

TELECOM

MNP: Adding to operators' woes

November 22, 2010

- **MNP: soon to be reality, finally!**

Mobile number portability (MNP) is set to be rolled out from November 25, 2010 starting from Haryana in the North. Syniverse and Telcordia have been selected to be the clearing houses, the former for West and North India and the latter for South and East India. We understand that all the required systems and processes have been created and the testing phase is completed. As per TRAI, pan-India MNP implementation is expected to be complete by January 10, 2011.

- **Process of switching operators to be simple and easy**

The street has been sceptical on MNP implementation and expects the switching process to be tedious for it to make any impact on market leaders Bharti Airtel (BHARTI) and Vodafone Essar (Vodafone). However, we understand that the process of switching operators is simple with the migration likely to happen during night (with maximum switch off time of two hours) and within 48 hours of submission of application. The switch is possible even from CDMA to GSM and vice-versa. The subscriber will be issued a new SIM card by the new operator.

- **Costs likely to rise and realisations may dip**

Customer acquisition cost, due to MNP, is likely to rise as the acquiring operator (Recipient) is unlikely to collect fees from the customer. Also, the Recipient will have to scrutinize the application and conduct the verification process, which involves some cost. As the Recipient will issue a new SIM card (INR 40), we believe, it is likely to be subsidized. Bharti, being the largest operator, will have to incur customer retention cost to follow the MNP process, make efforts to retain the customer and settle for lower 'realised pricing' in any case. Thus, we expect costs to rise across the industry while RPM for incumbents would come under pressure.

- **EBITDA impact of 3-10% for Bharti, only from revenue loss**

Bharti has a pan-India revenue market share of 33%. In its top 10 circles, which contribute 73% to overall revenues, its ARPUs are at an average premium of about 50% over its closest competitor. A majority of the street believes that MNP will be a zero-sum game for Bharti as it will also gain customers from its competitors. Our analysis suggests that even if it gains customers and retains subscriber market share, these new customers will bring in lower ARPUs than those it loses. Hence, its revenue market share could be impacted. We estimate that Bharti's 5% postpaid subscriber base contributes about 25-30% to its overall EBITDA. MNP, in our view, provides these high margin customers an opportunity to 'negotiate' better pricing. Our analysis, assuming no cost increases and market share loss but only lower revenues from existing customers, indicates that Bharti's EBITDA could get eroded by 3-10% (see page 7 for details).

- **Valuation and view: Too many headwinds**

We maintain our cautious stance on the telecom sector. We believe, the recent developments in the sector would lead to more stringent regulations and review of policies. The impact of MNP, 3G services and the final verdict on 2G spectrum pricing are certain events that will lead to cost pressures. Some of the other proposals like 2G spectrum refarming and treating the entire country as a single service area thereby impacting the inter-state premium tariff could further have an adverse impact. We maintain our recommendation/rating of '**HOLD/SO**' on BHARTI, '**HOLD/SP**' on Idea and '**REDUCE/SU**' on Reliance Communications.

Ganesh Duvvuri

+91-22-2286 7586

ganesh.duvvuri@edelcap.com

Devyani Javeri

+91-22-6623 3360

devyani.javeri@edelcap.com

- **MNP: Soon to be reality, finally!**

MNP is expected to be rolled out from November 25, 2010, starting from Haryana in North India. While Syniverse was awarded the licence to be the MNP clearing house in North and West India, Telcordia won the licence for South and East India. TRAI believes that pan-India MNP implementation would be completed by January 10, 2010. We believe market leaders like Bharti and Vodafone with a pan-India revenue market share of 33% and 21%, respectively, will face severe challenges in retaining their existing subscribers/revenues and incur customer retention costs.

