



INDIA

Stocks mentioned in the report

Company	Bberg Ticker	Rec	Price (Rs)	TP (Rs)	Down (%)
Bharti	BHARTI	UP	270	280	4%
RCOM	RCOM	UP	187	160	-14%
Idea	IDEA	UP	54	35	-36%
MTNL	MTNL	UP	56	47	-16%
Videocon	VCLF	Unrated	203	-	-

Note: Prices as of 15 June 2010

Source: Bloomberg, Macquarie Research, June 2010

Investment fundamentals – Bharti

	20010A	2011E	2012E
Total revenue (Rsbn)	396.0	433.8	498.0
EBITDA (Rsbn)	162.6	171.4	196.6
PER adj (x)	11.0	11.7	10.4
EV/EBITDA (x)	6.5	6.0	5.2

Investment fundamentals – RCOM

	20010A	2011E	2012E
Total revenue (Rsbn)	235.9	276.6	313.7
EBITDA (Rsbn)	86.3	100.0	116.3
PER adj (x)	10.6	9.0	7.2
EV/EBITDA (x)	7.1	6.1	5.3

Investment fundamentals – Idea

	20010A	2011E	2012E
Total revenue (Rsbn)	118.0	135.3	152.6
EBITDA (Rsbn)	34.6	43.2	51.1
PER adj (x)	22.2	90.9	27.9
EV/EBITDA (x)	6.3	5.1	4.3

Investment fundamentals – MTNL

	20010A	2011E	2012E
Total revenue (Rsbn)	37.5	34.8	34.9
EBITDA (Rsbn)	0.6	-0.8	-0.8
PER adj (x)	nmf	nmf	nmf
EV/EBITDA (x)	-15.5	11.4	12.2

Source: Company data, Macquarie Research, June 2010

Shubham Majumder

+91 22 6653 3049 shubham.majumder@macquarie.com

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India wireless sector

Muted sub adds; Videocon surprises

Event

- GSM SIM adds remained flat at 11.26m in May, up 0.7% MoM.** SIM adds deceleration since April after a sharp acceleration since December 2009 with 12.5m net adds in December 2009, 13.9m in January 2010, 13.0m in February and 13.9m in March points to lack of acceleration as SIM penetration in India reaches 52%, going forward. Share of total net adds for greenfield operators, Videocon, STel, Uninor and Etisalat, have increased to 13.4% from 7.7% in April on account of the impressive debut by Videocon Telecom (1.39m SIM adds from just five circles). Bharti led the industry with net adds of 3m (flat MoM; net adds share of 26.7%). Vodafone disappointed with net adds of 2.59m (-10.6% MoM).
- Maintain Underperform on Indian Telcos.** We are clear that one needs a serious reassessment of Indian telcos, and the hope of consolidation to reduce the number of players to a workable seven or eight is just that – hope. We reiterate our UP ratings on the entire listed operator space – Bharti, Idea, TCOM and MTNL. In our view, all of it is ‘dead money’ for the next 6-9 months. We believe that the only event worth investing in is RCOM attaining a cash infusion on the 26% stake sale at a good premium and the imminent restructuring of its Towers portfolio which may bring in cash into RCOM in addition to improving the tenancy potential of the newly listed independent TowerCo, both of which are strong positive catalysts (if they happen).

Impact

- Bharti leads; Vodafone losing momentum.** Bharti retained its top slot with net adds of 3m (flat MoM; net adds share of 26.7%). Vodafone slipped further to 2.6m Net adds (-10.6% MoM; net adds share of 23%) in May.
- IDEA net adds declined; Aircel flat.** IDEA net adds declined 2% MoM to 1.44mn (net adds market share of 12.8%) and Aircel net adds remained flat at 1.61m (net adds share of 14.3%). Additionally, share of both have declined marginally, with IDEA reporting 13.1% (-30bps MoM) and Aircel reporting 14.3% (-8bps MoM) SIM adds share.
- Impressive Industry debut by Videocon.** Videocon made strong debut by adding 1.39m SIM in its very first month of launch in five circles. Although net SIM adds were impressive, it would be premature to draw a conclusion since its revenue potentials are yet to be ascertained.
- Uninor reported subs decline in May.** After an impressive 15.9% share of net adds in circles of operation, Uninor’s subs declined by 0.17% to 5.01m subs (net adds share of -1.5%) in May. STel’s net adds share in circles of operation dropped to 9.8% from 11.5% April 2010.

Outlook

- Headwinds galore for the incumbents,** in-market consolidation a pipe dream unless regulations change; valuations expensive as downgrades start coming through: MNP implementation could occur by September 2010, which could lead to a 7–8% correction in ARPU, entirely led by postpaid. We view the regulatory framework on M&A as the key hurdle for in-market consolidation, even while supply of new capacity continues unabated.

- GSM operators delivered SIM additions of 11.26m in May compared to 11.2m in April.

Fig 1 All-India GSM subscriber base by operator for each of the past 10 months

Operators	Aug'09	Sep'09	Oct'09	Nov'09	Dec'09	Jan'10	Feb '10	Mar'10	Apr'10	May'10	YoY growth (%)	MoM growth (%)	GSM Subs Mkt Share (%)
Aircel Cellular	24.4	25.7	27.7	29.4	31.0	33.0	34.9	36.9	38.5	40.1	93.8	4.2	9.4
Bharti Airtel	108.0	110.5	113.2	116.0	118.9	121.7	124.6	127.6	130.6	133.6	34.2	2.3	31.2
BPL (Mumbai)	2.4	2.5	2.5	2.6	2.6	2.7	2.8	2.8	2.9	2.9	29.0	0.6	0.7
BSNL	52.1	53.4	54.0	55.2	57.2	59.5	61.0	63.5	64.7	65.8	36.6	1.6	15.4
Vodafone Essar	80.9	82.8	85.8	88.6	91.4	94.1	97.2	100.9	103.8	106.3	43.6	2.5	24.8
MTNL	4.4	4.4	4.4	4.5	4.6	4.6	4.7	4.8	4.8	4.9	14.0	0.8	1.1
Idea Cellular	45.6	46.8	53.4	55.9	57.6	59.9	62.1	63.8	65.3	66.7	61.8	2.2	15.6
Spice Comm.	4.5	4.7	4.9	5.2	5.3	5.5	5.7	5.9	6.0	6.2	46.6	3.1	1.5
STel				0.0	0.1	0.5	0.7	1.0	1.1	1.2		10.9	0.3
Uninor				0.0	1.2	2.5	3.6	4.3	5.0	5.0		-0.2	1.2
Etisalat DB									0.0	0.0		102.8	0.0
Videocon										1.4			0.3
Total	322.2	330.8	346.0	357.4	370.0	378.6	391.6	405.5	416.73	427.98	45.3	2.7	100.0
RCOM (GSM+CDMA)	84.1	86.1	88.2	91.0	92.4	95.2	99.4	102.4	105.0	0.0			
- Reliance (GSM)	27.9	29.4	31.0	33.3	35.5	37.7	41.1	43.5	44.5	44.5			
- Reliance (CDMA)	56.2	56.7	57.2	57.7	59.7	60.2	61.2	61.8	62.1	62.1			
Tata Teleservices	42.8	46.8	50.7	54.0	57.3	60.3	63.2	65.9	67.9	67.9			

Note: RCOM has not released its GSM subscriber numbers for May 2010.

