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MTS India: Organic Growth, Partnership, or exit?

Professor Somnath Chakrabarti and Shubhendu Dutta wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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On June 11, 2015, Dmitry Shukov, chief executive officer (CEO) of Mobile TeleSystems (MTS) India, sat in his office in Gurgaon, India, deep in thought about the company’s future in the Indian telecommunications (telecom) market. He was thinking specifically about MTS India’s pursuit of a data-centric, voice-enabled strategy. The Indian telecom market was witnessing a second wave of growth driven by high-speed data. One of the biggest trends during the year was the rampant growth in the data services market across the 2G, 3G, fixed broadband, and 4G segments.[[1]](#endnote-1)

The rise of social media in India had greatly accelerated the country’s data consumption. Outside the United States, Indians were the biggest users of Facebook, Twitter, and WhatsApp, especially on mobile phones, which provided a great boost to data usage. Data revenues experienced a near 100 per cent growth in fiscal year (FY) 2014–15, increasing telecom players’ overall revenues. However, MTS India, with ₹13.852 billion (US$221.31 million)[[2]](#endnote-2) in revenue at the end of March 2015, was finding it difficult to maintain momentum in the cut-throat, high-growth market, despite being the first mover in mobile data (see Exhibit 1). The company understood that to grab a share of the market, it needed to focus on offering voice users competitive pricing, affordable smartphones, and a superior and differentiated network experience.

MTS India did not want to lose the opportunity presented by India’s high-speed data market. However, Russia’s looming financial crisis was creating constraints for any further investment in India by Sistema JFSC (Sistema), MTS India’s parent company in Russia. MTS India’s financial performance was not encouraging given consistent losses in operating income before depreciation and amortization (OIBDA) (see Exhibit 1).[[3]](#endnote-3) It was struggling to break even in most service areas. Large incumbents like Bharti Airtel Limited (Bharti Airtel), Vodafone Group Plc. (Vodafone), and Idea Cellular Limited (Idea) had launched their high speed data services ahead of an expected major market disruption. With so many large players setting their eyes on the high-speed data market, competition would surely intensify. Shukov needed to make difficult yet strategic decisions, especially given the anticipated consolidation in the industry, which was likely to be facilitated by regulatory issues. Key catalysts were the expected guidelines on spectrum sharing and trading from the government of India.[[4]](#endnote-4) Shukov had to make these decisions while maintaining the business momentum.

The company’s problems began on February 2, 2012, when the Supreme Court of India cancelled 122 unified telecom licences of 22 mobile operators across the country, that had been granted on or after January 10, 2008. Vsevolod Rozanov, the then president and CEO of Sistema Shyam TeleServices Limited (SSTL), which operated its telecom services under the MTS brand in India, was deeply disappointed with this decision. He felt it was completely arbitrary and against the principles of fair business practice.[[5]](#endnote-5) At an open house held for employees, Rozanov had the tough task of using his address to allay employees’ fears and assure them that, no matter what, the organization would take all necessary measures to ensure the continuity of its business in India.

Early Days of the Telecom Revolution

The total number of telephone subscribers in India grew phenomenally at a compound annual growth rate of 35 per cent between 2001 and 2011, compared to 9 per cent and 22 per cent in the 1980s and 1990s, respectively.[[6]](#endnote-6) The majority of this growth between 2001 and 2011 came from mobile subscribers. Also, teledensity in the country was up from a meagre 18.23 per cent in March 2007 to 78.66 per cent in March 2012 (see Exhibit 2). As of FY 2011/12, there were eight major access telecom players in the market: Aircel Limited (Aircel), Bharat Sanchar Nigam Limited (BSNL), Reliance Communications Limited (RCom), Tata Teleservices Limited (Tata), Mahanagar Telephone Nigam Limited (MTNL), Bharti Airtel, Vodafone, and Idea (see Exhibit 3). Besides these national operators, there were some strong regional mobile operators such as Spice Telecom and BPL Telecom Pvt. Ltd. Some new telecom players, along with their foreign (international) partners, applied for licences in 2008, which were allotted to them on a first-come, first-serve basis.

