Leadership Lessons of a Challenger

Himanshu Kapania

Managing Director, Idea Cellular Limited

4th Mar 2014

*“ ...The most important thing is to **dream audaciously**, and to pursue that big dream with all the **passion and fire** within you. Its about reaching for that dream, **no matter what** and riding even the most gigantic **waves of turbulence and disruption**, much like a champion surfer... ”*

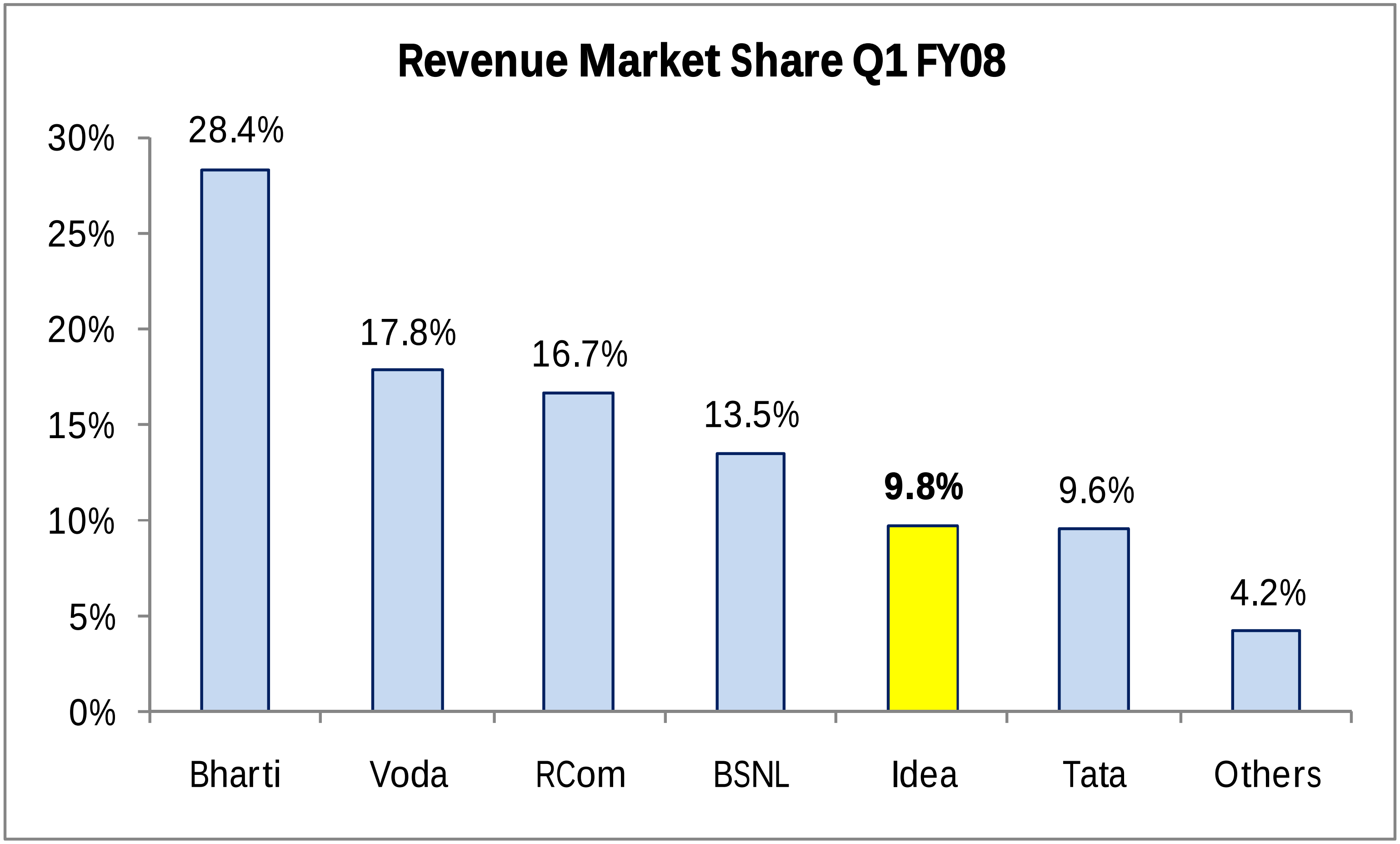
– **Kumar Mangalam Birla, Chairman, Aditya Birla Group**

*Taken from ‘**The Turning Points in Our Journey of Transformation’**, AIMA*

Public

Year 2008 – A new journey begins for Idea

Indian Mobility – a Rs 833 Bn industry in FY08



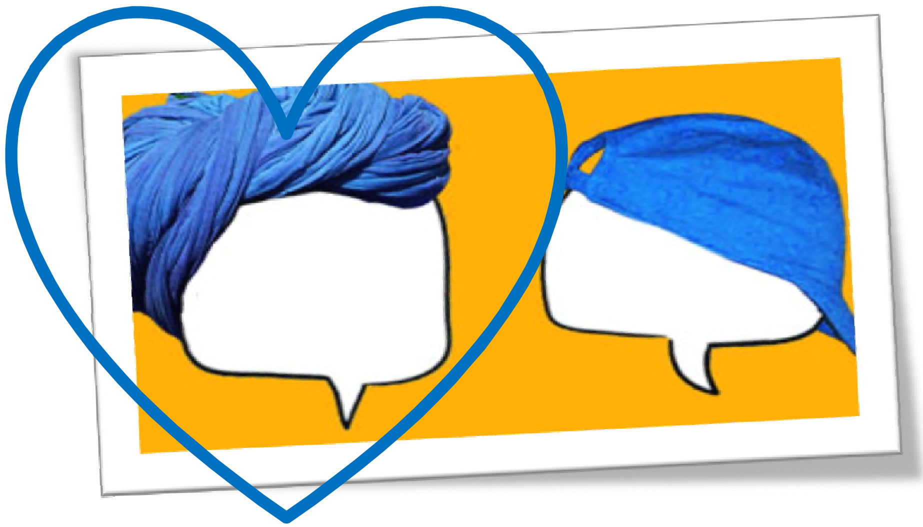
Idea – a clear challenger at 5th place

Source: TRAI published data

Public

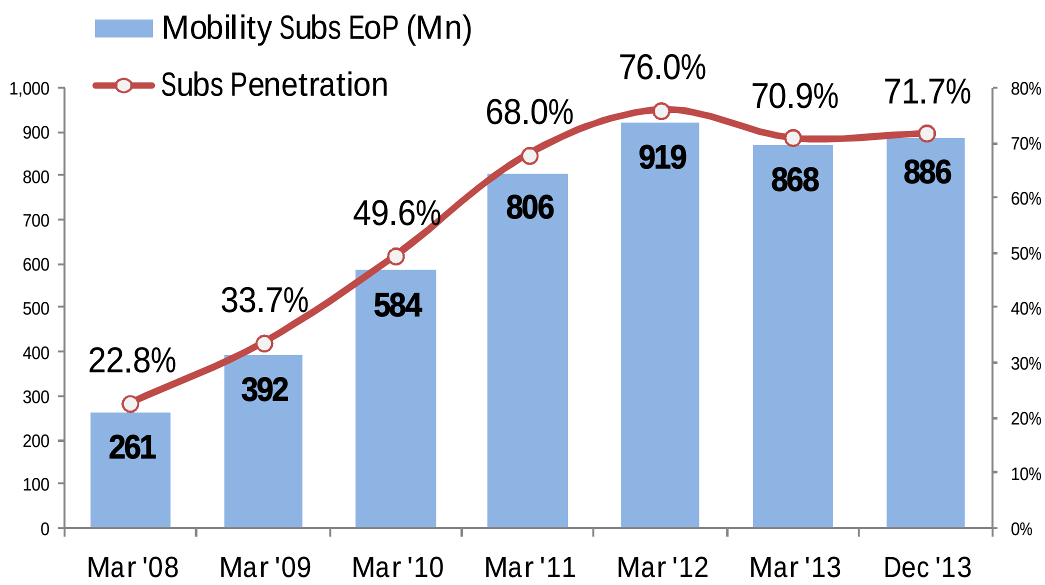
Finding a Gap & Playing on Strengths

5 existing **players** became pan-India GSM operators **in 2008**
3 new players enter the market
Chose to intensify the battle in **already crowded urban India**

