

Wireless Telco Services

3G auction ends – who wins?

India's 3G auction ended with a combined cost for pan-India 3G spectrum at US\$3.6bn. Bharti, which won in 13 of 22 circles, gets to defend its leadership, though at a price (US\$2.7bn). Idea's defensive bidding keeps financial impact low but could restrict long-term revenue share gains in non-core circles, in our view.

Table 1 : 3G auction summary

	Bharti	Idea	Vodafone	Reliance	Tata	Aircel	S-Tel
Total circles won	13	11	9	13	9	13	3
- Metro	2	0	3	3	0	1	0
- Circle A	3	3	3	0	3	3	0
- Circle B	3	6	3	4	6	4	0
- Circle C	5	2	0	6	0	5	3
Total bid amount (Rs m)	122,955	57,686	116,179	85,850	58,643	64,995	3,377
Total bid amount (US\$ m)	2,652	1,244	2,505	1,851	1,265	1,402	73
AGR contribution of circles won	70%	83%	68%	54%	42%	93%	100%
Subscriber contribution of circles won	65%	77%	60%	49%	48%	90%	100%

Source: Exchange rate taken at Rs46.37/US\$, as on close of 19 May, 2010

AGR (Adjusted Gross Revenue) and subscriber data for crossover players, Reliance and Tata, is inclusive of CDMA business
 Source: TRAI, DoT

Sector performance

	(1M)	(3M)	(12M)
Absolute	-2.6	-1.4	-0.5
Absolute (%)	-5.6	-3.0	-1.2
Rel market (%)	0.1	-4.3	-13.8

Sensex: 16408.49
 BBG AP Telecoms: 43.48
 Source: Bloomberg

3G auction – Bharti gets spectrum in 13 circles for US\$2.7bn

India's 3G spectrum auction closed after 34 days of bidding with a combined cost of pan-India spectrum of US\$3.6bn. However, there were no players with winning bids across all 22 operating circles. Bharti (total payout of Rs122.9bn/US\$2.7bn), Reliance Communications (Rs85.9bn/US\$1.9bn) and Aircel (Rs65bn/US\$1.4bn) won in 13 circles each, but with vastly different profiles. Idea Cellular will pay Rs57.7bn (US\$1.2bn) for 11 circles while Vodafone and Tata Teleservices got nine circles each for Rs116.2bn (US\$2.5bn) and Rs58.6bn (US\$1.3bn), respectively. The Indian government gains Rs509.7bn from the auction; state-owned MTNL and BSNL will pay an additional Rs65.6bn and Rs101.9bn, respectively.

We believe the auction outcome could delay the much anticipated sector consolidation

All players, excluding Bharti, appear to have followed circle-specific bidding strategies, with most attempting to defend their strongholds. RCom, however, appears to be an exception with concentrated bidding in metros (83% of its total bid amount), despite the nascent state of its GSM operations in Mumbai and Delhi. With no single player emerging as the strongest, we believe this could delay the impending sector consolidation.

Stock implications – an end to all fears?

Bharti's failure to win pan-India 3G spectrum is unlikely to affect its operations, in our view, as the company has been able to secure spectrum in all but two circles in which its deficiency was critical (>2mHz). Also, it has spectrum in the more-efficient 900mHz band in four of the nine lost circles. We rate wins in metros as important, especially in Mumbai, where Bharti was a late entrant, and the win should help to gain revenue market share. We believe its stock price was building in the impact of a US\$3bn+ pan-India spectrum cost; a lower payout should thus be a positive (we estimate total debt at 2.9x FY11F EBITDA, including US\$9bn for Zain acquisition). We believe Idea's wins in 11 circles (83% of its total AGR) should help it defend its revenue market share in these core markets. While the lower payout limits balance sheet impact (2.8x FY11 EBITDA), we believe this could restrict upside from potential gains in non-core circles, especially higher ARPU metxos where it has not won.

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Important disclosures can be found in the Disclosures Appendix.

