



## Current Scenario:

- ✓ Wireless segment added net 19.9 mn subscribers in Jan '10, highest ever addition in a month
- ✗ Wireline segment declining trend continues, lost 0.3 mn subscribers
- ✓ Telephone subscriber base reaches 581.81 mn, 3.5% MoM growth and 45.4% YoY growth
  - Wireless subscription reaches 545.05 mn
  - Wireline subscription declines to 36.76 mn
- ✓ Overall Tele-density reaches 49.5
  - Wireless tele-density stands at 46.37
  - Wireline tele-density stands at 3.13
- ⇔ Incumbent pan-Indian players losing market share to new players and players widening their reach into new circles
- ⇔ 3G auction revised schedule gives clarity and open up new growth opportunities, however it could stress balance-sheet further
- ✗ Wireless GSM and CDMA ARPU on declining trend - GSM and CDMA ARPU declined by 25.9% and 27.7% in 12 months ended Sept-09.
  - GSM ARPU - Rs 164 in qtr ended Sept-09
  - CDMA ARPU - Rs 89 in qtr ended Sept-09
- ✗ Wireless MoU also on declining trend - GSM and CDMA MoU declined by 15.1% and 7.1% respectively over September 2008.
  - GSM MoU - 423 for qtr ended Sept-09
  - CDMA MoU - 308 for qtr ended Sept-09

## Outlook:

- ✗ Revenue growth lags behind subscriber addition due to significant price decline as tariff war intensifies and multi-SIM card usage increases.
- ✗ Revenue growth likely to be ~10% in FY10 as compared to subscribers growth of ~50%
- ⇔ New players and GSM roll out of dual technology service providers to gain market share as they widen their reach
- ⇔ MNP introduction likely to result into lower propensity to keep multi SIM cards to ride scheme benefits
- ✗ Category B and C circles driving growth where ARPU remains lower usually
- ✗ Cut throat competition, rising network operating costs and subscriber acquisition costs would exert pressure on margins
- ✗ Competition might led to aggressive bidding in 3G auctions
- ✗ Valuation appears reasonable, however intense competition and no visible near term positives would continue to limit stocks' performance



### Service provider-wise Wireless Subscribers

Service Providers (in mn)	End Jan-10		M-o-M			Y-o-Y		
	Sub-Scribers	Market Share (%)	Net Addition	Incr. Mkt Share (%)	M-o-M Gwth (%)	Net Addition	Incr. Mkt Share (%)	Y-o-Y Gwth (%)
Aircel	33.0	6.1	2.0	10.1	6.5	16.3	8.9	97.1
Bharti	121.7	22.3	2.9	14.3	2.4	33.3	18.2	37.7
Loop Telecom	2.7	0.5	0.1	0.3	2.0	0.7	0.4	34.6
BSNL	65.1	11.9	2.2	11.3	3.6	17.5	9.6	36.8
HFCL Infotel	0.3	0.1	0.0	-0.1	-5.2	-0.1	0.0	-15.9
Idea	59.9	11.0	2.3	11.4	3.9	19.9	10.9	49.7
MTNL	4.9	0.9	0.0	0.2	0.9	0.6	0.3	14.5
R Com	96.6	17.7	2.8	14.1	3.0	30.3	16.6	45.7
Sistema Shyam Tele	3.3	0.6	0.2	1.1	7.0	2.8	1.5	649.1
S Tel	0.5	0.1	0.4	1.8	257.9	0.5	0.3	-
Tata Teleservices	60.3	11.1	3.0	15.0	5.2	27.5	15.1	83.9
Uninor	2.5	0.5	1.3	6.7	110.1	2.5	1.4	-
Vodafone Essar	94.1	17.3	2.7	13.8	3.0	30.8	16.9	48.6
<b>Total</b>	<b>545.0</b>	<b>100.0</b>	<b>19.9</b>	<b>100.0</b>	<b>3.8</b>	<b>182.8</b>	<b>100.0</b>	<b>50.4</b>