Table 1: Circle-wise top players and key metrics

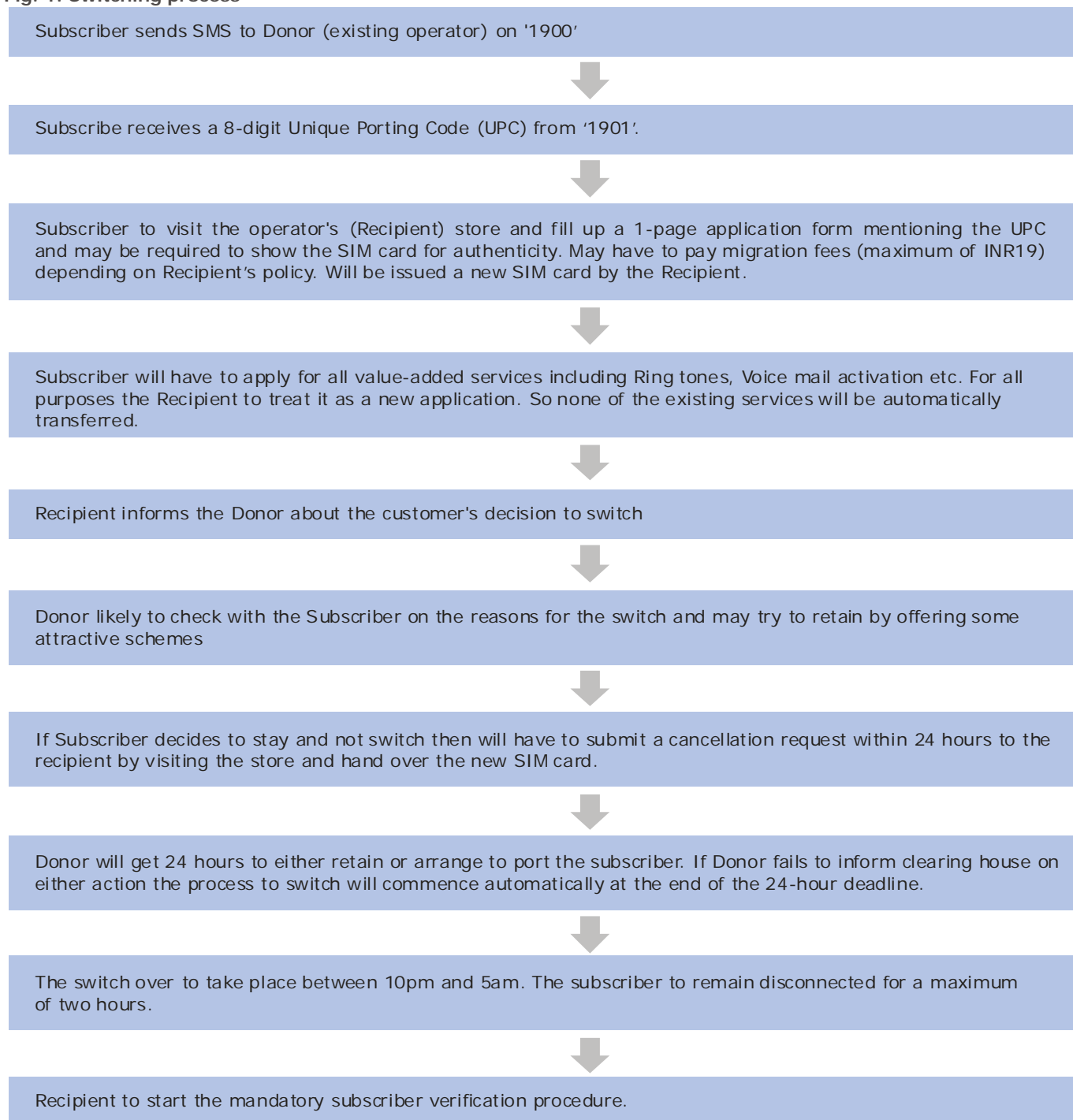
Circles	Circle-wise share (%)			No. 1 operator			No. 2 operator			No. 3 operator		
	Subscriber	Revenue	Name	Market share (%)	ARPU (INR)	Name	Market share (%)	ARPU (INR)	Name	Market share (%)	ARPU (INR)	
North - Syniverse												
Delhi	4.9	8.5	Bharti	37.4	492	Vodafone	23.9	367	Rcom	13.1	175	
Haryana	2.4	2.1	Vodafone	25.9	172	Idea	19.9	179	Bharti	17.8	231	
Jammu & Kashmir	0.9	1.1	Bharti	39.3	219	Aircel	29.2	172	BSNL	16.6	202	
Punjab	3.5	4.0	Bharti	37.2	295	Idea	18.9	216	Vodafone	17.0	204	
U.P. (East)	7.8	5.3	Bharti	34.1	180	Vodafone	20.0	95	BSNL	14.7	93	
U.P. (West)	5.3	5.2	Vodafone	36.9	275	Idea	23.1	194	Bharti	15.4	179	
Himachal Pradesh	0.9	0.7	Bharti	43.2	227	Rcom	16.0	94	BSNL	15.5	85	
West - Syniverse												
Maharashtra	7.3	7.5	Idea	29.9	223	Vodafone	21.5	207	Bharti	20.8	223	
Mumbai	4.6	6.9	Vodafone	33.4	425	Bharti	20.2	431	Rcom	16.3	177	
Gujarat	5.5	5.7	Vodafone	41.0	200	Bharti	20.9	203	Idea	17.8	177	
Rajasthan	5.6	4.6	Bharti	46.1	192	Vodafone	22.7	131	BSNL	8.4	86	
South - Telcordia												
Andhra Pradesh	7.8	8.2	Bharti	40.4	238	Idea	16.3	199	Tata	12.8	133	
Tamil Nadu (incl Chennai)	9.1	8.9	Bharti	33.3	255	Aircel	23.4	127	Vodafone	20.7	191	
Karnataka	6.4	7.3	Bharti	50.5	272	Vodafone	14.5	190	Tata	11.4	136	
Kerala	4.0	4.3	Idea	29.4	221	Vodafone	21.4	207	Bharti	19.1	250	
East - Telcordia												
Assam	1.5	1.6	Bharti	33.3	206	Aircel	25.1	145	Rcom	18.6	159	
North East	0.9	1.0	Bharti	36.3	232	Aircel	28.2	153	BSNL	16.5	162	
Madhya Pradesh	5.4	4.4	Idea	31.2	171	Bharti	30.7	183	Rcom	20.4	97	
Kolkata	2.8	2.6	Vodafone	30.8	212	Bharti	28.6	252	Rcom	17.4	116	
West Bengal	4.4	3.0	Vodafone	37.0	142	Bharti	29.1	144	Rcom	11.6	68	
Bihar	6.4	4.8	Bharti	46.8	187	Rcom	15.7	101	Vodafone	8.6	113	
Orissa	2.7	2.0	Bharti	39.3	176	Rcom	16.0	112	BSNL	14.7	120	

