the Offer will be purchased and paid for by GAASPL;
 - upto the remainder of the Shares subject to the Offer will be purchased and paid for by Idea

Further, to the extent TMI, TMI Mauritius and TMI India cannot purchase the full 49% of the Shares subject to the Offer as a result of FDI limits, GAASPL will purchase the shortfall upto such 49% in addition to the Shares to be purchased by it.

- The merger of Target Company with Acquirer will be conditional upon and subject to, amongst others, the following conditions precedent:
 - completion of the proposed Offer;
 - receipt of the necessary approval including shareholders approval of the Target Company and the Acquirer; and
 - obtaining the order from the respective High Courts under Section 391-394 of the Companies Act, 1956

3.1.12 The Acquirer, TMI and TMI Mauritius have entered in to a Share Subscription Agreement (“SSA”) dated June 25, 2008 whereby Acquirer agreed to issue and allot and TMI Mauritius agreed to subscribe to 464,734,670 equity shares of Rs. 10 each (“Subscription Shares”) of the Acquirer for an aggregate consideration of Rs. 7,29,448 lacs to be paid by TMI Mauritius to the Acquirer in accordance with chapter 13 of the SEBI DIP Guidelines (on the basis of Rs. 156.96 per Subscription Share). The issue and allotment by the Acquirer and subscription of Subscription Shares by TMI Mauritius was subject to the approval of the shareholders of the Acquirer and TMI. The approval of shareholders of Acquirer was received on July 30, 2008 and that of shareholders of TMI was received on August 1, 2008. Further to the above approvals the allotment of Subscription Shares by Idea was completed on August 13, 2008.

3.1.13 As envisaged by the MCA, the Acquirer, TMI India, GAASPL and Spice have entered into a Shareholders Agreement (“SHA”) on 30 July, 2008 to govern their inter se rights and obligations as shareholders of the Target Company. The SHA recognizes that the Acquirer shall have the responsibility for the day to day management and operation of the Target Company and the right, subject to prior consultation with TMI India, to nominate the chief executive officer of the Target Company. However, as certain actions relating to the Target Company e.g. issue of shares, approving of new business plan, acquiring or disposing of any interest in any business of the Company, etc. require the affirmative votes of the Acquirer and TMI India; TMI India, the Acquirer and the PACs may be considered as part of the “promoter group” as that term is defined in the SEBI DIP Guidelines. Hence, all references to the Acquirer and PACs as promoters or promoter group in this Letter of Offer should, accordingly, be read in that context.

3.1.14 This Offer is being made by the Acquirer and the PAC as a result of acquisition of 40.8% of equity shareholding in the Target Company by the Acquirer and the Acquirer and PACs gaining control and consolidating its shareholding in the Target Company pursuant to provisions of the MCA. Under the MCA, the Acquirer, TMI, TMI India, TMI Mauritius and GAASPL have agreed to act in concert with regard to this Offer, and to enter into a SHA for the management of Spice and inter se rights between them.

3.1.15 In view of the above, the Offer is a mandatory open offer under Regulation 10, Regulation 11 and Regulation 12 of the SEBI (SAST) Regulations.

3.1.16 Other than as stated in this Letter of Offer, the Acquirer and the PACs have neither acquired nor have been allotted any Shares of the Target Company in the last 12 months before the date of the Public Announcement. As on the date of the Public Announcement, the Acquirer and the PAC did not hold any Shares of the Target Company except TMI India which holds 270,450,600 shares comprising 39.2% of the paid up share capital of the Target Company.

3.1.17 Neither the Acquirer nor the PACs nor the Seller have been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the SEBI Act, 1992 or any other regulations made under the SEBI Act, 1992.

3.1.18 The applicable provisions of Chapter II of the SEBI Takeover Code, vis-à-vis the Target Company have been complied to by the Acquirer and the PACs.

3.1.19 Pursuant to the substantial acquisition, the Acquirer and the PAC will be in control of the Target Company. Further, the Acquirer and the PAC reserve the right to reconstitute the Board of Directors of the Target Company, in accordance with the provisions contained in the SEBI Takeover Code and the Companies Act, 1956. On August 8, 2008 the following directors nominated by the Acquirer and PAC have been appointed on the board of directors of the Target Company in accordance with Regulation 22(7) of the Regulations after depositing 100 percent of Offer consideration in cash in the escrow account:

- Mr. M.R. Prasanna;
- Mr. Ashish Dwivedi

3.2 Details of the Proposed Offer

3.2.1 The Public Announcement dated June 30, 2008 was published in the following newspapers, in accordance with Regulation 15 of the SEBI Takeover Code:

Publication	Language	Editions
Financial Express	English	All editions
Jansatta	Hindi	All editions
Nav Shakti	Marathi	Mumbai

3.2.2 The Public Announcement as well as this Letter of Offer will also be available for download at the SEBI website at www.sebi.gov.in

3.2.3 Idea together with TMI, TMI Mauritius, TMI India and GAASPL is making this cash Offer for acquisition of upto 137,985,050 fully paid-up equity shares of Rs. 10 each of Spice from the existing shareholders of Spice representing 20% of Fully Expanded Voting Equity Capital of Spice, at a price of Rs. 77.30 (Rupees Seventy seven and thirty paise only) per fully paid up equity share of face value Rs. 10 each payable in cash, subject to terms and conditions mentioned hereinafter.

3.2.4 Following consummation of this Offer (assuming full acceptance of the Offer) and the transaction described in 3.1.5 above, Idea together with PAC will hold upto 100 % of Fully Diluted Voting Equity Capital of Spice.

3.2.5 Idea /TMI /TMI Mauritius /TMI India /GAASPL have not acquired any shares via open market transactions/ other purchases between the date of the Public Announcement and this letter of Offer except as described under:

- On July 7, 2008 Idea acquired 2,000,000 Shares at an average market price of Rs. 74.81 per share, forming 0.29% of the paid up capital of Spice. These shares were acquired via open market transactions.
- As provided in the SPA, on July 7, 2008 Idea acquired 281,489,313 Shares at an average market price of Rs. 77.30 per share, forming 40.8% of the paid up capital of Spice. These shares were acquired via a block trade carried on the BSE
- As per the Regulations, Idea has duly informed the Manager to the Offer and the respective stock exchanges about the above mentioned acquisitions. Idea has also confirmed that no shares have been acquired at a price greater than the open offer price of Rs. 77.30 per share. The above shares are held in an escrow account and in compliance with Regulation 23(6) of the SEBI Takeover Code, will be released to Idea only once the Acquirer and PACs have fulfilled all their obligations under the SEBI Takeover Code. Further, the above Shares are not be eligible to be tendered in the Offer

3.2.6 The Offer is not conditional on any minimum level of acceptances by the Shareholders.

3.2.7 No competitive bids have been made.

3.3 Objects of the Proposed Offer

3.3.1 The acquisition of Spice provides various benefits to Acquirer detailed as under:

- It has been the endeavour of Idea to provide telecommunication services throughout India; Spice's circles of operations, namely Punjab and Karnataka, are complimentary to Idea's footprint and the acquisition helps Idea's medium to long term vision of becoming a Pan India operator;
- Spice delivers a strong existing platform in the circles of Punjab and Karnataka;
- Idea's operations in the 900MHz GSM spectrum band will increase from the current 7 circles to 9 circles, providing significant capital expenditure advantages; and
- Economies of scale, infrastructure sharing and other operational synergies will result in optimization of operating and capital expenditure in the two companies.

4. BACKGROUND OF THE ACQUIRER – IDEA CELLULAR LIMITED (“ACQUIRER”/ “IDEA”)

4.1 Idea was incorporated as Birla Communications Limited on March 14, 1995 and granted a certificate of commencement of business on August 11, 1995. The name of the company 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 Idea's Equity Share capital and the AT&T Wireless Services Inc. (“AWS Group”) held the balance 49%.

With effect from January 1, 2001, following Idea's merger with Tata Cellular Limited the aforesaid joint venture agreement between AT&T Corporation and Grasim Industries Limited was replaced by a shareholders agreement dated December 15, 2000 entered into between Grasim Industries Limited, Tata Industries Limited (on behalf of the TATA Group) and AT&T Wireless Services Inc. following which the name of the company was changed to Birla Tata AT&T Limited on November 6, 2001. Consequent to the introduction of the "Idea" brand, on May 1, 2002 the name of the company was changed to Idea Cellular Limited. The AWS Group exited from Idea on September 28, 2005 by selling 371,780,740 equity shares of Idea, which constituted 50% of the holding of AT&T Cellular Private Limited in Idea's 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 Idea 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 Idea to the Aditya Birla Group.

- 4.2 The registered office of Idea is located at Suman Tower, Plot No. 18, Sector 11, Gandhinagar 382011, Gujarat. The corporate office of Idea is located at 5th Floor, "Windsor", Off CST Road, Near Vidya Nagari, Kalina, Santacruz (East), Mumbai – 400 098 (Phone : +91 (22) 6682 0000).
- 4.3 Idea is a leading GSM Mobile Services operator in India currently operating in 12 service areas of India covering Delhi, Mumbai, Himachal Pradesh, Rajasthan, Haryana, Uttar Pradesh (East), Uttar Pradesh (West) (including Uttaranchal), Madhya Pradesh (including Chattisgarh), Gujarat, Maharashtra (including Goa), Andhra Pradesh and Kerala. In addition, it holds licenses for 10 service areas directly and of one services area (i.e. Bihar including Jharkhand) through its wholly owned subsidiary Aditya Birla Telecom Limited.
- 4.4 Idea is a listed entity with its equity shares listed on NSE and BSE. As on the date of Public Announcement the closing price of its shares was Rs 93.10 on the BSE and Rs 93.40 on the NSE. Idea has a market capitalization of over Rs. 2,200,000 lacs.
- 4.5 Idea's promoters are Aditya Birla Nuvo Limited, Grasim Industries Limited, Hindalco Industries Limited, and Birla TMT Holdings Private Limited.
- 4.6 Brief history of Idea and some major events are summarized as under:

DATE	MAJOR EVENTS
1995	<ul style="list-style-type: none"> ● Incorporated as Birla Communications Limited ● Obtained licenses for providing GSM-based services in the Gujarat and Maharashtra (including Goa) Circles following the original GSM license bidding process.
1996	<ul style="list-style-type: none"> ● Changed name to Birla AT&T Communications Limited following joint venture between Grasim Industries and AT&T Corporation.
1997	<ul style="list-style-type: none"> ● Commenced operations in the Gujarat and Maharashtra (including Goa) Circles
1999	<ul style="list-style-type: none"> ● Migrated to revenue share license fee regime under the New Telecom Policy ("NTP")
2000	<ul style="list-style-type: none"> ● Merged with Tata Cellular Limited, thereby acquiring original license for the Andhra Pradesh Circle
2001	<ul style="list-style-type: none"> ● Acquired RPG Cellcom Limited and consequently the license for the Madhya Pradesh (including Chattisgarh) Circle. ● Changed name to Birla Tata AT&T Limited. ● Obtained license for providing GSM-based services in the Delhi Circle following the fourth operator GSM license bidding process.
2002	<ul style="list-style-type: none"> ● Changed name to Idea Cellular Limited and launched "Idea" brand name. ● Commenced commercial operations in Delhi Circle. ● Reached the one million subscriber mark.
2003	<ul style="list-style-type: none"> ● Reached the two million subscriber mark.
2004	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● Reached the five million subscriber mark ● Turned net profit positive ● Sponsored the International Indian Film Academy Awards

DATE	MAJOR EVENTS
2006	<ul style="list-style-type: none"> 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. Won the 2005 Award for the "Bill Flash" service at GSM Association Awards in Barcelona, Spain Launched services in Rajasthan, Uttar Pradesh (East) & Himachal Pradesh. Reached the 10 million subscriber mark. Received Letter of Intent from the DoT for a new UAS License for the Mumbai Circle (license signed in December 2006). License signed with Department of Telecom for National Long Distance services and commenced services in December 2006
2007	<ul style="list-style-type: none"> Won the award for "CARE" service in the "Best Billing or Customer Care Solution" at the GSM Association Awards in Barcelona, Spain Initial public offering aggregating to Rs. 28,187 million and listing of equity shares on the BSE and the NSE Merger of seven subsidiaries with Idea Cellular Limited Reached the twenty million subscriber mark Acquired Aditya Birla Telecom Limited, a company holding license to operate in the telecom service area of Bihar
2008	<ul style="list-style-type: none"> Signed Unified Access Service licences from DoT for 8 telecom service areas of Orissa, Tamil Nadu including Chennai, Karnataka, Punjab, West Bengal, Kolkatta, Assam, North East & Jammu and Kashmir, thus becoming a Pan India licensee.

4.7 The authorised share capital of Idea is Rs. 57,750,000,000 consisting of 4,275,000,000 Equity Shares of Rs. 10 each and 1500 redeemable cumulative non-convertible preference shares of Rs. 10,000,000/- each. The paid up share capital of Idea is Rs. 26,353,605,390 consisting of 2,635,360,539 Equity Shares of Rs. 10 each.

4.8 Shareholding pattern of Idea as on the date of the Public Announcement is as under:

Particulars	Number of Shares	% holding
Promoters:		
a. Aditya Birla Nuvo Ltd.	837,526,221	31.78
b. Grasim Industries Ltd.	171,013,894	6.49
c. Birla TMT Holdings Pvt Ltd.	283,565,373	10.76
d. Hindalco Industries Ltd.	228,340,226	8.66
Foreign Holding including FII, NRI, OCBs and FVCF	844,326,987	32.04
Fis/Banks/MF	141,640,821	5.37
Public	128,947,017	4.89
TOTAL	2,635,360,539	100

Note: Aditya Birla Nuvo Ltd, Grasim Industries Ltd, Birla TMT Holdings Pvt Ltd and Hindalco Industries Ltd are Aditya Birla Group companies

Details of major shareholders holding more than 5% as on the date of Public Announcement:

Particulars	% holding	Ultimate Promoter
Shareholders holding more than 5%:		
a. Aditya Birla Nuvo Ltd.	31.78	Aditya
b. Grasim Industries Ltd.	6.49	Birla
c. Birla TMT Holdings Pvt. Ltd.	10.76	Group
d. Hindalco Industries Ltd.	8.66	
e. P5 Asia Investments (Mauritius) Ltd.	12.52	Providence Equity Partners (a global private equity firm based out of US)

Note: The above list of major shareholders is as of June 30, 2008 and excludes the preferential allotment made to TMI Mauritius whereby TMI Mauritius became a major shareholder in the Acquirer holding 14.99%

- 4.9 As on the date of Public Announcement, Idea did not hold any shares in the Target Company. Idea has not acquired any stake in Spice or its subsidiaries prior to the Public Announcement for this offer. However, on July 7, 2008 Idea has made the following acquisitions:
- 2,000,000 Shares at an average market price of Rs. 74.81 per share, forming 0.29% of the paid up capital of Spice. These shares were acquired via open market transactions.
 - As provided in the SPA, 281,489,313 Shares at an average market price of Rs. 77.30 per share, forming 40.8% of the paid up capital of Spice. These shares were acquired via a block trade carried on the BSE
- Further, on July 15, 2008, Idea acquired 37 Shares at a price of Rs. 74.05 per Share via open market transaction.
- As per the Regulations, Idea has duly informed the Manager to the Offer and the respective stock exchanges about the above mentioned acquisitions. Idea has also confirmed that no shares have been acquired at a price greater than the open offer price of Rs. 77.30 per share. The above shares are held in an escrow account in compliance with Regulation 23(6) of the SEBI Takeover Code and will be released to Idea only once the Acquirer and PACs have fulfilled all their obligations under the SEBI Takeover Code.
- 4.10 Idea has complied with all the provisions of Chapter II regulations of SEBI Takeover Code.
- 4.11 One of the promoters of Idea, Birla TMT Holdings Private Limited is an equal shareholder of GAASPL holding 50% of the share capital of GAASPL, with the balance 50% being held by Infocyper India Private Limited.
- 4.12 TMI has executed a SSA dated June 25, 2008 with Idea, whereby TMI has agreed to subscribe to 464,734,670 equity shares of Idea constituting 14.99% of the expanded paid up equity capital of Idea, to be issued on a preferential basis at a price of Rs. 156.96 per share. The preferential issue was subject to the shareholder approval of Idea, the shareholder approval of TMI and the approval from Bank Negara. The preferential issue was completed on August 13, 2008 after due receipt of shareholders' approval of Idea and shareholders' approval of TMI.
- 4.13 For the purposes of this Offer, TMI, TMI India, TMI Mauritius and GAASPL are PAC.
- 4.14 Idea, presently, has several long term financing arrangements pursuant to which approval of its lenders is required for, amongst others, the acquisition of shares of the Target Company. Given the current financial position of Idea coupled with large equity infusion by TMI Mauritius through the preferential issue amounting to Rs.7,29,447 lacs (which will be used to augment the long term resources of the Acquirer for meeting the fund requirements for growth plans, to supplement the working capital resources and for general corporate purposes as per resolution passed by the shareholders on July 30, 2008), Idea is confident of receiving the approvals. Based on consultation with the lenders, a revised business plan is being prepared for submission to them pursuant to which their approval is expected.
- 4.15 The Directors of Idea and their addresses as of the date of Public Announcement are as follows:

Name/designation/ date of appointment	Educational Qualification	Experience	Residential Address
Dr. Kumar Mangalam Birla Chairman 20.06.2006	CA & MBA from the London Business School, London.	He serves as a director on the board of the Aditya Birla Group's international companies spanning Thailand, Indonesia, Malaysia, Philippines and Egypt and 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.	Mangal Adityayan 20, Carmichael Road Mumbai - 400 026

Name/designation/ date of appointment	Educational Qualification	Experience	Residential Address
		<p>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.</p>	
<p>Mrs. Rajashree Birla Director 20.06.2006</p>	<p>Graduate from the Loreto College, Kolkata</p>	<p>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, she 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.</p>	<p>Mangal Adityayan 20, Carmichael Road Mumbai - 400 026</p>
<p>Mr. M R Prasanna Director 17.01.2002</p>	<p>Bachelors degree in Science and a Master's degree in Law from the University of Mysore.</p>	<p>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 he was awarded the "Best In-house Counsel" award by Asia Law HK. Prior to moving to the Aditya Birla Group, Mr. Prasanna</p>	<p>901, Citadel, 9th Floor, 18-B L.D. Ruparel Marg, Malabar Hill, Mumbai – 400 006</p>

Name/designation/ date of appointment	Educational Qualification	Experience	Residential Address
		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 the Board of the Company since January 2002.	
Mr. Sanjeev Aga Managing Director 29.09.2004	Honors' Graduate in Physics from St. Stephen's College, Delhi and has an MBA from the IIM, Calcutta.	He 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. 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 Acquirer for a period of five years with effect from November 1, 2006.	9th Floor, Nav Sonarbala Annexe, Turner Road, Bandra (W), Mumbai
Mr. Saurabh Misra Director 20.06.2006	B.A. (Honors)	He 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 the Board of the Company since June 2006.	Sorrento, Flat No. 2, Mount Pleasant Road, Mumbai – 400 006
Mr. Arun Thiagarajan Director 02.09.2006	Masters in engineering, Business administration from Sweden, Advanced Management program from Harvard, USA.	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.	Grace Home, 37Kanakapura Road, Basavangudi, Bangalore – 560 004
Ms. Tarjani Vakil Director 02.09.2006	M.A. from the University of Bombay	She 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	A-1, Ishwardas MansionsNana Chowk, Mumbai – 400 007

Name/designation/ date of appointment	Educational Qualification	Experience	Residential Address
		<p>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</p>	
<p>Mr. Mohan Gyani Director 02.09.2006</p>	<p>MBA in finance from San Francisco State University</p>	<p>He was formerly President and the Chief Executive Officer of AT&T Wireless Mobility Group, and has considerable telecommunications and GSM-based industry experience. 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.</p> <p>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 the Board of the Company since September 2006.</p>	<p>2137 Cascara Ct., Pleasanton, California, USA 94588</p>
<p>Mr. Biswajit Anna Subramanian Director 01.12.2006</p>	<p>MBA from the Wharton School of the University of Pennsylvania and Masters degree in Electrical Engineering from the University of California, Santa Barbara and Bachelors degree in Electrical Engineering from the Indian Institute of Technology</p>	<p>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</p>	<p>2, Shivji Marg, West End Greens, Rangpuri, New Delhi-110 037</p>

Name/designation/ date of appointment	Educational Qualification	Experience	Residential Address
Mr. Gian Prakash Gupta Director 11.12.2006	Post graduate degree in commerce	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.	101, Kaveri, B Wing, Neelkanth Valley, 7th Road, Rajawadi, Ghatkopar (East), Mumbai – 400 077

4.16 None of the directors of Idea have acquired any shares of the Target Company over the last 12 months from the date of the Public Announcement.

4.17 None of the directors/ representatives of Idea are on the board of directors of the Target Company except the following:

- Mr. M.R. Prasanna;
- Mr. Ashish Dwivedi

Post the appointment on August 8, 2008, as per Regulation 22(9) of the Regulations, the above persons have recused themselves and shall not participate in any matter(s) concerning or relating to the Offer.

4.18 Except as disclosed in this Letter of Offer there are no other agreements between the Acquirer and PACs in relation to the Offer / acquisition of the Shares

4.19 Brief consolidated financials of Idea are presented below (Source : Annual Report 2008 and 2007):

Profit and Loss for the year ended March 31

All Figures in Rs. Lacs	2008	2007	2006
Income from Operations	671,999	436,640	296,618
Other Income	1,746	2,093	2,074
Total Revenue	673,745	438,733	298,692
Total Expenditure	446,819	290,114	190,049
Profit before Interest, Tax, Depreciation & Amortization	226,926	148,619	108,644
Depreciation & Amortisation	87,681	67,182	54,951
Finance & Treasury Charges (Net)	27,762	30,512	31,711
Profit Before Tax	111,483	50,925	21,981
Taxation	7,252	703	805
Profit after Tax	104,231	50,222	21,177

Balance Sheet for the year ended March 31st

All Figures in Rs. Lacs	2008	2007	2006
Sources of Funds			
Paid up Share Capital	263,536	259,286	274,253
Other Reserves	90,924	-41,308	-160,893
Net Worth	354,460	217,978	113,359
Secured Loans	545,488	353,977	157,086
Unsecured Loans	106,053	71,074	171,474
Total loans	651,540	425,050	328,560
Deferred Income Tax liability	6,610	106	-
Total	1,012,611	643,134	441,919
Uses of Funds			
Net fixed assets	1,071,628	610,999	387,765
Goodwill on Consolidation	612	612	117,911
Investments	55,600	123	-
Net Current Assets	-115,229	31,400	-63,757
Total Misc Exp. Not written off	-	-	-
Total	1,012,611	643,134	441,919

Other Financial Data

	2008	2007	2006
Dividend % ***		No dividend declared	
Earnings per Share – Basic	3.96	2.19	0.74
Return On Net Worth %*	36%	30%	21%
Book Value Per share (Rs.)**	38.42	24.8	19.56

*Return has been calculated as Net Income / (Shareholder's Equity + Minority Interest)

** Book Value per share has been calculated as Shareholder's Equity/ Weighted avg. no of basic shares ,

*** Dividend % - Dividend per share upon Face value per share

Idea confirms that the requirement with respect to adjustments to financial statements, required as per Clause 11 (a) to (e) of Annexure I of the Standard Letter of Offer format of SEBI with respect to the Offer as per the SEBI Takeover Regulations are not applicable and therefore are not relevant.

4.20 Major contingent liabilities and commitments –

- On March 2, 2006, the Honourable Supreme Court passed an order adjudicating that providing of telecommunication services cannot be termed as 'Goods' under the Sale of Goods Act. In view of the above judgment, demands raised for sales tax on activation of new connections, rentals and airtime by sales tax authorities stand extinguished. As of March 31, 2008, Sales Tax demands of Rs. 602.2 lacs. (Previous Year Rs.9314 lacs) are required to be yet formally vacated by the authorities.
- Export obligation under EPCG (Export Promotion Credit Guarantee) Scheme is Rs. 3010.6 lacs. (Previous Year Rs. 3010.6 lacs.). Failure to meet this export obligation within the stipulated time frame as per Foreign Trade Policy 2004-2009 would result in the payment of the aggregated differential duty saved amounting Rs. 377.2 lacs. (Previous Year Rs. 377.2 lacs.) along with interest thereon. The group is confident of meeting the obligations based on its current international in-roaming revenue trends.
- During the financial year 2006-07, the Wireless Planning and Coordination wing of the Ministry of Communications ("WPC") Wing of the DoT had raised demands towards monthly compounded interest on WPC charges for the period upto the financial year 2002-03 in respect of the telecom service areas of the erstwhile Idea Mobile Communication Limited (IMCL) and BTA Cellcom Ltd. Telecom operators had paid WPC royalty and license fees towards GSM frequency, access and back-bone frequency charges on circle area basis as provided in the license terms from inception till financial year 2002-03 while the DoT demands were on city basis. The above matter was disputed by the operators and contested in TDSAT. DoT proposed a change in the basis of levy of spectrum charges based on revenue share vide their letter dated April 18, 2002 on the condition of its acceptance in entirety and withdrawal of all legal proceedings by the operators. Vide their letter dated March 26, 2002, DoT had also given time to the operators to deposit the earlier principal demands by April 15, 2002. The operators accepted the offer of change to revenue share basis on August 23, 2002. The interest demand now raised by WPC wing of DoT for the period before April 15, 2002 is contrary to the DoT proposal in 2002. Idea is therefore in the process of taking suitable remedial action on these demands including a notice to the erstwhile promoter of Idea Mobile Communication Limited for Rs. 3,487.9 lacs.

