

CONFIDENTIAL

March 19, 2017

The Board of Directors
Idea Cellular Limited
10th Floor, The Birla Centurion
Pandurang Budhkar Marg, Worli
Mumbai 400 030

Dear Members of the Board:

I. Engagement Background

We understand that the Board of Directors of Idea Cellular Limited (“Idea” or “Company”), Vodafone Mobile Services Limited (“VMSL”) and Vodafone India Limited (“VIL”) are considering a merger of VMSL and VIL (excluding VIL’s stake in Indus Towers Limited and certain other identified assets, together known as “Other VIL Assets”) into Idea. The proposed mergers are to be carried out pursuant to a Composite Scheme of Amalgamation and Arrangement (“Scheme”) under the relevant sections of the Companies Act, 2013 and the Companies Act 1956, as may be applicable.

We understand from the management of Idea that pursuant to the proposed mergers, the shareholders of VMSL and VIL will be issued the Company’s equity shares as a consideration for their respective shareholding in the two merging companies. The terms and conditions of the proposed mergers are more fully set out in draft scheme document shared with us on March 16, 2017 (“Draft Scheme Document”), the final version of which will be filed by the aforementioned companies with the appropriate authorities.

We further understand that the respective shareholding on the proposed mergers have been arrived at based on the valuation report dated 19 March 2017 jointly prepared by Walker Chandiook & Co. LLP and Banshi S. Mehta & Co (jointly the “Valuers”), who had been jointly appointed for this exercise by Idea, VIL and VMSL.

Based on our perusal of the valuation report dated 19 March 2017 and the Draft Scheme Document, including any assumptions and caveats mentioned therein, we understand that as Part II of the Scheme, VMSL will merge into Idea, and consequent to the same, VIL (which is the holding company of VMSL) will be issued such number of new shares in the Company so that it holds 47% shareholding (“Interim Shareholding”) in Idea. As Part III of the Scheme, it is proposed that VIL (including its stake in Idea acquired pursuant to the merger envisaged in Part II of the Scheme, but excluding Other VIL Assets) will

Certified True Copy
For Idea Cellular Limited

Pankaj Kapdeo
Company Secretary

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merge with Idea. On completion of both the abovementioned proposed mergers under the Scheme, the shareholders of VIL will hold 50% shareholding (“Proposed Shareholding”) in Idea (“Merged Entity”).

In connection with the aforesaid, you requested our opinion (“Opinion”), as of the date hereof, as to the fairness of the Interim Shareholding and the Proposed Shareholding, as proposed by the Valuers, from a financial point of view, to the shareholders of Idea.

II. Basis of Opinion

The Rationale for the Scheme as shared with us by the Company’s management is based on inter-alia the following benefits:

- consolidation of the telecommunications business of the relevant companies resulting in expansion of such companies’ business and creation of greater value for their respective shareholders;
- availability of combined resources and assets to be utilised for strengthening the customer base of the companies and servicing customers more efficiently;
- synergies in operational processes and logistics alignment leading to economies of scale, creation of efficiencies and optimisation of operational and capital expenditure; etc

A brief history of each of the aforesaid companies is as under –

Idea is the third largest wireless operator in India with a Revenue Market Share of 18.1% (Q3FY17). Idea provides GSM mobile services in all 22 service areas of India, 3G services in 21 service areas of India (except Orissa), including through Intra-Circle Roaming (ICR) arrangements with other operators and 4G services in 12 service areas on its own spectrum. The Company has recently started offering its Digital Services. Idea also provides NLD, ILD, ISP and IP-1 services. In addition, Idea holds 11.15% stake in Indus tower and 49% stake in Aditya Birla Idea Payments Bank Limited. Idea is listed on the National Stock Exchange (NSE), and the Bombay Stock Exchange (BSE) in India. Idea is part of the Aditya Birla Group, which is one of the largest business groups in India. The Aditya Birla Group is a conglomerate with operations in more than 30 countries. The Aditya Birla group has a history of over 50 years and has businesses in, among others, mobile telecommunications, metals and mining, cement, carbon black, textiles, garments, chemicals, fertilizers, life insurance and financial services industries.

