

# Reliance Communications

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## Wireless and more...

We initiate coverage on Reliance Communications Ltd (RCOM) with a Buy rating and a price target of Rs 510 (22% upside). Besides the high-growth wireless segment, RCOM is a play on the expanding enterprise broadband market. It offers exposure to global submarine assets (FLAG) and is also well positioned to tap the retail broadband/IPTV/DTH opportunity. We believe that its imminent GSM scale-up and restructuring of passive infrastructure could lift wireless ARPU and netadds and effect substantial savings, implying an upside to our current estimates. RCOM is our top-pick in the Indian telecom sector given its multiple growth drivers, significant untapped opportunities, and value-unlocking potential. Valuations vs. Bharti's multiples (FII price) are attractive.

- We expect the continued momentum in wireless and broadband segments to support robust financial performance — FY07-09E revenue, EBITDA, and net profit CAGR of 35%, 39%, and 43% respectively
- EBITDA margins to improve over FY07-09E due to volume growth across segments and increasing proportion of high-margin broadband business in its over-all revenue mix
- GSM launch in FY08 could lift key performance indicators (KPIs). High churn rate in GSM (~5% per month) ensures enough opportunities
- RCOM has taken a lead in passive infrastructure sharing by striking deals with key players such as Hutch and Idea. We are positive on these initiatives, as they will bring capex and opex savings besides speeding its rollouts
- Growth driven by multiple engines: surging mobile sub base, improved outlook for international business, and ramp-up in broadband segment
- RCOM is significantly de-leveraged and is free cash flow positive. Strong balance sheet position implies scope for participating in growth opportunities

### Risks

- Delay in GSM spectrum allocation, increased competitive activity, higher-than-expected ARPU decline

### Valuation

- RCOM is trading at ~20.3x FY08E EPS and 10.2x EV/EBITDA — at a significant discount to Bharti's multiples (based on FII price). We find the valuations attractive given its high growth prospects. Our price target of Rs 510 is in line with DCF

## Valuation summary

Y/E Mar, Rs mn	FY06	FY07E	FY08E	FY09E
Net Sales	107,665	150,837	212,372	275,893
Sales growth, %	0.0	40.1	40.8	29.9
Core EBITDA	25,352	58,776	85,470	113,652
EBIDTA margin, %	23.5	39.0	40.2	41.2
Net profit	4813	28549	42050	58348
Net profit margin, %	4.5	18.9	19.8	21.1
EPS, Rs	2.4	14.0	20.6	28.5
EPS Growth, %	na	493.2	47.3	38.8
PER, x	177.6	29.9	20.3	14.7
EV/EBIDTA, x	35.0	14.9	10.2	7.6
EV/Net Sales, x	8.2	5.8	4.1	3.1
Price/Book Value, x	7.3	4.4	3.6	3.0
ROIC, %	6.9	16.5	18.2	21.5
ROE, %	8.2	18.2	19.4	22.3
Dividend Yield, %	0.0	0.0	0.0	1.3

Source: Company, Man Financial Research Estimates.

**Buy / Rs 418**  
**Target Rs 510 (+22%)**

### Sector (Relative to market)

OW	N	UW

### Stock (Relative to market)

B	OP	N	UP	S
> 10%	5% to 10%	5% to -5%	-5% to -10%	< -10%

Bloomberg code : RCOM IN  
Reuters code : RLCM.BO  
www.rcovl.com

BSE Sensex : 13,602  
NSE Nifty : 3,922

### Company data

O/S shares :	2045mn
Market cap (Rs) :	854bn
Market cap (USD) :	19bn
52 - wk Hi/Lo (Rs) :	433 / 186
Avg. daily vol. (3mth) :	6.1mn
Face Value (Rs) :	5

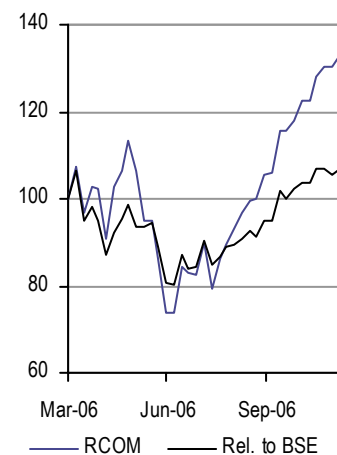
### Share holding pattern, %

Promoters :	66.8
FII / NRI / OCB :	14.6
FI / MF / Banks :	6.4
Indian Public :	12.2

### Price performance, %

	1mth	3mth	1yr
Abs	8.6	39.4	NA
Rel to BSE	3.2	22.3	NA

## Reliance Comm. vs. Sensex



Source: Bloomberg, Man Financial Research

## INVESTMENT OVERVIEW

<b>Sustainable competitive advantage</b>	Integrated telecom company with presence in wireless, long-distance, and enterprise data segments.
<b>Financial structure</b>	Low leverage, characterized by 0.4x net debt to Q2FY07 annualised EBITDA, and net debt/equity of 10%.
<b>Shareholder value creation</b>	We expect RCOM's ROIC to improve to 18.2% in FY08 from 6.9% in FY06.
<b>Earnings visibility</b>	Strong earnings momentum with FY07-09E CAGR of 43%.
<b>Valuation</b>	Trading at a discount to market leader Bharti despite comparable growth rates over FY07-09E.
<b>Man vs. consensus</b>	We are 0-3% higher on revenue, 4-7% higher on EBITDA, and 8-2% higher on net profit over consensus estimates for FY07E and FY08E.
<b>Future event triggers</b>	GSM spectrum allocation and rollout, introduction of mobile number portability (MNP), DTH launch, further progress in restructuring and sharing of passive infrastructure.
<b>Expected price momentum</b>	We expect the stock to outperform due to further re-rating on narrowing of valuation discount vis-à-vis Bharti's FII valuations.

Source: Man Financial Research

### Rating and price target

We are initiating coverage on Reliance Communications with a Buy rating and a price target of Rs 510

**Valuations at CMP** — P/E: 20.3x, EV/EBITDA: 10.2x, EV/Sales: 4.1x FY08E

**Valuations at target price** — P/E: 24.8x, EV/EBITDA: 12.4x, EV/Sales: 5.0x FY08E

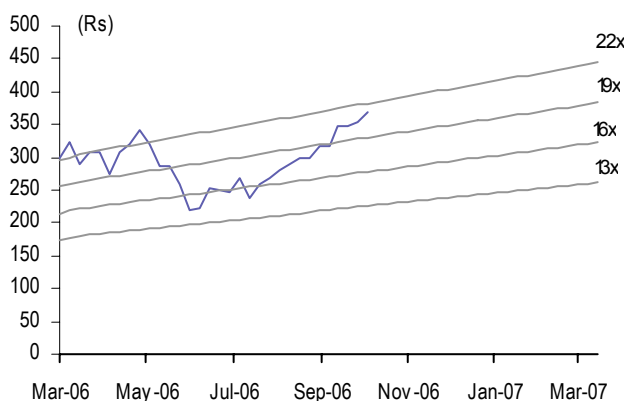
### Price Performance

Rs, %	Curr Close	1M	3M	6M	1Year	YTD
BSE Sensex	13,602	5.4	17.1	25.8	51.2	44.7
Nifty	3,922	4.9	15.3	22.2	44.6	38.3
Bharti Airtel	629	19.2	50.8	62.4	69.1	81.8
<b>Reliance Communications</b>	<b>418</b>	<b>8.6</b>	<b>39.4</b>	<b>46.3</b>	<b>NA</b>	<b>NA</b>
MTNL	136	-10.4	-13.5	-20.0	11.8	-5.7
VSNL	434	-1.0	4.5	1.4	15.3	13.4

