



IDEA CELLULAR LIMITED
ANNUAL REPORT
2014 - 2015

BIG IN YOUR LIFE





Mr. Aditya Vikram Birla

Our legendary leader. His ideals guide us.
Integrity, Commitment, Passion, Seamlessness and Speed.



Dr. Sarala Birla

was an iconic humanitarian.

A highly progressive person, she was way ahead of the times.

An educationist, a philanthropist, a patron of the arts,
Dr. Sarala Birla was an exemplar of all that is best in mankind.

Her legacy of values will be cherished forever.

The Chairman's Letter to Shareholders

Dear Shareholder,

The global scenario

The year 2014-15 continued to be a challenging year. The global economy growth was 3.4%, unchanged over the previous year. The world's largest economy, the US saw better growth, while the countries in the Euro zone registered marginal growth. There was a marked slowdown in China, and Japan witnessed near stagnation.

The key factors that affected the global economy included a steep decline in oil and commodity prices, and monetary easing by central banks in the US, EU and Japan. The global financial markets experienced heightened volatility, largely due to expectations of a tightening of monetary policy by the US Federal Reserve. The impasse on resolving the debt crisis in Greece added to the uncertainty. Geopolitical risks compounded the situation.

The IMF has projected economic growth at 3.3% in 2015, marginally lower than the growth recorded in 2014.

The domestic scenario

Among all the developing economies, India was a notable exception, with



growth increasing to 7.3% in 2014. Agriculture recorded a growth of only 0.2%, given the subnormal monsoon. This was compensated by a more vigorous manufacturing sector, which grew at 7.1% in FY 2014-15, compared to 5.3% in FY 2013-14. Headline inflation fell sharply to 5%.

On the external front, India's vulnerability has reduced with the current account deficit contained at below 2% of GDP and a relatively stable currency. The monetary policy through the year was largely accommodative.

A slew of initiatives reinforced the positive macro factors. One must particularly mention the deregulation of diesel prices, reforms in the coal and mineral sectors, measures to boost FDI, and faster environmental clearances. The buoyant investor sentiment was manifest in capital inflows of \$73 billion. As infrastructure projects get off the ground, the prospects for a revival of the capital investment cycle seem very strong.

Commendable performance by your Company

I am pleased to record that Idea continues to make waves. It has maintained its enviable track record as the fastest growing Indian mobile operator. Idea has persistently outperformed its peers, clocking almost twice the pace of industry growth. Its revenue market share exceeds 18%.

Idea's growth is premised on three major pillars. First, a strong subscriber addition - during the year, Idea added 23.5 million subscribers. One out of every three new mobile subscriber chose Idea, given its customer

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centric services. Second, it attained the highest ever absolute voice growth, with 96 billion minutes of usage. Third, it has registered near triple digital mobile data revenue growth. So it should come as no surprise that its performance has been splendid. It delivered a 19% revenue growth at \$ 5.3 billion (₹ 31,527 crore) with a 32% rise in EBITDA at \$ 1.9 billion (₹ 11,281 crore).

Outlook

As many of you know, India is on the cusp of a digital revolution. Internet is expected to pervade the lives of a billion Indians in the next decade from a current low penetration of 20% online. From commerce to banking to education to entertainment to health everything will go online. I believe, the mobile industry has the onerous task to build the Indian Internet infrastructure backbone. Idea is well poised to take advantage of this megatrend to further accelerate its profitable growth and deliver shareholder value.

During the last two spectrum auctions, Idea committed \$ 6.8 billion (₹ 41,000 crore) increasing its spectrum portfolio to 270.7 MHz. Today, Idea has the ability to offer 3G services to 76% of its own subscribers and 4G services to 57% of its 161 million subscribers base, besides offering pan India 2G services.

To our teams

I would like to acknowledge the contribution of our teams in India and across the world. I believe, it is our people, who underpin everything else. They are the ultimate reason why we meet with success, in the face of all odds, year after year. Their commitment and dedication is beyond words.

“During the last two spectrum auctions, Idea committed \$ 6.8 billion (₹ 41,000 crore) increasing its spectrum portfolio to 270.7 MHz. Today, Idea has the ability to offer 3G services to 80% of its own subscribers and 4G services to 61% of its 161 million subscribers base, besides offering pan India 2G services.”

The Aditya Birla Group: In perspective

We have had a good year at the Group level. Our Group's consolidated revenue crossed the Rupees 2.5 trillion mark, setting a new milestone. We are up 9% over the last year. In dollar terms as well, regardless of the ups and downs in foreign currency, we reported revenues of \$ 41 billion, an 8% rise. Over 50% of our Group's revenues flow in from our global operations.

I believe, that the bottom line and the cash in the till is a greater parameter to gauge performance rather than simply revenues. On this score too, we have done well.

