

# Telecom

Bharti/Jio-Starlink tie-up largely neutral — mostly distribution arrangement for now

**Bharti** and **Jio** have announced their respective agreements with SpaceX to offer: a) Starlink's equipment through their extensive retail network; Jio will also provide support in customer service installation and activation; and b) Starlink services to business customers, connect communities, schools, health centres, etc. in even the most rural parts of India. Further, the agreement talks of exploring future collaborative opportunities in the satellite communication space. However, these agreements are subject to SpaceX receiving authorisation to sell Starlink's services in India.

We believe, as of now, the agreement seems limited to Bharti/Jio distributing Starlink's satellite broadband services via their extensive retail network, mostly to B2C and B2B customers in rural and remote areas, in return for some limited distribution income. However, in future, Starlink may also collaborate with telcos in the field of direct-to-cell satellite services as well (like Starlink has tied up with telcos in many countries globally). Given Starlink's satellite internet use case is primarily for rural and remote regions, this agreement complements (and does not compete with) Bharti/Jio Fiber and AirFiber broadband business by expediting access to high speed internet even in the most challenging of locations. Further, this agreement with Starlink seems complementary to Bharti/Jio's existing satellite broadband ventures (with Etuselat OneWeb for Bharti and with SES for Jio). As highlighted in our thematic note "[Satellite internet: Potential to disrupt Telcos?](#)", we continue to believe that Starlink's satellite broadband services poses limited threat to telcos' home broadband business given its higher pricing and limited speed. Further, Starlink's direct-to-cell satellite services are also unlikely to disrupt telcos' key wireless business given its dependence on telcos, and inferior performance. Hence, we believe this tie-up is largely neutral for Bharti/Jio; we also don't foresee any significant risk to growth potential for Indus Towers.

- **Bharti/Jio tie-up with Starlink to help the latter to offer its broadband services to B2B and B2C customers in India, mostly in rural and remote areas:** Bharti and Jio have announced their respective agreements with SpaceX to bring Starlink's broadband services to their customers in India, though these agreements are subject to SpaceX receiving authorisation to sell Starlink's services in India. Under these agreements, Bharti and Jio will explore offering: **a)** Starlink's equipment through their extensive retail network; Jio will also provide support in customer service installation and activation; and **b)** Starlink services to business customers, connect communities, schools, health centres, etc. in even the most rural parts of India. Moreover, these agreements will help SpaceX to utilise and benefit from telcos' ground network infrastructure and other capabilities in India. In turn, SpaceX has agreed to help Bharti and Jio expand and enhance their network and offerings. Further, according to the agreements, the companies will explore future collaborative opportunities in satellite communication space.
- **Starlink likely to benefit from Bharti/Jio extensive retail infrastructure in distributing its satellite services across India:** This is not the first time when Starlink has tied up with any telco to provide its satellite internet services. It has already tied up with multiple telcos in the US (T-Mobile) and other countries (Rogers, Optus, One New Zealand, KDDI, Salt and Entel) to introduce and market its services quickly using telcos' extensive retail infrastructure in new geographies. Moreover, Starlink does such tie-ups to also get access to telcos' 4G/LTE spectrum necessary to deliver direct-to cell satellite services as well. However, we believe, as of now, the agreement seems limited to Bharti/Jio distributing Starlink's satellite broadband services via their extensive retail network, mostly to B2C and B2B customers in rural and remote areas, in return for some distribution income. However, in future, Starlink may also collaborate with Indian telcos in the field of direct-to-cell satellite services as well.
- **Jio and Bharti's potential income from distribution of Starlink's equipment unlikely to be significant; but this may position them as facilitators of satellite connectivity in India:** Jio and Bharti's partnership with Starlink to offer the latter's equipment through their



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extensive retail networks provides an additional revenue stream in the form of sales commissions or mark-ups, along with some cross-selling opportunities. However, direct contribution to their overall revenue is likely to remain limited. Separately, they also have their own satellite broadband ventures - Bharti-backed Eutelsat OneWeb and Jio's JV with SES (Orbit Connect India), which are ahead of Starlink in terms of securing the licence from DoT and approvals from IN-SPACe. **We believe this agreement with Starlink could be complementary to their existing satellite broadband ventures** given **a)** Starlink operates in both B2B and B2C segments while Eutelsat OneWeb and SES are limited to a few select industries in the B2B segment; **b)** huge data capacity advantage that Starlink has given it is the leading LEO constellation operator (with +6,400 LEO satellites; the next operator One Web has only ~650 LEO satellites – **Exhibit 1**). This will also help telcos position themselves as facilitators in bringing satellite connectivity to a wider customer base in India.

