

Conference Call Transcript

Event: Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q3 ended December 31, 2024 Earnings Webinar

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Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q3 ended December 31, 2024 Earnings Webinar**CORPORATE PARTICIPANTS****Mr. Gopal Vittal**

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Vaidehi Sharma – Moderator

Good afternoon, ladies and gentlemen. My name is Vaidehi Sharma and I am the moderator for this webinar. Welcome to the Bharti Airtel Limited and Bharti Hexacom Limited's third quarter ended December 31, 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 that they find a place in the queue. Upon announcement of names, participants to kindly click on "Unmute Myself" in the pop up 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.

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

Thank you Vaidehi. A very warm welcome to all of you and with me on the call I have got Shashwat, Soumen, Harjeet, Naval and Akhil Garg. Let me start with one key development: we are planning to transfer about 16,100 telecom towers, approximately 12,700 from Bharti Airtel and about 3400 from Bharti Hexacom to Indus Towers. Our belief is that this business is best managed by Indus since they know how to do this better than us. It will not only free up management's bandwidth within Airtel but it will also create greater efficiency scale and ultimately long-term value at Indus. Now, let me give you an update of the quarter and the progress against our strategy.

Let me start with ESG. There are three primary areas where we make an impact: connectivity is the first and most important one. Our network investments are able to connect the most remote parts of India, which make a profound impact in the lives of people. Over the last two years, we have expanded our network to cover over 89,000 villages actually through the deployment of almost 43,000 sites. A second area of focus is in lowering our carbon footprint and simultaneously lowering cost. There are two things we have done: firstly solarization is now adding pace. We did over 3300 sites in the quarter and over 28,000 sites in the last six quarters. Second we have brought in AI at the heart of our network. As a result, we are able to turn off layers of radio technology based on real time traffic patterns, which reduce our carbon footprint and also lower our energy bill. Finally, the Airtel Foundation makes a big impact socially through our focus on education. The foundation through its various initiatives in 31,000 schools have impacted over 3 million children and 2 lakh plus teachers.

Let me now turn to a few highlights on our performance. We delivered another consistent quarter. Consolidated revenues came in at about 45,130 Crores. India revenue growth, excluding Indus was strong with 4.8% sequentially to over 33,000 Crores. EBITDA margins came in at 56.2% an improvement of 1.4%. Effective Q3, Indus Towers has now consolidated into our financials. This quarter, we have made an improvement to our disclosures. We are now reporting EBITDAaL, which is EBITDA after lease obligations. We believe this is a true reflection of our underlying margin and leverage. As a management team, this is a metric we track so as to drive the right behavior about the underlying health of the business. EBITDAaL for the quarter stood at 16,306 Crores with a margin of 49.3%. We delivered strong operating free cash flow; this is really EBITDAaL minus capex of 9440 Crores. Capex for the quarter was 6860 Crores. We rolled out 5214 network sites and over 13,950 route kilometers of fiber in the quarter. Fiber deployment remains a key area of focus. We rolled out more than 100,000 kilometers of fiber in the last 24 months. We continue to direct capex to future proof our business around three areas: transport investments, homes, and B2B. Our focus on financial prudence is clearly visible in our balance sheet improvement every quarter. During the quarter, we prepaid DoT spectrum dues pertaining to 2016. With this prepayment, we have cleared all the dues prior to 2021 auctions. In fact, in the last six quarters, we prepaid over 35,500 Crores of

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high cost spectrum dues. India net debt in relation to EBITDAaL now stands at 1.8 compared to 2.5 a year ago. Our efforts to build a solid balance sheet is testament to the recent credit ratings upgrade by Moody's.

A quick update on each of our segments. In the mobile segment we added 4.9 million customers during the quarter and 6.5 million smartphone customers. Postpaid net adds remained healthy at 0.6 million. This was somewhat impacted by tariff repair. ARPU came in at Rs.245 compared to 233 last quarter; another quarter of industry leading growth. ARPU drivers on an underlying basis remain intact; these are basically feature phone to smartphone upgrades, prepaid to postpaid upgrades, data monetization, and growth of international roaming. 5G coverage expansion continues as planned. We ended the quarter with a 5G base of 120 million, 5G shipments continue to grow now contributing over 80% of overall smartphone shipments and we continue to get our fair share from growing 5G handset adoption.

In the broadband segment, we added nearly 674,000 customers and stepped up our momentum in this business. We have expanded our FWA coverage and are now live in over 2000 cities. It is clear that FWA is increasing our addressable market for Wi-Fi services. We maintained an accelerated pace of fiber home pass addition of 1.9 million per quarter. We are also strengthening our content partnerships to build more value on Xstream with more than 22 OTT apps in a single platform. To strengthen our content offering we also added ZEE5 during the quarter. I must say that the Wi-Fi and the broadband business is seeing momentum month-after-month and even January has begun better or has ended better than the previous month.

In DTH we added 29,000 customers in the quarter. Our focus on simplified pricing structure, strong content offering, and convergence has led to consistent share gains.

Airtel Business we delivered revenue of just under 5650 Crores. This is a growth of 8.7% over the same period last year. I will comment in greater detail on Airtel Business in a moment.

Digital businesses we continue to focus on scaling our digital portfolio with CPaaS, Financial Services, IoT, Cybersecurity, and Cloud. Our IoT business is seeing strong growth with new order wins. Cybersecurity and Cloud services are beginning to see some step-up and I will talk a little bit more on Cloud later. Airtel Finance has served over a million customers till date across various financial products with over 4600 Crores of total disbursement and a current AUM of 2500 Crores. On the Payments Bank, the monthly transacting users stood at 87 million, annualized revenue run rate now is about 2800 Crores, growing at 50% year-on-year. Deposits remain robust at over 3300 Crores growing by 42% year-on-year.

