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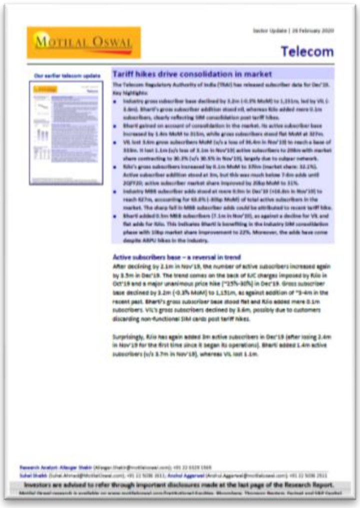
Telecom

Tariff hikes drive consolidation in market

Subscriber additions turn positive once again

Bharti/RJio see healthy MBB adds, VIL still losing

The Telecom Regulatory Authority of India (TRAI) has released subscriber data for Jan'20. Here are the key insights:

- **After last month's decline in subscribers across the industry, driven by ARPU hikes, subscriber adds turned positive once again. The gross subscriber base increased by 4.9m (v/s a 3.2m drop in Dec'19) to 1,156m, led by the addition of 0.9m/6.6m by Bharti/RJio, partially offset by decline of 3.6m in VIL's subscriber base. Furthermore, the active subscriber base increased by 3.8m (v/s 3.5m in Dec'19) to 986.3m, led by the healthy addition of 4.9m customers by RJio. On the contrary, both Bharti/VIL lost 1.7m/0.3m of their active subscriber base.**
- **Bharti gained 0.9m gross subscribers (328m in total), while it lost 1.7m of its active subscriber base (313m in total). Despite losing active subscribers, Bharti has continued to maintain its top spot in terms of active subscriber market share with 31.7%.**
- **VIL's gross/active subscriber base continued to decline by 3.6m/0.3m to 329m/297m; however, the pace of decline in the active subscriber base slowed significantly (3.1m in Nov'19 and 1.1m in Dec'19). Subsequently, VIL's gross/active subscriber market share fell to 28.5%/30.1% (v/s 28.9%/30.3% in Dec'19).**
- **RJio continued to add the most subscribers, with 6.6m gross and 4.9m active subscriber additions (v/s 3m in Dec'19). However, the pace of subscriber adds is gradually slowing from the peak of 12–14m and average of 8–10m earlier. It reached 32.6% of gross market share, retaining its top position.**
- **Industry MBB subscriber adds returned to a healthy 10.4m (v/s 0.9m decline in Dec'19) to 637m, after witnessing the impact of a price hike during the month. Currently, MBB subscribers account for 64.6% (+80bp MoM) of the total active subscribers in the market.**
- **Bharti/RJio added 4.4m/6.6m MBB subscribers (v/s 0.5m/0.1m in Dec'19), while VIL lost 0.5m (v/s 1.4m in Dec'19), indicating both Bharti and RJio continued their previous trend of MBB subscriber adds. Bharti/RJio's MBB subscriber market share improved 30bp/10bp MoM to 22.3%/59.1%, whereas that of VIL further declined to 18.5% (-40bp MoM). Of the 6.6m MBB adds by RJio, we believe a higher proportion would be for Jiophone; thus, excluding Jiophone, Bharti would lead in MBB adds.**

Subscriber additions turn positive

After last month's decline in subscribers across the industry, driven by ARPU hikes, subscriber adds turned positive once again. The gross subscriber base increased by 4.9m to 1,156m, thus returning to the previous trend of 3–4m subscriber additions monthly. Bharti/RJio's gross subscriber base increased 0.9m/6.6m (v/s 0m/0.1m) to 328m/377m, while VIL lost 3.6m of its gross subscribers.

Active subscriber additions rose 3.8m in Jan'20 (v/s 3.5m in Dec'19) to 986m. Growth in active subscribers has been driven single-handedly by RJio, which reported subscriber additions of 4.9m, partially offset by Bharti/VIL's subscriber loss of 1.7m/0.3m. The loss of Bharti's subscriber base came as a surprise to us as the company's focus is on adding quality customers. Although VIL has continued to

Research Analyst: Aliasgar Shakir (Aliasgar.Shakir@motilaloswal.com); +91 22 6129 1565
Suhel Shaikh (Suhel.Ahmad@MotilalOswal.com); +91 22 5036 2611; **Anshul Aggarwal** (Anshul.Aggarwal@motilaloswal.com); +91 22 5036 2511

witness loss in its active subscriber base, the pace of decline has slowed (3.1m in Nov'19 and 1.1m in Dec'19).