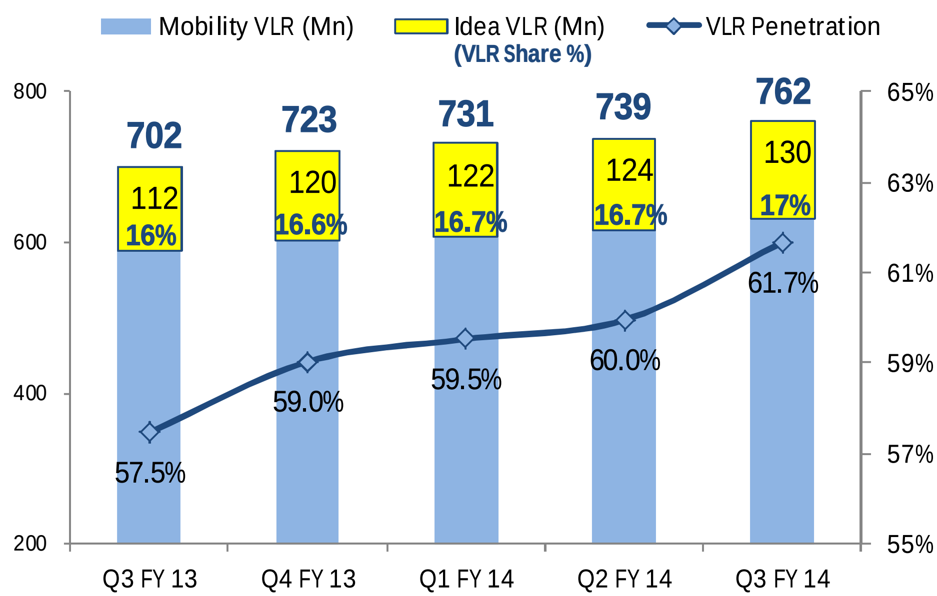


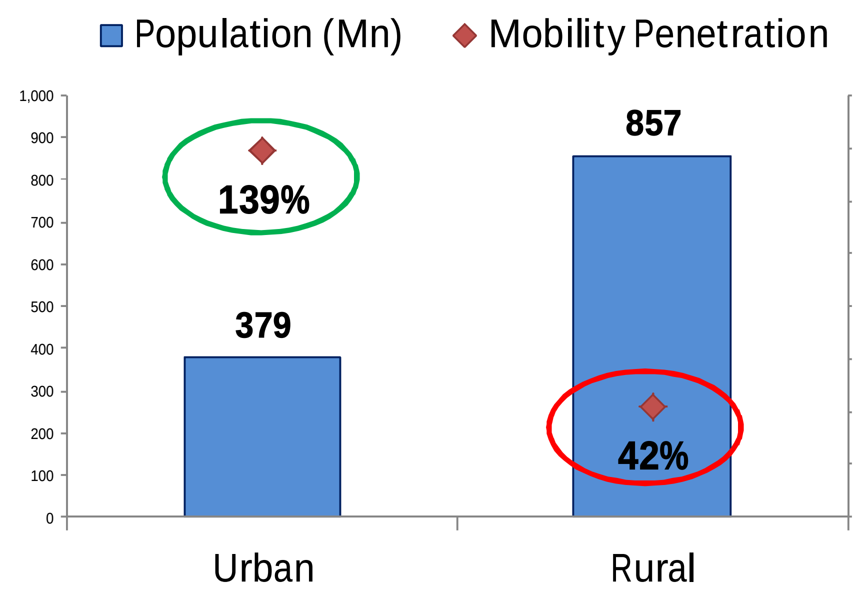
Idea chose its contrarian path – ‘**Bharat’**
Focused on hinterland comprising Idea’s 15 established markets
These now deliver 95% of Idea’s revenue & 108% of its EBITDA

Latent unmet demand for basic voice services



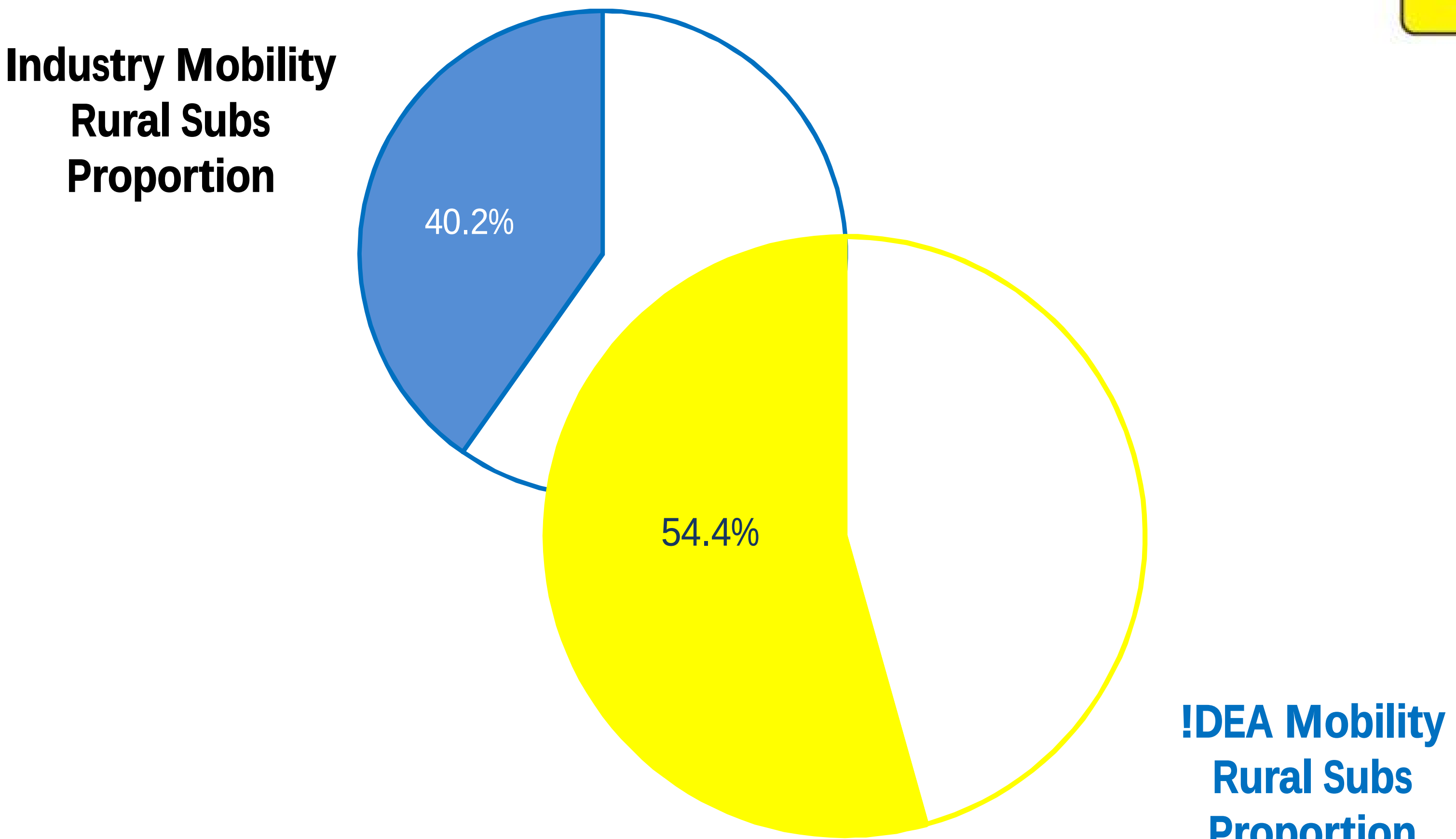
- VLR penetration today is at just 60% nationally
- Factor in multiple-SIMs and it is further lower
- Clear headroom for deeper penetration into rural geographies