Table 2 : Detailed breakdown of winning auction price by circle and player (Rs m)

Service Area	Bharti	Vodafone	Reliance	Idea	Tata	Aircel	S-Tel	Total
Metros								
Delhi	33,169	33,169	33,169					99,508
Mumbai	32,471	32,471	32,471					97,412
Kolkata		5,443	5,443			5,443		16,328
Total	65,640	71,083	71,083	0	0	5,443	0	213,248
Circle A								0
Maharashtra		12,578		12,578	12,578			37,735
Gujarat		10,761		10,761	10,761			32,282
AP	13,731			13,731		13,731		41,194
Karnataka	15,799				15,799	15,799		47,397
TN	14,649	14,649				14,649		43,948
Total	44,180	37,988	0	37,070	39,138	44,180	0	202,556
Circle B								
Kerala				3,125	3,125	3,125		9,374
Punjab			3,220	3,220	3,220	3,220		12,880
Haryana		2,226		2,226	2,226			6,677
UP (E)		3,646		3,646		3,646		10,937
UP (W)	5,140			5,140	5,140			15,421
Rajasthan	3,210		3,210		3,210			9,631
MP			2,584	2,584	2,584			7,751
West Bengal	1,236	1,236	1,236			1,236		4,945
Total	9,587	7,108	10,250	19,940	19,505	11,227	0	77,617
Circle C								
HP	372		372	372			372	1,489
Bihar	2,035		2,035			2,035	2,035	8,138
Orissa			970			970	970	2,909
Assam	415		415			415		1,244
NE	423		423			423		1,269
J&K	303		303	303		303		1,212
Total	3,548	0	4,518	675	0	4,145	3,377	16,262
All India	122,955	116,179	85,850	57,686	58,643	64,995	3,377	509,684
All India (USDm)	2,652	2,505	1,851	1,244	1,265	1,402	73	10,992

Source: DoT

Table 3 : Distribution of winning bids by circles and overlap their coverage of 2G revenues/subscribers

	Bharti	Idea	Vodafone	Reliance	Tata	Aircel	Stel	Comments
Total circles won	13	11	9	13	9	13	3	■ Bharti appears to be the only player to have followed a pan-India bidding strategy, given the distributed profile of its winning bids.
Profile of circles won								
- Metro	2	0	3	3	0	1	0	
- Circle A	3	3	3	0	3	3	0	
- Circle B	3	6	3	4	6	4	0	■ We believe Idea and Aircel attempted to defend their core markets; Idea's 11 winning circles include 10 of its established circles and account for 83% of revenues (77% of total subscriber base). Based on its wins, Aircel appears to be consolidating its position as a strong south-India player.
- Circle C	5	2	0	6	0	5	3	
Total bid amount (Rs m)	122,955	57,686	116,179	85,850	58,643	64,995	3,377	
Distribution of bid amount								
- Metro	53%	0%	61%	83%	0%	8%	0%	■ Vodafone does not appear to have bid extensively in C circles, where majority of its operations are relatively new.
- Circle A	36%	64%	33%	0%	67%	68%	0%	
- Circle B	8%	35%	6%	12%	33%	17%	0%	
- Circle C	3%	1%	0%	5%	0%	6%	100%	
AGR contribution of circles won								
Total	70%	83%	68%	54%	42%	93%	100%	■ Reliance concentrated bids for the metros – 83% of its total bid amount – as an exception given the nascent stage of its GSM operations, especially in Mumbai and Delhi.
- Metro	13%	0%	23%	23%	0%	2%	0%	
- Circle A	32%	38%	28%	0%	23%	49%	0%	
- Circle B	12%	45%	17%	15%	19%	7%	0%	
- Circle C	13%	0%	0%	16%	0%	34%	100%	
Subscriber contribution of circles won								
Total	65%	77%	60%	49%	48%	90%	100%	
- Metro	7%	0%	14%	15%	0%	3%	0%	
- Circle A	29%	33%	27%	0%	23%	45%	0%	
- Circle B	16%	43%	20%	20%	25%	12%	0%	
- Circle C	14%	1%	0%	13%	0%	30%	100%	

Source: DoT, TRAI, COAI, AUSPI, RBS

Table 4 : 3G auction - What drove the bidding intensity?