Bharti loses active subscriber base

While the Telecom industry added 3.8m active subscribers, Bharti surprisingly lost 1.7m subscribers, which may be attributed to SIM consolidation post the price hike taken in Dec'19. Despite the loss in its active subscriber base, Bharti has been able to maintain its top position in the active subscriber base market with 31.7% share (-30bp MoM), followed by RJio with 31.4% share, and VIL with 30.1% share.

With 0.9m gross subscriber additions witnessed in Jan'20, Bharti's gross subscriber base has reached 328m, with the company maintaining its market share of 28.4%. Furthermore, Bharti remained in the third spot (slightly behind VIL) in terms of gross subscriber market share.

RJio continues to gain active subscribers

RJio's gross subscribers increased 6.6m to 377m, taking its market share to 32.6% (+50bp MoM). Although RJio has continued to add the most gross subscribers (with the top position in terms of market share), its pace has reduced from the peak of 12–14m subscriber adds monthly and average of 8–10m in the recent past. In terms of active subscriber base, the company gained 4.9m subscribers, along with market share gains of 40bp MoM to 31.4%. With this, RJio has inched closer to Bharti in gaining the top position in terms of market share. We believe the active subscriber additions are attributed to low ARPU for Jiophone customers.

VIL continues losing subscribers

VIL lost 3.6m gross subscribers (v/s 3.6m in Dec'19) to reach 329m; it lost 0.3m active subscribers (v/s 1.1m in Nov'19), taking its total active subscriber base to 297m; its active market share fell to 30.1%, v/s 30.3% in Dec'19. In terms of gross subscribers, market share stands at 28.5% (-40bp MoM). VIL continues to lose subscribers, attributed to sub-par network capabilities. Additionally, its survival hinges on the Supreme Court's decision on DoT's plea to defer the AGR liability with government support.

Broadband subs data – MBB returns to healthy adds of 10.4m

- **Industry MBB subscribers increase by 10.4m:** Industry MBB subscriber adds returned to a healthy 10.4m in Jan'20 (-0.9m in Dec'19) to 637m, after the impact of the price hike taken in Dec'19. Currently, MBB subscribers account for 64.6% (+80bp MoM) of the total active subscribers in the market. These healthy subscriber additions are attributed to 4.4m/6.6m additions reported in Bharti/RJio.
- **Bharti – Continues with healthy MBB subscriber adds:** Bharti added 4.4m MBB subscribers (0.5m in Dec'19) to reach a total subscriber base of 142m. With this, Bharti's subscriber market share improved 30bp to reach 22.3%, with the company gaining 42% incremental market share. Of the 6.6m MBB adds by RJio, we believe a higher proportion may be attributable to Jiophone. Thus, with the exclusion of Jiophone, Bharti would lead in MBB adds.

- **RJio – Sees most MBB additions:** RJio registered 6.6m MBB subscriber adds (v/s +0.1m in Dec'19), taking the company's total subscriber base to 377m. Its market share stood at 59.1% (+10bp MoM). We believe a higher proportion of these adds would be attributable to low ARPU for Jiophone customers; thus, with the exclusion of Jiophone, RJio may not lead the pack.
- **Vodafone-Idea – Loses MBB subscribers:** VIL lost 0.5m net MBB subscribers during the month (v/s 1.4m in Dec'19), taking the total subscriber base to 118m. The company's market share also declined by 40bp MoM to 18.5%.