Source: TRAI published data as of Dec 2013

Idea's strength in Rural Markets



Large scope of growth for Idea given its strong presence in underpenetrated Rural Markets

Source: TRAI published data as of Sep 2013

I

Potential in voice business
that is yet to be captured by the industry

Next Round – The Data Game

886 Mn Indians on Mobile Voice

Internet on Mobile
Central Role in the Transition to Digital Lifestyle

Source: TRAI published data as of Sep 2013

Next Round – The Data Game

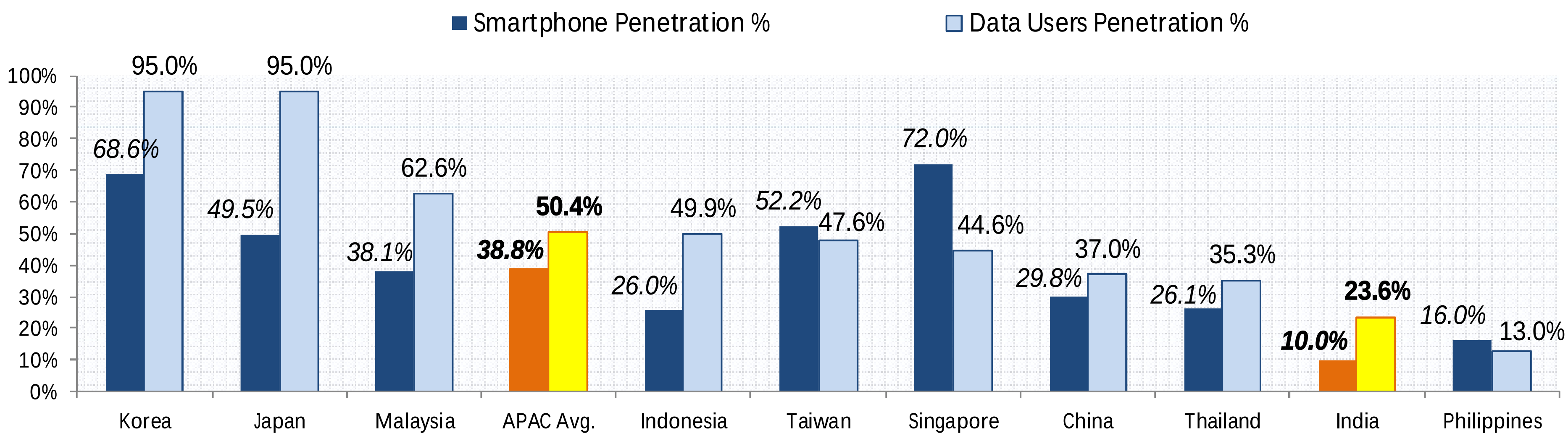
In 2013, **210 Mn** Indians had Internet Access

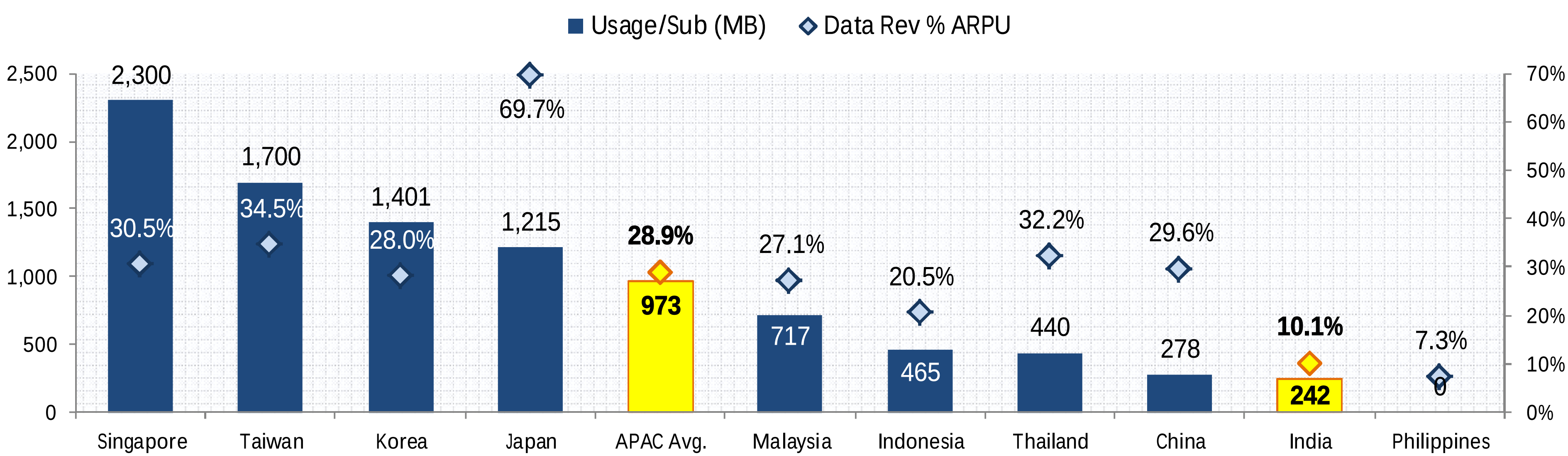
188 Mn of them on Mobile Internet!

More than **600 Mn** waiting to be connected…
in next 4-5 yrs

Source: TRAI published data as of Sep 2013

APAC Data Penetration vis-à-vis India



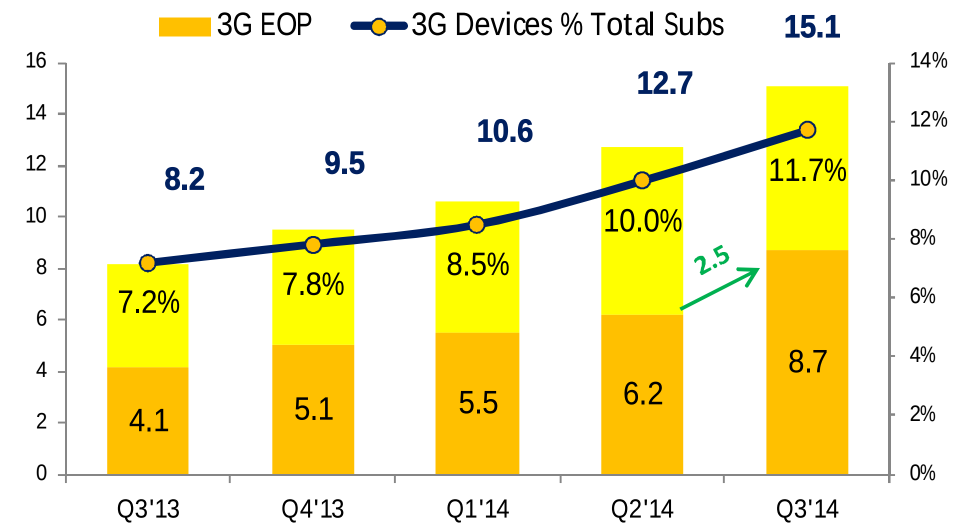


Source: UBS Global Research Report – APAC Telecom Sector, dated 27th Feb 2014

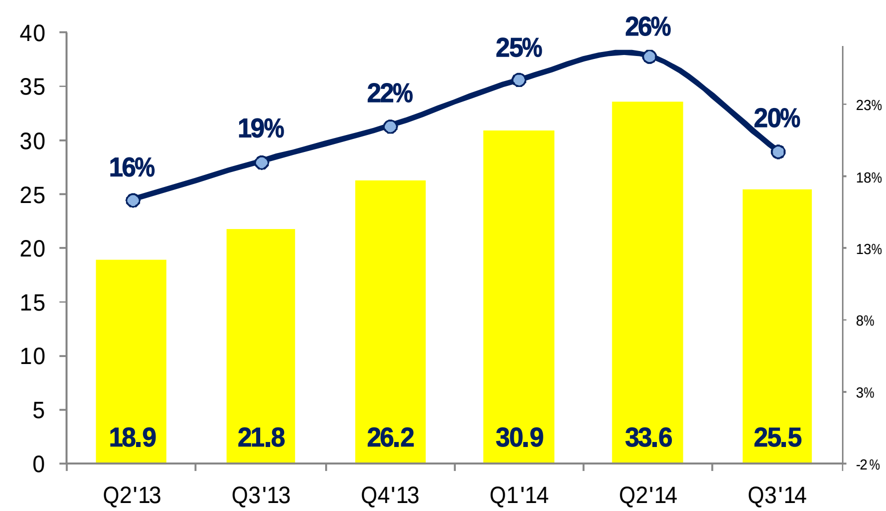
Public

Data Adoption increasing among Idea Subscribers

3G Devices on Idea Network (Mn)



