



August 12, 2024

**National Stock Exchange of India Limited**

Exchange Plaza, C-1 Block G  
Bandra Kurla Complex, Bandra (E)  
Mumbai – 400051, India  
**Symbol:** BHARTIHEXA

**BSE Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400001, India  
**Scrip Code:** 544162

**Sub: Transcript of the Earnings Call dated August 06, 2024**

Dear Sir/ Ma'am,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, we are enclosing herewith the transcript of the Earnings Call held on August 06, 2024 in respect of the audited financial results of the Company for the first quarter (Q1) and three months ended June 30, 2024.

The transcript of the call is also uploaded on the Company's website i.e. <https://www.bhartihexacom.in/results-quarterly-results.html>

Kindly take the same on record.

Thanking you,  
Sincerely yours,

**For Bharti Hexacom Limited**

**Richa Gupta Rohatgi**  
**Company Secretary & Compliance Officer**  
**Membership No.: A24446**  
**Address: Bharti Crescent, 1, Nelson Mandela Road,**  
**Vasant Kunj, Phase II, New Delhi - 110070**

## Conference Call Transcript

Event: Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q1 ended June 30, 2024 Earnings Webinar

Event Date/Time: August 06, 2024/1430hrs.

**Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q1 ended June 30, 2024 Earnings Webinar****CORPORATE PARTICIPANTS****Mr. Gopal Vittal**

Managing Director & Chief Executive Officer, Bharti Airtel Limited

**Mr. Soumen Ray**

Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited

**Mr. Harjeet Kohli**

Joint Managing Director – Bharti Enterprises

**Mr. Naval Seth**

Head of Investor Relations – Bharti Airtel Limited and Bharti Hexacom Limited

**Mr. Akhil Garg**

Financial Controller – Bharti Airtel and Chief Financial Officer – Bharti Hexacom Limited

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**Vaidehi Sharma – Moderator**

Vaidehi Sharma the moderator for this webinar. Welcome to the Bharti Airtel Limited and Bharti Hexacom Limited's Q1 ended June 30, 2024 Earnings Webinar. Present with us today is the senior leadership team of Bharti Airtel and Bharti Hexacom Limited. I must remind you that the overview and discussions today may include certain forward-looking statements that must be viewed in conjunction with the risks that we face. Post the management opening remarks we will open up for an interactive Q&A session. Interested participants may click on "Raise Hand Option" on your Zoom application to join the Q&A queue. The participants may click this option during the management opening remarks itself to ensure they find a place in the queue. Upon announcement of name participants to kindly click on "Unmute Myself" in the pop up on screen and start asking the question post introduction. With this I would now like to hand over to Mr. Gopal Vittal for his opening remarks.

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

Good afternoon and welcome to the earnings call of Q1. With me on the call I have Soumen, Harjeet, Naval and Akhil Garg. This quarter's earnings call focus will be both on our performance as well as a quick update on the development of our strategy.

A quick background on ESG and an update on ESG. We continue to get recognized for our ESG efforts. We received an A minus rating in 2023 with the CDP Supplier Engagement in the leadership band. This rating is higher than the Asia regional average of C and higher in media and telecom and data centre sector average of D minus. We have stepped up our solarisation agenda with over 15,000 sites solarised in the last fiscal and over 6,000 sites solarised in this quarter alone. Nxtra is the first data center company in India and the 14<sup>th</sup> Indian company to join RE100, which is a global initiative led by Climate Group in partnership with CDP, which is a Carbon Disclosure Project. In FY2024 Nxtra saved 156,600 tonnes of CO<sub>2</sub>, which is equivalent emission by sourcing renewable energy through PPAs and captive rooftop solar plants.

A quick update on our recent spectrum purchase as we guided you earlier. We successfully renewed spectrum that was expiring in six circles and further solidified our mid-band spectrum holding in six circles with a total purchase of about Rs.6,850 Crores. With this purchase we continue to enjoy the largest mid-band spectrum pool in the country.

Let me turn to our financial performance. We delivered yet another consistent quarter, consolidated revenue is just over Rs.38,500 Crores. India delivered a steady growth of 1.9% sequentially with Rs.29,046 Crores of revenue, EBITDA margins came in at 53.7%. We had a strong operating free cash flow, which is EBITDA minus capex of about Rs.8,800 Crores and capex for the quarter was just about Rs.6,780 Crores. Our balance sheet strength continues to be solid and improving. During the quarter we fully prepaid an advance payment of the spectrum dues pertaining to 2012 and 2015 auction. In the last one year we prepaid over Rs.24,250 Crores of high cost spectrum dues. With this the India net debt to EBITDA stands at 2.75 compared to 3.19 a year ago. In recognition of our efforts CRISIL has upgraded our debt rating from AA+ to AA+ positive. The strength of our performance is predicated on solid execution. All our businesses are delivering consistent growth and market share gains. I want to reiterate our simple strategy, which has given us consistent outcomes - Our focus on quality customers, really trying to deliver for them the best experience we can, digital at the core and a relentless focus on eliminating waste. We continue to expand our network. We rolled out over 6,327 network sites and about 9,030km of fiber in this quarter.

Let me turn to an update on each of our segments.

In the mobility business we added 2.3 million customers and 6.7 million smartphone net adds in the quarter. Postpaid net adds are beginning to climb up further and at 0.8 million for Q1 contributing to 36% of the total net adds for the company. ARPU came in at Rs.211 compared to Rs.209 in Q4 again outperforming the industry. This is driven by continued focus on feature phones to smartphone upgrades, prepaid to postpaid upgrade, data monetization and driving international roaming penetration. We continue to expand our

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**Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q1 ended June 30, 2024 Earnings Webinar**

5G coverage. We ended the quarter with a 5G customer base of 90 million and 5G shipments continue to grow, and we continue to gain share there. The industry undertook a round of tariff repair in early July, which was much needed for the financial health of the industry. The early signs from this repair are encouraging with the full flow through expected in two quarters. I do want to underscore that the industry needs a minimum of Rs.300 ARPU for long term sustainable investments and respectable return ratios.

On the broadband business, we added 3,50,000 customers. In line with our strategy we continue to expand our availability. We also launched fixed wireless service across India, on this one we were little late for various reasons. With this our WiFi services, which is really Fiber to the Home (FTTH) as well as FWA, are available in over 1300 cities.