	Spectrum shortfall	Winning bid	Base price multiple	Rev. share	AGR/Sub	RBS comments
	mHz	US\$m	X		Rs	
Mumbai	17.0	700.3	10.1x	6.9%	186.8	<ul style="list-style-type: none"> Our analysis indicates bidding intensity in a circle was driven by the circle's ARPU and total spectral shortage Delhi, Mumbai, Karnataka, Punjab and AP are the only sizeable circles with AGR per sub above Rs130 We believe Delhi's and Mumbai's reported nos are artificially deflated due to possibly high dual SIM/churn While Mumbai and Delhi are not most spectrum-starved circles, their spectral needs are higher due to higher ARPUs (and logically, higher usage) Despite high spectrum shortage, B&C circles did not see high bidding intensity due to low usage (hence potential to serve larger subs base)
Delhi	13.8	715.3	10.4x	7.3%	181.8	
Bihar	18.4	43.9	6.8x	5.0%	98.7	
Karnataka	10.6	340.7	4.9x	7.5%	147.5	
Tamil Nadu	13.0	315.9	4.6x	9.0%	120.0	
Kolkata	10.0	117.4	4.5x	2.5%	108.7	
Andhra Pradesh	16.2	296.1	4.3x	8.7%	136.6	
Uttar Pradesh - W	7.6	110.9	4.3x	4.3%	101.1	
Maharashtra	10.0	271.3	3.9x	7.8%	127.3	
Gujarat	12.8	232.1	3.4x	5.7%	127.3	
Orissa	9.2	20.9	3.2x	2.2%	106.8	
Uttar Pradesh - E	17.4	78.6	3.0x	6.2%	103.9	
Punjab	2.2	69.4	2.7x	3.8%	136.6	
Rajasthan	10.6	69.2	2.7x	4.7%	100.2	
Kerala	9.2	67.4	2.6x	4.1%	120.7	
Madhya Pradesh	7.6	55.7	2.2x	4.4%	100.2	
Haryana	1.8	48.0	1.9x	1.9%	94.8	
North East	1.8	9.1	1.4x	1.0%	139.8	
Assam	5.4	8.9	1.4x	1.6%	129.6	
Himachal Pradesh	0.0	8.0	1.2x	0.7%	103.3	
West Bengal	9.4	26.7	1.0x	3.1%	90.0	
Jammu & Kashmir	1.8	6.5	1.0x	1.7%	221.2	

Note :Spectrum shortfall is calculated as difference between currently allocated spectrum and eligibility for spectrum as per TRAI's subscriber linked norms

Source: DoT, TRAI, COAI, AUSPI, RBS

Table 5 : Bharti - What were potential drivers of 3G bidding strategy?

	Winning bidder?	Bid Amt.	Allotted spectrum			Base price (x)	AGR/sub	Rev. market	Rev. contr.	RBS comments	
			900	1800	Shortfall	(at win bid)	Rs	share position			
Mumbai	Yes	32,471	0.0	9.2	3.2	10.1	308.3	20%	2	4%	<ul style="list-style-type: none"> While Bharti appears to have followed pan-India bidding strategy, the circles where it let go were primarily A and B categories, where its relative market positioning was weaker (in seven out of the nine lost circles, it was not the revenue market leader). We believe the operating impact of bid losses could be limited. Note, Bharti's spectrum deficiency was critical (>2mHz) in only two of these circles, one of which (UP-East) it has spectrum in the more efficient 900mHz band that could help in network management.
Delhi	Yes	33,169	8.0	2.0	5.0	10.4	339.7	40%	1	9%	
Bihar	Yes	2,035	6.2	3.0	5.8	6.8	158.7	51%	1	8%	
Karnataka	Yes	15,799	7.8	2.2	5.0	4.9	219.7	52%	1	12%	
Tamil Nadu	Yes	14,649	0.0	9.2	3.2	4.6	203.2	35%	1	10%	
Kolkata	No	-	6.2	1.8	2.0	4.5	180.2	29%	2	2%	
Andhra Pradesh	Yes	13,731	7.8	2.2	5.0	4.3	194.7	41%	1	11%	
Uttar Pradesh - W	Yes	5,140	0.0	6.2	1.8	4.3	148.0	18%	3	2%	
Maharashtra	No	-	0.0	8.2	1.8	3.9	168.0	21%	2	5%	
Gujarat	No	-	0.0	6.2	3.8	3.4	143.0	19%	2	3%	
Orissa	No	-	6.2	1.8	2.0	3.2	152.4	41%	1	3%	
Uttar Pradesh - E	No	-	6.2	1.0	5.2	3.0	154.6	30%	2	6%	
Rajasthan	Yes	3,210	6.2	2.0	6.8	2.7	158.8	47%	1	7%	
Punjab	No	-	7.8	0.0	0.2	2.7	237.7	39%	1	5%	
Kerala	No	-	0.0	6.2	1.8	2.6	138.1	16%	3	2%	
Madhya Pradesh	No	-	0.0	8.0	2.0	2.2	154.8	31%	2	4%	
Haryana	No	-	0.0	6.2	0.0	1.9	161.5	18%	4	1%	
North East	Yes	423	4.4	1.8	0.0	1.4	213.9	37%	1	1%	
Assam	Yes	415	1.8	4.4	1.8	1.4	184.0	37%	1	2%	
Himachal Pradesh	Yes	372	6.2	0.0	0.0	1.2	184.0	45%	1	1%	
West Bengal	Yes	1,236	4.4	1.8	3.8	1.0	121.7	29%	2	3%	
Jammu & Kashmir	Yes	303	6.2	0.0	0.0	1.0	133.6	20%	2	1%	