Let me now comment on each of our areas of focus. Firstly we are committed to building a diversified and resilient portfolio. Both India and Africa are now consistently delivering strong underlying performance. Our portfolio is further diversified with the Indus consolidation. Africa accounts for 23% of revenues, India mobile 56%, India non-mobile 14% and Indus at 7%. Africa is performing well with constant currency growth of 5.6% sequentially. We are also sustaining investments to retool our portfolio in order to grow beyond wireless. Second area of focus is winning quality customers and let me now provide some texture on each of our businesses: homes, mobility, and B2B.

Broadband penetration in the country remains low but is growing rapidly, driven by fast-paced adoption of home connectivity and changing content consumption preference of customers. As I had mentioned earlier, we believe the current market can double from over 45 million to anywhere between 80-90 million homes over the medium term. While we have stepped up our performance, we believe there is significant room to increase our competitiveness. We have three areas of focus: first, increasing the addressable market by stepping up rollout of fiber home passes and FWA. Over the last two quarters, our FWA availability has increased meaningfully across key pin codes and we are now live in over 2000 cities. Our accelerated fiber home pass expansion continues with 1.9 million quarterly additions with total home pass at 35 million. The second area is really to constantly improve the value that we deliver; here we are focused on a combination of convergence by improving the content slate we offer. We recently signed on ZEE5 and Glance on digital TV. Xstream now has over 22 OTT apps as a part of its platform. We have also commenced the testing of IPTV. We believe that when this is launched, it will dramatically improve the ease of onboarding for our customers. The third area of focus is to really fire up all our channels. We currently sell broadband largely through our stores and online channels. We are now using our digital capabilities to bring in the power of our entire mass retail channel and plan to open up around 100,000 points of presence. In addition, our 30,000 strong fleet of home delivery engineers will also be activated. With these three areas ramping up, we expect to see continued momentum of homes leading to strong competitive growth.

Let me now turn to mobile. On postpaid, our focus continues to be on the 80 million potential customers, who we believe can upgrade to postpaid. Use of digital tools along with simple customer journeys across channels is powering our family offerings to further accelerate this. Rural markets account for over 65% of industry growth. Over the last two years, we made substantial investments in seizing this opportunity. This has delivered results; going forward, we expect to fill gaps in a couple of circles while we continue to sweat the sites deployed till date to give us gains into this year.

Let me now turn to B2B. There are three key areas we are addressing: portfolio, go to market, and customer experience. Let me comment briefly on the portfolio. There are three parts to our portfolio: there are data centers, there is global and there is domestic. Our data center business is growing steadily. Within the global segment, we have two parts: commodity voice and messaging as well as monetization of cable investments. On the latter, which is cable investments as you know, there was a slowdown to the extent of interest from OTT players, but we are beginning to see some change in this in the current quarter in terms of the order book. By the way, this is a very profitable part of the portfolio and so is now seeing signs of growth, which bodes well into the coming year. The second segment within global is wholesale commodity voice and messaging. A very significant part of this is very low-margin business and, in fact, what it does is it clutters management focus, it has a lot of people running around trying to strike deals, and the margins we make here are insignificant. We have made a decision to exit this low-margin business, which will have an impact on the topline in the coming quarters. It will take about six months for this to play out, but let me underscore that the exit in this business will have

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really no impact on EBITDA because this is a very negligible margin business. Within the domestic segment, we are seeing strong growth on digital as well as sustained growth on connectivity. In fact, these digital adjacencies comprising of Cloud, Security, IoT, and CPaaS account for almost 90% of incremental industry growth. We are now stepping up our investments as well as our go-to-market muscle to drive faster growth here. We will be launching a comprehensive cloud solution in the next few months. At an aggregate level given the growth of digital I believe we need to move at a much faster pace, and we will do what it takes. This is one of the main reasons we have decided to shed the low-margin portfolio of commodity voice and messaging. You will recall that a few years back, we did the same in our mobile business by shedding 49 million customers, who were using our network only for incoming calls. This changed the experience for our existing customers, it de-clogged our networks, and more importantly, it galvanized the organization internally on how we chose to win with quality customers. We believe this will do the same in our B2B portfolio.

The second area of focus is the need to build muscle in our account management teams to shape this agenda. We are doing a combination of things here. We are injecting capabilities into the team in the form of fresh talent, we are training all our existing people, we are injecting state-of-the-art tools backed by AI to help our frontline, and finally, we are setting up virtual teams to raise the bar on lessons learned at an industry vertical on key wins and losses.

The final area of focus is customer experience. We are now making investments in upgrading existing network infrastructure to flawless networks, for lower latency and high reliability for critical customers who depend on it. We are also extending our B2C platform capabilities to improve our delivery and process. The third pillar of our strategy is the obsession to deliver a brilliant customer experience. On the network, we extensively use data science and deploy digital tools to structurally resolve issues. Our in-house developed and operated AI ML tool, which is the Airtel Self Optimising Network, gives us a granular view down to a device level. This has helped us deliver the best experience. We continue to win all the crowd sourced awards and network experience. The icing on the cake is that this also helps us lower power cost in the fly, which I spoke about. The fourth pillar of our strategy is to build and leverage our digital capabilities. Our industry first anti-spam tool has brought significant relief. We have been able to alert 252 million unique customers and effectively combat the spam menace. Powered by our AI driven network, this identifies over 1 million unique spammers making more than 130 million calls a day. That is roughly a trillion records that is processed on a daily basis. Additionally, our solution also detects over 7 million spam SMS's every day. We are now making a further pivot within the company to explore how we can move AI from experiments to make AI native at the core of the operation. Our strategy on building new digital revenue streams is anchored on our core strengths and capabilities, and that is why our services portfolio includes Airtel Finance, IQ, IoT, Cloud, Security and SD-WAN.

