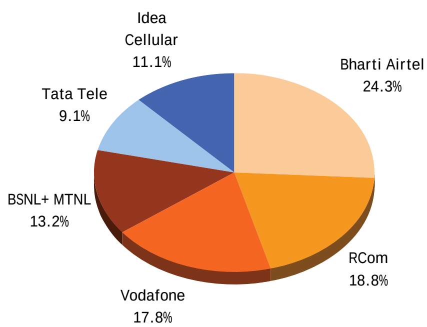
Telepedia

Subscriber pick-up continues

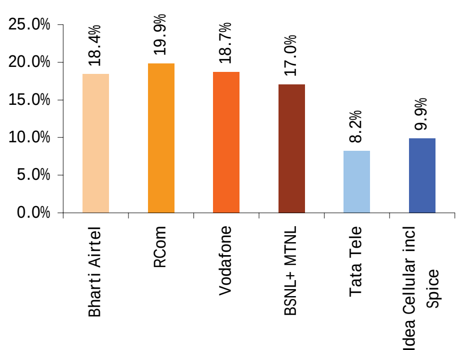
Sector Update

April 23, 2009

Subscriber Market Share (Mar 2009)



Market share of net additions for Mar 2009



Source: AUSPI, COAI

- **Subscriber addition buoyancy continues:** Subscriber net additions continued on a strong note. Telecos garnered ~15.2m subscribers in March 2009 - a growth of 54% YoY and 11.5% MoM. Telcos have added ~44m subscribers in the first three months of CY2009, which is 40% of the total net additions for CY08.
- **Reliance Communication's (RCom's) net addition tapers off to ~3m for March 2009:** RCom added ~3m subscribers (CDMA+GSM) for the month, v/s 3.4m in February 2009 and ~5m subscribers for January 2009. The slowing down of subscriber net additions is due to removal of the introductory launch scheme by RCom. However, since the GSM test launch was with limited coverage and expanding every month, net additions are expected to inch higher.
- **Bharti Airtel (Bharti) moves to ~2.8m net additions:** Bharti added ~2.8m subscribers in March 2009, implying a market share of ~18.4% of subscriber net additions. We continue to favour Bharti's strategy of sustaining net additions without significant dilution in ARPU's.
- **Vodafone Essar (Vodafone) surpasses Bharti in net additions:** Vodafone added ~2.85m subscribers, up 82% YoY and 10% MoM – one of the fastest growths among telcos in the last one year. It continued to impress by improving its net additions market share MoM.
- **Idea Cellular's (Idea's) net additions flat MoM at 1.5m:** Idea's net additions remained flat at 1.5m subscribers for the month. RCom's aggressive schemes and Vodafone's roll out in C circles has had a hit in the momentum on Idea's net additions.
- **Come March and Bharat Sanchar Nigam's (BSNL's) net addition rises:** BSNL recorded strong numbers and added 2.5m subscribers for the month - a growth of 63% MoM and 48% YoY. March is always a high net addition month for BSNL (seen historically) based on an adjustment of yearly under-reported subscribers.

Telecom subscribers-Snapshot **(in m)**

Operators	Mar-09	Net Add.	Feb-09	Net Add.	MoM gr.	Mar-08	Net Add.	YoY gr.
Bharti Airtel	93.9	2.81	91.1	2.73	*2.8%*	62.0	2.31	*21.3%*
Reliance Communication	72.7	3.03	69.6	3.35	*-9.5%*	45.8	1.62	*87.3%*
Vodafone Essar	68.8	2.85	65.9	2.58	*10.4%*	44.1	1.57	*81.5%*
BSNL+ MTNL	50.9	2.60	48.3	1.59	*63.4%*	39.5	1.76	*47.7%*
Tata Teleservices	35.1	1.25	33.9	1.08	*16.6%*	24.3	0.93	*35.3%*
Idea Cellular inc Spice	43.0	1.50	41.5	1.50	*0.1%*	28.2	1.25	*19.9%*