Source: DoT, TRAI, COAI, AUSPI

Table 6 : Idea - What were potential drivers of 3G bidding strategy?

	Winning	Bid	Allotted spectrum			Base price (x)	AGR/sub	Rev. market		Rev. RBS comments
	bidder?	Amt.	900	1800	Shortfall	(at win bid)	Rs	share	position	
Mumbai	No	-	0.0	4.4	3.6	10.1	108.3	3%	7	Idea has attempted to defend its revenue market share in its established circles (where it had launched operations by FY07), accounting for 10 of the 11 circles where it has won.
Delhi	No	-	0.0	8.0	2.0	10.4	175.8	9%	5	
Bihar	No	-	0.0	4.4	3.6	6.8	84.6	7%	6	
Karnataka	No	-	6.2	0.0	0.0	4.9	124.4	6%	6	
Tamil Nadu	No	-	0.0	4.4	0.0	4.6	61.5	1%	7	
Kolkata	No	-	0.0	4.4	1.8	4.5	53.8	1%	7	
Andhra Pradesh	Yes	13,731	6.2	1.8	2.0	4.3	157.1	16%	2	
Uttar Pradesh - W	Yes	5,140	6.2	1.8	2.0	4.3	152.8	29%	1	
Maharashtra	Yes	12,578	7.8	2.0	2.6	3.9	183.6	32%	1	
Gujarat	Yes	10,761	6.2	0.0	3.8	3.4	134.5	18%	3	
Orissa	No	-	0.0	4.4	1.8	3.2	54.7	2%	7	We do not see a major impact from lack of spectrum in the remaining circles; the shortfall is >2mHz in only two (Karnataka and Bihar).
Uttar Pradesh - E	Yes	3,646	0.0	6.2	1.8	3.0	114.7	9%	4	
Punjab	Yes	3,220	7.8	0.0	0.2	2.7	160.1	19%	2	However, long term, we believe absence of 3G spectrum could restrict its growth especially in circles such as Delhi, Mumbai and Karnataka, with potentially heavy data communication usage, post implementation of MNP.
Rajasthan	No	-	0.0	6.2	0.0	2.7	92.9	6%	4	
Kerala	Yes	3,125	6.2	1.8	2.0	2.6	180.4	34%	1	
Madhya Pradesh	Yes	2,584	6.2	1.8	2.0	2.2	142.8	33%	1	
Haryana	Yes	2,226	6.2	0.0	0.0	1.9	129.2	21%	2	
North East	No	-	0.0	4.4	0.0	1.4	65.7	0%	8	
Assam	No	-	0.0	4.4	0.0	1.4	78.5	0%	3	
Himachal Pradesh	Yes	372	0.0	4.4	0.0	1.2	74.8	4%	5	
West Bengal	No	-	0.0	4.4	0.0	1.0	44.7	1%	8	
Jammu & Kashmir	Yes	303	0.0	4.4	0.0	1.0	140.2	0%	7	

Source: DoT, TRAI, COAI, AUSPI, RBS

Table 7 : EPS impact of 3G spectrum auctions

(Rs m)	Bharti	Idea	Comments
Total cost of acquiring 3G spectrum	122,955	57,686	For FY11, we do not anticipate amortisation of spectrum charges, as we expect spectrum grants to be delayed by six to nine months beyond the indicated timeline of Sept-10, as the evacuation of spectrum by defence could be delayed.
Annualized amortization cost	6,148	2,884	
Annualized interest cost	11,681	5,480	
Total annualized PBT impact	17,828	8,364	
Total annualized PAT impact	11,769	5,521	
Impact on PAT			We believe capex for 3G could be staggered over a three-year period and could be potentially funded from player's current 2G capex budgets; hence we do not build any capex for 3G explicitly into our impact analysis.
FY11	6,425	3,015	
FY12	11,769	5,521	We assume a 9.5% rate interest cost on the debt is required to fund the spectrum acquisition, based on prevailing rates for domestic corporate lending.
EPS dilution (Rs/share)			Interest costs could be potentially capitalised till the commercial launch of 3G operations, as per accounting standards – we assume costs are expensed out immediately for our analysis.
FY11	1.7	0.9	
FY12	3.1	1.7	
EPS dilution (%)			
FY11	-7.7%	-56.8%	
FY12	-11.8%	-186.6%	

