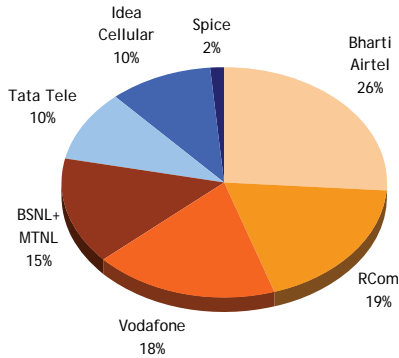
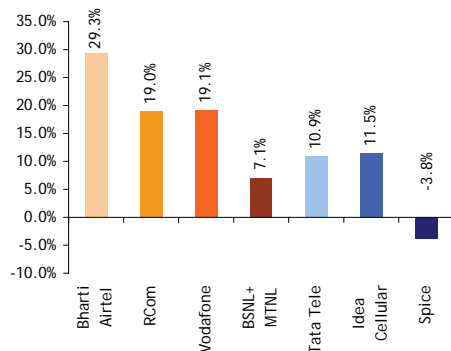


August 21, 2008

**Subscriber Market Share (July'08)**



**Market share of Net additions for July'08**



Source: Bloomberg

- **Strong monthly net additions continue:** Subscriber addition for the month of July'08 was at 9.18m, a m-o-m growth of 3%. Andhra Pradesh & Maharashtra (9.4% & 8% respectively of the total net additions) showed strong net additions.
- **Bharti Airtel leads the race with net additions of 2.7m:** Bharti continued to impress with its net additions of ~2.7m for the month, implying a market share of 30% of net additions. This run-rate is expected to be sustained for the next 3-6 months before new entrant's steps in and further intensify competition.
- **Vodafone continued to report healthy net additions:** Vodafone maintained its healthy runrate and added 1.75m subscribers. UP East & Rajasthan showed good additions & contributed 25% of the net additions.
- **Tata Tele and Idea Cellular touch ~1m net adds:** Tata Tele has reached the ~1m subscriber net additions, implying a 17% growth in net additions m-o-m. Idea Cellular too maintained its runrate of net additions. We expect Idea cellular to report higher net additions for the subsequent months following their Mumbai launch. Bihar circle is expected to be launched in September'08.
- **Rcom subscribers net additions starting to inch higher :** RCom added ~1.75m subscribers (CDMA net adds-1.38m, GSM net adds-0.37m) for the month. GSM net additions are starting to grow with increase in their coverage of 8 existing GSM circles.
- **Spice Telecom cleaned up 0.35m subscribers for the month:** Spice has reported a de-growth in subscriber net additions in the month. This is on expected lines with Idea Cellular taking on management control in the next 3-6 months.

**Telecom Subscribers-Snapshot**

(in million)

Operators	Jul-08	Net Add.	Jun-08	Net addi	Mo M gr.	Jul-07	Net addi	YoY gr.
Bharti Airtel	72.1	2.7	69.4	2.6	5.3%	44.8	2.1	30.8%
Reliance Communication	52.5	1.7	50.8	1.7	0.6%	33.3	1.5	19.5%
Vodafone Essar	51.0	1.8	49.2	1.7	1.6%	32.4	1.7	4.1%
BSNL+ MTNL	41.5	0.7	40.8	0.5	44.2%	31.6	0.6	6.0%
Tata Teleservices	27.3	1.0	26.3	0.9	17.1%	18.1	0.8	30.8%
Idea	28.2	1.1	27.2	1.1	0.1%	17.0	0.9	20.1%
Spice	4.2	-0.4	4.5	0.1	-	3.3	0.1	-

Source: Auspi, COAI

**Sector valuations**

(in million)