Source: COAI, Macquarie Research, June 2010

Fig 2 GSM net additions by operator for each of the past 13 months

Operators	May'09	Jun'09	Jul'09	Aug'09	Sep'09	Oct'09	Nov'09	Dec'09	Jan'10	Feb '10	Mar'10	Apr'10	May'10
Bharti Airtel	2.81	2.82	2.81	2.82	2.51	2.70	2.80	2.85	2.85	2.90	3.00	3.00	3.00
Aircel Cellular	1.10	1.11	1.30	1.31	1.31	2.02	1.61	1.67	2.01	1.83	2.00	1.61	1.61
BPL (Mumbai)	0.05	0.05	0.04	0.07	0.08	0.05	0.05	0.05	0.05	0.07	0.07	0.05	0.02
BSNL	0.45	0.90	1.63	1.36	1.30	0.60	1.22	2.04	2.23	1.55	2.48	1.26	1.05
Vodafone Essar	2.54	2.37	2.23	2.19	1.97	2.98	2.78	2.79	2.74	3.09	3.63	2.90	2.59
MTNL	0.04	0.04	0.04	0.02	0.02	0.07	0.07	0.06	0.05	0.09	0.09	0.03	0.04
Idea Cellular	1.24	1.53	1.37	1.44	1.19	6.60	2.55	1.71	2.28	2.26	1.68	1.46	1.44
Spice Comm.	0.06	0.09	0.06	0.10	0.21	0.21	0.28	0.16	0.13	0.26	0.16	0.12	0.19
Stel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.14	0.36	0.21	0.29	0.11	0.12
Uninor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.21	1.33	1.02	0.71	0.76	-0.01
Etisalat DB													0.01
Videocon													1.39
RCOM (GSM+CDMA)	2.39	2.39	2.39	2.11	2.01	2.10	2.77	1.38	2.83	4.22	3.01	2.58	na
Tata Teleservices	0.76	0.62	2.26	3.42	4.01	3.87	3.33	3.34	2.98	2.84	2.79	1.94	na

Note: RCOM has not released its GSM subscriber numbers for May 2010.

Source: COAI, Macquarie Research, June 2010

Fig 3 GSM market share of monthly net additions by operator for each of the past 13 months

Operators	May'09	Jun'09	Jul'09	Aug'09	Sep'09	Oct'09	Nov'09	Dec'09	Jan'10	Feb '10	Mar'10	Apr'10	May'10
Aircel Cellular	13.4	12.6	13.8	14.3	15.7	13.4	14.5	13.3	14.5	14.0	14.3	14.4	14.3
Bharti Airtel	34.2	32.0	29.8	30.6	30.0	18.0	25.3	22.8	20.5	22.3	21.5	26.8	26.7
BPL (Mumbai)	0.6	0.6	0.5	0.7	0.9	0.3	0.5	0.4	0.4	0.6	0.5	0.4	0.2
BSNL	5.5	10.2	17.3	14.7	15.5	4.0	11.0	16.3	16.0	11.9	17.8	11.3	9.3
Vodafone Essar	30.8	26.9	23.7	23.8	23.5	19.8	25.1	22.3	19.7	23.7	26.0	25.9	23.0
MTNL	0.5	0.4	0.4	0.2	0.2	0.4	0.7	0.5	0.3	0.7	0.6	0.3	0.4
Idea Cellular	15.1	17.3	14.5	15.6	14.2	43.9	23.0	13.6	16.4	17.3	12.1	13.1	12.8
Spice Comm.	0.8	1.0	0.7	1.1	2.5	1.4	2.5	1.3	1.0	2.0	1.1	1.0	1.7
Stel								1.1	2.6	1.6	2.1	0.9	1.1
Uninor								9.7	9.6	7.8	5.1	6.8	-0.1
Etisalat DB												0.0	0.0
Videocon													12.4

Note: RCOM has not released its GSM subscriber numbers for May 2010.

Source: COAI, Macquarie Research, June 2010

Fig 4 GSM market share by operator for each of the past 13 months

Operators	May'09	Jun'09	Jul'09	Aug'09	Sep'09	Oct'09	Nov'09	Dec'09	Jan'10	Feb '10	Mar'10	Apr'10	May'10
Aircel Cellular	7.0	7.2	7.4	7.6	7.8	8.0	8.2	8.4	8.7	8.9	9.1	9.2	9.4
Bharti Airtel	33.8	33.7	33.6	33.5	33.4	32.7	32.5	32.1	32.1	31.8	31.5	31.3	31.2
BPL (Mumbai)	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
BSNL	16.4	16.2	16.2	16.2	16.1	15.6	15.4	15.5	15.7	15.6	15.7	15.5	15.4
Vodafone Essar	25.2	25.2	25.1	25.1	25.0	24.8	24.8	24.7	24.9	24.8	24.9	24.9	24.8
MTNL	1.4	1.4	1.4	1.4	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.1
Idea Cellular	14.0	14.1	14.1	14.1	14.1	15.4	15.6	15.6	15.8	15.9	15.7	15.7	15.6
Spice Comm.	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.4	1.4	1.5	1.5	1.4	1.5
Stel								0.0	0.1	0.2	0.2	0.3	0.3
Uninor								0.3	0.7	0.9	1.1	1.2	1.2
Etisalat DB												0.0	0.0
Videocon													0.3

Note: RCOM has not released its GSM subscriber numbers for May 2010.

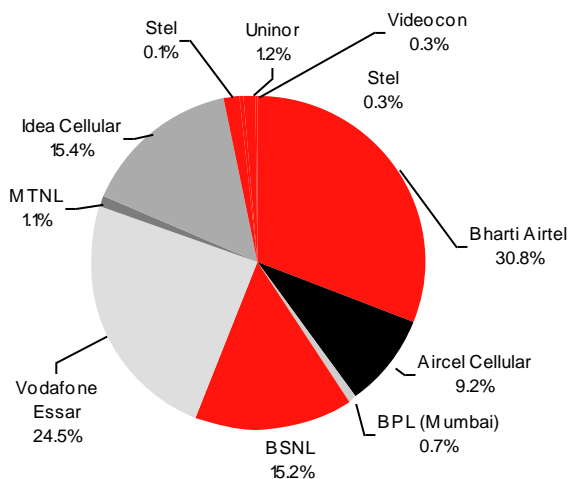
Source: COAI, Macquarie Research, June 2010

Fig 5 YoY subscriber growth rate by operator for each of the past 13 months

	May'09	Jun'09	Jul'09	Aug'09	Sep'09	Oct'09	Nov'09	Dec'09	Jan'10	Feb '10	Mar'10	Apr'10	May'10
Bharti Airtel	49%	48%	46%	44%	43%	41%	40%	39%	38%	37%	36%	35%	34%
BSNL	30%	31%	34%	35%	36%	35%	36%	38%	39%	38%	36%	36%	37%
Vodafone Essar	56%	55%	54%	53%	52%	51%	51%	50%	49%	47%	47%	45%	44%
Idea Cellular	58%	57%	56%	56%	54%	69%	70%	68%	66%	66%	64%	63%	62%
Total	49%	48%	48%	48%	47%	49%	49%	49%	47%	47%	46%	46%	45%
RCOM (GSM+CDMA)	57%	57%	56%	55%	54%	53%	53%	51%	44%	43%	41%	40%	36%
Tata Teleservices	43%	41%	44%	51%	60%	68%	74%	80%	84%	86%	88%	90%	86%

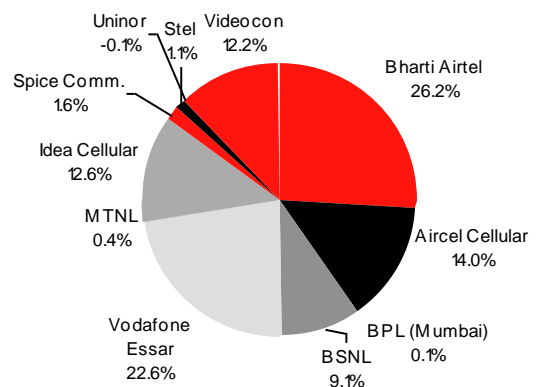
Source: COAI, Macquarie Research, June 2010

Fig 6 All-India GSM-subscriber market share



Source: COAI, Macquarie Research, June 2010

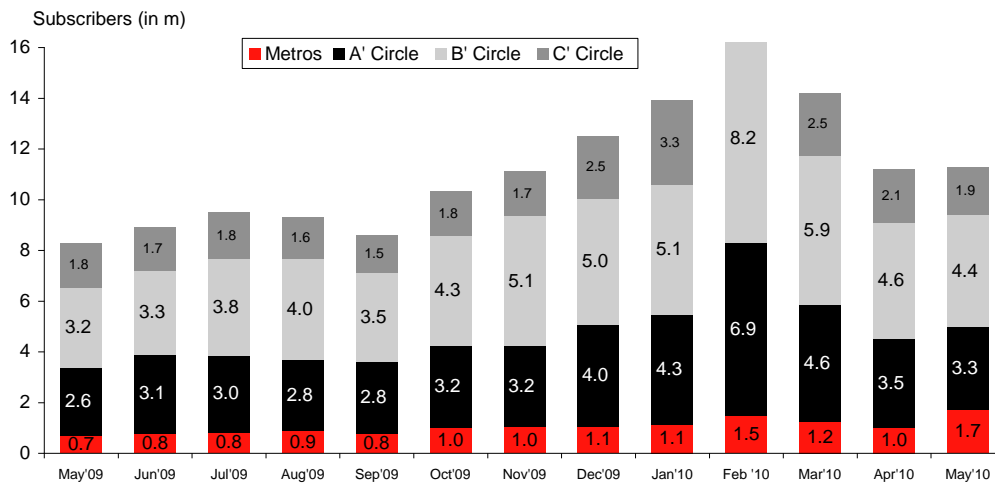
Fig 7 All-India market share of GSM net adds