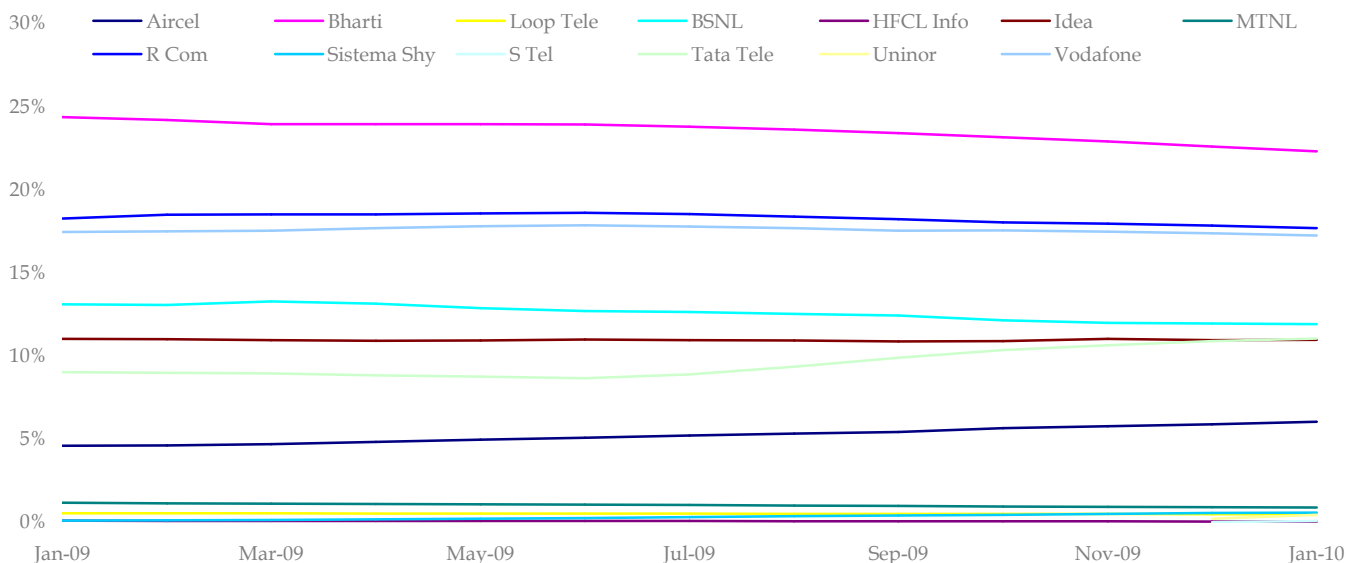
### Circle-wise Wireless Subscribers

Circle (in mn)	End Jan-10		M-o-M			Y-o-Y		
	Sub-Scribers	Market Share (%)	Net Addition	Incr. Mkt Share (%)	M-o-M Gwth (%)	Net Addition	Incr. Mkt Share (%)	Y-o-Y Gwth (%)
A.P.	42.9	7.9	1.5	7.4	3.5	14.6	8.0	51.5
Assam	8.1	1.5	0.3	1.7	4.3	2.7	1.5	50.9
Bihar	34.0	6.2	2.2	11.2	7.0	15.4	8.4	82.9
Chennai	11.4	2.1	0.1	0.7	1.2	2.5	1.4	28.5
Delhi	27.3	5.0	0.6	3.0	2.3	6.9	3.8	33.6
Gujarat	30.1	5.5	0.8	4.3	2.9	7.2	3.9	31.2
H.P.	4.7	0.9	0.2	0.9	4.2	1.5	0.8	49.3
Haryana	13.2	2.4	0.4	2.1	3.3	4.4	2.4	49.4
J & K	5.1	0.9	0.2	0.8	3.1	2.0	1.1	63.8
Karnataka	34.4	6.3	1.7	8.5	5.2	12.0	6.6	53.4
Kerala	22.8	4.2	0.6	3.0	2.6	7.4	4.0	47.7
Kolkata	15.4	2.8	0.4	1.9	2.5	4.7	2.6	43.9
M.P.	29.6	5.4	1.3	6.5	4.6	10.5	5.8	55.3
Maharashtra	41.2	7.6	1.2	6.0	3.0	12.6	6.9	44.3
Mumbai	25.1	4.6	0.8	4.0	3.2	6.7	3.7	36.8