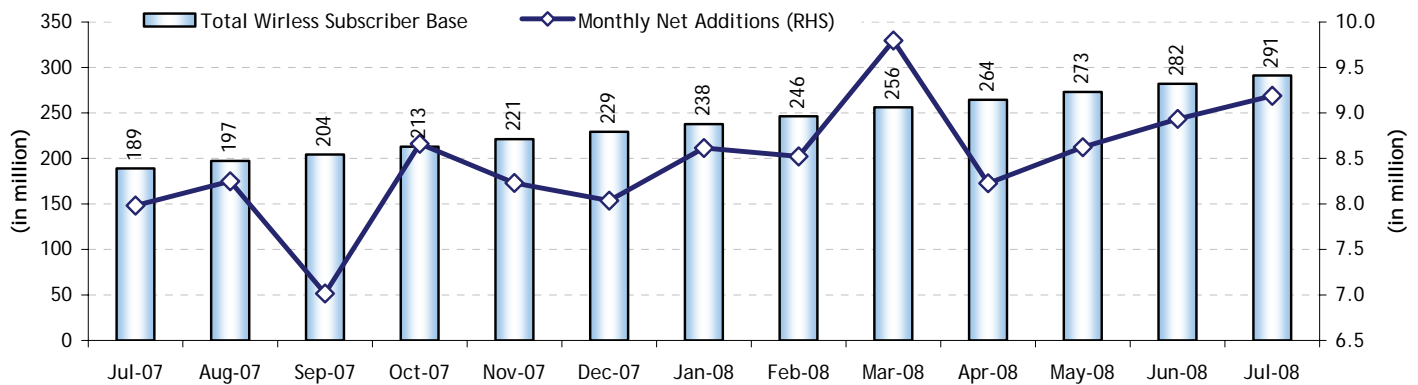
Sector valuation	CMP (Rs)	Mcap (Rs m)	Revenues (Rs m)		EBIDTA (Rs m)		P/E (x)		EV/EBIDTA (x)	
			FY09E	FY10E	FY09E	FY10E	FY09E	FY10E	FY09E	FY10E
Bharti Airtel	792	1,525	356	428	146	173	18.2	15.5	11.0	9.1
Reliance Comm	398	866	247	327	107	139	20.7	24.1	9.0	7.4
Idea Cellular	83	271	111	136	35	44	22.6	16.6	8.3	7.2

**Operator wise subscriber trends**

(in m)

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08
Bharti Airtel	48.9	50.9	53.0	55.2	57.4	59.7	62.0	64.4	66.8	69.4	72.1
RCom	36.3	37.8	39.4	41.0	42.6	44.2	45.8	47.4	49.0	50.8	52.5
Vodafone	35.7	37.2	38.6	39.9	41.1	42.6	44.1	45.8	47.5	49.2	51.0
BSNL+ MTNL	33.1	33.9	34.8	35.7	36.8	37.7	39.5	40.0	40.3	40.8	41.5
Tata Tele	19.5	20.2	21.0	21.7	22.5	23.4	24.3	24.8	25.5	26.3	27.3
Idea Cellular	18.7	19.4	20.2	21.1	22.0	22.9	24.0	25.0	26.1	27.2	28.2
Spice	3.5	3.6	3.7	3.8	3.9	4.1	4.2	4.4	4.5	4.5	4.2

Source: Auspi, COAI

**Subscriber Net additions per month ~9m**


Source: Auspi, COAI

**Market share operator wise end of period - July'08**

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08
Bharti Airtel	23.9%	23.9%	23.9%	24.1%	24.1%	24.2%	24.2%	24.3%	24.5%	24.6%	24.8%
Rcom	17.8%	17.8%	17.8%	17.9%	17.9%	17.9%	17.9%	17.9%	18.0%	18.0%	18.1%
Vodafone Essar	17.4%	17.5%	17.4%	17.4%	17.3%	17.3%	17.2%	17.3%	17.4%	17.4%	17.5%
BSNL+ MTNL	16.2%	15.9%	15.7%	15.6%	15.5%	15.3%	15.4%	15.1%	14.8%	14.5%	14.3%
Tata Tele	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.4%	9.3%	9.3%	9.4%
Idea Cellular	9.1%	9.1%	9.1%	9.2%	9.2%	9.3%	9.4%	9.5%	9.6%	9.6%	9.7%
Spice	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%	1.6%	1.6%	1.4%