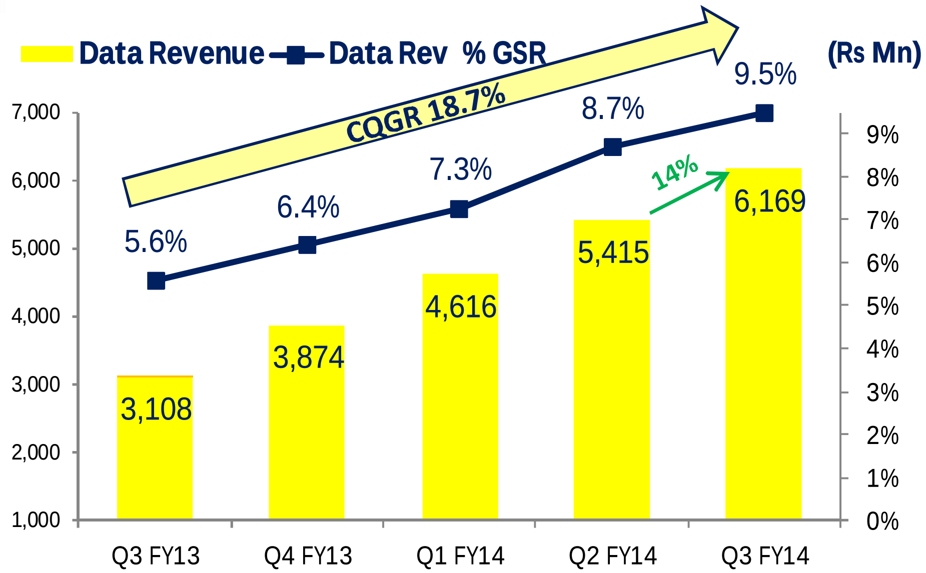
Data Users (Mn)

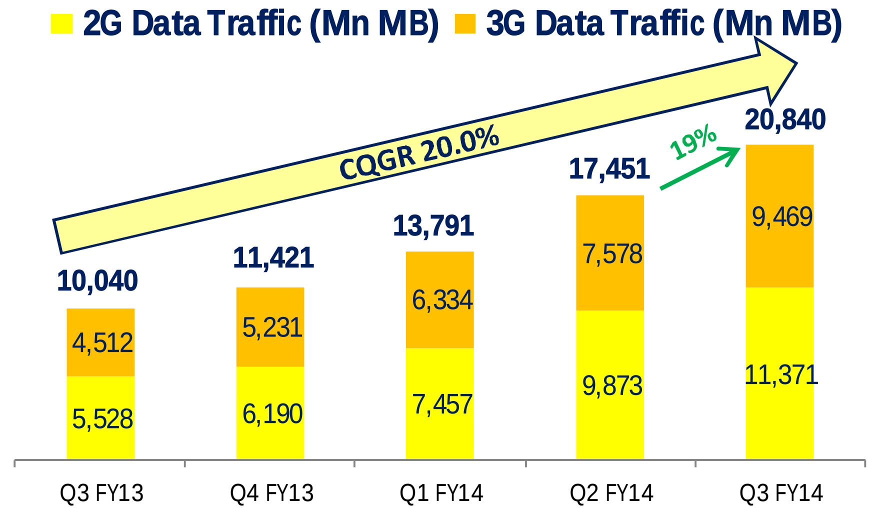


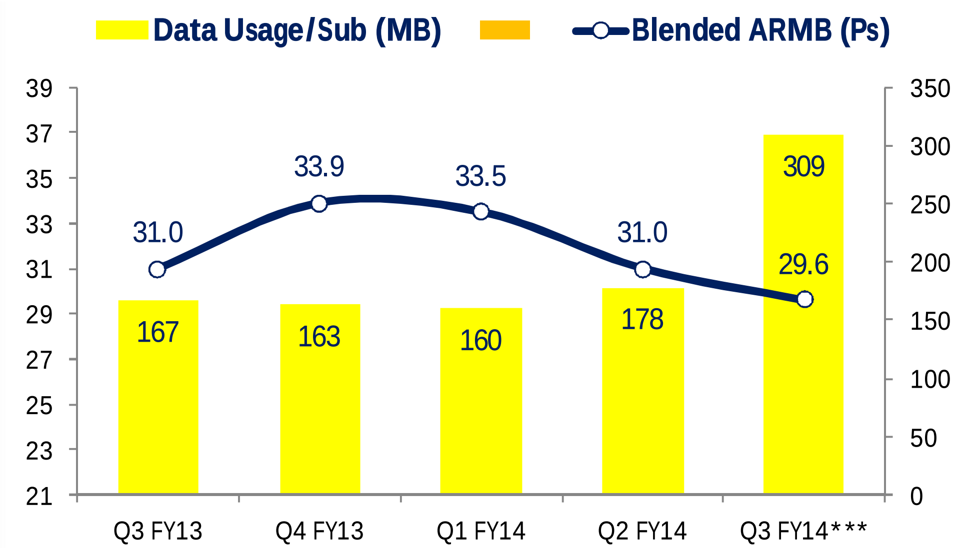
Note: Data Users definition has been revised for Q3 FY14 to users of Data >100kb only

