

Tata Teleservices (TTL) added 4mn new users, the most by any operator in Sep' 09. Overall, the industry garnered ~15mn subscribers, a tad below August figures. Tata DoCoMo's per second billing, now a de facto standard, impacted other larger private operators including Bharti whose monthly adds dropped 10.8% to ~2.5mn, its lowest since May' 08. Rcom additions at 2mn were also the lowest since GSM launch in January. Idea+Spice user growth declined 9.5% after 8% rise in the previous month.

The sector is in the midst of an intense pricing war as new entrants have few other avenues other than price with which to compete with the larger incumbents. Consolidation is likely to rationalize competition but the timing of the same remains uncertain, especially given the lack of enabling regulations. We believe Bharti is the best bet to rise out the ongoing tariff storm and retain it as our top pick in the sector.

#### TTL steals the subscriber show, yet again

Tata Teleservices added 4mn new users in Sep' 09, the highest amongst all operators for the second month in a row. The impact was seen on other larger players as Bharti adds dropped ~11% to 2.5mn while Vodafone reported a 10% mom decline to 1.9mn, its lowest since Sep' 08. Rcom witnessed a 4.8% drop in user growth to about 2mn, again the lowest since GSM launch in Jan'09, an indication that GSM operations have now stabilized in the 14 new circles.

#### BSNL adds rise 8%; Aircel sees flat mom growth

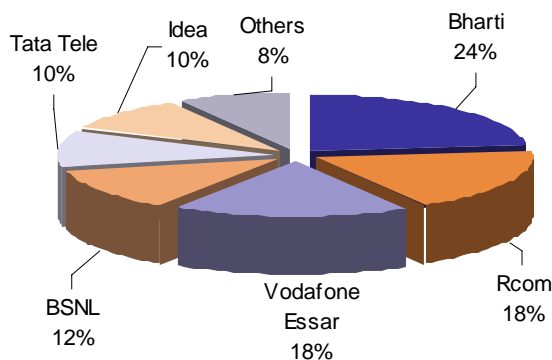
BSNL was the only major operator, apart from TTL, which saw an increase in monthly subscriber additions of ~8% while Aircel user growth remained flat at 1.3mn. MTNL, despite 3G operations, netted the least users since January.

#### Monthly wireless additions

Company	Subscribers (mn)	Additions (mn)		% mom
		Sep-09	Aug-09	
Bharti Airtel	110.5	2.51	2.82	(10.8)
Rcom	86.1	2.01	2.11	(4.8)
Vodafone Essar	82.8	1.97	2.19	(10.1)
BSNL	58.8	1.45	1.34	8.1
Idea Cellular	46.8	1.19	1.44	(17.4)
Tata Tele	46.8	4.01	3.42	17.2
Aircel	25.7	1.31	1.31	(0.0)
MTNL	4.7	0.02	0.02	(15.8)
Spice	4.7	0.21	0.10	99.3