VIL was incorporated on 21 February 1992 under the Companies Act, 1956 as a company with limited liability with the Corporate Identity Number U32200MH1992PLC119108. Vodafone Group Plc. is the ultimate holding company of the Company, which is listed on London stock exchange and has ADRs listed on Nasdaq. VIL and its subsidiary, VMSL, are engaged in the business of providing mobile communications services in India, including voice, messaging, data, fixed-line solutions and devices to



assist customers in meeting their communications needs. Indus Towers Limited, a joint venture of VIL, is one of the leading tower infrastructure providers in India.

VMSL was incorporated on 27th March 1992 under the Companies Act, 1956 as a company with limited liability with Corporate Identity Number U64202DL1992PLC088087. VMSL is a wholly-owned subsidiary of VIL, which in turn is held by the Ultimate Parent. VMSL is engaged in the business of providing mobile communications services across India (except the Mumbai service area) supported by its national and international long distance services.

The key features of the Scheme provided to us through Draft Scheme Document are as under:

1. As consideration of the merger of VMSL into Idea, only shares in Idea shall be issued to the shareholders of VMSL (i.e. VIL). On the merger of VMSL into Idea, Idea shall issue and allot to VIL equity shares of Idea, credited as fully paid, such that VIL will hold 47% of the equity share capital of Idea post-merger on a fully diluted basis.
2. As consideration of the merger of VIL into Idea, only shares in Idea shall be issued to all the shareholders of VIL and shares of Idea issued to VIL pursuant to merger of VMSL into Idea shall be cancelled on merger of VIL into Idea. On merger of VIL into Idea subsequent to merger of VMSL into Idea, Idea shall issue and allot to shareholders of VIL equity shares of Idea, such that the shareholders of VIL will hold 50% of the equity share capital of the Merged Entity on a fully diluted basis.
3. Upon the Scheme becoming effective, all equity shareholders of VIL shall become shareholders of Idea.
4. The equity shares of Idea to be allotted pursuant to the Scheme shall rank for dividend, voting rights and in all other respects pari passu with the existing shares of Idea.

We have relied upon the Draft Scheme Document and taken the abovementioned key features of the Scheme (together with the other facts and assumptions set forth in section III of this Opinion) into account while determining the meaning of “fairness”, from a financial point of view, for the purposes of this Opinion.

III. Limitation of Scope and Review

Our Opinion and analysis is limited to the extent of review of documents as provided to us by Idea, VMSL and VIL including the draft valuation report prepared by the Valuers and the Draft Scheme Document.

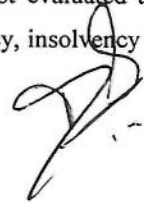
In connection with this Opinion, we have:

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- (i) Reviewed the Draft Scheme Document and the valuation report dated 19 March 2017.
- (ii) reviewed certain publicly available historical and operational information with respect to each of the relevant entities available in their respective annual & interim reports and company presentations ;
- (iii) reviewed certain historical business and financial information relating to each of the entities, as provided by the Company;
- (iv) considered publicly available research on the Company and VIL (as covered in the analyst reports of VIL's parent, Vodafone Group plc) as available with us as at the date hereof;
- (v) held discussions with the Valuers, in relation to the approach taken to valuation and the details of the various methodologies utilised by them in preparing the joint valuation report and recommendations;
- (vi) sought various clarifications with the respective senior management teams of the relevant companies;
- (vii) reviewed historical stock prices and trading volumes of the Company's shares on NSE
- (viii) reviewed certain publicly available information with respect to certain other companies in same line of business and which we believe to be generally relevant in the context of the businesses of the Company and VIL; and
- (ix) performed such other financial analysis and considered such other information and factors as we deemed appropriate.

We have assumed and relied upon the accuracy and completeness of all information and documents provided to us, data publicly available or otherwise reviewed by or discussed with us. We have relied upon the Company's assurances that it is not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect.

We have not carried out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Company, VIL, VMSL and / or their respective subsidiaries/affiliates. In particular, we do not express any opinion as to the value of any asset of the Company, VIL, VMSL and / or their respective subsidiaries/affiliates, whether at current prices or in the future. No investigation of the respective company's claim to title of assets has been made for the purpose of the exercise and the companies' claim to such rights has been assumed to be fully valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Further, we have not evaluated the solvency or fair value of the Company, VIL or VMSL under any law relating to bankruptcy, insolvency or similar matter.