Sensing some gross violation of licence allotment norms, public interest litigations were filed with the Supreme Court of India to investigate. Four years later, the telecom licences were ordered to be cancelled. The Supreme Court’s decision in February 2012 was based on a plea of malpractice in awarding the earlier licences to telecom operators in January 2008. The industry viewed this judgment as a roadblock to realizing its true market potential. Telecom operators such as MTS India, Telenor India, Videocon Telecommunications Limited, and other smaller players had paid huge sums of money to get the licence to run their mobile service operations. The cancellation of their licences (including the cancellation of 21 out of 22 licences for SSTL) meant that they had to revisit their business case and the decision to continue in the business. The incumbents—Bharti Airtel, Vodafone, Idea, and RCom—were not affected by the Supreme Court decision since most of their licences were awarded before 2008.

MTS Story in India

SSTL was a joint venture between Russian conglomerate Sistema and Indian partner Shyam TeleLink Ltd., operating in India under the MTS brand. Sistema held a 56.68 per cent stake in the organization, while the Russian government held 17.14 per cent.[[7]](#endnote-7) The remainder was held by the Shyam Group (24 per cent)—an Indian business with interests in various industry sectors—and minority shareholders (2.2 per cent).

MTS was a recognized global brand, ranking 82nd overall and ninth among telecom providers in the 2013 **BrandZ Top 100 Most Valuable Global Brands survey carried out by the WPP Group and Millward Brown International.**[[8]](#endnote-8)The company began operations in India in March 2009 after being awarded its licences in 2008.[[9]](#endnote-9) At that time, there were more than a dozen players vying for a piece of the rapidly expanding telecom market. Several foreign players had also invested in the market by then, since the government had increased the foreign direct investment limit in many telecom sector services from 49 per cent to 74 per cent in the FY 2004–05 budget (in February 2005).[[10]](#endnote-10)

Structure of the Indian telecom industry

In fiscal 2006, the telecom density in India was still low at around 13 per cent, compared to 60 per cent in the United States and 102 per cent in the United Kingdom.[[11]](#endnote-11) Sensing the huge market potential, global telecom operators such as Telenor and the Etisalat Group entered the market by partnering with domestic businesses. Another global telecom player, Vodafone, entered the market through the acquisition of the Hutch brand.

The total subscriber base of the telecom sector (both wireless and wireline) in India during FY 2008–09 crossed the 400 million mark. As of March 31, 2009, there were 429.72 million subscribers. The total wireless subscriber base—global system for mobile communication (GSM), code division multiple access (CDMA), and wireless local loop (fixed wireless)—was 391.76 million, and the total wireline subscriber base was 37.96 million.[[12]](#endnote-12) The market was dominated by voice services. The entry of new players triggered a price war, which caused mobile voice service rates to plunge to levels that were among the lowest in the BRIC (Brazil, Russia, India, and China) nations. The mobile cellular average pre-paid revenue per user was US$1.60 per month in India in 2008, the second lowest in the world after Bangladesh, whereas the world average was US$10.10 per month. This particularly low tariff in South Asia was an innovation driven by intense competition, low purchasing power, and strict regulatory environments.[[13]](#endnote-13)

Rozanov, a 39-year-old finance veteran with the Sistema conglomerate in Russia, took the helm of MTS India as its first CEO in October 2008.[[14]](#endnote-14) As he confessed later, his introduction to India came through the tales about Lord Hanuman, the monkey god, which roused in Rozanov an eagerness and curiosity about the country and its culture. He was quick to realize that the Indian telecom market was very price sensitive given the intense competition; hence, he positioned the MTS India brand as value for money.

Recognizing that the high price of mobile handsets was creating an entry barrier for first-time mobile users, Rozanov took two major initiatives to penetrate the cost-conscious Indian market. To begin, he forged strategic partnerships with mobile handset makers such as Samsung Electronics Co. Ltd. (Samsung), ZTE Corporation, and Huawei Technologies Co. Ltd. (Huawei) to offer low-priced handsets for the mass market. These handsets were offered at discounted prices to spur sales in the mass market. This strategy helped the company build a substantial market share in the voice segment, although at a high subscriber acquisition cost. Later, to reduce this cost, the company followed an open market handset strategy by offering phones from companies like Spice Telecom, ZTE corporation, Samsung, Fly Mobile Phones, and Huawei.