Source: Auspi, COAI

Sector valuations

	CMP (Rs)	Rating	EPS (Rs)			EPS CAGR 08-10 (%)	PER (x)			EV/EBITDA (x)		
			FY09E	FY10E	FY11E		FY09E	FY10E	FY11E	FY09E	FY10E	FY11E
Bharti Airtel	711	Acc	43.8	51.3	56.6	19.2	16.2	13.8	12.6	9.3	7.8	6.7
Reliance Comm.	214	Acc	27.5	27.2	28.0	0.9	7.8	7.9	7.7	7.4	6.3	5.5
Idea Cellular	57	Reduce	2.6	2.4	3.4	15.2	21.9	23.5	16.5	8.8	9.5	7.6

(Prices as on April 22, 2009)

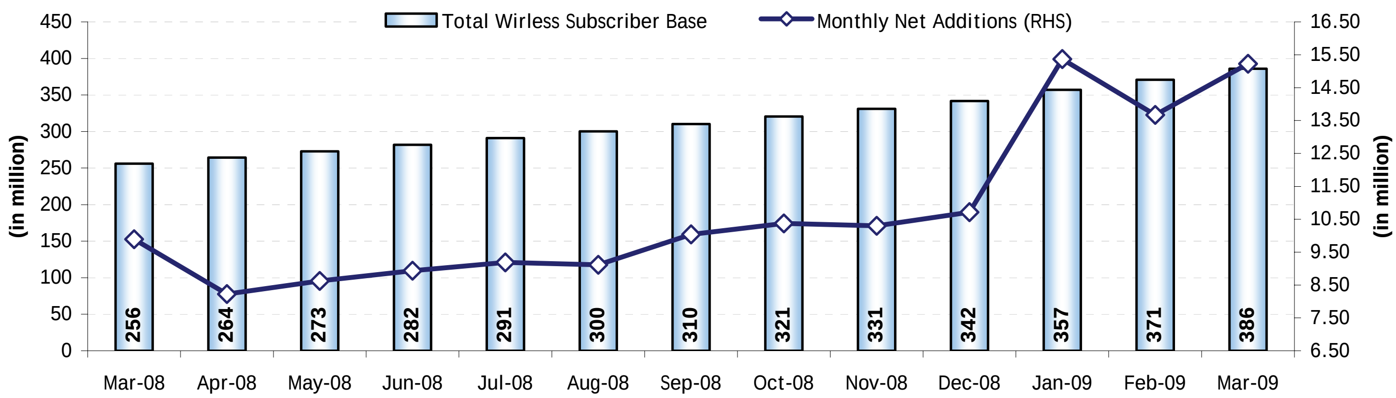
Nishna Biyani
NishnaBiyani@PLIndia.com
+91-22-6632 2259

Operator-wise subscriber trends- BSNL & Tata Tele lacking the industry growth trends (in m)

	Jun-08	Jul-08	Aug-08	Sept-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	CMGR
Bharti Airtel	69.4	72.1	74.8	77.5	80.2	82.9	85.7	88.4	91.1	93.9	3.5%
RCom	50.8	52.5	54.3	56.0	57.8	59.6	61.3	66.3	69.6	72.7	3.9%
Vodafone	49.2	51.0	52.8	54.6	56.7	58.8	60.9	63.3	65.9	68.8	3.8%
BSNL+ MTNL	40.8	41.5	42.1	42.8	43.6	44.3	45.3	46.7	48.3	50.9	2.1%
Tata Tele	26.3	27.3	28.4	29.3	30.3	31.0	31.7	32.8	33.9	35.1	3.1%
Idea Cellular	31.7	32.4	32.8	34.0	35.2	36.5	38.0	40.0	41.5	43.0	3.6%
Total Subs	**282**	**291**	**300**	**310**	**321**	**331**	**342**	**357**	**371**	**386**	3.5%

Source: Auspi, COAI

Subscriber net additions buoyed by RCom's GSM launch



Source: Auspi, COAI

Market share operator-wise end of period: Bharti way ahead of others

	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
Bharti Airtel	24.5%	24.6%	24.8%	24.9%	25.0%	25.0%	25.1%	25.1%	24.8%	24.6%	24.3%
RCom	18.0%	18.0%	18.0%	18.1%	18.1%	18.0%	18.0%	18.0%	18.6%	18.8%	18.8%
Vodafone Essar	17.4%	17.4%	17.5%	17.6%	17.6%	17.7%	17.8%	17.8%	17.7%	17.8%	17.8%
BSNL+ MTNL	14.8%	14.5%	14.2%	14.0%	13.8%	13.6%	13.4%	13.2%	13.1%	13.0%	13.2%
Tata Tele	9.3%	9.3%	9.4%	9.4%	9.5%	9.4%	9.4%	9.3%	9.2%	9.1%	9.1%
Idea Cellular	11.2%	11.3%	11.1%	10.9%	10.9%	11.0%	11.0%	11.1%	11.2%	11.2%	11.1%