Source: COAI, Macquarie Research, June 2010

All India GSM subscriber trend by category of circles

Fig 8 Net adds by category of circles



Source: Company data, Macquarie Research, June 2010

Fig 9 Industry MoUs

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09
GSM	476	462	464	493	505	499	496	484	454	423	411
Growth	1.10%	-2.90%	0.40%	6.30%	2.40%	-1.19%	-0.60%	-2.42%	-6.20%	-6.83%	-2.84%
CDMA	462	413	375	364	354	332	370	357	342	308	318
Growth	-1.90%	-10.60%	-9.20%	-2.90%	-2.70%	-6.21%	11.45%	-3.51%	-4.20%	-9.94%	3.25%

Source: Company data, Macquarie Research, June 2010

Fig 10 Industry ARPUs (net of interconnect)

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09
GSM	297	275	261	264	239	221	220	205	185	164	144
Growth	-0.30%	-7.40%	-5.10%	1.10%	-9.50%	-7.53%	-0.45%	-6.82%	-9.76%	-11.35%	-12.20%
CDMA	206	173	176	159	139	122	111	99	92	89	82
Growth	2.00%	-16.00%	1.70%	-9.70%	-12.60%	-12.23%	-9.02%	-10.81%	-7.07%	-3.26%	-7.87%

Source: Company data, Macquarie Research, June 2010

Fig 11 Subscriber base in each circle, by operator

	Bharti	Idea	Vodafone	Aircel	BSNL	MTNL	Total
Wireless Subscribers (in m)							
Metros							
Delhi	6.2	2.8	5.4	1.3	0.0	2.3	18.0
Mumbai	3.1	1.6	5.2	1.0	0.0	2.6	17.0
Chennai	2.7	0.0	1.8	3.3	1.3	0.0	9.1
Kolkata	2.8	0.6	3.7	1.4	1.9	0.0	11.8
A' Circle							
Maharashtra	6.7	9.8	7.6	0.5	4.6	0.0	29.1
Gujarat	5.8	5.5	11.3	0.0	3.0	0.0	25.7
Andhra Pradesh	13.5	6.5	6.2	1.1	4.4	0.0	32.6
Karnataka	13.2	2.8	5.4	0.9	3.7	0.0	26.5
Tamil Nadu	8.4	0.8	7.5	12.7	4.5	0.0	34.8
B' Circle							
Kerala	3.2	5.6	4.4	1.4	3.7	0.0	18.5
Punjab	4.9	3.4	3.2	0.0	3.7	0.0	15.2
Haryana	1.6	2.2	3.1	0.0	2.5	0.0	9.6
Uttar Pradesh (West)	4.3	6.0	6.8	0.9	3.4	0.0	22.0
Uttar Pradesh (East)	9.7	4.0	10.8	1.0	8.1	0.0	34.8
Rajasthan	10.8	2.4	7.6	0.0	4.4	0.0	25.2
Madhya Pradesh	7.2	7.8	2.0	0.0	3.4	0.0	24.5
West Bengal and Andaman & Nicobar	6.0	0.7	7.6	2.4	2.3	0.0	21.4
C' Circle							
Himachal Pradesh	1.3	0.3	0.2	0.6	1.2	0.0	4.7
Bihar	11.7	3.2	3.7	3.6	4.4	0.0	31.4
Orissa	4.4	0.6	1.2	1.9	2.5	0.0	13.1
Assam	2.6	0.1	0.9	2.7	1.1	0.0	8.9
North East	1.5	0.0	0.6	1.8	1.0	0.0	5.4
Jammu & Kashmir	2.0	0.1	0.2	1.8	0.9	0.0	5.0
Total	133.6	66.7	106.3	40.1	65.8	4.9	444.3

Source: Company data, Macquarie Research, June 2010

Fig 12 Subscriber market share in each circle, by operator

	Bharti	Idea	Vodafone	Aircel	BSNL	MTNL	Total
Metros							
Delhi	34.5%	15.3%	30.2%	7.2%	0.0%	12.8%	100.0%
Mumbai	18.3%	9.2%	30.8%	5.9%	0.0%	15.1%	100.0%
Chennai	29.7%	0.0%	19.9%	36.2%	14.2%	0.0%	100.0%
Kolkata	24.1%	5.1%	31.0%	11.6%	16.1%	0.0%	100.0%
A' Circle							
Maharashtra	23.0%	33.5%	26.0%	1.7%	15.7%	0.0%	100.0%
Gujarat	22.4%	21.5%	44.0%	0.0%	11.7%	0.0%	100.0%
Andhra Pradesh	41.5%	19.9%	18.9%	3.5%	13.5%	0.0%	100.0%
Karnataka	49.9%	10.6%	20.4%	3.4%	14.0%	0.0%	100.0%
Tamil Nadu	24.2%	2.3%	21.4%	36.4%	12.8%	0.0%	100.0%
B' Circle							
Kerala	17.2%	30.2%	23.6%	7.5%	20.0%	0.0%	100.0%
Punjab	32.3%	22.4%	21.3%	0.0%	24.1%	0.0%	100.0%
Haryana	16.2%	23.3%	31.8%	0.0%	26.3%	0.0%	100.0%
Uttar Pradesh (West)	19.6%	27.4%	30.8%	4.0%	15.2%	0.0%	100.0%
Uttar Pradesh (East)	27.8%	11.5%	31.0%	2.9%	23.3%	0.0%	100.0%
Rajasthan	42.9%	9.5%	30.3%	0.0%	17.3%	0.0%	100.0%
Madhya Pradesh	29.4%	31.8%	8.4%	0.0%	13.9%	0.0%	100.0%
West Bengal and Andaman & Nicobar	28.0%	3.1%	35.7%	11.0%	10.8%	0.0%	100.0%
C' Circle							
Himachal Pradesh	28.8%	5.7%	4.2%	12.0%	26.6%	0.0%	100.0%
Bihar	37.1%	10.3%	11.7%	11.3%	14.0%	0.0%	100.0%
Orissa	33.4%	4.6%	9.2%	14.4%	18.7%	0.0%	100.0%
Assam	28.8%	1.1%	10.0%	30.0%	12.0%	0.0%	100.0%
North East	28.5%	0.8%	10.3%	32.8%	18.4%	0.0%	100.0%
Jammu & Kashmir	39.5%	1.4%	4.8%	36.1%	18.1%	0.0%	100.0%
Total	30.1%	15.0%	23.9%	9.0%	14.8%	1.1%	100.0%

Source: Company data, Macquarie Research, June 2010

Fig 13 Monthly Net adds in each circle
















	Bharti	Idea	Vodafone	Aircel
Wireless Subscribers (in m)				
Metros				
Delhi	0.3	0.1	0.2	0.1
Mumbai	0.0	0.0	0.1	0.0
Chennai	0.0	0.0	0.0	0.1
Kolkata	0.0	0.0	0.1	0.1
A' Circle				
Maharashtra	0.0	0.2	0.2	0.1
Gujarat	0.1	0.0	0.2	0.0
Andhra Pradesh	0.3	0.1	0.2	0.1
Karnataka	0.3	0.1	0.1	0.1
Tamil Nadu	0.1	0.0	0.1	0.4
B' Circle				
Kerala	0.0	0.1	0.1	0.1
Punjab	0.1	0.1	0.1	0.0
Haryana	0.0	0.0	0.1	0.0
Uttar Pradesh (West)	0.1	0.1	0.2	0.1
Uttar Pradesh (East)	0.3	0.2	0.4	0.1
Rajasthan	0.3	0.0	0.1	0.0
Madhya Pradesh	0.3	0.3	0.1	0.0
West Bengal and Andaman & Nicobar	0.1	0.0	0.2	0.1
C' Circle				
Himachal Pradesh	0.0	0.0	0.0	0.0
Bihar	0.3	0.1	0.2	0.1
Orissa	0.1	0.0	0.0	0.1
Assam	0.1	0.0	0.0	0.1
North East	0.0	0.0	0.0	0.0
Jammu & Kashmir	0.1	0.0	0.0	0.1
Total	3.0	1.4	2.6	1.6
MoM growth (%)	0.0%	-2%	-11%	0%