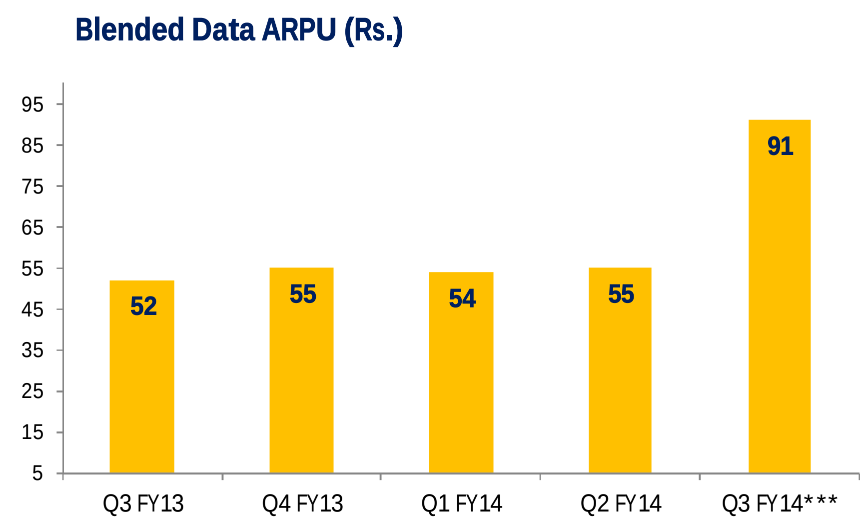
Public

Rising Data Usage and Revenue for Idea









Usage and ARPU are both computed on Data Usage Subscribers

****Note: Data Users definition has been revised for Q3 FY14 to users of Data >100kb only*

II

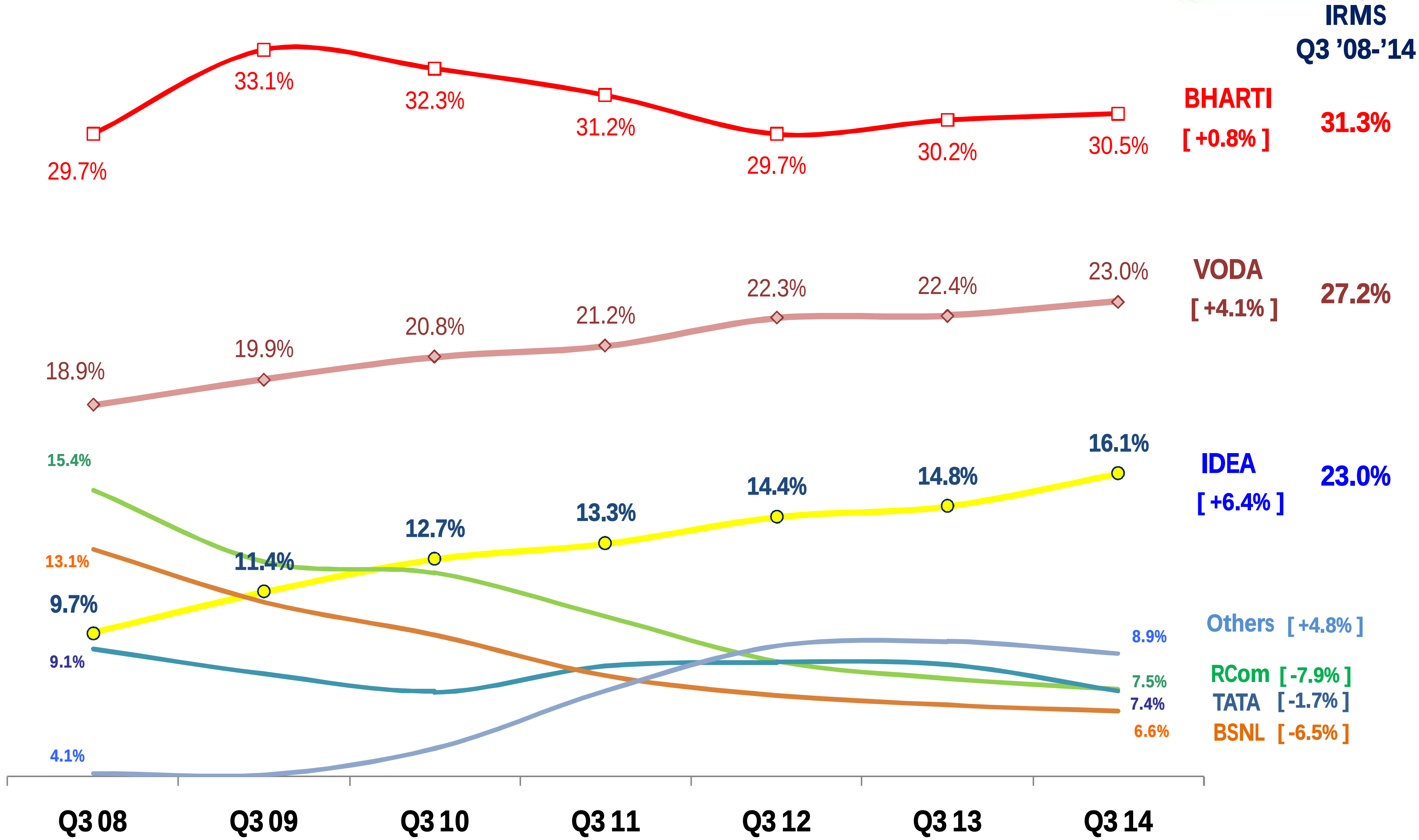
Data usage is not just an Urban phenomenon