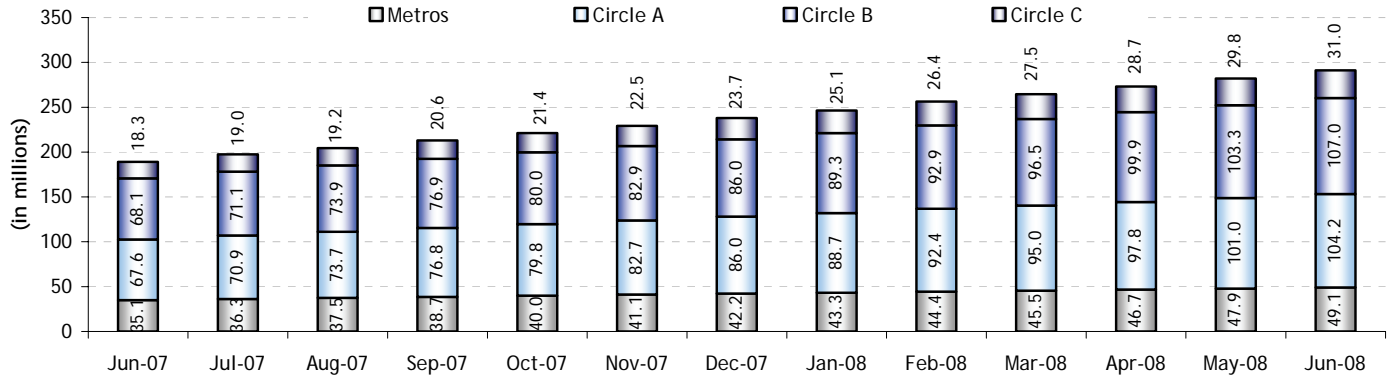
Source: Auspi, COAI

**Market share operator wise net addition till July'08**

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08
Bharti Airtel	29.4%	23.5%	24.9%	27.4%	26.2%	26.4%	23.6%	29.0%	28.5%	28.6%	29.3%
Rcom	21.4%	17.5%	19.0%	19.5%	18.6%	18.9%	16.5%	19.7%	18.9%	19.5%	19.0%
Vodafone Essar	6.3%	17.7%	16.7%	16.2%	14.9%	16.6%	16.0%	20.1%	19.6%	19.3%	19.1%
BSNL+ MTNL	48.0%	9.0%	11.9%	10.4%	12.7%	10.9%	17.9%	6.3%	4.4%	5.1%	7.1%
Tata Tele	8.5%	8.2%	10.0%	8.8%	9.3%	10.1%	9.5%	5.4%	8.1%	9.6%	10.9%
Idea Cellular	11.4%	8.7%	9.7%	10.4%	10.5%	10.8%	11.5%	12.6%	12.8%	11.8%	11.5%
Spice	1.2%	1.0%	1.1%	1.7%	1.7%	1.7%	1.3%	1.9%	1.6%	0.6%	-3.8%

