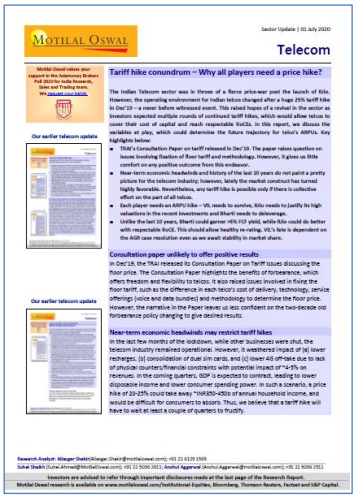
Telecom

Our earlier telecom update



Industry loses gross subscribers

Glimpse of COVID-19 lockdown

The Telecom Regulatory Authority of India (TRAI) has released subscriber data for Mar'20 with some glimpses of the lockdown impact. Key insights highlighted below:

- **The Telecom industry lost 2.9m gross subscribers in Mar'20 (v/s 4-5m monthly subscriber adds in Jan-Feb'20) to reach subscriber base of 1,158m. Bharti/VIL lost 1.3m/6.4m subscribers while RJio added 4.7m subscribers. Active subscriber base increased by 2.2m (v/s adds of 0.5m in Feb'20) to reach 989m as VIL lost 0.8m subscribers and Bharti/RJio added 0.9m/2.5m active subscribers. We are certain that the lower addition has been hit by restrictions from mid-Mar'20 and the nationwide lockdown during the latter half of Mar'20.**
- **Bharti lost 1.3m gross subscribers (after adding 0.9m in Feb'20) to reach 328m. The company gained 0.9m active subscribers (v/s 1.5m in Feb'20) to reach 315m. Bharti remains the #1 player in terms of active subscriber market share with share of 31.9%.**
- **RJio added the highest number of gross subscribers with 4.7m adds (6.3m in Feb'20). RJio's pace, however, has reduced from the peak addition of 12-14m monthly subscribers and average addition of ~6.5m monthly subscribers in Jan-Feb'20, even as it continues to grow. It has reached 33.5% gross market share while maintaining its top position.**
- **VIL continues to lose its subscriber base with 6.4m/0.8m reduction in gross/active subscribers to 319m/294m. Subsequently, VIL's gross/active subscriber market share declined to 27.6%/29.7% (v/s 28%/29.8% in Feb'20). VIL stands at the last spot in both gross and active subscriber market share.**
- **Industry MBB subscriber adds stood at 6.2m (v/s 7.7m increase in Feb'20) to reach 668m. Currently, MBB subscribers account for 67.5% (+50bp MoM) of total active subscribers, rising continuously from 53% in Mar'19.**
- **Bharti's MBB subscriber adds at 2.4m were stronger than the previous month addition of 1.3m. RJio added 4.7m MBB subscribers, lower than the previous month adds of 6.3m. VIL lost 0.8m MBB subscribers. Bharti/RJio's MBB subscriber market share rose by 20bp/10bp MoM to 21.9%/58%. RJio's MBB adds also includes Jiophones (excluding which, we estimate it to be similar to Bharti).**

Subscriber loss majorly driven by VIL

The Telecom industry lost 2.9m gross subscribers in Mar'20 to reach subscriber base of 1,158m. This is in contrast to the gross addition of 4-5m monthly subscriber adds seen in Jan-Feb'20, possibly on account of the nationwide lockdown measures and rise in tariff plans. RJio's gross subscriber base increased by 4.7m (v/s 6.6m/6.3m adds in Jan/Feb'20) to reach 388m, while Bharti saw loss of 1.3m after 5 months of continuous subscribers adds. VIL lost huge 6.4m gross subscribers during the same period.

Industry's active subscriber addition stood at 2.2m in Mar'20 (v/s 0.5m in Jan'20) to reach 989m. Bharti/RJio continue to add active subscribers (despite the lockdown in the second half on Mar'20) by 0.9m/2.5m, while VIL lost 0.8m active subscribers in Mar'20. VIL's pace of active subscriber loss has reduced from losing ~1.4m/month, since the tariff hikes in Dec'19 (lost 2.8m in Feb'20).