Rural consumers are discovering data usage

And that's bringing in fast Data growth

In 6 Years, Idea moved from No.5 to No.3 in RMS

High Incremental Revenue Share will continue to drive Idea RMS

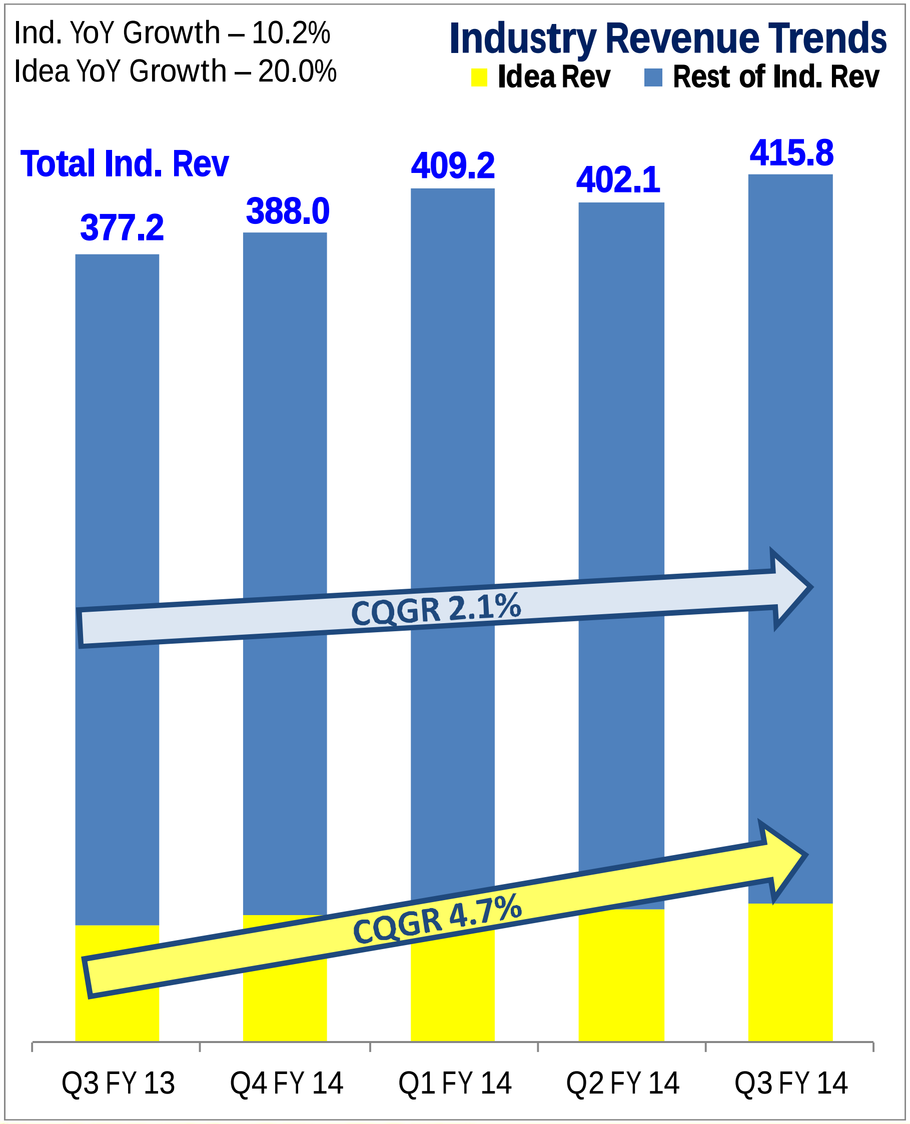


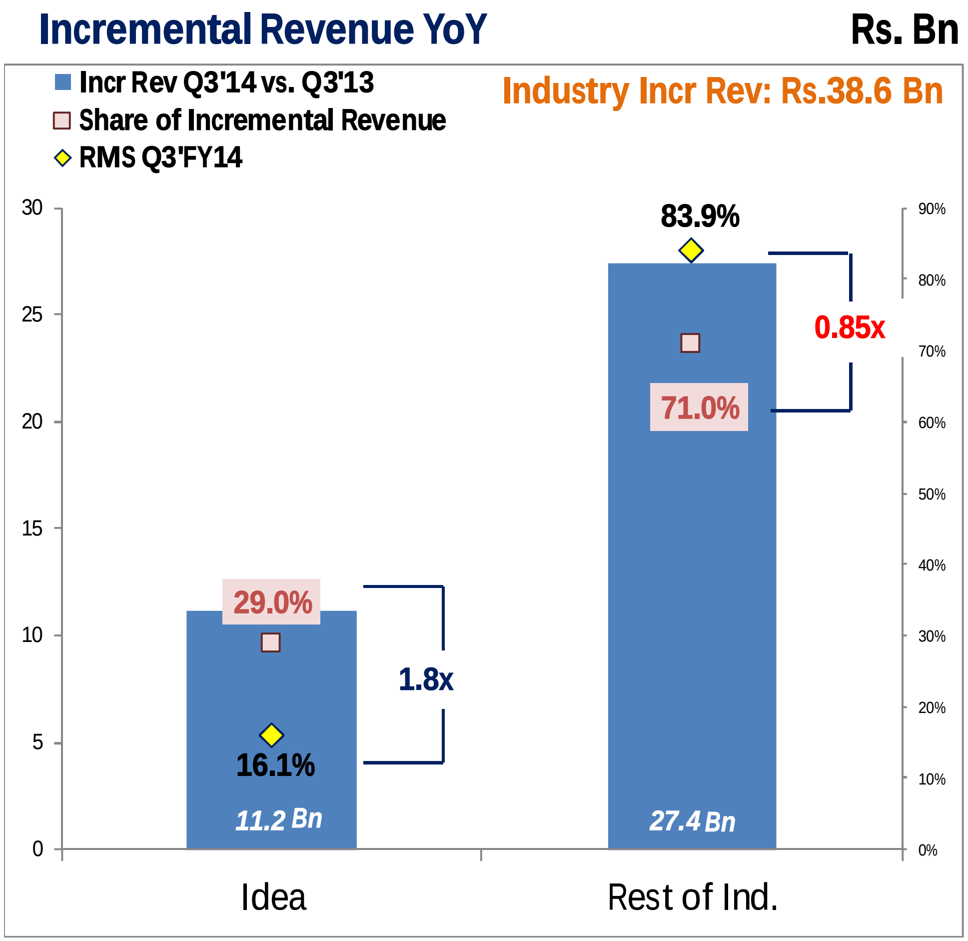
Source: Collated from TRAI published data

In fact, Idea is *One Among Top 3*, Not No. 3

Growing at 2.5 times over 'Rest of the Industry'

Ind. YoY Growth – 10.2%
Idea YoY Growth – 20.0%



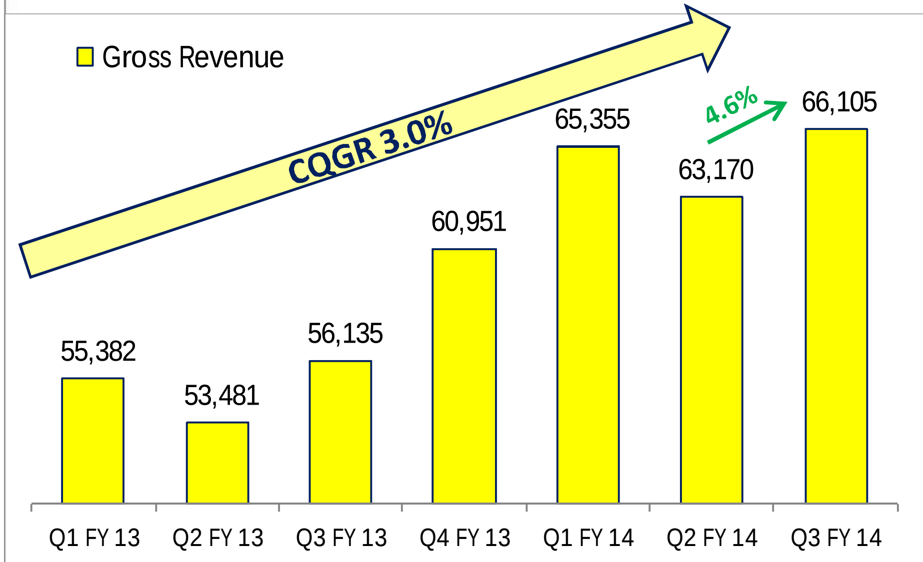


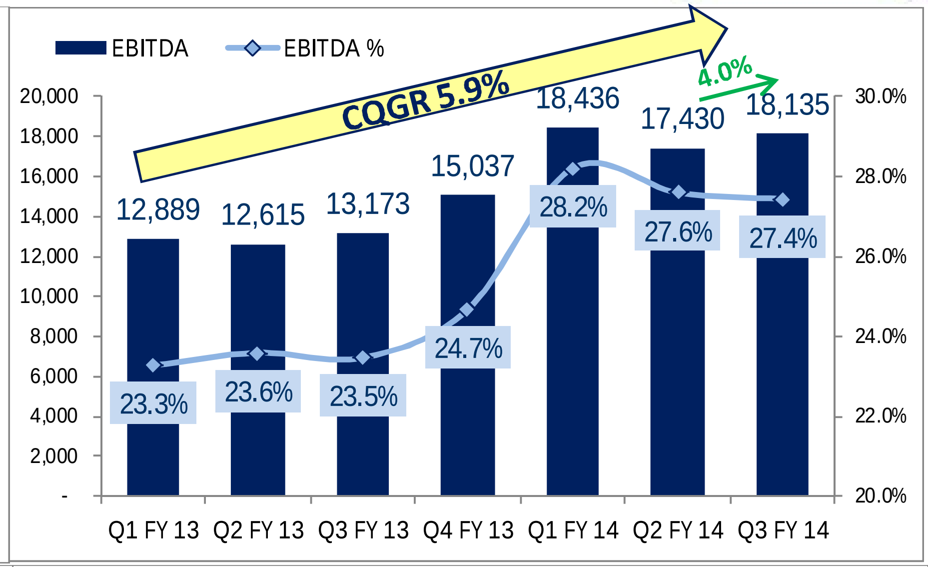
Source: Collated from TRAI published data

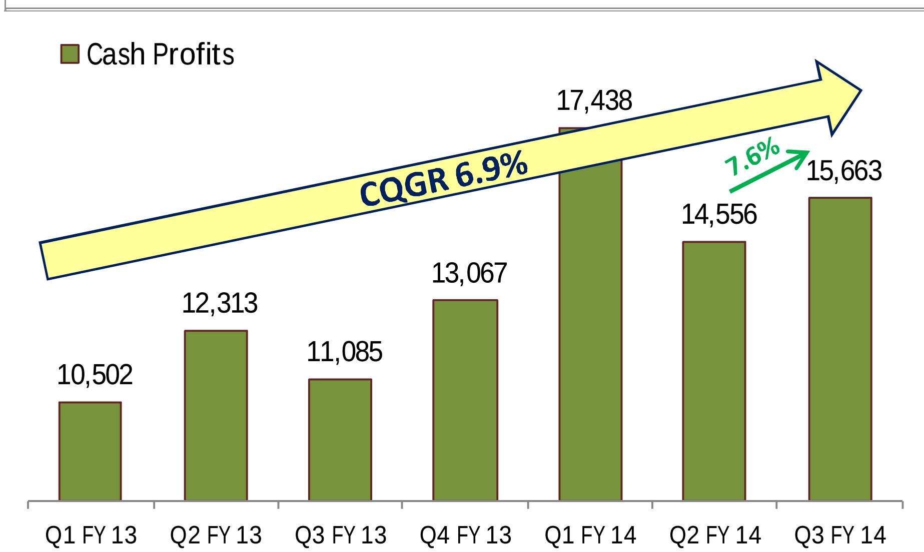
Public

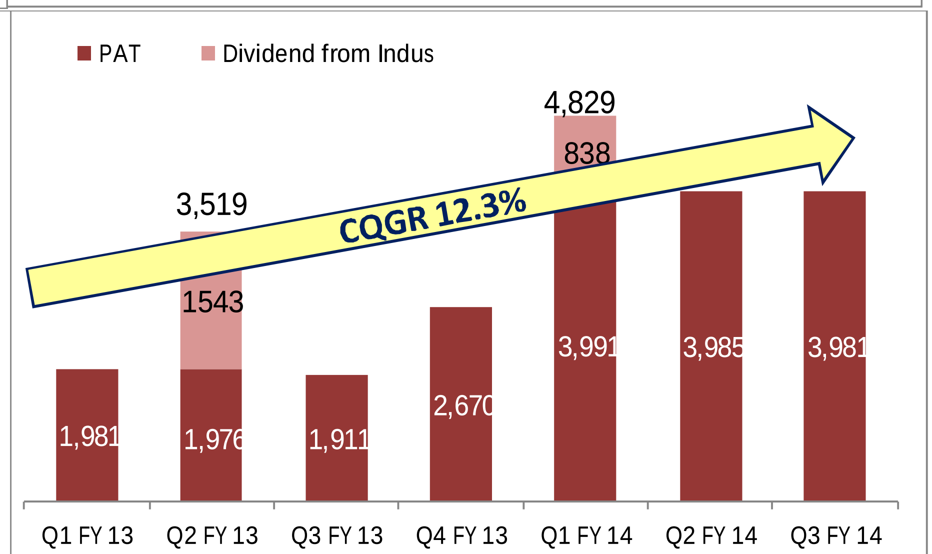
Idea Financials* - High Growth Trend Continues

Rs. Mn.









