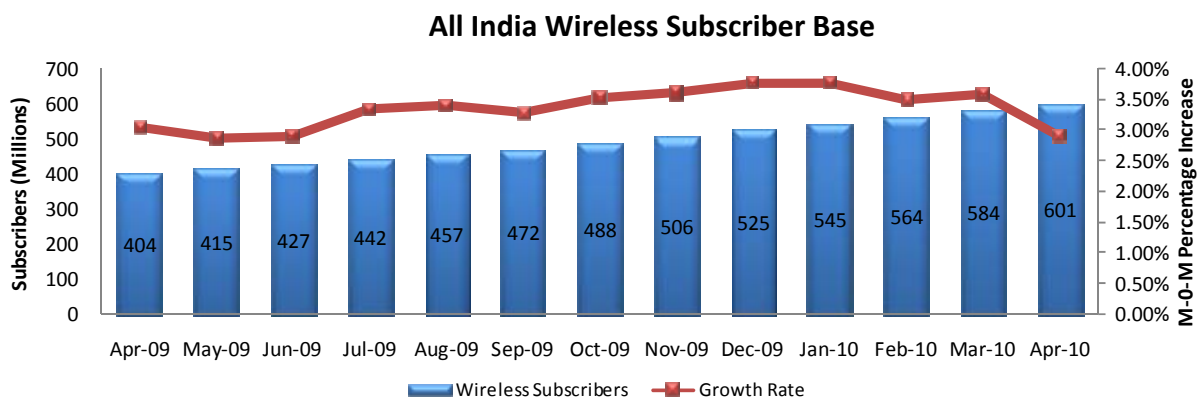


**Telecommunications Monthly Update – April 2010**

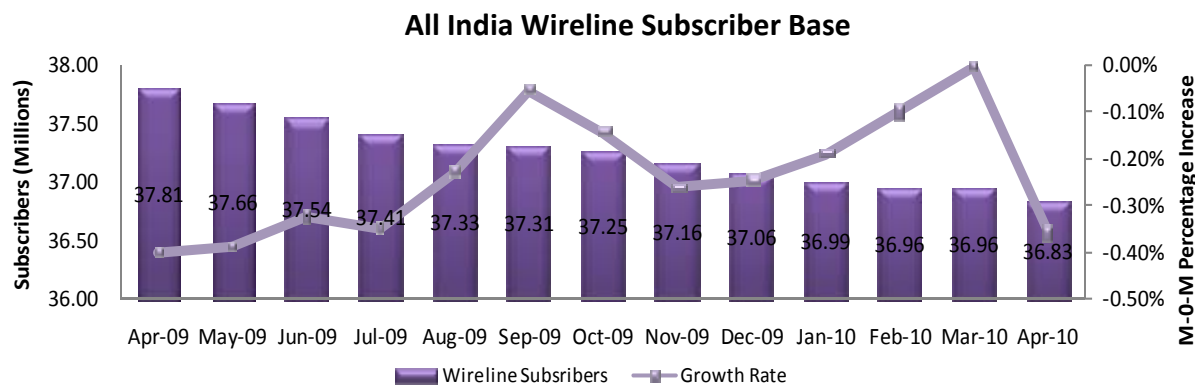
After witnessing an increasing subscriber addition over the last one year, Indian Telecommunication industry saw a major decline in new subscriber additions. It was mainly due to a weak addition in the wireless subscribers.

	April 2010	March 2010
<b>Wireless Subscriber Base (mn)</b>	601.22	584.32
<b>Wireline Subscriber Base (mn)</b>	36.83	36.96
<b>Total Subscriber Base (mn)</b>	<b>638.05</b>	<b>621.28</b>

- The number of telecom subscribers in India increased to 638.05 mn at the end of April -2010 from 621.28 mn in March-2010.
- The overall Tele-density of India increased from 52.74% to 54.10% over last one month.



- Wireless subscribers increased by 16.9 mn in Apr-2010 to cross 600 mn mark, a growth of 2.89% m-o-m.
- Wireless Tele-density now stands at 50.98%.