■ Other Matters not provided for:

Particulars (Rs. in lacs)	As at March 31, 2008	As at March 31, 2007
Income Tax Matters not acknowledged as debts	187.5	983.8
Sales Tax & Service Tax Matters not acknowledged as debts	12,540.6	3,138.3
Other claims not acknowledged as debts	11,171.8	5,053.6

- Estimated amount of contracts (net of advance) remaining to be executed on capital account and not provided for.

Particulars (Rs. in lacs)	As at March 31, 2008	As at March 31, 2007
Estimated amount of contracts (net of advance)	203,904.2	101,775.7

■ **Details of guarantees given:**

Particulars (Rs. in lacs)	As at March 31, 2008	As at March 31, 2007
Bank guarantees given to DoT including performance guarantees of Rs.23,700 lacs (Previous Year Rs. 11,400 lacs)	79,956.7	38,073.9
Bank guarantees given to BSNL	2,610.7	2,416.4
Bank guarantees given to Others	17,068.1	2,780.1

- In accordance with an assignment agreement entered between the original promoters of the amalgamated subsidiary Idea Mobile Communications Limited ("IMCL") i.e. Escorts Ltd. and First Pacific Company Ltd., IMCL had issued interest free unsecured bond of Rs. 17,573.6 lacs to Escorts Limited vide a Loan agreement dated January 15, 2004. This bond was in lieu of the loans from the original promoters and included accrued interest of Rs. 8,573.6 lacs on June 10, 2004. This Bond is repayable on January 15, 2014 and carries a put option for Escorts Limited 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 Idea had it opted for an early redemption in accordance with the terms of the said agreement. Idea is entitled to pre payment and set off against certain contingent liabilities that may crystallise after June 10, 2004.

4.21 Reasons for Rise /Fall in Total Income

- 2008 vs. 2007: The total income for FY 2007-08 stood at Rs.6,73,744.6 lacs as against Rs.4,38,732.9 lacs for FY 2006-07. The increase of Rs.2,35,011.7 lacs representing an increase of approx 54% over the previous year is largely due to the increase in subscriber base which went up by 71%. Also three of Idea's circles i.e. Rajasthan, Himachal Pradesh & UP (East), which were launched during FY 2006-07 operated for the full year and added Rs.30,730 lacs in revenue over the previous financial year.
- 2007 vs. 2006: During the year ended March 31, 2007, revenues grew by 47% to Rs. 4,38,733 lacs from Rs. 2,98,692 lacs for the year ended March 31, 2006. This was largely due to increase in subscriber base by 90% to 14.01 mn as of March 31, 2007 compared to 7.37 mn as of March, 2006 and expansion in network coverage. Revenues from SMS and related application services accounted for about 9% of the revenues for the year. Revenues from National Long Distance Services accounted for approx Rs. 7,790 lacs, which stood eliminated during the course of inter segment consolidation. For the year ended March 31, 2007, Idea had a profit before interest, depreciation and amortisation of Rs. 1,48,619 lacs, representing an increase of 36.8% compared to the year ended March 31, 2006. The operating profit margin for 2006-07 and 2005-06 stood at 34% & 36% respectively. The decrease in margin was mainly attributable to the commencement of operations in the new service areas of Himachal Pradesh, Uttar Pradesh (East) and Rajasthan.

4.22 Significant Accounting Policies of Idea:

- **Basis of Preparation of Financial Statements:** The consolidated financial statements of Idea, its subsidiary companies and joint ventures are prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements" and Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India ("ICAI"). The consolidated financial statements are prepared under historical cost convention on accrual basis. The mandatory applicable accounting standards have been followed in preparation of these financial statements.
- **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 capitalised 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.
- **Expenditure during pre-operative period of licence:** Expenses incurred on 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.
- **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	10 to 13
Optical Fibre	15
Other Plant and Machineries	5

TANGIBLE ASSETS	YEARS
Office Equipment	3 to 9
Computers	3
Furniture and Fixtures	3 to 10
Motor Vehicles	Upto 5
Leasehold Improvements	Period of Lease

- **Intangible Assets:**
 - i) Cost of Rights and Licences including the fees paid on fixed basis prior to revenue share regime is amortised 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 amortised over their useful economic lives as estimated by the management between 3 to 5 years.
 - iii) Bandwidth / Fibre taken on Indefeasible Right of Use (IRU) is amortised over the agreement period.
- **Licence Fees – Revenue Share:** With effect from August 1, 1999 the variable Licence 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.
- **Inventories:** Inventories are valued at cost or net realisable value, whichever is lower. Cost is determined on weighted average basis.
- **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 recognised in the Profit and Loss account. 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. In case of forward exchange contracts, the difference between the forward rate and the exchange rate at the date of transaction is recognised in the profit and loss account over the life of the contract.
- **Leases:**
 - a) **Operating:** 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 recognised as expense in the profit and loss account, on a straight-line basis over the lease term.
 - b) **Finance:** Leased assets acquired on which significant risk and reward of ownership effectively transferred to Idea are capitalised at lower of fair value or the amounts paid under such lease arrangements. Such assets are amortised over the period of lease.
- **Taxation:**
 - a) **Current Tax:** Provision for current income tax is made on the taxable income using the applicable tax rates and tax laws.
 - b) **Deferred Tax:** Deferred tax arising on account of timing differences and which are capable of reversal in one or more subsequent periods is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognised unless there is virtual certainty with respect to the reversal of the same in future years.
- **Contingent Liability:** Disclosures for contingent liabilities are considered to the extent of notices / demands received by Idea.
- **Retirement Benefits:** Contributions to provident and pension funds are funded with the appropriate authorities and charged to the profit and loss account. Contributions to superannuation are funded with the Life Insurance Corporation of India and charged to the profit and loss account. Liability for gratuity as at the period end is provided on the basis of actuarial valuation and funded with Life Insurance Corporation of India. Provision in accounts for leave benefits to employees is based on actuarial valuation done by projected accrued benefit method at the period end.
- **Revenue Recognition and Receivables:** Revenue on account of mobile telephony services and sale of handsets and related accessories is recognised net of rebates, discount, service tax, etc. on rendering of services and supply of goods respectively. Recharge fees on recharge vouchers is recognised as revenue as and when the recharge voucher is activated by the subscriber. Unbilled receivables, represent revenues recognised 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. 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 on account of Interconnect Usage Charges (IUC), roaming charges and passive infrastructure sharing from other telecom operators 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.

- **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.
- **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. Such costs are capitalized with the fixed assets.
- **Impairment of Assets:** Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of the assets fair value less costs to sell vis-à-vis value in use. For the purpose of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows
- **Provisions:** Provisions are recognised when Idea 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.
- **Issue Expenditure:** Expenses incurred in connection with issue of equity shares are adjusted against share premium.
- **Employee Stock Option:** In respect of stock option granted pursuant to the Idea's Employee Stock Option Scheme, the intrinsic value of the option is treated as discount and accounted as employee compensation cost over the vesting period.

4.23 Details of major litigations: Idea is involved in a number of legal cases, including among others regulatory, tax, consumer and labor claims which are pending in various courts and before various authorities and at different levels of adjudication. Some of the material ones are summarized below:

- **Regulatory matters:**
 - Idea had approached TDSAT seeking an interim stay on grant of GSM spectrum to other operators till such time the initial start up spectrum is allotted to Idea for its 9 new circles. Idea's plea for priority grant of spectrum is based on the seniority of its application. Hon'ble TDSAT vide its interim order dated February 28, 2008 has asked DoT to take into account the seniority of petitioner in respect of its applications dated June 26, 2006. While doing so the TDSAT has quoted extensively from the judgment of Delhi High Court dated February 13, 2008, whereby similar orders were passed in favour of M/s Parsavnath. At the last hearing, Idea has submitted its reply to the DoT rejoinder. The next date of the hearing is Aug 11, 2008. The impact is Spectrum allocation for 9 new Idea circles.
 - Idea has filed an independent petition against the DoT before TDSAT for the wrongful levy of penalty. A wrongful penalty of was levied by DoT on delayed payment of license fee even though, there was more than adequate refund to be made to Idea by DoT in the light of TDSAT judgment on refund of interest case. At the last hearing, Hon'ble TDSAT has issued notice to the Solicitor General of India seeking assistance on issues relating to relevant provisions & applicability of various clauses relating to Indian Telegraph Act & Contract Act. The next date of hearing is yet to be decided. The financial impact on Idea is approximately Rs. 1,950 lacs
 - TDSAT has given a judgment in Idea's favour for refund of the interest amount over charged by DoT during migration to revenue sharing regime in 1999. This judgment was later confirmed by Supreme Court with slight modifications. 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, Idea approached Supreme Court re-highlighting its initial submissions as well as inconsistencies in TDSAT order. The case has been admitted and notices have been issued. The next date of hearing is yet to be decided. The financial impact on Idea, if all prayers are granted is Rs. 6,000 lacs.
 - Apart from the above there are several regulatory cases filed by the Cellular Operators Association of India ("CAOI") which are pending in various courts and before various authorities and are at different levels of adjudication.

■ **Service tax matters:**

- In U.P. (West) circle, the service tax department has issued a show cause notice for disallowance of cenvat credit of Rs. 200 lacs in respect of capital goods and input services for the period Sept 04 to Mar 05 and for period Apr 05 to Sept 05. Idea has submitted a reply with the commissioner of central excise and customs. Commissioner passed the consolidate order (2004-05 and Apr-05 to Sep-05) whereby he confirmed Rs. 174.6 lacs demand and dropped the balance demand. The company has filed an appeal against the aforesaid order to tribunal and the same is pending to be heard. The company has paid Rs 50 lacs under protest.
- In U.P. (West) circle, the service tax department has issued a show cause notice for restricting cenvat credit to 20% of output liability for the period Sept 04 to Jan 07, alleging that the company is providing both taxable as well as exempt services and the company is not maintaining separate records for both types of services. Amount involved is Rs. 1,191 lacs.
- In Haryana circle, Idea has received a show cause notice from the service tax department for the period Apr 07 to Sept 07, asking the company as to show cause why cenvat credit on input services and capital goods should not be restricted to 20% of output liability. The company has filed written submissions. Personal hearing before Commissioner is over and the order is awaited. Amount involved is Rs. 1,165 lacs.
- In case of Madhya Pradesh circle, for the period Feb 2007 to Sept 2007 the company has received a show cause notice from the service tax department asking the company as to show cause why cenvat credit on input services and capital goods should not be restricted to 20% of output liability. The company has filed written submissions. Personal hearing is yet to be fixed in the matter. Amount involved is Rs. 3,291.7 lacs.

■ **Entry Tax matters:**

- In U.P. (West) circle, the sales tax department levied entry tax for the period 1999 to 2005, on plant and machinery and other spare parts purchased and brought into UP (West) and raised a demand of Rs. 108.2 lacs. The company filed writ petition before the High Court. The High Court vide its stay order has granted stay for the aforesaid demand. However, the case is still pending to be heard before High Court.
- In Madhya Pradesh circle for the period 1996 to 2004, the sales tax department has levied entry tax @ 1% on SIM cards, plant & machinery and consumables and raised demand of Rs. 216.3 lacs for all the above years. For all the above years, the appeal is pending before various appellate forums. Idea has filed writ before MP High Court on entry tax matter and hearing date 11.07.2008.

■ **Cell Site related matters:**

- Apart from three public interest litigation cases pending against the company objecting installation of communication towers, there are various civil cases pending against the company with respect to cell site related disputes.

4.24 Details of any merger, demerger, spin off, acquisition during last 3 years involving Idea:

4.24.1 During the year 2007, the corporate structure of Idea and its subsidiaries was rationalized by merging seven subsidiaries. In accordance with the scheme of amalgamation under sections 391-394 of Companies Act, 1956 the following erstwhile wholly owned subsidiaries amalgamated with Idea with Appointed date being April 1, 2006.

Sl.	Name	Nature Of Business
(i)	BTA Cellocm Limited	GSM based telecommunications services
(ii)	Idea Mobile Communications Limited	
(iii)	Idea Telecommunications Limited	
(iv)	Asian Telephone Services Limited	Investment companies holding shares in BTA Cellcom Limited
(v)	Bhagalaxmi Investments Private Limited	
(vi)	Sapte Investments Private Limited	
(vii)	Vsapte Investments Private Limited	

The scheme became effective from September 14, 2007, the date on which the last certified copy of the High Court Order was filed with the Registrar of Companies Gujarat.

4.24.2 De-merger: Idea also proposes to de-merge its passive infrastructure in respect of certain service areas to an indirect wholly owned subsidiary, which will merge with Indus Towers Limited (Indus), an independent tower company. Idea currently holds 16% equity in Indus through one of its wholly owned subsidiaries

4.25 Corporate governance

- Idea is fully compliant with all the provisions of Clause 49 of the Listing Agreement of the Stock Exchanges. A Certificate from the statutory auditors of Idea, confirming compliance with all the conditions of corporate governance, as stipulated in Clause 49 of the Listing Agreement of the stock exchanges is obtained and forms a part of Idea's annual report every year.
- Idea is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. The governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in Idea's value system and reflected in its strategic thought process. The principles of corporate governance in Idea Cellular Limited are based on five basic tenets:
 - **Board accountability:** The Board of Idea consisted of 10 directors as on March 31, 2008, comprising of a non-executive chairman, a managing director, 4 independent directors and 4 non-executive directors with considerable experience in their respective fields. The Board is headed by a non-executive chairman and the number of independent directors exceeds one-third of the total strength of the Board, the composition of the Board is in conformity with Clause 49 of the Listing Agreement entered with the stock exchanges.;
 - **Strategic guidance and effective monitoring by the Board:** The Board of Idea has constituted several board committees which are an audit committee, a remuneration committee, a shareholder' and investors' grievance committee, a compensation committee, a finance committee and an Initial Public Offer (IPO) committee ;
 - **Protection of minority interests and rights:** Idea's management takes all necessary steps so as to ensure protection of interests and rights of minority shareholders under all circumstances;
 - **Equitable treatment of all shareholders:** All shareholders are considered equal by Idea and its management;
 - **Superior transparency and timely disclosure:** All material disclosures relating to related party transactions, accounting treatment, any non compliance with regard to capital markets, proceeds from the IPO, remuneration to directors etc are duly made in time.
- The compliance officer of Idea is Mr. Pankaj Kapdeo, General Manager (Legal) & Company Secretary. The Compliance Officer can be contacted at: "Windsor", 5th Floor, Off CST Road, Near Vidya Nagari, Kalina, Santacruz(E), Mumbai – 400098 Tel: +91-22-66820106 Fax: +91-22-66820499 Email: shs@idea.adityabirla.com

4.26 Idea has five subsidiary companies in India. Key details for these subsidiary companies are indicated below.

Name of Company	% Shareholding	Date Of Incorp.	Registered office	Nature Of business
Swinder Singh Satara & Co. Limited	100%	12.09.1983	A-26/5 Mohan Cooperative Industrial Estate, Mathura Road, New Delhi – 110 044	Holds property in Delhi
Aditya Birla Telecom Ltd.	100%	20.12.2005	Aditya Birla Centre, A Wing, 4th Floor, S.K. Ahire Marg, Worli, Mumbai – 30	Provision of GSM Based services in Bihar service area
Idea Cellular Services Limited	100%	03.10.2007	Suman Tower, Plot No. 18, Sector 11, Gandhinagar–382011	Provision of sales services for telecom in upcountry markets
Idea Cellular Infrastructure Services Limited	100%	03.10.2007	Suman Tower, Plot No. 18, Sector 11, Gandhinagar–382011	Provision of passive telecom infrastructure
Idea Cellular Towers Infrastructure Limited	100% (Indirectly thru ABTL)	03.12.2007	Mathura Road, A-30 Mohan Cooperative Industrial Estate, New Delhi – 110 044	Provision of passive telecom infrastructure

4.26.1 Key financials for the subsidiary companies are as follows:

Swinder Singh Satara & Co.

All Figures In Rs. Lacs (Yr. Ended March 31)	2008	2007	2006
Total Income	28	27.9	27
Profit After Tax	16.7	19	17.2
Equity Capital	5	5	5
Reserves	101	84.3	65.3
Total Shareholders Equity	106	89.3	70.3
Basic EPS (INR)	33.49	37.94	34.46
Book Value per share (INR)	211.99	178.5	140.56

Aditya Birla Telecom Limited

All Figures In Rs. Lacs (Yr. Ended March 31)	2008	2007	2006
Total Income	2.2	3.3	15.4
Profit After Tax	-130.2	-242.6	-13.8
Equity Capital	1000	1000	1000
Reserves	-386.6	-256.4	-13.8
Total Shareholders Equity	613.4	743.6	986.2
Basic EPS (INR)	-1.3	-2.43	-0.58
Book Value per share (INR)	32.62	11.44	9.86

Idea Cellular Services Limited

All Figures In Rs. Lacs (Yr. Ended March 31)	2008
Total Income	454.1
Profit After Tax	-19.7
Equity Capital	5
Reserves	-19.7
Total Shareholders Equity	-14.7
Basic EPS (INR)	-39.44
Book Value per share (INR)	225.39

Idea Cellular Infrastructure Services Limited

All Figures In Rs. Lacs (Yr. Ended March 31)	2008
Total Income	0
Profit After Tax	-1
Equity Capital	5
Reserves	-1
Total Shareholders Equity	4
Basic EPS (INR)	-2
Book Value per share (INR)	1037.95

Idea Cellular Tower Infrastructure Limited

All Figures In Rs. Lacs (Yr. Ended March 31)	2008
Total Income	-
Profit After Tax	-0.6
Equity Capital	5
Reserves	-0.6
Total Shareholders Equity	4.4
Basic EPS (INR)	-1.28
Book Value per share (INR)	9.69

4.27 Future plans of Idea with regard to the Target Company:

- It is proposed that post completion of the Offer; the Target Company will be merged with the Acquirer in accordance with the provisions of Sections 391-394 of the Companies Act, 1956 and other rules and regulations applicable thereto.
- The respective Board of Directors of Idea and Spice have given in-principle approval to the merger in their respective Board meetings held on June 25, 2008. The share swap ratio agreed by the Boards of Idea and Spice is 49 shares of Idea for every 100 shares of Spice. Further, the Scheme of Arrangement for the merger is currently being drafted after having received the in-principle approval for the merger from the Board of Directors of Idea and Spice. On receipt of approval for the Scheme of Arrangement from the respective Board of Directors it will be filed with the relevant stock exchanges.
- The Acquirer has no plan to sell, dispose of or otherwise encumber any assets of the Target Company in the next two years, except to the extent that may be required (i) for the purposes of restructuring as per the merger as described above or rationalization of assets, investments, liabilities or otherwise of the Target Company or (ii) in the ordinary course of business of the Target Company, or (iii) as set out in the immediately succeeding paragraph.
- The Target Company has new UAS Licenses but without operations in four service areas (Delhi, Harayana, Maharashtra and Andhra Pradesh) which overlap with the Acquirer's existing service areas. The terms of the UAS Licenses and the DoT's Merger Guidelines of April 22, 2008 set out certain guidelines for dealing with such overlapping licenses.

In the case of the Target Company, the entry fees for the four UASs aggregates Rs. 48,417 lacs. As the DoT may not refund the entry fees that have been paid by the Target Company for the four UASs, the transfer of the overlapping UAS Licenses held by the Target Company to an eligible transferee pursuant to a scheme of restructuring under sections 391 to 394 of the Companies Act, 1956 post completion of the Offer is being considered. Such transfer will enable the Target Company to remain in compliance of the UAS Licenses and also enable the shareholders of the Target Company to derive value from the transfer of the four UAS Licenses as provided below.

It is envisaged that the consideration for the transfer of the overlapping UAS Licenses will accrue for the benefit of the shareholders of the Target Company as on a specified date (post the completion of the Offer). Further as per prior commercial agreement between the Acquirer and the PACs, this consideration will be distributed to the shareholders of the Target Company (as per the resultant shareholding post the completion of the Offer) other than the Acquirer and its affiliates.

The Acquirer and PAC has been in exploratory talks with certain potential transferees for these UAS Licenses. There is no definitive agreement in place as yet and these discussions are in preliminary phase which may or may not materialize. Even post agreement with a prospective transferee, the transfer of UAS Licenses and realization of such consideration in lieu, is subject to various approvals including the DoT approval, approval of the relevant High Courts, creditors and shareholders of the Target Company. Accordingly, following the completion of the Offer, and provided an acceptable buyer for the overlapping UAS Licenses has been found, all necessary approvals will be obtained.

The minority shareholders, if they decide not to tender their Shares in the Offer will gain from any potential consideration as described above and detailed in the table below. If such a restructuring is allowed, and based on feedback from the valuers, the swap ratio will not change as this does not materially impact the valuation of either the Target Company or the Acquirer.

Options for the Shareholders of the Target Company:

Shareholder decides to exit	Shareholder decides to continue
(1) Rs 77.3 under the Offer	(1) Continue holding in Spice - will get converted into Idea shares post merger in the swap ratio mentioned in the PA (2) Consideration of Rs. 11.9 – Rs. 14.3 (#) per Spice share held (if the restructuring is permitted)*

* The above illustrative calculation is based on the assumption that consideration equal to 100% of the entry fees is realized (the Acquirer and PAC cannot assure if this will be achieved and the actual consideration realized could be higher or significantly lower than the entry fee paid for these licenses) from the potential transferee. In addition to the uncertainty on the consideration value itself, the realization of the potential consideration is contingent and will be subject to various approvals including those from DoT, High Courts, creditors and shareholders of Spice amongst others.

The range of Rs. 11.9 to Rs. 14.3 is dependent on number of Shares tendered in the Offer and accepted by Acquirer or its affiliate (0% to 100%).

- Pursuant to the substantial acquisition, the Acquirer and the PAC will be in control of the Target Company. Further, the Acquirer and the PAC reserve the right to reconstitute the Board of Directors of the Target Company, in accordance with the provisions contained in the SEBI Takeover Code and the Companies Act, 1956.

5. BACKGROUND OF PAC - TM INTERNATIONAL BERHAD (“PAC”/ “TMI”)

- 5.1 TMI is a company incorporated on June 12, 1992 under the laws of Malaysia. Originally, TMI was incorporated in the name of “Telekom Malaysia International Sdn Bhd” and subsequently on October 16, 2001 changed its name to “TM International Sdn Bhd”. On December 12, 2007, TMI was converted to a public company and its name was accordingly changed to “TMI International Berhad”. TMI was a wholly owned subsidiary of Telekom Malaysia Berhad (“TM”), a company listed on the Main Board of Bursa Securities. TMI was demerged from TM through a demerger process in which TMI became the holding company of all of TM Group’s mobile and non-Malaysian businesses effective from April 25, 2008. TM also distributed all of its holding in TMI to its shareholders and TMI was listed on the Main Board of Bursa Securities on April 28, 2008.
- 5.2 The registered office of TMI is situated at Level 42, North Wing, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia.
- 5.3 TMI is an investment holding company with assets consisting of mobile telecommunications in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia. In addition, TMI has mobile and non-mobile telecommunications operations and investments in India, Singapore, Iran, Pakistan and Thailand. The Group’s mobile subsidiaries and associates operate under the brand name ‘Celcom’ in Malaysia, ‘XL’ in Indonesia, ‘Dialog’ in Sri Lanka, ‘AKTEL’ in Bangladesh, ‘HELLO’ in Cambodia, ‘Spice’ in India, ‘M1’ in Singapore, and ‘MTCE’ in Iran (Esfahan).
- 5.4 Key events in TMI’s history since incorporation are highlighted –

Year	Event
June 1992	Incorporation of Telekom Malaysia International Sdn Bhd
February 1994	TMI and Sunpower Systems (Private) Limited entered into a joint venture agreement to set up Dialog Telekom Limited (now known as Dialog Telecom PLC) (“Dialog”).
November 1996	Sunpower Systems (Private) Limited divested its stake in Dialog to TMI, which resulted in Dialog becoming wholly-owned by TMI. Dialog was listed on the Colombo Stock Exchange in Sri Lanka in July 2005.
May 1998	TMI acquired 51.0% equity interest in Cambodia Samart Communication Company Limited.
16 October 2001	Change of name from Telekom Malaysia International Sdn Bhd to TM International Sdn Bhd
January 2005	TMI through TM International (L) Limited (“TMIL”) acquired the entire equity interest of Indocel, which has equity interest in PT Excelcomindo Pratama Tbk (“XL”). In September 2005, XL was listed on the Jakarta Stock Exchange (now known as the Indonesia Stock Exchange).
February 2005	TMI through TMIL acquired 78% equity interest in Multinet Pakistan (Private) Limited (“Multinet”). In September 2006, TMI through TMIL further acquired an additional 11.0% equity interest in Multinet.
October 2005	TMI through SunShare Investments Ltd (“SunShare”), acquired 12.1% of the equity shares of MobileOne Ltd (“M1”) from Great Eastern Telecommunications Ltd. Prior to March, 2006, SunShare made on-market purchases, bringing its total equity interest in M1 to 29.8%.
December 2005	TMI through TMIL acquired a 49.0% equity interest in Mobile Telecommunications Company in Esfahan (“MTCE”).
March 2006	TMI acquired the entire equity interest of TMI India, which had a 49.0% equity interest in Spice. Spice was listed in BSE and NSE on July 2007 and June 2008 respectively.
28 September 2007	Board of Telekom Malaysia Berhad (“TM”) approved the demerger of mobile and fixed line businesses of TM group of companies (“TM Group”).
12 December 2007	TMI was converted to a public company
25 April 2008	Completion of the proposed demerger whereby TMI was demerged from TM through a demerger process in which TMI became the holding company of all of TM Group’s mobile and non-Malaysian businesses.
28 April 2008	TMI was listed on the Main Board of Bursa Malaysia

- 5.5 TMI, including subsidiaries and associates, has 40 million mobile subscribers in Asia, putting it amongst the large mobile telecommunication providers in the region by turnover. TMI has approximately 13,000 people under employment in ten countries.