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Bharti continues to be at top spot in active subscriber market

Bharti's active subscriber addition stood at 0.9m in Mar'20. Bharti continues to retain its top spot in active subscriber base market with 31.9% market share (flat MoM). This was followed by RJio with 31.7% share (the gap between RJio and Bharti has reduced to mere 1.7m subscribers). VIL stood at the third spot with 29.7% share.

Bharti's gross subscriber base stood at 328m after the company lost 1.3m subscribers in Mar'20 (after continuously adding average of 0.7m subscribers in the previous five months). Bharti continues to maintain its market share at 28.3% as VIL's share has slipped.

RJio continued to add gross subscribers

RJio's gross subscribers grew 4.7m to 388m with its market share growing to 33.5% (+50bp MoM). RJio's pace, however, has reduced from the peak of adding 12-14m subscribers monthly to ~6.5m average monthly addition in Jan-Feb'20. The company continues to expand its market share (and the pace would was impacted due to the lockdown). RJio's total active subscribers stand at 314m, gaining 2.5m subscribers in Mar'20. RJio's active subscriber market share has improved by 20bp MoM to 31.7% – the gap is now a mere 20bp from Bharti for RJio to gain the top position.

VIL continues to see subscriber loss

VIL lost 6.4m/0.8m gross/active subscribers to reach 319m/294m. VIL's pace of reduction in gross subscribers has increased from loss of ~3.5m subscribers to loss of 6.4m in Mar'20. Its active market share is continuously declining and now stands at 29.7% (v/s 36% in Mar'19). In terms of gross subscribers, its market share shrank 40bp MoM to 27.6%. VIL stands at the last spot in both active and gross subscriber market share. VIL's continuous loss of subscribers is majorly due to its sub-par network qualities along with its survival uncertainty, which is hinging on the Supreme Court's decision to grant an extended moratorium period on the AGR liability.

Broadband subs data – MBB net adds at 6.2m

- **Industry MBB subscribers increased by 6.2m:** Industry MBB subscribers stood at 6.2m in Mar'20 (v/s 7.7m in Feb'20), reaching a total of 668m subscribers. MBB subscribers now account for 67.5% (+50bp MoM) of total active subscribers in the market, rising continuously from 53% in Mar'19. The strong subscriber addition has been led by Bharti/RJio adding 2.4m/4.7m subscribers.
- **Bharti – MBB subscriber adds strengthen:** Bharti added strong 2.4m MBB subscribers (1.3m in Feb'20) to reach total subscriber base of 146m. Bharti's subscriber market share expanded by 20bp to 21.9%. However, Bharti's incremental market share stood at 39% from 17% in Feb'20. Of the 4.7m of RJio's MBB adds, we expect a higher proportion to be from Jiophone adds. Thus, excluding Jiophone, Bharti's subs adds would be similar to RJio.
- **RJio – MBB addition highest:** RJio registered 4.7m MBB subscriber adds (v/s +6.3m in Feb'20), which is still lower than its previous 12-month average of 7m subs. This takes RJio's total subscriber base to 388m with a market share of 58% (+10bp MoM). A higher proportion of this addition could be attributed to low ARPU subscriber, and thus, RJio's bundle customer adds is much lower (excl. Jiophone adds).
- **Vodafone-Idea loses MBB subscribers:** VIL lost 0.8m MBB subscribers in Feb'20, taking the total subscriber base to 117m. VIL's market share shrank 30bp MoM to 17.6% from 20% in Mar'19, probably on account of its drop in network quality.