Source: Bloomberg

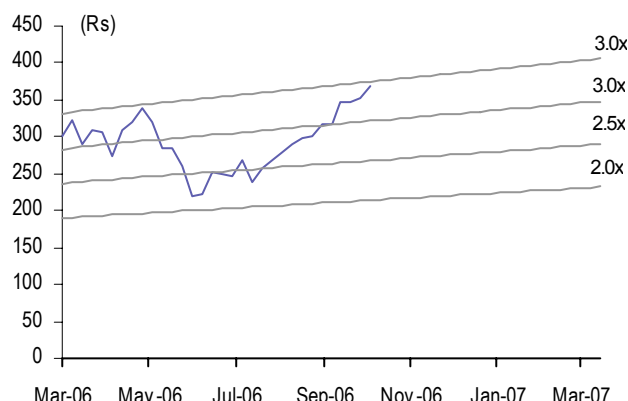
# ABSOLUTE ROLLING VALUATION BAND CHARTS

## PE band



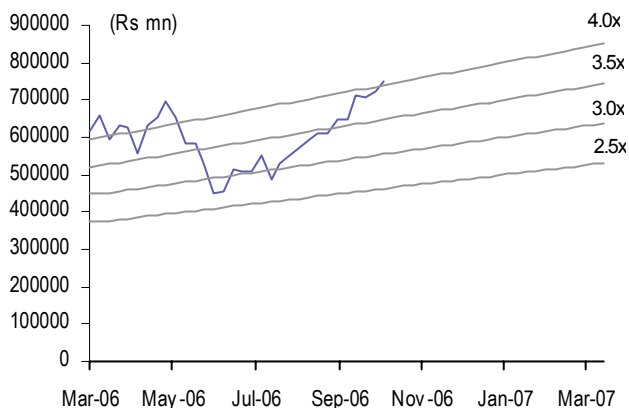
RCOM has traded in a band of 14x-22x forward earnings. At our target price, RCOM will trade at ~15x FY09 earnings.

## PBV band



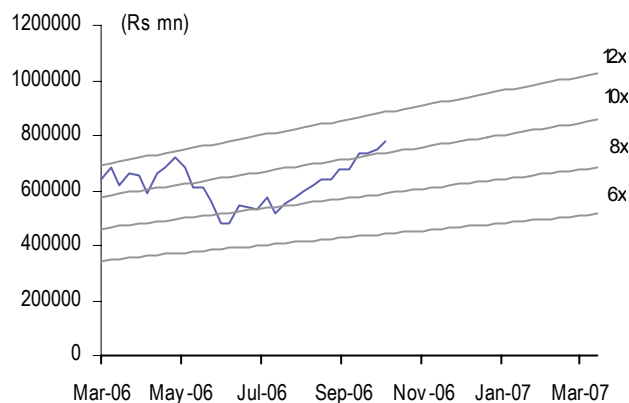
We expect P/B multiple to expand on RoE expansion.

## MCap/Sales band



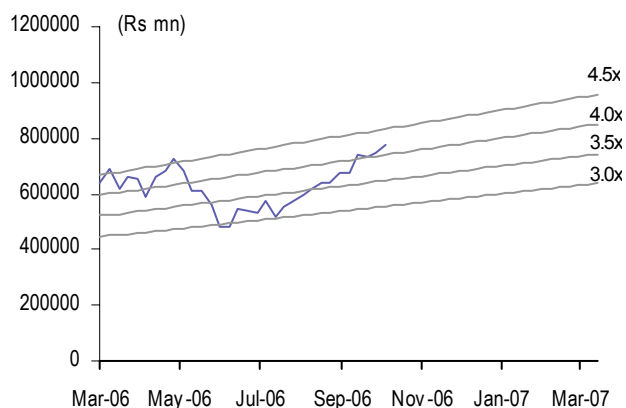
RCOM is trading at the higher end of its P/S band. We expect margin expansion to support current P/S multiples.

## EV/EBIDTA band



RCOM is trading at 10.4x EV/EBITDA on FY08E basis. At our target price, RCOM will trade at 9.2x FY09E.

## EV/Sales band



We expect modest margin expansion and ~35% revenue CAGR over FY07-09E to support EV/Sales multiple.

Source: Man Financial Research

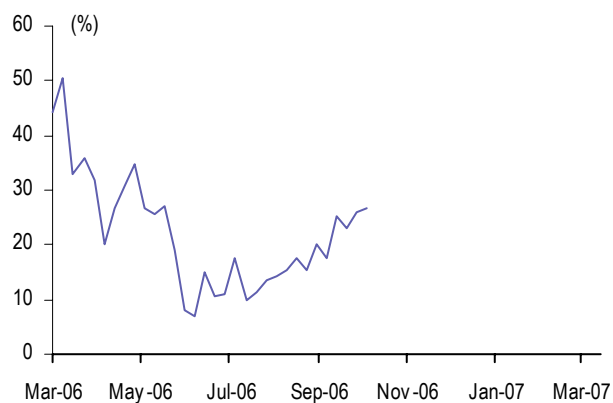
## COMPARATIVE VALUATIONS

FY08E	RCOM	Bharti (FII Price)
PER	20.3	21.9
PBR	3.6	6.5
PSR	4.0	4.7
PEG (2-yr growth)	0.67	0.93
EV/EBITDA	10.2	12.5
EV/Sales	4.1	5.0
EV/IC	3.7	5.9

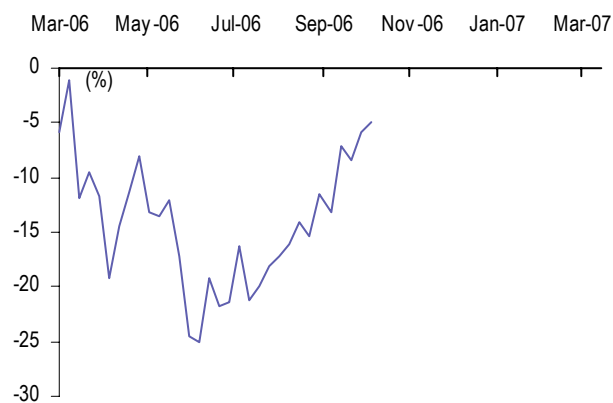
RCOM is trading at a discount to Bharti (FII price) on all valuation parameters.

## PREMIUM / DISCOUNT TO SENSEX

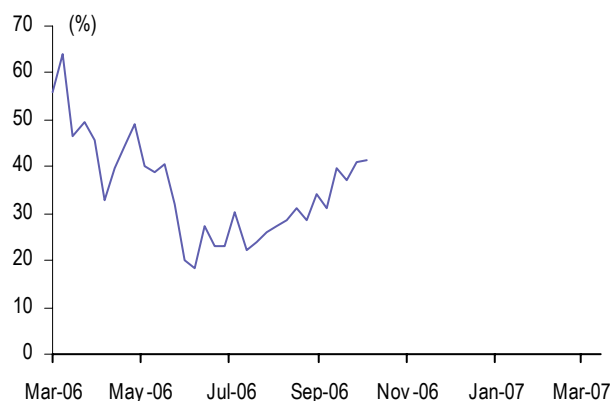
### PE



### PBV



### MCap/Sales



Source: Man Financial Research

## Historic and prospective peer valuation comparison

	Year	Equity multiples					Enterprise multiples	
		PER	PEG	PBR	PSR	PCF	EV/EBITDA	EV/Sales
RCOM	FY06	177.6	NA	7.3	7.9	10.0	35.0	8.2
	FY07E	29.9	0.61	4.4	5.7	7.8	14.9	5.8
	FY08E	20.3	0.67	3.6	4.0	8.4	10.2	4.1
	FY09E	14.7	NA	3.0	3.1	6.7	7.6	3.1
Bharti (FII price)	FY06	55.2	1.24	13.4	10.7	22.5	29.6	11.1
	FY07E	30.3	0.91	9.2	6.6	12.4	17.4	6.8
	FY08E	21.9	0.93	6.5	4.7	12.6	12.5	5.0
	FY09E	17.3	NA	5.0	3.8	10.4	9.8	4.0

