

Management Discussion & Analysis



Overview

The telecom sector is the backbone of India's digital economic growth. Telecom operators are investing heavily to contribute towards the Indian Government's vision of making the nation a trillion-dollar digital economy.

During FY 2022-23, telecom operators acquired 5G spectrum in the auction and subsequently pressed the pedal for a fast-paced rollout amid global supply chain challenges around chipset availability. During the year, the Indian Department of Telecom relaxed spectrum usage charges, which enabled the operators to plough back the resultant savings as investments into the business for fast-paced 5G deployment. However, the telecom industry continues to be highly taxed.

Given the elevated capex spending towards rolling out new technologies and maintaining large networks, tariff revision is inevitable to create a healthy competitive landscape over the long term and recover the cost of capital.

Global shortages on chipset availability led to inflationary conditions for smartphone prices and in turn, hampered the growth prospects of the telecom industry. As per IDC*, smartphone shipments in India declined by 10% in CY 2022. Despite these challenges, the Company was able to add more than 23 million 4G customers in FY 2022-23.

* International Data Corporation smartphone market, India 2022: [Link](#)

Telecom operators are rolling out 5G services at a fast pace, keeping in mind medium-to-long-term prospects of monetisation. At the current juncture, 5G use cases are far and few in both B2C and B2B segments. Bharti Airtel continued with its focus on working with enterprises across industries to develop specific use cases. During last year, Airtel demonstrated the power of 5G with a host of powerful use cases that will change the way customers lead their lives and do business. From India's first live 5G network in Hyderabad to India's first private 5G network at the BOSCH facility in Bengaluru to partnering with Mahindra & Mahindra to make its Chakan manufacturing facility, India's first 5G enabled auto manufacturing unit, Airtel has been at the forefront of 5G innovation.

The Company remained on course to execute its strategy of winning high-value customers, premiumising the portfolio with bundled offerings, enhancing customer experience through extensive use of digital tools, and investing in future-ready digital networks. This resulted in an all-time-high market share across the business segments. The mobile segment registered strong operating performance with continued RMS gains. Airtel Business recorded robust revenue growth, backed by core data connectivity offerings, next-generation connectivity innovations and re-engineered GTM strategy. The Homes Business saw all-time high net customer additions of 1.6 million, driven by market share gains and network expansion to newer locations. Digital TV (DTH), continued with customer market share gains amid industry level challenges.

The Digital Business remained on an upward trajectory with delivering new highs backed by an increase in active user base and customer engagements. Airtel Payments Bank

ended FY 2022-23 with monthly transacting user base of ~55 million, up 49% from the year-earlier period. The total user base also expanded by ~34 million to ~164 million during the same period.

Airtel has built a comprehensive portfolio of digital offerings, which include Airtel Payments Bank, Airtel IQ (CPaaS), Wynk (music streaming), Xstream, Airtel Finance, and Airtel Ads. During the year under review, it launched co-branded credit card in partnership with Axis Bank and recorded a healthy offtake within a short span of time.

Airtel launched 5G Plus services during the second half of FY 2022-23; it is live in 3,500+ cities. The Company targets to cover all the urban areas and a few pockets of rural India with 5G services by March 2024. Airtel's 5G Plus offers up to 30x faster download speeds than 4G. 5G handset ecosystem is gradually evolving with more choices for customers at affordable price points. Given the technological advancement through 5G, the emergence of B2B use cases is expected to play a critical role for enterprises over the foreseeable future. Airtel is channelising investments towards building 5G capabilities to capitalise on these impending opportunities.

Airtel, with its future-ready mindset, has made meaningful investments towards creating digital infrastructure. Offerings to both B2C and B2B customers cater to their ever-growing digital needs, and brilliant experience to make their journey simpler on our network. To achieve this, the Company has built in-house capabilities/platforms and partnered with the leading companies around the world including Amazon, CISCO, Ericsson, Google, IBM, Intel, Meta, Microsoft, Nokia, Oracle, Qualcomm, Netflix and Hotstar, among others.



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The Company's War on Waste (WoW) programme enables it to build upon efficiencies every year. In a nutshell, operational excellence and WoW benefits translated to healthy operating free cash flows. Last year, the Company acquired 5G spectrum and prudently paid the charges for the four years upfront. Its investment in spectrum purchase was backed by judicious capital allocation considering future needs and deploying the most widely used technology architecture giving the best coverage and experience at the lowest cost. During FY 2022-23, Airtel stepped up its investments with the deployment of 5G and rural expansion. The Company will continue to focus on adequate capital investments to grow its business and focus on deleveraging its Balance Sheet.

