

## Monthly GSM Subscriber Update



Date: 18 July, 2011

### Sluggish growth in GSM subscriber addition

TRAI has published GSM net addition for the month of June 2011 by each service provider in all the circles they operate. The industry witnessed GSM subscriber addition of 0.85 mn, declined 10% MoM. Net adds for leading companies like Bharti, Vodafone was down by 13.5% and 14.5% MoM respectively. Aircel reported degrowth of 17.3% over last month. Uninor had net addition of 0.9mn subscribers, a drop of 17.3% on MoM. The telecom incumbents witnessed degrowth of 10% to 25% net subscriber addition in the month of June over the month of May. BSNL was a positive surprise as the company added 0.84mn subscribers, whopping growth of 79% MoM. Though major players reported degrowth in subscriber addition, Videocon joined the league with BSNL and added 0.07mn subscribers with a significant growth of 141%. We were expecting things to improve with start of monsoon and were expecting 3G playing a major role for attracting new additions. Going forward we maintain our optimistic view about the sector on the back of low teledensity in rural area, more applications & services offered with 3G roll out.

### Dismal performance by major incumbents

June month followed the sluggish performance of last month. Major incumbents failed to add more net subscribers with respect to trailing month. Also degrowth witnessed was in the range of 10% to 25% giving us a cause of concern. Bharti added 2.1mn subscribers. Vodafone followed with 2mn subscriber addition. Idea, Uninor and BSNL added 1.3mn, 0.9mn and 0.8mn subscribers respectively. On the back of low base for last month, BSNL reported growth on MoM.

### Circle wise performance

Circle wise performance was in line with our expectation of growth of 1% to 2%. Metros showed a marginal growth of 1% with addition of 0.7mn subscribers. A circle and B circle had growth of 1.4% each with subscriber addition of 3mn subscribers. C circle had the highest growth of 1.8% with subscriber addition of 1.5mn subscribers.

### Market share of incumbents remains unchanged

Pecking order in terms of market share remains unchanged. Bharti has the highest market share of 28.26% followed by Vodafone with 23.63%. Idea and BSNL ranked on third and fourth position with market share of 15.8% and 14.7% respectively.

### Our View

GSM Net subscriber addition has shown sluggish growth in last couple of month. We believe this will change post compete roll out of 3G operations by all the telecom players. With saturation in urban area, companies will have to consider urban area to increase footprints. We are optimistic about telecom sector to grow on the back of strong ARPU and incremental subscriber base. Bharti remains our top pick from the sector.

### Exhibit 1: Total GSM subscriber and market share data for June 2011

Name of Company	Total Sub	% Market Share
Bharti Airtel	16,91,86,247	28.26%
Vodafone Essar	14,15,19,840	23.63%
IDEA	9,51,08,818	15.88%
BSNL	8,84,61,492	14.77%
Aircel	5,79,80,752	9.68%
Uninor	2,63,30,211	4.4 %
Videocon	71,29,886	1.19%
MTNL	52,36,171	0.87%
Loop Mobile	31,50,308	0.53%
Stel	33,17,414	0.55%
Etisalat	13,58,535	0.23%
Total GSM (Excluding Reliance & Tata)	59,87,79,674	100.00%

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Source: TRAI; KRChoksey Research

KRChoksey Institutional Research is also available on Bloomberg KRCS&lt;GO&gt;, Thomson Reuters, Factset and Capital IQ

**Exhibit 2: GSM subscriber addition data ( Numbers '000)**

Circle	June-11	May-11	% Growth (MoM)	June-10	% Growth (YoY)
Metros	72,206	71,513	1.0%	57,353	25.9%
A Circle	2,05,849	2,02,849	1.5%	1,52,757	34.8%
B Circle	2,34,804	2,31,437	1.5%	1,75,786	33.6%
C Circle	85,919	84,398	1.8%	70,507	21.9%

Source: TRAI; KRChoksey Research

**Exhibit 3: Total GSM Subscribers ( Numbers '000)**

Operator	June-11	May-11	% Growth (MoM)	June-10	% Growth (YoY)
Bharti	1,69,186	1,67,065	1.3%	1,36,620	23.8%
VOD Essar	1,41,519	1,39,426	1.5%	1,09,060	29.8 %
BSNL	88,461	87,618	1.0%	68,886	28.4%
Idea	95,108	93,754	1.4%	66,887	42.2%
Aircel	57,980	57,061	1.6%	41,679	39.1%
MTNL	5,236	5,234	0.0%	4,902	6.8%
Loop Mobile	3150	3130	0.6%	2,926	7.7%
Uninor	26,330	25,386	3.7%	6,023	337.2%
S tel	3,317	3,165	4.8%	1,326	150.1%
Etisalat	1,358	1,299	4.5%	18	7444.4%
Videocon	7,129	7,054	1.1 %	1,942	267.1%
Total	5,98,779	5,90,198	1.5%	4,65,586	28.6%

Source: TRAI; KRChoksey Research

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