- 5.6 TMI is a listed entity with its equity shares listed on the Main Board of Bursa Malaysia under Trading/Services Sector. The closing price of the shares of TMI on the date of the Public Announcement was RM 6.4 per share (corresponding to INR 84.1). TMI has a market capitalization of over RM 24,209 million (equivalent to Rs. 3,194,203 lacs)
- 5.7 The authorised share capital of TMI is RM 5,000,000,000 comprising of 5,000,000,000 ordinary shares of RM 1.00 each and the issued and paid up share capital of TMI is RM 3,753,401,980 comprising of 3,753,401,980 Ordinary shares of RM 1.00 each
- 5.8 As at 30th June, 2008, Government Agencies/ Institutions of Malaysia hold 45.18% of the issued and paid up share capital of TMI. Shareholders holding more than 5% equity shares in TMI are Khazanah Nasional Berhad (44.51%), Employees Provident Fund Board (11.23%) and Amanah Raya Nominees (7.88%). The detailed shareholding pattern as on date of PA is as under:

Shareholder's category	No of Shares held	% of Shares held
Individual	46,227,580	1.23%
Body Corporate		
a. Banks/Finance Companies	544,023,686	14.49%
b. Investment Trusts/Foundation/ Charities	36,000	Negligible
c. Industrial and Commercial Companies	26,702,179	0.71%
Government Agencies/Institutions	1,695,889,700	45.18%
Nominees	1,438,442,835	38.32%
Others	2,080,000	0.06%
TOTAL	3,753,401,980	100%

- 5.9 TMI India is a wholly-owned subsidiary of TMI Mauritius, which in turn is a wholly-owned subsidiary of TMI. TMI does not hold any shares directly in the Target Company and has no prior history of direct acquisitions in the Target Company.
- 5.10 The provisions of Chapter II regulations of SEBI Takeover Code are not applicable to TMI as it does not hold any shares directly in the Target Company.
- 5.11 The Directors of TMI and their addresses are as follows :

Name/designation/ date of appointment	Educational Qualification	Experience	Residential Address
Tan Sri Dato' Azman Hj. Mokhtar, Chairman, Non-Executive Non-Independent Director,	Tan Sri Dato' Azman Hj. Mokhtar graduated with distinction in M. Phil in Development Studies from Darwin College, Cambridge University, the United Kingdom as a Chevening scholar. He is a Fellow of the Association of Chartered Certified Accountants, the United Kingdom and is a Chartered Financial Analyst charter holder. He also holds a graduate diploma in Islamic Studies from the International Islamic University, Kuala Lumpur.	Between 1994 and 1998, he was a Director and Head of Research for Union Bank of Switzerland in Malaysia. Between 1998 and 2002, he was a Director and Head of Research at Salomon Smith Barney in Malaysia. From 2002 until May 2004, he was the Managing Director of	No. 28, Jalan SS21/3, Damansara Utama, 47400 Petaling Jaya, Selangor

Name/designation/ date of appointment	Educational Qualification	Experience	Residential Address
Dato' Jamaludin bin Ibrahim, Managing Director President & Group Chief Executive Officer, 3 March 2008	Dato' Jamaludin Ibrahim graduated in 1978 from California State University, United States, with a Bachelor of Science in Business Administration and a minor in Mathematics. He obtained his Masters of Business Administration from Portland State University, Oregon, United States, in 1980, specialising in Quantitative Methods. Dato' Jamaludin Ibrahim sits on the boards of Universiti Tun Hussein Onn Malaysia, National Science Centre and Universiti Tun Abdul Razak Sdn Bhd.	Prior to his appointment Dato' Jamaludin Ibrahim was the Group Chief Executive Officer of Maxis. He joined Maxis in 1997 and was appointed as Maxis' Chief Executive Officer in 1998. On August 1, 2007, he stepped down as Group Chief Executive Officer but continued to serve on the Maxis Board until February 26, 2008. Prior to joining Maxis, Dato' Jamaludin Ibrahim was the Managing Director and Chief Executive Officer of Digital Equipment (M) Sdn Bhd from 1993 to 1997. Before that, he spent 12 years with IBM Malaysia. He began his career in 1981 as a lecturer.	No. 247, Jalan Bungur Rosa, Sierramas, 47000 Sungai Buloh, Selangor Darul Ehsan
Dato' Yusof Annuar bin Yaacob, Executive Director Group Chief Financial, 1 June 2005	Dato' Yusof is an accountant by profession and completed his Chartered Institute of Management Accountants professional examinations in 1987.	Dato' Yusof Annuar Yaacob has both investment banking and corporate management experience. His investment banking career included stints at S.G. Warburg & Co (now known as UBS Warburg), ING Barings Securities Singapore and the Merrill Lynch & Co affiliate in Malaysia. Prior to his appointment in TMI on June 1, 2005, he was an Executive Director at OCB Berhad and a board member of a number of other public listed companies in Malaysia. Currently, he is also a board member of several public listed and private companies, locally and internationally	No. 18 Jalan Bunga Melati 2/2/, 40000 Shah Alam, Selangor Darul Ehsan
Ismael Fariz Ali, Non-Executive Non-Independent Director, 24 March 2008	Ismael Fariz Ali holds a Masters of Business Administration in Finance from the University of Iowa and a Bachelor of Art degree in Economics and Business Administration from Knox College, Illinois, where he was also a teaching assistant in Computer Science.	Ismael Fariz Ali was the Managing Director of a technology venture capital firm, FirstFloor Capital Sdn Bhd, which he co-founded in 2000. In his 7 years leading the firm, Ismael Fariz Ali was involved in setting up several venture funds ranging from angel-stage and early-stage technology funds to mezzanine-stage funds. Prior to that, Ismael Fariz Ali worked for the AMMB Group for 16 years, with experience ranging from corporate finance, privatisations, mergers and acquisitions, investment advisory and valuations, to infrastructure project finance, restructuring, and corporate strategy advice. Ismael Fariz Ali serves on several boards including Celcom, ValueCap Sdn Bhd, Pharmaniaga Berhad and RHB Bank Berhad. He is also a council member of the Malaysian Venture Capital Development Council (MVCDC).	No. 14 Lorong Setiabistari 7, Bukit Damansara, 50490 Kuala Lumpur

Name/designation/ date of appointment	Educational Qualification	Experience	Residential Address
Tan Sri Ghazzali Sheikh Abdul Khalid, Non-Executive Independent Director,	Tan Sri Ghazzali holds a degree in economics from the University of La	Tan Sri Ghazzali Sheikh Abdul Khalid is an Ambassador-at-large of the Ministry of Foreign Affairs, Malaysia. Amba- ssador Ghazzali has made his career as a diplomat since 1971 and became the Ambassador of Malaysia to the United States on March 20, 1999. Before his appoint-ment to Washington, DC, he served as the deputy secretary-general at the Ministry of Foreign Affairs, Malaysia. Over the years, his overseas appointments have included postings to Zimbabwe, Hong Kong, Germany, Austria, Thailand, the United Kingdom, and with the United Nations in New York,	No. 50 Jalan Athinahappan, Taman Tun Dr Ismail, 60000
Datuk Azzat bin Kamaludin, Non-Executive Independent Director, 24 March 2008	Datuk Azzat Kama- ludin graduated from the University of Cambridge, the United Kingdom, with degrees in Law and in International Law in 1968 and 1969 respectively, and was admitted as a Barrister-at-Law of the Middle Temple, London in 1970	Datuk Azzat Kamaludin is a lawyer by profession and is a partner of the law firm of Azzat & Izzat . Prior to being admitted as an advocate and solicitor of the High Court of Malaya in 1979, he served as an administrative and diplomatic officer with the Ministry of Foreign Affairs, Malaysia from 1970 to 1979. Datuk Azzat Kamaludin is presently a director of Affin Holdings Berhad, Boustead Holdings Berhad, Boustead Heavy Industries Corporation Berhad, KPJ Healthcare Berhad, Pulai Springs Resort Berhad, Celcom, Visdynamics Holdings Berhad and several other private limited companies. He served as a member of the Securities Commission of Malaysia ("SC") from March 1, 1993 to March 21, 1999.	No. 38 Jalan TR8/ 2, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor
Juan Villalonga Navarro, Non-Executive Independent Director, 24 March 2008	Juan Villalonga Navarro graduated with a degree in Law and Economics from Deusto University in Spain and holds a Master's in Business Administration from the Institute of Advanced Economic Studies in Barcelona, Spain.	Juan Villalonga Nava rro is currently a global investor based in London. He is a board member of Espirito Santo Finan cial Holding in Spain. From 1996 to 2000, he was the Chairman and Chief Executive Officer of Telefonica, a provider of telecom munications services in Spain. Prior to joining Telefonica, Juan Villalonga Navarro was the Chief Executive Officer of Bankers Trust in Spain and Portugal, the Chief Executive Officer of Credit Suisse First Boston in Spain and a partner at McKinsey & Co., a consulting firm, for 9 years.	14 Cottessmore Gardens, Kensington, London W85PR, United Kingdom
Gita Irawan Wirjawan, N o n - E x e c u t i v e Independent Director, 24 March 2008	Gita Irawan Wirjawan holds a Masters of Public Administration degree from the Kennedy School of Government, Har- vard University, United States where he was also a Mason Fellow. He also has	Gita Irawan Wirjawan is currently the Managing Director and senior country officer for JP Morgan in Indonesia. Prior to that, Gita Irawan Wirjawan was the Senior Vice President for International Business Development at Singapore Technologies Telemedia Pte Ltd. He was previously a senior banker at Goldman Sachs and Citibank. Gita Irawan Wirjawan is also active in public service	St. Budi Tgh Four Season Apartment, R.T. 007/003 Setiabudi, Jakarta Selatan, Indonesia

Name/designation/ date of appointment	Educational Qualification	Experience	Residential Address
	a Masters of Business Administration from Baylor University, United States, and a Bachelor of Arts degree in Business Administration from the University of Texas, United States. He is also Certified Public Accountant and a Chartered Financial Analyst.	in Indonesia. He is a member of the Indonesian Chamber of Commerce and he is on the Indonesian President's biodiesel/renewable energy committee as well as the Indonesian Vice-President's committee on infrastructure development.	St. Budi Tgh Four Season Apartment, R.T. 007/003 Setiabudi, Jakarta Selatan, Indonesia
Lau Nai Pek, Non-Executive Independent Director, 23 April 2008	Lau Nai Pek is a chartered accountant by profession and associate member of the New Zealand Society of Accountants and a member of the Malaysian Institute of Accountants. Lau Nai Pek obtained his Bachelor of Commerce degree from the University of Canterbury, New Zealand.	Lau Nai Pek has over 30 years of professional experience in finance and leading finance organisations in various locations globally. Lau Nai Pek has served the Shell Group for 25 years in various capacities in New Zealand, Australia, Brunei, Malaysia, the United Kingdom, China and the Netherlands. He is currently the vice-president finance, Shell International Exploration and Production B.V., The Hague, the Netherlands. Prior to his current position, he was the Global Controller for the Exploration and Production business sector of Shell	B-3-4, Si Kenny Condo, No. 28 Jalan Tun Ismail, 50480 Kuala Lumpur
Dr Farid Mohamed Sani (Alternate to Ismael Fariz Ali), Non-Executive Non-Independent Director, 24 March 2008	Dr. Farid Mohamed Sani received his doctorate in Chemical Engineering from University of Cambridge, the United Kingdom. He also has a Master of Engineering and Bachelor of Arts degree (Honours) from the University of Cambridge, the United Kingdom, with a specialisation in Chemical Engineering. He graduated with first class honours.	Dr. Farid Mohamed Sani is currently the Senior Vice President of the Managing Director's office at Khazanah. He has been with Khazanah since 2004 and has also served in Khazanah's transformation management office. Prior to that, Dr. Farid Mohamed Sani was a consultant at McKinsey & Co for 2 years	No. 82, SS21/44, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia

5.12 None of the directors of TMI have acquired any Shares of the Target Company over the last 12 months. None of the directors/ representatives of TMI are on the board of directors of the Target Company except the following:

- Dato' Yusof Annuar Yaacob;
- Dr. Shridhir Sariputta Hansa Wijayasuriya

The above persons have recused themselves and have not participated and shall recuse and shall not participate in any matter(s) concerning or 'relating' to the Offer including any preparatory steps leading to the Offer.

5.13 Except as disclosed in this Letter of Offer there are no other agreements between the Acquirer and PACs in relation to the Offer / acquisition of the Shares

5.14 Brief financials of TMI are presented below. (Source : Annual reports of TMI for 2007 & 2006)

Profit and Loss for the year ended December 31st

	2007		2006		2005	
	RM Mn	(Rs Lacs)	RM Mn	(Rs Lacs)	RM Mn	(Rs Lacs)
Operating Income	4,954	650,939	4,050	532,203	1,606	211,081
Other Income	252	33,127	103	13,571	263	34,558
Total Income	5,206	684,066	4,154	545,774	1,869	245,639
Total Expenditure	3,202	420,711	2,111	277,402	934	122,754
Operating Result	2,004	263,355	2,042	268,371	935	122,885
Depreciation	929	122,019	790	103,835	231.4	30,406
Net Interest Expense	422	55,507	152	19,947	-1.4	-184
Income from JVs & Associates	229	30,059	1	151	103	13,534
Profit Before Tax	882	115,887	1,102	144,741	808	106,197
Taxation	134	17,656	282	37,018	100	13,074
Net Profit	748	98,231	821	107,854	709	93,110

Balance Sheet for the year ended December 31st

	2007		2006		2005	
	RM Mn	(Rs Lacs)	RM Mn	(Rs Lacs)	RM Mn	(Rs Lacs)
Paid up Share Capital	36	4,690	36	4,690	36	4690
Share Premium	58	7,665	58			
Reserves & Surplus (excluding minority interest)	3,682	483,875	3,129	411,127	2,586	339814
Shareholder's Funds	3,776	496,229	3,223	423,481	2,622	344503
Minority Interest	671	88,168	704	92,486	598.7	78669
Total Equity	4,447	584,391	3,927	515,967	3,220	423172
Secured Loans	3,160	415,199	2,926	384,417	1889.8	248320
Amount due to holding company	3,067	402,993	2,598	341,419	3,587	471371
Deferred tax liabilities	428	56,273	361	47,495		
Provision for liabilities	6	821				
Total Liabilities	6,661	875,287	5,885	773,331	5,477	719691
Total	11,109	1,459,678	9,812	1,289,298	8,698	1142863
Uses of Funds						
Intangible Assets	3,387	445,074	3,165	415,892		-
Net Fixed Assets	8,399	1,103,608	6,203	815,069	7407.1	973293
Investments	1,421	186,672	1,108	145,605	50.1	6583
Total Net Current Assets	-2,261	-297,073	-853	-112,048	1,240	162975
Deferred tax assets	163	21,397	189	24,781		-
Misc Exp. Not written off	-	-	-	-	-	-
Total	11,109	1,459,678	9,812	1,289,298	8,698	1142852

Other Financial Data

	2007		2006		2005	
	RM	(Rs.)	RM	(Rs.)	RM	(Rs.)
Basic earnings per share	19.15	251.63	17.63	231.66	17.83	234.29
Diluted earnings per share	19.15	251.63	17.63	231.66	17.83	234.29
Return on Net Worth *	16.81%		20.90%		22.00%	
Book Value Per Share **	105.81	1390.39	90.30	1186.55	73.5	965.27
Dividend % ***	-	-	-	-	-	-

* Return has been calculated as Net Income / (Shareholder's Equity + Minority Interest),

** Book Value per share has been calculated as Shareholder's Equity/ Weighted avg. no of basic shares,

*** Dividend % - Dividend per share upon Face value per share

5.15 At 31st December 2007 contingent liabilities of TMI are as under (Source: Annual Report 2007):

- On 21 April 2006, a Deed of Undertaking was signed between Spice, Telekom Malaysia Berhad (TM), TMI and DBS Bank Ltd in connection with the provision of limited sponsor support for a USD215.0 million Indian Rupee facility and a USD50.0 million USD facility. Under the terms, TMI, failing which TM, is required to make payment of any outstanding principal and/or interest under the facilities to the lenders upon occurrence of a specified trigger event. TMI's and TM's obligation on behalf of Spice give the Group the rights to exercise a call option under the terms of a shareholders' agreement to acquire additional shares in Spice from the existing shareholder, namely Modi Wellvest.
- On 6 October 2005, TMI had executed a blanket counter indemnity in favour of a financial institution in Labuan for all facilities offered. As at 31 December 2007, the amount outstanding is USD26.5 million (2006:USD16.6 million). A summary of the facilities offered by the financial institution in Labuan is as follows:
 - Issuance of USD10.0 million Standby Letter of Credit ('SBLC') to a financial institution in Karachi on behalf of TMI on 6 October 2005 to counter guarantee USD10.0 million SBLC to Pakistan Telecommunication Authority ('PTA') on behalf of a subsidiary, Multinet Pakistan (Private) Limited (Multinet). This SBLC was part of the requirement in awarding a long distance international license to Multinet. The tenure of the SBLC is three (3) years and is subject to annual review.
 - Offering of an additional SBLC Facility of up to USD33.0 million to TMI on 18 December 2006, to counter guarantee a financial institution in Karachi for Bank Guarantee ('BG') issuances on behalf of Multinet to Telenor Pakistan (Private) Limited ('Telenor'). Multinet and Telenor had entered into a twenty (20) years Indefeasible Right of Use ('IRU') agreement which requires a BG favouring Telenor to be issued by Multinet. A financial institution in Karachi has issued a BG to Telenor on behalf of Multinet. The BG is to be issued in three (3) tranches. As at 31 December 2007, a USD16.5 million (2006:USD6.6 million), SBLC was issued, being the first and second tranche. The tenure of the SBLC is one (1) year subject to annual review.
- On 15 November 2007, PT Excelcomindo Pratama Tbk ("XL") received notice letter from KPPU (the Commission for Fair Business Practices) concerning the investigation on potential cartelistic practices allegedly involving GSM operators in Indonesia in relation to the perceived price SMS charges. If XL is found guilty of price fixing, based on Article 47 of Law No. 5 of 1999 concerning Anti Monopolistic Practices and Unfair Business Competition (the "Anti Monopoly Law"), XL may be ordered to amend the agreement that forms the basis of existing prices and to pay certain fines and other sanctions as deemed enforceable by the Anti Monopoly Law. The investigation is still in process and consequently the Directors' are of the view that the outcome cannot be determined reliably.
- Apart from the above, the Directors are not aware of any other proceedings pending against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of the Company and/or its subsidiaries. There were no other contingent liabilities or material litigations or guarantees other than those arising in the ordinary course of the business of the Group and the Company and on these no material losses are anticipated.

5.16 Reasons for Rise /Fall in Total Income/PAT :

- 2007 vs. 2006: TMI's consolidated revenues in 2007 increased by 22.3% from RM 4,050.3 million in 2006 to RM 4,953.9 million in 2007 primarily due to a 30.5% increase in revenue from prepaid services. This increase in prepaid revenue was due to increase in subscriber base and higher usage by subscribers. Operating revenues in 2007 increased across all revenues components, except for interconnection revenue which was primarily due to reduction in interconnection tariffs in Indonesia and Bangladesh. The strengthening of the Ringgit Malaysia against other local currencies in 2007 also adversely affected TMI's results. The stronger Ringgit resulted in revenues being 7.9% lower than they would have been had the Ringgit remained unchanged against the other local currencies during 2007.
- 2006 vs. 2005: TMI's operating revenues for the year 2006 increased by 152.1% to RM 4050.3 million in 2006 compared to RM 1606.4 million in 2005 primarily due to full year consolidation of its subsidiary XL's revenues in 2006 compared to the consolidation of XL's revenues for only 2 months in 2005. Moreover, aggressive promotions and advertising, intensive network rollouts enabled TMI and its subsidiaries to increase their subscriber base by almost 50% in 2006. Increase in subscriber usage also lead to increase in revenue from prepaid services. Postpaid revenues increased by 56.2% over 2005 mainly due to one of TMI subsidiary's (Dialog) improved network coverage and introduction of new technology based products. The revenues from interconnection, international inbound and roaming services increased by 163.4% over 2005 levels due in increase in number of roaming partners resulting in higher incoming traffic.

5.17 Some of the significant accounting policies of TMI are as below : (Source : TMI Annual Report 2007)

■ **Economic entities in the Group :**

- **Subsidiaries:** Subsidiaries are those companies or other entities (including special purpose entities) in which the TMI has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether TMI controls another entity. Subsidiaries are consolidated using the purchase method of accounting except for certain business combinations which were accounted for using the merger method.
- **Transactions with minority interests:** TMI applies a policy of treating transactions with minority interests as transactions with external parties. Disposals to minority interests result in gains and losses for TMI that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired.
- **Jointly controlled entities:** Jointly controlled entities are companies, partnerships or other entities over which there is contractually agreed sharing of control by TMI with one or more parties where the strategic financial and operation decisions relating to the entity requires unanimous consent of the parties sharing control. TMI's interest in jointly controlled entities is accounted for in the consolidated financial statements using the equity method of accounting
- **Associates:** Associates are companies, partnerships or other entities in which TMI exercises significant influence but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Equity accounting is discontinued when TMI ceases to have significant influence over the associates. TMI's investments in associates includes goodwill identified on acquisition, net of any accumulated impairment loss

■ **Intangible assets:**

- i) Goodwill on acquisition occurring on or after 1 January 2002 in respect of a subsidiary is included in the consolidated Balance Sheet as an intangible asset. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment at least annually, or when events or circumstances occur indicating that an impairment may exist. Impairment of goodwill is charged to the consolidated Income Statement as and when it arises;
- ii) Acquired licences are shown at cost. Licences have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using straight line method, from the effective date of commercialisation of services, subject to impairment, to the end of the assignment period. Licences are not revalued;

- Depreciation on fixed assets: Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives in years as summarised below:

Asset	Useful Life
Buildings	5-10 years
Telecommunication network	3 – 20 years
Movable plant and equipment	5 – 8 years
Computer support systems	3 – 5 years

- Investments: Investments in subsidiaries, jointly controlled entities and associates are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of an investment, the difference between net disposal proceeds and carry amount is charged/credited to the income statement.
- Revenue recognition: Operating revenue comprises the fair value of the consideration received or receivables for the sale of products and rendering of services net of returns, duties, sales discounts and sales taxes paid, after eliminating sales within the TMI companies. Operating revenue is recognised or accrued at the time of the provision of the products or services.