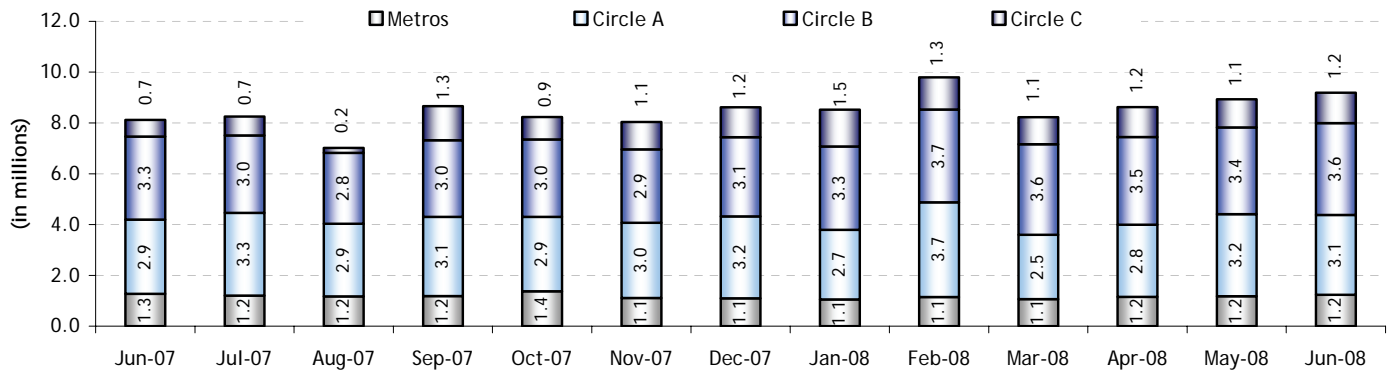
Source: Auspi, COAI, PL Research

Subscriber distribution by Geography



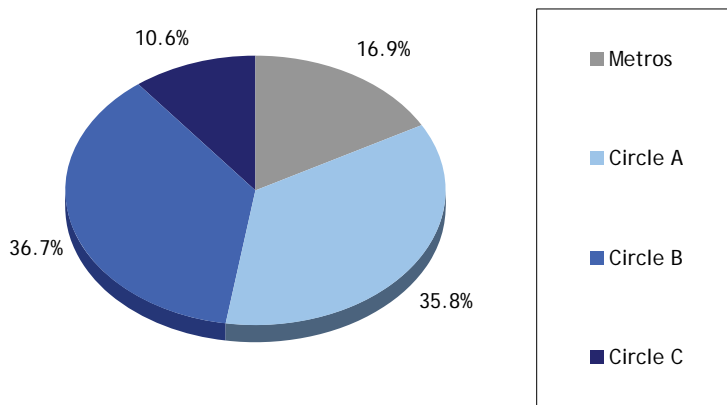
Source: Auspi, COAI, PL Research

Subscriber distribution of net additions by Geography

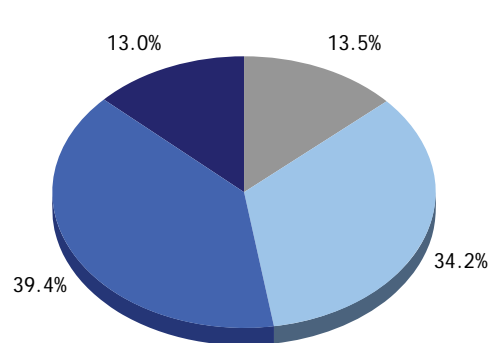


Source: Auspi, COAI, PL Research

Subscriber distribution end of period -July'08



Subscriber distribution of net additions for July'08



Source: Auspi, COAI, PL Research

## Subscriber base of operators circle-wise

Subscriber Base (Figs in Mn)	Operators						Penetration
	Bharti	Rcom	Vodafone	BSNL+ MTNL	Idea	TTSL	
<b>As at end July '08</b>							
<b>METROS</b>	10.5	9.1	10.8	5.6	2.1	7.5	83.0%
Mumbai	2.5	3.1	3.8	1.9	0.0	2.0	79.8%
Delhi	4.1	2.7	3.5	1.6	2.1	3.7	106.3%
Kolkatta	1.9	2.1	2.2	1.1	0.0	1.3	52.2%
Chennai	1.9	1.2	1.3	1.0	0.0	0.4	108.3%
<b>CIRCLE A</b>	27.4	16.0	19.9	11.9	12.6	8.9	30.2%
Maharashtra	4.5	3.2	3.2	3.2	5.7	3.4	26.0%
Andhra Pradesh	7.0	4.3	3.0	2.3	3.9	2.6	28.2%
Karnataka	7.9	2.9	3.1	1.8	0.0	1.2	32.5%
Gujarat	3.3	2.7	6.7	2.2	3.1	1.1	33.5%
Tamilnadu	4.6	2.9	3.8	2.4	0.0	0.7	34.1%
<b>CIRCLE B</b>	23.0	19.1	20.3	18.2	13.5	9.2	19.8%
Haryana	1.1	1.0	1.5	1.3	1.2	1.0	29.4%
Rajasthan	4.8	1.9	3.5	2.4	1.0	2.0	24.3%
UP East	4.4	3.3	4.5	4.5	1.3	1.2	14.7%
UP West	1.8	2.5	3.3	2.2	3.0	1.6	20.5%
West Bengal	2.4	2.3	3.4	1.5	0.0	0.7	15.7%
Kerala	1.8	2.2	2.3	2.2	3.3	0.7	37.2%
Punjab	3.3	1.2	1.8	2.2	0.0	1.1	46.0%
MP	3.5	4.6	0.0	2.0	3.7	0.9	12.1%
<b>CIRCLE C</b>	11.2	8.3	0.0	5.8	0.1	1.8	16.0%
Himachal Pradesh	0.8	0.8	0.0	0.5	0.1	0.1	36.4%
Bihar	5.4	4.4	0.0	1.8	0.0	1.1	14.6%
Orissa	2.1	1.6	0.0	1.1	0.0	0.5	14.8%
Assam	1.0	1.1	0.0	1.0	0.0	0.0	14.9%
North Eastern States	0.6	0.4	0.0	0.5	0.0	0.0	16.8%
Jammu & Kashmir	1.2	0.0	0.0	0.8	0.0	0.0	21.6%
<b>Total</b>	72.1	52.5	51.0	41.5	28.2	27.3	25.6%
<b>Market Share</b>	24.8%	18.0%	17.5%	14.2%	9.7%	9.4%	

Source: Auspi, COAI, PL Research

- Bharti maintained leadership in 12 out of 23 circles
- Penetration in B&C circles still below 20%, implying lot of scope of subscriber net additions in these circles.