Source: Company, Man Financial Research Estimates

## Global Wireless Company Valuations

	CY02	CY03	CY04	CY05	CY06E	CY07E
<b>EV/Sales, x</b>						
Advanced Info	3.2	2.9	2.7	2.8	2.8	2.6
America Movil	14.2	10.6	7.1	5.0	4.1	3.5
China Mobile	10.5	8.6	7.0	5.5	4.4	3.8
China Unicom	4.2	2.4	1.9	1.7	1.5	1.4
Maxis	5.9	4.8	3.9	3.5	3.0	2.6
Mobile Telesystems	15.2	8.1	5.3	4.1	3.4	3.1
Partner	2.6	2.3	2.0	2.0	1.9	1.8
Vimpelcom	20.9	12.0	7.5	5.0	3.6	3.0
<i>Average</i>	<i>9.6</i>	<i>6.5</i>	<i>4.7</i>	<i>3.7</i>	<i>3.1</i>	<i>2.7</i>
<b>EV/EBITDA, x</b>						
Advanced Info	7.7	5.9	5.1	5.3	5.7	5.3
America Movil	39.3	28.5	22.6	16.7	11.6	9.5
China Mobile	17.9	15.1	12.0	9.6	7.8	6.8
China Unicom	7.4	4.8	5.5	5.3	4.6	4.4
Maxis	12.1	9.3	7.2	6.3	5.9	5.6
Mobile Telesystems	30.6	15.4	9.9	8.1	7.0	6.2
Partner	9.9	7.5	6.6	6.6	5.8	5.7
Vimpelcom	49.8	26.6	15.5	10.2	7.3	6.2
<i>Average</i>	<i>21.8</i>	<i>14.1</i>	<i>10.6</i>	<i>8.5</i>	<i>7.0</i>	<i>6.2</i>
<b>EV/EBIT</b>						
Advanced Info	11.9	9.2	7.9	9.1	9.7	8.8
America Movil	65.3	50.2	40.6	27.3	17.8	14.6
China Mobile	28.3	26.4	20.2	16.2	13.6	11.6
China Unicom	19.3	15.8	17.8	18.5	16.0	14.6
Maxis	17.2	13.7	10.1	8.9	8.6	8.6
Mobile Telesystems	44.5	22.4	14.6	12.7	13.3	11.7
Partner	19.6	12.3	10.3	11.6	8.8	8.5
Vimpelcom	71.4	38.5	23.2	16.4	12.4	10.1
<i>Average</i>	<i>34.7</i>	<i>23.6</i>	<i>18.1</i>	<i>15.1</i>	<i>12.5</i>	<i>11.1</i>

Contd...

	CY02	CY03	CY04	CY05	CY06E	CY07E
<b>EBITDA, %</b>						
Advanced Info	42	49	53	52	48	50
America Movil	36	37	31	30	35	36
China Mobile	59	57	59	57	56	56
China Unicom	56	49	35	33	33	33
Maxis	49	51	55	56	50	47
Mobile Telesystems	49	53	54	51	49	50
Partner	26	31	31	31	33	32
Vimpelcom	42	45	48	49	50	49
<i>Average</i>	45	47	46	45	44	44
<b>EBIT, %</b>						
Advanced Info	27	32	34	31	29	30
America Movil	22	21	17	18	23	24
China Mobile	37	32	35	34	32	33
China Unicom	22	15	11	9	10	10
Maxis	34	35	39	40	34	31
Mobile Telesystems	34	36	37	33	26	27
Partner	13	19	20	18	22	22
Vimpelcom	29	31	32	30	29	30
<i>Average</i>	27	28	28	27	26	26
<b>EBITDA YoY, %</b>						
Advanced Info		31	16	-5	-7	8
America Movil		38	26	36	44	23
China Mobile		19	26	24	24	14
China Unicom		55	-13	4	15	6
Maxis		31	29	15	6	7
Mobile Telesystems		99	56	21	17	12
Partner		31	13	1	15	1
Vimpelcom		87	72	52	39	19
<i>Average</i>		49	28	18	19	11
<b>EBIT YoY, %</b>						
Advanced Info		30	15	-13	-6	10
America Movil		30	24	49	53	22
China Mobile		7	31	25	19	18
China Unicom		22	-11	-4	15	9
Maxis		25	35	14	3	0
Mobile Telesystems		99	54	15	-5	14
Partner		60	19	-11	33	3
Vimpelcom		85	66	42	32	23
<i>Average</i>		45	29	15	18	12

Source: Company Reports, Bloomberg, Man Financial Research Estimates

## FAIR VALUE CALCULATION

Our DCF fair value is based on a WACC of 11.6% and terminal FCF growth of 5%.

DCF Drivers	2008E	2009E	2010E	Over 10 years	2020E
Revenue	212,372	275,893	336,280		644,003
Revenue Growth, %	41	30	22		5
Wireless ARPU (Rs)	328	303	282		202
Wireless Sub-base (mn)	51	71	89		175
EBITDA Margin, %	40	41	42		41
Capex/Sales, %	47	38	28		15
Tax Effect, %	10	12	12		33
ROIC, %	17	20	24		36
WACC, %	12	12	12		12
ROIC-WACC, %	5	9	12		24

Source: Company, Man Financial Research Estimates

Rs mn	FY08E	FY09E	FY10E	FY11E	FY12E	FY13E	FY14E	FY15E	FY16E	FY17E	FY18E	FY19E	FY20E
Revenue	212,372	275,893	336,280	382,160	415,216	445,832	474,822	502,857	529,681	555,186	582,567	612,091	644,003
Revenue Growth, %	41	30	22	14	9	7	7	6	5	5	5	5	5
EBITDA	85,470	113,652	140,096	160,107	174,294	187,200	199,179	210,523	221,390	230,590	240,450	251,164	262,923
EBITDA Growth, %	45	33	23	14	9	7	6	6	5	4	4	4	5
EBITDA margin, %	40	41	42	42	42	42	42	42	42	42	41	41	41
Capex	99,533	104,030	93,775	71,674	76,587	80,747	74,592	78,930	79,381	83,724	90,192	94,054	98,084
Capex/Sales, %	47	38	28	19	18	18	16	16	15	15	15	15	15
Change in Working Capital	-21,520	-22,434	-11,657	-5,500	-14,555	-14,511	-14,767	-17,755	-15,782	-16,398	-17,279	-18,200	-17,900
Tax Outflow	4,828	8,078	10,553	12,530	26,803	29,394	31,967	34,586	35,995	53,069	54,604	56,319	58,301
Tax Rate, %	10%	12%	12%	12%	23%	23%	23%	23%	23%	33%	33%	33%	33%
FCF	2,629	23,978	47,425	81,402	85,459	91,570	107,387	114,762	121,797	110,195	112,933	118,991	124,438
FCF Growth, %		812	98	72	5	7	17	7	6	-10	2	5	5
Terminal Value													1,972,218

WACC, % 11.6

### Mar' 08E

PV Of FCF	21,481	38,062	58,526	55,044	52,838	55,511	53,146	50,530	40,955	37,601	35,493	33,252
Net Debt	19,885											
PV-Explicit Period	532,438											
PV-Terminal Value	527,008											
Equity Value	1,039,561											
<b>Equity Value per Share</b>	<b>508</b>											

### Terminal Value Assumptions

EBITDA Margin, %	42
Capex/Sales, %	15
Cash Tax Rate, %	33
FCF Margin, %	18
FCF Growth, %	5
FCF Multiple, x	15
EBITDA Multiple, x	6.5

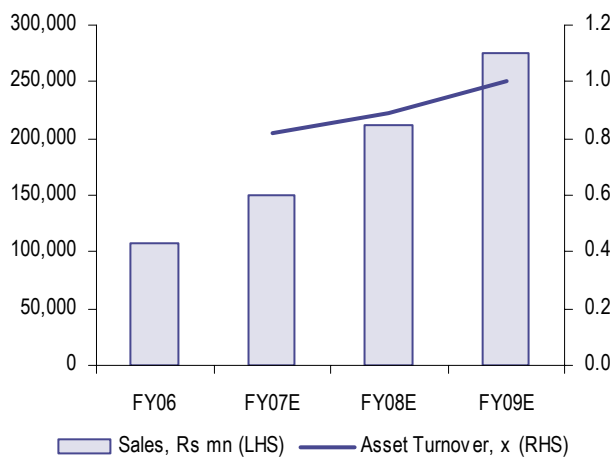
Source: Company, Man Financial Research Estimates