- **Segment reporting:** Segment reporting is presented for enhanced assessment of TMI's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from other geographical segments
- **Foreign currencies:** Items included in the financial statements of each of TMI and its related entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency
- **Employee benefits:** Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees. TMI's contributions to employee provident funds are charged to the Income Statement in the period to which they relate. Once the contributions have been paid, TMI has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available
- **Provisions:** Provisions are recognised when TMI has a present legal or 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 when a reliable estimate of the amount can be made. Where TMI expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses
- **Income taxes:** Current tax expense is determined according to the tax laws of each jurisdiction in which TMI operates and include all taxes based upon the taxable profits, including withholding taxes payable by foreign subsidiaries, jointly controlled entities or associates on distributions of retained earnings to TMI, and real property gains taxes payable on disposal of properties. Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at that time of the transaction affects neither accounting nor taxable profit or loss
- **Cash and cash equivalents:** For the purpose of the cash flow statements, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three months or less and bank overdrafts. Deposits held as pledged securities for term loans granted are not included as cash and cash equivalents. Bank overdrafts are included within borrowings in current liabilities in the balance sheet
- **Impairment of assets:** For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date. The impairment loss is charged to Income Statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the Income Statement unless it reverses an impairment loss on revalued asset in which case it is taken to revaluation surplus

5.18 As at the date of the Public Announcement, TMI is not engaged in any material litigation, claims or arbitration, which has a material effect on TMI's financial position or business

5.19 Details on merger /demerger /spin offs/ Acquisitions over the last 3 year period involving TMI –

Acquired Company	Acquisition Date	Purchase Price	Description Of Acquired Company
SunShare Investments Limited ("SunShare")	August 17, 2005	USD 8	Investment holding
MobileOne Ltd. ("M1") through SunShare	August 17, 2005	SGD116.4m	Provision of mobile telecommunications services, international call services, mobile retail sales, after-sales support subscriber services, R&D of mobile telecommunication products and services and investment holding
XL through TM International (L) Limited ("TMIL") via Indocel Holding Sdn Bhd ("Indocel")	September 29, 2005	USD44.46m	Provision of mobile telecommunication services in Republic of Indonesia

Acquired Company	Acquisition Date	Purchase Price	Description Of Acquired Company
SunShare Investments Limited ("SunShare")	August 17, 2005	USD 8	Investment holding
XL through TMIL via Indocel	October 20, 2005	USD11.5m	Provision of mobile telecommunication services in Republic of Indonesia
XL through TMIL via Indocel	October 27, 2005	USD448.5m	Provision of mobile telecommunication services in Republic of Indonesia
M1through SunShare	October 27, 2005	SGD260.8m	Provision of mobile and other related telecommunication services as well as development of mobile telecommunication products and services
M1 through SunShare	August 18, 2005 to March 15, 2006	SGD262.3m	Provision of mobile and other related telecommunication services as well as development of mobile telecommunication products and services
Samart I-Mobile Public Company Limited	March 27, 2006	USD32.8m	Mobile phone distributor accessories and bundled with content and administration of the distribution channels for and management of customer care and billing system of I900MHz mobile phone
Cambodia Samart Communication Company Limited (now known as Telekom Malaysia International (Cambodia) Company Limited	March 27, 2006	USD29m	Provision of mobile telecommunications services in Cambodia
Distacom Communications (India) Limited [now known as TMI India Ltd] through TMI Mauritius Ltd.	May 10, 2006	USD178.8m	Investment holding company, holding shares in the Target Company
XL through TMIL via Indocel	June 12, 2006	USD39.7m	Provision of mobile telecommunication services in Republic of Indonesia
Mobile Telecommunications Company of Esfahan through TMIL	August 9, 2006	USD6m	Planning, designing, installing, operating and maintaining a GSM cellular telecommunication network to customers in the province of Esfahan, Iran
Multinet Pakistan (Private) Limited	April 6, 2007	USD2.42m	Provision of broadband, value-added, long distance and international voice, domestic and international access, and satellite transmission services in Pakistan, and local access services in the license area of Karachi
XL through TMIL via Indocel	June 4, 2007	USD113m	Provision of mobile telecommunication services in Republic of Indonesia
SunShare	April 25, 2008	RM141m	Investment holding
Celcom	April 25, 2008	RM4,677m	Provision of network capacity and serviced
SunShare	April 25, 2008	RM155m	Investment holding
XL through TMIL via Indocel	April 25, 2008	RM1,425m	Provision of mobile telecommunication services in Republic of Indonesia

5.20 Corporate Governance: Within the limits set by TMI's Articles of Association, the Board of Directors is responsible for the review and approval of corporate plans, annual budgets, acquisitions and disposals of undertakings and properties of substantial value, major investments and financial decisions and changes to the management and control structure within TMI and its subsidiaries, including key policies and delegated authority limits. The details of the Compliance Manager and Investors Relations Officer are as under:

Compliance Manager

Azrin Tajuddin

Assistant Company Secretary
Level 42, North Wing, Menara TM
Tel : +603-22411024;
H/P :+6019-2153678
Fax : +603-22412915
Email : azrin@tmigroup.com

Investor Relations Officer

Feiruz Ikhwan Abdul Malek

Assistant General Manager,
Capital Markets Level 42,
North Wing, Menara TM
Tel : +603-22401019
Fax : +603-79573399
Email : feiruz@tmigroup.com

5.21 Key details for the major operating subsidiary companies are summarized below:

Name Of Company	% Share-holding	Date of Incorp.	Registered Office	Nature of Business
Celcom Berhad	100%	January 5, 1988	Level 42, North Wing, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia	Provision of network capacity and services
Excelcomindo Pratama Tbk	83.8%	October 6, 1989	GRHAXL, Jln. Mega Kuningan, Lot E 4-7, No 1, Kawasan Mega Kuningan, Jakarta 12950, Indonesia	Provision of mobile telecom services in Indonesia
Dialog Telekom PLC	84.8%	August 27, 1993	No. 475, Union Place, Colombo 2, Sri Lanka.	Provision of mobile telecommunication services in Sri Lanka
TM International (Bangladesh) Limited	70%	October 22, 1995	9th Floor, BRAC Centre, 75 Mohakhali Commercial Area, Dhaka 1212, Bangladesh.	Provision of mobile telecommunication services in Bangladesh
Telekom Malaysia International (Cambodia) Company Limited	100%	June 14, 1995	56-58, Prean Norodom, Sangkat Chey Chumneah, Khan Doun Penh, Kingdom of Cambodia	Provision of mobile telecommunications services in Cambodia

5.21.1 Key financials for the subsidiary companies are as follows:

(Please note that some of the subsidiaries were acquired post December 2007 and hence not consolidated with TMI financials as on December 31, 2007)

Celcom Berhad

Year Ended Dec 31	2007		2006		2005	
	Rm Mn	(Rs Lacs)	Rm Mn	(Rs Lacs)	Rm Mn	(Rs Lacs)
Total Income	5127	673,688	4526	594,716	4495	590,643
Profit After Tax	1,059	139,113	820	107,787	-194	-25,452
Total Shareholders Equity	2,899	380,876	2,577	338,657	2,482	326,148
EPS (RM and INR)	66.60	875.12	36.10	474.35	-7.80	-102.49

Excelcomindo Pratama Tbk (exchange rate used: USD/IDR : 9,155; Source: Bloomberg)

Year Ended Dec 31	2007		2006		2005	
	IDR Bn	(Rs Lacs)	IDR Bn	(Rs Lacs)	IDR Bn	(Rs Lacs)
Total Income	6,460	302,316	4,682	219,102	3,059	143,165
Profit After Tax	251	11,737	652	30,509	-224	-10,488
Total Shareholders Equity	4,465	208,951	4,281	200,358	3,629	169,850
EPS (IDR and INR)	7,479	35	19,658	92	-7,906	-37
Book Value per share	134,553	630	129,018	604	109,381	512

Dialog Telekom Plc (exchange rate used: USD/SLR : 107.65; Source: Bloomberg)

Year Ended Dec 31	2007		2006		2005	
	SLR Mn	(Rs Lacs)	SLR Mn	(Rs Lacs)	SLR Mn	(Rs Lacs)
Total Income	32,517	129,418	25,679	102,203	18,034	71,777
Profit After Tax	8,967	35,690	10,119	40,274	7,012	27,908
Total Shareholders Equity	50,346	200,377	25,053	99,712	17,201	68,460
EPS (SLR and INR)	2.89	1.15	3.47	1.38	2.89	1.15
Book Value per share	15.50	6.17	7.74	3.08	5.83	2.32

TM International (Bangladesh) Limited (exchange rate used: USD/BDT : 68.517; Source: Bloomberg)

Year Ended Dec 31	2007		2006		2005	
	BDT Mn	(Rs Lacs)	BDT Mn	(Rs Lacs)	BDT Mn	(Rs Lacs)
Total Income	14,390	89,983	13,140	82,167	9,276	58,005
Profit After Tax	105	657	4,333	27,095	3,967	24,806
Total Shareholders Equity	8,900	55,653	12,665	79,197	9,052	56,604
EPS (BDT and INR)	3.00	1.88	142.00	88.80	129.00	80.67
Book Value per share	290.00	181.34	414.00	258.88	296.00	185.09

Telekom Malaysia International (Cambodia) Company Limited

Year Ended Dec 31	2007		2006		2005	
	USD Mn	(Rs Lacs)	USD Mn	(Rs Lacs)	USD Mn	(Rs Lacs)
Total Income	41	17,695	31	13,239	22	9,512
Profit After Tax	10	4,199	7	2,871	2	814
Total Shareholders Equity	39	16,710	29	12,511	23	9,640
EPS (USD and INR)	4.63	198.37	3.17	135.82	0.91	38.99
Book Value per share	18.40	788.35	13.77	589.98	10.60	454.16

6. BACKGROUND OF PAC - TMI MAURITIUS LTD (“PAC”/ “TMI MAURITIUS”)

- 6.1 TMI Mauritius was incorporated on June 3, 1997 under the laws of Mauritius. The registered office of TMI Mauritius is located at Level 6, One Cathedral Square, Jules Koenig Street, Port Louis, Mauritius.
- 6.2 TMI Mauritius is primarily an investment holding company.
- 6.3 TMI Mauritius is an unlisted company holding 100% of equity share capital of TMI India. TMI Mauritius is a wholly owned subsidiary of TMI. TMI Mauritius does not hold any shares directly in the Target Company.
- 6.4 A brief history of the company is as under:

Date	Major Events
June 3, 1997	Incorporated as TMI Mauritius Ltd
June 11, 1999	Allotment of 9,998 ordinary shares to Telekom International Sdn Bhd (now known as TM International Berhad)
June 11, 1999	Transfer of 1 ordinary shares from Noel Chong Ah Yan and Rajensingh Ballah to Telekom International Sdn Bhd (now known as TM International Berhad)

6.5 The authorised share capital of TMI Mauritius is not limited while its issued and paid up share capital is USD 10,000 comprising of 10,000 Ordinary Shares of USD 1.00 each

6.6 The shareholding pattern of TMI Mauritius as at the date of Public Announcement is as under:

Shareholder's Category	No of Shares held	% of Shares held
Promoters:		
TM International Berhad	10,000	100%
Total Paid up Capital	10,000	100%

6.7 TMI Mauritius is a privately held company and its shares are not listed on any stock exchange.

6.8 The provisions of Chapter II regulations of SEBI Takeover Code are not applicable to TMI Mauritius as it does not hold any shares in the Target Company

6.9 The Directors of TMI Mauritius and their addresses are as follows:

Name/designation/ date of appointment	Educational Qualification	Experience	Residential Address
Tan Sri Dato' Ir Muhammad Radzi bin Hj Mansor, Director, 13.12.2006	Diploma in Electrical Engineering, Faraday House Engineering College, London? Masters in Science (Technological Economics), University of Stirling, Scotland	<ul style="list-style-type: none"> Telecommunications Engineer Director and member of Board committees in various companies within the TMI group Consultant 	No. 7, Lorong Setiarasa, Bukit Damansara, 50490 Kuala Lumpur.
Dato' Yusof Annuar bin Yaacob, Director, 10.5.2006	Accountancy, London School of Accountancy? CIMA	<ul style="list-style-type: none"> TMI group chief financial officer Director and member of Board committees for TMI group of companies Experience in Telecommunications industry, investment banking and corporate management 	No. 18, Jalan Bunga Melati 2/2, 40000 Shah Alam, Selangor Darul Ehsan.
Jean Maurice Richard Arlove, Director, 1.7.2002	Fellow of the Association of Chartered Certified Accountants	Chief Executive Officer of Abacus Management Solutions Ltd	5 Michael Leal Street, Beau Bassin, Republic of Mauritius
Nousrath Begum Bhugeloo, Director, 6.11.2006	Institute of Chartered Secretaries and Administrators	Company Secretarial and administration	56, Avenue Le Conte de Lisle Quatre-Bornes
Rajensingh Ballah Director, 6.11.2006	Fellow of the Association of Chartered Certified Accountants	Advisor to Abacus Management Solutions Ltd	St Clement Street, Curepipe, Republic of Mauritius

6.10 None of the directors of TMI Mauritius have acquired any shares of the Target Company over the last 12 months from the date of the Public Announcement. None of the directors/representatives of TMI Mauritius are on the board of directors of the Target Company except:

- Dato' Yusof Annuar Yaacob;
- Dr. Shridhir Sariputta Hansa Wijayasuriya.

The above persons have recused themselves and have not participated and shall recuse and shall not participate in any matter(s) concerning or 'relating' to the Offer including any preparatory steps leading to the Offer.

6.11 There are no other agreements between the Acquirer and PACs in relation to the Offer / acquisition of the shares except as disclosed in this Letter of Offer

6.12 Brief financials of TMI Mauritius are presented below. (Source : Annual reports of TMI Mauritius for year ending December 2007 & December 2006)

Profit and Loss for the year ended December 31st

Year ended Dec. 31,	2007		2006		2005	
	(USD)	(Rs Lacs)	(USD)	(Rs Lacs)	(USD)	(Rs Lacs)
Interest Income	152	0.07	113	0.05	2,992	1.28
Other Income	12,187	5.22	-	-	87,160	37.34
Total Income	12,339	5.29	113	0.05	90,152	38.63
Total Expenditure	28,264	12.11	75,531	32.36	92,080	39.45
Operating Result	-15,925	-6.82	-75,418	-32.31	-1,928	-0.83
Depreciation	-	-	-	-	-	-
Net Interest Expense	-	-	-	-	-	-
Profit Before Tax	-15,925	-6.82	-75,418	-32.31	-1,928	-0.83
Taxation	-4,235	-1.81	-	-	3,948	1.69
Net Profit	-20,160	-8.64	-75,418	-32.31	2,020	0.87

Balance Sheet for the year ended December 31st

Year ended Dec. 31,	2007		2006		2005	
	(USD)	(Rs Lacs)	(USD)	(Rs Lacs)	(USD)	(Rs Lacs)
Paid up Share Capital	10,000	4.28	10,000	4.28	10,000	4.28
Reserves & Surplus (excluding minority interest)	293,139	125.60	313,290	134.23	388,708	166.54
Shareholder's Funds	303,130	129.88	323,290	138.51	398,708	170.83
Minority Interest	-	-	-	-	-	-
Secured Loans	-	-	-	-	-	-
Unsecured Loans from parent	182,194,137	78,061.08	182,183,078	78,056.34	406,859	174.32
Total Liabilities	182,194,137	78,061.08	182,183,078	78,056.34	406,859	174.32
Total	182,497,267	78,191	182,506,368	78,195	805,567	345
Uses of Funds						
Total Non Current Assets	-	-	-	-	-	-
Investments	181,713,522	77,855.16	181,713,522	77,855.16	-	-
Total Net Current Assets	783,745	335.80	792,846	339.69	805,297	345.03
Total Misc Exp. Not written off	-	-	-	-	-	-
Total	182,497,267	78,191	182,506,368	78,195	805,297	345

Other Financial Data

Year ended Dec. 31,	2007		2006		2005	
	(USD)	(Rs Lacs)	(USD)	(Rs Lacs)	(USD)	(Rs Lacs)
Basic earnings per share	-2.02	-86.38	-7.54	-323.13	0.20	8.65
Diluted earnings per share	-2.02	-86.38	-7.54	-323.13	0.20	8.65
Return on Net Worth *	-6.65%		-23.33%		0.51%	
Book Value Per Share **	30.31	1298.76	32.33	1385.14	39.87	1708.26
Dividend % ***	-	-	-	-	-	-

*Return has been calculated as Net Income / (Shareholder's Equity + Minority Interest) ,

** Book Value per share has been calculated as Shareholder's Equity/ Weighted avg. no of basic shares ,

*** Dividend % - Dividend per share upon Face value per share

- 6.13 As at 31st December, 2008, TMI Mauritius had no contingent liabilities.
- 6.14 Reasons for Rise /Fall in Total Income/PAT : TMI Mauritius does not have any significant operations of its own. The only income earned is by way of interest income. Since there are no operations, the expenses incurred are mainly administrative in nature like audit fees, filing fees, bank charges etc.
- 6.15 Significant Accounting Policies of TMI Mauritius (Source :TMI Mauritius Audited Accounts 2007) The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.
- **Basis of preparation:** The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying TMI Mauritius’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below.
 - **Basis of accounting:** The financial statements incorporate the accounts of TMI Mauritius. The financial statements are prepared under the historical cost convention
 - **Standards, interpretations and amendments to published standards effective in 2007: IFRS 7, ‘Financial instruments: Disclosures’** and the complementary amendment to IAS 1, ‘Presentation of financial statements – Capital disclosures’, introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of TMI Mauritius’s financial instruments, or the disclosures relating to trade and other receivables, taxation and trade and other payables. Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by TMI Mauritius. The following standards, amendments and interpretations to existing standards have been published and are mandatory for TMI Mauritius’s accounting period beginning on or after 01 January 2008 but which TMI Mauritius has not early adopted: — IFRS 8, ‘Operating segments’ (effective from 01 January 2009). Interpretations to existing standards that are not yet effective and not relevant for TMI Mauritius’s Operations Management have considered interpretations to existing standards that have been published and that are mandatory for its accounting periods beginning on or after 01 January 2008 or later periods but these are not relevant to TMI Mauritius’s operations.
 - **Consolidated financial statements:** TMI Mauritius owns 100% of the share capital of TMI India Ltd, a Category 1 GBL company incorporated in Mauritius and has taken advantage of paragraph 10 of International Accounting Standard IAS 27, Consolidated and Separate Financial Statements, which dispenses it from the need to present consolidated financial statements, as it is a wholly owned subsidiary of TM International Berhad.
 - **Investments in subsidiaries:** Subsidiaries are all entities over which TMI Mauritius has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether TMI Mauritius controls another entity. Investments in subsidiaries are initially recognised at cost. Where the recoverable amount of an investment is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss is taken to the income statement. On disposal of an investment, the difference between the net proceeds and the carrying amount is charged or credited to the income statement.
 - **Foreign currency translation:**
 - Functional and presentation currency: Items included in the financial statements are measured in the currency that best reflects the economic substance of the underlying events and circumstances relevant to TMI Mauritius. The financial statements are presented in United States dollar, which is TMI Mauritius’s functional and presentation currency.
 - Transactions and balances: Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.
 - **Retranslation of the branch:** The financial statements of the branch are translated into United States dollars and incorporated in the financial statements using the following procedures: (a) all transactions are translated at the rates of exchange ruling at the dates of the transactions; (b) the monetary assets and liabilities are translated at the closing rate of exchange; and (c) the resulting exchange differences are taken to the income statement.

- Cash and cash equivalents: Cash comprises cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.
- Deferred taxation: Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.
- **Revenue recognition:** Interest income are recognised on a time proportion basis using the effective interest method. Financial instruments carried on the balance sheet include investment in subsidiary, debtors, cash at bank, amount payable to holding company, loan from ultimate holding company and creditors. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.
- **Critical accounting estimates and judgements in applying accounting policies:** TMI Mauritius makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. TMI Mauritius does not have any area involving a higher degree of judgement or complexity, nor any area where assumption and estimates are significant to the financial statements.

6.16 There are no pending litigations as on December 31, 2007

6.17 Details of Merger/Demerger/Spin Off/ Acquisition in the last 3 years:

Acquired Company	Acquisition Date	Purchase Price	Description Of Acquired Company
Distacom Communications (India) Limited -now known as TMI India Ltd	June 10, 2006	USD178.8m	An investment holding company

6.18 TMI India is the only subsidiary of TMI Mauritius. Details of TMI India are covered in section 7.

7. BACKGROUND OF PAC - TMI INDIA LTD (“PAC”/ “TMI INDIA”)

- 7.1 TMI India was incorporated on January 3, 1996 under the laws of Mauritius as “Beta Telecom Holdings Limited”. Subsequently, on January 24, 1996, the name was changed to “Distacom Communications (India) Limited” (“DCIL”) and thereafter on August 22, 2006 its name changed to “TMI India Ltd”.
- 7.2 The registered office of TMI India is located at Level 6, One Cathedral Square, Jules Koenig Street, Port Louis, Mauritius.
- 7.3 TMI India is primarily an investment holding company which also provides technical services
- 7.4 TMI India is an unlisted company and holds 270,450,600 equity shares in the Target Company constituting 39.2% of paid up equity share capital of the Target Company. The shares of Target were acquired by TMI India at different points in time since inception as per the table given:

Date of Acquisition	Price of Acquisition	Number of Shares	Cumulative Number of Shares (%)	Cumulative Shareholding	Mode	Selling Shareholder
4.6.1997	Rs10 per shares	130,525,200	130,525,200	40%	Cash	Subscription
9.7.1998	Rs10 per shares	31,200,000	161,725,200	40%	Cash	Subscription
12.5.1999	Rs10 per shares	19,773,000	181,498,200	40%	Cash	Subscription
24.11.1999	Rs10 per shares	42,414,400	223,912,600	41%	Cash	Subscription
16.09.1999	Rs10 per shares	46,538,000	270,450,600	49%	Cash	Motorola India Networks Limited

TMI Mauritius Ltd acquired Distacom Communications (India) Limited (“Distacom”) on 10 May 2006, which held the shares directly in Target Company based on the above table. Distacom was renamed “TMI India Ltd” on 22 August 2006.

- 7.5 TMI India is wholly owned subsidiary of TMI Mauritius and TMI Mauritius is in turn a wholly owned subsidiary of TMI. TMI is the ultimate holding company of TMI India.

7.6 A brief history of the company is as under:

Date	Major Events
January 3, 1996	Incorporated as Beta Telecom Holdings Limited
January 24, 1996	Changed name to "Distacom Communications (India) Limited"
May 15, 1996	Allotment of 37,440,000 ordinary shares to Distacom India Holdings Limited
May 15, 1996	Transfer of 5,000 ordinary shares each from M.J.T. Attungue and B.N.J. Glover to Distacom India Holdings Limited
January 9, 1998	Allotment of 8,003,928 ordinary shares to Distacom India Holdings Limited
November 12, 1999	Allotment of 17,485,819 ordinary shares to Distacom India Holdings Limited
November 12, 1999	Allotment of 11,107,014 "A" ordinary shares to PAII (Mauritius) Company Limited (later named as DAI (Mauritius) Company Limited) ("DAI")
May 10, 2006	Transfer of 62,939,747 ordinary shares and 11,107,014 "A" ordinary shares from Distacom India Holdings Limited and DAI to TMI Mauritius Ltd ("TMI Mauritius"), respectively
August 22, 2006	Changed name to "TMI India Ltd".
December 18, 2006	11,107,014 "A" ordinary shares were converted into 9,774,172 ordinary shares

7.7 The authorised share capital of TMI India is not limited while its issued and paid up share capital is USD 72,713,919 comprising of 72,713,919 Ordinary Shares of USD 1.00 each.

7.8 The shareholding pattern of TMI India as at the date of this letter is as follows

Shareholder's Category	No of Shares Held	% of Shares Held
TMI Mauritius Ltd	72,713,919	100%
Total Paid up Capital	72,713,919	100%

7.9 TMI India is a privately held company and its shares are not listed on any stock exchanges.

7.10 TMI India has complied with the reporting requirements under Chapter II of the SEBI (SAST) Regulations.

7.11 The Directors of TMI India and their addresses are as follows:

Name/designation/ date of appointment	Educational Qualification	Experience	Residential Address
Tan Sri Dato' Ir Muhammad Radzi bin Hj Mansor, Director 13.12.2006	Diploma in Electrical Engineering, Far- aday House Engi- neering College, London Masters in Science (Technological Eco- nomics), University of Stirling, Scotland	<ul style="list-style-type: none"> Telecommunications Engineer Director and member of Board Committee in various companies within the TMI group Consultant 	No. 7, Lorong Setiarasa, Bukit Damansara, 50490 Kuala Lumpur.
Dato' Yusof Annuar bin Yaacob Director 10.5.2006	Accountancy, Lon- don School of Accountancy CIMA	<ul style="list-style-type: none"> Group chief financial officer of TMI Director and member of Board committees for TMI group of companies Experience in Telecommunications industry, investment banking and corporate management 	No. 18, Jalan Bunga Melati 2/2, 40000 Shah Alam, Selangor Darul Ehsan.
Jean Maurice Richard Arlove, Director 1.7.2002	Fellow of the Asso- ciation of Chartered Certified Accoun- tants	Chief Executive Officer of Abacus Management Solutions Ltd.	5 Michael Leal Street, Beau Bassin, Republic of Mauritius
Nousrath Begum Bhugeloo, Director 6.11.2006	Institute of Chartered Secretaries and Administrators	Company Secretarial and administration	56, Avenue Le Conte de Lisle Quatre-Bornes

7.12 None of the directors of TMI India have acquired any shares of the Target Company over the last 12 months from the date of the Public Announcement. None of the directors/representatives of TMI India are on the Board of Directors of the Target Company except:

- Dato' Yusof Annuar Yaacob;
- Dr. Shridhir Sariputta Hansa Wijayasuriya.