Source: Macquarie Research, June 2010

Fig 14 India wireless – spectrum map by circle, operating technology and spectrum band for all operators in India

	GSM-900MHz				GSM-1800MHz								CDMA-800MHz					
Metros																		
Delhi	6.20	6.20	6.20		3.80	3.80	6.20	4.40	8.00	4.40					3.75	5.00	5.00	
Mumbai		6.20	6.20	6.20	9.20	3.80	6.20	4.40	4.40	4.40	3.80	4.40		4.40	5.00	5.00	5.00	
Chennai	6.20		6.20	6.20	3.00	8.00	3.80	2.40	4.40	4.40	4.40	4.40	4.40	4.40	2.50	5.00	3.75	2.50
Kolkata	6.20	6.20	6.20		1.80	3.60	3.80	4.40	4.40	6.20		4.40		4.40	2.50	5.00	3.75	2.50
A' Circle																		
Maharashtra		6.20	6.20	6.20	6.20		3.80	4.40	3.60	4.40		4.40		4.40	2.50	5.00	5.00	2.50
Gujarat		6.20	6.20	6.20	6.20	3.60	1.20	4.40		4.40		4.40		4.40	2.50	3.75	4.40	2.50
Andhra Pradesh	6.20		6.20	6.20	3.00	6.20	3.80	4.40	1.80	4.40	4.40	4.40	4.40	4.40	2.50	5.00	5.00	2.50
Karnataka	6.20	6.20	6.20		4.60	8.00	3.80	4.40	4.40	4.40	4.40	4.40	4.40	4.40	2.50	5.00	3.75	2.50
Tamil Nadu		6.20	6.20	6.20	10.20	1.00	3.80	3.60	4.40	4.40	4.40	4.40	4.40	4.40	2.50	5.00	2.50	2.50
B' Circle																		
Kerala		6.20	6.20	6.20	6.20		3.80	4.40	1.80	4.40	4.40	4.40	4.40	4.40	3.75	5.00	3.75	2.50
Punjab	6.20	6.20	6.20		1.60	6.20		4.40		4.40		4.40		4.40	2.50	3.75	3.75	2.50
Haryana		6.20	6.20	6.20	6.20		3.80	4.40	4.40	4.40		4.40		4.40	2.50	3.75	3.75	2.50
Uttar Pradesh (West)		6.20	6.20	6.20	6.20		3.80	4.40	1.80	4.40		4.40		4.40	2.50	5.00	3.75	2.50
Uttar Pradesh (East)	6.20	6.20	6.20			1.80	3.80	4.40	6.20	4.40		4.40		4.40	2.50	5.00	3.75	2.50
Rajasthan	6.20	6.20	6.20				1.80	4.40	6.20	4.40				4.40	2.50	3.75	3.75	5.00
Madhya Pradesh		6.20	6.20	6.20	6.20	4.40	3.80	4.40	1.80			4.40		4.40	2.50	5.00	2.50	2.50
West Bengal and Andaman & Nicobar	4.40	6.20	6.20		1.80	6.20	1.80	4.40				4.40		4.40	2.50	3.75	2.50	2.50
C' Circle																		
Himachal Pradesh	6.20	6.20	6.20			4.40	3.80	4.40	4.40					4.40	2.50	2.50	2.50	2.50
Bihar	6.20	6.20	6.20		2.80	4.40	3.80	4.40	4.40	1.80		4.4		4.40	2.50	5.00	3.75	2.50
Orissa	6.20	6.20	6.20		1.80	4.40	3.80	4.40	4.40		4.40	4.4		4.40	2.50	3.75	2.50	2.50
Assam	6.20	6.20	6.20			4.40	3.80	6.20	4.40					4.40	2.50	2.50	2.50	2.50
North East	4.40	4.40	6.20			4.40	3.80	4.40	4.40	1.80				4.40	2.50	2.50	2.50	2.50
Jammu & Kashmir	6.20		6.20	4.40		4.40	1.80		4.40	4.40				4.40	2.50	2.50	2.50	2.50

Legends

 Bharti Airtel	 Vodafone Essar	 Reliance Communications	 Datacom (Videocon-HFCL JV)
 MTNL	 Idea Cellular	 Tata Teleservices	 S Tel
 Aircel - Maxis	 BSNL	 Spice Communications	 Swan Telecom - Etihad Etisalat
 HFCL Infotel	 BPL (Loop Mobile)	 Sistema Shyam Teleservices	 Unitech Wireless - Telenor