## KEY RISKS

- Delay in GSM spectrum allocation
- Increased competitive activity
- Higher-than-expected ARPU decline

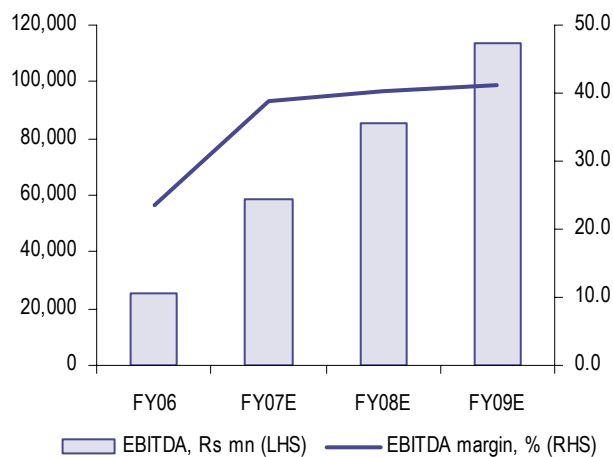
## Value creation

### Sales and asset turnover



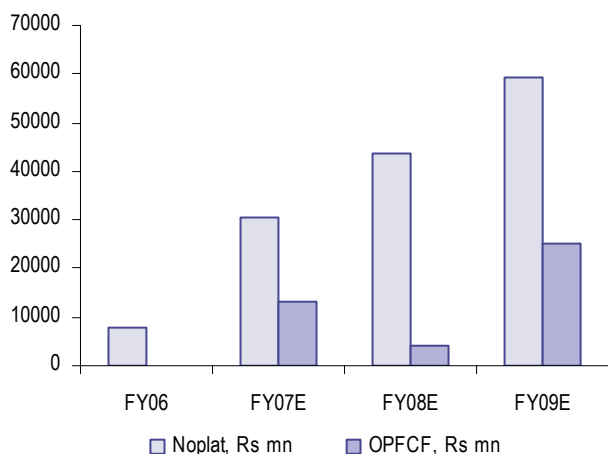
- We expect asset turns to improve based on better leveraging of assets in the broadband and global businesses

### EBITDA and EBITDA margin



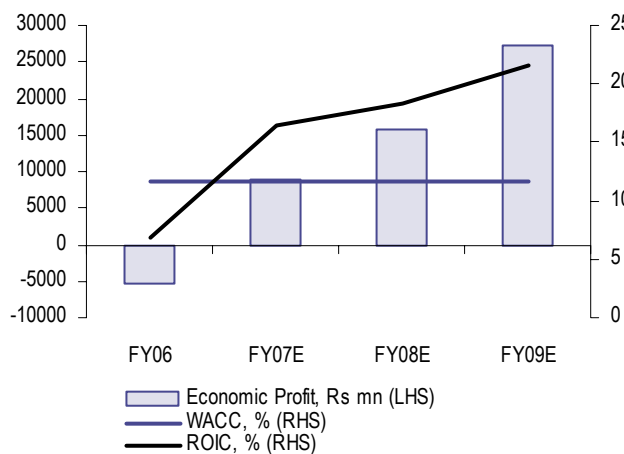
- We expect modest expansion in margins, led by volume growth and higher mix of broadband revenues

### Noplat and OPFCF



- Operating free cash flows to remain positive. OPFCF to decrease in FY08E due to higher capex for GSM rollout.

### Economic profit



- We expect higher economic profits on ROIC expansion.



## ABOUT RELIANCE COMMUNICATIONS

- Reliance Communications (earlier Reliance Communication Ventures Limited) was formed as a result of de-merger and vesting of telecom undertakings of Reliance Industries in December '05. The company was subsequently listed in March '06.
- RCOM is an integrated telecom operator with presence in wireless (CDMA+GSM), long-distance (wholesale voice and data), and broadband segments.
- The company's wireless segment comprises CDMA-based wireless telecom services in 21 of the 23 circles and GSM-based wireless services in 8 of the 23 circles.
- RCOM's 'global' segment includes wholesale voice services - national long distance (NLD) and international long distance (ILD), India-centric retail ILD services, national and international (submarine) network infrastructure-based services on IRU, and leased circuit basis. The company owns and operates submarine cable systems FLAG and FALCON.
- RCOM provides broadband services and its enterprise customer base includes 750 of the top 1,000 Indian enterprises and MNCs. The company also provides fixed-line and broadband services to retail consumers in select areas.

### Major service offerings and primary competitors

Service	Primary competitors
Wireless	Bharti Airtel, BSNL, Hutchison-Essar, Idea Cellular, Tata Teleservices
NLD	BSNL, Bharti Airtel, VSNL
ILD	Bharti Airtel, VSNL
Enterprise Broadband	Bharti Airtel, Sify, VSNL

### Financial snapshot

Rs mn	FY06	FY07E	FY 08E	FY09E
Consolidated revenue	107,665	150,837	212,372	275,893
YoY, %		40	41	30
Consolidated EBITDA	25,352	58,776	85,470	113,652
YoY, %		132	45	33
Consolidated EBITDA margin, %	24	39	40	41
Consolidated net profit	4,813	28,549	42,050	58,348
YoY, %		493	47	39
Consolidated capex	39,238	71,526	99,533	104,030
YoY, %		82	39	5
Capex/sales, %	36	47	47	38

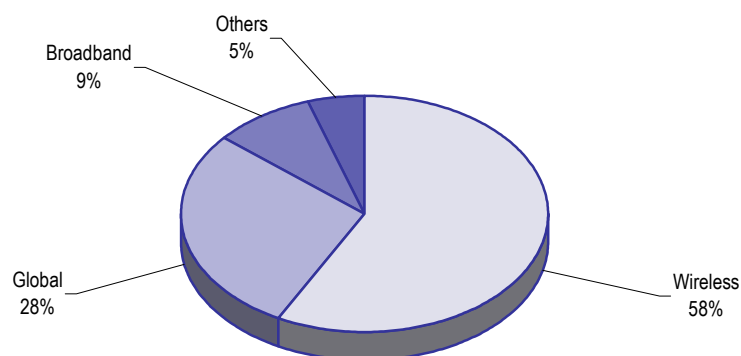
Source: Company, Man Financial Research Estimates

## Business mix

	FY06	FY07E	FY 08E	FY09E
<b>Revenue Mix, %</b>				
Wireless	56	63	65	67
Global	40	31	25	23
Broadband	4	7	9	11
<b>EBITDA Mix, %</b>				
Wireless	76	68	70	71
Global	22	23	18	16
Broadband	3	9	11	12
<b>Capex Mix, %</b>				
Wireless		77	87	87
Global		21	8	8
Broadband		2	5	5

Source: Company, Man Financial Research Estimates

## Gross investment mix



Source: Company, Man Financial Research Estimates

## Revenue drivers

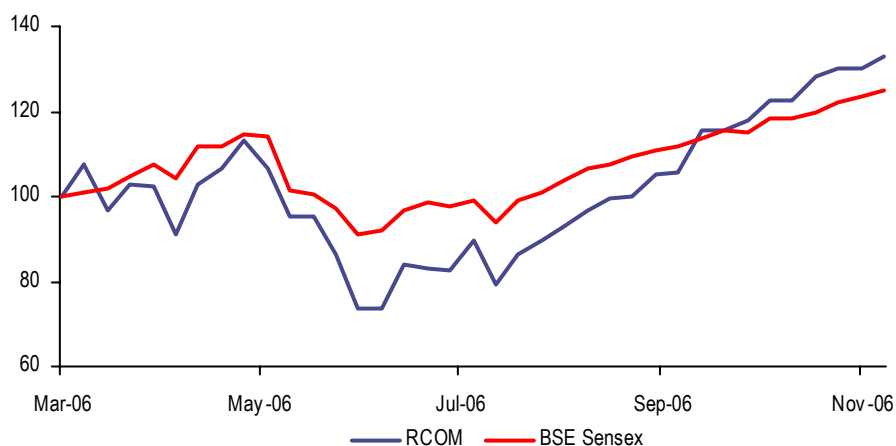
	FY06	FY07E	FY 08E	FY09E
Wireless Subs (000s)	20,212	33,667	50,735	70,532
YoY, %		67	51	39
Wireless ARPU (Rs/month)	401	355	328	303
YoY, %		-12	-8	-8
Total Minutes of Use (bn)	99	145	244	368
YoY, %		47	69	51
Minutes of Use/Sub/Month	538	459	482	506
YoY, %		-15	5	5
Effective Rev. per Min.(Rs)	0.75	0.77	0.68	0.60
YoY, %		4	-12	-12