In the DTH, business our strategy of proposition simplification, we offered three plans to customers. Our focus on the three key geographies the Southern states, Maharashtra and Bengal as well as the focus on convergence continues to deliver for us. Net customer additions were over 1.9 lakhs, the third consecutive quarter of positive net adds despite industry challenges and decline. We continue to gain market share as a result. The metros are also starting to see green shoots on the back of our differentiated converged offerings, which is driving customers to Airtel Black.

On Airtel business, revenue growth in Q1 was 1% sequentially, this was adjusted for Beetel. Our global business continued to be muted. Although we are now seeing some green shoots in the order book, which need to translate into revenue over the next few quarters. We saw multiple large deal wins, for example we signed a multi-year contract with the Central Board of Direct Taxes where Airtel will serve as CBDT's network and connectivity partner providing advanced solutions including, dual connectivity with SDWAN, which is Software-Defined Wide Area Network and Secure LAN. Large deals are also one of the global businesses. EBITDA margins were impacted due to seasonality as seen in previous years and will unwind in ensuing quarters. On our digital businesses, our focus on CPaaS, financial services, IoT, security and cloud continues. Airtel Finance is scaling up well with an annualized loan disbursement of just under Rs.3,000 Crores and a loan book of Rs.3,300 Crores. Our digital platform starting with the converged data engine is seeing some traction we are in discussions with a few global telcos.

On the payments bank, our monthly transacting users stood at 71.4 million and the annualized revenue run rate is now over Rs.2,400 Crores growing 52% year-on-year. Deposits remain robust at over Rs.2,900 Crores again growing by over 50% year-on-year.

A quick update on the five pillars of our strategy.

First is the portfolio that we have which gives us reliance. As you know Africa accounts for 25% of revenues, India mobile is 59% and India non-mobile is 16%. Going ahead we see strong growth potential in our non-mobile portfolios, homes, B2B despite the immediate term softness and the digital portfolio. Africa continues to perform well on underlying basis with 4.6% sequential growth in constant currency terms.

Our second focus is really to win quality customers and let me talk about our strategy and growth drivers in each of the segments- homes, postpaid, rural and B2B. On homes, as I mentioned before the top 60 million homes in the country account for almost 35% of industry revenues. Of these broadband penetration is only about 40 million. Each of these 60 million households have some relationship with Airtel but do not use all our services. To address this opportunity our strategy continues to be to expand our WiFi availability, drive penetration of our converge offers to build in stickiness, leverage our digital targeting capabilities and deliver a brilliant experience to the customers so as to retain them for longer.

With the launch of FWA which is Fixed Wireless Access our WiFi services combination of FTTH, which is fiber as well as fixed wireless access are available in 1300 cities. To address this opportunity we want to streamline our go to market approach. We now have in the month of July, we launched this we now have a single pricing across fixed wireless access and fiber. Our sales teams and stores are tuned to selling just WiFi, irrespective of technology and we have expanded our delivery teams to cater to the expanded geographic availability. Having said this, we continue to believe that FWA will only complement FTTH and expand the addressable market by opening new markets for growth. The other part of our strategy is to leverage entertainment as a hook to get more customers. This overall agenda is driving results. Nearly 50% of customer additions on broadband are now happening on Airtel Black. In addition, with the launch of FWA the strategy is showing good green shoots. July has begun extremely well on our broadband net additions and we will see more of that as we talk about our performance in the coming quarters.

On postpaid, the opportunity is large. We have 80 million credit scored prepaid customers who we believe could move to postpaid. We now launched simple one click upgrade journeys for these customers. This coupled with the strength of our family proposition and a deep retail penetration is helping us see strong gains. We have delivered over 4.9 million customer additions in the last six quarters contributing to 25% of our total customer additions.

In rural our expansion program where we rolled out more than 37,000 sites is delivering on action standards. As I have mentioned earlier there are still five circles where our market share is weak primarily due to lower network coverage. Network rollout to reduce this coverage gap is underway. We are seeing promising results on this expansion as well in line with our plans. All of this has been possible with extensive use of digital tools and data science as well as our razor sharp execution. The key focus here is to sweat investments optimally to accelerate the share gains.

In B2B the growth opportunity is large with adjacencies driving the majority of growth. As I mentioned here, there are three structural actions we are taking to address this opportunity. First to revitalize our go to market, as a part of this we are training our account managers to be able to sell solutions as well as focus on industry verticals creating what we call virtual vertical teams so that we can learn from some in the team and transfer that best practice across all our accounts. In addition, we are expanding our coverage of small and medium businesses across the country by investing in our sales capacity and digital tooling. The second area of focus is to improve our network infrastructure to deliver a better network experience. A number of actions are underway to develop a flapless

**Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q1 ended June 30, 2024 Earnings Webinar**

network and increase demand from very, very top quality customers or high value customers. Some of this includes rolling out OPGW fiber changes to build a more resilient network architecture as well as on ground infrastructure re-haul and improved hygiene. The third, we are building our capabilities on digital products. In addition, we are also doubling down on code connectivity by offering network managed services, which gets us more stickiness and higher wallet share. We are co-creating an end-to-end managed service offering with a few global partners, as a part of which Airtel will bring in connectivity and partners will bring in SD-WAN solutions, tools and practices to manage the network. An area of major focus for us is the cloud where we are currently underway in terms of drawing the blueprint for investment so as to set up our overall presence in the cloud segment.

The third pillar of our strategy is the obsession to deliver a brilliant customer experience. As I mentioned earlier, we look at experience from two lenses. First the digital experience and here our platform approach for our four key platforms buy, bill, pay and serve have harmonized customer journeys in an omni-channel way. These platforms are fully integrated in our B2C operations and are rolling out for B2B as well. The second area of focus is network experience and this time let me throw a little more light on how we are planning to deliver a brilliant experience to our customers on fixed wireless access by leveraging the standalone technology.

Let me recap our decision to deploy 5G on NSA architecture which is non-standalone, which was predicated on our very strong portfolio of mid-band along with 3.5 GHz. We also had a lot of learning from other Telcos and NSA delivering a superior experience as well as driving down a lower cost of total ownership. As I had explained earlier in NSA 3.5 GHz band is used only for the downlink, which enables to deliver 30% more coverage and high speeds. This fact has been validated now by a crowd sourced reports and our NSA network is consistently seen in the market place as delivering the best experience. We have achieved this while avoiding paying for the expensive sub gigahertz spectrum band on the 700 band as well as deploying lesser number of radios, which also lowers our operating cost and carbon footprint.