Our EBIDTA in Rupee terms is an impressive ₹ 322 billion, again over 9% vis-à-vis FY14. In dollar terms, we achieved an EBIDTA of \$ 5.25 billion, reflecting an 8% rise over that of the last year.

I deeply believe that building our future can only be possible by building more leaders and through people development processes. Towards this, our endeavours continue to deliver results. Two of our programmes deserve a special mention. "Cutting Edge" - our leadership programme targeted at developing P&L leaders and "Turning Point" - aimed at building cost centre leaders and unit heads, have proved very promising. Over 70 talented managers have graduated from these programmes and have taken on leadership roles at senior levels.

At the same time our senior leaders are being actively encouraged to take on cross business roles to gain multi-sectoral experience.

We have a bench strength of over 250 youngsters who joined us 5 years ago as Group Management Trainees, and Leadership Associate Programme (Lead) and Leadership Programme for Experienced (Leap)

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members, have demonstrated great potential and grown significantly. Some of them are already in key positions. I hope to see many of them occupy positions of critical importance in our businesses in the near future. As part of our globalisation agenda we have also been recruiting both interns and Lead and Leap participants from renowned International Business Schools.

Similarly, our **GMLP** - Global Manufacturing Leadership Programme, aimed at reinforcing our technical and manufacturing strength is paying a rich dividend. The Aditya Birla Group is being increasingly viewed as the most aspirational place for manufacturing professionals in India.

Our focus on gender diversity and creating enabling policies and programmes to ensure that we provide a conducive, encouraging and an equitable place for women to thrive and excel is gaining momentum. We have launched "Spring Board", the accelerated women's leadership development programme, designed for high calibre women managers. Currently, we have more than 150 women positioned at middle management and senior management levels.

Gyanodaya, our in-house world-class university, has aligned with the best-in-class global business schools, professors and consultants among others. Many of our best talent is also enlisted for short-term courses at these institutions. Such a cross pollination and stoking of the intellect enables us move with the times and are continuously learning.

Ranked No. 1 in the Nielsen Corporate Image Monitor

We are humbled that for the third year running, our Group has been ranked No.1 in the Nielsen Corporate Image Monitor 2014-15. We have emerged as 'Best in

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Class' across most of the pillars. This is a remarkable vote of confidence by the stakeholder constituency in our leadership teams. It is a testament to our "Group brand, governance standards, transparency, customer primacy and CSR engagement. The six pillars of Corporate Image on which organisations are engaged comprise of Vision and Leadership, Product & Service quality, Workplace Management, Financial Performance, Operating style and Social responsibility".

Nielsen's Corporate Image Monitor measures the reputation of the 42 leading companies in India across sectors (based on the Bombay Stock Exchange list and the Economic Times Ranked Top 50 Companies) and "the findings serve as an important indicator of the strength of the corporate brand".

In sum

We are gearing to ensure that we have the right talent at the right time and at the right place for each of our businesses. Additionally, enhancing customer centricity and excellence capability by developing customer value propositions that are unmatched, stepping up the focus on R&D to increase the share of value-added products across businesses, are our focus areas. The thrust on digitisation across our business processes and using analytics and big data continue. These are our steps towards accelerating top-line and bottom-line growth and enhancing stakeholder value.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kumar Mangalam Birla', written in a cursive style.

Kumar Mangalam Birla

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Board of Directors



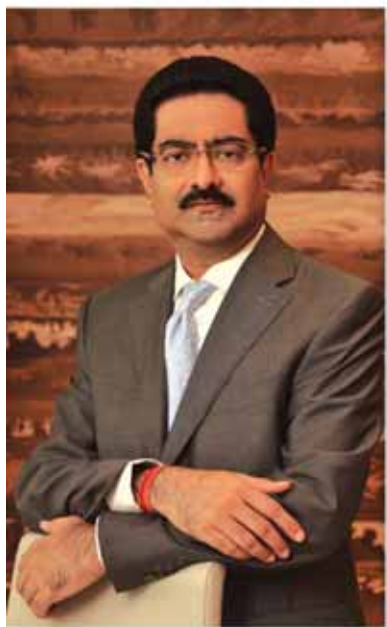
Mrs. Rajashree Birla
Non-Executive Director



Mr. Himanshu Kapania
Managing Director



Mr. Sanjeev Aga
Non-Executive Director



Mr. Kumar Mangalam Birla
Non-Executive Chairman



Dr. Shridhir Sariputta Hansa Wijayasuriya
Non-Executive Director



Mr. Arun Thiagarajan
Independent Director



Mr. Gian Prakash Gupta
Independent Director



Ms. Tarjani Vakil
Independent Director



Mr. R. C. Bhargava
Independent Director



Mr. P. Murari
Independent Director



Mrs. Madhabi Puri Buch
Independent Director



Mr. Mohan Gyani
Independent Director