Source: TRAI, COAI, AUSPI, Edelweiss research

- **Simple process; easy to switch operators**

The street has been sceptical on the timing of MNP implementation in India given that it has been delayed for nearly three years. Also, the street seems to be sceptical of subscribers switching operators as it believes the process will be tedious. However, we understand that the process is simple and expected to take about 48 hours. The switch will happen between 10 pm and 5 am and the subscriber will be disconnected from the existing operator's network and connected to the new operator's network within two hours. We explain the entire process of switching operators below:

The subscriber's existing operator is called the Donor operator and the new operator is called the Recipient operator. The Recipient will have to pay INR 19 to the clearing house, either Syniverse or Telcordia. The Recipient may choose to recover these charges from the subscriber. We believe, the Recipient is likely to waive off these charges. The Recipient will provide the subscriber with a new SIM card to migrate to its network.

Fig. 1: Switching process

Source: Edelweiss research

■ Costs likely to rise and realizations to dip

We believe, the process of MNP is fairly simple with the subscriber required to only send an SMS to the Donor and then visit the Recipient's store to submit the application form. It is estimated that ~80% of the post-paid connections are Corporate subscribers (employer pays the bill), who, in our view, would negotiate better pricing. We also expect likely challengers (Idea, Aircel, Tata Docomo and RCOM) to create 'nuisance value' to Bharti, Vodafone and BSNL by offering their postpaid subscribers attractive schemes to switch.