Rozanov also introduced lucrative tariff plans to offer the best value to customers. Sistema’s launch in March 2009 of a million minutes of free talk time[[15]](#endnote-15) for ₹499 (life-time offer) intensified the tariff war among telecom operators. In September 2009, MTS India launched the revolutionary “per second” bill plan—christened “MTalk”—which offered consumers full talk time, life-time validity, and no hidden costs.[[16]](#endnote-16) The tariff plans offered by other operators in the market were too complicated and had several price components, including the activation fee, which customers found difficult to understand.

MTS India’s marketing director commented at that time that the company had indeed introduced a new concept in the Indian market by looking at all the elements that brought true value and giving them to customers on their own terms. Using this low-cost service model, MTS India was able to garner two million subscribers by September 2009 in just six months of becoming operational in India.[[17]](#endnote-17)

By the end of 2009, the Indian mobile broadband market had begun to slowly pick up. In November 2009, MTS India was among the first to launch the mobile broadband service M-Blaze, the data adapter that ran on CDMA technology from Qualcomm Incorporated as opposed to the prevailing GSM technology.[[18]](#endnote-18) Rozanov, along with the Sistema leadership, was convinced that CDMA technology was best suited for broadband data. MTS India therefore decided to operate data services using CDMA technology in the 800 megahertz (MHz) spectrum. This allowed data transmission at a faster speed of up to two megabits per second (Mbps).

During the early years of MTS India’s launch (as of March 2011), CDMA-based technology had about a 15 per cent market share in India among wireless subscribers, RCom and Tata being the two dominant players in the CDMA segment (see Exhibit 2). The Indian telecom network had 787.29 million connections as of December 31, 2010, and with 752.20 million wireless connections, it became the second largest wireless network in the world after China.[[19]](#endnote-19) The growth of the Indian CDMA market was attributed to the low-priced bundled services (with handset) offered by operators. During FY 2010–11, most of the incumbents in India were using GSM-based telecom technology (see Exhibit 2). There were only three important players that had any meaningful presence in the CDMA segment.

As of December 2011, GSM continued to be the dominant technology for wireless phones with an 87.9 per cent share.[[20]](#endnote-20) Bharti Airtel was the dominant player in the GSM segment, accounting for 22.35 per cent of the market in terms of market subscriptions. It was followed by Vodafone (18.80 per cent), Idea (13.53 per cent), and RCom (12.05 per cent). There were as many as 14 operators using GSM technology, but just six operators using CDMA. RCom was the leading player in the CDMA market with a 51.32 per cent share. Tata was the next biggest player in this market.

On the data front, by March 31, 2012, MTS India’s high speed data services were actively present in over 400 towns across the country and had garnered 15.82 million mobile subscribers (voice and data). Of these, 1.54 million were data subscribers.[[21]](#endnote-21) In those days, India was a fiercely competitive market. As many as 14 operators were trying to win customers in India, of which nine had nationwide coverage. Hence, Rozanov believed India was probably the most competitive market in the world.

The Spectrum Conundrum

When the Supreme Court of India cancelled MTS India’s licence in February 2012, the company was allowed to operate in India until the next round of spectrum auctions, which was to be held in early 2013. The exorbitant base price of spectrum during the March 2013 auction was a major disappointment for MTS India, since the business appeared to be unviable at this price. Finally, after comprehensive due diligence, the company acquired spectrum in eight circles for US$600 million (for a licence period of 20-year validity) in March 2013, by carefully assessing the potential of the voice and data market to reach an early break-even point, while forgoing the operations of the remaining circles. Thus the company reduced its footprint in the Indian market to just nine circles (including Rajasthan, which was an existing circle).[[22]](#endnote-22) However, this win allowed MTS India to serve 40 per cent of India’s population (through a total of nine circles), address over 60 per cent of the data business population, and safeguard 75 per cent of existing revenues. It would enable the company to focus more on its data-centric, voice-enabled strategy. However, it also involved a painful optimization process, resulting in a major reduction in labour and a significant hit on MTS India’s brand value.[[23]](#endnote-23)