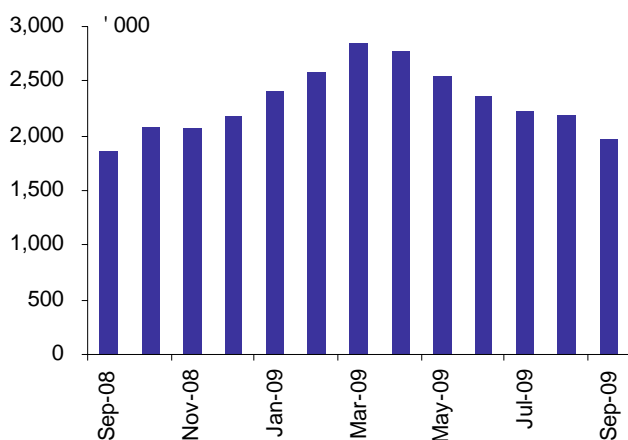
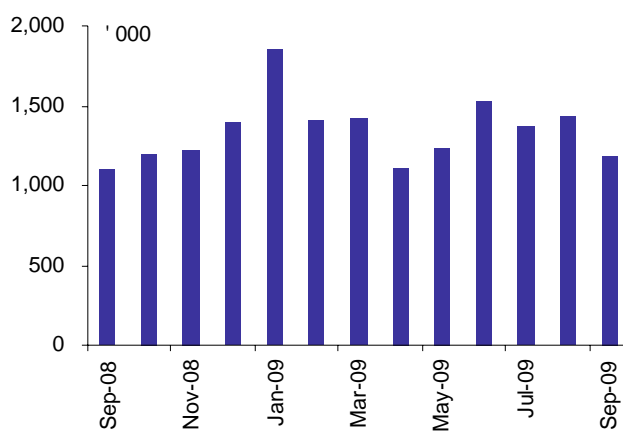
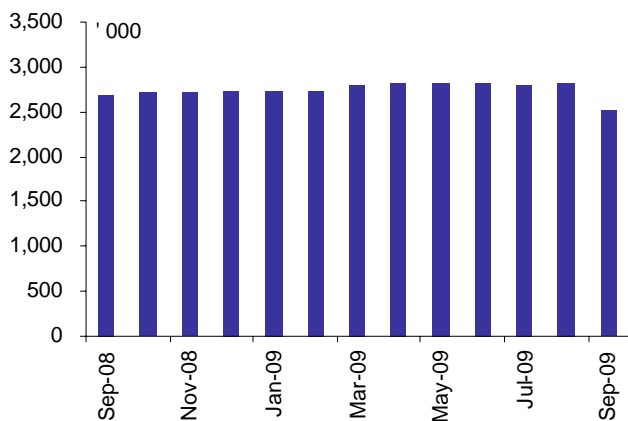
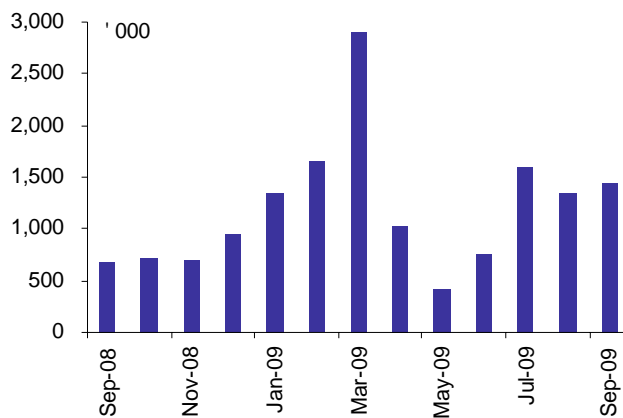
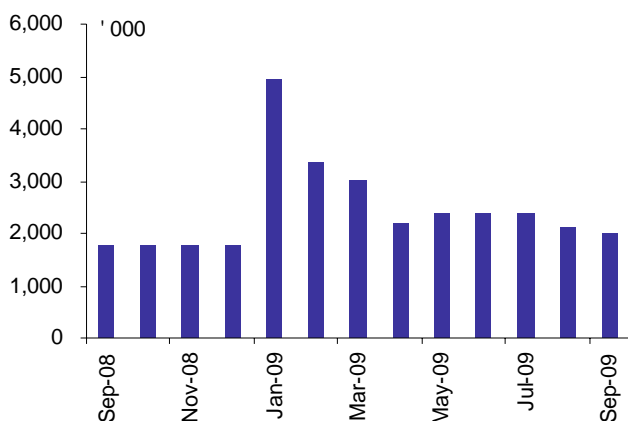
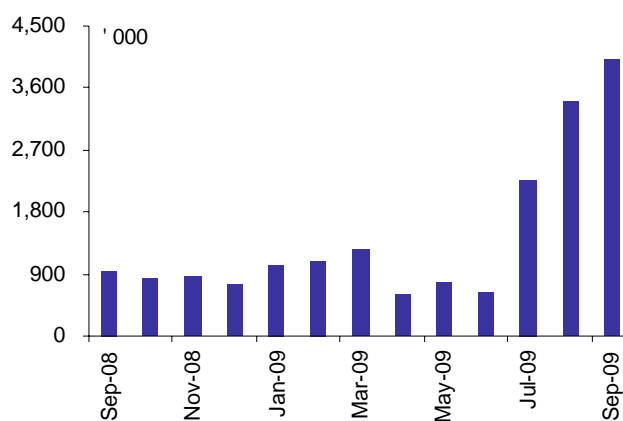
Source: TRAI