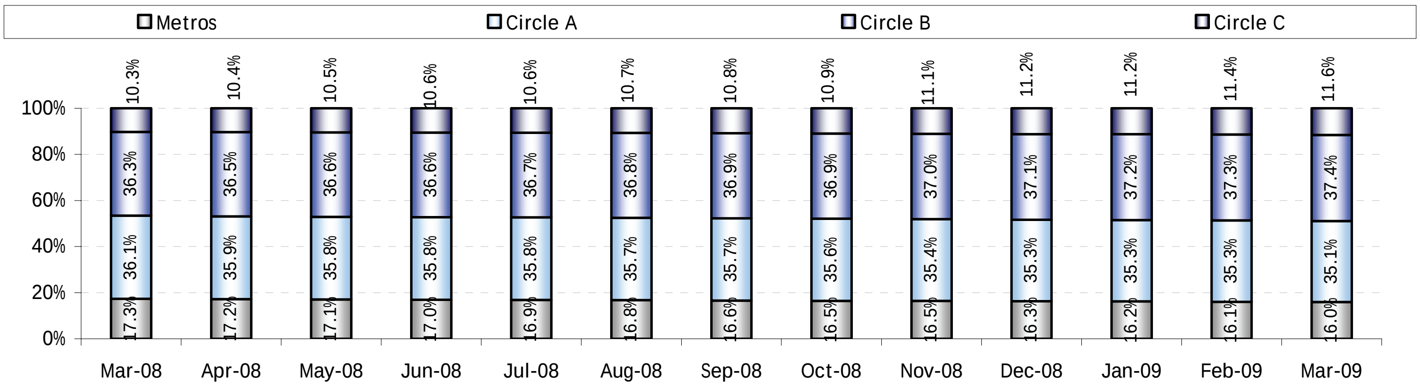
Source: Auspi, COAI

Market share operator-wise net addition: RCom's market share of net additions improving MoM

	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
Bharti Airtel	28.5%	28.6%	29.3%	29.6%	26.9%	26.0%	26.4%	25.5%	17.8%	20.0%	18.4%
RCom	18.9%	19.5%	19.0%	19.2%	17.5%	16.8%	17.1%	16.6%	32.2%	24.5%	19.9%
Vodafone Essar	19.6%	19.3%	19.1%	19.8%	18.6%	19.9%	20.0%	20.2%	15.7%	18.9%	18.7%
BSNL+ MTNL	4.4%	5.1%	7.1%	7.4%	7.1%	7.0%	7.1%	8.9%	9.2%	11.6%	17.0%
Tata Tele	8.1%	9.6%	10.9%	11.5%	9.6%	8.8%	8.3%	6.8%	6.8%	7.9%	8.2%
Idea Cellular	14.3%	12.4%	7.7%	4.3%	11.3%	11.9%	12.6%	14.0%	13.0%	11.0%	9.9%