Source: Company data, Macquarie Research, June 2010

Fig 15 Global emerging market telecom valuation

Macquarie - Asia Wireless Telecom Valuation Table (March Year End)														
Company Name	Bloomberg Ticker	Rec	Price lcy	EV/EBITDA			EV/EBITDA by EBITDA CAGR 2009-12E	PER			P/B 2011E	PEG 2009-12E	Div Yield (%) 2011E	FCF Yield (%) 2011E
				2010E	2011E	2012E		2010E	2011E	2012E				
China Mobile	941 HK	Neutral	77.10	4.9	4.7	4.6	1.4	11.9	11.6	11.6	2.1	5.1	3.8	8.4
China Unicom	762 HK	Neutral	9.72	4.6	4.4	4.0	-5.6	22.4	35.1	21.2	0.9	-0.4	2.0	2.0
China Telecom	728 HK	Underperform	3.76	4.5	4.7	4.6	-0.9	19.0	18.3	15.0	1.1	-0.9	3.0	11.3
Bharti Airtel*	BHARTI IN	Underperform	269.80	6.5	6.0	5.2	0.8	11.0	11.7	10.4	2.0	9.5	3.3	9.8
Reliance Comms*	RCOM IN	Underperform	179.00	6.9	5.9	5.1	0.8	10.2	8.6	6.9	0.6	-0.5	1.7	10.4
Idea Cellular*	IDEA IN	Underperform	53.80	6.3	5.0	4.2	0.3	22.0	90.0	27.7	1.1	-0.2	0.0	9.8
TCOM	TCOM IN	Underperform	246.70	8.6	7.4	6.4	0.4	144.6	nmf	nmf	1.6	6.0	1.8	13.5
MTNL	MTNL IN	Underperform	54.35	-16.9	12.4	13.3	nmf	nmf	nmf	nmf	0.5	nmf	34.2	-14.9
PT Telkom	TLKM IJ	Outperform	8,000.00	6.8	6.5	5.9	0.8	13.9	12.9	12.1	3.2	2.0	3.9	7.3
Indosat	ISAT IJ	Neutral	5,000.00	5.7	5.1	4.7	1.3	45.7	18.0	15.0	1.2	-0.3	3.1	-8.7
XL Axiata	EXCL IJ	Outperform	4,025.00	6.8	6.1	5.5	0.4	16.7	14.8	10.6	2.5	1.4	1.3	8.1
Bakrie Telecom	BTEL IJ	Outperform	168.00	5.3	4.1	3.9	0.3	24.6	16.8	13.4	0.8	0.9	0.0	-4.1
SK Telecom	017670 KS	Outperform	169,000.00	4.1	3.6	3.3	0.6	9.5	7.4	7.1	0.9	0.7	7.1	15.7
KT	030200 KS	Outperform	48,300.00	4.8	3.7	3.6	1.0	17.3	9.2	8.3	1.1	0.4	5.6	8.4
LG Telecom	032640 KS	Neutral	7,850.00	4.0	4.0	3.7	0.2	8.6	8.3	7.3	0.7	-1.9	5.7	3.3
SK Broadband	033630 KS	Neutral	5,880.00	9.8	7.0	5.7	0.9	nmf	nmf	89.9	1.3	nmf	0.0	1.0
Chunghwa Telecom	2412 TT	Neutral	63.00	5.3	5.9	5.9	-3.3	14.0	13.3	13.0	1.6	-3.6	7.0	8.4
Taiwan Mobile	3045 TT	Outperform	64.00	6.9	7.3	6.8	1.3	13.7	13.8	13.1	2.6	-2.3	6.9	7.8
Far EasTone	4904 TT	Neutral	39.95	5.1	5.3	5.2	-1.3	14.1	13.9	13.2	1.8	-13.9	6.8	10.3
SingTel *	ST SP	Neutral	2.99	7.0	6.5	6.0	1.4	12.0	10.8	10.8	1.8	-91.0	5.4	5.8
Starhub	STH SP	Outperform	2.25	6.9	7.0	6.8	6.7	12.0	13.4	12.4	102.5	-2.5	8.9	9.1
MobileOne	M1 SP	Outperform	2.13	7.0	6.7	6.6	9.2	12.7	12.6	12.6	6.0	33.0	6.4	9.2
Axiata	AXIATA MK	Outperform	3.85	7.0	6.2	5.7	0.4	17.4	13.8	12.5	1.4	0.6	2.6	5.4
Digi.Com	DIGI MK	Neutral	22.66	8.5	7.7	7.0	1.4	17.6	16.2	14.1	17.8	-5.6	7.1	8.4
Telekom Malaysia	T MK	Outperform	3.31	4.8	4.8	4.6	1.4	18.2	16.5	15.9	1.7	1.3	6.0	5.9
PLDT	TEL PM	Outperform	2,405.00	5.9	5.6	5.3	2.2	11.4	10.7	10.3	4.3	2.7	6.8	9.1
Globe	GLO PM	Neutral	865.00	4.2	4.4	4.2	-8.7	8.5	10.8	10.7	2.3	-1.0	7.9	4.7
AIS	ADVANC TB	Underperform	84.75	5.7	5.7	5.6	20.4	14.7	14.1	13.1	4.5	3.7	7.6	10.5
Shin Corp	SHIN TB	Underperform	27.50	11.2	8.6	8.4	0.6	13.5	10.2	10.1	2.6	0.7	8.7	3.5
TAC	DTAC TB	Neutral	36.50	4.8	4.8	4.8	-19.5	13.1	11.8	11.6	1.3	-0.8	6.0	9.8
True Corp	TRUE TB	Underperform	3.18	4.8	4.6	4.6	1.3	nmf	13.6	11.6	1.8	0.7	0.0	28.3
Thaicom	THCOM TB	Neutral	7.05	7.8	4.9	4.6	0.5	nmf	55.1	18.5	0.5	nmf	0.0	21.2
Smartone	315 HK	Underperform	8.00	4.1	3.2	3.0	1.2	107.0	20.3	17.1	1.6	-1.8	5.6	15.1
NTT*	9432 JP	Outperform	3,620.00	2.7	2.6	2.6	-2.8	10.1	9.6	9.0	0.6	4.6	3.3	11.1
NTT DoCoMo *	9437 JP	Neutral	134,000.00	3.7	3.8	3.8	-1.1	11.2	11.0	11.0	1.1	3.7	3.9	10.5
Softbank*	9984 JP	Underperform	2,355.00	5.2	5.2	4.9	0.9	17.2	15.2	14.0	3.1	4.1	0.2	7.9
KDDI *	9433 JP	Outperform	423,000.00	3.0	3.0	2.9	1.3	7.0	7.8	7.0	0.8	18.4	3.5	15.7
eAccess	9427 JP	Outperform	67,300.00	5.8	4.2	3.6	0.4	23.7	16.3	13.1	4.0	nmf	3.6	-3.9
Okinawa Cellular *	9436 JP	Outperform	173,000.00	3.3	3.2	2.9	0.7	7.9	8.2	7.8	1.0	-1.7	4.5	10.1
Telstra	TLS AU	Neutral	3.19	5.0	5.0	5.0	3.3	9.8	10.2	10.5	3.0	4.1	8.8	11.5
TCNZ	TEL NZ	Neutral	1.88	3.2	3.3	3.3	-1.3	7.2	8.7	10.0	1.4	-0.3	9.0	11.2

Note: Prices as of 14 June 2010. Estimates for Not rated companies based on Bloomberg consensus estimates. Aircel, BSNL, Tata Teleservices, Telenor Unitech and Vodafone Essar are unlisted.

Source: Bloomberg, Macquarie Research, June 2010

Fig 16 India Wireless sector- Key metrics

March Year ends; Rs million	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10A	4QFY10A
Bharti Gross ARPU (Rs)	358	357	350	331	324	305	278	252	230	220
YoY growth (%)	-16.2	-12.1	-10.4	-9.5	-9.3	-14.6	-20.4	-23.9	-29.0	-27.9
QoQ growth (%)	-2.2	-0.2	-2.1	-5.3	-2.0	-6.0	-8.8	-9.4	-8.6	-4.5
RCOM Gross ARPU (Rs)	339	317	282	271	251	224	210	161	149	139
YoY growth (%)	3.4	-15.9	-24.8	-24.9	-26.0	-29.3	-25.5	-40.6	-40.6	-37.9
QoQ growth (%)	-6.1	-6.5	-11.0	-3.9	-7.4	-10.8	-6.3	-23.3	-7.5	-6.7
Idea Gross ARPU (Rs)	292	297	294	266	271	261	236	215	206	190
YoY growth (%)			-11.2	-12.2	-7.2	-12.0	-19.7	-19.1	-23.8	-27.4
QoQ growth (%)	-3.8	1.8	-1.0	-9.4	1.6	-3.5	-9.7	-8.7	-4.3	-8.0
VOD Gross ARPU (Rs)	349	350	332	305	297	274	247	222	209	197
YoY growth (%)	-15.7	-13.6	na	-15.5	-14.9	-21.7	-25.7	-27.2	-29.6	-28.1
QoQ growth (%)	-3.3	0.3	-5.1	-8.1	-2.6	-7.7	-10.0	-10.0	-5.9	-5.7
Bharti MoUs per subscriber	474	507	534	526	505	485	478	450	446	468
YoY growth (%)	1.4	6.8	11.8	12.2	6.7	-4.3	-10.6	-14.5	-11.8	-3.6
QoQ growth (%)	1.1	7.0	5.4	-1.6	-3.9	-4.0	-1.5	-5.9	-0.9	5.0
RCOM MoUs per subscriber	449	430	425	423	410	372	365	340	330	318
YoY growth (%)	-1.1	-20.5	-16.7	-13.7	-8.7	-13.5	-14.1	-19.6	-19.5	-14.5
QoQ growth (%)	-8.4	-4.2	-1.2	-0.4	-3.1	-9.3	-1.9	-6.8	-2.9	-3.6
Idea MoUs per subscriber	377	411	431	421	416	402	399	375	389	398
YoY growth (%)	2.2	6.2	13.1	16.9	10.3	-2.2	-7.4	-10.9	-6.5	-1.0
QoQ growth (%)	4.7	9.0	4.9	-2.3	-1.2	-3.4	-0.7	-6.0	3.7	2.3
VOD MoUs per subscriber	384	391	374	364	355	336	330	319	318	325
YoY growth (%)	-10.5	-9.6	na	-2.2	-7.4	-14.1	-11.9	-12.6	-10.5	-3.1
QoQ growth (%)	3.0	1.8	-4.2	-2.6	-2.5	-5.6	-1.8	-3.3	-0.1	2.1
Bharti ARPM (Rs)	0.76	0.70	0.65	0.63	0.64	0.63	0.58	0.56	0.52	0.47
YoY growth (%)	-17.3	-17.7	-19.9	-19.4	-14.9	-10.7	-11.0	-10.9	-19.5	-25.2
QoQ growth (%)	-3.3	-6.7	-7.1	-3.8	2.1	-2.1	-7.4	-3.7	-7.8	-9.1
RCOM ARPM (Rs)	0.76	0.74	0.66	0.64	0.61	0.60	0.58	0.47	0.45	0.44
YoY growth (%)	4.5	5.8	-9.7	-13.0	-18.9	-18.3	-13.4	-26.1	-26.2	-27.4
QoQ growth (%)	2.5	-2.4	-9.9	-3.5	-4.4	-1.6	-4.5	-17.7	-4.6	-3.2
Idea ARPM (Rs)	0.74	0.72	0.68	0.62	0.64	0.63	0.58	0.56	0.51	0.48
YoY growth (%)	-15.2	-11.8	-18.9	-22.5	-13.5	-12.8	-14.9	-9.7	-20.3	-24.4
QoQ growth (%)	-7.5	-2.4	-5.6	-9.0	3.2	-1.6	-7.9	-3.4	-8.9	-6.6
VOD ARPM (Rs)	0.91	0.90	0.89	0.84	0.84	0.82	0.75	0.70	0.66	0.61
YoY growth (%)	-5.8	-4.4	na	-13.6	-8.1	-8.9	-15.7	-16.8	-21.4	-25.8
QoQ growth (%)	-6.1	-1.5	-0.9	-5.7	-0.2	-2.3	-8.4	-6.9	-5.7	-7.7