## Marketshare of operators circle-wise

Market Share end of period	Operators					
	Bharti	Rcom	Vodafone	BSNL+ MTNL	Idea	TTSL
<b>As at July '08</b>						
<b>METROS</b>	21.3%	18.6%	21.9%	11.3%	4.2%	15.2%
Mumbai	17.2%	21.0%	25.7%	12.9%	0.0%	13.4%
Delhi	23.1%	15.3%	19.5%	9.3%	11.7%	21.1%
Kolkatta	21.8%	24.1%	24.9%	12.2%	0.0%	15.4%
Chennai	24.3%	15.3%	17.0%	12.3%	0.0%	5.1%
<b>CIRCLE A</b>	26.3%	15.4%	19.1%	11.5%	12.1%	8.6%
Maharashtra	19.5%	13.9%	13.9%	13.7%	24.4%	14.5%
Andhra Pradesh	30.3%	18.5%	13.1%	9.9%	16.8%	11.4%
Karnataka	42.4%	15.5%	16.7%	9.9%	0.0%	6.3%
Gujarat	17.4%	14.1%	35.2%	11.6%	16.1%	5.7%
Tamilnadu	23.0%	14.5%	19.0%	12.0%	0.0%	3.3%
<b>CIRCLE B</b>	21.5%	17.9%	19.0%	17.0%	12.6%	8.6%
Haryana	15.2%	14.7%	21.4%	18.0%	16.7%	14.1%
Rajasthan	30.6%	12.4%	22.5%	15.1%	6.2%	12.5%
UP East	23.1%	17.1%	23.4%	23.4%	6.8%	6.2%
UP West	12.3%	17.5%	23.0%	15.0%	21.0%	11.3%
West Bengal	21.8%	20.7%	30.4%	13.5%	0.0%	6.8%
Kerala	14.3%	17.9%	18.7%	17.7%	26.1%	5.3%
Punjab	26.7%	9.5%	14.4%	17.6%	0.0%	8.7%
MP	23.5%	31.4%	0.0%	13.7%	25.2%	6.2%
<b>CIRCLE C</b>	36.1%	26.8%	0.0%	18.6%	0.3%	5.7%
Himachal Pradesh	34.2%	31.6%	0.0%	22.3%	4.0%	5.0%
Bihar	39.6%	32.4%	0.0%	13.2%	0.0%	8.3%
Orissa	35.9%	27.7%	0.0%	18.8%	0.0%	8.7%
Assam	23.3%	25.1%	0.0%	21.7%	0.0%	0.0%
North Eastern States	28.0%	16.9%	0.0%	24.2%	0.0%	0.0%
Jammu & Kashmir	49.5%	0.0%	0.0%	34.1%	0.0%	0.0%
<b>Market Share</b>	<b>24.8%</b>	<b>18.0%</b>	<b>17.5%</b>	<b>14.2%</b>	<b>9.7%</b>	<b>9.4%</b>

Source: Auspi, COAI, PL Research

## Net additions by operators circle-wise for July'08

Net Additions (Figs in '000) For the month of July'08	Operators					
	Bharti	Rcom	Vodafone	BSNL+ MTNL	Idea	TTSL
<b>METROS</b>	128.0	281.2	260.1	139.3	36.6	232.4
Mumbai	24.2	84.0	100.6	47.7	0.0	54.0
Delhi	15.6	85.5	65.5	51.8	36.6	130.6
Kolkatta	36.6	81.5	50.0	16.6	0.0	38.4
Chennai	51.6	30.3	44.1	23.2	0.0	9.4
<b>CIRCLE A</b>	985.6	461.7	630.1	142.7	463.7	298.5
Maharashtra	92.4	73.4	158.9	33.6	220.2	118.4
Andhra Pradesh	272.7	140.4	110.1	22.1	185.3	96.5
Karnataka	310.5	136.1	51.8	30.5	0.0	25.7
Gujarat	124.0	68.6	150.8	32.8	58.2	41.1
Tamilnadu	186.1	43.2	158.4	23.7	0.0	16.8
<b>CIRCLE B</b>	1084.2	628.3	865.1	336.4	551.4	375.2
Haryana	1.1	29.2	72.0	19.3	57.8	43.2
Rajasthan	319.8	71.6	185.9	73.1	25.4	112.2
UP East	257.4	118.5	251.3	86.6	42.8	40.2
UP West	75.5	74.2	121.3	18.1	138.3	45.5
West Bengal	130.8	109.3	120.1	16.2	0.0	38.3
Kerala	68.8	38.5	80.4	19.0	155.9	21.0
Punjab	22.1	19.9	34.1	61.7	0.0	36.1
MP	208.6	167.2	0.0	42.3	131.2	38.6
<b>CIRCLE C</b>	496.5	378.4	0.0	34.4	2.5	93.8
Himachal Pradesh	9.2	37.3	0.0	1.9	2.5	2.6
Bihar	274.3	207.5	0.0	77.8	0.0	64.0
Orissa	98.6	72.0	0.0	28.8	0.0	27.3
Assam	51.8	48.4	0.0	-13.5	0.0	0.0
North Eastern States	22.7	13.2	0.0	-60.9	0.0	0.0
Jammu & Kashmir	40.0	0.1	0.0	0.3	0.0	0.0
<b>Total</b>	2694	1750	1755	653	1054	1000
<b>Market Share</b>	29.3%	19.0%	19.1%	7.1%	11.5%	10.9%

