

Onwards with courage and confidence



Dear Shareholders,

Amidst new COVID-19 variants, geo-political crises, soaring commodity prices and high inflation, this financial year saw India emerge as a bright spot in the global economy. This is testament to our government's steadfast focus on making India an economy that is prepared to not just participate but lead in the technology value chain and the fourth industrial revolution. With the active involvement of the private sector, prodigious efforts were made to increase industrial competitiveness, make internal markets more efficient and incentivise investments in sectors of the future. We must all prepare to take a big step forward and have the courage to do things in a new way with renewed confidence.

For the Indian telecom industry, the year FY21-22 began on this very note. The government ended years of dissonance within the sector and announced pivotal reforms that addressed the financial stress on the industry along with a softer regulatory regime with reduced procedural formalities. These reforms have emboldened the investment cycle within the industry for upgrading and extending India's digital highways.

Digitisation has proved to be a bulwark for the economy during the pandemic and will continue to be the most powerful force of socio-economic change in the country. It is important that investments towards digitisation flow unabated at all levels, but especially towards creating hard digital assets and networks. It is my strong belief that Airtel must continue its role in India's digitisation journey. Keeping this in mind, Airtel raised nearly \$3.5 Bn in equity to add to our capacity to execute faster across our national footprint. Operationally, Airtel pressed the pedal harder to accelerate growth in each business segment – whether mobile services, non-mobile or digital.

Mobile Services

Newly acquired spectrum was fired up during the year, bolstering high speed data capacity and network reach across circles. With a stated objective of ARPU expansion, your company focused on attracting high quality and discerning customers in both the prepaid and the postpaid segments.

Airtel outperformed competitors in expanding revenue market share through incremental 4G net-adds, adding 21.5 Mn in the year to cross the 200 Mn 4G smartphone customer threshold.

A brilliant experience built over a 5G ready network played an integral part in delivering a robust performance. Airtel took the lead in 5G by testing the network ahead of the competition and became the first operator in India to demonstrate a 5G cloud gaming experience and conduct a successful 700 Mhz band trial for rural connectivity. We can proudly say that Airtel will be at the forefront of bringing 5G connectivity to India with a powerful network that will support India's digital-first economy.

Non-mobile

Our solid execution machine encompassed all other segments – Home Broadband, Digital TV and Airtel Business. On Home Broadband, Airtel expanded its on-ground presence significantly through an innovative asset-light local cable operator partnership model, leading to a customer base increase of almost 50% YoY to ~4.5 Mn. Equally, your company continues to leverage its integrated connectivity presence through Airtel Black, a perfect example of convergence play. Enterprise business accelerated to YoY double digit growth on the back of a strong focus on connectivity solutions as well as emerging businesses including cloud services, cyber security, data centers and IoT.

Tapping another robust growth opportunity emerging out of surging demand for reliable data center solutions, rising digital usage, cloud consumption and the upcoming 5G rollout, Airtel announced ₹50 Bn of investment in data centers business Nxtra with a target to triple the installed capacity.

Digital

As millions of Indians enter the digital economy, Airtel's core telecom business is the foundation on which a future-proof business will be built to sustain a vital period of transformation. The silent but steady evolution of services and offerings at Airtel has resulted in incremental value creation from our digital assets including Wynk Music, Thanks, Xstream, Ads and IQ. Equally important to note is the rise of Airtel Payments Bank which has been growing by leaps & bounds and now has a customer base of over 129 Mn. The early successes in our digital endeavors makes us even more confident that in the next few years, digital services will add several billion dollars to the company's revenue while maintaining an asset light approach.

Partnerships

With a customer obsessed approach, we continue to drive deep partnerships with industry leading players like Amazon, CISCO, Ericsson, Google, IBM, Intel, Meta, Microsoft, Netflix, Nokia, Oracle, Qualcomm and many more.

Africa

On the back of a consistent and fundamentally strong business strategy, our African operations continue to demonstrate a sustainable and profitable growth trajectory, creating value for all stakeholders. We continued to hold leadership position as the largest or second-largest operator by customer market share in 13 out of 14 markets in Africa. Airtel Africa plc achieved a landmark by joining the FTSE 100 after just two and half years

of being listed. The company also secured the final approval for its mobile money license in Nigeria.

Network Infrastructure

On the towers front, given the stabilising industry structure and emerging opportunities related to future 5G rollouts, we expanded our shareholding to ~47.95% in Indus Towers. The company continues to exemplify the benefits of shared networks and will be a formidable player in future rollouts.

Strong Balance Sheet

Continuing on our belief of a strong balance sheet providing firepower to the on-ground teams, the company proactively raised funds in the form of partly paid rights issue and strategic equity sale to Google. With a focus to optimise cost of financing and achieve a stronger balance sheet, the company strategically pre-paid substantial amount of high cost spectrum debt, financing it through the rights issue and debt raised at a significantly lower cost. Simultaneously, the company's operational excellence is translating into healthy cash flow generation and in turn helping us deleverage at an accelerated pace.

CSR

Bharti Foundation wasn't behind the pack in leveraging digital for its philanthropic work in the area of education. Whether it was video call lessons for students impacted by school closures, online self-paced teacher training modules or using ed-tech enabled platforms like digital classrooms and robotic labs – the Foundation continued on the path of digitisation and delivering long-term value to society.

Sustainability & Governance

As a company, we are committed to greening our network by reducing carbon emissions, incorporating renewable energy, sustainable waste management and developing a robust climate change compact plan. In addition to these initiatives and constitution of an ESG committee of directors, the company continued to maintain the highest standards of governance backed by full transparency and disclosures. As a result, the company was again rated the highest GVC Level 1 by CRISIL for corporate governance practices and value creation.

My sincere gratitude to our valued customers, resilient employees, management, leadership team, investors, partners, suppliers, entire distribution network and our shareholders for their unflinching trust and support.

A special thanks to the Board of Directors for their contributions and for guiding the company through various challenges. I thank Mr. Manish Kejriwal and Mr. Shishir Priyadarshi for their contribution and service to the company as Board members. I'd also like to welcome Mr. Pradeep Kumar Sinha and Mr. Shyamal Mukherjee to the Board.

Sunil Bharti Mittal
Chairman