Source: Company data, RBS forecasts

Table 8 : Spectrum shortage for GSM players based on TRAI's subscriber linked norms

mHz	Bharti			Idea			Vodafone			Aircel		
	Total	900Mhz	Shortfall	Total	900Mhz	Shortfall	Total	900Mhz	Shortfall	Total	900Mhz	Shortfall
Mumbai	9.2	0.0	3.2	4.4	0.0	3.6	10.2	8.0	4.8	4.4	0.0	1.8
Delhi	10.0	8.0	5.0	8.0	0.0	2.0	10.0	8.0	5.0	4.4	0.0	1.8
Kolkata	8.0	6.2	2.0	4.4	0.0	1.8	9.8	7.8	2.6	4.4	0.0	1.8
Maharashtra	8.2	0.0	1.8	9.8	7.8	2.6	6.2	6.2	3.8	4.4	0.0	0.0
Gujarat	6.2	0.0	3.8	6.2	6.2	3.8	9.8	7.8	5.2	4.4	0.0	0.0
Andhra Pradesh	10.0	7.8	5.0	8.0	6.2	2.0	6.2	0.0	3.8	4.4	0.0	1.8
Karnataka	10.0	7.8	5.0	6.2	6.2	0.0	8.0	0.0	2.0	4.4	0.0	0.0
Tamil Nadu	9.2	0.0	3.2	4.4	0.0	0.0	7.2	6.2	2.8	9.8	7.8	5.2
Kerala	6.2	0.0	1.8	8.0	6.2	2.0	6.2	6.2	1.8	4.4	0.0	1.8
Punjab	7.8	7.8	0.2	7.8	7.8	0.2	6.2	0.0	1.8	4.4	0.0	0.0
Haryana	6.2	0.0	0.0	6.2	6.2	0.0	6.2	0.0	0.0	4.4	0.0	0.0
Uttar Pradesh - W	6.2	0.0	1.8	8.0	6.2	2.0	6.2	6.2	3.8	4.4	0.0	0.0
Uttar Pradesh - E	7.2	6.2	5.2	6.2	0.0	1.8	8.2	6.2	6.8	4.4	0.0	1.8
Rajasthan	8.2	6.2	6.8	6.2	0.0	0.0	6.2	6.2	3.8	4.4	0.0	0.0
Madhya Pradesh	8.0	0.0	2.0	8.0	6.2	2.0	4.4	0.0	1.8	4.4	0.0	0.0
West Bengal	6.2	4.4	3.8	4.4	0.0	0.0	6.2	4.4	3.8	4.4	0.0	1.8
Himachal Pradesh	6.2	6.2	0.0	4.4	0.0	0.0	4.4	0.0	0.0	4.4	0.0	0.0
Bihar	9.2	6.2	5.8	4.4	0.0	3.6	4.4	0.0	3.6	4.4	0.0	3.6
Orissa	8.0	6.2	2.0	4.4	0.0	1.8	4.4	0.0	1.8	4.4	0.0	1.8
Assam	6.2	1.8	1.8	4.4	0.0	0.0	4.4	0.0	1.8	6.2	4.4	1.8
Jammu & Kashmir	6.2	6.2	0.0	4.4	0.0	0.0	4.4	0.0	0.0	4.4	4.4	1.8
North East	6.2	4.4	0.0	4.4	0.0	0.0	4.4	0.0	0.0	4.4	4.4	1.8

The table excludes Tata Teleservices and Reliance Communications, the other two pan-India bidders

Spectrum shortfall is calculated as difference between currently allocated spectrum and eligibility for spectrum as per TRAI's subscriber linked norms

Source: DoT, TRAI, COAI, AUSPI

Recommendation structure

Absolute performance, short term (trading) recommendation: A Trading Buy recommendation implies upside of 5% or more and a Trading Sell indicates downside of 5% or more. The trading recommendation time horizon is 0-60 days. For Australian coverage, a Trading Buy recommendation implies upside of 5% or more from the suggested entry price range, and a Trading Sell recommendation implies downside of 5% or more from the suggested entry price range. The trading recommendation time horizon is 0-60 days.