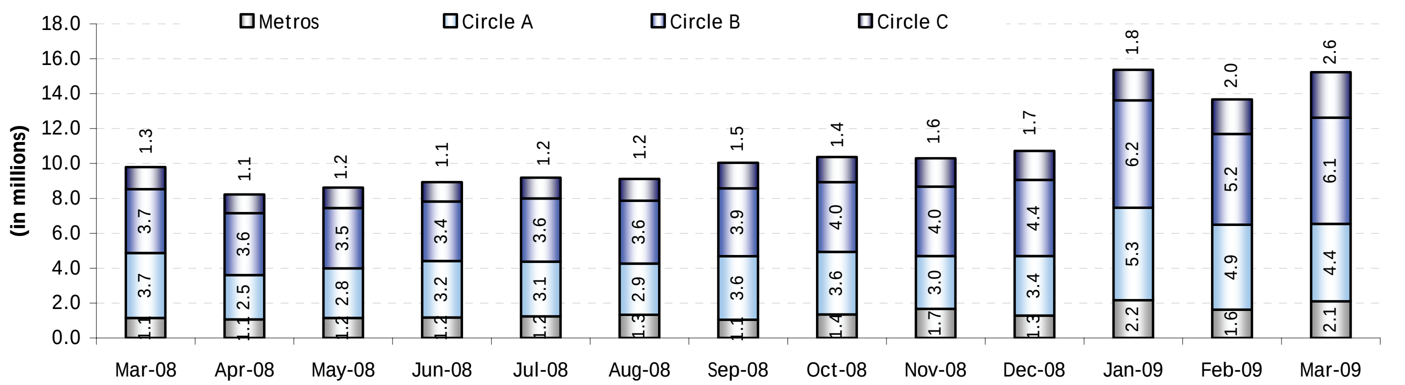
Source: Auspi, COAI, PL Research

Subscriber distribution by geography



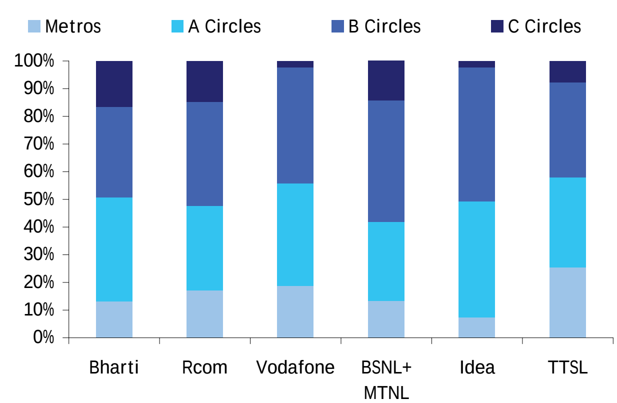
Source: Auspi, COAI, PL Research

Subscriber distribution of net additions by geography

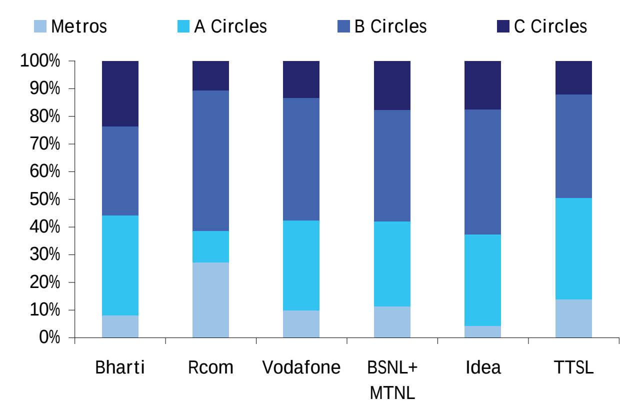


Source: Auspi, COAI, PL Research

Subscriber distribution end of period - March 2009



Subscriber distribution of net additions - March 2009



Source: Auspi, COAI, PL Research

- Vodafone subscriber base is evenly distributed in the **Metros, A and B circles.**
- RCom's net additions are very strong in the **Metros and B circles**.

Subscriber base of operators: Circle-wise

- RCom has added ~11m subscribers for the first three months of CY09.
- Bharti sustaining its subscriber market share, albeit a pick-up in the competition