- **Starlink's satellite broadband services poses limited threat to telcos' home broadband business given its higher pricing and limited speed:** Starlink (and other satcom companies) have globally priced satellite internet plans at USD 10-500 per month excluding one-time cost for hardware (which is ~USD 250-380). This is 7-18 times more expensive than Indian telcos' home broadband plans (i.e., FTTH/FWA) that start from USD 5-7/month, while the higher end plans cost upto USD 47/month and provide speed of upto 1gbps and access to all OTT apps – **Exhibit 2-5**. Further, Starlink (and other satcom companies) offer plans with data caps and limited speed while Jio and Bharti provide unlimited data and higher speed. Hence, pricing remains a challenge for Starlink to become competitive in the price-conscious Indian market. So, Starlink's satellite internet use case is primarily for rural and remote regions; thus, this agreement complements (and does not compete with) Bharti/Jio Fiber and AirFiber broadband business by expediting access to high speed internet in the most challenging of locations. Thus, satellite internet poses limited threat to Bharti/Jio's home broadband segment; home broadband doesn't constitute more than 6-10% of FY30 EBITDA and valuation for Bharti/Jio.
- **Starlink's direct-to-cell satellite broadband services unlikely to disrupt telcos' key wireless business given its dependence on telcos, and inferior performance:** Starlink was the first-mover in testing and developing direct-to-cell technology, which can facilitate provision of satellite broadband services directly to cell phones. It rolled out pilots that support only text messages in late CY24 while voice, data and IoT services are slated to begin in CY25. However, this technology is still at a nascent stage and is currently facing technical constraints: **a)** LEO satellites are not stationary relative to the Earth; hence, circumventing this via beam steering is difficult in case of cell phones; and **b)** cell phones' low antenna gain and power limits their capacity to maintain a reliable line of communication with the satellites. Hence, Starlink (and other satellite players) require tie-ups with telcos to get access to their compatible 4G/LTE spectrum to connect with smartphones. Further, the tie-ups should enable satellite players to authenticate and connect users via SIM cards. Such dependence on telcos' infrastructure could potentially act as a strong barrier for Starlink to independently disrupt the mobile wireless segment in India. Further, direct-to-cell technology delivers inferior performance than traditional wireless connectivity services; hence, it is unlikely to disrupt Indian telcos' wireless business (which contributes 80-90% of valuation for Bharti/Jio). The high price for satellite spectrum could also constrain satcom companies' business plans in India; DoT has sought views from TRAI on allocation of satcom spectrum at TRAI-determined price.

## Exhibit 1. Starlink leads the satellite communication space with its extensive 6,000+ LEO satellite network

	Inmarsat	Intelsat	One Web	Starlink	Iridium	SES	Globalstar	Orbcomm	Viasat	Hughes
<b>Year of incorporation</b>	1979	1964	2019	2020	1998	1985	1991	1993	1986	1971
<b>Major investors/Parent company</b>	Viasat (Acquired in 2021)	BC Partners, To be acquired by SES in 2025	Eutelsat, Bharti Airtel	SpaceX	Blackrock	Government of Luxembourg	Apple	GI Partners	Blackrock	EchoStar
<b>Data speed</b>	500 Kbps	2-5 Mbps	50-100 Mbps	50-200 Mbps	500-700 Kbps	2 Mbps	500 Kbps	N.A.	40 Mbps	15-50 Mbps
<b>Orbit</b>	GEO	GEO	LEO	LEO	LEO	GEO & MEO	LEO	LEO	GEO	GEO
<b>No. of satellites</b>	15	127	648	6426	66	70	25	51	20	3
<b>Transmission frequency</b>	L-Band & Ka-Band	C-Band & Ku-Band	Ku-Band	Ka-Band & Ku-Band	L-Band	Ka-Band	S-Band	VHF-Band	Ka-Band	Ka-Band

Source: ICRA, JM Financial.