Let me give you some texture on the technology and why SA makes more sense in fixed wireless access. First for the uplink performance, in the NSA mode, phones are connected to 4G and 5G band simultaneously, which gives a coverage advantage but limits the uplink as compared to a handset connected only to the 5G band as an SA. The trade-off works very well for 5G mobile use cases where uplink speeds are significantly faster than needed; however, for FWA where multiple users are connected to the WiFi powered by the 5G FWA modem, uplink becomes a limiting factor for customer experience if you use the NSA mode. Second for capacity, FWA data consumption is almost 15 to 20x of mobile, which needs a dedicated network layer for downlink and uplink to serve this multi-device connectivity across mobiles, TVs at the Home. In such a scenario network slicing with SA enables a superior experience to customers. We are well positioned for this as we will be able to use our 3.5 GHz spectrum along with a large pool of mid-band spectrum holding through carrier aggregation to roll out SA in an effective manner. Hence, our belief is leveraging SA technology for FWA becomes important to deliver a superior experience to customers. We are ready and are planning to go live with SA technology for FWA within this quarter that we are in. While we will run FWA on standalone, we will continue to operate mobility network on non-standalone. Over time and it is very common to have hybrid network of both non-standalone and standalone. Over time with 4G traffic moving to 5G and 5G's time on technology increasing for the device we will configure changes to switch our mobile users to our 5G SA network. All of this will be done without additional capex and purchase of expensive sub-gigahertz spectrum. It should be noted that our core transport and radio networks are all SA ready. We have been running trials of 5G SA network in select regions for many quarters now to optimize the performance.

The fourth pillar of our strategy is to leverage our digital capabilities to incubate new revenue streams. We see as I said Airtel in three parts, the infrastructure layer which is both the network and data layer, the experience layer and the services layer. Our portfolio on digital services includes IoT, cloud, security, SD-WAN and Airtel Finance, all of which are getting substantial focus and investment. I do want to reiterate that we would continue to look for bolt-on acquisitions in these adjacencies to strengthen and build capabilities to address growing customer needs.

Let me provide more texture on cloud, cloud has what we believe is a huge growth potential and we are absolutely committed to participate in this growth. The public cloud market is about \$4.9 billion and growing at 35%. In addition the private cloud market is about \$3.6 billion growing at 16%. Enterprises are moving more and more towards a hybrid cloud approach. In addition there are certain industries like banking, which have regulated sovereign requirements on cloud. As Airtel we believe our strengths lie in leveraging our data centers to cater to such private and sovereign requirements as well as leveraging our deep partnerships with major cloud players like Google and others to offer a hybrid solution should the customer want it. This coupled with enterprise grade connectivity and security between cloud regions positions us well in the space. We are already seeing some traction with some wins under our belt and over the course of the coming year we are going to make substantial investments in this area.

The fifth and the last pillar of our strategy is War on Waste. This is in many ways integral to our ways of working. The initiative we started around two years ago to optimize our site running cost has delivered a strong outcome leading to per site reduction in cost in Q1 after declining in the whole year of 2023-2024. Despite the historic network rollout in the last two years there has been a reduction in our absolute diesel consumption. We have also stepped up our solarization agenda as highlighted earlier in this call. We have also kicked off a pilot to leverage benefits under the open access program in Karnataka. Based on the learnings from this pilot, we will look to extend the model to other circles going forward.

To sum up, overall it has been yet another quarter of consistent delivery along with share gains. Homes which is fixed wireless access, convergence and structural network infra corrections are being done to accelerate growth in the homes segment. Postpaid has a strong headroom for growth. B2B momentum is expected to gain pace going forward. We continue to be financially prudent and unwind our leverage. Tariff repair we believe should support improvement in financial health and a modest improvement in return ratios. We continue to invest in our infrastructure to win quality customers, deliver a brilliant experience to them while accelerating digital at the core and all of this done with a focus on War on Waste and prudent capital allocation.

With that let me hand back to the moderator.

**Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q1 ended June 30, 2024 Earnings Webinar****Vaidehi Sharma – Moderator**

Thank you very much Gopal. We will now begin the Bharti Airtel Q&A interactive session for all the participants. Please note that the Q&A session will be restricted to analyst and investor community only. Due to time constraints, we would request if you could limit the number of questions to two per participants to enable more participation. Interested participants may click on raise hand option on your Zoom application to join the Q&A queue. Upon announcement of name participants to kindly click on unmute myself in the popup screen and start asking the question post introduction. Participants are requested to limit their questions to Bharti Airtel till 03:30 p.m. as management will start the Q&A session on Bharti Hexacom from 3:30 onwards. With this the first question comes from Mr. Vivekanand Subbaraman. Mr. Subbaraman you may please unmute your side, introduce yourself and ask your question now.

**Vivekanand Subbaraman – Ambit Capital**

Thank you for the opportunity. I am Vivekanand Subbaraman from Ambit Capital. Two questions. One, is how are you thinking about capital allocation here on? it seems that capex is already moderating and your net debt has fallen around 58 billion this quarter, you announced that you do not want to call the residual rights money and you are postponing it, so how should we think about the capital allocation here on, that is question one, secondly you spoke about your portfolio resilience and growth potential in non-mobile businesses, you recently increased your shareholding in the tower utility business, there are also prior announcements that you made on infrastructure businesses like data centers, do you see any opportunity to step up investments in data centers? you spoke about this in the opening address and could you help us understand how to think about the capacity ramp up from here on and if it does make any sense to have all that infrastructure in one umbrella like Indus? Thank you.