Source: Macquarie Research, June 2010

Fig 17 Key quarterly operating and financial metrics – wireless business: Bharti and RCOM

Bharti Airtel - Actuals for 4QFY10										
March Year ends; Rs million	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10A	4QFY10A
Wireless Revenues (Rs m)	56,105	64,201	69,150	72,843	79,392	82,216	82,285	80,994	79,618	81,975
YoY growth (%)	49.3	51.3	47.2	44.0	41.5	28.1	19.0	11.2	0.3	-0.3
QoQ growth (%)	10.9	14.4	7.7	5.3	9.0	3.6	0.1	-1.6	-1.7	3.0
Subscribers (m)	55.16	61.98	69.38	77.48	85.65	93.92	102.37	110.51	118.86	127.62
YoY growth (%)	72.5	66.9	62.5	58.5	55.3	51.5	47.5	42.6	38.8	35.9
QoQ growth (%)	12.9	12.4	11.9	11.7	10.5	9.7	9.0	8.0	7.6	7.4
Gross ARPU (Rs)	358	357	350	331	324	305	278	252	230	220
YoY growth (%)	-16.2	-12.1	-10.4	-9.5	-9.3	-14.6	-20.4	-23.9	-29.0	-27.9
QoQ growth (%)	-2.2	-0.2	-2.1	-5.3	-2.0	-6.0	-8.8	-9.4	-8.6	-4.5
Avg. monthly MoUs per subscriber	474	507	534	526	505	485	478	450	446	468
YoY growth (%)	1.4	6.8	11.8	12.2	6.7	-4.3	-10.6	-14.5	-11.8	-3.6
QoQ growth (%)	1.1	7.0	5.4	-1.6	-3.9	-4.0	-1.5	-5.9	-0.9	5.0
ARPM (Rs)	0.76	0.70	0.65	0.63	0.64	0.63	0.58	0.56	0.52	0.47
YoY growth (%)	-17.3	-17.7	-19.9	-19.4	-14.9	-10.7	-11.0	-10.9	-19.5	-25.2
QoQ growth (%)	-3.3	-6.7	-7.1	-3.8	2.1	-2.1	-7.4	-3.7	-7.8	-9.1
Total minutes carried (m)	73,840	89,058	105,217	115,834	123,626	130,669	140,713	143,680	153,241	172,797
YoY growth (%)	78.8	80.9	84.2	79.9	67.4	46.7	33.7	24.0	24.0	32.2
QoQ growth (%)	14.7	20.6	18.1	10.1	6.7	5.7	7.7	2.1	6.7	12.8
Avg. EBITDA per minute (Rs)	0.31	0.26	0.20	0.19	0.20	0.20	0.19	0.18	0.16	0.14
YoY growth (%)	-9.3	-24.2	-39.6	-41.0	-34.8	-22.6	-4.1	-5.2	-21.9	-30.0
QoQ growth (%)	-3.8	-17.4	-21.2	-5.7	6.3	-2.0	-2.4	-6.7	-12.5	-12.2
Wireless EBITDA (Rs m)	22,887	22,779	21,218	22,009	24,963	25,860	27,183	25,860	24,178	23,969
YoY growth (%)	62.0	37.2	11.2	6.2	9.1	13.5	28.1	17.5	-3.1	-7.3
QoQ growth (%)	10.4	-0.5	-6.9	3.7	13.4	3.6	5.1	-4.9	-6.5	-0.9
Wireless EBITDA margin (%)	40.8	35.5	30.7	30.2	31.4	31.5	33.0	31.9	30.4	29.2
YoY expansion (basis points)	319.5	-365.1	-994.7	-1,076.7	-935.0	-402.7	235.1	171.4	-107.5	-221.4
QoQ expansion (basis points)	-18.8	-531.2	-479.7	-47.0	122.8	1.1	158.1	-110.7	-156.1	-112.8
Blended Churn	3.8%	4.2%	3.7%	3.2%	2.9%	3.2%	3.4%	4.4%	6.3%	5.7%
VAS as % of total revenue	9.3%	9.4%	9.7%	10.0%	9.5%	9.3%	9.3%	9.8%	11.0%	11.8%
YoY growth (%)	-10.6	-6.9	-2.0	2.0	2.2	-1.1	-4.1	-2.0	15.8	26.9
QoQ growth (%)	-5.1	1.1	3.2	3.1	-5.0	-2.1	0.0	5.4	12.2	7.3
Total Cell Sites	60,299	69,141	75,876	82,554	88,319	93,368	96,149	99,501	102,190	104,826
YoY growth (%)	75.8	76.3	65.7	56.3	46.5	35.0	26.7	20.5	15.7	12.3
QoQ growth (%)	14.1	14.7	9.7	8.8	7.0	5.7	3.0	3.5	2.7	2.6
Wireless Capex (Rsm)	27,538	17,995	32,227	23,396	29,012	16,039	13,037	15,028	12,513	8,565
YoY growth (%)	76.6	68.1	-1.8	-18.4	5.4	-10.9	-59.5	-35.8	-56.9	-46.6
QoQ growth (%)	-3.9	-34.7	79.1	-27.4	24.0	-44.7	-18.7	15.3	-16.7	-31.6
Total Population Centres covered	325,525	347,646	369,335	389,571	406,939	419,966	428,216	434,795	438,929	444,024
YoY growth (%)	79.7	64.0	48.7	32.1	25.0	20.8	15.9	11.6	7.9	na
QoQ growth (%)	10.4	6.8	6.2	5.5	4.5	3.2	2.0	1.5	1.0	na
Total employees	24,703	25,543	26,144	25,616	25,553	24,538	23,789	18,598	18,201	18,354
YoY growth (%)	35.6	25.7	13.9	10.1	3.4	-3.9	-9.0	-27.4	-28.8	na
QoQ growth (%)	6.2	3.4	2.4	-2.0	-0.2	-4.0	-3.1	-21.8	-2.1	na
India Total Wireless Subscribers	233.63	261.08	286.87	315.31	346.89	391.76	437.51	483.27	515.5	574.77
YoY growth (%)	59.5	58.1	55.1	50.8	48.5	50.1	52.5	53.3	48.6	46.7
QoQ growth (%)	11.7	11.8	9.9	9.9	10.0	12.9	11.7	10.5	6.7	11.5