Source: Company, Man Financial Research Estimates

## INVESTMENT THESIS

### Comfortable valuations despite 100%+ run up; we expect further upside

#### RCOM vs. BSE Sensex



Source: Bloomberg, Man Financial Research

RCOM has appreciated more than 100% from its low in the June market debacle. The strong run-up was supported by robust earnings, accelerated momentum in the wireless market, and more clarity on its proposed GSM scale-up. We expect strong earnings ramp-up and a re-rating as it closes the valuation gap with Bharti (FII price). We also believe easing of concerns on GSM scale-up and longer tenure as the listed entity will help future re-rating. Valuations at 10.2x EV/EBITDA and 20.3x earnings on FY08E basis are comfortable, our DCF calculation suggests upside from current levels based on its strong expected growth trajectory.

#### RCOM vs. Bharti (FII price)

	FY07E	FY08E	FY09E
<b>EV/EBITDA, x</b>			
Bharti	17.4	12.5	9.8
RCOM	15.2	10.5	7.8
Premium / Discount, %	-12	-16	-20
<b>P/E, x</b>			
Bharti	30.3	21.9	17.3
RCOM	30.6	20.9	15.1
Premium / Discount, %	1	-4	-12

Source: Company, Man Financial Research Estimates

#### FY07-09E growth higher for RCOM

	FY07E	FY08E	FY09E
<b>Revenue yoy, %</b>			
Bharti	63	39	25
RCOM	40	40	29
<b>EBITDA yoy, %</b>			
Bharti	71	41	28
RCOM	132	45	32
<b>Net Profit yoy, %</b>			
Bharti	83	39	27
RCOM	527	49	39

Source: Company, Man Financial Research Estimates

## Integrated telecom play: multiple growth engines

We expect RCOM's growth to be driven by multiple growth engines:

**Surging mobile subscriber base:** RCOM has second largest share (20.5%) of Indian wireless subscribers. Based on our estimate of 55% CAGR in Indian mobile subscribers over FY06-09E, we expect RCOM's subscriber growth to be strong.

**Positive outlook for international business:** Likely narrowing capacity glut in international bandwidth, RCOM's focus on services rather than selling raw capacity, and continued momentum in the retail calling-card market are expected to drive revenues along with improved profitability in the international business.

**Scale-up in broadband business.** RCOM has made significant investments in the broadband business, which has an intra-city network of ~20,000 kms of ducted fiber optic cables. RCOM is rapidly connecting buildings to its broadband network at a very low capex. We expect strong ramp-up in broadband net additions to support RCOM's revenue momentum.

## Value unlocking potential, growth opportunities

Recent developments signal that the management is focused on value unlocking through partial divestment of certain assets:

**Tower company de-merger:** RCOM is hiving off its passive infrastructure into a separate entity. The company is likely to bring in strategic investors into the proposed tower company. We expect this initiative to expedite the infrastructure-sharing process with other GSM operators.

**Stake-sale in FLAG:** There are reports of a likely stake sale in FLAG, which is possibly not contributing significantly to EBITDA but owns significant assets. Any such move will bring in clarity on FLAG's financials and could result in unlocking value for RCOM's shareholders.

**Retail broadband/IPTV/DTH:** RCOM is yet to announce firm plans on a commercial IPTV/retail broadband rollout. We believe that it is currently best positioned amongst Indian telecom operators for a comprehensive IPTV rollout, given its investments in the broadband segment. Also, the group's direct-to-home (DTH) initiative will come up through RCOM, adding video services to RCOM's portfolio.

## Wireless: Surging subscriber base

RCOM currently operates CDMA-based wireless network in 21 of the 23 circles and GSM network in 8 circles. As of September 2006, RCOM had 20.5% share of total Indian wireless subscribers. RCOM plans to scale-up its GSM presence to other circles for which it has applied for an allocation of GSM 1,800 MHz spectrum in Delhi, Mumbai, and several other circles; it is confident of getting this spectrum.

### Revenue growth to be led by rising mobile penetration

We expect Indian mobile penetration to increase to 28% by March 2009 against the current 10-11%. We expect RCOM's wireless revenues to clock a CAGR of 42% over FY07E-09E led by 52% CAGR in average subscribers. We are modelling an 8% decline in ARPUs. We see upside to our ARPU and net adds estimates from RCOM's GSM launch.

### Margins to inch up; capex to increase on GSM expansion, subscriber growth

RCOM has reported a very strong margin expansion trajectory over the last few quarters. Its wireless EBITDA margins are now comparable to the industry leader Bharti's. We expect RCOM's EBITDA margins to remain stable at current levels and have modelled a 50-60bps increase over FY07-09E.

We expect RCOM's FY07E wireless capex to be US\$ 1.2bn. We expect higher subscriber additions and GSM expansion to result in a wireless capex of US\$1.8-1.9bn in FY08E and FY09E.

### Key Metrics

	FY06	FY07E	FY08E	FY09E
EOP Wireless Subs	20,211,674	33,667,166	50,734,624	70,532,421
Average Wireless Subs	15,286,976	26,295,220	42,200,895	60,633,523
Total Wireless Revenue (Rs mn)	73,637	111,989	166,072	220,477
Wireless ARPU (Rs)	400	355	328	303
Wireless MOU	538	459	482	506
Wireless RPM (Rs)	0.74	0.77	0.68	0.60
Total Wireless Minutes (mn)	98,673	144,881	244,144	368,321
Wireless Net ARPU (Rs)	245	248	224	201
EBITDA (Rs mn)	22,495	40,681	61,160	82,458
EBITDA Margin (%)	31%	36.3%	36.8%	37.4%
Capex (Rs mn)		54,379	86,361	90,159
Capex (US\$ mn)		1,182	1,877	1,960

Source: Company, Man Financial Research Estimates

## GSM scale-up is positive

**Concerns over-hyped:** There have been some concerns about RCOM's GSM expansion, primarily on possible lower capex productivity and impact on margins in maintaining dual networks (CDMA+GSM). We believe these concerns are overhyped. We have a positive outlook on RCOM's GSM scale-up based on the following:

## Upside to key performance indicators (KPIs)

### ARPU and RPM: Rift with GSM players to narrow down

Quarter Ended	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
<b>ARPU (Rs/month)</b>					
Bharti	476	470	442	441	438
RCOM	417	410	379	379	354
HTIL-India	518	511	454	433	420
<b>Wireless MOU</b>					
Bharti	388	411	431	441	451
HTIL-India	369	385	378	392	400
RCOM	568	547	532	491	461
<b>Effective RPM (Rs)</b>					
Bharti	1.23	1.14	1.03	1.00	0.97
HTIL-India	1.40	1.33	1.20	1.10	1.05
RCOM	0.73	0.75	0.71	0.77	0.77

Source: Company

We note that RCOM has lower RPM and ARPU vis-à-vis its GSM counterparts due to free bundled minutes (currency for handset subsidy) and low roaming revenues. Faster GSM rollout could result in a significant lift in RCOM's KPIs.

### Netadds: Opportunity to tap floating GSM sub-base

Significant ramp-up in GSM subscriber base along with a high churn rate provides opportunities for greenfield GSM operators. We estimate that at current churn rates (~5% per month) monthly floating subscriber base in GSM will represent a larger opportunity than the new subscribers added on the network. This will open a significant opportunity for RCOM.