**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

Let me take both of these questions. On capital allocation, firstly we are in a capital intensive business so capital will continue to be deployed on just strengthening our infrastructure and our network both combination of radio. Transport which is getting increased emphasis in terms of capital allocation and of course our core network so the networks part will remain. There are also investments as I mentioned that we will be making on the cloud area to start with and we will see how that plays out. The third area of capital allocation is around data centers. This is the portfolio that we have. With the financial health improving we will also generate a lot more cash and then the question is what you do with that cash combination as we mentioned of deleveraging as well as dividends is really something that we will continue to look at. On the portfolio part of it, let me talk a little bit about the infrastructure side and the Nxtra side and then maybe I will hand over to Harjeet on the tower side. As far as the infrastructure part is concerned on data centers continues to get a lot of attention. We are still a small player in data centers, I mean, while we are the largest it is a very fragmented industry and there are a multiple number of players who are actually, in here leveraging their land and power banks to really play in the space. The advantage that we have is that we have deep relationships with the top customers and therefore we serve almost all the hyperscalers in addition to many of the domestic players that we do this business will continue to get attention. We bought both land as well as we are in the build out phase of multiple data centers across regions, this will continue. On the tower side before I invite Harjeet let me say that the tower business is central to our portfolio and our business. They are very very important in terms of the stability of that company and this is the reason that we had climbed up in shareholding earlier at the time there was a bit of uncertainty as to what was happening in the market but now with the third player having raised capital and hopefully raising debt as well I think there is stability in terms of the industry structure so that is really how we see the tower company. Whether Nxtra goes into Indus or not is a separate question altogether. It has many considerations the go to market capability that Airtel bring, the quality of the management and the teams that actually understand the space, much of it needs to be addressed it is highly speculative for me to comment on that side. Harjeet is there anything you want to add.

**Harjeet Kohli – Joint Managing Director - Bharti Enterprises**

It is about pretty comprehensive. I think you covered most aspects well. The small supplement I might do on the Nxtra and Indus combination that Vivek you were trying to suggest. Obviously all these things are possible. At a broader level they are all infra assets but as Gopal mentioned the key thing is to have an absolute clear delivery to the relevant client set. Tower companies have two or three large clients that is it and data center companies have a mix of enterprises, hyperscalers and a very different set of style of both sales cycles and deliveries, so one has to be very clear why they need to be necessarily combined not just for financial management, also because there is limited set of only two or three large customers on the tower side it is more a yielding story rather than data centers where you yourselves talked about growth and it has a large differentiated pool of customers it has got a growth story so these really need to be thought well through before creating any Invit or a trust or a combination infra pool and lastly I would say it is always good to keep assets a little more flexibly unbundled. It always helps both delivery as also any times when cycles to the market are not running in favor so that is probably the only supplement I had to do Gopal.



**Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q1 ended June 30, 2024 Earnings Webinar****Vivekanand Subbaraman – Ambit Capital**

Thank you just one follow up, it has been three years since you last gave a guidance on the data center investments, you had said I think at the end of 2021 that you will invest around Rs.5,000 Crores over a three year period any further guidance?

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

Vivek, we are broadly in line with that kind of investment so we are broadly in line with those numbers over a three year period.

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**Vivekanand Subbaraman – Ambit Capital**

Right. No I am just looking ahead and trying to understand the magnitude of opportunity and investment envisage over the next three years. Thank you.

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

I think that the demand for data centers continues to be strong both from global customers as well as domestic, so we will continue to invest in data centers and so the guidance would be more or less around the same level over the next few years.

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**Vivekanand Subbaraman – Ambit Capital**

Understood. Thank you so much and all the best.

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**Vaidehi Sharma – Moderator**

The next question comes from Mr. Aditya Suresh. Mr. Suresh you may please unmute your side, introduce yourself and ask your question now.

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**Aditya Suresh – Macquarie**

Thank you Gopal and congratulations on a fantastic progress which Bharti has seen in the past couple of years. A specific question Gopal was on incremental operating leverage. As you kind of spoke about the trajectory towards Rs.300 of ARPU how do you think about incremental operating leverage for the mobile business? consensus has let us say a 400 to 500 basis points margin expansion at Rs.300 is that appropriate, is the upside or downside those numbers?

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

The way we think of our businesses, we think of the return on capital for our business is still hovering around 9% at the India level and that is really abysmally low as a consequence because we are a fixed cost business we are a capital heavy business. When you see a tariff repair that happens, a large part of that really does flow through into the bottom-line so to that extent there is very high operating leverage for incremental revenue. In fact you will notice that even in the last two to three years as we have grown the topline, through many, many interventions around ARPU we have got operating leverage even from this. Of course the benefit of a repair in the tariff obviously gives you a lot more operating leverage where the return ratio the overall return on capital improves modestly. It is not good enough but it certainly improves from where it is and once you get to 300 at least there will be reasonable returns in the industry.

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**Aditya Suresh – Macquarie**

The second question Gopal was on deleveraging and dividends. You have spoken about this path previously but if you could maybe articulate what is the net-net target you are looking at before we can expect any meaningful dividends?

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

Well at the India level, may be, Soumen you want to take this.

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**Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q1 ended June 30, 2024 Earnings Webinar****Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

Yes so there is no specific number per se but we currently have certain debts where the coupon is much higher than the market rate at which one can borrow, so I think the first objective would be to retire that debt. If you remember we had given a Rs.8 dividend for the fiscal ended 2024, which were more than the flow through dividend, so I think a healthy mix of these two will continue but the first focus would be on paring down the debt which is at the coupon which is higher than market average today.

**Harjeet Kohli – Joint Managing Director - Bharti Enterprises**

I think if I can also quickly add to what Soumen mentioned Aditya the free cash flow pool is not just in Airtel India which is growing, which Gopal earlier talked about even Indus has gotten back to regular situations in respect to the counter party payments you would have seen their results their PAT is back to what it could be probably close to a billion dollars every year. Airtel Africa is dividending. Now Bharti Hexacom is listed, so we expect any dividend to come from that. All those flow pools are also increasing so even the earlier pass through there is expansion of this pool that is happening and as Soumen mentioned I think it is right time as we build more stability and certainty of the free cash flow and capex into play that the dividend can increase and so can the leverage go down.

**Aditya Suresh – Macquarie**

Thank you so much.

**Vaidehi Sharma – Moderator**

The next question comes from Mr. Sanjesh Jain. Mr. Jain you may please unmute your side, introduce yourself and ask question now.

**Sanjesh Jain – ICICI Securities**

Good afternoon. Thanks for taking my questions. Gopal I got few of them. First on the tariff and the consumer behavior one of your peers on their call said that they have observed some change in the consumer behavior, have you witnessed any change in the consumer behavior, are there any downgrades or a delay in the recharges that we have seen, which could in the near term have a lower pass through and SIM consolidation which was pronounced in the first tariff are more benign in the second how we see this tariff hike?

**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

Sanjesh do you had any more questions or this was the only one.

**Sanjesh Jain – ICICI Securities**

Yes I got few more but they are not related to this.