We believe the following could be some of the major consequences from MNP implementation:

- Recipient's subscriber acquisition cost will rise as it will have to pay INR 19 to the MNP clearing house, which is unlikely to be recovered from the subscriber. Also, the cost associated with subscriber verification process and cost of SIM card, which is about INR 40. Moreover, store staff strength will have to be increased if there are a large number of applications for switching.
- Donor's customer retention cost will increase as it will have to build a team with the requisite skill sets that will possess the ability to retain customers.
- Donor's 'pricing' could be impacted in case it manages to 'retain' subscribers as it will have to offer either 'freebies' or discounted pricing.
- A subscriber, with high usage (high ARPU), could 'negotiate' better scheme from Recipient. The Recipient could offer 'attractive' schemes to high usage subscriber (for e.g., with ARPU of over INR 500).
- Value-added service provider (especially those who do not have tie ups with all operators) could see a temporary impact on revenue. Since the subscriber on switching will have to subscribe to all the value-added services at the time of submitting the application to the Receiver, it is likely that the subscriber could stop using or defer some services which he would otherwise have added as a standalone service at various points of time.

■ Bharti most vulnerable

Bharti and Vodafone, due to their high pan-India revenue market share, own a majority of high-end customers. But, as per TRAI data, the former enjoys a significant premium over its closest competitor in its top 10 circles, which contribute 73% to overall revenues. Bharti's average ARPU is 50% higher than its closest competitor in its top 10 circles. Thus, we believe, it is most vulnerable to MNP as even if it were to gain customers from competitors, it will have to settle for lower ARPUs. Idea enjoys marginally higher ARPUs in Maharashtra (17% of revenue) and Kerala (10% of revenue) compared to its largest competitor whereas in the rest of its top 10 circles its ARPUs are on an average 25% lower. Thus, even if it were to lose customers to competitors, the erosion in ARPU is unlikely to be significant. RCOM, as per data, stands to gain the most as its ARPUs are significantly lower than its largest competitor. But, we believe, RCOM needs to improve its brand positioning to be able to attract high-end customers of its competitors.

Table 2: Bharti's ARPU comparison with key competitor in top 10 circles

Top 10 circles	Bharti		Closest competitor		Bharti ARPU Premium (%)	
	Revenue mkt share	ARPU (INR)	Rank	Name		ARPU (INR)
Karnataka	11.4	272	1	Vodafone	190	43.2
A. P.	10.3	238	1	Idea	199	19.6
Delhi	9.8	492	1	Vodafone	367	34.1
Tamil Nadu	9.1	255	1	Aircel	127	100.8
Bihar	6.9	187	1	Rcom	101	85.1
Rajasthan	6.5	192	1	Vodafone	131	46.6
U. P. (E)	5.5	180	1	Vodafone	95	89.5
Maharashtra	4.8	223	3	Idea	221	0.9
Punjab	4.6	295	1	Idea	216	36.6
Mumbai	4.3	431	2	Vodafone	425	1.4
Total	73.4					

Source: TRAI, Edelweiss research

Table 3: Vodafone's ARPU comparison with key competitor in top 10 circles

Circles	Vodafone		Largest competitor		Vodafone ARPU Premium (%)	
	Revenue mkt share	ARPU	Rank	Name		ARPU
Gujarat	10.9	200	1	Bharti	203	(1.5)
Mumbai	10.8	425	1	Bharti	431	(1.4)
Delhi	9.6	367	2	Bharti	492	(25.4)
U. P. (W)	9.0	275	1	Idea	194	41.8
Tamil Nadu	8.7	191	3	Bharti	255	(25.1)
Maharashtra	7.6	207	2	Idea	223	(7.2)
West Bengal	5.3	142	1	Bharti	144	(1.4)
Karnataka	5.0	190	2	Bharti	272	(30.1)
U. P. (E)	4.9	95	2	Bharti	180	(47.2)
Rajasthan	4.9	131	2	Bharti	192	(31.8)
Total	76.6					