Exhibit 1: Active subscriber base — Bharti has highest active subscribers (m)

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Bharti	328	328	324	320	316	312	306	303	310	313	315	313
Vodafone Idea	377	368	342	334	322	311	308	302	302	299	298	297
RJio	250	258	265	268	278	282	289	290	304	302	305	310
Top three players	**955**	**954**	**931**	**922**	**916**	**905**	**904**	**895**	**916**	**914**	**917**	**920**
Other players	**67**	**68**	**68**	**68**	**68**	**67**	**66**	**66**	**66**	**65**	**66**	**66**
Total	**1,023**	**1,022**	**1,000**	**989.6**	**983.8**	**972.4**	**970.2**	**960.9**	**981.2**	**979.1**	**982.6**	**986.3**

Source: TRAI, MOFSL

Exhibit 2: Active subscriber net adds – RJio leads (m)

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Bharti	-3.2	-0.2	-3.7	-4.2	-4.4	-3.6	-5.7	-3.5	6.8	3.7	1.4	-1.7
Vodafone Idea	-7.2	-9.1	-26.0	-8.6	-11.2	-11.1	-2.9	-5.9	-0.7	-3.1	-1.1	-0.3
RJio	9.3	8.0	7.2	3.1	10.2	4.0	7.2	0.5	14.3	-2.4	3.0	4.9
Top 3 players	**-1.1**	**-1.3**	**-22.5**	**-9.7**	**-5.4**	**-10.8**	**-1.5**	**-8.9**	**20.4**	**-1.7**	**3.2**	**2.9**
Other players	**1.1**	**0.4**	**0.5**	**-0.3**	**-0.4**	**-0.7**	**-0.8**	**-0.4**	**-0.1**	**-0.4**	**0.2**	**0.8**
Total	**0.0**	**-0.9**	**-22.1**	**-10.1**	**-5.8**	**-11.4**	**-2.2**	**-9.3**	**20.3**	**-2.1**	**3.5**	**3.8**

Source: TRAI, MOFSL

Exhibit 3: Active subscriber market share —Bharti in top position (%)

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Bharti	32.1	32.1	32.4	32.3	32.1	32.1	31.6	31.5	31.5	32.0	32.0	31.7
Vodafone Idea	36.9	36.0	34.2	33.7	32.8	32.0	31.8	31.5	30.8	30.5	30.3	30.1
RJio	24.4	25.2	26.5	27.1	28.3	29.0	29.8	30.2	31.0	30.8	31.0	31.4
Top 3 players	**93.4**	**93.4**	**93.2**	**93.1**	**93.1**	**93.1**	**93.2**	**93.2**	**93.3**	**93.3**	**93.3**	**93.3**
Other players	**6.6**	**6.6**	**6.8**	**6.9**	**6.9**	**6.9**	**6.8**	**6.8**	**6.7**	**6.7**	**6.7**	**6.7**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: TRAI, MOFSL

Exhibit 4: Trend in gross subscriber base (m)

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Bharti	340	325	322	320	320	329	328	326	326	327	327	328
Vodafone Idea	409	395	393	388	383	380	375	372	373	336	333	329
RJio	297	307	315	323	331	340	348	355	364	369.9	370.0	376.6
Top 3 players	**1047**	**1027**	**1030**	**1031**	**1035**	**1048**	**1051**	**1053**	**1063**	**1033**	**1030**	**1034**
Other players	**137**	**135**	**132**	**131**	**130**	**120**	**120**	**120**	**121**	**121**	**122**	**123**
Total	**1,184**	**1,162**	**1,162**	**1,162**	**1,165**	**1,168**	**1,171**	**1,174**	**1,183**	**1,155**	**1,151**	**1,156**

Source: TRAI, MOFSL

Exhibit 5: Gross subscriber net adds (m)

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Bharti	0.0	-15.1	-3.3	-1.5	0.0	8.2	-0.6	-2.4	0.1	1.7	0.0	0.9
Vodafone Idea	-5.8	-14.5	-1.6	-5.7	-4.1	-3.4	-5.0	-2.6	0.2	-36.4	-3.6	-3.6
RJio	7.8	9.5	8.1	8.2	8.3	8.5	8.4	7.0	9.1	5.6	0.1	6.6
Top 3 players	**2.0**	**-20.2**	**3.2**	**1.0**	**4.1**	**13.3**	**2.9**	**2.0**	**9.4**	**-29.2**	**-3.6**	**3.8**
Other players	**-0.2**	**-1.7**	**-2.7**	**-1.4**	**-0.5**	**-10.5**	**-0.3**	**0.8**	**0.3**	**0.3**	**0.4**	**1.1**
Total	**1.7**	**-21.9**	**0.5**	**-0.4**	**3.6**	**2.9**	**2.6**	**2.8**	**9.7**	**-28.8**	**-3.2**	**4.9**

