Well capitalised for the journey to the next

We continued to build on the foundations of a strong and leaner balance sheet. We now have untapped firepower in the form of the uncalled portion of the partly paid rights issue and the proposed Google investment in Bharti Airtel. With a deleveraged balance sheet and ability to generate strong free cash flows, we are well placed to capitalise on future growth opportunities and create value for all our stakeholders.

Timely deleveraging and fundraise

With a razor-sharp focus on capital allocation to achieve an efficient structure, we acted well ahead of the curve in FY 2021-22 and raised about ₹210 Bn through partly paid rights issue, of which 25% has already been received in the form of application money. Further, we announced the proposed induction of Google as a strategic partner where it will be investing upto $1 Bn.

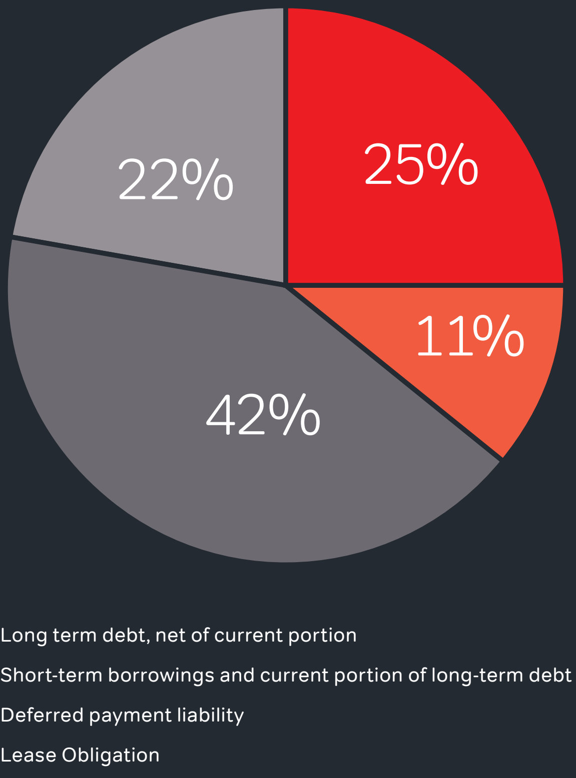
To achieve a leaner balance sheet, we opted for a moratorium on government payments while, at the same time, clearing ₹243 Bn+ of high-cost spectrum debt. As a result of our focused efforts towards deleveraging the balance sheet, our leverage ratio improved substantially to 2.76x from 3.22x Y-o-Y.

Over the last few years, we have also carried out timely fund raises through a combination of rights issue, QIP, FCCB, perpetual bonds and strategic stake sale in both our Indian and overseas assets. As a result, the major part of our gross debt currently is in the form of deferred payment liabilities (spectrum and AGR related dues) and lease obligations.

Timely Fund Raises

2018	› Airtel Africa Pre-IPO
2019	› Rights Issue › Airtel Africa IPO › Perpetual Bond
2020	› QIP › FCCB › Perpetual Bond › Stake monetisation in Nxtra data centres to Carlyle
2021	› Perpetual Bond › Stake monetisation in Airtel Africa Money to TPG, Mastercard, QIA & Chimera › Tower sale in Airtel Africa › Rights Issue
2022	› Investment by Google

Gross Debt Breakup (as of March 31, 2022)



Operating leverage kicking in with healthy growth of business verticals

Our repeated outperformance, disciplined investments in infrastructure and technologies, deft sweating of our assets and capabilities and cost control have created for us unassailable economic moats. Leveraging these moats, we continue to build a robust balance sheet. Revenue growth along with tight cost control and a well-invested network have led to strong operating leverage and, in turn, increased free cash flow.

Sweating out our assets

A core strategy has been around the War on Waste, where we look at sweating assets, driving synergies and digitalising processes to strip out waste. Over the last five years, we have been able to strip $1.5 Bn of waste from our business.

We apply rigour at all levels. For instance, we track the profit at every one of our network sites. We now know the problem for lower contribution from each site – low customer base or high-cost structure. This has allowed us to implement targeted interventions for a go-to-market strategy, network improvements or create a leaner site with a lower cost structure.