Absolute performance, long term (fundamental) recommendation: The recommendation is based on implied upside/downside for the stock from the target price and, except as follows, only reflects capital appreciation. A Buy/Sell implies upside/downside of 10% or more and a Hold less than 10%. For research produced by Nedbank Capital, a Buy implies upside in excess of 20%, a Sell implies an expected return less than 10%, and a Hold implies a return between 10% and 20%. For UK-based Investment Funds research, the recommendation structure is not based on upside/downside to the target price. Rather it is the subjective view of the analyst based on an assessment of the resources and track record of the fund management company. For research produced by Nedbank Capital and for research on Australian listed property trusts (LPT) or real estate investment trusts (REIT), the recommendation is based upon total return, ie, the estimated total return of capital gain, dividends and distributions received for any particular stock over the investment horizon.

Performance parameters and horizon: Given the volatility of share prices and our pre-disposition not to change recommendations frequently, these performance parameters should be interpreted flexibly. Performance in this context only reflects capital appreciation and the horizon is 12 months. Market or sector view: This view is the responsibility of the strategy team and a relative call on the performance of the market/sector relative to the region. Overweight/Underweight implies upside/downside of 10% or more and Neutral implies less than 10% upside/downside. Target price: The target price is the level the stock should currently trade at if the market were to accept the analyst's view of the stock and if the necessary catalysts were in place to effect this change in perception within the performance horizon. In this way, therefore, the target price abstracts from the need to take a view on the market or sector. If it is felt that the catalysts are not fully in place to effect a re-rating of the stock to its warranted value, the target price will differ from 'fair' value.

Distribution of recommendations

The tables below show the distribution of recommendations (both long term and trading). The first column displays the distribution of recommendations globally and the second column shows the distribution for the region. Numbers in brackets show the percentage for each category where there is an investment banking relationship. These numbers include recommendations produced by third parties with which RBS has joint ventures or strategic alliances.

Long term recommendations (as at 20 May 2010)

	Global total (IB%)	Asia Pacific total (IB%)
Buy	710 (0)	430 (0)
Add	0 (0)	0 (0)
Hold	428 (0)	236 (0)
Reduce	0 (0)	0 (0)
Sell	96 (0)	58 (0)
Total (IB%)	1234 (0)	724 (0)

Source: ABN AMRO

Trading recommendations (as at 20 May 2010)

	Global total (IB%)	Asia Pacific total (IB%)
Trading Buy	1 (0)	1 (0)
Rec	00 (00)	00 (00)
Trading Sell	0 (0)	0 (0)
Total (IB%)	1 (0)	1 (0)

Source: ABN AMRO

Valuation and risks to target price

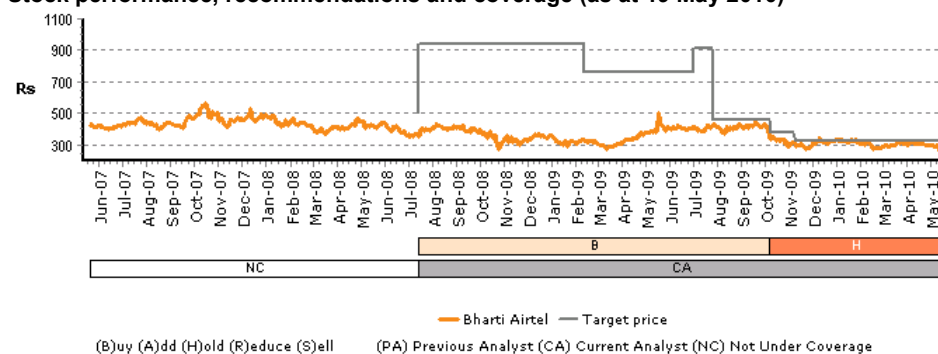
Bharti Airtel (RIC: BRTI.BO, Rec: Hold, CP: Rs259.70, TP: Rs325.00): Key downside risks to our SOTP-based target price are 1) regulatory changes (mainly on spectrum-related charges); 2) a higher-than-expected market share loss to new entrants; 3) slower industry-wide subs growth in the near term; 4) keen competition affecting realisation; and 5) further economic deterioration affecting usage. Upside risks are 1) a lower-than-expected ARPU decline; 2) stronger-than-anticipated tower tenancy; 3) faster-than-expected MoU growth; and 4) lower-than expected market share loss.