The above persons have recused themselves and have not participated and shall recuse and shall not participate in any matter(s) concerning or 'relating' to the Offer including any preparatory steps leading to the Offer.

7.13 There are no other agreements between the Acquirer and PACs in relation to the Offer / acquisition of the shares except as disclosed in this Letter of Offer

7.14 Brief financials of TMI India are presented below. (Source : Audited Accounts of TMI India for year ending December 2007 & December 2006)

Profit and Loss for the year ended December 31st

	2007		2006		2005	
	(USD)	(Rs Lacs)	(USD)	(Rs Lacs)	(USD)	(Rs Lacs)
Interest Income	-	-	-	-	3	0.00
Other Income	-	-	383,010	164.10	-	-
Total Income	-	-	383,010	164.10	3	0.00
Total Expenditure	21,390	9.16	30,467	13.05	48,020	20.57
Operating Result	-21,390	-9.16	352,543	151.05	-48,017	-20.57
Depreciation	-	-	-	-	-	-
Net Interest Expense	-	-	-	-	-	-
Profit Before Tax	-21,390	-9.16	352,543	151.05	-48,017	-20.57
Taxation	-	-	-	-	-	-
Net Profit	-21,390	-9.16	352,543	151.05	-48,017	-20.57

Balance Sheet for the year ended December 31st

Sources of Funds	2007		2006		2005	
	(USD)	(Rs Lacs)	(USD)	(Rs Lacs)	(USD)	(Rs Lacs)
Paid up Share Capital	72,713,919	31154	72,713,919	31154	72,713,919	31154
Reserves & Surplus (excluding minority interest)	-13,062	-6	8,328	4	-344,215	-147
Shareholder's Funds	72,700,857	31148	72,722,247	31158	72,369,704	31007
Minority Interest	-	-	-	-	-	-
Secured Loans	-	-	-	-	-	-
Unsecured Loans	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Total	72,700,857	31,148	72,722,247	31,158	72,369,704	31,007
Uses of Funds						
Total Non Current Assets	-	-	-	-	-	-
Investments	72,739,747	31165	72,739,747	31165	72,739,747	31165
Total Net Current Assets	-38,890	-17	-17,500	-7	-370,043	-158
Total Misc Exp. Not written off	-	-	-	-	-	-
Total	72,700,857	31,148	72,722,247	31,158	72,369,704	31,007

Other Financial Data

Sources of Funds	2007		2006		2005	
	(USD)	(Rs Lacs)	(USD)	(Rs Lacs)	(USD)	(Rs Lacs)
Basic earnings per share	0.00	-0.01	0.00	0.21	0.00	-0.03
Diluted earnings per share	0.00	-0.01	0.00	0.21	0.00	-0.03
Return on Net Worth *	-0.03%		0.48%		-0.07%	
Book Value Per Share **	1.00	42.84	1.00	42.85	1.00	42.64
Dividend % ***	-	-	-	-	-	-

*Return has been calculated as Net Income / (Shareholder's Equity + Minority Interest) ,

** Book Value per share has been calculated as Shareholder's Equity/ Weighted avg. no of basic shares ,

*** Dividend % - Dividend per share upon Face value per share

7.15 As at 31st March 2008, TMI India had no contingent liabilities.

7.16 Reasons for Rise /Fall in Total Income/PAT : TMI India does not have any significant operations of its own. The only income earned is by way of interest income. Since there are no operations, the expenses incurred are mainly administrative in nature like audit fees, filing fees, bank charges etc.

7.17 Significant accounting policies of TMI India (Source :TMI India Audited Accounts 2007)

The principal accounting policies applied in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

- **Basis of preparation:** The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"). The financial statements are prepared under the historical cost convention. The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying TMI India's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below.
- **Standards, interpretations and amendments to published standards effective in 2007: IFRS 7, 'Financial instruments: Disclosures'** and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of TMI India's financial instruments, or the disclosures relating to other payables. Interpretations to existing standards that are not yet effective and not relevant for TMI India's operations. Management have considered interpretations to existing standards that have been published and that are mandatory for TMI India's accounting periods beginning on or after 01 January 2008 or later periods but these are not relevant to its operations.
- **Investment in associate:** Associates are all entities over which TMI India has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. TMI India owns 39.2% of the shares capital of Spice Communications Limited, and has taken advantage of paragraph 13 of International Accounting Standards IAS 28, Investments in Associates, which dispenses it from the need to equity account its investment in associate, as it is a wholly owned subsidiary of TMI International Berhad, which presents consolidated financial statements in compliance with International Financial Reporting Standards. Investments in associates are initially recognised at cost. When the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the income statement. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.
- **Cash and cash equivalents:** Cash comprises Cash and cash equivalent. Cash equivalents are short-term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.
- **Foreign currency translation:**
 - Functional and presentation currency: Items included in the financial statements are measured in the currency that best reflects the economic substance of the underlying events and circumstances relevant to TMI India. The financial statements are presented in United States dollar, which is TMI India's functional and presentation currency.
 - Transactions and balances: Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.
- **Deferred taxation:** Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.
- **Revenue recognition:** Interest income are recognised on a time proportion basis using the effective interest method. Financial instruments Financial instruments carried on the balance sheet include Cash and cash equivalent, amounts due to holding company and accrued expenses. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

- **Critical accounting estimates and judgements in applying accounting policies:** TMI India makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. TMI India does not have any area involving a higher degree of judgement or complexity, nor any area where assumption and estimates are significant to the financial statements.

7.18 There are no pending litigations as on December 31, 2007

7.19 There are no merger /demerger /spin offs/ acquisitions involving TMI India during the last 3 years

7.20 TMI India has no subsidiary companies, its only investment is the 39.2% equity shareholding in the Target Company

8. BACKGROUND OF PAC - GREEN ACRE AGRO SERVICES PRIVATE LIMITED (“PAC”/ “GAASPL”)

8.1 GAASPL was incorporated on May 2, 2002 under the Companies Act, 1956 as a private limited company. The registered office of GAASPL is located at Apeejay, Shahid Bhagat Singh Marg, Fort, Mumbai – 400 001.

8.2 GAASPL does not have any significant commercial activity.

8.3 GAASPL is an unlisted company and does not hold any shares of the Target Company. GAASPL has no prior history of acquisitions in the Target Company

8.4 GAASPL was incorporated with the main object to carry on business of farming, agriculture, horticulture and other allied activities. The authorised share capital of GAASPL consists of 10,000 ordinary shares of Rs. 10/- each. The paid up share capital of GAASPL consists of 10,000 ordinary shares of Rs. 10/- each. The shareholding pattern as at the day of Public Announcement was as under:

Shareholder’s Category	No. of Shares held	% of Shares held
Promoters:		
Birla TMT Holdings Private Limited	5,000	50%
Infocyber India Private Limited	5,000	50%
Total Paid up Capital	10,000	100%

8.5 Birla TMT Holdings Private Limited, an equal shareholder of GAASPL holding 50% of the share capital of GAASPL is one of the Promoters of Idea. GAASPL has no other relationship with the Acquirer or any of the PACs.

8.6 GAASPL is a privately held company and its shares are not listed on any stock exchanges.

8.7 The provisions of Chapter II regulations of SEBI Takeover Code are not applicable to GAASPL as it does not hold any shares in the Target Company

8.8 The Directors of GAASPL and their addresses are as follows:

Name / Designation/ Date of Appointment	Educational Qualification	Experience	Address
Mr. G K Tulsian, Director 09/06/2008	B.Sc, FCA, MBMI (London)	46 years	32, Peacock Palace, 69 Bhulabhai Desai Road, Mumbai – 400 026
Mr. Sushil Agarwal Director 09/06/2008	M. Com, FCA	21 years	32, Peacock Palace, 69 Bhulabhai Desai Road, Mumbai – 400 026

8.9 None of the directors of GAASPL have acquired any shares of the Target Company over the last 12 months except as disclosed under:

Mr. G.K. Tulsian, one of the directors of GAASPL purchased 5,000 equity shares of the Target Company on January 4, 2008 through the stock exchange at a price of Rs. 64.30 per share, and sold 5,000 equity shares of the Target Company on March 7, 2008 through the stock exchange at a basic price of Rs. 30.36 per share. Currently he does not hold any shares of the Target Company. However, as on the date of the Public Announcement none of the directors of GAASPL hold any shares in the Target Company.

8.10 None of the directors/representatives of GAASPL are on the board of directors of the Target Company.

8.11 Except as disclosed in this Letter of Offer there are no other agreements between the Acquirer and GAASPL in relation to the Offer / acquisition of the shares

8.12 Brief financials of GAASPL are presented below. (Source : Annual reports of GAASPL for year ending March 31, 2008 & March 31, 2007)

Profit and Loss for the year ended March 31st

ALL FIGURES IN INR	2008	2007	2006
Interest Income	2,420	4,853	2,569
Other Income	1,122	-	-
Total Income	3,542	4,853	2,569
Total Expenditure	7,824	5,064	8,193
Operating Result	(4,282)	(211)	(5,624)
Depreciation	-	-	-
Net Interest Expense	-	-	-
Profit Before Tax	(4,282)	(211)	(5,624)
Taxation	-	-	-
Net Profit	(4,282)	(211)	(5,264)

Balance Sheet for the year ended December 31st

ALL FIGURES IN INR	2008	2007	2006
Sources of Funds			
Paid up Share Capital	100,000	100,000	100,000
Reserves & Surplus (excluding minority interest)	-	-	-
Shareholder's Funds	100,000	100,000	100,000
Minority Interest	-	-	-
Secured Loans	-	-	-
Unsecured Loans	117,000	-	-
Total Liabilities	117,000	-	-
Total	217,000	100,000	100,000
Uses of Funds			
Total Non Current Assets	-	-	-
Investments	-	-	-
Total Net Current Assets	200,414	84,940	82,395
Total Misc Exp. Not written off	2,756	5,512	8,268
Profit and Loss Account (Dr)	13,830	9,548	9,337
Total	217,000	100,000	100,000

Other Financial Data

ALL FIGURES IN INR	2008	2007	2006
Basic earnings per share	(0.43)	(0.02)	(0.56)
Diluted earnings per share	(0.43)	(0.02)	(0.56)
Return on Net Worth *	(5.1%)	(0.3%)	(6.4%)
Book Value Per Share **	8.34	8.49	8.24
Dividend % ***	-	-	-

*Return has been calculated as Net Income / (Shareholder's Equity + Minority Interest) ,

** Book Value per share has been calculated as Shareholder's Equity/ Weighted avg. no of basic shares ,

*** Dividend % - Dividend per share upon Face value per share

8.13 As at 31st March 2008, GAASPL had no contingent liabilities.

8.14 Reasons for Rise /Fall in Total Income/PAT : GAASPL has no significant operations of its own. The only income earned by GAASPL is by way of interest income. Since there are no operations, the expenses incurred are mainly administrative in nature like audit fees, filing fees, bank charges etc.

8.15 Significant Accounting Policies of GAASPL (Source : GAASPL Annual Report 2008)

- **Basis of Accounting :** The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956
- **Use of Estimates:** The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods
- **Borrowing Costs:** Borrowing costs attributable to the acquisition and construction of qualifying assets are capitalized as part of the cost of respective assets upto the date when such asset is ready for its intended use. Other borrowing costs are charged to the revenue.
- **Miscellaneous Expenditure:** Preliminary expenses are written off over a period of five years from the date of commencement of business.
- **Revenue Recognition:** Interest on loans and advances is recognized on accrual basis.
- **Taxation:** Provision for income tax is made on the basis of the estimated taxable income for the current outstanding year in accordance with the Income Tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. In case of unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognized only if there is a virtual certainty if realization of such assets.

8.16 There are no pending litigations as on March 31, 2008

8.17 There are no merger / demerger / spin offs/ acquisitions involving GAASPL during the last 3 years

8.18 GAASPL has no subsidiaries

9. DISCLOSURE IN TERMS OF REGULATION 21(2)

9.1 Under its listing agreements with NSE and BSE, Spice has agreed to maintain on a continuous basis, public shareholding of at least 10% of the total number of issued shares of that class. For computing the public shareholding, the shares held by the promoter, the Acquirer and the PAC are to be excluded. Depending on the number of acceptances under the Offer, the public shareholding may fall below 10%. As disclosed earlier, the Acquirer and the PAC intend to merge Spice with Idea pursuant to a scheme of amalgamation to be approved by the relevant High Courts under Sections 391-394 of the Companies Act, 1956. Clause 40A (vii) of the listing agreements provides that where the public shareholding in any class or kind of shares of a company falls below the minimum level of public shareholding on account of supervening extraordinary events including, but not limited to, amongst others, (a) transfer of shares in compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or (b) re-organisation of capital by way of scheme of arrangement, BSE and NSE may extend the time for compliance with the requirement of minimum level of public shareholding by a further period not exceeding one year. Accordingly, in the event that the public shareholding falls below 10%, Spice will apply to both NSE and BSE for permitting it time of one year for compliance with the continuous listing requirements. If the merger of Spice with the Acquirer is not effected by the time permitted by the stock exchanges, Spice shall raise the level of its public shareholding to 10% either through (a) the issue of fresh shares; or (b) the offer for sale of the shares held by the promoters/PAC; or (c) subject to the approval of the stock exchanges, the sale of shares on the stock exchanges or any other method which does not adversely affect the interests of the minority shareholders.

10. BACKGROUND OF THE TARGET COMPANY – SPICE COMMUNICATIONS LIMITED (“TARGET”/ “SPICE”)

10.1 Spice was originally incorporated as a private limited company under the Companies Act, 1956 on March 28, 1995 under the name of “Modicom Network Private Limited”. The Target Company subsequently became a deemed public company under section 43(1A) of the Companies Act, 1956 with effect from April 1, 1999 and the name of the Target Company was changed to “Modicom Network Limited”. The name of the Target Company was further changed to “Spice Communications Limited” vide fresh Certificate of Incorporation dated December 3, 1999. With addition of the word ‘Private’ in the name of the Target Company under Section 43A (2A) of the Companies Amendment Act, 2000, the name was again changed to “Spice Communications Private Limited” w.e.f. October 28, 2003. On December 28, 2006 the Target Company was converted into a public company and the name was changed to “Spice Communications Limited”.

10.2 The registered office of Spice is situated at 60-D Sainik Farms, New Delhi – 110062. The corporate office of Spice is situated at Spice Towers, No. 75, Richmond Road, Civil Station, Bangalore-560 025.

- 10.3 Spice was among the first Indian companies that were granted licenses in 1995 to provide cellular services in India. Recognizing the highly specialized nature of the sector, the Government, required applicants for licenses to team up with established foreign players. Accordingly, Spice was initially a joint venture between MCPL, Motorola Inc, USA and Distacom Communications Limited, Hongkong. Motorola Inc exited Spice as a shareholder in September 1999 through sale of its stake to Distacom Communications. In March 2006, Telekom Malaysia, through a wholly owned subsidiary, purchased the entire stake held by Distacom Communications in Spice, however, MCPL, the Indian promoter, remained and even pursuant to the IPO of Spice's shares in July 2007 continued to hold more than 40% of Spice's shares.
- 10.4 The Target Company is an incumbent cellular services provider in the service areas of Punjab and Karnataka in India with an allocation of 900MHz spectrum in both these states. It provides a wide array of voice and non-voice cellular services on either a post-paid or pre-paid basis. Its GSM cellular services include basic cellular voice services, SMS, value-added services and roaming services. Some salient features Spice's operational circles are as under:

	PUNJAB	KARNATAKA
Population (March 2008)*	25.7 million	57.1 million
Market Penetration***	45%	29%
Spectrum**	7.8MHz (900MHz band)	6.2 MHz (900MHz band)
No of subscribers ***	2.65 million	1.71 million
Market share ***	22.3%	9.8%
Rank among telecom operators (based on number of subscribers) ***	Second	Fifth

*Source: Census of India

**Source: DoT

***Source: COAI website and Association of Unified Telecom Service Providers of India ("AUSPI") website

- 10.5 Key events in Spice history since incorporation are highlighted in the following table –

YEAR	EVENT
1995	Incorporated as a private limited company under the name "Modicom Network Private Limited" for providing telecommunication services.
1995	Company filed bids for providing telecommunication services in six circles, out of which it received H-1 position in three circles, i.e. it was the highest bidder for getting the license in Karnataka, Punjab and Rajasthan telecom circles. The Company opted for two telecom circles of Karnataka and Punjab
1996	Company signed License Agreements with DoT for operation of Cellular Mobile Telephone Services in Punjab and Karnataka.
1996	MWPL, DCIL and MINL held 51%, 39% and 10% equity share capital of the Company.
1997	Commencement of commercial operations in May 1997 in Karnataka Circle and June 1997 in Punjab Circle.
1999	DCIL acquired the 10 % equity stake held by MINL and became a 49% equity shareholder of the Company.
1999	Achieved 0.1 million subscriber base.
1999	Change of status by conversion into deemed public limited company and change of name to "Modicom Network Limited".
1999	Change of name of the Company to "Spice Communications Limited".
2000	The Company became entitled to "Revenue sharing license regime" instead of "Fixed license fee regime."
2002	Obtained ISP license.
2003	Change of name of the Company to "Spice Communications Private Limited"
2003	Achieved 1 million subscriber base.
2004	Migrated to Unified Access Service License
2006	Achieved 2 million subscriber base
2006	TMI through its subsidiaries TMI India purchased the entire share capital of DCIL.
2006	The Company applied for ILD and NLD Licenses.

YEAR	EVENT
2006	The Company applied for UASL in 21 additional circles
2006	Name of Company changed to "Spice Communications Limited"
2007	Grant of Letter of Intent for NLD/ILD service licence
2008	Grant of 4 new UASLs in Maharashtra, Andhra Pradesh, Delhi and Haryana
2008	Execution of MCA whereby it is proposed to merge Spice with Idea

10.6 The promoters of Spice are Mr. Dilip Modi and MCPL who along with relatives collectively held 281,489,370 fully paid up equity Shares in Spice as on March 31, 2008 constituting 40.8% of the fully paid up capital. Currently TMI India holds 270,450,600 fully paid up Equity Shares in Spice constituting 39.2% of the fully paid up capital of Spice.

10.7 Share Capital structure of the Target Company as on the date of Public Announcement is as follows

	No. of Shares / Voting Rights Face Value (Rs 10/- Each)	% of Shares
Authorized Share Capital	750,000,000 equity shares of Rs 10 each 1,000 Preference shares of Rs 10 each	-
Fully paid up equity shares	689,925,000 equity shares of Rs 10 each	100%
Total Voting rights in Spice	689,925,000 equity shares of Rs 10 each	100%

There are no outstanding convertible instruments issued by Spice. There are no partly partly paid-up shares in the Target Company

10.8 Capital structure of Spice since inception and the disclosure status of compliance with applicable provisions of the SEBI (SAST) Regulations and other statutory requirements as applicable.

Date of Allotment	No of Shares	% of Shares Issued	Cumulative Paid Up Capital INR Lacs	Mode of Allotment	Identity of Allottees (Promoter/ Ex-promoter/ Others)	Status of Compliance
June 6, 1995	20	100.0%	0.002	Subscription on signing of the Memorandum of Association.	Others	Done
Nov. 25, 1996	168,946,444	100.0%	16,894.6	On subscription to Equity Shares.	Promoters	Done
June 4, 1997	163,993,200	49.3%	33,293.9	On subscription to Equity Shares.	Others	Done
July 9, 1998	79,584,000	19.3%	41,252.3	On subscription to Equity Shares.	Promoters: 40384000 shares Others: 39200000 shares	Done
May 12, 1999	50,436,360	10.9%	46,296	On subscription to Equity Shares.	Promoters: 25593360 shares Others: 24843000 shares	Done
Nov. 24, 1999	86,109,888	15.7%	54,906.9	On subscription to Equity Shares.	Promoters: 43695488 shares Others: 42414400 shares	Done
Dec. 26, 2000	2,870,088	0.5%	55,194	On subscription to Equity Shares.	Promoters	Done
June 5, 2007	24,873,889	4.3%	57,681.4	Allotment under Pre-IPO	Others	Done
July 10, 2007	113,111,111	16.4%	68,992.5	IPO	Public	Done

- 10.9 The shares of Spice are listed on the NSE and the BSE. There has been no suspension of trading of the shares of Spice on any of the stock exchanges where it is listed and there are no outstanding shares of Spice pending listing as on the date of the Public Announcement
- 10.10 Spice has complied with applicable provisions of the Chapter II of the SEBI (SAST) regulations.
- 10.11 Spice is in compliance with the listing agreement as on the date of the Public Announcement and no penal/punitive action has been initiated against Spice by the stock exchanges where its shares are listed.
- 10.12 The Board of Directors of Spice as on the date of Public Announcement are as follows:

Name Of the Director	Designation & Appointment Date	Qualification	Experience	Residential address
Dr Shridhir Sariputta Hansa Wijayasuriya	19-May-06	M.B.A. From University of Warwick, U.K.M.A. From University of Cambridge, U.K. Ph.D. From University of Bristol, U.K. Chartered Engineer Ceng(UK)	Group CEO of Dialog Telekom Plc Professional Experience in Mobile Telecommunications And Related Business Management	No. 19, Bagatelle Road, Colombo 3, Sri Lanka
Dato' Yusof Annuar Yaacob	10-May-06	Accountancy, London School of Accountancy CIMA	Group Chief Financial Officer of TMI Director and Members of Board Committees For TMI Group of Companies Experience in Telecommunication Industry, Investment Banking and Corporate Management	No. 18, Jalan Bunga Melati 2/2, 40000 Shah Alam, Selangor Darul Ehsan.
IR Prabakar N.K. Singam	10-May-06	B.Sc in Civil Engineering, Portsmouth Polytechnic, UK	Experience in Civil Engineering Sector Especially in the Area of Consultancy, Contracting, Project Management and Project Financing	No. 33, Jalan Bu 4/9, Bandar Utama, 47800, Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Devendra Raj Mehta	23-Mar-07	Arts And Law, Rajasthan University. Public Administration, The Royal Institute of London Alfred Sloan School of Management, MIT, Boston , U.S.A.	Administration and Management of Public Affairs Chairman of The Securities and Exchange Board of India (SEBI) Chairman of Asia Pacific Regional Committee (APRC) of International Organization of Securities Commissions (IOSCO), Deputy Governor of The Reserve Bank of India Secretary (Industries), Mines, State Enterprises	B-5, Mahavir Udyan Marg, Bajaj Nagar, Jaipur – 302 105
Krishan Lal Chugh	10-May-06	Mechanical Engineering From Delhi University	Chairman Emeritus- ITC Court of Governors, Administrative Staff College, Hyderabad President of Aima Director On The Central Board of The Reserve Bank of India.	N-79, Panchsheel Park, New Delhi – 17

Name Of the Director	Designation & Appointment Date	Qualification	Experience	Residential address
Hetal Gandhi	17-Aug-06	Member of The Institute of Chartered Accountants of India (C.A.)	Experience in Financial Services Business Industry Specifically in Investment Banking, Private Equity and Business Advisory. Former CEO for the Financial Services Business of Infrastructure Leasing and Financial Services Limited Co Founder of Tano Capital, An International Alternative Asset Management Company. Founding Member of Tie Network Bangalore	Rosy House, Flat No. 61, North Avenue, Santacruz (W), Mumbai – 54
Mahesh Prasad	9-Nov-06	M.A. From Lucknow University Post Graduation in Economic Development From Cambridge University	Senior Member of Indian Administrative Services Chairman of The Delhi Public Grievance Commission In The Rank of Cabinet Minister, President of Sahara India TV Network, Secretary in The Ministry of Finance Advisor to The Planning Commission Secretary in The Departments of Planning, Finance & Industry.	Kanak Champa, 20, Sector-14 A, Noida.

10.13 On August 8, 2008 the following directors have been nominated by the Acquirer and PAC and were appointed on the board of the Target Company in accordance with Regulation 22(7) of the Regulations after depositing 100 percent of consideration in cash in the escrow account:

- Mr. M.R. Prasanna;
- Mr. Ashish Dwivedi

10.14 Other than the following, no other directors of Spice represent the Acquirer or the PACs:

- Dato' Yusof Annuar Yaacob;
- Dr. Shridhir Sariputta Hansa Wijayasuriya;
- Mr. M.R. Prasanna;
- Mr. Ashish Dwivedi

The above persons have recused themselves and have not participated and shall recuse and shall not participate in any matter(s) concerning or 'relating' to the Offer including any preparatory steps leading to the Offer.