Let me just give you a few comments on Airtel Finance. We are lending to a very tiny fraction of our base, and are now focused on three areas. One is to expand the addressable user base and the second is to enable the offer across all our channels, digital and physical, and finally, to increase supply. To increase supply, we partnered with Bajaj Finance to create one of India's largest digital platforms for financial services. The partnership combines Airtel's digital platforms and omni-channel capabilities with Bajaj Finance portfolio of 27 product lines and strong underwriting strength. Airtel will initially offer Bajaj Finance's retail financial products on its Airtel Thanks App, and later, through our nationwide network of stores. The combined strength of this partnership will allow us to deepen the penetration of financial products and services.

The fifth and last pillar of our strategy is war on waste. This is now ingrained in our ways of working. With the rigor to drive efficiency over the last few years, we have eliminated about \$2 billion of wasteful expenditure. At the same time, there is still significant headroom to strip our waste further in several areas: network, sales, and even marketing.

To sum up, overall we delivered another quarter of competitive growth. Mobile saw some residual flow through of tariff increase. The postpaid segment presents a significant opportunity and we are well positioned to capitalize its strong growth potential. In homes, FWA expansion, continued fiber home rollouts, and convergence will sustain our growth momentum. B2B retooling is on course to accelerate the momentum going ahead. Our discipline capex spending, financial prudence, and sustained deleveraging reflects in our balance sheet. We believe that our capex for the current year will be lower than FY2024, and this will continue to unwind in FY2026. Our focused investment approach to building digital capabilities is now paying off. Finally, I want to underscore that ARPU in India continues to be the lowest globally. Tariff repair is needed some more for the industry to be financially stable and deliver reasonable returns on a sustained basis. With that, let me hand back to Vaidehi.

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 kindly request you if you could limit the number of questions to two per participant to enable more participation. Interested participants may click on "Raise Hand option" on your Zoom application and join the Q&A queue. Upon announcement of names, participants to kindly click on "unmute myself" in the pop-up screen and start asking the question post introduction. Participants are also requested to limit their questions to Bharti Airtel till 03:30 pm, as the management will start the Q&A discussion on Bharti Hexacom from 3:30 onwards. With this, the first question comes from Mr. Manish Adukia. Mr. Adukia, you may please unmute your side, introduce yourself and ask your question now.

Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q3 ended December 31, 2024 Earnings Webinar**Mr. Manish Adukia – Goldman Sachs**

Hi, good afternoon. Thank you for taking my question. This is Manish Adukia from Goldman Sachs. My first question is on the capex, which for the India business is now tracking about 20% lower on a nine-month basis versus the previous year. Now going forward, which parts of your business do you expect continue to see elevated capex? You talked about the retooling of the Airtel Business. Would that warrant any meaningful capex investments in terms of your expansion into Cloud etc., and which are the parts of the business where you may see reduction in capex and related to that, for the wireless business in particular, you now are close to like a million base station on the mobile broadband side. Is there like a theoretical upper limit beyond which you do not really need to expand that? That is my first question please. Thank you.

Vaidehi Sharma – Moderator

Gopal, you are on mute.

Mr. Harjeet Kohli - Joint Managing Director – Bharti Enterprises

Gopal, you might be on mute.

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

Sorry about that Manish. Manish, I think, we have seen a reduction in capex we have also guided that we would be seeing a moderation in capex, having said that, do not just look at the nine months; I think we have still not finished the year, so while capex will be lower than what we spent last year, I would not want you to extrapolate exactly what has happened in the last nine months. The components of capex if you look at it, constitute for us, radio, which has been a substantial part of our capex. This one has decelerated very, very significantly, and we expect it to continue to decelerate next year. With the ceasing of the big rollouts that we saw, we are not putting any investments in 4G capacity all we are doing is few more 5G radios as we expand and see more devices coming in. The places where capex continues to be deployed- one of the big components is transport. I think for us, developing a solid backbone is crucial because this will be required for all our capacities, whether it is broadband, B2B or the mobile business. The core network tends to be a small component of the capex and then there are other places where we deploy capital. One is homes, which is getting its due share, and in fact, we are keen to spend more. It is only constrained by our ability to do and roll out more and more home passes, so that continues. B2B continues to get capex the same levels as what it has been getting, and that is pretty much about it, and data centers continues to spend at the same level as what it was getting, so I would say at headline, you should see moderation of capex even in FY2026, and with the revenue growths that we are seeing, the capex as a percentage of revenues will continue to trend downwards and soon be at the levels of global peers. So that is really how I would see the capex situation.

Mr. Manish Adukia – Goldman Sachs

Thank you Gopal it is quite helpful. Just a couple of follow up questions there: One, when you look at the free cash flow profile of the business, which continues to improve quite substantially, probably north of three billion of free cash for the last 12 months in the India business X of the prepayments. Now, with most of the high cost spectrum debt repayment done except maybe the fiscal 2025 spectrum of 8.65%, which is again like less than a billion dollar, what are the areas where again, the free cash flow may get channelized in terms of whether those are, I do not know M&A opportunities or returns to shareholders or you still have other debt that you think you may need to reprioritize and second, follow on question on your comments around investments on home broadband; again versus, let us say, the other listed peer Jio, your home broadband adds, while they are still very strong, remain meaningfully below what they are reporting. Is there any fundamental reason as to why your number should not, let us say, catch up or converge with what your competition is doing in terms of home broadband and FWA rollout? Thank you.