Subscriber Base (Figs in Mn)	Operators						
As at end March '09	**Bharti**	**Rcom**	**Vodafone**	**BSNL+ MTNL**	**Idea incl Spice**	**TTSL**	**Penetration**
METROS	**12.3**	**12.5**	**12.8**	**6.8**	**3.2**	**8.9**	**103.6%**
Mumbai	2.80	4.41	4.37	2.26	0.75	2.31	102.5%
Delhi	4.81	3.94	4.09	1.92	2.41	4.64	130.3%
Kolkatta	2.49	2.72	2.81	1.52	0.00	1.54	68.8%
Chennai	2.18	1.39	1.56	1.08	0.00	0.44	124.9%
CIRCLE A	**35.40**	**22.14**	**25.57**	**14.56**	**18.09**	**11.43**	**39.1%**
Maharashtra	6.00	4.48	4.67	3.62	7.48	4.65	34.4%
Andhra Pradesh	9.09	5.61	3.96	3.15	5.05	3.24	36.5%
Karnataka	10.00	3.99	3.70	2.32	1.65	1.41	40.1%
Gujarat	4.10	4.02	8.02	2.39	3.92	1.40	42.0%
Tamilnadu	6.21	4.04	5.22	3.08	0.00	0.73	46.5%
CIRCLE B	**30.74**	**27.35**	**28.84**	**22.27**	**20.77**	**12.09**	**26.5%**
Haryana	1.26	1.77	2.21	1.62	1.58	1.34	40.3%
Rajasthan	6.87	3.20	5.04	2.90	1.23	2.58	34.6%
UP East	5.91	5.01	6.60	5.67	2.00	1.53	20.5%
UP West	2.37	3.79	4.41	2.42	4.09	2.18	27.4%
West Bengal	3.62	3.03	4.87	1.86	0.00	0.97	22.0%
Kerala	2.29	2.68	3.13	2.52	4.37	0.78	46.7%
Punjab	3.78	1.70	2.23	2.81	2.48	1.40	55.2%
MP	4.62	6.17	0.36	2.47	5.02	1.30	16.2%
CIRCLE C	**15.51**	**10.72**	**1.52**	**7.26**	**1.00**	**2.68**	**23.0%**
Himachal Pradesh	0.96	1.01	0.04	0.80	0.14	0.14	48.8%
Bihar	7.49	5.67	0.77	2.69	0.86	1.76	22.0%
Orissa	3.00	2.09	0.38	1.41	0.00	0.68	21.4%
Assam	1.50	1.42	0.16	0.87	0.00	0.05	19.3%
North Eastern States	0.92	0.47	0.16	0.66	0.00	0.02	24.2%
Jammu & Kashmir	1.63	0.06	0.00	0.83	0.00	0.04	30.1%
Total	**93.9**	**72.7**	**68.8**	**50.9**	**43.0**	**35.1**	**33.8%**
Market Share	**24.3%**	**18.8%**	**17.8%**	**13.2%**	**11.1%**	**9.1%**	

Source: Auspi, COAI, PL Research

Market share of operators: Circle-wise

- Vodafone, Rcom and Bharti continue to maintain their leadership in the Metros.
- Bharti continue to reap the incumbency advantage in key metros & A circles.

Market Share	**Operators**					
As at end March '09	**Bharti**	**Rcom**	**Vodafone**	**BSNL+ MTNL**	**Idea**	**TTSL**
METROS	**19.9%**	**20.2%**	**20.8%**	**11.0%**	**5.1%**	**14.5%**
Mumbai	14.7%	23.1%	22.9%	11.8%	3.9%	12.1%
Delhi	22.0%	18.0%	18.7%	8.8%	11.0%	21.3%
Kolkatta	21.4%	23.5%	24.3%	13.1%	0.0%	13.3%
Chennai	23.7%	15.1%	17.0%	11.7%	0.0%	4.8%
CIRCLE A	**26.2%**	**16.4%**	**18.9%**	**10.8%**	**13.4%**	**8.4%**
Maharashtra	19.4%	14.5%	15.1%	11.7%	24.2%	15.0%
Andhra Pradesh	30.2%	18.6%	13.1%	10.5%	16.7%	10.8%
Karnataka	43.3%	17.3%	16.0%	10.0%	7.1%	6.1%
Gujarat	17.2%	16.8%	33.6%	10.0%	16.4%	5.9%
Tamilnadu	22.7%	14.8%	19.1%	11.3%	0.0%	2.7%
CIRCLE B	**21.3%**	**19.0%**	**20.0%**	**15.4%**	**14.4%**	**8.4%**
Haryana	12.9%	18.1%	22.6%	16.5%	16.1%	13.8%
Rajasthan	30.7%	14.3%	22.5%	12.9%	5.5%	11.5%
UP East	22.1%	18.7%	24.7%	21.2%	7.5%	5.7%
UP West	12.3%	19.7%	22.9%	12.5%	21.3%	11.3%
West Bengal	23.3%	19.5%	31.4%	12.0%	0.0%	6.3%
Kerala	14.5%	17.0%	19.8%	15.9%	27.6%	4.9%
Punjab	25.6%	11.5%	15.1%	19.0%	16.8%	9.5%
MP	23.2%	30.9%	1.8%	12.4%	25.2%	6.5%
CIRCLE C	**34.7%**	**24.0%**	**3.4%**	**16.2%**	**2.2%**	**6.0%**
Himachal Pradesh	29.8%	31.2%	1.4%	24.8%	4.4%	4.2%
Bihar	36.3%	27.5%	3.7%	13.0%	4.2%	8.5%
Orissa	35.4%	24.6%	4.5%	16.6%	0.0%	8.0%
Assam	26.3%	24.9%	2.8%	15.3%	0.0%	0.8%
North Eastern States	28.4%	14.4%	5.0%	20.4%	0.0%	0.5%
Jammu & Kashmir	48.0%	1.9%	0.0%	24.4%	0.0%	1.2%
Market Share	**24.3%**	**18.8%**	**17.8%**	**13.2%**	**11.1%**	**9.1%**