ADITYA BIRLA GROUP

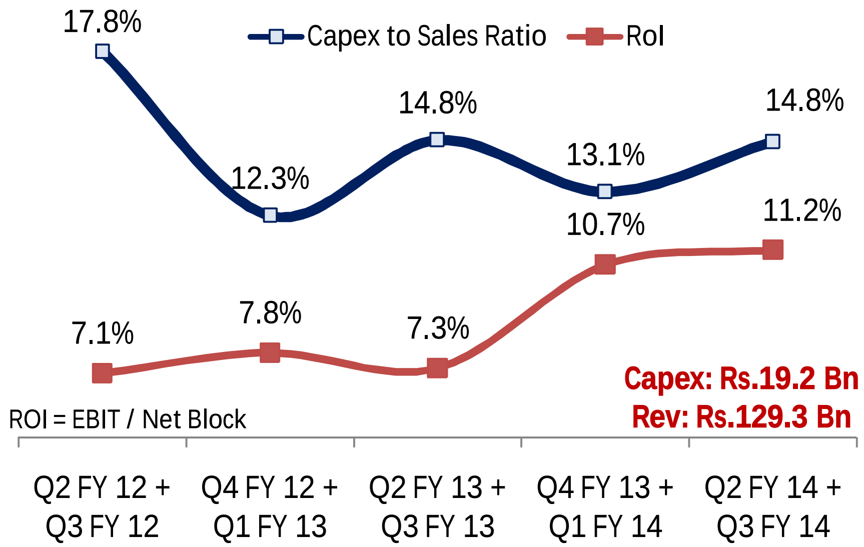
*Idea Standalone and its 100% subsidiaries

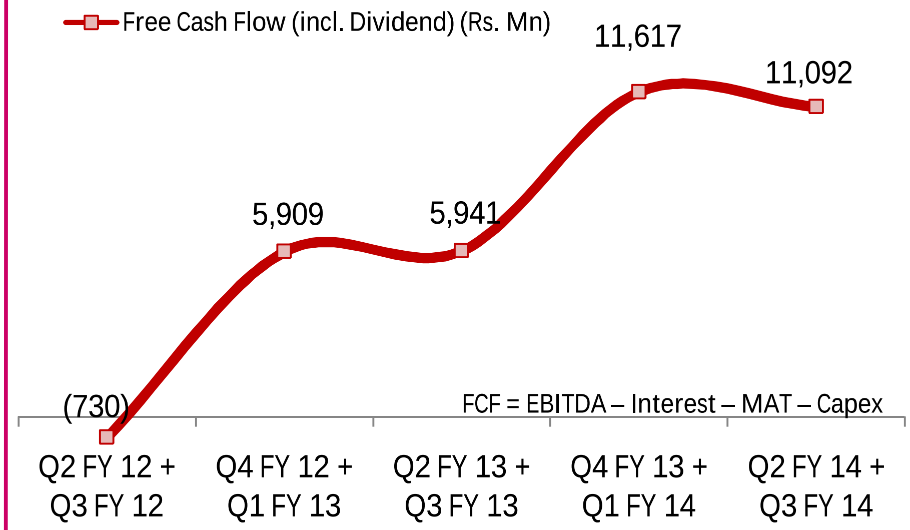
Public

Idea Financials*

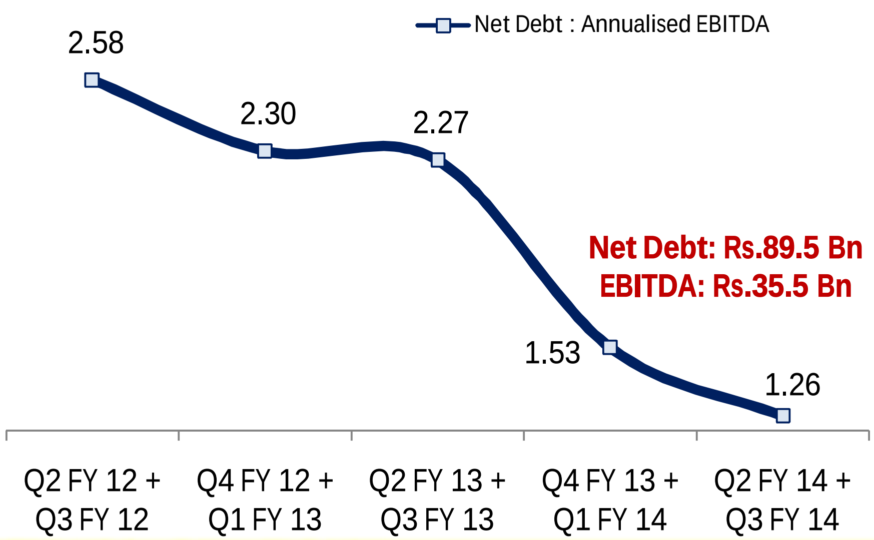
Improving Investment Efficiency and Strengthening Balance Sheet