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

Yes, I think great question Manish, thank you. Opportunities for free cash flow, I think, will be some amount of deleveraging, which will continue as you also pointed out. There will be a step-up of dividend for sure and that is a second area of free cash flow and the third, we will be selective and very prudent in any investments we make. We are looking at investments into adjacencies in B2B in some of these digital areas. Obviously, these will be bolt-on acquisitions; we have not got anything to report and if there is some substantial value asset that is around, we will keep looking at it there is nothing really that is on the anvil, but we will be very prudent like we always have been. The home broadband business, the way I would look at it Manish, is that I would say keep looking at every quarter progress that we are making. In fact, we look at it every day, Are we making progress? So, certainly, every month, we are making progress. I already spoke about January being better than December and February having begun better than January. We are as dissatisfied about the fact that we are not competitively where we should be on home broadband, but suffice it to say that every month, we are getting better than where we are, and I will just step back and explain to you why we have been behind on this. There are three drivers for home broadband: one is supply. On supply, we are matched. There is no issue on supply whether it is home passes and it is the towns that we rolled out FWA. The second is on delivery of value; again we are very competitive in the market place on a combination of both the price we offer, as well as the content that we bundle with it, and the third is the access, which is

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the access to leads, access to customers using all our channels. Here, I think, our focus has been on largely the direct to customer channel, which is the place that we have got all our growth, and also the digital channels. I think one of the things that we have done and we have done experiments in four or five circles. We have fired up the mass retail channel and in these circles, which were serious underperformers: circles like northeast, circles like Odisha; we have seen substantial gains, so much so that we are now neck-to-neck. So, I would say that we are now rolling this out all over the country. So, it gives me great confidence that I think we are on the right trajectory, but at the same time makes us all very restless that we are not still where we need to be in terms of competitive performance. So, that is really what we are focused on.

Mr. Manish Adukia – Goldman Sachs

Thank you Gopal. I will sneak one last quick follow on question. You spent a disproportionate amount of time, or at least reasonable amount of time of your opening remarks talking about Airtel Finance, and given you have a lot of free cash flow in the business, is any kind of inorganic expansion in that segment likely at all or is this likely to be an organic build out for you? The Airtel Finance business in particular? That is my last question. Thank you.

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

I think, it is a bit early to answer that it is not that we are close to any option. We have a lot of strengths in the quality of the intelligence and the data infrastructure that we have. We have enormous strengths in the distribution that we bring, the muscle that we have through the relationships that we have with customers and the fact that we are omnichannel and have a digital orchestration layer to be omnichannel. So, we are not close to it but at the same time if you ask me is there something on the anvil just now? No.

Mr. Manish Adukia – Goldman Sachs

Thank you. All the best.

Vaidehi Sharma – Moderator

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

Mr. Piyush Choudhary – HSBC

Thanks a lot. This is Piyush from HSBC. Good afternoon, two questions: firstly, in mobile segment, barring tariff hikes which you talked about, how much of ARPU improvement is probable using subscriber mix improvement and the other organic levers which you have talked about and, if I may ask the second question also, can you tell us like what is the network coverage in FWA using 5G SA and what is the rollout plan over there and in FWA, what is the ARPU of such subscribers and average data usage of subscribers? Thank you.

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

Your question was how much of ARPU will come outside of tariff, that was your question, I suspect, Piyush. The answer to that question, I think, is to look at the trajectory that we have seen in the past. Whenever we have seen ARPU growth without any tariff increase, you can trend it and see what it is. I see no reason for that change because the underlying drivers which I mentioned earlier remain intact; whether it is feature phones to smart phones, prepaid to postpaid, International roaming or data monetization. On network coverage of SA, on fixed wireless access, firstly, it is a myth to say that SA gives you more coverage than NSA on fixed wireless access, so, that, that is just not true. I think, what SA does is, as the networks of 5G starts to congest, which is very far from where we are today, but as it starts to congest, you could have some challenges on the uplink speeds, and that is where SA comes in, where the uplink speeds can be better, but today, with an empty network, we have not reached that point, so as we speak, we have already tested fully the SA solution for FWA, we have proven it, and given the empty network, we are not seeing any uplink differentiation. Secondly, we are fully ready to launch FWA, like if it can be done tomorrow morning, we can do it tomorrow morning if we want to and so, we will do it at the point that we need to, that is really how we approach it. This is not about the technology for the sake of technology. It is really to deliver true outcomes, whether it is in terms of experience or cost. So, I think, that is the way that we approach it so, we are fully ready. There are many thousand customers already being tested on this for the last three to four months and we know we can flick it on. By the way, our core network is fully ready on a converged basis. So, all the enablers are there. It is just about now flicking it on because it is software, and for software, there is a small fee that you need to pay.

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Mr. Piyush Choudhary – HSBC

Sorry, just to clarify, so you are saying your FWA customers are also on NSA primarily at the moment and you can flip it on the SA network whenever you want, basically based on capacity?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

Yes.

Mr. Piyush Choudhary – HSBC

And any colour on the usage behavior, like what is the data consumption of a FWA customer?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

We do not see much difference right now in the way we are selling it. We also want to keep the selling motions quite simple. So, the selling motion is quite simple: it is Wi-Fi everywhere, we offer plans from 40 Mbps up to 100 Mbps. We do not offer anything more than 100 Mbps on FWA. But, the customer does not know whether it is FWA or fiber. The customer just sees it as Wi-Fi. Our sales system just sees it as Wi-Fi. Depending on where we have fiber, we prioritize fiber in our installation and where we have FWA, we install FWA. So, that is the way we look at it. The consumption therefore, because the plans are similar, the usage is similar then, very similar to fixed broadband.

Mr. Piyush Choudhary – HSBC

May I know, like, what is the fixed broadband usage per month?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

We do not report it out, but we can offline, Piyush, I do not have it readily available.