Source: Auspi, COAI, PL Research

Net additions by operators: Circle-wise for March 2009

- RCom's net additions are impressive in the Metros and B circles.
- Subscriber net additions of Vodafone have surpassed Bharti for the first time..

Net Additions (Figs in '000)	Operators					
For the month of March 2009	**Bharti**	**Rcom**	**Vodafone**	**BSNL+ MTNL**	**Idea**	**TTSL**
METROS	**223.6**	**824.4**	**282.0**	**296.0**	**64.1**	**175.1**
Mumbai	10.22	108.46	70.36	67.55	60.84	70.21
Delhi	141.40	593.24	90.38	24.54	3.24	75.33
Kolkatta	28.11	97.49	91.25	165.10	0.00	27.40
Chennai	43.92	25.20	30.06	38.85	0.00	2.14
CIRCLE A	**1015.09**	**341.48**	**927.43**	**795.51**	**496.60**	**460.16**
Maharashtra	310.76	129.49	238.57	260.54	250.87	267.97
Andhra Pradesh	193.83	-55.50	150.52	126.95	100.44	90.17
Karnataka	180.23	-65.93	110.09	137.11	29.68	42.76
Gujarat	120.30	122.72	210.04	7.14	115.61	56.23
Tamilnadu	209.98	210.69	218.21	263.77	0.00	3.04
CIRCLE B	**907.22**	**1540.24**	**1260.41**	**1044.78**	**681.86**	**468.25**
Haryana	10.62	256.45	60.37	116.26	18.54	57.97
Rajasthan	170.42	119.99	150.37	98.52	19.16	84.98
UP East	187.23	208.49	281.12	306.04	78.63	56.89
UP West	114.99	368.01	182.29	92.63	189.25	94.95
West Bengal	118.83	130.74	279.26	100.66	0.00	29.14
Kerala	125.26	32.96	125.44	80.08	130.19	13.71
Punjab	29.54	211.78	80.53	173.97	55.16	65.26
MP	150.34	211.83	101.03	76.63	190.94	65.35
CIRCLE C	**662.32**	**319.70**	**376.82**	**458.92**	**261.64**	**151.45**
Himachal Pradesh	10.44	8.27	14.75	78.97	6.05	1.58
Bihar	336.62	174.58	170.37	156.00	255.59	97.00
Orissa	189.17	68.65	96.38	121.27	0.00	25.55
Assam	53.09	15.36	39.53	46.30	0.00	8.69
North Eastern States	30.21	-2.91	55.79	53.20	0.00	6.40
Jammu & Kashmir	42.78	55.76	0.00	3.19	0.00	12.23
Total	**2808.3**	**3025.8**	**2846.7**	**2595.3**	**1504.2**	**1254.9**
Market Share	**18.4%**	**19.9%**	**18.7%**	**17.0%**	**9.9%**	**8.2%**