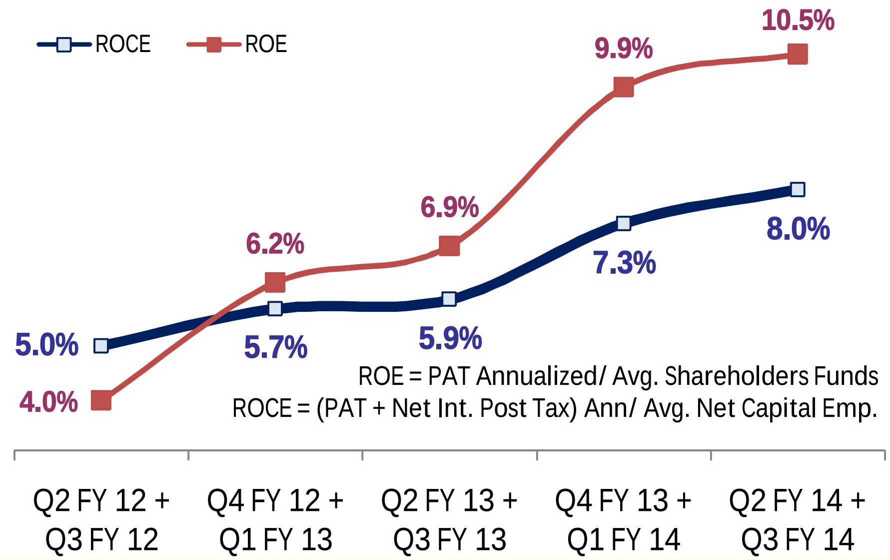
Investment Efficiency





Balance Sheet Strength

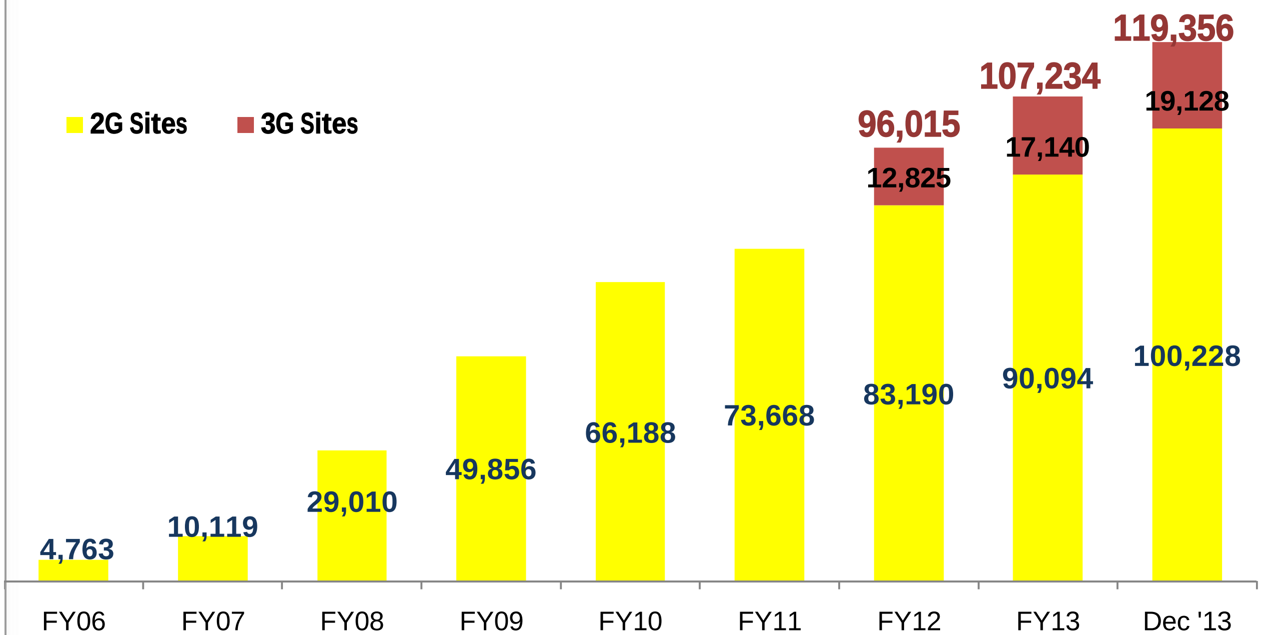




*Idea standalone including 100% subsidiaries

Width & Depth of Reach remains the Mantra

Be it **Network Coverage**...



...or **Distribution** presence

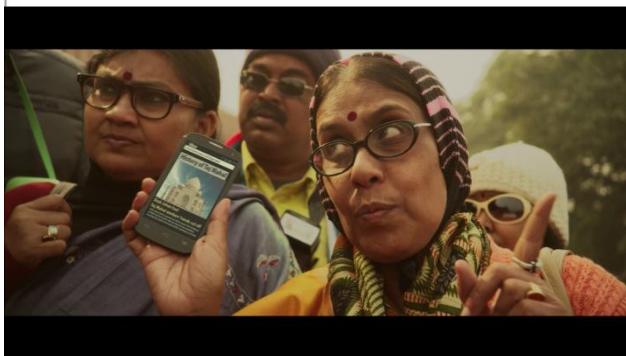
1,300,000 transacting retailers

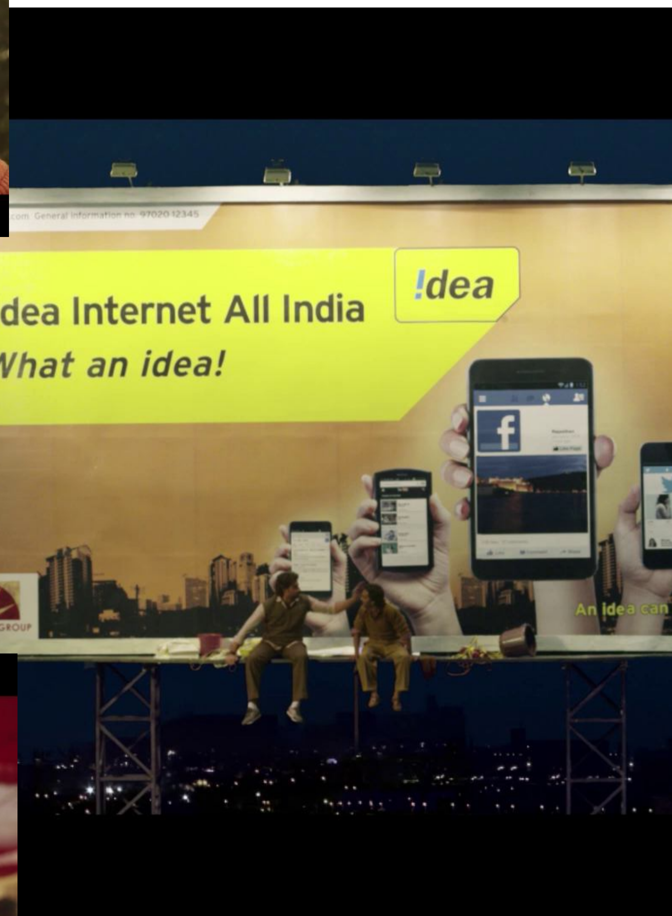
930,000 data selling outlets

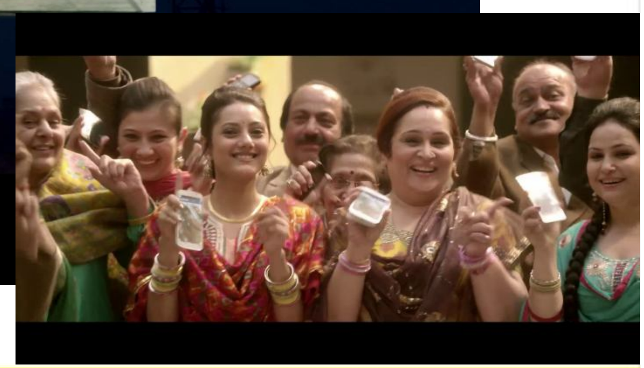
26,000 distributors

38,000 + DSEs, **4700** TSM/Es, **600** + ASMs

Brand Idea Empowers India







III

Pure-play mobility operator

Focusing on basics of building infrastructure

Honing our sharp execution skills

Public

Idea well positioned with all technologies

Service Area	Current Spectrum Profile (Holding in MHz)			Spectrum Utilisation		
	900	1800	2100	GSM	3G	LTE
Maharashtra	7.8	11.0	5.0	√	√	√
Kerala	6.2	11.8	5.0	√	√	√
MP	6.2	8.8	5.0	√	√	√
UP West	6.2	1.8	5.0	√	√	x
Andhra Pradesh	6.2	7.8	5.0	√	√	√
Gujarat	6.2	1.6	5.0	√	√	x
Punjab	7.8	8.0	5.0	√	√	√
Haryana	6.2	6.0	5.0	√	√	√
Delhi	5.0	8.6	-	√	√	x
Mumbai	-	6.4	-	√	x	x
Karnataka	6.2	5.0	-	√	x	√
UP East	-	6.2	5.0	√	√	x
HP	-	4.4	5.0	√	√	x
J&K	-	5.0	5.0	√	√	x
North East	-	10.0	-	√	x	√
7 Other S.A.s	-	38.1	-	√	x	x
Total	64.0	140.5	55.0			

	GSM	3G	LTE
No. of Service Areas where Idea can deploy	22	12	8
Industry Revenue Contribution %	100%	57%	39%
IDEA Revenue Contribution %	100%	79%	57%

IV

Important to invest in building cutting edge capabilities

Equally important to launch technology at ‘right time’ – neither too early nor too late

Lessons for ourselves
What we believe we do right ...

- We remain a pure-play mobility player and embrace latest technologies at an opportune time
- We continue to believe in the mass-market – bringing mobility solutions within the reach of Bharat
- We stick to our basics and continue to hone our sharp execution skills
- We lend a keen ear to our eco-system – our consumers, our trade, our partners, our competitors – and take our cues for our next move from all of them

THANK YOU