Mr. Piyush Choudhary – HSBC

Thanks a lot.

Vaidehi Sharma – Moderator

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

Mr. Sachin Salgaonkar – Bank of America

This is Sachin from Bank of America. Congrats on a good set of numbers. My first question, Gopal, is on the incremental EBITDA margin what we ended up seeing on cellular business, it is pretty high at 90%. Two questions out here: is there something in the quarter which specifically led to the margin moving out there, or this is a new normal going ahead?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

Soumen, I don't know, you can answer this question, but, I can just tell you that this business is a fixed cost business, so when tariff goes up, that flows directly to the EBITDA margin. Is this the expected margin on an incremental basis when there is no tariff repair? No, absolutely not. It will be still in line with improved leverage because our effort will be to continuously get operating leverage. But when you get a tariff jump up- just like if you have a tariff reduction- you will see the flow through immediately onto the bottomline. It is exactly the same because of the fixed cost nature of the business. Soumen, do you have any more colour to add on this?

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

No, that was the point Gopal.

Mr. Sachin Salgaonkar – Bank of America

Thank you. Second question again, wanted to understand your approach towards FWA and any colour you could give from a margin perspective? The way you said it is, customer sees it at Wi-Fi and I presume your fiber deployment is more into urban area. So directly, this is as an FWA offered more in non-urban areas or is it offered across the board in urban and non-urban areas?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

Currently, Sachin, we are offering it wherever we do not have fiber, but where I think you are going with the question is an important point. If you have a high-rise building which is over four stories high, then it makes a lot of sense to have fiber there because there is the payback period that you get. The payback for the investment that you put on fiber will be much better than what it will be on FWA. But, on the other hand, and the reason for that is because you are putting a CPE in every home. If you have a multiport CPE, the cost of that FWA unit economics will drop, so if it is a single port CPE, then the economics will work better than fiber in a high-rise area. but the moment you start going out into flatbed geographies, for two reasons: one is that you do not have as much congestion in there on the 5G networks, or not that you do not have, you are unlikely to have in the future as much congestion, the economics of FWA tend to be quite competitive to fiber, because fiber then needs to pull a longer amount of last mile to connect that home that said we also have an LCO model beyond the 100 cities as you are aware, which economically works really well for us, so we are quite relaxed right now of where the demand is coming from. I think, for us, at a high level, rollout fiber everywhere as far as possible, especially in places which have four floors and above and even otherwise, try and rollout as much of fiber, focus on sweating that fiber within three months, six months, nine months and wherever fiber is not there, get that customer on FWA, because it is a land grab phase, as far as broadband is concerned.

Mr. Sachin Salgaonkar – Bank of America

Thank you, Gopal. When you say the economics are very similar to that of fiber, is it fair then to say the EBITDA margins of the FWA business is similar to that of home services?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

Yeah, It will be in that same ballpark.

Mr. Sachin Salgaonkar – Bank of America

Got it, and can I double check on this: where are the users of FWA and capex of FWA are being counted into? Is it a part of home services?

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

Yes, it is a part of homes.

Mr. Sachin Salgaonkar – Bank of America

So the incremental capex what we are seeing an increase in homes, is largely an FWA led investment right? Along with the fiber investment?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

Fiber, it goes for routers. We put capex even on the routers. Soumen go ahead.

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

As Gopal said, it is routers. We are not slowing down our fiber rollout, so that capex continues. On top of that, we have FWA rollout which is why you are seeing a bit of elevation in the capex in the home segment.

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Let me just qualify that. This is not the radios of 5G. This is only the connection that we provide on FWA in the home, which is what sits in the home services capex.

Mr. Sachin Salgaonkar – Bank of America

Thank you Gopal for your clarification and my last question is a follow up on your free cash flow, you did mention focus on deleveraging, stepping up dividend, selecting prudent M&A, any general thoughts on data center as an investment, given what we are seeing on AI, should that pick up going ahead as well?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

No, we are looking at it closely, and if we have something that is meaningful, we will certainly get in there. I think we are watching that space. We mentioned that the GPU as a service, we have currently decided to park that because things are changing very fast in that space, the quality of the chips and the efficiency of the chips, also the money that you make on GPU as a service, a lot of it is dependent on sophisticated work around how you manage those workloads, so we have done multiple workshops to really understand the space well and we have decided that we will not be an early mover in the GPU as a service. But, AI data centers, the data center business continues to remain a focus for us. We are trying to see how we can expand it and so, while conversations are on, there is nothing to report right now.

Mr. Sachin Salgaonkar – Bank of America

Got it. Thank you.

Vaidehi Sharma – Moderator

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

Mr. Sanjesh Jain – ICICI Securities

Hi, good afternoon all. I am Sanjesh from ICICI Securities. Gopal, first question on the 5G customers: how has been your observation on the 5G customer? We have now taken them to at least 2 GB per day plan. Can you help us understand, are they using much more than that, are the new customers coming in upgrading more than 2GB per day? That was the earlier anticipation and expectation, that, that is how the 5G will get monetized. Is that getting brewed on the ground today?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

The answer to that is yes. I think this is one of the primary drivers. Data monetization when we talk about, there are two parts to it: one is higher end plans which offer 5G as part of unlimited data, and the second is lower end plans where the data allowance runs out and contextually, you are able to sell an additional pack for those few hours where the allowances run out. So, both those are in play. We have seen this as one of the drivers for upgradation onto the 2GB plus data packs.

Mr. Sanjesh Jain – ICICI Securities

The want of 2 GB is what? They are upgrading or just because 5G is not available below that; hence, they are pushed to buy more 2 GB plus plans?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

No, 2 GB with unlimited data is the draw.