- After a decreasing rate in the wireline subscriber reduction witnessed over the last few months, April saw subscriber base fall by 0.35% m-o-m
- The wireline subscriber base reduced by 0.13 mn to 36.83 mn in April 2010

**All India Subscriber Base (Includes Wireless and Wireline)**

Market Players	April 2010 Subscribers (000's)	Net Additions (000's)	M-o-M Growth	Y-o-Y Growth	Market Share	Share of net addition
<b>Bharti Airtel</b>	133,711	3,025	2.3%	34.4%	21.0%	18.0%
<b>Reliance Communications</b>	106,337	2,738	2.6%	3.6%	16.7%	16.3%
<b>Vodafone Essar</b>	103,756	2,898	2.9%	4.1%	16.3%	17.3%
<b>BSNL</b>	98,308	1,027	1.1%	19.4%	15.4%	6.1%
<b>Tata Teleservices</b>	69,057	1,952	2.9%	5.3%	10.8%	11.6%
<b>Idea Cellular</b>	65,288	1,464	2.3%	3.3%	10.2%	8.7%
<b>Aircel</b>	38,470	1,608	4.4%	8.2%	6.0%	9.6%
<b>MTNL</b>	8,615	24	0.3%	0.3%	1.4%	0.1%
<b>Uninor</b>	5,022	758	17.8%	-	0.8%	4.5%
<b>Sistema Shyam Teleservices</b>	4,252	428	11.2%	48.0%	0.7%	2.5%
<b>Loop Telecom</b>	2,895	50	1.8%	2.3%	0.5%	0.3%
<b>Stel</b>	1,112	106	10.5%	-	0.2%	0.6%
<b>HFCL Infotel</b>	533	31.12	6.20%	5.7%	0.1%	0.19%
<b>Videocon</b>	689	657	2041.4%	-	0.11%	3.92%
<b>Etisalat</b>	4.99	4.64	1309.6%	-	0.0%	0.03%
<b>All India Subscribers</b>	638,050	16,770	2.7%	44.5%	100.0%	100.0%

- Bharti Airtel remains the market leader with 133.71 mn subscribers while Reliance Communications strengthened its position by the addition of 2.74 mn subscriber during the month
- Vodafone Essar had the second highest share in subscriber additions during the month. Vodafone Essar's market share has increased over last three months and is inching closer to Reliance Communications.
- Aircel had 38.47 million subscribers in April-2010 achieving a growth rate of 4.4% m-o-m
- Videocon Telecommunications which has launched its operations in March-2010, increased its presence by launching services in Gujarat and Mumbai Circles while Etisalat DB (another new player) increased its presence from 9 circles in March-2010 to 15 circles in April-2010.
- Category A and B circles continue to dominate subscriber additions, adding 12.71 mn subscribers (over 75% of industry net additions)

### Operator wise Wireless Subscriber Base (millions)

	Apr-10	Mar-10	Feb-10	Jan-10	Dec-09	Nov-09	Oct-09	Sep-09	Aug-09	Jul-09	Jun-09	May-09	Apr-09
<b>Bharti Airtel</b>	130.6	127.6	124.6	121.7	118.9	116.0	113.2	110.5	108.0	105.2	102.4	99.5	96.7
<b>Reliance Communications</b>	105.2	102.4	99.4	96.6	93.8	91.0	88.2	86.1	84.1	82.0	79.6	77.2	74.8
<b>Vodafone Essar</b>	103.8	100.9	97.2	94.1	91.4	88.6	85.8	82.8	80.9	78.7	76.4	74.1	71.5
<b>BSNL</b>	70.6	69.5	66.8	65.1	62.9	60.8	59.4	58.8	57.3	56.0	54.4	53.6	53.2
<b>Idea Cellular</b>	65.3	63.8	62.1	59.9	57.6	55.9	53.4	51.5	50.1	48.5	47.1	45.5	44.2
<b>Tata Teleservices</b>	67.9	65.9	63.2	60.3	57.3	54.0	50.7	46.8	42.8	39.4	37.1	36.5	35.7
<b>Aircel</b>	38.5	36.9	34.9	33.0	31.0	29.4	27.7	25.7	24.4	23.1	21.8	20.7	19.6
<b>Others</b>	19.4	17.3	15.8	14.2	12.3	10.4	9.9	9.5	9.2	8.8	8.5	8.1	7.9
<b>Total</b>	601.2	584.3	564.0	545.0	525.1	506.0	488.4	471.7	456.7	441.7	427.3	415.2	403.7

- Market Leader Bharti Airtel clocked a growth rate of over 35.03% y-o-y while Aircel had m-o-m growth rate of 4.4%
- Incumbent operators saw a decline in their m-o-m growth rates