## Exhibit 2. Indian telcos offers FTTH and FWA plans at very competitive prices

	Bundled OTTs	Bharti tariff* (USD)	Jio tariff* (USD)	BSNL tariff* (USD)
<b>Maximum Speed</b>				
<b>Fibre Broadband plans (FTTH)</b>				
<b>Monthly plans</b>				
30 Mbps	No	NA	4.7	
30 Mbps **	Yes	7.0	7.0	
40 Mbps	No	5.9	NA	
100 Mbps	No	9.4	8.2	7.0
100 Mbps	Yes	10.6	10.6	8.2
300 Mbps	Yes	18.8	17.6	
1 Gbps	Yes	47.0	47.0	
<b>Standby / Backup plans ***</b>				
10 Mbps	Yes	4.7	4.7	
<b>AirFiber plans (5G FWA) ****</b>				
30/40 Mbps	Yes	8.2 (40Mbps)	7.0 (30Mbps)	
100 Mbps	Yes	10.6	10.6	
1 Gbps	Yes	-	47.0	

Source: Company, JM Financial Note \* All Tariffs are on "per month" basis and exclusive of GST \*\* Bharti offers 30Mbps plan in only select geographies \*\*\* Standby / Backup Plans are prepaid plans with 5 months validity and are only available to new users \*\*\*\* Bharti's AirFiber services are currently available in select cities only

## Exhibit 3. Starlink's satellite broadband plans are available at significantly higher premium to existing FTTH/FWA plans offered by Indian telcos

Fixed Broadband (BB) Plans	Price (USD per month)		Download speed	Entry-level satellite fixed BB plans expensive than FTTH/FWA Plans in India
	Entry-Level Plan	High-End Plan		
Jio FTTH	5	47	30-1000 Mbps	
Bharti FTTH	6	47	40-1000 Mbps	
Jio FWA	7	47	30-1000 Mbps	
Bharti FWA	7	47	40-1000 Mbps	
Starlink (US plans)	120	500	40-220+ Mbps	18.2X
Viasat, Hughesnet	50	115	40-100 Mbps	7X

Source: Company websites

## Exhibit 4. Starlink's entry-level broadband plans across countries

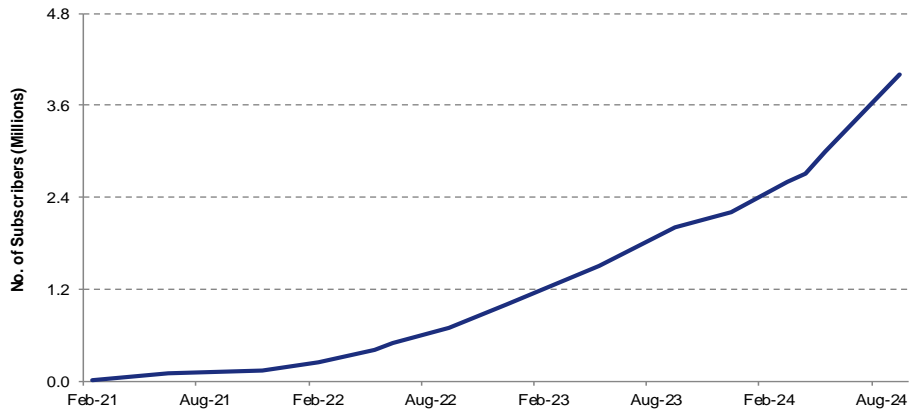
Country	Monthly Charges (USD)	Hardware Cost (USD)
US	120	349
Canada	98	244
UK	95	380
Australia	88	346
Mexico	52	N.A.
Japan	43	324
France	42	366
Argentina	37	N.A.
Brazil	29	384
Kenya	10	350*

Source: Press reports \* Can be rented at USD 15 per month

**Exhibit 5. Starlink's monthly subscription charges in the US have risen slightly while hardware costs have continued to decline gradually**

Date	Monthly Charges (USD)	Hardware Cost (USD)
Jun-22	110	599
Dec-22	110	599
Jun-24	120	499
Dec-24	120	349

Source: Press reports

**Exhibit 6. Starlink's subscriber history**

Source: Press reports

## APPENDIX I

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