Source: Auspi, COAI, PL Research

■ Andhra Pradesh and Bihar accounted for ~17% of net additions for the month of July '08.

## Market share of net additions operator-wise for July '08

Market Share of Net Add.	Operators					
For the month of July'08	Bharti	Rcom	Vodafone	BSNL+ MTNL	Idea	TTSL
<b>METROS</b>	10.3%	22.7%	21.0%	11.3%	3.0%	18.8%
Mumbai	6.5%	22.6%	27.0%	12.8%	0.0%	14.5%
Delhi	4.1%	22.2%	17.0%	13.4%	9.5%	33.9%
Kolkatta	14.1%	31.4%	19.3%	6.4%	0.0%	14.8%
Chennai	23.4%	13.7%	19.9%	10.5%	0.0%	4.3%
<b>CIRCLE A</b>	31.4%	14.7%	20.1%	4.5%	14.8%	9.5%
Maharashtra	13.3%	10.5%	22.8%	4.8%	31.6%	17.0%
Andhra Pradesh	33.0%	17.0%	13.3%	2.7%	22.4%	11.7%
Karnataka	63.8%	28.0%	10.6%	6.3%	0.0%	5.3%
Gujarat	26.1%	14.4%	31.7%	6.9%	12.2%	8.6%
Tamilnadu	28.5%	6.6%	24.3%	3.6%	0.0%	2.6%
<b>CIRCLE B</b>	30.0%	17.4%	23.9%	9.3%	15.2%	10.4%
Haryana	0.5%	13.1%	32.4%	8.7%	25.9%	19.4%
Rajasthan	40.3%	9.0%	23.4%	9.2%	3.2%	14.1%
UP East	32.3%	14.9%	31.5%	10.9%	5.4%	5.1%
UP West	16.0%	15.7%	25.6%	3.8%	29.2%	9.6%
West Bengal	28.9%	24.2%	26.6%	3.6%	0.0%	8.5%
Kerala	17.9%	10.0%	21.0%	5.0%	40.6%	5.5%
Punjab	-23.8%	-21.3%	-36.7%	-66.3%	0.0%	-38.8%
MP	35.5%	28.4%	0.0%	7.2%	22.3%	6.6%
<b>CIRCLE C</b>	41.5%	31.7%	0.0%	2.9%	0.2%	7.8%
Himachal Pradesh	14.8%	60.3%	0.0%	3.1%	4.0%	4.2%
Bihar	39.4%	29.8%	0.0%	11.2%	0.0%	9.2%
Orissa	41.5%	30.3%	0.0%	12.1%	0.0%	11.5%
Assam	43.0%	40.2%	0.0%	-11.2%	0.0%	0.0%
North Eastern States	1401.2%	813.8%	0.0%	-3762.2%	0.0%	0.0%
Jammu & Kashmir	51.8%	0.1%	0.0%	0.4%	0.0%	0.0%
<b>Market Share</b>	<b>29.3%</b>	<b>19.0%</b>	<b>19.1%</b>	<b>7.1%</b>	<b>11.5%</b>	<b>10.9%</b>

Source: Auspi, COAI, PL Research

- Tata Tele Services and Idea Cellular had significant market share of net additions in Delhi and Kerala for July '08.



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#### PL's Recommendation Nomenclature

<b>BUY</b>	: > 15% Outperformance to BSE Sensex	<b>Outperformer (OP)</b>	: 5 to 15% Outperformance to Sensex
<b>Market Performer (MP)</b>	: -5 to 5% of Sensex Movement	<b>Underperformer (UP)</b>	: -5 to -15% of Underperformance to Sensex
<b>Sell</b>	: <-15% Relative to Sensex		
<b>Not Rated (NR)</b>	: No specific call on the stock	<b>Under Review (UR)</b>	: Rating likely to change shortly

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