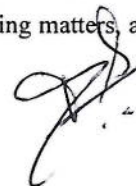
One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover, in this case where shares of the Company are being issued as consideration to the shareholders of VIL and VMSL, it is not the absolute valuation that is important for framing an opinion but the relative valuation of the Company vis-à-vis shares of VIL and VMSL, respectively.

We have assumed, with the Company's consent, that the Scheme will be in compliance with all applicable laws and other requirements and will be implemented on the terms described in the Draft Scheme Document, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Company, VMSL, VIL and / or its relevant subsidiaries/affiliates and their respective shareholders. We have assumed, at the directions of the Company, that the final Scheme will not differ in any material respect from the Draft Scheme Document. We understand from the Company's management that the Scheme will be given effect to in totality and not in parts. Accordingly, our Opinion should be seen from a perspective of the resultant Proposed Shareholding, with the Interim Shareholding being an interim step to achieving the final commercial outcome.

We express no view or opinion as to any terms or other aspects of the Scheme (other than the Proposed Shareholding and the Interim Shareholding to the extent expressly specified herein) including, without limitation, the form or structure of the proposed mergers. We were not requested to, and we did not, participate in the negotiations of the proposed mergers. Our Opinion is limited to the fairness, from a financial point of view, to the Company of the Interim Shareholding and the Proposed Shareholding. Our analysis relates to the relative values of the Company and VIL and VMSL. We express no opinion or view with respect to the financial implications of the merger for any stakeholders, including creditors of the Company.

We express no view as to, and our Opinion does not address, the underlying business decision of the Company to effect the mergers, the relative merits of the proposed mergers as compared to any other alternative business strategy, the effect of the mergers on the Company or its affiliates, including, without limitation, possible implications on ownership structure, listing format, capital structure or trading price of the Company's shares post completion of the proposed mergers. The Company remains solely responsible for the commercial assumptions on the basis of which it agrees to proceed with the mergers. Our Opinion is necessarily based only upon information as referred to in this letter.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on the Company, VIL, VMSL and / or their subsidiaries/affiliates, and their respective shareholders, nor does our Opinion address any legal, tax, regulatory (including all SEBI regulations) or accounting matters, as to



which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, governmental investigation or other contingent liabilities to which the Company, VIL, VMSL and / or their subsidiaries/affiliates, are or may be a party.

Our Opinion is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this Opinion and we assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the merger of VMSL and VIL into Idea as contemplated in the Draft Scheme Document provided to us and is not valid for any other purpose. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance, shareholders rights or any other equitable considerations. We have also not opined on the fairness of any terms and conditions of the Scheme other than the fairness, from a financial point of view, of the Interim Shareholding and the Proposed Shareholding.

We have in the past provided, and may currently or in the future provide, investment banking services to the Company, VIL, VMSL and/or their subsidiaries or their respective affiliates that are unrelated to the proposed Scheme, for which services we have received or may receive customary fees. Our engagement as a fairness opinion provider is independent of our other business relationships, which we may have with the Company, VIL, VMSL and/or their subsidiaries or their respective affiliates. In addition, in the ordinary course of their respective businesses, affiliates of Axis Capital Ltd. may invest in securities of the Company and / or its subsidiaries or group companies or for their own accounts and for the accounts of their customers subject to compliance of SEBI (Prohibition of Insider Trading) Regulations and, accordingly, may at any time hold a position in such securities. Our engagement and the Opinion expressed herein are solely for the benefit of the Board of Directors of the Company (in its capacity as such) in connection with its consideration of the Scheme and for none other. Delivery of our Opinion does not create any fiduciary, equitable or contractual duties on Axis Capital Ltd. (including, without limitation, any duty of trust or confidence). Further, our Opinion is being provided only for the limited purpose of complying with the SEBI regulations and the requirement of the stock exchanges on which the Company is listed, and for no other purpose. Neither Axis Capital Ltd., nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.



The Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final Opinion.

The fee for our services is not contingent upon the results of the proposed Scheme. This document is subject to the laws of India.

Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter related thereto.

IV. Conclusion

Based on and subject to the foregoing, we are of the opinion that, as of the date hereof, the Interim Shareholding and the Proposed Shareholding are fair to the shareholders of Idea from a financial point of view.

Very truly yours,

For Axis Capital Ltd.



Deepak Sharma
Managing Director
Investment Banking

A handwritten signature in blue ink, appearing to be "Rudra", with a horizontal line underneath.