Source: TRAI, Edelweiss research

Table 4: Idea's ARPU comparison with key competitors in top 10 circles

Circles	Idea		Largest competitor		Idea ARPU Premium (%)	
	Revenue mkt share	ARPU	Rank	Name		ARPU
Maharashtra	17.3	223	1	Vodafone	207	7.7
M. P.	10.4	171	1	Bharti	183	(6.6)
A. P.	10.3	199	2	Bharti	238	(16.4)
Kerala	9.8	221	1	Vodafone	207	6.8
U. P. (W)	9.3	194	2	Vodafone	275	(29.5)
Gujarat	7.8	177	3	Vodafone	200	(11.5)
Delhi	6.3	287	5	Bharti	492	(41.7)
Punjab	5.8	216	2	Bharti	295	(26.8)
U. P. (E)	4.9	155	4	Bharti	180	(13.9)
Karnataka	3.7	164	5	Bharti	272	(39.7)
Total	85.7					

Source: TRAI, Edelweiss research

Table 5: RCOM's ARPU comparison with key competitor in top 10 circles

Circles	Rcom		Largest competitor		Rcom ARPU Premium (%)
	Revenue mkt share	ARPU	Rank	Name	
Mumbai	10.0	177	3	Vodafone	425 (58.4)
Delhi	9.9	175	3	Bharti	492 (64.4)
M. P.	7.9	97	3	Idea	171 (43.3)
Maharashtra	7.0	100	4	Idea	223 (55.2)
Bihar	6.7	101	2	Bharti	187 (46.0)
A. P.	6.5	96	6	Bharti	238 (59.7)
Karnataka	5.9	106	4	Bharti	272 (61.1)
U. P. (E)	5.8	68	4	Bharti	180 (62.0)
Tamil Nadu	5.7	92	5	Bharti	255 (64.0)
Gujarat	5.0	91	4	Vodafone	200 (54.3)
Total	70.5				

Source: TRAI, Edelweiss research

■ Post-MNP, EBITDA erosion likely

We have performed a scenario analysis to gauge the sensitivity of FY10 EBITDA (for BHARTI and Idea) to the change in the postpaid/prepaid RPM ratio and EBITDA margin for the postpaid segment. We highlight three scenarios assuming different levels of postpaid segment contribution to mobility EBITDA and thereafter for each scenario we estimate the overall operator EBITDA sensitivity to: (1) change in the postpaid/prepaid RPM ratio; and (2) either convergence of postpaid segment EBITDA margin to that of its prepaid segment; or (3) postpaid segment EBITDA margin remains unchanged.

As per industry data published by TRAI, in March 2010, the ratio of industry postpaid to prepaid RPM was 1.8x and ARPU was ~4.5x for pan-India (refer table 6 for details).

Table 6: TRAI reported industry ratio of postpaid/prepaid metrics

	MoU	ARPU	RPM
Metro	2.6	5.8	2.3
Circle A	3.0	4.2	1.4
Circle B	2.7	4.2	1.5
Circle C	1.2	2.7	2.2
All India	2.5	4.5	1.8

Source: TRAI, Edelweiss research

For BHARTI, based on TRAI data, we have run sensitivity models under various scenarios. The key assumptions made for this exercise are

1. ratio of postpaid/prepaid RPM at 1.8x and ARPU at 5x (average of metro and Category A circles) given its higher concentration of revenues in these circles.
2. postpaid subscribers contribute 25%, 30%, and 35% to BHARTI's mobility EBITDA under Scenario A, Scenario B and Scenario C.
3. postpaid EBITDA margins will converge with prepaid margins, which is an extreme case (see table 8) under Scenario 1 and under Scenario 2 postpaid EBITDA margins will not change even if RPM declines (see table 9), which is a best case.