North East	4.9	0.9	0.3	1.4	6.2	1.9	1.0	63.1
Orissa	13.6	2.5	0.7	3.4	5.1	5.8	3.2	75.0
Punjab	18.9	3.5	0.5	2.4	2.5	5.1	2.8	36.5
Rajasthan	31.5	5.8	0.8	4.3	2.8	10.3	5.7	48.8
T.N.	39.9	7.3	1.5	7.6	3.9	14.5	8.0	57.4
U.P.(E)	40.1	7.4	1.9	9.4	4.9	14.9	8.1	59.1
U.P.(W)	28.2	5.2	1.0	5.1	3.8	10.6	5.8	60.0
W.B.	22.7	4.2	0.9	4.6	4.2	8.5	4.6	59.6
<b>Total</b>	<b>545.0</b>	<b>100.0</b>	<b>19.9</b>	<b>100.0</b>	<b>3.8</b>	<b>182.8</b>	<b>100.0</b>	<b>50.4</b>

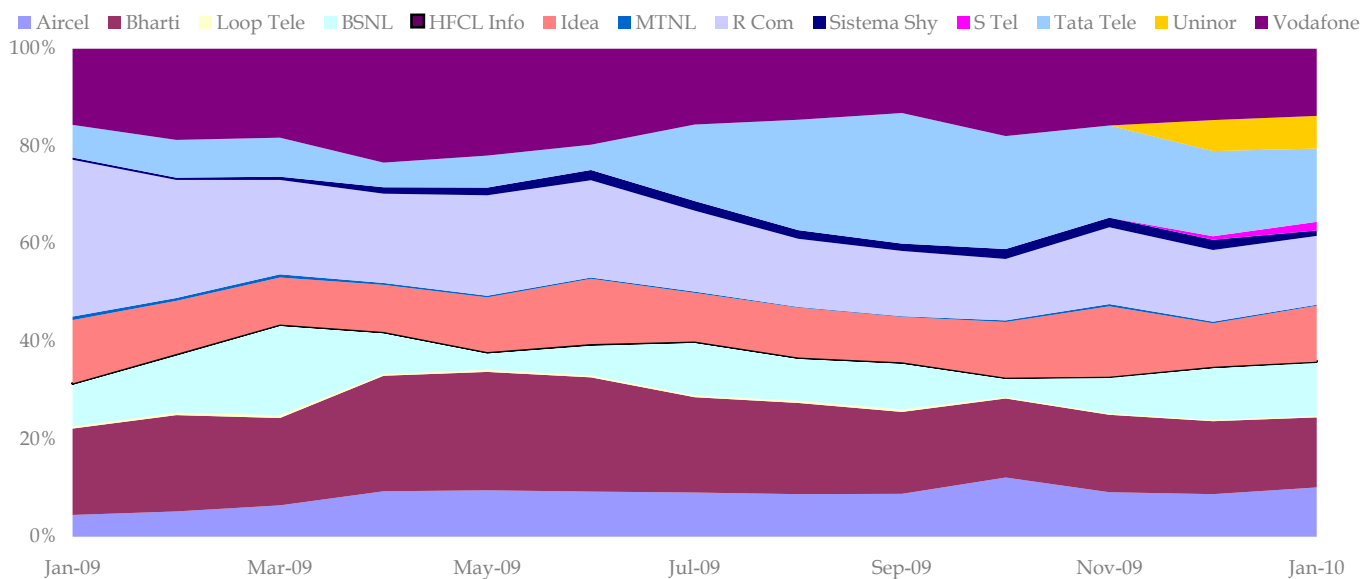


### Wireless Market Share

Bharti, BSNL, R Com, MTNL and Vodafone lost 2.1%, 1.2%, 0.6%, 0.3% and 0.2% market share in last 12 months. Only Tata Tele managed to increase their share due to GSM roll out. R Com market share come back to pre-GSM pan-India rollout of 17.7% after reaching a high of 18.6%. Uninor, new entrant, added impressive 1.3 mn subscribers in January after 1.2 mn in December.