**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

So let me take this first. I think it is a little premature for us to say there is any fundamental change but from what we have seen in the early weeks, by and large we have seen some SIM consolidation at the lower end of the market particularly around our 2G user base but the SIM consolidation that we have seen is modest and I think only time will tell as to how that will play out. As of now we believe it is more or less in line with our action standards. Fundamentally as far as data is concerned we have not seen too much of downtrading yet. Yes there is some reappraisal that happens during this period whenever tariffs go up and there is some delay of recharges all of that. My hope is that this will all unwind as we go through the quarter and let us see how that is which is I was saying it is a little early for me to comment on this. I think by the time we get to the end of this Q2 we will have a very good read because some of the flow through will happen in Q2 but some more will come in Q3 because of the nature of the recharge cycles and the validity of different packs that people uses.

**Sanjesh Jain – ICICI Securities**

Fair enough thanks. The second question is on, again continuing with the restructuring part of it, any reason we chose to increase 1% stake in Infratel by not participating in the buyback because that will cost us Rs.465 a share which is significantly expensive than our earlier purchases so why suddenly such an expensive buying out of 100 basis point and flow through of the dividend also has an impact because of that as well?

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

Yes I understand. Harjeet you want to take that question.

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**Harjeet Kohli – Joint Managing Director - Bharti Enterprises**

Sure. Sanjesh just look Indus runs by its own in terms of a listed company. Of course we are significant shareholders and I think there the thought process as we understand now that the Board meeting has happened, was more driven towards getting the last few months and quarters of stability on the VIL flows for payments their current status some of past backlogs clearing so they had the choice to do a dividend or the buyback and their choice to use buyback was as I understand I am probably relaying it on behalf of what they have already said in the market was really to focus on their capital ratios because buyback has a capital in denominator impact. Number two they retain the full dividend ability as reserve incrementally, because as things improve their dividend reserves which is close to Rs.18,000 Crores is continuing to be intact and number three was a short-term tax efficiency that is available for the instrument, so I think based on that they have taken their call and we are simply in a nice position really not wanting to participate. We just acquired in fact. Arguably you could see this as a contract trade because we increase 1% earlier, so we are simply in a way deemed to have invested this in the incremental stake that will generate once the buyback finishes and hence our Board decided not to participate given that we recently actually only increased.

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**Sanjesh Jain – ICICI Securities**

No, my only point is that this was available at Rs.350 few months back or probably few weeks back and suddenly buying at Rs.465 appears to be an expensive acquisition but I got your point. The next question again as Harjeet and Gopal you all mentioned so the merger of data center and Indus does not seem like an immediate plan for that entity is that understanding right?

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

Well I do not want us to even go down that path right now Sanjesh till we are clear what we want to do. As of now Nxtra is an independent sort of company within the portfolio. It is a subsidiary of us. At some stage we have always mentioned that data centers will be something we will look to dilute and this is an asset that we could look at once we believe the timing is right what is the destination of that dilution is a question that we will come to at that stage so right now it is too premature to even go down that path.

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**Sanjesh Jain – ICICI Securities**

Fair enough. Gopal last question on the enterprise side of the business, the business appears to have gone significantly soft not only for us our peers have also reported number, what is happening on the enterprise business? Why there is a sudden slowdown? Last year we grew very, very smartly 15% to 16% and now we are low single digit? It looks very contrasting?

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

Yes, it is a good point Sanjesh and I agree with you that the business has certainly softened. We have seen a significant softening in the global side of the portfolios that I mentioned. Many of the OTT companies deferred their spends. We saw this trend - exact opposite trend in the domestic side last year. The domestics were pitching in strongly. There has been some rationalization on the core connectivity. We believe that it will come back based on what we see as the order book. My own sense is that this is really what calls for greater urgency in our own portfolio to really drive a lot more adjacencies because remember the connectivity side of the business as an industry is growing only at about 4% to 5%, so underlying connectivity will always be soft and there is only so much that you can do to actually gain share and so on. The second part of the business is really on the global side where we are dependent on some of the large players looking at spends so this is what calls for greater urgency to re-engineer our own portfolio where we continue to focus on connectivity, which was our bread and butter, but in addition really accelerate our adjacencies and if you ask me personally where I spend maybe 50% to 60% of my time, it is really towards that part of the portfolio so that we can re-engineer the B2B side towards adjacencies. We have made substantial investments in some of the capabilities on CPaaS, which is seeing good traction. Of course it comes at a slightly lower margin than the core connectivity business but then the EBIT margin is actually very healthy because the capital requirements there are very scarce. The second area of focus for us is really cloud where till now we have been more partnering with just public cloud players to actually resell cloud along with a small managed services component. I think here we are putting in significant investments in managed services capabilities in Pune. The second place we have also decided to put in a substantial investment is on our own cloud offer. I do not know whether you are aware that as Airtel we are the largest cloud player for our own private cloud. All our applications whether it is a retail applications or call center applications our portals or our service portals for all our channels all of it run on our own cloud and we believe there is an opportunity here to play a game where we are also managing workload movement to the public cloud but at the same time optimizing spends for players that may want to do it in a cheaper way using the private cloud and the third area of cloud is really where we are partnering with one of the large tech companies to go after the banking workloads, particularly given the sovereignty requirements that many of the banks and financial institutions

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have as far as cloud is concerned, so CPaaS and cloud are the two big areas. The third area of focus really is on security. We have had one big strategic partnership with a large global player on security. You will see that announcement come up in terms of the product portfolio that we launched in the coming quarters, so all of these areas are getting a lot of attention and I feel that if you think of the market outside of the core connectivity that is growing rapidly we really need to do a significantly faster and more effective job in converting that opportunity into real revenue for our portfolio.

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**Sanjesh Jain – ICICI Securities**

That is fair. Any comment on the competitive intensity in the enterprise business you want to comment, because one of the players is now talking too much?

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

Yes Sanjesh that I think remains. I think we have seen especially when there reverse auctions for government tenders and for public sector units which they do normally. We do see some competitive pressure but I would not say this is anything that is disproportionately different from what we have seen over the last three years. I think this is business as usual.

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**Sanjesh Jain – ICICI Securities**

Fair enough. Thanks Gopal for patiently answering all those.

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**Vaidehi Sharma – Moderator**

The next question comes from Mr. Kirtan Mehta. Mr. Mehta you may please unmute your side, introduce yourself and ask your question now, good afternoon.