Table 7: Bharti Airtel breakdown of FY10 margin between postpaid and prepaid

	Scenario A	Scenario B	Scenario C
Post paid EBITDA share (%)	25	30	35
Total subscribers (mn)	127.6	127.6	127.6
Post paid (%)	4.2	4.2	4.2
Post paid subscribers (mn)	5.4	5.4	5.4
Prepaid subscribers (mn)	122.3	122.3	122.3
Bharti - FY10 blended ARPU (INR)	244	244	244
TRAI reported ratio of Post paid/Prepaid ARPU	5.0	5.0	5.0

Bharti: Estimated Revenue & EBITDA split

Pre paid revenues (INR mn)	258,344	258,344	258,344
Pre paid revenues (%)	79.5	79.5	79.5
Pre paid EBITDA (INR mn)	75,893	70,833	65,774
Pre paid EBITDA share (%)	75.0	70.0	65.0
Pre paid EBITDA margin (%)	29.4	27.4	25.5
Post paid revenues (INR mn)	66,528	66,528	66,528
Post paid revenues (%)	20.5	20.5	20.5
Post paid EBITDA (INR mn)	25,298	30,357	35,417
Post paid EBITDA share (%)	25	30	35
Post paid EBITDA margin (%)	38.0	45.6	53.2

Source: TRAI, Company, Edelweiss research

In the table above under Scenario B, we have assumed that Bharti's postpaid RPM is 80% higher than its prepaid RPM and postpaid customers contribute 30% to its mobility EBITDA (Postpaid EBITDA share). Under this scenario, Bharti's postpaid EBITDA margins, we estimate, are at 45.6% and prepaid margins at 27.4%.

The table below indicates the sensitivity of Bharti's EBITDA to change in postpaid RPM and convergence of postpaid and prepaid EBITDA margins. Post-MNP we expect the postpaid RPMs to decline as Bharti's bargaining power with the high ARPU customer base would weaken. Bharti's current postpaid RPM, we estimate, is 80% higher than its prepaid RPM. If its postpaid EBITDA share is 30%, with MNP implementation, if we assume that its postpaid RPM lowers to 50% over its prepaid RPM and its postpaid margins converge with prepaid margins at 27.4%, then its FY10 EBITDA will be eroded by 9.6%.

Table 8: Scenario I: Postpaid EBITDA margin converges to prepaid EBITDA margin

	Post paid EBITDA share (%)		
	25.0	30.0	35.0
	EBITDA margin (%)		
Ratio of Post paid/Prepaid RPM	29.4	27.4	25.5
1.8	(3.6)	(7.5)	(11.5)
1.5	(5.8)	(9.6)	(13.4)
1.2	(7.8)	(11.4)	(15.1)
1.0	(9.1)	(12.7)	(16.2)

Source: Edelweiss research

Similarly, if we assume that its postpaid EBITDA margins will remain unchanged at 38% which is the best case scenario, then at the current postpaid EBITDA share of 25% its EBITDA will get eroded by 2.9% if the postpaid RPM declines to 1.5x prepaid RPM.

Table 9: Scenario II: Postpaid EBITDA margin remains unchanged

	Post paid EBITDA share (%)		
	25.0	30.0	35.0
	EBITDA margin (%)		
Ratio of Post paid/Prepaid RPM	38.0	45.6	53.2
1.8	-	-	-
1.5	(2.9)	(3.4)	(4.0)
1.2	(5.4)	(6.5)	(7.6)
1.0	(7.1)	(8.6)	(10.0)

Source: Edelweiss research

Thus, post-MNP, Bharti's EBITDA could get eroded by about 3-10% assuming that existing customers would negotiate better pricing and assuming no cost increases and stable market share. But we expect customer retention/acquisition costs to rise, which could impact EBITDA further.

For Idea, based on TRAI data, we assume the ratio of postpaid/prepaid RPM at 1.5x and ARPU at 4.2x (average of Category A and B circles) given higher concentration of revenues in these circles. We assume three scenarios wherein postpaid subscribers contribute 20%, 25%, and 30% to Idea's mobility EBITDA and thereafter estimate the EBITDA sensitivity.