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Mr. Sanjesh Jain – ICICI Securities

But we have not seen material increase in the customers beyond 2 GB plan in the 5G as well. Will that be a fair assumption?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

There is no reason for them to take anything more than that, because it is 2 GB plus unlimited data.

Mr. Sanjesh Jain – ICICI Securities

But once we align it with the 4G, can that be one of the levers for us to grow the ARPU?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

Of course, because, then you will have more data monetization.

Mr. Sanjesh Jain – ICICI Securities

Got it, that is clear. Gopal, second on the capex side, now that we are touching close to 350,000 sites, will it be fair to assume that from here on, we will again go back to that earlier growth rate of adding another 7000- 8000 annually? Will that be the rate which we will normalize? For this year we guided 25,000 towers to be added.

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

I think it will come down meaningfully Sanjesh. I think, on the rollout because by and large our rollout is complete, with the exception of a few places like Gujarat and MP and all that, where we have not yet gone as deep. The fact is that there is a lot of headroom there, but it is going to be substantially lower than last year.

Mr. Sanjesh Jain – ICICI Securities

Got it. One last question from my end: will the FWA drive faster rollout of the fiber or strengthening the backhaul, because the data consumption per site will go up materially with FWA catching up. Will that push us to add more backhaul capacity faster than what we earlier thought?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

Sanjesh, we have a transport blueprint and you see, the challenge with fiber is that you cannot turn it on and off every month, it has got long gestation because you have to plan it, you have to get right of way, then you have to trench it, then you have to sort of put it there, then you have to repair the places where you have trenched it, so, this is a long duration period, takes six months, seven months to really get something going and so about two years back, we created a five year transport blueprint and all we are doing is trying to accelerate that blueprint. For the last two years the only effort has been to say do more, do more, do more so that that blueprint is actually met. We are not yet in line with exactly where that blueprint is, but every month in the last eight quarters, every quarter we have made progress and we are now more or less caught up with where we need to be, so we will continue to do that.

Mr. Sanjesh Jain – ICICI Securities

Because the difference between our fiber on the ground today to the number one player or the peer is almost 2x. So, on the fiber side probably, we may need to do more, will that be a right assumption?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

No, we are we are doing as much as we can so just let me say that. There are three types of solutions we look at: one is fiber nodes, second is FTTH, which is basically 1 Gbps type of fiber which is like home fiber but that also makes the tower a Gbps ready and the third is E-band spectrum using the microwave backhaul, so all three are being looked at. E-band is a temporary reprieve. In case there is an event where a particular site needs fiber before the fiber is actually coming, so, we can then put an E-band there, but the moment fiber comes, we take that E-band and put it somewhere else, so, I think it is a moving thing. Suffice it to say, as far as backbone and transport is concerned, there is no reason for us to be uncompetitive, but there is a blueprint on fiber is what I would like to say.

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Vaidehi Sharma – Moderator

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

Mr. Vivekanand Subbaraman – Ambit

Hello, thank you for the opportunity, I am Vivekanand from Ambit. My first question is on the enterprise revenue and EBITDA trajectory. Now Gopal, appreciate your point on the commodity voice business taking up a lot of bandwidths. But is this decision not also likely to impact your Airtel IQ, CPaaS business, because that is one observation that came to my mind. Please clarify on this, and secondly, you alluded to no EBITDA impact on account of such a decision, but that does not seem to be playing out in your numbers at least for the first nine months of fiscal 2025. That is question one on the enterprise side. I have one more, do you want to address this before I move to the next one?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

This is a simple answer. I think there is no impact on CPaaS and IQ and the second thing is that you do not see this reflected in the numbers yet. This will only trigger in the month of February.

Mr. Vivekanand Subbaraman – Ambit

So then what is the key reason for the B2B EBITDA decline in the first nine months?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

I think the primary reason for the EBITDA decline, maybe, Soumen you can answer this it is the hardware sales, there is one off, take this up.

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

So the reduction that you tell is because we have moved to selling converged solutions: where there is connectivity, there is services and there is also hardware bundled into it. For example let us take security: When we do a security deal, there is security services as well as security license, so, unlike connectivity, which is entirely our product some of these products has resell component built into it. So, that is why you see some dilution in EBITDA margin over these last nine months. You understand that connectivity is of course growing, but these kinds of products are growing much faster and hence their weightage will keep increasing so, to that extent, there will be an impact.

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

But I must also tell you Vivekanand that if you take the commodity businesses out, which have negligible margins obviously, EBITDA margins will go up right, but the question is the growth side of the portfolio, which is adjacencies, have a lower margin than connectivity, so, if you look at long-term basis, the question that we will have to address ourselves is: can we grow this business faster and can we grow absolute EBITDA, because this is not capex, these adjacencies do not have heavy capex, they are very light on capex.

Mr. Vivekanand Subbaraman – Ambit

Got it. So the next question is on the digital revenue streams that you have and also your recent partnership on Airtel Finance. So, your competitor Jio, they spoke about their non-connectivity digital revenue annualizing 150 billion, almost half of yours, so, just wanted to understand, is competition so elevated or what is the challenge? You are not able to grow at perhaps the same pace as they are showcasing, they say 60% growth, so what is really working for them, which is perhaps not firing for you and a related question is on the finance side: where if you could elaborate on the Bajaj Finance partnership on how you monetize through this? That will be great

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I think the performance of our competitors, that question is best directed at them, rather than us. I think we report what we are doing which is, we think that there is a big opportunity for us to scale our digital services. The reason that we spend so much time on actually getting the model of Airtel Finance right is only for this. Some of the partnerships that we have had is with smaller NBFCs. With Bajaj this is a really big scale partnership and the idea here is to create value together. Obviously, we bring a lot to the table where there are almost 200 million customers who have probably never taken a Bajaj product or Bajaj does not have much information on. They get access to that user base, they get access to all our channels, to our distribution, and we are putting the full might of the Airtel system, to really ensure that this works for this partnership. On the other hand, what we get out of it is the deep underwriting expertise of Bajaj, their AI capabilities, their understanding of this whole business and their insights around it and this has the sponsorship of their senior team and therefore collectively, we are both committed to making this work, so I think that is the way that we see this partnership. Obviously, it should create value for both entities and give more and more people access to credit.