Business Resurrection

The resurrection of the licence brought new vigour to MTS India’s operations, and the company decided to lead the growing wireless data market in the country. During the March 2013 auction, MTS India received 3.75 MHz of spectrum in each of the eight circles, which could be used to offer both voice and data services.[[24]](#endnote-24) With this spectrum, the company planned more extensive use of its advanced high speed CDMA, evolution data-optimized (EVDO) Rev. B phase II network—offering 9.8 Mbps of data speed. The network was launched through a phased rollout starting in September 2013.[[25]](#endnote-25)

After the March 2013 auction, MTS India leaders made a conscious decision to pursue a data-centric, voice-enabled strategy. On acquiring the spectrum, Rozanov outlined the company’s road ahead, which he said would be focused on developing a stronger data franchise, restarting the smartphone business, and harvesting the voice opportunity. OIBDA break-even was set as a key objective for the company in the immediate term. The advancement of CDMA technology from EVDO Rev. A to Rev. B was a major enabler of this strategy. With this advanced CDMA technology, MTS India was able to offer mobile broadband at a speed of up to 9.8 Mbps, which was much higher than that offered by any other operators in India. Rozanov, who believed in the importance of high quality talent, invited 15 senior telecom professionals from Russia to become part of the MTS India team.

New Leadership

On June 1, 2013, following the return of Rozanov to the Sistema group in Russia, Dmitry Shukov was brought in from Russia to lead the next phase of growth at MTS India.[[26]](#endnote-26) Shukov was earlier the CEO of MTS Turkmenistan and MTS Uzbekistan, and had a long experience in the telecom industry. He carried forward the MTS India growth story by accelerating momentum across all business segments—voice, smartphones, and data.

To harness the voice business, MTS India launched several innovative products such as the Always Talk (voice) plan in June 2013.[[27]](#endnote-27) With this plan, customers could get unlimited calling on the MTS India network by paying just ₹199. This was the cheapest voice plan ever launched in the Indian telecom market. In the smartphone segment, the company partnered with CDMA phone manufacturers—such as Micromax Informatics Limited (on the MTS Micromax Blaze smartphone launch campaign) and ZTE Corporation—to offer affordable yet attractive handsets.

MTS India also expanded its footprint in the high speed data market. As of July 2013, it provided high speed mobile broadband services in over 450 towns across India.[[28]](#endnote-28) The company was rapidly expanding its high speed data network and, at the time, addressed over 60 per cent of data potential across the country. It carried out the 3G Plus/MBlaze Ultra data campaign to launch the Rev. B network. This campaign—targeting heavy Internet users—was instrumental in leveraging Rev. B technology, which repositioned MTS India in the face of competing 3G brands. The result was improved average revenue per user and retention. MBlaze, MTS India’s data dongle (Internet access device), earned an enviable position in the most competitive market.

The MTS India brand had a new theme, centred on data services. In March 2014, the company launched its famous Internet Baby campaign (a corporate brand campaign to underline network superiority).[[29]](#endnote-29) It wanted to capture the attention of Generation Y, which craved faster Internet service. The Internet Baby campaign brought MTS India to the attention of 3G users and created history for being the only advertisement in India with video views in excess of 28 million on the Internet.[[30]](#endnote-30) Other key achievements for the campaign included being seen in 206 countries; covered by over 2,400 websites, blogs in 11 languages, and over 35 global news portals; and delivered on more than five million Twitter timelines. Several other campaigns were also launched to build visibility in the market.

However, in order to ensure the sustained success of its data-focused strategy, MTS India required additional spectrum at a reasonable price. It therefore made a representation to the government of India to reconsider its demand of lowering the spectrum price in the 800 MHz band and bringing it to par with the 1,800 MHz band. During this time, it became clear to MTS India that it could not ignore the voice market, as it accounted for more than 50 per cent of revenue. The major barrier was the handset price, which was still in the ₹1,000+ range. Shukov focused on the lower income group in India for the company’s voice service and made it affordable by introducing low-cost handsets. This strategy reduced the entry barrier in the voice market and helped the company increase its market share. MTS India had nearly 6,000 base transceiver station (BTS) facilitated EVDO services, which were offered in 700 towns.