10.15 Brief financials of Spice are presented below.

Profit and Loss Account

All figures in Rs Lacs	Jan 2008 – Mar 2008#	Jan 2007 - Dec 2007	Jul 2006 - Dec 2006	Jul 2005 - Jun 2006
Operating Income	29,982	95,785	38,916	66,149
Other Income	985	51,602	1,058	8,774
Total Income	30,966	147,388	39,975	74,924
Total Expenditure	21,828	73,426	30,526	51,494
Operating Result	9,139	73,962	9,449	23,431
Depreciation	7,181	18,139	6,958	14,124
Net Interest Expense	5,548	16,588	6,311	8,646
Profit Before Tax	-3,590	38,835	-3,819	593
Taxation	31	822	49	129
Net Profit	-3,651	38,013	-3,869	464

Balance Sheet for the year ended December 31st, 2007

All figures in Rs Lacs	Jan 2008 – Mar 2008#	Jan 2007 - Dec 2007	Jul 2006 - Dec 2006	Jul 2005 - Jun 2006
Sources of Funds				
Paid up Share Capital	68,993	68,993	55,194	55,194
Share Premium Account	N.A.	49,426	-	-
Other Reserves	N.A.	-	-	-
Shareholders Funds	N.A.	118,418	55,194	55,194
Minority Interest	N.A.	-	-	-
Secured Loans	N.A.	125,388	114,402	103,600
Unsecured Loans	N.A.	3,162	6,390	7,131
Deferred Tax liability	N.A.	25,824	-	-
Total	N.A.	272,792	175,985	165,925
Uses of Funds				
Net block	N.A.	176,669	101,769	91,935
Investments	N.A.	9,717	-	-
Total Net Current Assets	N.A.	47,821	973	5,075
Total Misc Exp. Not written off	N.A.	5,960	2,811	2,351
Profit & Loss (Dr)	N.A.	32,626	70,432	66,563
Total	N.A.	272,792	175,985	165,925

Other Financial Data

All figures in Rs Lacs	Jan 2008 – Mar 2008#	Jan 2007 - Dec 2007	Jul 2006 - Dec 2006	Jul 2005 - Jun 2006
Dividend %***	N.A.	-	-	-
Earnings per Share – Basic (INR)	-0.53	6.15	-0.7	0.08
Earnings per Share – Diluted (INR)	-0.53	6.15	-0.7	0.06
Return On Net Worth % *	N.A.	47.62%	NA	NA
Book Value Per share (INR)**	N.A.	11.57	-3.27	-2.49

*Return has been calculated as Net Income / (Shareholder's Equity + Minority Interest) ,

** Book Value per share has been calculated as Shareholder's Equity/ Weighted avg. no of basic shares ,

*** Dividend % - Dividend per share upon Face value per share

#A limited review of financials for the quarter ended March 31, 2008 was conducted by its statutory auditors – BSR & Co.

10.16 Reasons for Rise /Fall in Total Income/PAT :

- **Year ended December 31, 2007:** The total income for the year ended December 31, 2007 stood at Rs 1,47,388 lacs, up from Rs 39,975 lacs for the period ended December 31, 2006 representing an increase of 84.3% (annualized basis). This was due in increase in subscriber base to 3.8 million subscribers as at December 31, 2007 compared to 2.45 million for December 31, 2006. Also, during the year the board of directors of Spice decided to sell 875 telecom towers for a total consideration of Rs. 60,000 lacs resulting in a gain of Rs. 43,926 lacs on sale of such assets. Operating income and other income including the profit on sale of towers accounted for 65% and 35% respectively of the total income for the year. On an annualized basis operating income in 2007 grew by 23.1 % in comparison to operating income for the period ended December 31, 2006. It is to be noted that figures given for 2007 and for the period ended December 31, 2006 are not directly comparable as the later are for only a six month period due to change in financial year of Spice.
- **Period ended December 31, 2006:** The total income for the six months ended December 31, 2006 was Rs. 39,975 lacs. The service income in Punjab for the six months ended December 31, 2006 was Rs.26,947 lacs. Total billable subscribers in Punjab as of December 31, 2006 were 1,352 thousand. Pre-paid subscribers as a percentage of total billable subscribers base increased from 65.98% in fiscal 2006 in Punjab to 71.75% for the six months ended December 31, 2006 due to 77.80% of new gross additions to subscribers opting for pre-paid tariff plans. Average revenue per user decreased from Rs. 402 in fiscal 2006 to Rs. 347 for the six months ended December 31, 2006 due to decline in tariffs. Service income in Karnataka for the six months ended December 31, 2006 was Rs. 11,200 lacs. Total billable subscribers in Karnataka as of December 31, 2006 were 511 thousand. Prepaid subscribers as a percentage of total billable subscribers base increased from 81.33% in fiscal 2006 in Karnataka to 85.35% for the six months ended December 31, 2006 due to 86.78% of new gross additions to subscribers opting for pre-paid tariff plans. Average revenue per user in Karnataka decreased from Rs. 515 in fiscal 2006 to Rs. 432 for the six months ended December 31, 2006 due to decline in tariffs. The figures for the period ended December 31, 2006 and for the year ended June 30, 2006 cannot be directly compared due to change in financial year of Spice since financial statements for the period ended December 31, 2006 relates to the 6 month period from July 1, 2006 to December 31, 2006.

10.17 The pre & post offer shareholding pattern of the target company based on shareholding as on the date of Letter of Offer is shown below –

SHAREHOLDERS' CATEGORY	SHAREHOLDING & VOTING RIGHTS PRIOR AGREEMENT/ ACQUISITION		SHARES /VOTING RIGHTS AGREED TO BE ACQUIRED WHICH TRIGGERED OFF THE REGULATIONS		SHARES / VOTING RIGHTS TO BE ACQUIRED IN OPEN OFFER(ASSUMING FULLACCEPTANCES)		SHARES / VOTING RIGHTS AFTER THE ACQUISITION AND OFFER I.E.	
	(A)		(B)		(C)		(A) + (B) + (C) = (D)	
	No	%	No.	%	No.	%	No.	%
(1) Promoter group								
a. Parties to agreement, if any	281,489,350	40.8						
b. Promoter group other than (a) above	20	-						
Total 1(a+b)	281,489,370	40.8						
(2) Acquirers								
a. Main Acquirer (Idea) [#]			281,489,350	40.8	2,745,927	0.4	284,235,277	41.20
b. PACs								
TMI India [#]	270,450,600	39.2			67,612,650	9.8	338,063,250	49.00
GAASPL [#]	67,626,473	9.8			67,626,473	9.8		
Total 2(a+b)	270,450,600	39.2	281,489,350	40.8	137,985,050[@]	20	689,925,000	100
(3) Parties to agreement other than (1)(a) & (2)	0	0.0						
(4) Public (other than parties to agreement, acquirers & PACs)								

SHAREHOLDERS' CATEGORY	SHAREHOLDING & VOTING RIGHTS PRIOR AGREEMENT/ ACQUISITION		SHARES /VOTING RIGHTS AGREED TO BE ACQUIRED WHICH TRIGGERED OFF THE REGULATIONS		SHARES / VOTING RIGHTS TO BE ACQUIRED IN OPEN OFFER(ASSUMING FULLACCEPTANCES)		SHARES / VOTING RIGHTS AFTER THE ACQUISITION AND OFFER I.E.	
	(A)		(B)		(C)		(A) + (B) + (C) = (D)	
	No	%	No.	%	No.	%	No.	%
a. Fls/MFs/ Flls/ Banks/SFIs								
Mutual Funds/ UTI	12,888,599	1.87						
Fls/Banks	600	-						
Flls	50,801,851	7.36						
b. Others								
Bodies Corporate	25,178,766	3.65						
Individuals	45,105,137	6.54						
Foreign Corporate Bodies	50	-						
NRIs	3,480,911	0.5						
Trusts	3,246	-						
Clearing Members	525,870	0.08						
Total (4)(a+b)	137,985,030	20.0						
Grand Total (1+2+3+4)	689,925,000	100.00	281,489,350	40.80	137,985,050[@]	20.00	689,925,000	100.00

@ Of these Idea acquired 2,000,000 Shares on July 7, 2008 from the open market at an average market price of Rs. 74.81 per share. These shares are not eligible to be tendered in the Offer.

For the purposes of this Letter of Offer, the Acquirer, TMI India and the PACs may be considered as part of the 'promoter group' as that term is defined in the SEBI DIP Guidelines. Further, none of the holdings of TMI India, Idea or GAASPL will be considered as part of public for continuous listing requirements under Clause 40A of Listing Agreements.

10.18 Details of the change in shareholding of the promoter group as and when it happened in Spice are as under:

Year	Shares Acquired / (Sold)		Total holding of promoters	% holding to paid up capital	Comments
	MCPL	Individuals			
1996	168,946,444	-	168,946,444	99.99	On subscription to Equity Shares.
1996	20	-	168,946,464	100	Purchased from Ashok Kumar Goel and Indian Management Advisors and Leasing Pvt. Ltd.
1998	40,384,000	-	209,330,464	50.74	On subscription to Equity Shares.
1999 (May)	25,593,360	-	234,923,824	50.74	On subscription to Equity Shares.
1999 (Nov)	43,695,488	-	278,619,312	50.74	On subscription to Equity Shares.
2000	2,870,088	-	281,489,400	51	On subscription to Equity Shares.
2006	(50)	20	281,489,370	0.00	MCPL holding: 281,489,350 shares

Spice has complied with the applicable provisions of the SEBI (SAST) Regulations/other applicable Regulations under the SEBI Act, 1992 and other statutory requirements, as applicable.

10.19 Contingent Liabilities and Commitments (Source : Annual Report 2007)

Rupees in Lacs	2007	2006
Claims received but not acknowledged as debt:		
Karnataka Sales Tax Authorities	2,654.3	1,138.6
TDSAT refund and interest thereon	526.9	305.7
Licence fee and spectrum charges and interest there on	6,835	863.5
Service Tax	79.2	41.1
Civil Cases	9.1	-
Entry Tax	89.2	89.2
Spectrum Charges	4,144.9	3,574.6
Provident fund on leave encashment	26.7	26.7

Spice has received demands/ notices from various authorities as listed above. However, Spice is contesting these and the dispute/s are outstanding at various levels. Pending the final settlement of these cases, all these amounts have been considered as contingent liabilities.

10.20 Litigations (Source: Annual Report 2007)

Following are the material legal cases against Spice (Source: Annual Report 2007)

- Telecom Disputes Settlement Appellate Tribunal ('TDSAT') had vide its order dated 29 March 2004 directed BSNL to refund to Spice the arrears of 5% pass through charges aggregating Rs. 198.51 lacs in respect of the Punjab circle and Rs. 164.74 lacs in respect of the Karnataka circle, including interest thereon @ 12% per annum for the period 25 January 2001 to 31 March 2002. Subsequently, BSNL had filed an appeal with the Hon'ble Supreme Court against the above-mentioned order of TDSAT. During the previous year, the Hon'ble Supreme Court, vide its interim order had granted interim relief to Spice allowing it to adjust the arrears of pass through charges receivable from BSNL as per TDSAT order, against other amounts payable to BSNL from time to time on the condition that Spice furnishes a financial bank guarantee of equivalent amount. BSNL had vide its letter dated 31 March 2005 allowed adjustment of this amount upon Spice furnishing a bank guarantee from a nationalized bank. Per the interim order received from the Hon'ble Supreme Court, such financial bank guarantee was provided by Spice in respect of Punjab circle in April 2005. However, Spice has not provided BSNL with such financial bank guarantee in respect of Karnataka circle. Per the interim order of the Hon'ble Supreme Court, in the event of BSNL succeeding in its appeal, Spice shall have to refund the amount so adjusted with BSNL, together with interest thereon, at the rate to be determined by the Supreme Court. However, during the current year based on the legal opinion obtained by Spice the management has re-evaluated the matter and has recognised the entire amount of refund (including interest) aggregating to Rs. 198.51 lacs and Rs. 164.94 lacs in respect of the Punjab circle and the Karnataka circle respectively as miscellaneous income under Schedule 14 of the financial statements.
- Spice has in the previous year, received a circle-wise demand for interest on outstanding dues and penalty including interest thereon from the Wireless Planning Finance branch (or "WPC") of DoT vide letter No. 1000-54/2004-05/WFD. Through this demand, the WPC has sought to levy the interest on the outstanding dues as per WPC, for the period between February 1999 to December 2001. In addition a penalty was also sought to be levied on these outstanding dues of WPC charges for the year 2003-04. Further interest was levied for the period from January 2002 to August.2007 on the opening difference as at 31 December 2001 and penalty charge as stated above. Spice has received updated demand letters at various intervals during the current year. The circle-wise details of demand as at December 2007 vide letter dated 26 December 2007 are as follows:

RS IN LACS	PUNJAB	KARNATAKA	TOTAL
Principal due	361.5	252.8	614.3
Interest due	2,139.1	1,643.9	3,783.1
Total	2,500.7	1,896.7	4,397.5

Further, during the year Spice had submitted financial bank guarantees worth Rs.1,761 lacs for Karnataka circle and for Rs. 2,365 lacs for Punjab circle equivalent to outstanding as on 31 August 2007 with an understanding from the DoT that the matter shall be settled / reconciled at the earliest and that bank guarantee shall not be en cashed. Subsequently, in the month of December 2007, Spice has deposited Rs. 1,761 lacs for Karnataka circle and Rs 2,365 lacs for Punjab circle in lieu of above mentioned financial bank guarantees and interest demanded by DOT up to 31 December 2007, under protest disclosed under Loans and Advances. The bank guarantees were released subsequent to the year end.

- Spice has filed a response to the demand wherein it has disputed the basis of outstanding dues as at 31 December 2007 as well as penalty and interest as explained above and is in the process of initiating discussions/ reconciliations with WPC. Spice, in response to the demand has claimed that:
 - The increase in opening balance of WPC dues as on 31 December 2001 is solely attributable to the interest being levied for the period February 1999 to December 2001. This charge of interest on spectrum dues, resulting into revision of opening balance as on 31 December 2001 which is further impacting other computations, is totally arbitrary and unjustified for the reasons set out hereinafter. Neither the licence agreement dated 9 September 1996 nor communications from WPC fixing rates of royalty/licence fee provide for levy of any interest on delayed WPC charges. The words “overdue payment” are referable to overdue licence fee payments and not any other payments/charges.
 - The charge of penalty is also not justified in terms of licence agreement which provide, inter alia, that if the total amount paid on self assessment of the operator as quarterly licence fee for the four quarters of the financial year, falls short by more than 10% of the payable licence fee, then it will attract a penalty of 150% of the entire amount of short payment. The words “total amount paid on self assessment of the licensee as quarterly licence fee” are specifically referable to the amount of licence fee alone. Therefore, any unpaid WPC charges cannot result in a shortfall of 10% because the shortfall of 10% must arise out of the amount paid on account of licence fee alone and not on any other account.
 - Interest from January 2002 till date on the opening difference and on penalty charge is not payable by Spice for the reasons that interest for the period February 1999 to December 2001 resulting in revision of opening difference and penalty imposed are not payable. Therefore payment of interest on such amount will not arise.

Spice has obtained legal opinions from eminent lawyers which also confirm the aforesaid claims and reiterate that no interest or penalty as demanded can be charged by WPC. Accordingly, Spice is of the view that the above demand is not tenable in law and consequently it has no obligation to make good the demand. However, on a conservative basis, Spice has provided for contingencies amounting to Rs. 667.05 lacs disclosed under Schedule 18 to the financial statements.

- Spice accrues and pays for revenue share license fees to the Department of Telecommunications (“DoT”) and spectrum charges to the Wireless Planning and Coordination wing of the Ministry of Communications (“WPC”) by applying applicable rates on Adjusted Gross Revenue (“AGR”) as defined under the UASL agreement. The whole issue of computation of AGR had come up before Telecom Dispute Settlement Appellate Tribunal (“TDSAT”) in the previous year.

The issue raised before the Tribunal by the service providers was the question as to what should be the constituents of AGR for the purpose of paying its share of revenue to the Government. The Tribunal in the first instance vide its order dated 7 July 2006 laid down the principles on which the components of AGR should be determined. The matter was referred to Telecom Regulatory Authority of India (“TRAI”) for making recommendations about individual heads of business activity that should be included in AGR and that which should not be. The TRAI made its recommendations dated 13 September 2006. After considering the recommendations made by TRAI in the light of arguments advanced by DoT and other service providers the Tribunal vide its order date 30 August 2007 determined the various constituents of AGR and prescribed that the order is to be made effective for each petitioner from the date it approached the Tribunal.

The computations for the current financial year have been made pursuant to the TDSAT order. Consequently, Spice has not accrued revenue share licensee fees as explained above on certain items, significant ones being profit on sale of passive infrastructure Rs 4,392,572, gain from foreign exchange fluctuation amounting to Rs.309,982, interest on fixed deposit Rs 114,292 and other items.

DoT has vide its appeal dated 08 January 2008 filed a petition before Supreme Court against the tribunal order dated 30 August 2007. The Honourable Supreme Court has ordered service providers to file a counter affidavit and has also ordered the operators not to make any adjustments from the date of the order. Accordingly, Spice will have to accrue for License Fee of Rs. 5,971.50 lacs in the event Supreme Court order is adverse. Since the matter is subjudice, based on legal opinion obtained in this regard and based on the evaluation of this matter by management, Spice has not accounted for any such liability in the current year.

Subsequent to the year end the DoT has filed an appeal to Supreme Court against the TDSAT order. Final verdict from the apex court is awaited till date.

10.21 Details of merger / demerger / spin offs / acquisitions involving Spice during the last 3 years are as under:

During the year 2007 Spice entered into a sale agreement with SREI Infrastructure Finance Limited, pursuant to which Spice has agreed to sell passive infrastructure on 875 sites of the network for a total consideration of Rs. 60,000 lacs ie. @ Rs. 68.57 lacs per site. Subsequent to the year end Spice entered into an infrastructure provisioning agreement with Quipo Telecom Infrastructure Limited (“Quipo”), pursuant to which Quipo has agreed to provide infrastructure provisioning comprising 747 completely built up sites on an operating lease basis for a period of one year from the date of execution of the agreement. Spice has accounted this transaction as a “sale and lease back” transaction in accordance with the requirements of the Indian Accounting Standards. Also, Spice has decapitalized the written down value of fixed assets of 747 sites and has recognized a gain of Rs. 43,926 lacs on sale of assets.

10.22 Status of corporate governance (Source: Spice Annual Report , 2007)

- Spice is fully compliant with all the provisions of Clause 49 of the Listing Agreement of the Stock Exchanges. A certificate from the statutory auditors of Spice, confirming compliance with all the conditions of corporate governance, as stipulated in Clause 49 of the Listing Agreement of the stock exchanges is obtained and forms a part of Spice’s annual report.
- Spice adopts high standards of excellence in corporate governance and believes that good corporate governance practices should be enshrined in all its activities. Spice understands and respects its responsibility towards all its stakeholders which include customers, providers of capital, employees, suppliers etc. Spice considers corporate governance as a key element in improving efficiency and growth as well as enhancing investors’ confidence
- Spice got listed on July 19th 2007 and hence the provisions of Clause 49 of the Listing Agreement became applicable. However, as a good corporate governance practice Spice has followed the norms for the entire year
- Board of directors: The board consisted of one executive and eight non executive directors including four independent directors. That is, as per the Listing Agreement requirements the board consists of adequate combination of executive, non executive and independent directors
- Spice has formed various committees of the board as per the requirements of Listing Agreement. These include an audit committee which acts as a link between the management, the statutory auditors, the internal auditors and the board of directors and is responsible for Spice’s financial reporting process, accounting controls, internal audit policies etc; a remuneration committee which reviews and recommends the remuneration and performance linked bonuses of directors; and an investor grievances and share transfer committee which supervises the redressal of investors complaints and manages transfer of shares
- All material and significant related party transactions are duly disclosed and there has not been any non compliance by Spice and hence no penalties imposed on Spice by the stock exchanges/SEBI or any other statutory authority
- **The address for communication for corporate governance related matter is:** Spice Communications Limited, D-1, Sector – 3, Noida, Distt. Gautam Budh Nagar, Uttar Pradesh -201301. The compliance officer for Spice is Mr. Kapish Chander Jain, Tel: +91-120-4363600/3800, Fax: +91-120-4363845 and Email: complianceofficer@spiceindia.com

11. OFFER PRICE AND FINANCIAL ARRANGEMENTS

11.1 Justification of the Offer Price

11.1.1 The Shares are listed in India on NSE and the BSE (the “Stock Exchanges”).

11.1.2 The annualized trading turnover during the preceding six months ended June 30, 2008 in each of the Stock Exchanges on which the Shares are listed is as below:

Name of Stock Exchange	Total Number of Shares Traded The Preceding During Six Calendar Months Prior to the Month In Which Pa Was Made	Total Number of Listed Shares	Annualised Trading Turnover (In terms of % of total Listed Shares)	Trading Status in terms of the SEBI Takeover Code
BSE	373,993,311	689,925,000	108.4%	Frequently Traded
NSE	NA	689,925,000	229.7%	Refer 11.1.3

(Source: NSE, BSE websites)

- 11.1.3 Based on the information available, the Shares are frequently traded on BSE within the meaning of explanation (i) to Regulation 20 (5) of SEBI Takeover Code. (The Shares got listed on the NSE on June 16, 2008. Please note, that the annualized turnover on NSE meets the minimum required limits for considering the Shares as frequently traded. However, NSE cannot be considered for price calculations as the 26 week price data, prior to the date of Public Announcement, is not available in this case)
- 11.1.4 The Offer Price of Rs. 77.30 per equity share (Rupees Seventy Seven and thirty paise only) of Spice is justified in terms of Regulation 20(4) of the SEBI Takeover Code in view of the following:
- (a) the negotiated price under the SPA Rs. 77.30 per share
 - (b) the highest price paid by the Acquirer and the PACs for acquisition of equity shares of the Target Company during the 26-week period prior to the date of the public announcement Not Applicable
 - (c) the average of the weekly high and low of closing prices of the shares of the Target Company on BSE for the 26 weeks preceding the date of the Public Announcement Rs 42.35 per share
 - (d) The average of the daily high and low prices of the shares of the Target Company on BSE for the two weeks preceding the date of the Public Announcement Rs. 64.04 per share

11.1.5 The Offer price is at a significant premium to the trading prices as shown in the table below:

Time Period/Date	Closing Price/Average Price Per Spice Share (Inr)	Offer Price Premium
3 month average price on BSE	46.82	65.1%
Closing Price on BSE as on June 24, 2008 (i.e. the day prior to the day of announcement of transaction)	54.35	42.2%
Closing Price on NSE as on June 24, 2008 (i.e. the day prior to the day of announcement of transaction)	54.85	40.9%

11.1.6 The average of the weekly high and low of the closing prices of the equity shares of Spice during the 26 weeks preceding the PA, on BSE is Rs. 42.35 per share. Please see the following table for detailed computation:

Week #	Week Ended	High (Rs)	Low (Rs)	Avg (Rs)	Volume (Shares)
1	4 January, 2008	66.85	62.60	64.73	37,473,337
2	11 January, 2008	61.85	52.30	57.08	19,529,779
3	18 January, 2008	51.75	42.50	47.13	22,262,412
4	25 January, 2008	39.65	35.45	37.55	17,608,208
5	1 February, 2008	38.45	35.55	37.00	9,403,693
6	8 February, 2008	38.20	35.80	37.00	7,256,228
7	15 February, 2008	32.70	31.30	32.00	6,507,650
8	22 February, 2008	33.80	32.25	33.03	4,484,973
9	29 February, 2008	36.60	32.55	34.58	5,284,724
10	7 March, 2008	34.40	31.35	32.88	8,857,807
11	14 March, 2008	31.65	30.00	30.83	8,069,302
12	19 March, 2008	28.30	26.75	27.53	3,363,865
13	28 March, 2008	26.20	25.15	25.68	7,529,170
14	4 April, 2008	35.05	27.75	31.40	13,245,819
15	11 April, 2008	35.90	34.45	35.18	6,546,558
16	17 April, 2008	36.15	35.55	35.85	3,072,533
17	25 April, 2008	43.85	35.65	39.75	23,608,901
18	2 May, 2008	41.90	39.85	40.88	8,048,269
19	9 May, 2008	44.75	40.40	42.58	16,269,022

Week #	Week Ended	High (Rs)	Low (Rs)	Avg (Rs)	Volume (Shares)
20	16 May, 2008	43.95	39.70	41.83	6,963,343
21	23 May, 2008	44.75	41.90	43.33	6,127,557
22	30 May, 2008	59.65	48.75	54.20	47,220,195
23	6 June, 2008	58.60	51.95	55.28	35,242,467
24	13 June, 2008	61.75	53.20	57.48	43,234,045
25	20 June, 2008	64.15	61.95	63.05	26,828,569
26	27 June, 2008	72.35	54.35	63.35	65,463,785
26 Week Average				42.35	17,673,162

(Source: www.bseindia.com)

- 11.1.7 The average of the weekly high and low of the closing prices of the equity shares of Spice during the 2 weeks preceding the Public Announcement on BSE is Rs. 64.04 per share. Please see the following table for detailed computation:

DAY #	DATES	HIGH (RS)	LOW (RS)	AVG (RS)	VOLUME (SHARES)
1	16 June, 2008	65.40	63.00	64.20	5,137,005
2	17 June, 2008	64.00	61.50	62.75	5,012,018
3	18 June, 2008	65.80	61.75	63.78	3,949,839
4	19 June, 2008	64.90	61.80	63.35	1,516,178
5	20 June, 2008	64.40	60.15	62.28	1,993,168
6	23 June, 2008	62.40	58.65	60.53	3,231,138
7	24 June, 2008	61.25	52.75	57.00	714,512
8	25 June, 2008	73.40	52.00	62.70	1,526,412
9	26 June, 2008	74.30	71.00	72.65	2,713,046
10	27 June, 2008	72.30	70.10	71.20	1,218,585
2 Week Average				64.04	2,701,190

(Source: www.bseindia.com)

- 11.1.8 The average of the weekly high and low of the closing prices of the equity shares of Spice during the 2 weeks preceding the Public Announcement on NSE is Rs. 63.57 per share. Please see the following table for detailed computation:

DAY #	DATES	HIGH (RS)	LOW (RS)	AVG (RS)	VOLUME (SHARES)
1	16 June, 2008	65.45	62.65	64.05	1,222,572
2	17 June, 2008	64.35	61.55	62.95	1,459,219
3	18 June, 2008	65.90	61.70	63.80	2,892,487
4	19 June, 2008	64.50	51.05	57.78	1,587,053
5	20 June, 2008	64.35	60.30	62.33	2,584,469
6	23 June, 2008	62.40	58.60	60.50	895,795
7	24 June, 2008	61.20	52.75	56.98	979,280
8	25 June, 2008	73.40	54.00	63.70	35,103,673
9	26 June, 2008	73.90	70.00	71.95	6,733,868
10	27 June, 2008	72.40	71.00	71.70	3,319,051
2 Week Average				63.57	5,677,747

(Source: www.nseindia.com)

- 11.1.9 As mentioned in section 3.1.10 and 3.1.11, a non-compete agreement has been entered into by the Sellers and the Acquirer. Pursuant to the non-compete agreement, a non-compete consideration/fee of Rs. 54,398 lacs or Rs 19.32 per Share has been paid to the Seller. The non-compete consideration is in compliance with the Regulations and does not exceed 25% of the Offer Price arrived at as per section 11.1.4 above

11.1.10 In the opinion of the Manager to the Offer, the Acquirer and PAC, the Offer Price of Rs 77.30 per fully paid-up equity share (Rupees Seventy Seven and thirty paise only) is justified.