Mr. Vivekanand Subbaraman – Ambit

Fair enough. Just one follow up on this partnership, will it get accounted for the revenue streams get accounted for in Airtel payments bank or in the enterprise side?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

Not in payments bank because payments bank is not allowed to do this by its license. By the way, Airtel Payments Bank is the second part of our financial services portfolio but sits in a separate entity and that also has done very well. We are now averaging about \$46 billion of GMV. That is growing handsomely. We have 87 million monthly transacting users. We have an enormous amount. There is still head room to grow so that is a business that now is actually getting its momentum on its own and we will continue to focus there. Of course, as you know, the margins there are very thin which is why you need the scale to actually drive the value there but this will not sit there. This sits as part of the Xtelify unit wherever it gets consolidated.

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

It gets consolidated as a part of Bharti Airtel.

Mr. Vivekanand Subbaraman – Ambit

Great, thank you and all the very best.

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.

Mr. Aditya Suresh – Macquarie

Hi, good afternoon, this is Aditya Suresh from Macquarie. Gopal, firstly, congratulations on strong execution on a really clearly articulated strategy, so you have kind of addressed quite a few of the issues. I had two questions: first on postpaid, you mentioned this as a kind of significant opportunity and I wanted to understand a bit more about the comment in itself, so is that comment more from the dimension of the count of the opportunity, number of subscribers or it being on the pricing structure? I guess the reference there is that I look back in time, postpaid has been like say four or five times higher than where prepaid tariffs were at, today we are much, much lower than this right, so just your thoughts on this opportunity?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

When I was commenting on the opportunity, our user base is a small fraction of the overall 80 million base that potentially, is credit worthy based on the data models that we have, so the ability to actually convert more and more onto postpaid I think, is really what I was commenting on. There is no reason why we should not get upwards of 50 million over the next few years on postpaid, because there is an 80 million base that is ready to actually get onto postpaid. That said, I think your observation is also right, which is the overall compression of the price table has meant that postpaid pricing is now not very different from prepaid of course, it is at 2x premium, but it used to be much higher and if the price architecture changes in India where prepaid starts moving up like the way it is in Indonesia, which goes from 100 to 200 to 400, then, clearly there is a headroom for growing postpaid pricing, because a lot of value gets delivered through postpaid in the form of bucket allowances, rollovers of data, content being bundled and so on and so forth.

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Are you able to articulate any updated priorities here for that specific entity: that entity or the passive infrastructure kind of business which rolls up under par?

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

[Technical issue with Audio]

Vaidehi Sharma – Moderator

The next question comes from Varatharajan Sivasankaran. He's online and ready to ask you a question. Mr. Sivasankaran, you may please unmute your side, introduce yourself and ask your question now.

Alright, thank you everyone. I would like to remind all the participants to stay connected on the call for the next session on Bharti Hexacom, but before that Gopal, I would like to pass over to you for your closing remarks.

Gopal Vittal – Vice Chairman & Managing Director - Bharti Airtel Limited

Thank you very much. I think, thank you for all your questions, as usual they were very perceptive and thank you for all of that and I hand over back to Vaidehi for follow up on the next concall, so hope to see you soon in the next quarter.

Vaidehi Sharma – Moderator

Thank you very much Gopal. With this, I would now like to hand over to Mr. Soumen Ray for his opening remarks on Bharti Hexacom's performance.

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

Good afternoon everyone. Welcome to the Bharti Hexacom Q3 FY2025 earnings call. I will start with a brief on the proposed passive infrastructure transaction and will then move on to the financial performance. We are planning to transfer approximately about 3400 telecom towers to Indus. We believe that this transaction will lead to better operational and financial efficiency. From operational point of view, not only will it free up management bandwidth but also lead to better expansion of returns. Lastly, we believe that Indus will be able to run these towers more efficiently and create long-term value. Moving onto financial performance, we delivered a revenue of 2251 Crores growing sequentially by 7.3%, smartphone customer additions was at 4.5 lakh compared to 1.43 lakh in the last quarter, of course, being impacted by the tariff repair. Net customer addition saw a rebound of 4.94 lakh, which is a churn improved to 1.9% compared to 3.2% in the last quarter. The company delivered another quarter of industry leading ARPU growth of 5.7% to reach 241. EBITDA stood at Rs.1194 Crores with EBITDA margin of 53% improving by almost 300 bps. EBITDAaL, which is the new terminology that we have introduced, and the right one to monitor the organization's performance, for the quarter was 1042 Crores with a margin of 46.3%. Net income for the quarter stood at 261 Crores and cash generation for the quarter was robust with operating free cash flow with an EBITDAaL minus capex of about 758 Crores. Net debt to EBITDAaL improved to 1.03. With that, I hand you over to Vaidehi to open the floor for questions.

Vaidehi Sharma – Moderator

Thank you Soumen. We will now begin the interactive Q&A session. Due to time constraints, we would request if you could limit questions to two per participant to enable more participation. Interested participants may click on "Raise hand option" on your Zoom application and join the queue. With that, the first question comes from Mr. Sanjesh Jain. Mr. Jain you may please unmute your side, introduce yourself and ask your question now. Requesting everyone to kindly raise your hand to be in the Q&A interactive session. Interested participants may click on "Raise hand option" on the Zoom application to join the Q&A queue. The next question comes from Mr. Vivekanand Subbaraman. Mr. Subbaraman, you may please unmute your side, introduce yourself and ask your question now.

Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q3 ended December 31, 2024 Earnings Webinar**Mr. Vivekanand Subbaraman – Ambit**

Thanks Vaidehi for the opportunity. I am Vivekanand from Ambit. My first question, Soumen, is that now that the transfer of 3400 towers will happen to Indus Towers, that is almost 13% of your tower footprint so how will that change your P&L from a cost structure standpoint? That is question one. I will ask my next question after this.

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

Well, if you look at net income level, there would not be much of a difference, because of course we will be receiving some consideration, which has an opportunity cost, so, at a net income level we do not expect much of a difference between what it is now and what it should be later, but of course, once the deal is consummated, we will know but should not be very material to the overall P&L.

Mr. Vivekanand Subbaraman – Ambit

I was more concerned about how we should model the reported EBITDA margin from a modeling standpoint as an analyst, I have to ask you this question?

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

Of course, from EBITDA point of view there will be some dilution in the EBITDA. Consequent to the incremental IP fee, you see the energy will remain the same there is no difference; the O&M will remain the same. There will be some IP fees because there will be some return which will be taken by Indus on the investment; to that extent EBITDA will get very marginally diluted, but that will be very small and what I am trying to say is whatever is there has an impact will get unwound, because this money will help us in either investing or pairing down our debt on spectrum or otherwise, so at a net income level we would not be materially different from what we are seeing.

Mr. Vivekanand Subbaraman – Ambit

Got it. Unlike your parent, which has almost two times net debt ex leases to EBITDAaL in your case it is only one time and with the cash inflow from this transaction, you will be looking at only debt of very negligible amounts, so, how do we think about the capital structure now here on and the use of cash for Bharti Hexacom?

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

There is angle of dividend payout. We must also remember that this FWA rollout will create a need for capex in Hexacom, because this FWA CPE is significantly more expensive than the broadband CPE, so, there will be some need of additional investments, but yes, the net debt to EBITDA looks very promising at just above one and as you rightly said that if we get this money, it will further come down. Dividend payout is something which will be certainly looked at with a positive angle.

Mr. Vivekanand Subbaraman – Ambit

Is there any capex guidance that you would like to provide in light of the FWA scale up that you are planning, should it significantly accelerate for you in the next fiscal or the coming?

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

So, directionally same could be marginal increase, it all depends on FWA rollout. As you know, that in terms of a footprint of the radio capex we had done and hence, there could be some increase because of the FWA capex but directionally, not very different.

Mr. Vivekanand Subbaraman – Ambit

Understood, thank you and all the very best.

Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Q3 ended December 31, 2024 Earnings Webinar**Vaidehi Sharma – Moderator**

Interested participants may click on “Raise hand option” on your Zoom application to join the Q&A queue. Upon announcement of names, participants to kindly click on “unmute myself” in the popup screen and start asking the question post introduction. With this, the next question comes from Piyush Choudhary. Mr. Choudhary, you may please unmute your side, introduce yourself and ask your question now.

Mr. Piyush Choudhary – HSBC

Thanks for the opportunity. This is Piyush from HSBC. On home broadband segment, could you tell us what is the FTH home pass coverage for Hexacom and FWA kind of coverage at this moment, and what could be the TAM in the geographies where Hexacom is, like Mr. Gopal Vittal mentioned that 45 million can go to 90 million for pan India, like, how do we break it down to regions in which Hexacom is there?

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

In terms of addressable market, I would say this would be about 3 to 4 million. We are present in close to about 200 cities in Hexacom.

Mr. Piyush Choudhary – HSBC

200 cities for FWA?

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

Total, between FWA and fiber.

Mr. Piyush Choudhary – HSBC

And, FTH home pass?

Akhil Garg – Financial Controller – Bharti Airtel Limited & Chief Financial Officer, Bharti Hexacom Limited

About 2 million home passes we have, currently at Bharti Hexacom

Mr. Piyush Choudhary – HSBC

Got it. Thank you very much.

Vaidehi Sharma – Moderator

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

Mr. Vivekanand Subbaraman – Ambit

Thanks, this is Vivekanand again from Ambit. I just have one follow up. Could you help us understand the exceptional charge of 1.4 billion that was taken during the current quarter and what was the way forward here, in terms of this charge, is there any legal discourse that you have to perhaps get some relief here? Thank you.

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

Well as any other organization, there is a periodic review of the carrying value of various assets and liabilities, so in that review, it was felt that there is a provision which has to be taken. There were also some reversals on account of the recent court judgement on passive infrastructure, it is a combination of this. There is no cash payout or anything of that sort. Time-to-time, when you review, basis that, there is a provision, which has been taken towards regulatory dues, and as far as trend is concerned, absolutely not, by nature, it is an extraordinary item, so there is absolutely no trend of this, it is a onetime decision.

Mr. Vivekanand Subbaraman – Ambit

Soumen, if you could give some colour on what this pertains to, was it any new development during the current quarter or is this part of some contingent liability that you have decided to provide for during the current quarter.

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

Yes, you will see mostly a corresponding reduction in the contingent liability.

Mr. Vivekanand Subbaraman – Ambit

Thank you very much.

Vaidehi Sharma – Moderator

Thank you everyone. Now, I would like Soumen to give his closing remarks for Bharti Hexacom.

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

Thanks a lot for joining in for the call. We look forward to connecting with you in May after our Q4 results. Thank you.

Vaidehi Sharma – Moderator

Thank you Soumen. Thank you everyone for joining today. Recording of this webinar will be available on our company website. Thank you once again and have a great day ahead.