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

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Bharti	324	320	316	312	306	303	310	313	315	313	314	315
Vodafone Idea	342	334	322	311	308	302	302	299	298	297	294	294
RJio	265	268	278	282	289	290	304	302	305	310	311	314
Top 3 players	**931**	**922**	**916**	**905**	**904**	**895**	**916**	**914**	**917**	**920**	**920**	**923**
Other players	**68**	**68**	**68**	**67**	**66**	**66**	**66**	**65**	**66**	**66**	**67**	**67**
Total	**1,000**	**989.6**	**983.8**	**972.4**	**970.2**	**960.9**	**981.2**	**979.1**	**982.6**	**986.4**	**986.9**	**989.1**

Source: TRAI, MOFSL

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

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Bharti	-3.7	-4.2	-4.4	-3.6	-5.7	-3.5	6.8	3.7	1.4	-1.7	1.5	0.9
Vodafone Idea	-26.0	-8.6	-11.2	-11.1	-2.9	-5.9	-0.7	-3.1	-1.1	-0.3	-2.8	-0.8
RJio	7.2	3.1	10.2	4.0	7.2	0.5	14.3	-2.4	3.0	4.9	1.3	2.5
Top 3 players	**-22.5**	**-9.7**	**-5.4**	**-10.8**	**-1.5**	**-8.9**	**20.4**	**-1.7**	**3.2**	**2.9**	**0.0**	**2.5**
Other players	**0.5**	**-0.3**	**-0.4**	**-0.7**	**-0.8**	**-0.4**	**-0.1**	**-0.4**	**0.2**	**0.9**	**0.5**	**-0.3**
Total	**-22.1**	**-10.1**	**-5.8**	**-11.4**	**-2.2**	**-9.3**	**20.3**	**-2.1**	**3.5**	**3.8**	**0.5**	**2.2**

Source: TRAI, MOFSL

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

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Bharti	32.4	32.3	32.1	32.1	31.6	31.5	31.5	32.0	32.0	31.7	31.9	31.9
Vodafone Idea	34.2	33.7	32.8	32.0	31.8	31.5	30.8	30.5	30.3	30.1	29.8	29.7
RJio	26.5	27.1	28.3	29.0	29.8	30.2	31.0	30.8	31.0	31.4	31.5	31.7
Top 3 players	**93.2**	**93.1**	**93.1**	**93.1**	**93.2**	**93.2**	**93.3**	**93.3**	**93.3**	**93.3**	**93.2**	**93.3**
Other players	**6.8**	**6.9**	**6.9**	**6.9**	**6.8**	**6.8**	**6.7**	**6.7**	**6.7**	**6.7**	**6.8**	**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)

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Bharti	322	320	320	329	328	326	326	327	327	328	329	328
Vodafone Idea	393	388	383	380	375	372	373	336	333	329	326	319
RJio	315	323	331	340	348	355	364	370	370	377	383	388
Top 3 players	**1030**	**1031**	**1035**	**1048**	**1051**	**1053**	**1063**	**1033**	**1030**	**1034**	**1037**	**1034**
Other players	**132**	**131**	**130**	**120**	**120**	**120**	**121**	**121**	**122**	**123**	**123**	**123**
Total	**1,162**	**1,162**	**1,165**	**1,168**	**1,171**	**1,174**	**1,183**	**1,155**	**1,151**	**1,156**	**1,161**	**1,158**

Source: TRAI, MOFSL

Exhibit 5: Gross subscriber net adds (m)

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Bharti	-3.3	-1.5	0.0	8.2	-0.6	-2.4	0.1	1.7	0.0	0.9	0.9	-1.3
Vodafone Idea	-1.6	-5.7	-4.1	-3.4	-5.0	-2.6	0.2	-36.4	-3.6	-3.6	-3.5	-6.4
RJio	8.1	8.2	8.3	8.5	8.4	7.0	9.1	5.6	0.1	6.6	6.3	4.7
Top 3 players	**3.2**	**1.0**	**4.1**	**13.3**	**2.9**	**2.0**	**9.4**	**-29.2**	**-3.6**	**3.8**	**3.7**	**-2.9**
Other players	**-2.7**	**-1.4**	**-0.5**	**-10.5**	**-0.3**	**0.8**	**0.3**	**0.3**	**0.4**	**1.2**	**0.5**	**0.0**
Total	**0.5**	**-0.4**	**3.6**	**2.9**	**2.6**	**2.8**	**9.7**	**-28.8**	**-3.2**	**5.0**	**4.2**	**-2.9**