Source: Auspi, COAI, PL Research

Market share of net additions operator-wise for March 2009

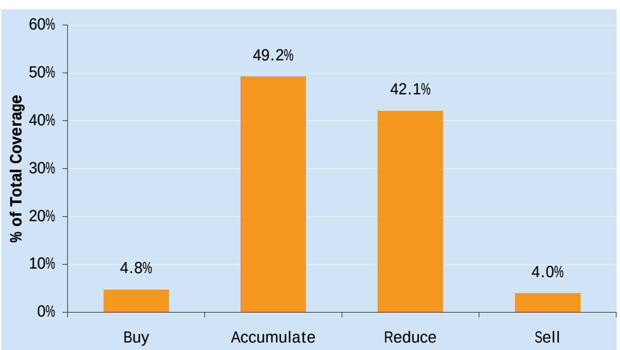
- RCom's market share of net additions is highest in the Metros and B Circles.
- Bharti getting aggressive in C circle

Market Share	Operators					
For the month of March 2009	**Bharti**	**Rcom**	**Vodafone**	**BSNL+ MTNL**	**Idea**	**TTSL**
METROS	**10.6%**	**39.2%**	**13.4%**	**14.1%**	**3.0%**	**8.3%**
Mumbai	2.1%	22.7%	14.7%	14.1%	12.7%	14.7%
Delhi	14.8%	62.0%	9.4%	2.6%	0.3%	7.9%
Kolkatta	6.2%	21.7%	20.3%	36.7%	0.0%	6.1%
Chennai	20.0%	11.5%	13.7%	17.7%	0.0%	1.0%
CIRCLE A	**22.9%**	**7.7%**	**20.9%**	**17.9%**	**11.2%**	**10.4%**
Maharashtra	21.3%	8.9%	16.4%	17.9%	17.2%	18.4%
Andhra Pradesh	30.3%	-8.7%	23.5%	19.8%	15.7%	14.1%
Karnataka	37.2%	-13.6%	22.7%	28.3%	6.1%	8.8%
Gujarat	19.0%	19.4%	33.2%	1.1%	18.3%	8.9%
Tamilnadu	17.2%	17.3%	17.9%	21.6%	0.0%	0.2%
CIRCLE B	**14.9%**	**25.3%**	**20.7%**	**17.1%**	**11.2%**	**7.7%**
Haryana	2.0%	49.3%	11.6%	22.3%	3.6%	11.1%
Rajasthan	22.9%	16.1%	20.2%	13.2%	2.6%	11.4%
UP East	16.7%	18.6%	25.1%	27.3%	7.0%	5.1%
UP West	11.0%	35.3%	17.5%	8.9%	18.2%	9.1%
West Bengal	16.8%	18.4%	39.4%	14.2%	0.0%	4.1%
Kerala	22.9%	6.0%	23.0%	14.7%	23.8%	2.5%
Punjab	4.8%	34.5%	13.1%	28.3%	9.0%	10.6%
MP	18.9%	26.6%	12.7%	9.6%	24.0%	8.2%
CIRCLE C	**25.5%**	**12.3%**	**14.5%**	**17.7%**	**10.1%**	**5.8%**
Himachal Pradesh	8.1%	6.4%	11.4%	60.9%	4.7%	1.2%
Bihar	27.3%	14.2%	13.8%	12.7%	20.7%	7.9%
Orissa	33.6%	12.2%	17.1%	21.6%	0.0%	4.5%
Assam	22.5%	6.5%	16.7%	19.6%	0.0%	3.7%
North Eastern States	15.8%	-1.5%	29.2%	27.9%	0.0%	3.4%
Jammu & Kashmir	17.5%	22.9%	0.0%	1.3%	0.0%	5.0%
Market Share	**18.4%**	**19.9%**	**18.7%**	**17.0%**	**9.9%**	**8.2%**

Source: Auspi, COAI, PL Research

Prabhudas Lilladher Pvt. Ltd.
3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India
Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

Rating Distribution of Research Coverage



PL's Recommendation Nomenclature

BUY	:	Over 15% Outperformance to Sensex over 12-months	**Accumulate**	:	Outperformance to Sensex over 12-months
Reduce	:	Underperformance to Sensex over 12-months	**Sell**	:	Over 15% underperformance to Sensex over 12-months
Trading Buy	:	Over 10% absolute upside in 1-month	**Trading Sell**	:	Over 10% absolute decline in 1-month
Not Rated (NR)	:	No specific call on the stock	**Under Review (UR)**	:	Rating likely to change shortly