### The GSM Opportunity

Average FY08E GSM subs (mn)	154
Monthly GSM churn (%)	5%
FY08E monthly floating GSM sub base	7.7
FY08E monthly mobile netadds (mn)	7.2
FY08E monthly addressable sub base (mn)	14.9

Source: Company

### Capex/Opex savings on passive infrastructure sharing

RCOM is hiving-off its passive infrastructure into a 100% subsidiary. This includes towers, shelters, and other equipment in cell sites, except active electronics. Passive infrastructure accounts for ~60-70% of capex incurred in the wireless business in India.

The company is likely to divest a minority stake in this newly created subsidiary to be able to better monetize the passive infrastructure assets. RCOM re-valued certain assets in Q2FY07, which we believe reflects the progress in the direction of the hive-off.

Despite its current pan-India CDMA presence, RCOM will be required to more than double its cell-sites (to 30,000) in order to get comparable GSM coverage (~50-55% of population). CDMA cell-sites have higher capacity and hence cater to a higher number of subscribers. Explosive subscriber growth warrants an accelerated rollout, especially for players like Hutch and Idea Cellular, which are planning to expand their footprint to newer circles. RCOM needs additional towers in spite of its all-India footprint because of the technology shift from CDMA to GSM.

We believe that RCOM's C-circle GSM infrastructure could be very attractive for players like Hutch who plan to rollout in CY07. Hence, the operators can ride over each other's passive infrastructure and expedite their rollouts.

We believe that strategic investment by a company like American Tower (US-based tower operator, which manages 32,000 towers and accounts for ~20% of cell-sites of the top-5 US operators) will bring in skills in deriving value from existing cell-sites by improving the percentage of tower sharing. There are many operational and logistic issues involved in passive infrastructure sharing and American Tower's expertise as a tower operator might prove to be useful.

#### Current Capex Estimates

	FY07E	FY08E
<b>Wireless Capex (Rs mn)</b>		
Bharti	91,143	99,733
RCOM	54,379	86,361
<b>Wireless Capex/Sub (US\$ mn)</b>		
Bharti	123	111
RCOM	88	110

Source: Man Financial Research, Estimates

#### Likely Capex Savings

Total Cell-sites	15,000
% Shared	66
Cell sites shared	9,900
Capex per site (Rs mn)	3
Capex Saving (Rs mn)	29,700
Per Share (Rs)	15

Source: Man Financial Research

## Global business: Significant margin expansion in FY07E, top line growth to rebound in FY07E-09E

### Asset rich

RCOM has the largest national inter-city fiber optic network amongst private telecom operators, which spans around 68,000 route kms. In addition, RCOM owns an international submarine network of 65,000 route kms in the form of FLAG and FALCON cable systems. The company leverages its fiber assets to provide national and international wholesale voice services and India-centric international retail calling card-based voice services. The company also provides national and international (submarine cable) network infrastructure on both an indefeasible right of use (IRU) and leased circuit basis, internet bandwidth, and managed data services to other carriers and enterprises globally.

### Robust volumes

RCOM has a dominant share in NLD (ex-BSNL) and ILD segments. NLD volumes for private operators have recorded around 80-90% yoy growth in H1FY07, led by a cut in access deficit charges (ADC). ILD volume growth has also been strong at 33-35%. We expect robust volume growth in its wholesale voice business to continue. Volume growth is expected to offset pressure on retentions.

### Wholesale voice: Volume and market share trends

Mn Minutes	Q1FY06	Q2FY06	Q3FY06	Q4FY06	Q1FY07	Q2FY07
<b>RCOM</b>						
NLD	1,925	2,271	2,434	2,755	3,085	3,722
ILD	984	1,082	1,183	1,188	1,214	1,287
<b>Total Volumes (Bharti+RCOM+VSNL)</b>						
NLD (ex-BSNL)	3,850	4,414	4,969	5,918	6,987	8,561
QoQ Growth, %		15	13	19	18	23
YoY Growth, %					81	94
ILD	2,287	2,508	2,707	2,852	3,047	3,379
QoQ Growth, %		10	8	5	7	11
YoY Growth, %					33	35
<b>RCOM Market Share</b>						
NLD (ex-BSNL), %	50	51	49	47	44	43
ILD, %	43	43	44	42	40	38

Source: Company

### Muted revenue growth in FY07E, to rebound in FY07-09E

RCOM will likely report muted top-line growth (6%) in its global business in FY07E, led by pass-through of decline in regulatory levies on NLD and ILD. We expect this segment's topline growth to rebound in FY07E-09E, led by continued volume growth in wholesale voice (increasing teledensity) and enterprise data (bandwidth demand and commissioning of fresh capacity in FALCON and FLAG upgrade).

### Margin expansion aided by volume growth, FLAG turnaround

The global segment is likely to report significant margin expansion (1,250bps) in FY07E led by a higher mix of data revenues and a turnaround in FLAG on EBITDA basis. We expect EBITDA margin to remain stable going forward, as margin pressures in wholesale voice are likely to be offset by higher mix of data revenues and services-based data offerings.



### Major capex is over

RCOM commissioned the FALCON cable system in September 2006. FALCON connects India to 11 countries in the Middle East, east Africa, and the Mediterranean, and has forward connectivity to the FLAG Global Network. FALCON was constructed at a cost of US\$ 400mn. We expect the capex in the global segment to decline to US\$ 170-180mn in FY08 and FY09E.

### Global revenue and capex

	FY06	FY07E	FY08E	FY09E
<b>Global Revenue (Rs mn)</b>	<b>51,857</b>	<b>54,980</b>	<b>64,627</b>	<b>75,114</b>
% Growth		6	18	16
NLD min (mn)	9,385	16,010	21,613	28,097
% Growth	84	71	35	30
ILD min (mn)	4,437	5,231	6,016	6,919
% Growth	73	18	15	15
<b>Total min (mn)</b>	<b>13,822</b>	<b>21,241</b>	<b>27,629</b>	<b>35,016</b>
% Growth	80	54	30	27
<b>Net Voice Revenue</b>	<b>9,427</b>	<b>12,570</b>	<b>12,646</b>	<b>13,503</b>
Net RPM	0.68	0.59	0.46	0.39
<b>Net Data Revenue</b>	<b>13,690</b>	<b>18,275</b>	<b>21,930</b>	<b>25,438</b>
<b>Net Global Revenue</b>	<b>23,117</b>	<b>30,845</b>	<b>3,4575</b>	<b>38,942</b>
% of Total Revenue	45	56	53	52
<b>EBITDA</b>	<b>6,405</b>	<b>13,638</b>	<b>15,992</b>	<b>18,872</b>
EBITDA Margin (%)	12	25	25	25
% Growth		113	17	18
<b>Capex (Rsmn)</b>		<b>14,824</b>	<b>7,755</b>	<b>8,263</b>
Capex (US\$mn)		322	169	180
Capex/Sales (%)		27	12	11

Source: Company, Man Financial Research Estimates

## Broadband: Impressive show to continue

Broadband is RCOM's latest and fastest growing business. The company has already captured a meaningful market in the large corporates and intends to target the latent demand potential in the SME segment to fuel further growth. RCOM is leveraging its 20,000-kms intra-city fiber network to ramp up its connectivity to buildings. Key revenue drivers include increasing connectivity to buildings, expanding product offerings and availability of higher redundant bandwidth capacity to the west after the commissioning of FALCON and FLAG upgrade (RCOM won the arbitration from VSNL on FLAG capacity upgrade, the company has upgraded capacity to 20gigabytes from 10gigabytes and eventually plans to upgrade it to 160 gigabytes).

RCOM enjoys high EBITDA margin of ~45% (as of Q2FY07E) in broadband given the specialized nature of services. We expect this segment to post a strong revenue CAGR of 72% over FY07E-09E, led by market share gains and subscriber acquisitions.