Idea Cellular (RIC: IDEA.BO, Rec: Sell, CP: Rs52.55, TP: Rs43.00): Key upside risks to our DCF-based target price are: 1) better revenues/profitability from Indus; 2) faster-than-expected growth in MoU; and 3) higher-than expected subscriber addition. Key downside risks are: 1) regulatory changes (especially on spectrum-related charges); 2) slowdown in subscriber growth for the industry in the near term; 3) higher-than-expected competition that could impact realisation; and, 4) further deterioration in the economic environment that could impact usage.

Vodafone (RIC: VOD.L, Rec: Sell, CP: £1.31, TP: £1.10): Our target price is calculated using our DCF-based SOTP valuation. A key downside risk to our target price is further poor execution in Vodafone's mature European businesses, which would likely require us to reduce our revenue and margin estimates. Upside risks are Vodafone launching additional brands and pushing aggressively into fixed broadband, which could drive upgrades to our revenue and cash flow estimates.

Bharti Airtel coverage data

Stock performance, recommendations and coverage (as at 19 May 2010)



Pankaj Kapoor started covering this stock on 14 Jul 08

Source: RBS

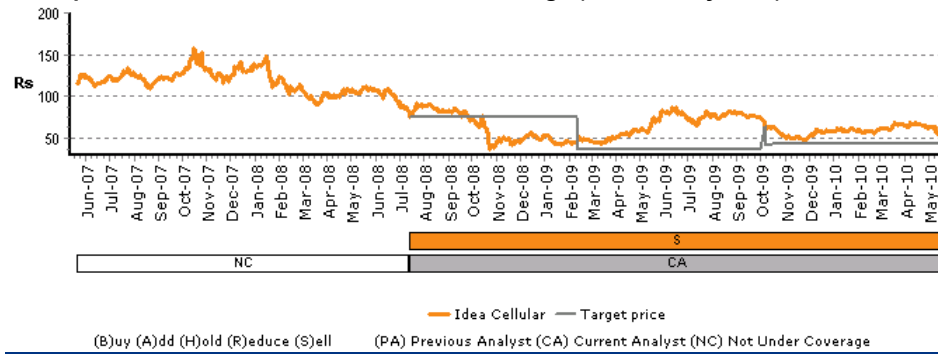
Trading recommendation history (as at 20 May 2010)

Date	Rec	Analyst
	n/a	

Source: ABN AMRO

Idea Cellular coverage data

Stock performance, recommendations and coverage (as at 19 May 2010)



Pankaj Kapoor started covering this stock on 14 Jul 08

Source: RBS

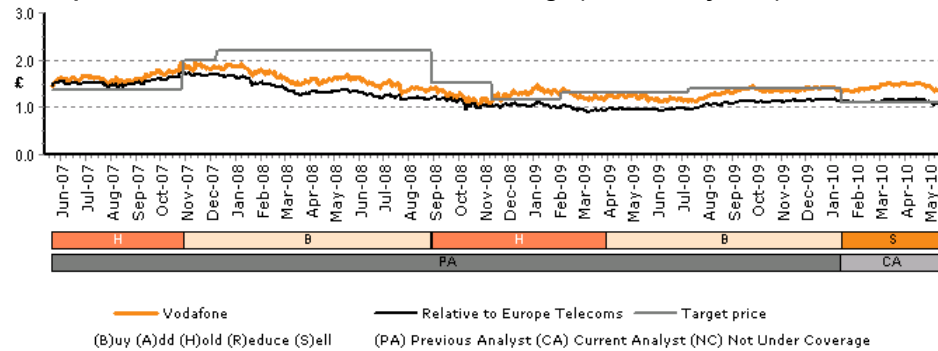
Trading recommendation history (as at 20 May 2010)

Date	Rec	Analyst
	n/a	

Source: ABN AMRO

Vodafone coverage data

Stock performance, recommendations and coverage (as at 19 May 2010)



Karen Egan started covering this stock on 12 Jan 10

Source: RBS

Trading recommendation history (as at 20 May 2010)

Date	Rec	Analyst
	n/a	

Source: ABN AMRO

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