### Operator Wise Wireless Net Additions (millions)

	Apr-10	Mar-10	Feb-10	Jan-10	Dec-09	Nov-09	Oct-09	Sep-09	Aug-09	Jul-09	Jun-09	May-09	Apr-09
<b>Bharti Airtel</b>	3.0	3.0	2.9	2.9	2.9	2.8	2.7	2.5	2.8	2.8	2.8	2.8	2.8
<b>Reliance Communications</b>	2.7	3.0	2.8	2.8	2.8	2.8	2.1	2.0	2.1	2.4	2.4	2.4	2.2
<b>Vodafone Essar</b>	2.9	3.6	3.1	2.7	2.8	2.8	3.0	2.0	2.2	2.2	2.4	2.5	2.8
<b>BSNL</b>	1.2	2.7	1.6	2.2	2.1	1.3	0.7	1.5	1.3	1.6	0.8	0.4	1.0
<b>Idea Cellular</b>	1.5	1.7	2.3	2.3	1.7	2.6	1.9	1.4	1.5	1.4	1.6	1.3	1.2
<b>Tata Teleservices</b>	1.9	2.8	2.8	3.0	3.3	3.3	3.9	4.0	3.4	2.3	0.6	0.8	0.6
<b>Aircel</b>	1.6	2.0	1.8	2.0	1.7	1.6	2.0	1.3	1.3	1.3	1.1	1.1	1.1
<b>Others</b>	2.1	1.5	1.7	1.9	1.9	0.5	0.4	0.3	0.3	0.4	0.3	0.3	0.3
<b>Total</b>	16.9	20.3	19.0	19.8	19.1	17.6	16.7	15.0	15.1	14.4	12.0	11.6	11.9

- Bharti Airtel added the highest number of subscribers at 3 mn while Vodafone Essar came in second with 2.9 mn subscriber additions.
- Reliance Communication added 2.73 mn subscribers during the month.
- Tata Teleservices had a reduced share in subscriber additions during the month. It added 1.91 mn subscribers

### 3G & BWA Auction

After much delays and speculations, auctions for 3G and BWA spectrum were completed. 3G auction was conducted over a period of 34 days which saw telecom players vying for 71 blocks that were put up for auction across the 22 service areas. The e-auction which involved 183 rounds of bidding, saw Bharti Airtel winning a bid in 13 circles & it paid 12,295.46 Crs for the same. Vodafone Essar paid the second highest amount at Rs. 11,617.86 Crs and it won the bid in 9 circles.

While for BWA, only 2 blocks were put up for auction in each of the 22 service areas. The e-auction lasted for 16 days and involved 117 rounds of bidding. Infotel Broadband Services Pvt. Ltd. was the only player to win a pan India presence and it paid Rs. 12,847.77 Crs for the 22 slots.

3G Auction Results		
Telecom Player	Slots Won	Amount Paid (Rs. in Crs)
BSNL + MTNL	22	16750.58
Bharti Airtel	13	12295.46
Vodafone Essar	9	11617.86
Reliance Telecom	13	8585.04
Aircel Limited	13	6499.46
Tata Teleservices	9	5864.29
Idea Cellular	11	5768.59
S Tel	3	337.67
Total		67718.95

BWA Auction Results		
Telecom Player	Slots Won	Amount Paid (Rs. In Crs)
Infotel Broadband Services	22	12847.77
BSNL + MTNL	22	12847.77
Qualcomm Inc	4	4912.54
Aircel Ltd	8	3438.01
Bharti Airtel	4	3314.36
Tikona Digital Networks	5	1058.2
Augere Limited	1	124.66
Total		38543.31

### Valuation Ratios

Parameters	Bharti Airtel	Idea Cellular	Reliance Comm.
Earnings per Share(TTM)	24.13	3.03	22.55
Price (CMP)	269.55	54.35	186.65
Price/Earnings (x)	11.17	17.97	8.28
Price/Book value (x)	2.47	1.57	0.99
Enterprise Value (EV) (Cr.)	101082	23061	58414
EV/Sales (x)	2.42	1.85	2.72
EV/EBITDA (x)	6.10	6.77	8.13
EV/Subscriber (x)	7560	3532	5493

(Valuation Ratios calculated using the trailing last four quarter figures)

The stability in tariffs witnessed over the past few months has put a stop to the further deterioration of the performances of the incumbents. However the huge debt which the various players will need to raise to pay for the 3G & BWA spectrum will put pressures in the near term. The cost of 3G and BWA spectrum reached astronomical highs, many folds more than the base price. Only if the players are able to start services by early next year, will it justify the huge cost paid to win the auction. We believe that it will take at least 2-3 years for the companies to reap the return on heavy investments in 3G and BWA spectrum

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