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**Kirtan Mehta – BOB Capital Markets**

Good afternoon Sir and thanks for giving this opportunity. I wanted to understand in terms of the homes segment what would be our targets sort of what is the vision for the homes segment over next three years or so and could you also elaborate the way you elaborated the pros and cons of standalone versus non-standalone architecture in case of the homes, how do you see the sort of the absence of sub-gigahertz, could it have any impact and what would be our USP when we target the homes segment? that was one part of the question.

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

So I think the homes business or the homes segment will continue to see strong growth because there are still over 20 to 25 million high value homes that still do not have broadband and we do know that every time a smart TV is bought, it is a moment of reappraisal for that home to consider broadband so to that extent we do believe that this will continue to grow. The pricing on broadband is quite low in India relative to any other market in the world. In fact is very low and as a consequence maybe that market could be slightly larger than 60 million or 65 million but we will see how that plays out. I think the bulk of the market is really focused on the top 1000 cities. We will see that. We do not see as much of a market playing out beyond 1,000 cities. I would say maybe 90% to 95% of it is there. The focus on homes for us is really fiber as a first protocol because the experience that you are able to deliver on fiber even a dedicated network both on the down as well as the uplink is always going to be better than any wireless technology. Today the 3.5 GHz has a lot of unutilized spectrum and so we will get a great experience at this stage, but over time that will congest as happens in many other markets, most notably if you look at the US the same situation that is playing out there. As a consequence I think our movement will be to grab the market wherever we can to fix wireless access but then to move them to fiber as soon as we can move them to fiber. We do not believe that there is any need for sub-gigahertz spectrum. We have also talked about this at length. We had enough sub-gigahertz spectrum between a combination of 900 band and 850 band for coverage. Remember the sub-gigahertz band only gives you coverage at the edge. It does not have much spectrum itself. The bands do not have much spectrum. As a consequence you do not get capacity coming in from sub-gigahertz. It is only for coverage and with technologies like carrier aggregation that are available we can extend the downlink even of the mid-band and therefore we are pretty satisfied that the combination of standalone for fixed wireless access using our mid-band holdings and whatever coverage we have that we need with sub-gigahertz on the mobility side is more than adequate for our needs.

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**Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q1 ended June 30, 2024 Earnings Webinar****Kirtan Mehta – BOB Capital Markets**

Thank you for a very elaborate answer. Probably if I may add another question. We have been talking about sort of a need for Rs.300 ARPU to have an adequate return is there a possibility that significant portion of that can be covered by the Airtel Black type of offering where bundled offering goes to the consumer and that allows us to breathe the gap limiting the need for increase in the connectivity tariff?

**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

Well I would not say that because if you look at our disclosure. Our disclosure gives you segmental reporting by business. We disclose the ARPU by business and so when we talk about mobility ARPU we talk only about mobility ARPU which may not be the case with everybody in the country and therefore Airtel Black is really, will show up in broadband or will show up in DTH and not really in mobility. Of course postpaid will show up in mobility and so when you think about Airtel Black, which is largely a homes play, I think it will have very little to do with the ARPU for the mobile segment. What it does give you is a presence in the home which is a high value home and we can leverage our existing relationship that we have with mobility in that home to actually shift them into a converged home. That is a different story but that is not an ARPU story. That is ARPA story, which is an average revenue per account.

**Kirtan Mehta – BOB Capital Markets**

Thanks for clarifying this. That is all from side.

**Vaidehi Sharma – Moderator**

The next question comes from Mr. Kunal Vora. Mr. Vora you may please unmute your side, introduce yourself and ask your question now.

**Kunal Vora – BNP Paribas**

Thanks for the opportunity. I wanted to understand your thoughts on 5G monetization, minimum threshold to use 5G has now increased. So what kind of dropout would you expect from the current 90 million 5G users who were used to paying 239 but now they might need to pay closer to 350 or so, or even higher like 419. So wanted to understand thoughts on 5G subscriber base going forward?

**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

Kunal we have not seen in the early days of the tariff repair, we have not seen any cool-off on 5G, in fact remember devices are also coming into India, 80% of the devices now are 5G enabled. So we continue to see growth in this segment and we also have a lot of sophisticated data science tools to try and get people onto the right plans, given the change in pricing that has happened in the last few weeks, but at this stage we do not see any challenge on that front. The broader answer to your question on 5G monetization or the broader problem that you are referring to which is 5G monetization is a relevant problem because globally you really do not see any major use cases that is held in 5G monetization other than fixed wireless access. So fixed wireless access is a modest use case in the overall scheme of things because on the mobility side you put in a lot of capex for radio but fixed wireless access is a small part of the overall revenue that is generated, as you know homes segment tends to be small in most markets other than very developed markets where homes have been penetrated deeply by incumbent legacy government players that have then privatized.

**Kunal Vora – BNP Paribas**

But Gopal would you say that 5G monetization has now been started because like if you want to use 5G now, there is like minimum Rs.50, Rs.70 extra which you need to pay compared to what you are paying while this is a normal tariff price which is may be 20% to 25% but for 5G customer the tariff hike is more like 40% so that is the reason I was asking whether like you are seeing more dropouts because it is a significant Rs.100 plus increase in case of 5G customers?

**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

Yes, well that is the modest for us because in the past also many of these customers were sitting on plans at Rs.299 and so on and so forth but you are right there is a modest monetization in that respect. There is an opportunity to monetize and that is something that we will need to look at, over the course of the next few quarters.

**Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q1 ended June 30, 2024 Earnings Webinar**

**Kunal Vora – BNP Paribas**

But just to conclude this discussion you do not think there will be much of a dropout from the 90 million, which you are currently seeing? I mean, do you think that 5G customer base will still grow?

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

I am not suggesting that all 90 million were on 5G packs. What I am suggesting is that 90 million customers who latch on to 5G radios on our device on our network and to get them onto the right plan is really the effort.

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**Kunal Vora – BNP Paribas**

Understood and second is what is the incremental capex which you need to incur to offer standalone network and will you offer FWA on a nationwide basis and how big do you think the market is?

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

The incremental capex to run SA is very very modest because all are as I mentioned earlier our radio network, our core network everything is ready for SA so the incremental capex is very modest. It is really some software that will need to be put in there and yes when we launch fixed wireless access on standalone by August or September we will be national with it.

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**Kunal Vora – BNP Paribas**

Okay and lastly India mobile capex this quarter was lower Rs.48 billion versus last year same quarter 78 billion. Was there any one off factor like the heat wave or any of that or should we extrapolate this or the capex will increase compared to what we have seen?