Source: TRAI, MOFSL

Exhibit 6: Gross subscriber market share (%)

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Bharti	28.8	28.0	27.7	27.6	27.5	28.1	28.0	27.7	27.5	28.3	28.4	28.4
Vodafone Idea	34.6	34.0	33.8	33.4	32.9	32.5	32.0	31.7	31.5	29.1	28.9	28.5
RJio	25.1	26.4	27.1	27.8	28.4	29.1	29.7	30.3	30.8	32.0	32.1	32.6
Top 3 players	**88.4**	**88.4**	**88.6**	**88.7**	**88.8**	**89.7**	**89.8**	**89.7**	**89.8**	**89.5**	**89.4**	**89.4**
Other players	**11.6**	**11.6**	**11.4**	**11.3**	**11.2**	**10.3**	**10.2**	**10.3**	**10.2**	**10.5**	**10.6**	**10.6**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: TRAI, MOFSL

Exhibit 7: Trend in MBB subscriber base (m)

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Bharti	110	112	111	118	121	124	127	125	130	138	138	142
Vodafone Idea	110	110	110	109	111	111	111	112	116	120	118	118
RJio	297	307	315	323	331	339.8	348	355	364	369.9	370.0	377
Top 3 total	**517**	**529**	**536**	**550**	**563**	**575**	**586**	**593**	**611**	**627**	**626**	**637**
Other players	14	15	12	12	12	10	11	13	14	0	0	0
Total	**532**	**544**	**548**	**563**	**576**	**585**	**597**	**606**	**624**	**628**	**627**	**637**

Source: TRAI, MOFSL

Exhibit 8: Trend in MBB subscriber net adds (m)

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Bharti	1.8	2.5	-0.8	6.9	3.1	2.5	2.8	-1.3	5.0	7.1	0.5	4.4
Vodafone Idea	0.4	0.0	-0.5	-0.6	1.5	0.4	0.2	1.1	3.6	4.1	-1.4	-0.5
RJio	7.8	9.5	8.1	8.2	8.3	8.5	8.4	7.0	9.1	5.6	0.1	6.6
Top 3 total	**10.0**	**11.9**	**6.7**	**14.4**	**12.9**	**11.4**	**11.4**	**6.8**	**17.7**	**16.8**	**-0.9**	**10.4**
Other players	0.2	0.9	-3.1	0.1	0.2	-2.0	0.1	2.5	0.8	-13.7	0.0	0.0
Total	**10.2**	**12.8**	**3.6**	**14.5**	**13.1**	**9.4**	**11.5**	**9.3**	**18.6**	**3.1**	**-0.9**	**10.4**

Source: TRAI, MOFSL

Exhibit 9: Trend in MBB subscriber market share (m)

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Bharti	20.7	20.6	20.3	21.0	21.1	21.2	21.2	20.7	20.9	21.9	22.0	22.3
Vodafone Idea	20.7	20.2	20.0	19.4	19.2	19.0	18.6	18.5	18.5	19.1	18.9	18.5
RJio	55.9	56.3	57.4	57.4	57.5	58.1	58.4	58.6	58.3	59.0	59.0	59.1
Top 3 total	**97.3**	**97.2**	**97.8**	**97.8**	**97.9**	**98.2**	**98.2**	**97.8**	**97.8**	**100.0**	**100.0**	**100.0**
Other players	2.7	2.8	2.2	2.2	2.1	1.8	1.8	2.2	2.2	0.0	0.0	0.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: TRAI, MOFSL

Exhibit 10: Incremental MBB subscriber market share (m)

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Bharti	18.4	20.6	-12.0	47.8	24.4	21.5	24.2	-18.9	28.3	42.1	-53.4	41.9
Vodafone Idea	3.9	-0.3	-8.0	-4.5	11.7	3.5	1.7	15.7	20.3	24.4	163.6	-4.8
RJio	77.7	79.6	120.0	56.7	64.0	75.0	74.1	103.3	51.3	33.4	-10.2	62.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: TRAI, MOFSL

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