11.1.11 If the Acquirer and the PAC acquire Shares after the date of the Public Announcement up to seven working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.

11.2 Financial Arrangements

11.2.1 The total financial resources required for this Offer, assuming full acceptance at the Offer Price will be Rs. 1,06,662 lacs ("Maximum Consideration"). The Acquirer/ PAC have made firm arrangements for the Maximum Consideration.

11.2.2 TMI has provided a bank guarantee ("Bank Guarantee") issued by The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), a company incorporated under the Companies Ordinance of the Hong Kong Special Administrative Region (HKSAR), having its registered office at 1, Queens Road Central, Hong Kong, India corporate office and branch at 52/60 Mahatma Gandhi Road, Fort, Mumbai 400 001, India, for an amount of Rs. 12,168 lacs in favor of the Manager to the Offer. The Bank Guarantee is valid till November 30, 2008. The Bank Guarantee is in excess of the amount required under Regulation 28(2) of the SEBI (SAST) Regulations, i.e. 25% for the first Rs. 100 crores and 10% thereafter. Further, the Acquirer has made a cash deposit of Rs. 1,067 lacs being 1% of the Maximum Consideration in an escrow bank account ("Escrow Account") with The Hongkong and Shanghai Banking Corporation Limited, 52/60 Mahatma Gandhi Road, Fort, Mumbai 400 001, in accordance with Regulation 28(10) of the SEBI (SAST) Regulations. Manager to the Offer has been authorized to realize the value of the aforesaid bank account as per the SEBI (SAST) Regulations.

11.2.3 TMI currently has a RM 900 million (Rs 1,18,260 lacs equivalent) committed credit facility of which the entire amount is undrawn till the date of this Public Announcement. This credit facility which is provided by CIMB Bank is committed until December 25, 2008. The above credit facility is more than Maximum Consideration of Rs 1,06,662 lacs and is sufficient to fulfil the financial obligations under the Offer

11.2.4 PricewaterhouseCoopers, the statutory auditors of TMI have confirmed vide their letter dated June 25, 2008 that the TMI has made the firm arrangements for meeting the obligations under the SEBI Takeover Code. Mr. Thayaparan A/L S. Sangarapillai, with membership No. 2085/09/08 (J) has certified on behalf of PricewaterhouseCoopers. The contact details of PwC are: PricewaterhouseCoopers, Level 10, 1 Sentral Jalan Travers, Kuala Lumpur Sentral PO Box 10192, 50706 Kuala Lumpur, Malaysia. Tel: +60 3 2173 1188 , Fax No +60 3 2173 1288.

11.2.5 Pursuant to the substantial acquisition, the Acquirer and the PAC will be in control of the Target Company. Further, the Acquirer and the PAC reserve the right to reconstitute the Board of Directors of the Target Company, in accordance with the provisions contained in the SEBI Takeover Code and the Companies Act, 1956. In case the Board of Directors of Target Company is reconstituted by the Acquirer and PAC during the Offer period, the Acquirer and PAC will fund the escrow account in cash to the extent of hundred percent of the Maximum Consideration as required under proviso of Regulation 22(7) of the SEBI Takeover Code.

11.2.6 On August 7, 2008 the escrow account was fully funded to the extent of Maximum Consideration i.e. Rs. 1,06,662 by Acquirer and PAC in the ratio of shares to be purchased by Acquirer and PAC as detailed in 3.1.11. The sources of funding for Acquirer and PAC are summarized below:

- Idea : Internal accruals
- GAASPL : Inter-corporate deposit from Idea
- TMI India : Facility arrangement with CIMB, Malaysia as stated in 11.2.3

11.2.7 Subsequent to deposit of 100 percent of consideration in cash in the escrow account and in accordance with Regulation 22(7) of Regulations the Acquirer along with PAC has appointed two additional directors on the board of Spice as detailed in clause 10.13.

11.2.8 Based on the above funding of escrow account to the extent of Maximum Consideration i.e. 100% of Offer and further to the certificate provided by the auditors, the Manager to the Offer confirms that adequate funds are available and the Acquirer and PAC will be able to fulfill their obligations under the Offer.

- 11.2.9 DSP Merrill Lynch Capital Ltd executed a facility agreement dated June 5, 2008 (“Facility Agreement”) with Acquirer for providing term certain loan facilities (“Facility”) to the Acquirer. DSP Merrill Lynch Capital Limited is a non banking financial institution registered under Section 45IA of the Reserve Bank of India Act, 1934 and therefore does not require any specific statutory or regulatory approval for providing the Facility to the Acquirer as per the terms of the Facility Agreement. This Facility was used by Acquirer for funding the acquisition of shares under SPA.

12. TERMS AND CONDITIONS OF THE OFFER

12.1 Statutory Approvals required for the Offer

- 12.1.1 As on 30th June 2008, the total foreign shareholding, including direct and indirect interests, in Spice was ~ 67%, since MCPL which held a direct 40.8% in Spice in turn had ~ 48.6% foreign holding. The Company at the time of the IPO had secured a FIPB approval for enhancing the total foreign shareholding to 74%.

Details of Spice Foreign Shareholding:

	Pre MCPL-Idea Transaction (As on June 25, 2008)	Post MCPL-Idea Transaction and Pre Open Offer
1. TMI India	39.2%	39.2%
2. MCPL (40.8%*48.6%)	19.83%	-
3. Other Foreign Shareholding	7.8%	7.8%
4. Idea (40.8%*53.42%)	-	21.8%
TOTAL Foreign Holding	66.83%	68.8%

Note: Foreign Shareholding in Idea ~ 53.04% (including the preferential allotment to TMI Mauritius which was completed on August 13, 2008)

The intention of the parties is that TMI would acquire the Shares tendered by the ‘Other Foreign Shareholders’ in the Offer. The net effect is that the foreign ownership would not change to such extent and only the identity of the foreign shareholders changes.

Also, in case none of the ‘Other Foreign Shareholders’ tender their Shares in the Offer, TMI will acquire Shares to such an extent so that the total foreign shareholding in Spice is restricted to 74% and the balance would be acquired by GAASPL and Idea.

However, in case all the ‘Other Foreign Shareholders’ do tender in their Shares, then, as per FDI limits, TMI can go ahead to purchase up to (74% - 68.8% + 7.8%) i.e. ~ 13% shareholding in Spice. However, it may be noted that as per the MCA TMI will acquire a maximum of 49% of shares tendered in the Offer i.e. 9.8% (20%*49%).

In light of the above, the Acquirer and the PACs confirm that there is no further FIPB approval required for acquiring shares as envisaged in the Letter of Offer in the Offer.

- 12.1.2 The acquisition of shares from foreign shareholders by the Acquirer and GAASPL under the Offer is subject to the approval of the RBI under FEMA. Any purchase of shares by TMI, TMI Mauritius or TMI India is also subject to approval of RBI under FEMA. By its letter dated 01 September, 2008, in response to applications made by TMI India and TMI Mauritius, the RBI has accorded its approval to TMI India and TMI Mauritius acting as PACs to acquire tendered shares under the Offer. The Acquirer and GAASPL have also made a separate application to the RBI in this regard, approval for which is awaited.
- 12.1.3 The purchase of shares tendered under the Offer by TMI, TMI Mauritius or TMI India was also subject to TMI obtaining approval from Bank Negara and the shareholders of TMI under Section 132 (c) of the Companies Act, 1965 (Malaysia) and pursuant to paragraph 10.06 of the Bursa Malaysia Listing requirements. Approval of Bank Negara was obtained on July 25, 2008 and approval of the shareholders of TMI was received on August 1, 2008 respectively.

- 12.1.4 To the best of knowledge and belief of the Acquirer and the PACs, other than the above, no statutory approvals are required to acquire the Shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. In terms of Regulation 27 of the SEBI Takeover Code, the Acquirer and the PACs will have a right not to proceed with the Offer in the event that such statutory approvals that are required are refused.
- 12.1.5 It may be noted that in case of non-receipt of statutory approvals within a reasonable time, SEBI, if satisfied that the non receipt of the statutory approvals was not due to willful default or negligence on part of the Acquirer and the PACs, has a power to grant an extension of time to the Acquirer and the PACs for payment of consideration to Shareholders and the Acquirer and the PACs shall pay interest for the delay, to the Shareholders who have accepted the Offer, at such rates as may be specified by SEBI under Regulation 22(12) of the SEBI Takeover Code. Further, if the delay occurs due to willful default of the Acquirer and the PACs in obtaining the requisite statutory approvals, Regulation 22(13) of the SEBI Takeover Code shall be applicable. The Acquirer and the PACs shall complete all procedures relating to the Offer within a period of 15 days from the Offer Closing Date.
- 12.1.6 Acquirer and the PACs have undertaken that the Open Offer is not conditional upon obtaining approvals from Banks and financial institutions, if any, pursuant to any outstanding loan agreements.

12.2 Other Terms

- 12.2.1 This Offer is not conditional upon any minimum level of acceptance
- 12.2.2 Total Shareholders who are eligible to tender shares under this Offer do not hold more than 20% of the paid up capital of the Target Company. Hence, a situation where the aggregate of the valid responses to the Offer exceeding the Offer size of 137,985,050 fully paid-up equity shares of the Target Company (representing 20.0% of the paid up equity capital of the Target Company), will not arise and hence all the Shares tendered in the Offer would be accepted.
- 12.2.3 The Offer is being made to the shareholders of Spice and the Letter of Offer, together with the Form of Acceptance-cum-Acknowledgement (the "Form of Acceptance"), will be mailed to the shareholders of Spice (other than parties to SPA and MCA), whose names appear on the Register of Members of Spice, and to the beneficial owners of the Shares, whose names appear on the beneficial records of the respective depositories, at the close of business hours on Monday, July 14, 2008 (the "Specified Date").
- 12.2.4 All eligible owners of Shares, registered or unregistered including beneficial owners (other than parties to SPA and MCA), can participate in the Offer, at any time before the Offer Closing Date, as per the procedure in the section below. Eligible persons for the Offer can participate in the Offer by offering their shareholding in whole or in part. The acceptance must be unconditional and should be absolute and unqualified.
- 12.2.5 Accidental omission to dispatch this Letter of Offer or the non-receipt or delayed receipt of this Letter of Offer will not invalidate the Offer in any way.
- 12.2.6 Shares which are locked-in as per the provisions of SEBI DIP Guidelines, 2000, can be tendered in the Offer. In such an event, the residual lock-in period shall continue in the hands of the Acquirer.
- 12.2.7 Any Shares that are the subject matter of litigation or are held in abeyance due to pending court cases, attachment / restriction from Court/ Forum/ ITO / relevant statutory authorities, etc., wherein the shareholder(s) may be precluded from transferring the Shares during the pendency of the said litigation are liable to be rejected in case directions/orders of the Court / forum / ITO / relevant statutory authorities etc permitting transfer of these Shares are not received together with the Shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, would be forwarded to the relevant statutory authorities for further action at their end.
- 12.2.8 The acceptance of the Offer made by the Acquirer and the PACs is entirely at the discretion of the shareholders of the Target Company. The Acquirer and the PACs will not be responsible in any manner for any loss of Share certificate(s) and Offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.
- 12.2.9 Incomplete acceptances, including non-submissions of necessary enclosures, if any, are liable to be rejected. Further, in case of any lacunae and/or defect or modifications in the documents/forms submitted, the acceptance is liable to be rejected.

12.2.10 Acquirer and PACs will acquire the Shares, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter. Shares that are subject to any charge, lien or encumbrance are liable to be rejected.

12.2.11 The instructions and provisions contained in the Form of Acceptance and Form of Withdrawal constitute an integral part of the terms of this Offer.

13. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

13.1 Shareholders of Spice who wish to tender their Shares under this Offer should enclose the following documents duly completed so that the same are received by the Registrar to the Offer at any of their collection centres (as mentioned below) on or before 3 PM on the Offer Closing Date.

13.2 For Shares held in physical form:

Registered Shareholders should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the Share certificates.
- Original Share certificate(s).
- Valid share transfer deed / form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Spice and duly witnessed at the appropriate place. Attestation, where required, (thumb impressions, signature difference, etc.) should be done by a Magistrate/ Notary Public/ Bank Manager under their Official Seal.
- In case of non receipt of the aforesaid documents, but receipt of the original Share certificate(s) and transfer deed(s) duly signed, the Offer shall be deemed to be accepted.

Unregistered owners should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein.
- Original Share certificate(s).
- Original broker contract note.
- Valid share transfer deed(s) as received from market. The details of buyer should be left blank failing which, the same will be invalid under the Offer. Unregistered shareholders should not sign the transfer deed. The transfer deed should be valid for transfer. No indemnity is required from unregistered shareholders.

The details of the buyer should be left blank failing which the same will be invalid under the Offer. The details of the buyer will be filled upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for acceptance.

13.3 For Shares held in dematerialized form:

Beneficial owners should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective depository.
- Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by DP in favour of the special depository account (please see below) before the close of business hours on Offer Closing Date.

13.4 The Registrar to the Offer, Karvy Computershare Private Limited, has opened a special depository account with National Securities Depository Limited (“NSDL”) called, “KCPL Escrow A/c – SCL Open Offer”. Beneficial owners are requested to fill in the following details in the delivery instructions for the purpose of crediting their equity shares in the special depository account:

Depository Participant (“DP”) Name	KARVY STOCK BROKING LTD
DP ID	IN302470
Client ID	40232908
Account Name	KCPL ESCROW A/c - SCL OPEN OFFER
Depository	National Securities Depository Limited

- 13.5 For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance. **Beneficial owners having their beneficiary accounts with CDSL have to use inter-depository delivery instruction slip for the purposes of crediting their Shares in favour of the special depository account with NSDL.** In case of non receipt of the aforesaid documents, but receipt of the Shares in the special depository account, the Offer shall be deemed to be accepted. The Forms of Acceptance of such demat shares not credited in favor of the special depository account, before the Offer Closing Date will be rejected
- 13.6 Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the Form of Acceptance is being sent failing which the tender would be considered invalid and would be liable to be rejected. Such documents may include (but not be limited to):
- Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
 - Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
 - No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
 - In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions).
- 13.7 The Share certificate(s), share transfer form, Form of Acceptance and other documents, if any should be sent only to the Registrar to the Offer, at the collection centres mentioned below. **They should not be sent to the Manager to the Offer or the Acquirer or the PAC or the Target Company.** The above-mentioned documents can be sent to the collection centres as mentioned in section 13.9 by hand delivery on all days except Sundays and public holidays.
- 13.8 The minimum marketable lot for the purposes of acceptance, for both physical and demat shares, would be one Share.
- 13.9 All owners of Shares, registered or unregistered who wish to avail of and accept the Offer can 'hand deliver' the Form of Acceptance along with all the relevant documents at any of the below mentioned collection centres of the Registrar to the Offer in accordance with the procedure as set out in this Letter of Offer. All centres mentioned herein below would be open during the Offer period on all working days (except Sundays and Bank Holidays) during business hours as shown below. Shareholders are advised to ensure that the Form of Acceptance and other documents are complete in all respects; otherwise the same are liable to be rejected.

COLLECTION CENTERS						
	COLLECTION CENTRE	ADDRESS OF COLLECTION CENTRES	CONTACT PERSON	PHONE NO.	FAX	MODE OF DELIVERY
1.	Mumbai	16-22 Bake House Maharashtra Chamber of Commerce Lane Opp. MSC Bank, Fort, Mumbai – 400 0237	Ms. Varija Kotian	022-66382666	022-66331135	Hand Delivery
		Andheri Industrial Estate Off Veera Desai Rd., Andheri West, Mumbai 400 053	Ms. Neelambari Mokhal	022-26730799	022-26730152	Hand Delivery
2.	New Delhi	2 E/23, Jhandewalan Extn New Delhi 110 055	Mr. Michael / Mr. S N Jha	011-43681700	011-43681710	Hand Delivery
3.	Ahmedabad	201-203 Shail, Opp: Madhusudhan House Behind Girish Cold Drinks Off C G Road Ahmedabad 380 006	Mr. Aditya	079-26400528	079-26565551	Hand Delivery
4.	Chennai	No. 33/1, Venkatraman Street, T.Nagar Chennai - 600017	Mr. Gunashekhar	044 - 28151793 / 1794/ 4781	044-28153181	Hand Delivery
5.	Hyderabad	Plot No 17-24, Vithalrao Nagar Madhapur, Hyderabad 500 081	Ms. Rinki Sareen	040-23420818	040-23431551	Hand Delivery/ Regd Post
6.	Kolkata	49, Jatin Das Road, Nr. Deshpriya Park Kolkatta 700 029	Mr. Sujit Kundu/ Mr. Debnath	033-24644891	033-24644866	Hand Delivery
7.	Bangalore	No.59, Skanda, Putana Road Basavanagudi, Bangalore 560 004	Ms. Sudha	080- 26621192	080-26627769	Hand Delivery

*Working hours for the above collection centres: 10 a.m. to 3 p.m. from Monday to Friday & Saturdays 10 a.m. to 1 p.m.

Shareholders who cannot hand deliver their documents at the collection centres referred to above may send the same by registered post, at their own risk, to the Registrar to the Offer at their office at Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500034. and not to any other collection centre so that the same are received on or before 3 PM on the Offer Closing Date.

- 13.10 In case of non-receipt of the Letter of Offer / Form of Acceptance / Form of Withdrawal eligible shareholders and unregistered owners (including beneficial owners) may download the same from SEBI's website <http://www.sebi.gov.in> or obtain a copy of the same by writing to the Registrar to the Offer at the collection centres set out in paragraph above clearly marking the envelope "Spice Communications - Open Offer" by providing suitable documentary evidence of the acquisition of the Shares or make the acceptance on plain paper. Shareholders holding Shares in physical form should state their name, address, folio number, number of Shares held, distinctive numbers, number of Shares offered, bank particulars along with original Share Certificate(s), duly signed & witnessed transfer form(s). Beneficial owners should state their name, address, DP name, DP ID, beneficiary account number, number of Shares held, number of Shares offered, bank particulars, photocopy of the delivery instructions in "Off-market" mode or a counterfoil of the delivery instructions in "Off-market" mode duly acknowledged by the DP in favour of the special depository account mentioned above, as may be relevant, to the collection centres on or before the close of business on the Offer Closing Date. The acceptance should be signed by all the shareholders as per the registration details available with Spice/ Depositories and should be sent to the Registrar to the Offer in an envelope clearly marked "Spice Communications - Open Offer".
- 13.11 In case any person has submitted his Shares in physical form for dematerialisation and such dematerialisation has not yet been effected, the concerned shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialisation request form acknowledged by shareholder's DP. Such shareholders should ensure that the process of getting the Shares dematerialised is completed well in time so that the credit of the Shares to the special depository account is completed on or before 5 PM on the Offer Closing Date, failing which such an acceptance would be rejected. A copy of delivery instructions acknowledged by the DP in favour of the special depository account should be forwarded to the collection centre where the Form of Acceptance and other documents were tendered, before the Offer Closing Date.
- 13.12 While tendering Shares under the Offer, NRIs/ OCBs/ foreign and other non resident shareholders will be also required to submit the RBI approvals, if any (specific or general) that they would have obtained for acquiring Shares. In case the RBI approvals are not submitted, the Acquirer and the PAC reserve the right to reject the Shares tendered.
- 13.13 While tendering Shares under the Offer, where the Offer consideration (no. of Shares tendered multiplied by the Offer Price) payable exceeds Rs.1 lakh, shareholders are requested to give their Permanent Account No. / General Index Register No. and attach a photo copy of the PAN / GIR no./ duly filled Form 60 (as applicable). The Acquirer and the PAC also reserve the right to reject such tenders from shareholders, where the details of PAN / GIR No. and a photo copy of the PAN / GIR no./ duly filled Form 60 (as applicable) is not submitted.
- 13.14 While tendering their Shares under the Offer, NRIs, OCBs and other non resident Shareholders will be required to submit a No Objection Certificate ("NOC") / Tax Clearance Certificate ("TCC") indicating the amount of tax to be deducted by the Acquirer and the PAC before remitting the consideration, from Income Tax authorities under the Income Tax Act. In case the aforesaid NOC / TCC is not submitted, the Acquirer and the PAC will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of shareholders, on the entire consideration amount payable to such shareholders. Further, FIIs will also have to enclose their SEBI registration letter. The Acquirer and the PAC also reserve the right to reject such tenders from non-resident shareholders, where the aforesaid NOC / TCC is not submitted.
- 13.15 **Payment of consideration:**
- 13.15.1 Shareholders must note that on the basis of name of the Shareholders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Form of Acceptance-cum-Acknowledgement, the Registrar to the Issue will obtain, from the Depositories, the Shareholders' demographic details including address, bank account details, the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf and occupation. These bank account details will be used to make payment to the Shareholders. Hence Shareholders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of payment or electronic transfer of funds, as applicable, and any such delay shall be at the Shareholders' sole risk and neither the Acquirer, the PAC, the Manager to the Offer, Registrar to the Offer nor the Escrow Bank ('HSBC') shall be liable to compensate the Shareholders for any losses caused to the Shareholder due to any such delay or liable to pay any interest for such delay.

13.15.2 The payment to the Shareholders would be done through various modes in the following order of preference:

- Electronic Clearing System ('ECS') – Payment would be done through ECS for Shareholders having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment through ECS is mandatory for Shareholders having a bank account at any of the abovementioned 68 centers, except where the Shareholder, being eligible, opts to receive payment through direct credit or RTGS.
- Direct Credit – Shareholders having bank accounts with the Escrow Banker, as mentioned in the Acceptance cum Acknowledgement Form, shall be eligible to receive payments through direct credit. Charges, if any, levied by the Escrow Bank for the same would be borne by the Acquirer and PAC.
- Real Time Gross Settlement ('RTGS') – Shareholders having a bank account at any of the abovementioned 68 centres and whose amount exceeds Rs. 5 million, have the option to receive the payment through RTGS. Such eligible Shareholders who indicate their preference to receive payment through RTGS are required to provide the IFSC code in the Acceptance-cum-acknowledgement form. In the event the same is not provided, payment shall be made through ECS. Charges, if any, levied by the Escrow Bank for the same would be borne by the Acquirer and PAC. Charges, if any, levied by the Shareholder's bank receiving the credit would be borne by the Shareholder.
- National Electronic Fund Transfer ('NEFT') – Payment shall be undertaken through NEFT wherever the Shareholder's bank has been assigned the Indian Financial System Code ('IFSC'), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment, duly mapped with MICR numbers. Wherever the Shareholders 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 will be made to the Shareholder through this method. The process flow in respect of payments by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed above.
- For all other Shareholders, including physical Shareholders and those who have not updated their bank particulars with the MICR code, the payments will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for payments of Rs. 1,500 and above. Such payments will be made by cheques, pay orders or demand drafts drawn on the Escrow Bank and payable at par at places where acceptance forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Shareholders.