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

We have always mentioned that capex this year will be lower than last year and that it will moderate. I would not react too much to a particular quarter, sometimes it goes up and sometimes it goes down but certainly the capex that we will incur in this coming year which is this year which is the year that we in FY2024-25 will be lower than FY2023-24.

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**Kunal Vora – BNP Paribas**

Okay thanks. That is it from me.

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**Vaidehi Sharma – Moderator**

The next question comes from Mr. Vivekanand Subbaraman. Mr. Subbaraman you may please unmute your side, introduce yourself and ask your question now.

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**Vivekanand Subbaraman – Ambit Capital**

Thank you for the follow-up. Just a couple of questions extending what Kunal just asked on the 5G customer base right. So just to clarify you said that 90 million customers have latched on to 5G at some point of time during the quarter is that the right assessment?

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

In a month.

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**Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q1 ended June 30, 2024 Earnings Webinar****Vivekanand Subbaraman – Ambit Capital**

Right understood okay that is one. Secondly are there any targets that you have on FWA? I know you said this has been answered to a previous participant on the 20 to 25 million users who are not yet connected by Broadband? Is it feasible to even connect them via broadband or you are looking only to connect them through FWA?

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

No, it is feasible but it will take time. We will roll out one and a half million home passes every quarter so there is a staggering case of rollout of fiber home passes but the time taken to do that can be accelerated dramatically if you actually have a fixed wireless access option so that is the only point. Because remember in broadband once you get into the homes unless you make a mistake or unless your experience is poor the churn tends to be low.

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**Vivekanand Subbaraman – Ambit Capital**

Okay, lastly I missed the number you said on the digital revenue the annualized revenue number. I think you mentioned it in the beginning but I missed it.

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

I did not mention it but it is in that ballpark about Rs.2300 to 2400 Crores.

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**Vivekanand Subbaraman – Ambit Capital**

Well thank you and all the best.

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**Vaidehi Sharma – Moderator**

Thank you to all the participants. I would like to remind all the participants to stay connected on the call for the next session on Bharti Hexacom. With that I would now like to invite Gopal for his closing remarks on Bharti Airtel.

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**Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited**

Thank you very much for this for this call and thank you for all the questions. I look forward to talking to you again, next quarter.

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**Vaidehi Sharma – Moderator**

Thank you Gopal. With this I would now like to hand over to Mr. Soumen Ray for his opening remarks on Bharti Hexacom.

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**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

Good afternoon everyone. Welcome to the Bharti Hexacom Q1 FY25 earnings call. I will start with the key developments of this quarter. There are two. The first was spectrum auction. We purchased about 15 megahertz of spectrum in the sub-gigahertz and in the mid-band range. The total cost to us was about Rs.1,000 Crores. The second of course is tariff repair, which along with the industry in the first week of July, Bharti Hexacom also took up the tariff in the prepaid segment.

Moving on to financial and operating performance we delivered a revenue of Rs.1,911 Crores, growing sequentially by 2.3%. Revenue growth was broad-based. Smartphone customers addition was a strong 700,000 plus, 703,000 as compared to 641,000 in the preceding quarter Q4 of last year. ARPU for the quarter also saw an increase it was at 205 versus 204 with the number of days being same. Data usage per customer improved to 25.7 gigahertz the highest in the last four quarters. EBITDA stood at Rs.912 Crores with an EBITDA margin of close to 48%. The reported net income was Rs.511 Crores for the quarter and operating free cash flow which is EBITDA minus capex was at Rs.594 Crores. I am happy to report that we have repaid about Rs.900 Crores of our debt. So there was a paper which was due of Rs.2,000 Crores. Rs.900 Crores has been repaid and Rs.1,100 Crores has been refinanced and we ended the quarter with a net debt to EBITDA improving to 2.07. With that I would like to open the floor for questions. Over to you Vaidehi!

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**Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q1 ended June 30, 2024 Earnings Webinar****Vaidehi Sharma – Moderator**

Thank you Soumen. We will now begin the Q&A interactive session. Due to time constraints we would please request if you could limit the number of questions to two per participants to enable more participation. Interested participants may click on raise hand option on your Zoom application to join the Q&A queue. The first question comes from Mr. Sanjesh Jain. Mr. Jain you may please unmute your side, introduce yourself and ask your question now.

**Sanjesh Jain – ICICI Securities**

Hi Soumen, Good afternoon. Thanks for taking my questions. First on the cost side, the cost increased sequentially appears to be higher both on the SG&A side and the other cost as well, can you help us understand what led to sudden sharp improvement in the cost line item?

**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

Well the SG&A there was a bit of one-off in the previous quarter which has been catch up mostly. Also with the broadband rollout there was some onetime advertisement expenditure. These are the two primary reasons why SG&A is a little elevated. The normal level would be somewhere between last quarter and this quarter somewhere in between. People cost also has gone up a bit and that is more because of one increment which has come in and two there are some actuarial valuation impact which has come in. Of course on the opex the reason is because as you know we have capitalized our 5G spectrum and the investments so this quarter saw the full impact of opex as well as depreciation amount and interest of the 5G spectrum and associated fixed costs of the radios and the variable cost of the opex percent.

**Sanjesh Jain – ICICI Securities**

So, Soumen we have largely now capitalize all the spectrum, leaving the one which we have just purchased everything is amortized now?

**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

As far as BHL is concerned everything is capitalized and you have seen in Bharti Hexacom the full impact in this quarter P&L.

**Sanjesh Jain – ICICI Securities**

Okay, so from next quarter onwards it should stabilize in terms of the growth right?

**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

Yes, it should.

**Sanjesh Jain – ICICI Securities**

Okay, my second question is on the working capital? There is a significant release of working capital to the tune of Rs.445 Crores should be precise in this quarter, what led to that sudden release in the working capital and is this current working capital is a sustainable number to look at?

**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

Well, I think what led to this release is multiple levers being pushed, some collections being fast tracked and all of that. You can consider the current level to be reasonably a steady level of working capital but I am not saying at exact numbers but directionally this is how it should be. One of the reasons why this got released is there was some VLF reversals which happened because of the Supreme Court case.

**Sanjesh Jain – ICICI Securities**

Okay, so that Rs.300 Crores was sitting in the working capital and that got reversed but that should not flow through the cash flow right because Rs.445 Crores is?