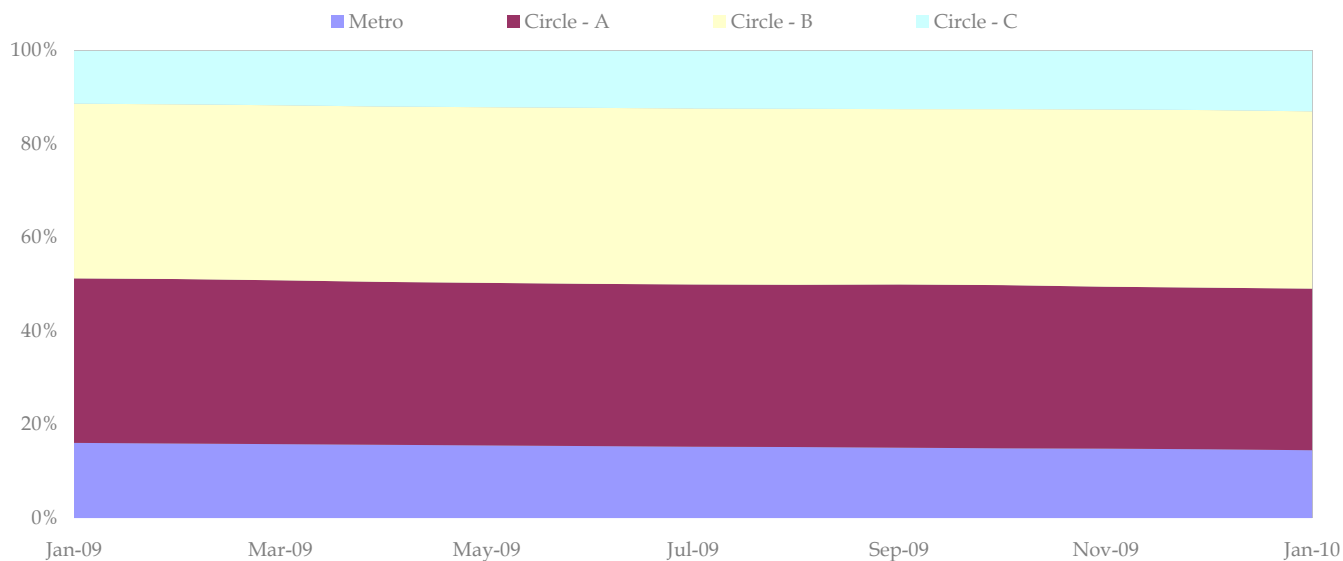


### Wireless Incremental Market Share (M-o-M)





## Wireless Subscribers Category-wise Market Share



## Wireline Subscriber

(In Mn) Service Providers	End Jan-10		M-o-M	Y-o-Y
	Subscribers	Mkt Share (%)	Addition	Addition
Bharti	3.0	8.2	0.0	0.4
BSNL	28.0	76.1	-0.1	-1.3
HFCL Infotel	0.2	0.5	0.0	0.0
MTNL	3.3	8.8	-0.2	-0.3
R Com	1.2	3.2	0.0	0.1
Sistema Shyam	0.1	0.1	0.0	-0.1
Tata Teleservices	1.1	3.0	0.0	0.2
<b>Total</b>	<b>36.8</b>	<b>100.0</b>	<b>-0.3</b>	<b>-1.0</b>



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