Rs mn	FY06	FY07E	FY08E	FY09E
Total Revenue	5,128	12,107	23,362	35,872
Net Broadband Revenue	4,322	10,332	21,026	32,285
Operating Expenses	3,585	4,827	11,183	17,936
% Of Revenues	70	40	48	50
EBITDA	767	5,506	9,843	14,349
EBITDA, %	15	45	42	40
ARPL	2,446	2,278	1,936	1,743
% Change		-7	-15	-10

Source: Company, Man Financial Research Estimates

## Detailed Income Statement

Rs mn	FY06	FY07E	FY08E	FY09E
<b>Revenue</b>				
Wireless	73,637	111,989	166,072	220,477
YoY, %		52	48	33
Global	51,857	54,980	64,627	75,114
YoY, %		6	18	16
Broadband	5,128	12,107	23,362	35,872
YoY, %		136	93	54
Intersegment and others	-22,958	-28,238	-41,689	-55,570
YoY, %		23	48	33
<b>Consolidated Revenue</b>	<b>107,665</b>	<b>150,837</b>	<b>212,372</b>	<b>275,893</b>
YoY, %		40	41	30
<b>Operating Expenses</b>	<b>82,313</b>	<b>92,061</b>	<b>126,902</b>	<b>162,242</b>
YoY, %		12	38	28
<b>EBITDA</b>				
Wireless	22,495	40,681	61,160	82,458
YoY, %		81	50	35
<i>Wireless EBITDA margin, %</i>	<i>31</i>	<i>36</i>	<i>37</i>	<i>37</i>
Global	6,405	13,638	15,992	18,872
YoY, %		113	17	18
<i>Global EBITDA margin, %</i>	<i>12</i>	<i>25</i>	<i>25</i>	<i>25</i>
Broadband	767	5,506	9,843	14,349
YoY, %		618	79	46
<i>Broadband EBITDA margin, %</i>	<i>15</i>	<i>45</i>	<i>42</i>	<i>40</i>
Intersegment and Others	-4,316	-1,049	-1,525	-2,028
<b>Consolidated EBITDA</b>	<b>25,352</b>	<b>58,776</b>	<b>85,470</b>	<b>113,652</b>
YoY, %		13	45	33
<i>EBITDA Margin, %</i>	<i>23.5</i>	<i>39.0</i>	<i>40.2</i>	<i>41.2</i>
Dep. & Amortization	16,987	27,080	37,186	46,336
<b>EBIT</b>	<b>8,365</b>	<b>31,696</b>	<b>48,284</b>	<b>67,316</b>
<i>EBIT Margin, %</i>	<i>8</i>	<i>21</i>	<i>23</i>	<i>24</i>
Net Finance Charges	3,215	1,967	1,562	1,012
Earnings Before Taxes	5,150	29,729	46,722	66,304
Extraordinary Expenses	374	600	0	0
Total Tax	337	1,180	4,672	7,957
<i>Tax rate, %</i>	<i>7</i>	<i>4</i>	<i>10</i>	<i>12</i>
<b>Proforma Earnings After Tax</b>	<b>4,813</b>	<b>28,549</b>	<b>42,050</b>	<b>58,348</b>
<b>Reported Earnings After Tax</b>	<b>4,439</b>	<b>27,949</b>	<b>42,050</b>	<b>58,348</b>
YoY, %		530	50	39
Shares O/S	2,045	2,045	2,045	2,045
Proforma EPS	2.35	13.96	20.56	28.53
<b>Reported EPS</b>	<b>2.17</b>	<b>13.67</b>	<b>20.56</b>	<b>28.53</b>
YoY, %		53	50	39

Source: Company, Man Financial Research Estimates

## FINANCIALS

### Income Statement

Y/E Mar, Rs mn	FY2006	FY2007E	FY2008E	FY2009E
<b>Net sales</b>	<b>107,665</b>	<b>150,837</b>	<b>212,372</b>	<b>275,893</b>
<i>Growth, %</i>		40.1	40.8	29.9
Operating expenses	-82,313	-92,061	-126,902	-162,242
<b>EBITDA</b>	<b>25,352</b>	<b>58,776</b>	<b>85,470</b>	<b>113,652</b>
<i>Growth, %</i>		131.8	45.4	33.0
<i>Margin, %</i>	23.5	39.0	40.2	41.2
Depreciation	-16,987	-27,080	-37,186	-46,336
<b>EBIT</b>	<b>8,365</b>	<b>31,696</b>	<b>48,284</b>	<b>67,316</b>
<i>Growth, %</i>		278.9	52.3	39.4
<i>Margin, %</i>	8	21.0	22.7	24.4
Net Interest and others	-3,215	-1,967	-1,562	-1,012
<b>Pre-tax profit</b>	<b>5,150</b>	<b>29,729</b>	<b>46,722</b>	<b>66,304</b>
Tax provided	-337	-1,180	-4,672	-7,957
<b>Profit after tax</b>	<b>4,813</b>	<b>28,549</b>	<b>42,050</b>	<b>58,348</b>
Minority Interest	0	0	0	0
<b>MAN Net profit</b>	<b>4,813</b>	<b>28,549</b>	<b>42,050</b>	<b>58,348</b>
<i>Growth, %</i>		493.2	47.3	38.8
Extraordinary items: Gains/(Losses)	-374	-600	0	0
Unadj. shares (m)	2,045	2,045	2,045	2,045
Wtd avg shares (m)	2,045	2,045	2,045	2,045

### Cash Flow

Y/E Mar, Rs mn	FY2007E	FY2008E	FY2009E
Pre-tax profit	29,129	46,722	66,304
Depreciation	27,080	37,186	46,336
Chg in working capital	53,868	22,926	23,325
Total tax paid	-1,180	-4,672	-7,957
Other operating activities	-384	0	0
<b>Cash flow from operating activities</b>	<b>108,513</b>	<b>102,162</b>	<b>128,008</b>
Capital expenditure	-98,184	-99,533	-104,030
Chg in investments	-4	0	0
Chg in marketable securities	0	0	0
Other investing activities	0	0	0
<b>Cash flow from investing activities</b>	<b>-98,188</b>	<b>-99,533</b>	<b>-104,030</b>
Free cash flow	10,325	2,629	23,978
Equity raised/(repaid)	0	0	0
Debt raised/(repaid)	31,652	-1,314	-6,154
Dividend (incl. tax)	0	0	-11,670
Other financing activities	99	0	0
<b>Cash flow from financing activities</b>	<b>31,751</b>	<b>-1,314</b>	<b>-17,824</b>
Net chg in cash	42,076	1,314	6,154

## Balance Sheet

As at 31st Mar, Rs mn	FY2006	FY2007E	FY2008E	FY2009E
Cash & bank	60,038	102,114	103,428	109,582
Debtors	16,808	24,097	33,928	44,076
Inventory	4,076	4,904	6,904	8,969
Loans & advances	23,668	30,325	42,697	55,467
Other current assets	765	1,771	2,494	3,240
<b>Total current assets</b>	<b>105,355</b>	<b>163,212</b>	<b>189,451</b>	<b>221,335</b>
Investments	121	125	125	125
Gross fixed assets	230,531	366,152	465,685	569,715
Less: Depreciation	-47,573	-75,898	-113,084	-159,420
Add: Capital WIP	31,305	46,121	46,121	46,121
Net fixed assets	214,262	336,375	398,721	456,416
<b>Total assets</b>	<b>319,738</b>	<b>499,711</b>	<b>588,297</b>	<b>677,876</b>
Total current liabilities	109,247	178,896	226,747	275,801
Non-current liabilities	92,976	124,727	123,413	117,259
<b>Total liabilities</b>	<b>202,223</b>	<b>303,623</b>	<b>350,159</b>	<b>393,060</b>
Paid-up capital	10,223	10,223	10,223	10,223
Reserves & surplus	107,292	185,865	227,915	274,593
Shareholders' equity	117,515	196,088	238,138	284,816
<b>Total equity &amp; liabilities</b>	<b>319,738</b>	<b>499,711</b>	<b>588,297</b>	<b>677,876</b>

## Per-share data

	FY2006	FY2007E	FY2008E	FY2009E
MAN EPS (INR)	2.4	14.0	20.6	28.5
<i>Growth, %</i>	na	493.2	47.3	38.8
Book NAV/share (INR)	57.5	95.9	116.5	139.3
FDEPS (INR)	2.2	13.7	20.6	28.5
CEPS (INR)	10.7	27.2	38.7	51.2
CFPS (INR)	41.7	53.3	50.0	62.6
DPS (INR)	0.0	0.0	0.0	5.7