13.15.3 In terms of Regulation 22 (5A) of the SEBI Takeover Code, equity shareholders desirous of withdrawing the acceptance tendered by them in the Offer, may do so up to 3 (three) working days prior to the Offer Closing Date. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at the collection centre where the original tender was submitted on or before Tuesday , September 30, 2008.

- The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer, duly signed by all the registered holders as per their specimen signature recorded with Spice for shareholders in case of physical holdings/ with the Depository in case of electronic holdings, so as to reach the Registrar to the Offer at the collection centre where the original tender was submitted, on or before Tuesday, September 30, 2008. The signature of the beneficial holders on the Form of Withdrawal should be attested by the Depository Participant.
- The withdrawal option can be exercised by submitting the Form of Withdrawal attached to this Letter of Offer, duly completed together with Acknowledgement slip in original / copy of the submitted Form of Acceptance in case delivered by Registered A.D.
- In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an acceptance on plain paper along with the following details:
 - In case of physical shares: Name, address, distinctive numbers, folio number and number of Shares tendered, number of Shares withdrawn.
 - In case of dematerialised shares: Name, address, number of Shares tendered, number of Shares withdrawn, DP name, DP ID, Beneficiary Account no., and a photocopy of delivery instructions in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP in favour of the special depository account.
- Shareholders who have tendered Shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining Shares (i.e. Shares not withdrawn) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Spice and duly witnessed at the appropriate place.
- The withdrawal of Shares will be available only for the Share certificates/ Shares that have been received by the Registrar to the Offer/ special depository account.
- The intimation of returned Shares to the shareholders will be at the address as per the records of Spice or the Depositories as the case may be.
- In case of partial withdrawal of Shares tendered in physical form, if the original Share certificates are required to be split, the same will be returned on receipt of Share certificates from Spice.
- Partial withdrawal of tendered Shares can be done only by the registered shareholders / beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.
- Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

13.16 Unaccepted Share certificates, transfer forms and other documents, if any, will be returned by registered post/ speed post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder. Shares held in dematerialized form, to the extent not accepted, will be credited back to the beneficial owners' depository account with the respective DP as per the details furnished by the beneficial owner in the Form of Acceptance or otherwise. It will be the responsibility of the equity shareholders to ensure that the unaccepted Shares are accepted by their respective Depository Participants when transferred by the Registrar to the Offer. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit, if any, in their DP account. Shareholders should ensure that their depository account is maintained till the Offer formalities are completed.

13.17 The Registrar to the Offer will hold in trust the Shares/Share certificates, Shares lying in credit of the special depository account, Form of Acceptance, and the transfer form(s), if any, on behalf of the shareholders of Spice who have accepted the Offer, until the Acquirer and the PAC complete the Offer obligations in accordance with the SEBI Takeover Code.

13.18 Tax to be deducted at source

Summary of various provisions related to Tax Deduction at Source (withholding tax) under the Income Tax Act.

- All the shareholders should be classified as resident and non-resident. The status as resident / non-resident is to be determined on the basis of criteria laid down in section 6 of the Income Tax Act, 1961.
- No tax is required to be deducted on payment of consideration to resident shareholders.
- The rate of deduction of tax in the case of non-resident is dependent on few other factors. Since the Acquirer does not have in-house information in respect of various shareholders, all the shareholders have to specify their category in the form of acceptance.
- As per the provisions of the section 2(37A) (iii) of the Income Tax Act, 1961, for the purposes of deduction of tax under section 195, the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant year i.e. 2007-08 or the rates or rates of income tax specified in an agreement entered into by the Central Government under section 90 or an agreement notified by the Central Government under section 90A, whichever is applicable by virtue of the provisions of section 90, or section 90A, as the case may be, i.e. whichever beneficial, would be the applicable rate of TDS.
- In the event the aforementioned categories of shareholders require the Acquirer not to deduct tax or to deduct tax at a lower rate or on a lower amount, they would need to obtain a certificate from the income tax authorities either under section 195(3) or under section 197 of the Income Tax Act, and submit the same to Acquirer while submitting the Bid Form. In the absence of any such certificate from the income tax authorities, the Acquirer will deduct tax as aforesaid, and a certificate in the prescribed form shall be issued to that effect.

Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective Assessing Officers in their case, and the appropriate course of action that they should take. The Acquirer, PAC and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice. The tax rate and other provisions may undergo changes.

14. DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by shareholders of Spice at the office of the Manager to the Offer, Lazard India Private Ltd, 20th floor, Express Towers, Nariman Point, Mumbai 400 021, from 10.30 a.m. to 1.00 p.m. on any day, except Saturdays, Sundays and public holidays, from the date of opening of the Offer until the Offer Closing Date:

- A copy of the Share Purchase Agreement dated June 25, 2008
- A copy of the Non Compete Agreement dated June 25, 2008
- A copy of the Merger Cooperation Agreement dated June 25, 2008
- A copy of the Shareholders Agreement dated July 30, 2008 between TMI India, GAASPL, Idea and Spice
- A copy of the facility agreement between Acquirer and DSP Merrill Lynch Capital Ltd. dated June 5, 2008
- Copy of the Certificate of Incorporation, Memorandum of Association and Articles of Association of Idea, TMI, TMI Mauritius, TMI India and GAASPL;
- A copy of the Share Escrow Agreement dated June 27, 2008;
- Copy of the Certificate of Incorporation, Memorandum of Association and Articles of Association of the Target Company;
- Copy of published Public Announcement dated June 30, 2008
- The audited financial statements for last three years of the Acquirer and the PAC
- The annual reports of the Target Company for the last three years;
- Copy of the certificate dated June 25, 2008 issued by PWC confirming the firm arrangements made by TMI for meeting its obligations under the SEBI Takeover Code;
- Copy of the agreement between the escrow bankers, the Acquirer, the PACs and the Manager to the Offer, authorising the Manager to the Offer to realize the value of the 100% cash deposit, in terms of the SEBI Takeover Code;
- Copy of letter from HSBC confirming the amount kept in the escrow account
- SEBI observation letter no. CFD/DCR/TO/HB/136735/2008 dated September 2, 2008;
- A copy of the agreement entered into by the Registrar to the Offer with depository participant for opening a special depository account for the purposes of the Offer;

15. DECLARATION BY ACQUIRER AND PAC

The Acquirer and the PACs represented by their respective Board of Directors accept responsibility for the information contained in this Letter of Offer (other than information in relation to the Target Company, which has been compiled from publicly available sources or received from the Target Company) and for their obligations under the SEBI Takeover Code. The Acquirer and the PAC are severally and jointly responsible for fulfilment of their obligations in terms of the SEBI Takeover Code.

For Idea Cellular Limited

Sd/-

Authorized Signatory

Name : Mr. Sanjeev Aga

Place: Mumbai, India

Date : September 9, 2008

For TM International Berhad

Sd/-

Authorized Signatory

Name : Mr. Tan Gim Boon

Place : Kuala Lumpur, Malaysia

Date : September 9, 2008

For TMI Mauritius Ltd

Sd/-

Authorized Signatory

Name : Mr. Tan Gim Boon

Place: Kuala Lumpur, Malaysia

Date : September 9, 2008

For TMI India Ltd

Sd/-

Authorized Signatory

Name : Mr. Tan Gim Boon

Place : Kuala Lumpur, Malaysia

Date : September 9, 2008

For Green Acre Agro Services Private Limited

Sd/-

Authorized Signatory

Name : Mr. Sushil Agarwal

Place: Mumbai, India

Date : September 9, 2008

Encl :

- Form of Acceptance-cum-Acknowledgement
- Form of Withdrawal
- Transfer deed for shareholders holding Shares in physical form

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**FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
SPICE COMMUNICATIONS LIMITED - OPEN OFFER**

From:
Name :
Full Address :

OFFER OPENS ON	: SEPTEMBER 17, 2008
OFFER CLOSES ON	: OCTOBER 6, 2008

Tel No.: Fax No.: E-mail :
Folio No./DP ID No./Client ID No.:

To,
THE ACQUIRERS : SPICE COMMUNICATIONS – OPEN OFFER
C/o Karvy Computershare Private Limited
"Cyber Ville" Plot no 17-24 Vithal Rao Nagar, Madhapur, Hyderabad – 500 081

Dear Sir,

Re: Open offer to acquire up to 137,985,050 equity shares of Rs. 10/- each representing up to 20% of the outstanding voting equity share capital of Spice Communications Limited ("Target Company") by Idea Cellular Limited ("Acquirer"), TM International Berhad, TMI Mauritius Ltd, TMI India Ltd and GAASPL ("collectively referred to as PAC") at a price of Rs. 77.30 per equity share comprising a base offer price of Rs. 77.30 and interest of Rs. Nil per equity share, with the interest being computed at the rate of 10% per annum for the period from Nil, the date of actual payment of consideration for shares offered and accepted in the offer (the interest amount is subject to change depending upon the actual date of payment) in accordance with the Public Announcement ("PA") and the Letter of Offer ("Letter of Offer")

I/We refer to the Public Announcement dated June 30, 2008, the Letter of Offer for acquiring the equity shares held by me/us in Target Company. I/We, the undersigned, have read all of the above and accept unconditionally its contents including the terms and conditions mentioned therein.

SHARES IN DEMATERIALIZED FORM

I/We, holding Shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my Shares as detailed below:

DP NAME	DP ID	CLIENT ID	BENEFICIARY NAME	NO. OF SHARES

I/We have executed an off-market transaction for crediting the Shares to the special depository account as per the details below

- via a delivery instruction from my account with NSDL
 via an inter-depository delivery instruction from my account with CDSL

Depository Name	National Securities Depository Limited
DP Name	KARVY STOCK BROKING LTD
DP ID Number	IN302470
Beneficiary Account Name	KCPL ESCROW A/c - SCL OPEN OFFER
Client ID	40232908
ISIN	INE684H01018
Market	Off-market
Date of Credit	On or before October 21, 2008

I/We note and understand that the Shares would lie in the special depository account until the time the Acquirer / PAC dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer / PAC will pay the purchase consideration only after verification of the documents and signatures.

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**ACKNOWLEDGEMENT SLIP
SPICE COMMUNICATIONS LIMITED – OPEN OFFER**

Received from Mr./Ms. _____ residing at _____
a Form of Acceptance cum Acknowledgement for _____ shares along with :

- copy of depository instruction slip from DP ID _____ Client ID _____
 _____ Share certificate(s) _____ transfer deed(s) under folio number(s) _____ for accepting the Offer made by the Acquirer and PAC.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	
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SHARES IN PHYSICAL FORM

I/We, accept the Offer and enclose the original share certificate(s) and duly signed valid Transfer Deed(s) in respect of my/our shares as detailed below:

SR. NO.	LEDGER FOLIO NO(S)	CERTIFICATE NO. (S)	DISTINCTIVE No. (S)		NO. OF SHARES
			FROM	TO	
1					
2					
3					
4					
5					
(In case the space provided is inadequate, please attach a separate sheet with details.)					Total No. of Equity Shares

I/We note and understand that the Registrar to the Offer will hold the original share certificate(s) and valid share transfer deed in trust for me/us until the time the Acquirer / PAC dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer / PAC will pay the purchase consideration only after verification of the documents and signatures.

For NRIs/ OCBs/ FIIs/ Foreign Shareholders:

I/We have enclosed the following documents:

- No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities.
- RBI approvals for acquiring Shares of Spice Communications Limited hereby tendered in the Offer.

I/We confirm that the equity shares of Spice Communications Limited, which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirer and PAC to accept the Shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirer and PAC to return to me/us, share certificate(s)/ Shares in respect of which the Offer is not found valid/ not accepted without specifying the reasons thereof.

I/We authorize the Acquirer, PAC, the Registrar to the Offer and the Manager to the Offer to send by Registered Post/UPC as may be applicable at my/our risk, the draft/cheque/warrant, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below. In case I have tendered my Shares in dematerialized form, I authorize Acquirer, PAC, the Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my depository participant for the purpose of mailing the aforementioned instruments.

I/We authorize the Acquirer and PAC to accept the Shares so offered or such lesser number of Shares that it may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirer and PAC to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirer and PAC are hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

Yours faithfully, Signed and Delivered

	Full Name(s) of the shareholders	Signature
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole Shareholder

Place :

Date:

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Note: All future correspondence, if any, should be addressed to the Registrar to the Offer

Karvy Computershare Private Limited
 Address: "Cyber Ville" Plot No. 17-24 Vithal Rao Nagar,
 Madhapur, Hyderabad- 500 081
 Phone: +91 40-23420818-25; Fax: +91 40-23431551

Bank Details in case of physical shareholders

So as to avoid fraudulent encashment in transit, the shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in demat form, the Bank account as obtained from the beneficiary position download to be provided by the depositories will be considered and the warrants will be issued with the said Bank particulars.

Name of the Bank		Branch	
Account Number		Savings/Current/ (Others: please specify)	

Bank Details in case of RTGS option (not applicable for physical shareholders)

Payment through RTGS (Yes/No) : _____

IFSC Code of the Branch where account is maintained : _____

COLLECTION CENTRES						
	COLLECTION CENTRE	ADDRESS OF COLLECTION CENTRES	CONTACT PERSON	PHONE NO.	FAX	MODE OF DELIVERY
1.	Mumbai	16-22 Bake House, Maharashtra Chamber of Commerce Lane Opp. MSC Bank, Fort Mumbai – 400 0237	Ms. Varija Kotian	022-66382666	022-66331135	Hand Delivery
		Andheri Industrial Estate Off Veera Desai Rd. Andheri West Mumbai 400 053	Ms. Neelambari Mokal	022-26730799	022-26730152	Hand Delivery
2.	New Delhi	2 E/23, Jhandewalan Extn New Delhi 110 055	Mr. Michael / Mr. S N Jha	011-43681700	011-43681710	Hand Delivery
3.	Ahmedabad	201-203 Shail, Opp: Madhusudhan House Behind Girish Cold Drinks, Off C G Road Ahmedabad 380 006	Mr. Aditya	079-26400528	079-26565551	Hand Delivery
4.	Chennai	No. 33/1, Venkatraman Street, T.Nagar Chennai - 600017	Mr. Gunashekhar	044 - 28151793 / 1794/ 4781	044-28153181	Hand Delivery
5.	Hyderabad	Plot No 17-24, Vithalrao Nagar Madhapur, Hyderabad 500 081	Ms. Rinki Sareen	040-23420818	040-23431551	Hand Delivery/ Regd Post
6.	Kolkata	49, Jatin Das Road, Nr. Deshpriya Park Kolkata 700 029	Mr. Sujit Kundu/ Mr. Debnath	033-24644891	033-24644866	Hand Delivery
7.	Bangalore	No.59, Skanda, Putana Road Basavanagudi, Bangalore 560 004	Ms. Sudha	080- 26621192	080-26627769	Hand Delivery

*Working hours for the above collection centres: 10 a.m. to 3 p.m. from Monday to Friday & Saturdays 10 a.m. to 1 p.m.

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PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER, PAC, TARGET COMPANY OR TO THE MANAGER TO THE OFFER

- (1) **All queries pertaining to this Offer may be directed to the Registrar to the Offer.**
- (2) **Shareholders holding registered physical Shares** should submit the Form duly completed and signed in accordance, by the holders of the Shares, along with the original equity share certificate(s) and valid equity share transfer form(s) duly signed as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. Please do not fill in any other details in the transfer deed.
- (3) **Shareholders holding Shares in dematerialised form** should submit the Form duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant ("DP").
- (4) **In case of shares held in joint names**, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares in the Target Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.
- (5) **In case where the signature is subscribed by thumb impression**, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.
- (6) **Persons who own physical Shares (as on the Specified Date or otherwise) but are not the registered holders** of such Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the original contract note issued by the broker, the share certificate(s), the transfer deed(s) with the buyers details not filled in and other relevant documents. In case the share certificate(s) and transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and transfer deed(s). Persons under this clause should submit their acceptance and necessary documents by registered post or courier or in person to the Registrar at their offices as mentioned above.

The sole/first holder may also mention particulars relating to savings/current account number and the name of the bank and branch with whom such account is held in the respective spaces allotted in the Form, to enable the Registrar to print the said details in the cheques after the name of the payee.

- (7) **Non-resident Shareholders should enclose copy(ies) of permission received from Reserve Bank of India to acquire Shares held by them in the Target Company.**
- (8) **Non-resident Shareholders are advised to refer to the clause on taxation in Section 13.19 of the Letter of Offer regarding important disclosures regarding the taxation of the consideration to be received by them.**
- (9) **In case of bodies corporate, certified copies of appropriate authorization (including board/shareholder resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.**
- (10) **All the Shareholders should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):**
 - (a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
 - (b) Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
 - (c) No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
- (11) **Payment Consideration:** Shareholders must note that on the basis of name of the Shareholders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Form of Acceptance-cum-Acknowledgement, the Registrar to the Issue will obtain, from the Depositories, the Shareholders' demographic details including address, bank account details, the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf and occupation. These bank account details will be used to make payment to the Shareholders. Hence Shareholders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of payment or electronic transfer of funds, as applicable, and any such delay shall be at the Shareholders' sole risk and neither the Acquirer, the PAC, the Manager to the Offer, Registrar to the Offer nor the Escrow Bank ('HSBC') shall be liable to compensate the Shareholders for any losses caused to the Shareholder due to any such delay or liable to pay any interest for such delay.

Physical shareholders are requested to fill in the required bank details in the 'Form of Acceptance cum Acknowledgement'.

Please refer Clause 13.15 of Letter of Offer for further details.

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**FORM OF WITHDRAWAL
SPICE COMMUNICATIONS LIMITED - OPEN OFFER**

From:
Name :
Full Address :

OFFER OPENS ON	: SEPTEMBER 17, 2008
LAST DATE OF WITHDRAWAL	: SEPTEMBER 30, 2008
OFFER CLOSSES ON	: OCTOBER 6, 2008

Tel No.: Fax No.: E-mail :
Folio No./DP ID No./Client ID No.:

Dear Sir,

Re: Open offer to acquire up to 137,985,050 equity shares of Rs. 10/- each representing up to 20% of the outstanding voting equity share capital of Spice Communications Limited ("Target Company") by Idea Cellular Limited ("Acquirer"), TM International Berhad, TMI Mauritius Ltd, TMI India Ltd and GAASPL ("collectively referred to as PAC") at a price of Rs. 77.30 per equity share comprising a base offer price of Rs. 77.30 and interest of Rs. Nil per equity share, with the interest being computed at the rate of 10% per annum for the period from Nil, the date of actual payment of consideration for shares offered and accepted in the offer (the interest amount is subject to change depending upon the actual date of payment) in accordance with the Public Announcement("PA") and the Letter of Offer ("Letter of Offer")

I/We refer to the public announcement dated June 30, 2008 and the Letter of Offer for acquiring the equity shares held by me/us in Target Company. I / We, the undersigned have read all of the aforementioned and understood their contents including the terms and conditions mentioned therein.

I / We hereby consent unconditionally and irrevocably to withdraw my / our Shares from the Offer and I / we further authorize the Acquirer and PAC to return to me / us, the tendered Share Certificate(s) / Share(s) at my / our sole risk.

I / We note that upon withdrawal of my / our Shares from the Offer, no claim or liability shall lie against the Acquirers / PAC / Manager to the Offer / Registrar to the Offer.

I / We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. September 30, 2008.

I / We note the Acquirer / PAC / Manager to the Offer / Registrar to the Offer shall not be liable for any postal delay / loss in transit of the Shares held in physical form and also for the non-receipt of Shares held in the dematerialized form in the DP account due to inaccurate / incomplete particulars/ instructions.

I / We also note and understand that the Acquirer and PAC will return the original share certificate(s), share transfer deed(s) / Shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

SHARES IN PHYSICAL FORM

I/We, accept the Offer and enclose the original share certificate(s) and duly signed valid Transfer Deed(s) in respect of my/our shares as detailed below:

SR. NO.	LEDGER FOLIO NO(S)	CERTIFICATE NO. (S)	DISTINCTIVE No. (S)		NO. OF SHARES	
			FROM	TO		
1.						
2.						
3.						
4.						
5.						
(In case the space provided is inadequate, please attach a separate sheet with details.)					Total No. of Equity Shares	

I/We note and understand that the Registrar to the Offer will hold the original share certificate(s) and valid share transfer deed in trust for me/us until the time the Acquirer / PAC dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer / PAC will pay the purchase consideration only after verification of the documents and signatures.

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**ACKNOWLEDGEMENT SLIP
SPICE COMMUNICATIONS LIMITED – OPEN OFFER**

Received from Mr./Ms. _____ residing at _____ a

Form of Withdrawal for _____ shares along with :

- copy of depository instruction slip from DP ID _____ Client ID _____
- copy of acknowledgement slip issued when depositing dematerialized Shares
- copy of acknowledgement slip issued when depositing physical Shares for withdrawing from the Offer made by the Acquirer.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	
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I / We hold the following Shares in dematerialized form and had executed an off-market transaction for crediting the Shares to the "KCPL ESCROW A/c - SCL OPEN OFFER". Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my / our Shares have been tendered are as follows:

DP NAME	DP ID	CLIENT ID	BENEFICIARY NAME	NO. OF SHARES

I / We note that the Shares will be credited back only to that depository account, from which the Shares have been tendered and necessary standing instructions have been issued in this regard.

I / We confirm that the particulars given above are true and correct.

In case of dematerialized Shares, I / we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,

Signed and Delivered

	Full Name(s) of the shareholders	Signature
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole Shareholder

Place :

Date:

COLLECTION CENTRES						
	COLLECTION CENTRE	ADDRESS OF COLLECTION CENTRES	CONTACT PERSON	PHONE NO.	FAX	MODE OF DELIVERY
1.	Mumbai	16-22 Bake House, Maharashtra Chamber of Commerce Lane Opp. MSC Bank, Fort, Mumbai – 400 0237	Ms. Varija Kotian	022-66382666	022-66331135	Hand Delivery
		Andheri Industrial Estate Off Veera Desai Rd., Andheri West, Mumbai 400 053	Ms. Neelambari Mokal	022-26730799	022-26730152	Hand Delivery
2.	New Delhi	2 E/23, Jhandewalan Extn New Delhi 110 055	Mr. Michael / Mr. S N Jha	011-43681700	011-43681710	Hand Delivery
3.	Ahmedabad	201-203 Shail, Opp: Madhusudhan House Behind Girish Cold Drinks, Off C G Road Ahmedabad 380 006	Mr. Aditya	079-26400528	079-26565551	Hand Delivery
4.	Chennai	No. 33/1, Venkatraman Street, T.Nagar Chennai - 600017	Mr. Gunashekhar	044 - 28151793 / 1794/ 4781	044-28153181	Hand Delivery
5.	Hyderabad	Plot No 17-24, Viithalrao Nagar Madhapur, Hyderabad 500 081	Ms. Rinki Sareen	040-23420818	040-23431551	Hand Delivery/ Regd Post
6.	Kolkata	49, Jatin Das Road, Nr. Deshpriya Park Kolkata 700 029	Mr. Sujit Kundu/ Mr. Debnath	033-24644891	033-24644866	Hand Delivery
7.	Bangalore	No.59, Skanda, Putana Road Basavanagudi, Bangalore 560 004	Ms. Sudha	080- 26621192	080-26627769	Hand Delivery

*Working hours for the above collection centres: 10 a.m. to 3 p.m. from Monday to Friday & Saturdays 10 a.m. to 1 p.m.

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Note: All future correspondence, if any, should be addressed to the Registrar to the Offer

Karvy Computershare Private Limited

Address: "Cyber Ville" Plot No. 17-24 Vithal Rao Nagar,

Madhapur, Hyderabad– 500 081

Phone: +91 40-23420818-25; Fax: +91 40-23431551

PLEASE NOTE THAT NO FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER, PAC, TARGET COMPANY OR TO THE MANAGER TO THE OFFER

- (1) **All queries** pertaining to this Offer may be directed to the Registrar to the Offer.
- (2) **In case of Shares held in joint names, names should be filled up in the same order in the Form and in the transfer deed(s)** as the order in which they hold Shares in the Target Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Counter Offer.
- (3) **In case where the signature is subscribed by thumb impression**, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.
- (4) **In case of bodies corporate**, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.
- (5) **All the Shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):
 - (a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
 - (b) Duly attested power of attorney if any person apart from the shareholder has signed withdrawal form or transfer deed(s).

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