Reliance Communications - Actuals for 4QFY10

March Year ends; Rs million	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10A	4QFY10A
Wireless Revenues (Rs m)	41,608	41,187	43,356	44,119	45,015	47,931	40,100	40,225	40,900
YoY growth (%)	40.1	22.1	16.5	11.5	8.2	16.4	-7.5	-8.8	-9.1
QoQ growth (%)	5.2	-1.0	5.3	1.8	2.0	6.5	-16.3	0.3	1.7
Subscribers (m)	45,79	50,79	56,05	61,35	72,67	79,62	86,12	93,80	102,42
YoY growth (%)	63.5	59.4	54.3	49.8	58.7	56.8	53.7	52.9	40.9
QoQ growth (%)	11.8	10.9	10.4	9.5	18.5	9.6	8.2	8.9	9.2
Gross ARPU (Rs)	317	282	271	251	224	210	161	149	139
YoY growth (%)	-15.9	-24.8	-24.9	-26.0	-29.3	-25.5	-40.6	-40.6	-37.9
QoQ growth (%)	-6.5	-11.0	-3.9	-7.4	-10.8	-6.3	-23.3	-7.5	-6.7
Avg. monthly MoUs per subscriber	430	425	423	410	372	365	340	330	318
YoY growth (%)	-20.5	-16.7	-13.7	-8.7	-13.5	-14.1	-19.6	-19.5	-14.5
QoQ growth (%)	-4.2	-1.2	-0.4	-3.1	-9.3	-1.9	-6.8	-2.9	-3.6
ARPM (Rs)	0.74	0.66	0.64	0.61	0.60	0.58	0.47	0.45	0.44
YoY growth (%)	5.8	-9.7	-13.0	-18.9	-18.3	-13.4	-26.1	-26.2	-27.4
QoQ growth (%)	-2.4	-9.9	-3.5	-4.4	-1.6	-4.5	-17.7	-4.6	-3.2
Total minutes carried (m)	55,959	62,000	67,800	72,100	74,800	83,300	84,500	89,057	93,596
YoY growth (%)	18.9	35.4	35.3	38.5	33.7	34.4	24.6	23.5	25.1
QoQ growth (%)	7.5	10.8	9.4	6.3	3.7	11.4	1.4	5.4	5.1
Avg. EBITDA per minute (Rs)	0.30	0.27	0.25	0.23	0.22	0.22	0.15	0.14	0.13
YoY growth (%)	9.8	-8.3	-4.5	-23.5	-25.8	-17.9	-39.7	-38.9	-42.6
QoQ growth (%)	-1.5	-9.6	-7.3	-7.3	-4.5	0.0	-31.8	-6.1	-10.3
Wireless EBITDA (Rs m)	16,763	16,623	16,859	16,616	16,629	18,489	13,132	12,545	11,815
YoY growth (%)	45.6	24.1	13.4	5.0	-0.8	11.2	-22.1	-24.5	-28.9
QoQ growth (%)	6.0	-0.8	1.4	-1.4	0.1	11.2	-29.0	-4.5	-5.8
Wireless EBITDA margin (%)	40.3	40.4	38.9	37.7	36.9	38.6	32.7	31.2	28.9
YoY expansion (basis points)	152.0	65.6	-106.4	-231.9	-334.7	-178.6	-613.7	-647.5	-805.3
QoQ expansion (basis points)	30.8	7.2	-147.5	-122.3	-72.1	163.3	-582.6	-156.1	-230.0
Blended Churn	1.4%	1.4%	1.3%	1.0%	0.8%	1.3%	1.3%	2.0%	2.8%
VAS as % of total revenue	6.9%	7.6%	7.3%	7.4%	na	na	na	na	na
YoY growth (%)	9.5	33.3	17.7	15.6	na	na	na	na	na
QoQ growth (%)	7.8	10.1	-3.9	1.4	na	na	na	na	na
Total Cell Sites	na	na	na	na	na	na	na	na	na
YoY growth (%)	na	na	na	na	na	na	na	na	na
QoQ growth (%)	na	na	na	na	na	na	na	na	na
Wireless Capex (Rs m)	46,442	56,926	33,260	32,508	17,084	9,402	8,964	11,037	2,016
YoY growth (%)	371.0	280.2	-33.1	-46.4	-63.2	-83.5	-73.0	-66.0	-88.2
QoQ growth (%)	-23.4	22.6	-41.6	-2.3	-47.4	-45.0	-4.7	23.1	-81.7

Source: Company data, Macquarie Research, June 2010

Fig 18 Key quarterly operating and financial metrics – wireless business: Idea

Idea Cellular - Actuals for 4QFY10

March Year ends; Rs million	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10A	2QFY10	3QFY10	4QFY10A
Wireless Revenues (Rs m)	19,724	21,735	22,992	26,209	28,627	28,883	28,909	30,610	33,011
YoY growth (%)	51.1	47.1	47.2	53.4	45.1	32.9	25.7	16.8	15.3
QoQ growth (%)	15.5	10.2	5.8	14.0	9.2	0.9	0.1	5.9	7.8
Subscribers (m)	22.13	27.19	30.38	34.21	38.89	42.77	46.76	52.30	63.82
YoY growth (%)	45.8	57.0	56.2	54.5	43.0	40.8	36.7	34.5	49.2
QoQ growth (%)	13.8	22.9	11.7	12.6	13.7	10.0	9.3	11.9	22.0
Gross ARPU (Rs)	297	294	266	271	261	236	215	206	190
YoY growth (%)	#DIV/0!	-11.2	-12.2	-7.2	-12.0	-19.7	-19.1	-23.8	-27.4
QoQ growth (%)	1.8	-1.0	-9.4	1.6	-3.5	-9.7	-8.7	-4.3	-8.0
Avg. monthly MoUs per subscriber	411	431	421	416	402	399	375	389	398
YoY growth (%)	6.2	13.1	16.9	10.3	-2.2	-7.4	-10.9	-6.5	-1.0
QoQ growth (%)	9.0	4.9	-2.3	-1.2	-3.4	-0.7	-6.0	3.7	2.3
ARPM (Rs)	0.72	0.68	0.62	0.64	0.63	0.58	0.56	0.51	0.48
YoY growth (%)	-11.8	-18.9	-22.5	-13.5	-12.8	-14.9	-9.7	-20.3	-24.4
QoQ growth (%)	-2.4	-5.6	-9.0	3.2	-1.6	-7.9	-3.4	-8.9	-6.6
Total minutes carried (m)	27,824	33,087	36,315	40,254	44,224	48,729	50,339	57,841	68,275
YoY growth (%)	79.9	93.5	92.8	79.2	58.9	47.3	38.6	43.7	54.4
QoQ growth (%)	23.9	18.9	9.8	10.8	9.9	10.2	3.3	14.9	18.0
Avg. EBITDA per minute (Rs)	0.26	0.26	0.20	0.17	0.17	0.16	0.15	0.12	0.12
YoY growth (%)	#DIV/0!	-21.5	-34.7	-39.9	-35.9	-39.0	-26.2	-26.2	-28.6
QoQ growth (%)	-6.5	-1.6	-23.9	-14.1	-0.4	-6.3	-7.9	-14.1	-3.6
Wireless EBITDA (Rs m)	6,731	8,242	7,151	6,806	7,416	7,701	7,307	7,203	8,328
YoY growth (%)	#DIV/0!	53.4	35.2	16.5	10.2	-6.6	2.2	5.8	12.3
QoQ growth (%)	15.3	22.4	-13.2	-4.8	9.0	3.8	-5.1	-1.4	15.6
Wireless EBITDA margin (%)	34.1	37.9	31.1	26.0	25.9	26.7	25.3	23.5	25.2
YoY expansion (basis points)	3,412.8	154.7	-275.7	-822.0	-822.3	-1,125.8	-582.7	-243.7	-67.7
QoQ expansion (basis points)	-6.1	379.3	-681.8	-513.4	-6.4	75.8	-138.7	-174.4	169.6
Blended Churn	4.6%	4.0%	3.9%	4.3%	5.2%	6.7%	7.2%	9.1%	7.7%
Total Cell Sites	24,793	27,594	33,377	39,289	44,230	48,067	50,915	55,804	66,187
YoY growth (%)	na	109.7	95.1	85.4	78.4	74.2	52.5	42.0	49.6
QoQ growth (%)	17.0	11.3	21.0	17.7	12.6	8.7	5.9	9.6	18.6

Source: Company data, Macquarie Research, June 2010

Fig 19 Key quarterly operating and financial metrics – wireless business: MTNL and Tata Teleservices Maha.