## Financial structure

	FY2006	FY2007E	FY2008E	FY2009E
Total debt/Equity (%)	79.1	63.5	51.8	41.1
Net debt/Equity (%)	28.0	11.5	8.3	2.7

## Profitability, Productivity, Liquidity and Valuation Ratios

	FY2006	FY2007E	FY2008E	FY2009E
Return on assets (%)		7.1	7.9	9.3
Return on equity (%)		18.2	19.4	22.3
Return on Invested capital (%)		16.5	18.2	21.5
RoIC/Cost of capital (x)		1.4	1.5	1.8
RoIC - Cost of capital (%)		4.5	6.1	9.3
Return on capital employed (%)		11.0	12.6	15.5
Cost of capital (%)		12.0	12.1	12.3
RoCE - Cost of capital (%)		-1.0	0.5	3.2
Asset turnover (x)		0.8	0.9	1.0
Sales/Total assets (x)		0.4	0.4	0.4
Sales/Net FA (x)		0.5	0.6	0.6
Working capital/Sales (x)		-0.8	-0.7	-0.6
Fixed capital/Sales (x)		0.0	0.0	0.0
Receivable days		58.3	58.3	58.3
Inventory days		11.9	11.9	11.9
Payable days		0.0	0.0	0.0
Current ratio (x)		0.9	0.8	0.8
Quick ratio (x)		0.9	0.8	0.8
Interest cover (x)		16.1	30.9	66.5
Dividend cover (x)				
PER (x)	177.6	29.9	20.3	14.7
PEG (x) - y-o-y growth	n/a	0.1	0.4	0.4
Price/Book (x)	7.3	4.4	3.6	3.0
Yield (%)	0.0	0.0	0.0	1.4
EV/Net sales (x)	8.2	5.8	4.1	3.1
EV/EBITDA (x)	35.0	14.9	10.2	7.6
EV/EBIT (x)	106.1	27.7	18.1	12.8
EV/NOPLAT (x)	114.2	28.8	20.1	14.6
EV/CE	4.2	2.7	2.4	2.1
EV/IC (x)	7.9	4.8	3.7	3.1

Source: Company, Man Financial Research Estimates

## APPENDIX 1

### India: Category-wise mobile subscribers

City / Circle	FY01	FY02	FY03	FY04	FY05	FY06	FY07E	FY08E	FY09E	FY10E
<b>Metros</b>										
Mobile Users (mn)	1	3	4	10	14	22	30	40	46	49
YoY (%)		88	74	133	38	50	40	31	17	7
Penetration (%)	2	4	7	17	22	33	45	58	67	70
<b>A Circle</b>										
Mobile Users (mn)	1	2	5	12	19	31	57	89	122	148
YoY (%)		83	115	172	50	67	82	57	36	21
Penetration (%)	0	1	1	4	5	9	16	24	33	39
<b>B Circle</b>										
Mobile Users (mn)	1	2	3	9	16	29	56	91	136	173
YoY (%)		61	129	166	71	88	89	64	49	28
Penetration (%)	0	0	1	2	3	6	11	18	26	32
<b>C Circle</b>										
Mobile Users (mn)	0	0	1	1	3	7	14	23	33	42
YoY (%)		96	124	156	119	156	94	64	43	28
Penetration (%)	0	0	0	1	1	3	6	10	14	18
<b>All India</b>										
Mobile Users (mn)	4	6	13	33	52	90	157	243	336	413
YoY (%)		80	102	156	55	74	75	55	38	23
Penetration (%)	0	1	1	3	5	8	14	21	28	34
<b>All India Net Adds</b>		<b>3</b>	<b>7</b>	<b>20</b>	<b>18</b>	<b>38</b>	<b>67</b>	<b>86</b>	<b>93</b>	<b>76</b>

Source: Company, Man Financial Research Estimates

## APPENDIX 2

### KPI Summary

Quarter Ended	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
<b>ARPU (Rs/month)</b>					
Bharti	476	470	442	441	438
HTIL-India	518	511	454	433	420
RCOM	417	410	379	379	354
<b>Wireless MOU</b>					
Bharti	388	411	431	441	451
HTIL-India	369	385	378	392	400
RCOM	568	547	532	491	461
<b>Effective RPM (Rs)</b>					
Bharti	1.23	1.14	1.03	1.00	0.97
HTIL-India	1.40	1.33	1.20	1.10	1.05
RCOM	0.73	0.75	0.71	0.77	0.77
<b>EBITDA/Min (Rs)</b>					
Bharti	0.45	0.43	0.38	0.37	0.36
HTIL-India	0.45	0.43	0.38	0.37	0.35
RCOM	0.21	0.24	0.25	0.28	0.28
<b>EBITDA/Sub (Rs)</b>					
Bharti	174	171	160	161	162
HTIL-India	165	166	143	143	139
RCOM	120	132	135	136	128
<b>QoQ Av Subs growth, %</b>					
Bharti	13	15	18	19	18
HTIL-India	12	16	27	23	20
RCOM	13	14	17	15	13
<b>QoQ Wireless Min growth, %</b>					
Bharti	15	22	24	22	20
HTIL-India	17	21	24	27	23
RCOM	28	9	13	6	7
<b>Prepaid Mix, %</b>					
Bharti	78	80	83	84	86
HTIL-India	75	78	81	83	84
RCOM	77	78	79	79	81
<b>Churn Rate, %</b>					
Bharti	5.4	5.2	5.0	4.5	4.9
HTIL-India	5.5	5.7	5.2	5.1	5.1
RCOM	1.8	2.2	2.1	2.6	1.9
<b>Grossadds (mn)*</b>					
Bharti	2.5	3.1	4.2	4.5	5.2
HTIL-India	1.8	2.3	4.6	3.0	3.8
RCOM	1.9	2.5	3.6	2.9	3.9



Contd...

Quarter Ended	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
<b>EOP Sub base (mn)</b>					
Bharti	14	16	20	23	27
RCOM	15	17	20	23	26
BSNL (GSM)	12	14	17	18	21
HTIL-India	10	11	15	18	20
Idea	6	6	7	9	10
Tata Teleservices	5	7	8	10	12
Aircel	2	2	3	3	4
MTNL (GSM)	1	2	2	2	2
Spice	1	2	2	2	2
<b>Wireless Net Adds (mn)</b>					
Bharti	1.8	2.3	3.3	3.5	4.0
RCOM	1.7	2.1	3.2	2.3	3.5
BSNL (GSM)	1.7	2.4	2.9	1.1	2.6
HTIL-India	1.3	1.7	3.9	2.2	2.8
Idea	0.4	0.5	0.9	1.2	1.8
Tata Teleservices	1.2	2.0	1.1	1.9	2.0
Aircel	0.2	0.2	0.3	0.6	0.6
MTNL (GSM)	0.2	0.2	0.4	0.2	0.1
Spice	0.0	0.1	0.3	0.1	0.1
<b>Wireless Mktshare, %</b>					
Bharti	20	20	20	21	21
RCOM	21	21	21	21	21
BSNL (GSM)	17	18	18	17	17
HTIL-India	14	14	16	16	16
Idea	9	8	8	8	8
Tata Teleservices	8	9	9	9	10
Aircel	3	3	3	3	3
MTNL (GSM)	2	2	2	2	2
Spice	2	2	2	2	2
<b>Wireless Netadds Share, %</b>					
Bharti	21	19	22	27	23
RCOM	20	18	21	18	20
BSNL (GSM)	20	20	19	9	15
HTIL-India	15	15	27	17	16
Idea	5	5	6	9	11
Tata Teleservices	13	17	8	14	12
Aircel	3	2	2	4	3
MTNL (GSM)	2	2	3	2	1
Spice	0	1	2	1	1

Source: Company, COAI, AUSPI, Man Financial Research Estimates

**NOTES**

**NOTES**

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