Table 10: Idea (ex-Spice) breakdown of FY10 margin between postpaid and prepaid

	Scenario A	Scenario B	Scenario C
Post paid EBITDA share (%)	20	25	30
Total subscribers (ex-Sp) (mn)	57.9	57.9	57.9
Post paid (%)	4.3	4.3	4.3
Post paid subscribers (mn)	2.5	2.5	2.5
Prepaid subscribers (mn)	55.4	55.4	55.4
TRAI reported ratio of Post paid/Prepaid ARPU	4.2	4.2	4.2
Idea - FY10 blended ARPU (INR)	207	207	207
Idea: Estimated revenue & EBITDA split			
Pre paid revenues (INR mn)	99,331	99,331	99,331
Pre paid revenues (%)	82.6	82.6	82.6
Pre paid EBITDA (INR mn)	23,880	22,387	20,895
Pre paid EBITDA share (%)	80.0	75.0	70.0
Pre paid EBITDA margin (%)	24.0	22.5	21.0
Post paid revenues (INR mn)	20,876	20,876	20,876
Post paid revenues (%)	17.4	17.4	17.4
Post paid EBITDA (INR mn)	5,970	7,462	8,955
Post paid EBITDA share (%)	20	25	30
Post paid EBITDA margin (%)	28.6	35.7	42.9

Source: TRAI, Company, Edelweiss research

Table 11: Scenario I: Postpaid EBITDA margin converges to prepaid EBITDA margin

	Post paid EBITDA share (%)		
	20.0	25.0	30.0
	EBITDA margin (%)		
Ratio of Post paid/Prepaid RPM	24.0	22.5	21.0
1.5	(2.8)	(8.1)	(13.4)
1.4	(3.6)	(8.8)	(14.1)
1.2	(5.6)	(10.7)	(15.8)
1.0	(7.6)	(12.6)	(17.6)

Source: Edelweiss research

Table 12: Scenario II: Postpaid EBITDA margin remains unchanged

	Post paid EBITDA share (%)		
	20.0	25.0	30.0
	EBITDA margin (%)		
Ratio of Post paid/Prepaid RPM	28.6	35.7	42.9
1.5	-	-	-
1.4	(0.9)	(1.2)	(1.4)
1.2	(3.3)	(4.1)	(4.9)
1.0	(5.7)	(7.1)	(8.5)

Source: Edelweiss research

Annexure I

■ Commonly asked questions on the MNP process

Q. Can the incumbent operator delay sending the Unique Processing Code (UPC)?

A. No. The UPC is sent by an automated system and hence the operator cannot delay it.

Q. Does the UPC have an expiry and for how many days is it valid?

A. The UPC is valid for 15 days. So the subscriber after receiving the UPC from the incumbent operator can use it till 15 days in his application for a connection with the new operator.

Q. What if the subscriber wants to stay back on the network?

A. If a subscriber after submitting the application decides against switching, he has to submit a cancellation request to the new operator within 24 hours.

Q. Can a CDMA subscriber switch to GSM?

A. Yes. A CDMA subscriber can switch to a GSM operator and vice-versa but will have to change his phone.

Q. Will all services a customer has subscribed to continue after switching?

A. The new operator will treat every switch as a new connection. The customer will have to choose from schemes that the new operator has on offer. Thus, the customer will have to apply for all additional services like voice mail facility, itemized billing, ring back tones and any other valued-added services as these will not continue automatically.

Q. What is the maximum switching off time expected?

A. Two hours. The switch over will happen between 10 pm and 5 am and the maximum switch off time (time between disconnection by existing operator and activation by new operator) is expected to be two hours.

Q. What if there is balance on prepaid subscription?

A. A prepaid customer will not be allowed to transfer the balance amount and will have to either use it or forego before switching operators. For a postpaid customer, the switching will happen only if he has cleared the last generated bill. If the postpaid customer is switching during the billing cycle the Donor will have to inform the Recipient about the dues. The Recipient will then alert the subscriber and allow him to make the payment within 15 days, failing which his connection will be deactivated.