Despite the fast-paced 5G rollout and ongoing network expansion, the Company remains committed to its Environmental, Sustainability and Governance (ESG) framework. To further strengthen its focus on sustainability and support India's global leadership role, Airtel joined the WEF initiative – Alliance of CEO Climate Leaders India. The Alliance aspires to serve as a high-level platform for business leaders to support concrete plans and ideas to step up India's climate action and green transition efforts. We also have a robust safety and diversity agenda. Airtel maintains the highest standards of governance backed by full transparency and disclosures.

Economic Review²

The global economy was impacted by various factors in 2022, which included monetary policy tightening to tame high inflation, slowing growth, and the ongoing Russia-Ukraine conflict. China continued with its stringent Zero Covid policy, which weighed on growth. However, the earlier-than-expected reopening of the Chinese economy in the third quarter paved the way for a faster-than-expected recovery. Despite these headwinds, several economies including the US, Europe, and major emerging markets and developing economies witnessed growth momentum in the third quarter of 2022. Global economic output clocked growth of 3.4% in 2022, with advanced economies growing at 2.7%. Emerging market economies outpaced global growth with 4.0%.

It is evident that monetary policy tightening has started to cool off demand and inflation, though its full impact will be realised in the quarters to come. Global headline inflation peaked in the third quarter of 2022, and easing since then, reflected in the decline in energy and food prices. Prices of fuel and non-fuel commodities have moderated, lowering headline inflation notably in the US, Europe and Latin America. Core inflation is expected to moderate gradually in 2023.

Inflation and monetary tightening resulted in hardening of yields across the globe and had an adverse impact on equity capital outflows from most of the economies across the globe into the US market. Unlike in the past, capital outflows were not restricted to emerging markets, given their relatively high vulnerabilities, or the perception thereof; advanced economies also witnessed capital outflows.

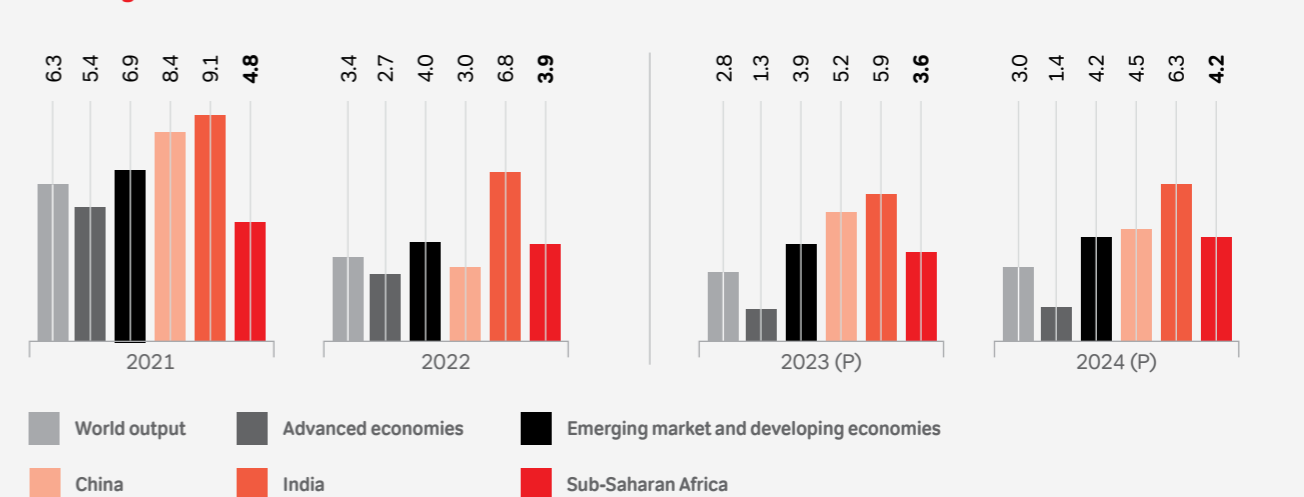


Outlook³

The IMF projects global economic growth to moderate to 2.8% in 2023 from 3.4% in 2022, which is below the historical (2000-19) annual average of 3.8%. Global growth is expected to bottom out in 2023, with recovery starting from 2024. Inflation will ebb gradually, compared to earlier estimates. Supply chain challenges, food and energy disruptions, arising out of the Ukraine-Russia conflict are receding.