MTNL- Actuals for 4QFY10										
March Year ends; Rs million	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10	4QFY10
Wireless Revenues (Rs m)	2,329	2,409	2,298	2,332	2,269	2,089	1,870	1795.57	1656.42	1840
YoY growth (%)	6.3	22.0	2.5	-7.6	-2.6	-13.3	-18.6	-23.0	-27.0	-11.9
QoQ growth (%)	-7.7	3.4	-4.6	1.5	-2.7	-7.9	-10.5	-4.0	-7.7	11.1
Subscribers (m)	3.21	3.53	3.72	3.96	4.19	4.48	4.58	4.68	4.60	5.09
YoY growth (%)	26.5	20.1	32.2	32.2	30.5	26.9	23.1	18.2	9.8	13.6
QoQ growth (%)	7.2	10.0	5.3	6.4	5.8	7.0	2.1	2.2	-1.7	10.7
Blended ARPU GSM (Rs)	242	237	213	207	188	162	138	133	116	127
YoY growth (%)	-12.6	3.7	-15.7	-27.2	-22.2	-31.5	-35.0	-35.5	-38.6	-21.6
QoQ growth (%)	-14.8	-2.3	-10.0	-2.8	-9.0	-14.0	-14.6	-3.6	-13.3	9.9
Tata Tele Maha. - Actuals for 3Q FY10										
	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10A	2QFY10A	3QFY10A	4QFY10A
Subscribers (m)	4.33	4.68	5.19	5.70	6.15	6.96	7.44	9.04	10.90	12.34
YoY growth (%)	na	na	64%	50%	42%	49%	43%	59%	77%	77%
QoQ growth (%)	14%	8%	11%	10%	8%	13%	7%	22%	21%	13%
Gross ARPU (Rs)	254	254	232	210	196	178	154	148	143	125
YoY growth (%)	na	na	-23%	-21%	-23%	-30%	-34%	-30%	-27%	-30%
QoQ growth (%)	-4%	0%	-9%	-9%	-7%	-9%	-13%	-4%	-3%	-13%
Avg. monthly MoUs per subscriber	313	302	369	336	323	311	292	271	266	250
YoY growth (%)	na	na	-7%	-6%	3%	3%	-21%	-19%	-18%	-20%
QoQ growth (%)	-12%	-4%	22%	-9%	-4%	-4%	-6%	-7%	-2%	-6%
ARPM (Rs)	0.81	0.84	0.63	0.62	0.61	0.57	0.53	0.55	0.54	0.5
YoY growth (%)	na	na	-18%	-16%	-25%	-32%	-16%	-11%	-11%	-12%
QoQ growth (%)	9%	4%	-25%	-2%	-2%	-7%	-7%	4%	-2%	-7%
Total minutes carried (m)	na	4083	5463	5487	5741	6113	6301	6705	7957	8713
YoY growth (%)	na	na	na	na	na	50%	15%	22%	39%	43%
QoQ growth (%)	na	na	34%	0%	5%	6%	3%	6%	19%	10%
Blended Churn	1.80%	2.20%	0.80%	0.80%	1.80%	1.10%	1.20%	2.80%	0.50%	2.20%
VAS as % of total revenue	10.40%	11.80%	12.30%	13.40%	13.40%	13.90%	15.40%	14.30%	13.90%	14.80%
YoY growth (%)	na	na	48.2	44.1	28.8	17.8	25.2	6.7	3.7	6.5
QoQ growth (%)	11.8	13.5	4.2	8.9	-	3.7	10.8	(7.1)	(2.8)	6.5
Total Population Centres covered	na	7,966	8,026	8,115	9,378	10,664	10,904	11,055	11,303	11,421
YoY growth (%)	na	na	na	na	na	34%	36%	36%	21%	7%
QoQ growth (%)	na	na	1%	1%	16%	14%	2%	1%	2%	1%

Source: Company data, Macquarie Research, June 2010

Fig 20 Key quarterly operating and financial metrics – Vodafone India

	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10A	4QFY10A
Subscribers (m)	49	55	61	69	76	83	91	101
YoY growth (%)	60.0	62.2	70.9	55.8	55.4	51.7	50.0	46.7
QoQ growth (%)	11.5	11.0	11.5	12.9	11.2	8.4	10.3	10.3
Gross ARPU (Rs)	332	305	297	274	247	222	209	197
YoY growth (%)	na	(15.5)	(14.9)	(21.7)	(25.7)	(27.2)	(29.6)	(28.1)
QoQ growth (%)	(5.1)	(8.1)	(2.6)	(7.7)	(10.0)	(10.0)	(5.9)	(5.7)
Avg. monthly MoUs per subscriber	374	364	355	336	330	319	318	325
YoY growth (%)	na	(2.2)	(7.4)	(14.1)	(11.9)	(12.6)	(10.5)	(3.1)
QoQ growth (%)	(4.2)	(2.6)	(2.5)	(5.6)	(1.8)	(3.3)	(0.1)	2.1
ARPM (Rs)	0.89	0.84	0.84	0.82	0.75	0.70	0.66	0.61
YoY growth (%)	na	(13.6)	(8.1)	(8.9)	(15.7)	(16.8)	(21.4)	(25.8)
QoQ growth (%)	(0.9)	(5.7)	(0.2)	(2.3)	(8.4)	(6.9)	(5.7)	(7.7)
Total minutes carried (m)	52,349	56,745	61,606	65,276	71,775	76,135	83,172	93,735
YoY growth (%)	na	57.6	54.4	39.7	37.1	34.2	35.0	43.6
QoQ growth (%)	12.0	8.4	8.6	6.0	10.0	6.1	9.2	12.7

Source: Macquarie Research, June 2010

Important disclosures:

Recommendation definitions	Volatility index definition*	Financial definitions
<p>Macquarie - Australia/New Zealand Outperform – return >5% in excess of benchmark return Neutral – return within 5% of benchmark return Underperform – return >5% below benchmark return</p> <p>Macquarie – Asia/Europe Outperform – expected return >+10% Neutral – expected return from -10% to +10% Underperform – expected return <-10%</p> <p>Macquarie First South - South Africa Outperform – expected return >+10% Neutral – expected return from -10% to +10% Underperform – expected return <-10%</p> <p>Macquarie - Canada Outperform – return >5% in excess of benchmark return Neutral – return within 5% of benchmark return Underperform – return >5% below benchmark return</p> <p>Macquarie - USA Outperform (Buy) – return >5% in excess of Russell 3000 index return Neutral (Hold) – return within 5% of Russell 3000 index return Underperform (Sell)– return >5% below Russell 3000 index return</p> <p>Recommendations – 12 months</p> <p>Note: Quant recommendations may differ from Fundamental Analyst recommendations</p>	<p>This is calculated from the volatility of historical price movements.</p> <p>Very high–highest risk – Stock should be expected to move up or down 60–100% in a year – investors should be aware this stock is highly speculative.</p> <p>High – stock should be expected to move up or down at least 40–60% in a year – investors should be aware this stock could be speculative.</p> <p>Medium – stock should be expected to move up or down at least 30–40% in a year.</p> <p>Low–medium – stock should be expected to move up or down at least 25–30% in a year.</p> <p>Low – stock should be expected to move up or down at least 15–25% in a year.</p> <p>* Applicable to Australian/NZ/Canada stocks only</p>	<p>All "Adjusted" data items have had the following adjustments made: Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives & hedging, IFRS impairments & IFRS interest expense Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends & minority interests</p> <p>EPS = adjusted net profit / efpowa* ROA = adjusted ebit / average total assets ROA Banks/Insurance = adjusted net profit / average total assets ROE = adjusted net profit / average shareholders funds Gross cashflow = adjusted net profit + depreciation *equivalent fully paid ordinary weighted average number of shares</p> <p>All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).</p>

Recommendation proportions – For quarter ending 31 March 2010

	AU/NZ	Asia	RSA	USA	CA	EUR	
Outperform	50.55%	62.20%	42.25%	42.39%	62.16%	46.74%	(for US coverage by MCUSA, 6.53% of stocks covered are investment banking clients)
Neutral	36.63%	19.02%	47.89%	50.35%	31.89%	34.78%	(for US coverage by MCUSA, 9.62% of stocks covered are investment banking clients)
Underperform	12.82%	18.78%	9.86%	7.27%	5.95%	18.48%	(for US coverage by MCUSA, 0.00% of stocks covered are investment banking clients)

Company Specific Disclosures:

The Macquarie Group acted as bookrunning lead manager for the proposed offering of securities to qualified institutional investors by Reliance Communications as announced on 22 September 2009; and The Macquarie Group acted as bookrunning lead manager for the proposed initial public offering of securities by Reliance Infratel Limited (unlisted) as announced on 22 September 2009. Within the last 12 months, Macquarie Group has received compensation for investment advisory services from Reliance Communications Ltd. Macquarie Capital Securities Limited makes a market in the securities in respect of China Mobile (Hong Kong) Limited. Macquarie Capital Securities Limited makes a market in the securities in respect of China Unicom. Macquarie Securities Korea is an issuer, and acts as a liquidity provider, in Korea for exchange listed warrants over SK Telecom Co Ltd.

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