On the data front, smartphone penetration was growing at a phenomenal pace. In the first quarter of 2014, India emerged as one of the fastest growing smartphone markets in the Asia Pacific region. According to the International Data Corporation’s report, in 2014, India was the highest growing market in the Asia Pacific region with year-on-year smartphone shipment growth of over 186 per cent in the first quarter. The vast majority of the country’s user base migrated to smartphones from feature phones. As a result, the Indian smartphone market outshone other emerging markets.

The smartphone penetration in India still hovered at 10 per cent. It was expected to grow due to such factors as greater availability of low-cost devices and additional sales emphasis by top flight vendors on less populous parts of the country.[[31]](#endnote-31) Most handsets were based on GSM technology, and few were compatible with CDMA technology. This posed a serious business challenge for MTS India, which found it difficult to execute its smartphone strategy and achieve a sales target of over 50,000 smartphones per month. Smartphone manufacturers were reluctant to go for CDMA-based devices because the ecosystem was largely dominated by GSM technology.

FY 2013–14 also saw the MTS brand make dramatic strides forward in its digital presence through a host of social media, paid media, and e-commerce initiatives. The brand leveraged properties like MTS Rising—a college activation program that reached over a million students across 56 colleges; NH7 Weekender—India’s premier music festival held across four cities; and MTS Discover—a platform for upcoming musicians and bands hosted on www.mtsdiscover.com. The company also participated in the MTS Durga Puja festival in Kolkata, the MTS Onam program in Kerala, and several others. The brand attained its highest ever spontaneous awareness score of 56 by the end of the fourth quarter in 2013. The positive trend was visible through several other brand health parameters, including significantly improved consideration and intention-to-purchase scores, and key image parameters.[[32]](#endnote-32)

In the data card category, the equity of the MTS brand further improved and stood in second position in the industry, only behind Bharti Airtel. The consolidation of the brand in India was shown through several industry awards and market recognitions. One of the most significant was that it remained on the *Economic Times’* prestigious brand equity list of 50 Most Trusted Service Brands in India, ranked 36 in 2012 and 37 in 2013. This was a remarkable achievement in light of a reduced geographical footprint that meant MTS India was not operational in over half the survey centres.[[33]](#endnote-33)

Change in India’s political climate

India’s political climate saw a dramatic change in May 2014 when the Bharatiya Janata Party (BJP) came to power with an overwhelming majority. With the change of government in the country, there was renewed hope in the business environment.[[34]](#endnote-34) Recognizing the problems faced by the country’s telecom sector, the new government announced the next round of spectrum auctions. The aim was to make additional resources available to operators so that wireless broadband services would receive a boost. These resources were also required to meet the broader goals of ambitious projects (campaigns) planned by the government of India, including Digital India and Smart Cities.[[35]](#endnote-35)

In March 2015, the government completed the auction of spectrum in bands of 800 MHz, 900 MHz, 1800 MHz, and 2100 MHz. Much to the dismay of MTS India, this time the spectrum base price was set higher than the March 2013 auction price. The company therefore decided against participating in the auction.[[36]](#endnote-36) Incumbents such as Bharti Airtel, Vodafone, and Idea managed to wrest a larger piece of the spectrum pie through this auction.[[37]](#endnote-37) This helped augment their spectrum resource pool and enabled them to launch high speed broadband in the subsequent period.

To stay relevant in the Indian market, MTS India began evaluating various options in 2015 that went beyond the organic growth route. It began to explore mergers and acquisitions with established players such as Tata and Aircel. However, because of the customary ambiguity about government policy, such options were not worthwhile at that time. Left behind its competitors, MTS India now banked on the government’s spectrum-sharing policy, which the company felt could provide another opportunity to acquire spectrum from the market and accelerate the growth of its high speed broadband.

Geopolitical upheavals and the emerging business scenario

There was major turbulence in the global political environment in 2014 and early 2015. Confrontation erupted between Russia and the West over the former’s aggression in Crimea and Ukraine.[[38]](#endnote-38) The West then imposed economic sanctions on Russia. The sharp fall in oil prices added to the country’s woes, leading to the collapse of the Russian ruble in the second half of 2014.[[39]](#endnote-39) This financial crisis affected both consumers and companies in Russia. The Russian stock market, in particular, experienced sharp declines. In the last part of 2014, the dollar-denominated RTS (Russian Trading System) share index fell to its lowest value since July 2009.[[40]](#endnote-40) Due to this devaluation of the ruble, the foreign-currency-denominated debt for Russian firms also increased to alarming levels. Under these stressed financial conditions, Sistema, the parent group of MTS India, remained cautious about making any large investment in India.