The subdued growth projections for 2023 reflects the continued rise in central bank rates to tame inflation, especially in advanced economies. Notably, emerging markets and developing economies are powering ahead with signs of considerable improvement in growth rates. Global headline inflation is set to fall in 2023 on the back of lower commodity prices, but underlying core inflation is likely to decline at a slow pace.

Global growth trend

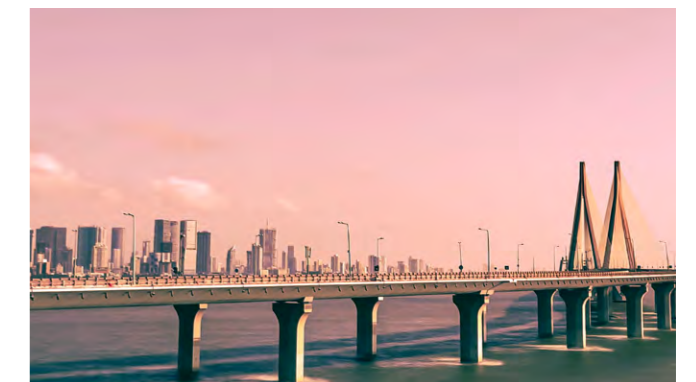


Indian Economy

The Indian economy demonstrated strong resilience amid global headwinds from monetary policy tightening, slowing growth and commodity price volatility. GDP growth for FY 2022-23 stood at 7.2%, the fastest among major economies, predominantly led by capital formation and private consumption.

India's economic growth in FY 2022-23 was supported by private consumption and capital formation. The improvement in private consumption provided a boost to production, leading to enhanced capacity utilisation across key sectors. During the year, collective measures by the RBI and the Indian Government eased inflationary pressures, and brought inflation within the upper quartile of the RBI's tolerable range.

In the latest Budget estimates, the Central Government pegged a 37.4% increase in capital expenditure FY 2023-24⁴. Balance sheets of Indian corporates and public sector banks are healthy, pointing towards an imminent rise in private capex.



Outlook⁵

The IMF projects the Indian economy to grow by 5.9% in FY 2023-24. Indian economic growth is expected to display resilience and will remain one of the fastest-growing major economies in the world, driven by domestic demand and a pickup in capital investment. The recent deceleration in inflation print is a silver lining for the economy.

India's growth will be propelled by strong private consumption and investment cycle, backed by favourable government policies in key sectors like manufacturing, transport, infrastructure and logistics.

² IMF World Economic Outlook April 2023: <https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>

³ IMF World Economic Outlook April 2023: <https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>

⁴ Ministry of Finance, PIB, Press Release, [Link](#)

⁵ IMF World Economic Outlook April 2023: <https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>

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African Economy⁶

The Sub-Saharan Africa economy registered a slower growth of 3.6% in 2022 vis-à-vis 4.1% in 2021, according to the World Bank. The slowdown was due to persistent turmoil in the global economy, declining yet high inflation, and challenging global and domestic financial conditions amid high levels of debt. Rising food and energy prices continued to impact the vulnerable population.

Among the 10 largest economies in Sub-Saharan Africa, which represent more than three-quarters of the region's GDP, eight are growing at rates below their long-term average. International support in resolving the ongoing challenges, including food, security and green energy transition, should play a critical role in improving prospects and prosperity.

Outlook

Amid global challenges to economic growth, India is expected to be better positioned, with the highest GDP growth estimates among the large economies. According to the IMF, the impact of the Russia-Ukraine conflict has been less severe than initially envisioned. Monetary policy interventions are expected to further cool off global inflation in 2023, but headwinds around slowing growth continue to surface. In India, growing telecom and internet penetration, coupled with the Indian Government's focus on developing digital infrastructure, has laid a strong foundation for a digital economy. Users (individuals and corporates) are growing businesses efficiently and becoming globally competitive through the use of data and digital tools built around the same. Online marketplaces are experiencing relentless growth across sectors, indicating the overall change in consumer behaviour. It is validated by the massive adoption of the Unified Payments Interface (UPI)⁷, which enabled around 9.0 billion monthly transactions with a total value exceeding ₹1.4 Tn in April 2023.