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**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

No, so when you say working capital, I was telling you so you will see some reduction in current assets and current liabilities. In current assets there was a large borrowing which was sitting which was due within one year which as you know Rs.800 Crores has been actually paid off and the balance has been rolled over to be paid in future quarters as the company sees good cash accrual but that is very larger number. Your difference is about Rs.400 Crores so explaining so the current asset has come down by Rs.800 Crores to Rs.900 Crores but there is a corresponding reduction in current liability to the extent of reversal of the VLF interest.

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**Sanjesh Jain – ICICI Securities**

Got it and towards the capex Soumen this quarter was 16.6% of the revenue just Rs.370 Crores, this should not be a representative capex for the full year right?

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**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

See, quarterly we would not like to say whether it is representative or not but like it happen in our parent at a full year level we should finally end with a capex which is lower than last year.

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**Sanjesh Jain – ICICI Securities**

Okay that applies to the Hexacom?

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**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

To BHL yes.

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**Sanjesh Jain – ICICI Securities**

Got it. That is it from my side. Thanks Soumen for answering all the questions and best of luck for the comings.

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**Vaidehi Sharma – Moderator**

The next question comes from Mr. Vivekanand Subbaraman. Mr. Subbaraman you may please unmute your side, introduce yourself and ask your question now.

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**Vivekanand Subbaraman – Ambit Capital**

As far as the costs are concerned thanks for the explanation there so just one additional question in the same breath. When I look at the net revenue and divided by gross revenue I am getting 79.2% this quarter and this has been steadily declining from around 80.6% in the one year prior same quarter so there has been some increase in access charges as a percentage of revenue could you help us understand what are the factors responsible for that and where should this stabilize?

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**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

So, Vivekanand, thanks. Bharti Hexacom Limited is the only player currently who does not have a pan India presence and hence we have access charges. You should look at access charges on an annualized basis because there are multiple seasonalities because of which out-roamers, in-roamers numbers change. Typically for Bharti Hexacom there would be some reduction in access charges net access charges during Q3 and Q4 and possibly unwavering. We have just got listed. This is effectively the Q1 after listing. My request is you consider it in that range and look for a year I think you will get an annualized trend as to how it flows.

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**Vivekanand Subbaraman – Ambit Capital**

Okay and there were no other factors apart from?

**Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q1 ended June 30, 2024 Earnings Webinar****Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

No. There no other factors. It is just that as I said our normal in the industry this does not apply whereas because we are only a two circle player we have this exposure which will normalize when you take a longer period average. You are seeing two quarters and hence it is looking a little yo-yo.

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**Vivekanand Subbaraman – Ambit Capital**

Okay my second question is as far as Airtel overall is concerned Gopal outlined the home market opportunity of top 60 million homes, 20 - 25 million of whom are unconnected what would the corresponding numbers be for Hexacom? What is the opportunity set that you foresee in these markets?

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**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

Well, I would not have the numbers off hand with me to give you but suffice to say it should be a lower than equal subset because the two circles we are talking of is relatively lower in terms of discretionary income and development so I would say if it is 60 million this number could be anywhere between one to one and a half million in these two circles.

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**Vivekanand Subbaraman – Ambit Capital**

Understood. Great, thank you very much.

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**Vaidehi Sharma – Moderator**

The next question comes from Mr. Kirtan Mehta. Mr Mehta you may please unmute your side, introduce yourself and ask your question now.

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**Kirtan Mehta – BOB Capital Markets**

Thank you for this opportunity. Just extending Vivekanand's question into the homes. So would we be more open to sort of explore the FWA route to tap the homes segment within our two circles where probably the providing network connectivity to the upper households would be difficult, so would we be aiming to focus more on FWA route to capture them?

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**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

Thanks Kirtan for the question. I think let me put it this way, the way we are approaching it is we are saying WiFi. When we lit up both wire connection as well as FWA, the feasibility goes up significantly. The pricing is same. The customer is actually agnostic because this is a residential customer. The kind of usage that they have is serviced by adequately by a 40 to 60 mbps connection they do not need any more so if it is FWA which has to take the lead FWA will take the lead. We are not working towards saying that FWA will be my lead in acquiring home customers in these two circles. Our pitch is, it is Airtel WiFi if you want it, let us know and we will give it. Whether it is wired or FWA depends on whether the area has been wired or not but for a customer facing it is just Airtel WiFi, but yes as you rightly said there is a probability that FWA will do a little better in these places primarily because laying fiber across is a little challenging.

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**Kirtan Mehta – BOB Capital Markets**

Just one more follow-up here, so in terms of we mentioned around 1300 cities where home passes would be available so how many of those cities would be within our 2 circles?

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**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

It will be closer to about 100.

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**Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q1 ended June 30, 2024 Earnings Webinar**

**Kirtan Mehta – BOB Capital Markets**

Sure just one last question from my side, we have mentioned about net income before exceptional said 2.6 billion was around 24% Y-o-Y could you just remind us through what were the factors during the previous Q1 which is sort of showing this apparent decline?

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**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

Pardon.

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**Kirtan Mehta – BOB Capital Markets**

Underlying net income excluding exceptional at 2.6 billion is 24% down Y-o-Y so this is an apparent decline because I believe of the previous Q1, would you be able to remind us what were the reasons during previous Q1?

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**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

So I think it is primarily network cost you know the 5G cost has come in and we have rolled out a lot many more new sites so if you go to, I will tell you what to look at. If you go to page 16 on schedule 8.1 you will see a very, very sharp increase in network operating cost from about Rs.348 Crores to Rs.467 Crores.

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**Kirtan Mehta – BOB Capital Markets**

Right thank you. I think that is it from my side. Thanks for these answers.

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**Vaidehi Sharma – Moderator**

Thank you to all the participants. I would now like to hand over to Mr. Soumen Ray for his closing remarks.

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**Soumen Ray – Chief Financial Officer - India & South Asia - Bharti Airtel Limited and Director, Bharti Hexacom Limited**

Thanks a lot for showing interest in attending this call. Like other telecom operators, we are very excited with this tariff increase and we hope in the next two quarters we get a good flow through of this and there on take it on from there. The focus on broadband continues. Broadband as a share of our business has inched up marginally. It was more like a 3% of our total business. It has moved to 4. Hopefully with aggressive focus on broadband coupled with driven by FWA we can further enhance the diversity of the portfolio between these two businesses. Thank you.

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**Vaidehi Sharma – Moderator**

Thank you everyone for joining us today. Recording of this webinar will be available on the websites of the company for your reference. Have a great day ahead.