The Indian wireless market, though, continued to witness robust growth. Around 5.5 million active wireless subscribers were being added each month in FY 2014–15 (see Exhibit 2). Also, a continuous drop in smartphone and tablet prices was expected to result in higher penetration by these devices, which increased the demand for data on small-screen devices. There was growing interest in Wi‑Fi services at home and in public places. Sensing this new business opportunity, Shukov announced the launch of several home Wi-Fi products in early 2015.[[41]](#endnote-41) With this new solution, the company was also reaching out to Tier 2 and Tier 3 customers. The proposition (which MTS India claimed was value for money) was naturally skewed toward those areas where fixed line connectivity was either limited or did not exist.

As of the end of November 2014, there was also a partnership with Indian Railways to provide Wi-Fi services on six railway stations and the Gurgaon Rapid Metro.[[42]](#endnote-42) There was robust growth in Internet subscribers (see Exhibit 4). The MTS India online channel emerged as a strategic channel for acquisitions. It registered 300 per cent growth in overall online channel volume from October to December 2014. Finally, data card volume on the MTS India e‑shop jumped 350 per cent.

Despite the growth achieved in the data market, where it had expanded its share, sustained business momentum for MTS India depended on the availability of additional spectrum to launch long-term evolution-based (LTE) high speed data services. After the March 2015 auction, there was still a lack of clarity on the future roadmap of spectrum auctions in the 850 MHz band. The March auction changed the competitive landscape in favour of the incumbents. These companies managed to garner a larger share of spectrum for launching their high speed data services based on LTE technology. Under this changed competitive environment, the MTS India leadership team began evaluating potential growth options.

To grow organically, the company needed to have more spectrum in the 850 MHz band. It needed to obtain spectrum by either participating in auctions or entering into a spectrum-trading arrangement with existing operators, where it could acquire 5 MHz spectrum suitable for LTE services. The second option was partnering (through a merger) with RCom, the fourth largest operator in India in terms of active mobile connections.[[43]](#endnote-43) This partnership could help MTS India change its focus from being a dongle-driven data company to being a Wi-Fi solutions provider. RCom had an 850 MHz band spectrum, which could help MTS India launch LTE services by liberalizing the combined spectrum to make it 5 MHz. A third option was to partner with state-owned BSNL to launch mobile virtual network operator services.

However, to proceed with any of these strategic options, the company had to wait for the government’s policy on spectrum sharing and trading. To grow organically, the company would require additional capital investment. On the other hand, growing inorganically would depend on the availability of spectrum resources from other operators and government regulation in this respect. The inorganic growth option would also require substantial investment since most of the potential telecom service providers were highly indebted.

The last option was to exit the market by selling off the spectrum to an interested buyer to offset the initial investment. A positive point for MTS India was that the value of the spectrum it held had grown 2.25 times the base price of 2015. This made the company an attractive acquisition target by incumbent operators. June 2015 was proving to be a testing moment for MTS India’s operational and customer management capabilities. In its more than six years of operations, it had proved many of its detractors wrong. However, Shukov knew that overcoming the challenges and making strategic decisions would require great resolve.

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Exhibit 1: MTS India Financial summary (in ₹ Million)

|  |  |  |  |
| --- | --- | --- | --- |
| *Financial year ending March 31* | **2015** | **2014** | **2013** |
| Revenue (service and sale of goods) | 13,852 | 11,876 | 12,043 |
| Other income | 435 | 576 | 264 |
| Total income | 14,287 | 12,452 | 12,307 |
| Total operating expenditure | 18,863 | 20,040 | 21,752 |
| Operating loss | 4,576 | 7,588 | 9,445 |
| Net loss | 17,173 | 20,728 | 28,817 |