The telecom industry is playing a significant role in making India a trillion-dollar digital economy, backed by its continuous investments in expanding networks and improving coverage. Operators are also expanding network coverage across rural India and bridging the economic/digital divide.

Customer data needs to continue to evolve with the rise in data usage, which is one of the highest per customer per month globally. To recoup investments and maintain a healthy competitive scenario, telecom tariffs need to inch higher from the current levels.

Outlook

The World Bank forecasts economic growth to further slow to 3.1% in 2023, before a moderate uptick to 3.7% and 3.9% in 2024 and 2025, respectively. However, growth conditions remain insufficient to reduce extreme poverty and boost prosperity in the medium-to-long term. Non-resource-rich countries are expected to perform better, driven by gains from lower import bills and expansion in services.

Rising demand for data with multiple connected devices in homes is creating strong headroom for growth in high-speed wireline broadband. According to Counterpoint Research⁸, Smart TV shipments grew 28% in 2022, accounting for 90% of total TV shipments. Favourable demographics, increasing urbanisation and nuclearisation, and a wide range of use cases are opening growth avenues for high-speed internet.

The Enterprise offerings are transitioning fast from services to products and solutions and beyond core connectivity—Cloud, data centers, security, managed services, SD-WAN and CPaaS, among others, which are expected to see strong acceleration going ahead. The Company has accelerated its 5G rollout and is working closely with enterprises to develop use cases and eventually create a revenue stream to monetise 5G investments. To enhance productivity and capital efficiency, under 'One Transport' strategy, fiber is efficiently planned and shared across our businesses—Mobility, B2B and Homes. This enables the Company to forecast and predict demand across all its businesses and drive prudent planning for expansion. It is investing heavily to build a future-ready digital network and it is well-positioned to benefit from growth avenues across its business streams.

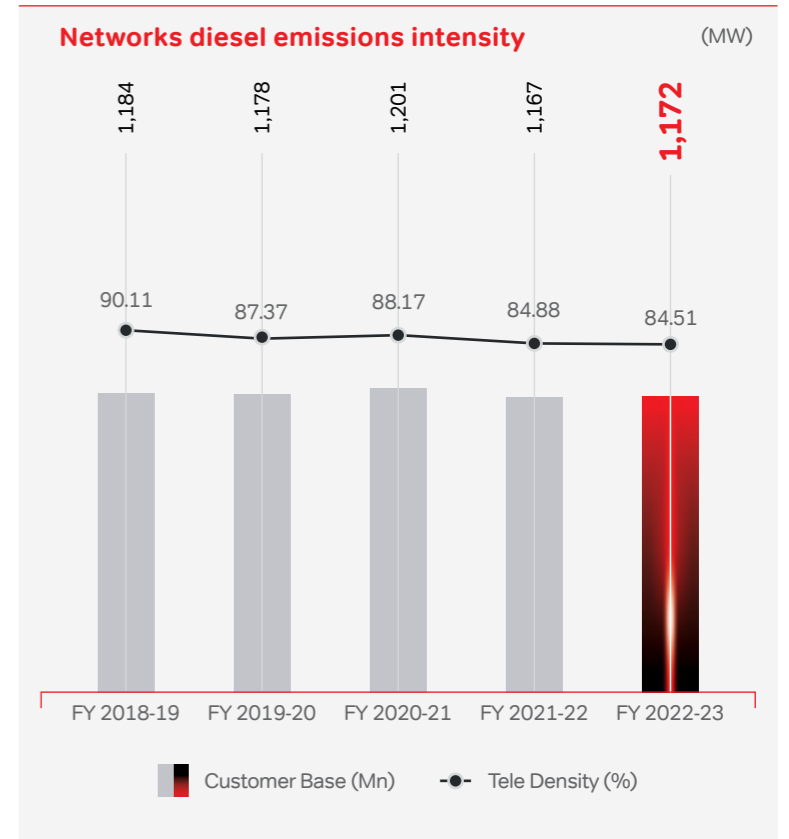
Africa provides strong growth opportunities over the medium-to-long term, supported by favourable demographics. As a result, the Company foresees favourable growth potential across all revenue streams—voice, data mobile and Airtel Money.

Industry Overview

Indian Telecom sector

Over the last few years, the Indian Telecom market has seen major consolidation with three private players and one government-owned entity. India's total telecom user base stood at 1,172.34 Mn as on March 31, 2023, growing marginally. Tele-density was pegged at 84.51% as on March 31, 2023; urban tele-density stood at 133.81%, whereas the rural tele-density stood at 57.71%.