Source: TRAI, MOFSL

Exhibit 6: Gross subscriber market share (%)

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Bharti	27.7	27.6	27.5	28.1	28.0	27.7	27.5	28.3	28.4	28.4	28.4	28.3
Vodafone Idea	33.8	33.4	32.9	32.5	32.0	31.7	31.5	29.1	28.9	28.4	28.0	27.6
RJio	27.1	27.8	28.4	29.1	29.7	30.3	30.8	32.0	32.1	32.6	33.0	33.5
Top 3 players	**88.6**	**88.7**	**88.8**	**89.7**	**89.8**	**89.7**	**89.8**	**89.5**	**89.4**	**89.4**	**89.4**	**89.4**
Other players	**11.4**	**11.3**	**11.2**	**10.3**	**10.2**	**10.3**	**10.2**	**10.5**	**10.6**	**10.6**	**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)

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Bharti	111	118	121	124	127	125	130	138	138	142	144	146
Vodafone Idea	110	109	111	111	111	112	116	120	118	118	118	117
RJio	315	323	331	339.8	348	355	364	370	370	377	383	388
Top 3 total	**536**	**550**	**563**	**575**	**586**	**593**	**611**	**627**	**626**	**637**	**645**	**651**
Other players	12	12	12	10	11	13	14	14	16	17	17	17
Total	**548**	**563**	**576**	**585**	**597**	**606**	**624**	**642**	**642**	**654**	**661**	**668**

Source: TRAI, MOFSL

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

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Bharti	-0.8	6.9	3.1	2.5	2.8	-1.3	5.0	7.1	0.5	4.4	1.3	2.4
Vodafone Idea	-0.5	-0.6	1.5	0.4	0.2	1.1	3.6	4.1	-1.4	-0.5	0.3	-0.8
RJio	8.1	8.2	8.3	8.5	8.4	7.0	9.1	5.6	0.1	6.6	6.3	4.7
Top 3 total	**6.7**	**14.4**	**12.9**	**11.4**	**11.4**	**6.8**	**17.7**	**16.8**	**-0.9**	**10.4**	**7.9**	**6.3**
Other players	-3.1	0.1	0.2	-2.0	0.1	2.5	0.8	0.4	1.5	1.1	-0.1	-0.1
Total	**3.6**	**14.5**	**13.1**	**9.4**	**11.5**	**9.3**	**18.6**	**17.1**	**0.7**	**11.5**	**7.7**	**6.2**

Source: TRAI, MOFSL

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

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Bharti	20.3	21.0	21.1	21.2	21.2	20.7	20.9	21.4	21.5	21.8	21.7	21.9
Vodafone Idea	20.0	19.4	19.2	19.0	18.6	18.5	18.5	18.7	18.4	18.0	17.9	17.6
RJio	57.4	57.4	57.5	58.1	58.4	58.6	58.3	57.7	57.6	57.6	57.9	58.0
Top 3 total	**97.8**	**97.8**	**97.9**	**98.2**	**98.2**	**97.8**	**97.8**	**97.8**	**97.5**	**97.4**	**97.5**	**97.5**
Other players	2.2	2.2	2.1	1.8	1.8	2.2	2.2	2.2	2.5	2.6	2.5	2.5
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)

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Bharti	-12.0	47.8	24.4	21.5	24.2	-18.9	28.3	42.1	-53.4	41.9	16.6	38.6
Vodafone Idea	-8.0	-4.5	11.7	3.5	1.7	15.7	20.3	24.4	163.6	-4.8	3.8	-12.6
RJio	120.0	56.7	64.0	75.0	74.1	103.3	51.3	33.4	-10.2	62.9	79.5	74.0
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

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