Source: ₹ = INR = Indian rupees; ₹1.00 = US$0.02 on March 31, 2015; Sistema Shyam TeleServices Limited, *Annual Report 2014–15*, 2, accessed August 27, 2016, www.mtsindia.in/corporate/downloads/SSTL%20Annual%20Report%202014-15.pdf; Sistema Shyam TeleServices Limited, *Annual Report 2013–14,* accessed August 25, 2016, www.mtsindia.in/corporate/downloads/19th%20Annual

%20Report%20for%202013-14.pdf.

exhibit 2: Subscriber base of wireless operators, 2007–2015 (in millions)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *March* | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Total GSM | 120.47 | 192.70 | 297.26 | 478.68 | 698.37 | 814.06 | 794.03 | 847.41 | 917.73 |
| Total CDMA | 44.64 | 68.37 | 94.50 | 105.64 | 113.22 | 105.11 | 73.77 | 57.10 | 52.16 |
| Total wireless | 165.11 | 261.07 | 391.76 | 584.32 | 811.59 | 919.17 | 867.80 | 904.51 | 969.89 |
| Teledensity (%) | 18.23 | 26.22 | 36.98 | 52.74 | 70.89 | 78.66 | 73.32 | 75.23 | 79.38 |
| Total broadband subscription | 2.34 | 3.87 | 6.22 | 8.77 | 11.89 | 13.80 | 15.05 | 60.87 | 99.20 |

Source: Telecom Regulatory Authority of India, *Annual Report 2014-15*, 18 and 32, accessed February 28, 2017, www.trai.gov.in/sites/default/files/TRAI\_Annual\_Report\_English\_16052016.pdf; Telecom Regulatory Authority of India, *Annual Report 2011–12*, 10 and 20, accessed February 28, 2017, www.trai.gov.in/sites/default/files/2013011503183867800

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Exhibit 3: Revenue of Key Operators (in ₹ Billion)

|  |  |  |  |
| --- | --- | --- | --- |
| **Company** | **FY 2010–11** | **FY 2011–12** | **FY 2014–15** |
| Aircel | 82.64 | 71.96 | 119.81 |
| Bharti Airtel | 411.38 | 458.69 | 657.71 |
| BSNL | 296.88 | 279.34 | 286.45 |
| Idea | 153.89 | 193.22 | 317.32 |
| MTNL | 39.92 | 36.24 | 38.21 |
| RCom | 150.02 | 145.07 | 146.22 |
| Tata | 115.08 | 126.21 | 139.05 |
| Vodafone | 301.23 | 320.21 | 531.47 |

Note: FY = fiscal year.

Source: Sistema Shyam TeleServices Limited, *Annual Report 2014–15*, 22, accessed August 27, 2016, www.mtsindia.in/corporate/downloads/SSTL%20Annual%20Report%202014-15.pdf; Telecom Regulatory Authority of India, *Annual Report 2011–12*, 13, accessed February 28, 2017, www.trai.gov.in/sites/default/files/201301150318386780062

Annual%20Report%20English%202012.pdf.

exhibit 4: Internet Subscribers (in Millions)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Segment** | **Category** | **Internet Subscribers** | | **% Growth** |
| **March 2014** | **March 2015** |
| Wired | Broadband | 14.86 | 15.52 | 4.40 |
| Narrowband | 3.64 | 3.55 | –2.46 |
| Total | 18.50 | 19.07 | 3.09 |
| Wireless: Fixed wireless (Wi-Fi, Wi-Max, Radio, and Very Small Aperture System (VSAT)) | Broadband | 0.40 | 0.44 | 11.00 |
| Narrowband | 0.04 | 0.03 | –15.82 |
| Total | 0.44 | 0.48 | 8.55 |
| Wireless: Mobile wireless  (phone and dongle) | Broadband | 45.61 | 83.24 | 82.48 |
| Narrowband | 187.04 | 199.57 | 6.70 |
| Total | 232.65 | 282.81 | 21.56 |
| Total Internet subscribers | Broadband | 60.87 | 99.20 | 62.96 |
| Narrowband | 190.72 | 203.15 | 6.52 |
| Total | 251.59 | 302.35 | 20.18 |

Source: Sistema Shyam TeleServices Limited, *Annual Report 2014–15*, 18, accessed August 27, 2016, www.mtsindia.in/corporate/downloads/SSTL%20Annual%20Report%202014-15.pdf.

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