Among the service areas excluding metros, Kerala has the highest tele-density (122.13%), followed by Himachal Pradesh (119.69%), Punjab (115.31%), Tamil Nadu (103.46%), Maharashtra (101.96%), Karnataka (101.91%), Andhra Pradesh (92.93%) and Gujarat (92.58%). Among the metros, Delhi tops the list with 273.67% tele-density. On the other hand, service areas such as Bihar (55.23%), Uttar Pradesh (66.12%), Madhya Pradesh (66.73%) and Assam (70.72%) have comparatively low tele-density. The wire-line customer base stood at 28.41 million at the end of March 31, 2023 vis-à-vis 24.84 million in the previous year.



(Source: Telecom Regulatory Authority of India report as on March 31, 2023)



⁶ World Bank, <https://www.worldbank.org/en/region/afr/overview>
⁷ National Payment Corporation of India, <https://www.npci.org.in/what-we-do/upi/product-statistics>
⁸ Counterpoint research, <https://www.counterpointresearch.com/india-smart-tv-shipments-q4-2022>

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Airtel Africa's Services and Network

Africa is one of the world's fastest-growing regions in terms of population and urbanisation. A young and growing population, an expanding urban middle class, limited infrastructure, and people's need to connect with each other and with local and global economies: these factors are all driving ever-increasing demand for data, mobile voice, and mobile money services across sub-Saharan Africa.

Mobile networks are the primary source of voice and data services in much of our region, where landline and fixed broadband infrastructures are limited or, in many places, non-existent. That means mobile telecom is a critical resource, essential to people's daily lives, to businesses, and to community and state service providers. Mobile connectivity remains low relative to other markets. By expanding and improving our networks, we help drive the trend of strengthening local infrastructures and winning and retaining customers. Digitisation will be at the heart of Africa's future growth, and our region is already seeing a rapid expansion of data usage, despite relatively low smartphone penetration.



Development in regulations

The year saw several regulatory changes and developments. The significant regulatory changes were:

India

- A. The 5G auction held during July 2022 witnessed active interest from all participants towards the spectrum bands allocated for 5G, with players acquiring a large chunk of spectrum in the 3,300 MHz and 26 GHz bands. The acquisition of 5G spectrum, coupled with the Government's encouraging stance is projected to support the rapid rollout of 5G services in the country. Post the successful auction of 5G Spectrum, DoT allotted the spectrum on August 17, 2022 to all the operators.
- B. DoT issued guidelines on Spectrum Usage Charge which defined that no SUC shall be charged on spectrum acquired through auctions held after September 15, 2021 in different access bands. The weighted average rate of SUC will include the spectrum acquired in the 2022 auction (including 5G), with the rate assigned as '0'. This will ensure a significant reduction in SUC pay-out based on the quantum of spectrum acquired by operators in 3.3 GHz and 26 GHz bands. The earlier condition of a minimum 3% weighted average SUC rate and SUC floor amount was also removed from the revised guidelines. Reduced weighted average rates of SUC for Access Spectrum became applicable from August 17, 2022.
- C. DoT also allotted E-band carriers for backhaul purposes on August 17, 2022 on a pan-India basis. For each E-band carrier of 250 MHz paired bandwidth, spectrum charges are pegged at @0.15% of AGR in the interim period till pricing is decided finally.
- D. On November 18, 2022, TRAI issued recommendations on 'Regulatory Framework for Promoting Data Economy Through Establishment of Data Centers, Content Delivery Networks, and Interconnect Exchanges in India'. TRAI recommended rolling out fiscal and non-fiscal incentives to bring out Data Centers Incentivisation Schemes (DCIS) for establishing DCs and DC parks wherein the Central Government should prepare guidelines listing the incentives (land/capital/interest subsidy) for DC/DC park operators and to implement a national level DC readiness index (DCRI) to rank Indian states.
- E. On November 29, 2022, TRAI issued Recommendations on 'Licensing framework for establishing and operating Satellite Earth Station Gateway (SESG)'. TRAI recommended introducing a separate SESG license which will not be part of the UL license. SESG license will work anywhere within Indian

territory for all types of satellite systems for which the government has given permission. No frequency spectrum shall be assigned to the SESG licensee. SESG license may provide satellite-based resources to any entity, which holds a license/permission granted by DoT or MIB.