Annexure II

Table 1: Circle-wise revenue distribution of operators

Circles	Aircel	Bharti	Rcom	Vodafone	Idea	Tata	BSNL/MTNL	Stel
A. P.	2.2	10.3	6.5	4.4	10.3	13.1	8.9	-
Assam	8.6	1.7	2.7	0.6	0.1	0.4	2.3	-
Bihar	5.5	6.9	6.7	1.9	2.9	4.7	4.0	35.1
Delhi	3.8	9.8	9.9	9.6	6.3	10.4	3.9	-
Gujarat	-	3.7	5.0	10.9	7.8	4.0	3.4	-
H. P.	1.0	1.0	1.1	0.2	0.4	0.4	1.4	32.8
Haryana	0.0	1.1	1.7	2.5	3.2	3.3	3.8	-
J & K	7.2	1.4	0.5	0.3	0.1	0.6	2.4	-
Karnataka	1.6	11.4	5.9	5.0	3.7	10.3	5.6	-
Kerala	1.8	2.5	2.7	4.4	9.8	3.1	7.9	-
Kolkata	2.6	2.3	4.0	3.8	0.3	3.4	1.6	-
M. P.	-	4.1	7.9	0.9	10.4	3.8	3.2	-
Maharashtra	1.3	4.8	7.0	7.6	17.3	9.6	6.0	-
Mumbai	2.5	4.3	10.0	10.8	3.1	9.2	2.8	-
North East	6.1	1.1	0.7	0.4	0.0	0.2	2.1	-
Orissa	3.9	2.5	2.9	0.8	0.4	2.4	3.8	32.2
Punjab	-	4.6	2.2	3.2	5.8	3.5	5.5	-
Rajasthan	-	6.5	3.4	4.9	2.7	2.6	4.9	-
Tamil Nadu	45.0	9.1	5.7	8.7	0.6	6.3	9.1	-
U. P. (E)	1.3	5.5	5.8	4.9	4.9	3.1	9.8	-
U. P. (W)	1.5	2.5	4.5	9.0	9.3	4.0	4.4	-
West Bengal	4.2	2.7	3.2	5.3	0.4	1.6	3.0	-
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: TRAI, Edelweiss research

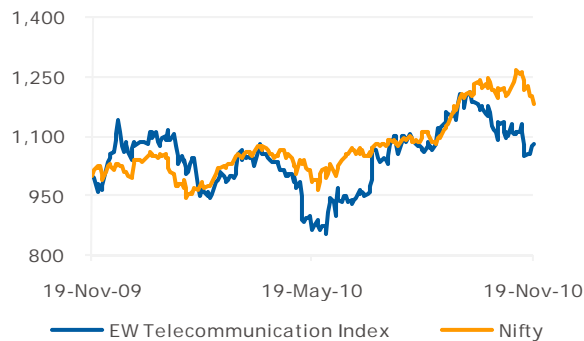
Edelweiss Securities Limited, 14th Floor, Express Towers, Nariman Point, Mumbai – 400 021,
Board: (91-22) 2286 4400, Email: research@edelcap.com

Vikas Khemani	Head Institutional Equities	vikas.khemani@edelcap.com	+91 22 2286 4206
Nischal Maheshwari	Head Research	nischal.maheshwari@edelcap.com	+91 22 6623 3411

Coverage group(s) of stocks by primary analyst(s): Telecom

Bharti Airtel, Idea Cellular, Reliance Communications and Tulip Telecom

EW indices



Recent Research

Date	Company	Title	Price (INR)	Recos
15-Nov-10	Reliance Comm.	Outlook remains cautious; <i>Result Update</i>	168	Reduce
15-Nov-10	Tulip Telecom	Fibre business going strong; <i>Result Update</i>	179	Buy
10-Nov-10	Bharti Airtel	Focusing away from minutes; <i>Result Update</i>	327	Hold
26-Oct-10	Idea Cellular	Pressure on realisations continues; <i>Result Update</i>	69	Hold

Distribution of Ratings / Market Cap

Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	116	45	12	176

* 3 stocks under review

	> 50bn	Between 10bn and 50 bn	< 10bn
Market Cap (INR)	110	53	13

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

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