#### TTL market share at par with Idea ex-Spice



Source: TRAI, India Infoline Research

## Monthly subscriber additions

**Vodafone Essar**

**Idea Cellular**

**Bharti Airtel**

**BSNL**

**Reliance Communications**

**TTL**


Source: TRAI, India Infoline Research

**Growth in mobile additions, % mom**

Company	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Voda	11.4	(0.9)	5.3	11.0	7.2	10.4	(2.6)	(8.4)	(6.7)	(5.8)	(1.6)	(10.1)
Bharti	0.7	0.0	0.3	0.1	0.0	2.8	0.1	0.1	0.2	(0.3)	0.3	(10.8)
Rcom	0.1	0.4	0.6	178.8	(32.4)	(9.5)	(28.3)	10.0	0.3	(0.1)	(11.9)	(4.8)
BSNL	3.2	(1.9)	35.4	42.9	22.2	75.1	(64.5)	(58.8)	80.5	108.4	(15.8)	8.1
MTNL	34.1	17.2	12.4	23.9	(24.1)	28.1	(55.1)	(17.7)	(2.9)	(4.0)	(42.0)	(15.8)
Idea	9.2	2.0	14.2	32.3	(24.1)	0.9	(21.6)	11.4	23.0	(10.5)	5.3	(17.4)
TTL	(13.8)	3.2	(12.5)	37.4	4.7	16.6	(51.8)	25.5	(17.7)	261.6	51.3	17.2
Spice	2.1	83.9	39.7	56.4	(35.8)	(12.0)	(54.9)	65.9	34.1	(26.1)	66.7	99.3
Aircel	3.9	(8.3)	(2.2)	(2.1)	4.4	39.9	10.5	(0.6)	1.1	17.1	0.8	(0.0)

Source: TRAI, India Infoline Research

**Subscriber market share (%)**

Company	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Voda	17.4	17.5	17.6	17.5	17.5	17.6	17.7	17.8	17.9	17.8	17.7	17.6
Bharti	24.6	24.7	24.7	24.4	24.2	24.0	24.0	24.0	24.0	23.8	23.6	23.4
Rcom	17.7	17.7	17.7	18.3	18.5	18.5	18.5	18.6	18.6	18.6	18.4	18.3
BSNL	13.7	13.5	13.3	13.1	13.1	13.3	13.2	12.9	12.7	12.7	12.5	12.5
MTNL	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.0	1.0
Idea	9.7	9.8	9.9	10.0	10.0	9.9	9.9	9.9	10.0	10.0	10.0	9.9
TTL	9.3	9.2	9.2	9.1	9.0	9.0	8.9	8.8	8.7	8.9	9.4	9.9
Spice	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0
Aircel	4.5	4.6	4.6	4.6	4.6	4.7	4.9	5.0	5.1	5.2	5.3	5.5

Source: TRAI, India Infoline Research

**Share of net additions (%)**

Company	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Voda	20.0	19.9	20.1	15.6	18.7	18.2	23.3	21.9	19.7	15.5	14.5	13.2
Bharti	26.1	26.3	25.2	17.7	19.8	18.0	23.6	24.3	23.4	19.5	18.7	16.8
Rcom	16.9	17.1	16.4	32.1	24.2	19.3	18.2	20.6	19.9	16.6	14.0	13.4
BSNL	6.9	6.8	8.8	8.8	12.0	18.6	8.7	3.7	6.4	11.1	8.9	9.7
MTNL	0.6	0.7	0.8	0.7	0.6	0.7	0.4	0.3	0.3	0.3	0.1	0.1
Idea	11.5	11.9	13.0	12.0	10.2	9.1	9.4	10.7	12.7	9.5	9.5	7.9
TTL	7.9	8.3	6.9	6.7	7.8	8.0	5.1	6.6	5.2	15.7	22.7	26.7
Spice	0.4	0.7	0.9	1.0	0.7	0.5	0.3	0.5	0.7	0.4	0.7	1.4
Aircel	7.5	6.9	6.5	4.5	5.2	6.4	9.3	9.5	9.2	9.1	8.7	8.8

Source: TRAI, India Infoline Research

**Recommendation parameters for fundamental reports:**

**Buy** – Absolute return of over +10%

**Market Performer** – Absolute return between -10% to +10%

**Sell** – Absolute return below -10%

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