- F. DoT issued an addendum regarding the allotment of MWA/MWB carriers to TSPs. As per the same, DoT has decided to increase the limit of the maximum number of Microwave Access carriers that can be assigned to a TSP with access service authorisation from the existing 4 carriers (In Metro/Cat 'A' LSA)/3 carriers (Cat 'B' and 'C' LSA) to 8 carriers (In Metro/Cat 'A' LSA)/6 carriers (Cat 'B' and 'C' LSA) w.e.f. July 25, 2022.
- G. TRAI directions curbing Unsolicited Commercial Communications: TRAI issued directions to Access Providers to stop the misuse of Headers and Message Templates, and to curb unauthorised promotions using telecom resources under TCCCP- 2018 on February 16, 2023.
- H. Ministry of Electronics and Information Technology released a new draft of the proposed personal data protection legislation called the Digital Personal Data Protection Bill, 2022. The Bill is the fourth iteration of the proposed data protection framework. Airtel submitted its response on various aspects of the bill such as definition clarity, prospective applicability, data localisation, adopting the best global practices and phased implementation. The Bill has been approved by the Cabinet and is expected to be tabled in the monsoon session of Parliament.

Africa

Nigeria 2,100MHz license renewal

- On May 9, 2023, Airtel Africa's subsidiary, Airtel Networks Limited ('Airtel Nigeria'), made a payment of NGN58.7 Bn (\$127.4 Mn), to the Nigerian Communications Commission (NCC), to renew its 2x10MHz 2,100 MHz spectrum licence. Once renewed, the licence will be valid for a period of 15 years following the expiry of the previous licence (April 30, 2022).

\$29 Mn, payable in local currency. Further, Airtel Zambia acquired an additional 40 MHz of spectrum in the 2,600 band for \$12 Mn in November 2022

- In July 2022, Airtel Kenya Networks Limited purchased 60 MHz of additional spectrum in the 2,600 MHz band from the Communications Authority of Kenya, for a gross consideration of \$40 Mn, for a period of 15 years.

Nigeria 4G and 5G spectrum acquisition

- In January 2023, Airtel Africa's subsidiary, Airtel Networks Limited ('Airtel Nigeria') purchased 100 MHz of spectrum in the 3,500 MHz band and 2x5 MHz of 2,600 MHz from the Nigerian Communications Commission (NCC) for a gross consideration of \$317 Mn, paid in local currency. This additional spectrum will support investments in network expansion for both mobile data and fixed wireless home broadband capability, including 5G rollout, providing significant capacity to accommodate our continued strong data growth in the country.

- Airtel DRC purchased 58 MHz of additional spectrum, spread across 900 MHz, 1,800 MHz, 2,100 MHz and 2,600 MHz bands, for a gross consideration of \$42 Mn in June 2022. The licence for paired spectrum in the 2,100 MHz band comes up for renewal in September 2032. All the other licences continue until July 2036.

Uganda listing obligation

- Under Article 16 of Uganda's National Telecom Operator ('NTO') licence, Airtel Uganda limited is obliged to comply with the sector policy, regulations and guidelines requiring the listing of part of its shares on the Uganda Stock Exchange. The current Uganda Communications (Fees & Fines) (Amendment) Regulations 2020, creates a public listing obligation for all NTO licensees, and specifies that 20% of the shares of the operator must be listed within two years of the date of the effective date of the licence. This imposed a listing requirement by December 15, 2022 on Airtel Uganda. In April 2022, the Company applied for an extension of time to list the shares, which was granted by the Regulator thereby extending the deadline to December 16, 2023. Preparatory steps are underway by Airtel Uganda and its advisors to comply with this deadline.

Other spectrum acquisitions

- In October 2022, Airtel Tanzania plc purchased 110 MHz spectrum spread across the 2,600 MHz (2 blocks of 2x15MHz) and 3500 MHz bands from the Tanzania Communications Regulatory Authority (TCRA) for a gross consideration of \$60 Mn.
- Airtel Zambia purchased 60 MHz of additional spectrum in October 2022 spread across the 800 MHz and 2,600 MHz bands from the Zambia Information and Communications Technology Authority (ZICTA), for a gross consideration of

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NIN: SIM linkage implementation in Nigeria

- Following a directive issued by the Nigerian Communications Commission (NCC) on December 7, 2020 to all Nigerian telecom operators, all our customers were required to provide their valid National Identification Numbers (NINs) to update SIM registration records, with a final deadline of March 31, 2022.
- In April 2022, the voice services for 13.6 million customers were barred due to non-submission of NIN information. As of March 2023, 6.4 million customers (47%) have subsequently submitted their NINs and 3.5 million customers (26%) have been fully verified and unbarred.

Financial Review

Consolidated figures

Particulars	FY 2022-23		FY 2021-22	
	₹ Mn	USD Mn*	₹ Mn	USD Mn*
Gross revenue	1,391,448	17,313	1,165,469	15,673
EBITDA before exceptional items	717,330	8,925	581,103	7,815
Interest, Depreciation & Others before exceptional items	545,025	6,781	473,258	6,364
Profit before exceptional items and tax	172,305	2,144	107,845	1,450
Profit before tax	165,606	2,061	124,831	1,679
Tax expense	42,733	532	41,779	562
Profit for the year	83,459	1,038	42,549	572
Earnings per share from continuing and discontinued operations (In ₹ / USD)	14.80	0.18	7.67	0.10

*1 USD = ₹ 80.37 Exchange Rate for the financial year ended March 31, 2023 (1 USD = ₹ 74.36 for the financial year ended March 31, 2022)

Standalone figures

Particulars	FY 2022-23		FY 2021-22	
	₹ Mn	USD Mn*	₹ Mn	USD Mn*
Gross revenue	847,201	10,541	707,950	9,521
EBITDA before exceptional items	441,477	5,493	351,943	4,733
Interest, Depreciation & Others before exceptional items	386,020	4,803	374,404	5,035
Profit before exceptional items and tax	55,457	690	(22,461)	(302)
Profit before tax	12,693	158	(42,557)	(572)
Tax expense	13,589	169	(3,920)	(53)
Profit for the year	(896)	(11)	(38,637)	(520)
Earnings per share (In ₹ / USD)	(0.16)	(0)	(6.96)	(0)

*1 USD = ₹ 80.37 Exchange Rate for the financial year ended March 31, 2023 (1 USD = ₹ 74.36 for the financial year ended March 31, 2022)

Note: All the financial figures for FY 2021-22 stated above, are re-casted to include the impact of the merger of Telesonic Networks Limited and Nettle Infrastructure Investment Ltd. with Bharti Airtel Limited.

The Company recorded consolidated revenues of ₹1,391,448 Mn, for the year ended March 31, 2023, as compared to ₹1,165,469 Mn in the previous year, an increase of 19.4%. Full-year revenues of India and South Asia stood at ₹981,192 Mn as compared to ₹824,877 Mn in the previous year, an increase of 19.0%. The revenues across 14 countries of Africa, in constant currency terms,

grew by 17.6%. The increase in revenue was majorly driven by focusing on acquiring quality customers and premiumisation.

The Company incurred operating expenditure (excluding access charges, cost of goods sold, license fees and CSR costs) of ₹450,638 Mn representing an increase of 17.2% over the previous year.

The Consolidated EBITDA increased by 23.4% over the previous year to reach ₹717,330 Mn. The Company's EBITDA margin for the year increased to 51.6% as compared to 49.9% in the previous year, exhibiting Airtel's continued focus on driving cost optimisation and improving operational efficiencies.

Depreciation and amortisation costs for the year were higher by 10.1% at ₹364,318 Mn as we continued our investments towards expanding network coverage and building a future-ready network.

Consequently, EBIT for the year was ₹352,229 Mn, an increase of 41.7%, resulting in a margin of 25.3% vis-à-vis 21.3% in the previous year.

Net finance costs at ₹187,444 Mn were higher by ₹23,609 Mn compared to the previous year, largely due to exchange rate fluctuations and interest on FLO.

Consequently, the consolidated profit before taxes and exceptional items was ₹172,305 Mn compared to ₹107,845 Mn for the previous year.

Exceptional items during the year accounted for an impact of ₹1,905 Mn comprising of the provision of license fees for earlier periods and DTA recognition in group subsidiaries.

After accounting for exceptional items and Minority Interest, the resultant consolidated net profit for the year ended March 31, 2023, came in at ₹83,459 Mn as compared to a net profit of ₹42,549 Mn in the previous year.

The capital expenditure for the financial year ending March 31, 2023 was ₹341,947 Mn.

Sector-specific key ratios

Key Ratios	Units	FY 2022-23	FY 2021-22	Y-o-Y %
Capex Productivity	%	53.77	50.26	4
Opex Productivity	%	32.39	33.00	-1
Interest Coverage Ratio	Times	5.01	4.36	65
Net Debt to Shareholders' Equity Times		2.75	2.41	34
EBITDA Margin	%	51.55	49.86	2
Net Profit Margin	%	6.0	3.7	2
Return on Shareholders' Equity	%	11.58	6.78	4.8

Liquidity & Funding and Ratings

As on March 31, 2023, the Company had cash and cash equivalents of ₹71,794 Mn and short-term investments of ₹47,045 Mn. As on March 31, 2023, the Company generated an operating free cash flow of ₹375,384 Mn. The consolidated net debt excluding lease obligations for the Company stands at ₹1,526,508 Mn compared to ₹1,235,439 Mn in the previous year. Consolidated net debt for the Company including the impact of leases stood at ₹2,131,264 Mn as on March 31, 2023. The Net Debt-EBITDA ratio (USD terms LTM), including the impact of leases as on March 31, 2023, was 2.90 x as compared to 2.70x as on March 31, 2022. The Net Debt-Equity ratio was at 2.7x as on March 31, 2023, as compared to 2.41 x as on March 31, 2022.

- The Company acquired an additional 1.46% stake in Indus Towers, which increased the overall stake in Indus Towers to 47.95% at the end of the fiscal year.
- The Company paid ₹8,312.4 crores to the Department of Telecom (DoT) towards dues for the spectrum acquired in the 5G auction. It paid 4 years of spectrum dues upfront. This upfront payment, coupled with the ongoing moratorium on spectrum dues and AGR payments, will free up future cash flows and allow Airtel to dedicate resources to drive the 5G rollout.



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Segment-wise Performance

B2C services

Mobile Services: India

Overview

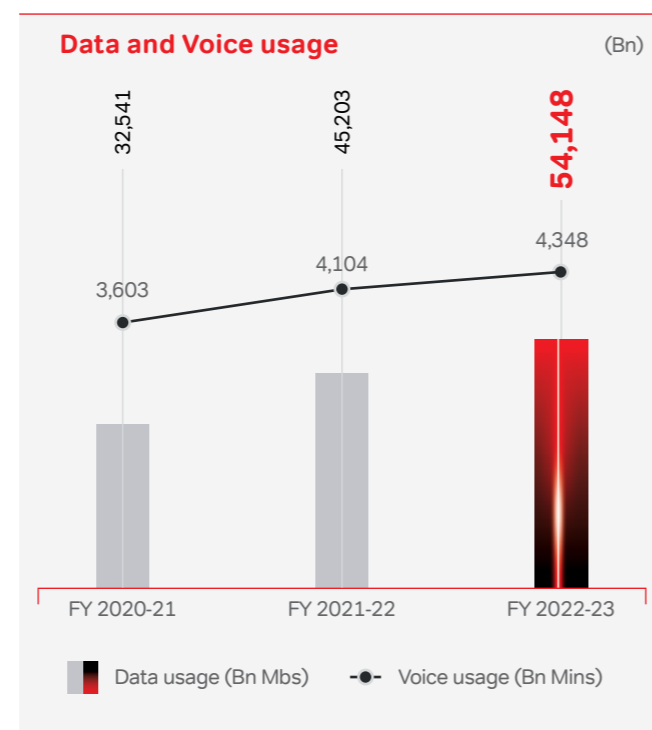
To offer a differentiated network experience to its valued customers, Airtel acquired a 19,867.8 MHz spectrum by securing a pan India footprint of 3.5 GHz and 26 GHz bands and selectively bolstering low and mid-band spectrum. This massive spectrum bank was secured for a total consideration of ₹43,040 crores in the latest spectrum auction conducted by the Department of Telecom, Government of India. Airtel has mobile broadband footprint across the country making it well-positioned to usher in the 5G revolution in India. Our long-term spectrum acquisition strategy and adoption of widely used global technology architecture for 5G has ensured that we can offer the best-in-class experience at the lowest cost of ownership, with the most power-efficient solutions. As on March 31, 2023, our customer base stood at 335 Mn. The minutes on the network have increased by 6.0% to 4,348 Bn. The Company had 232.68 Mn data customers at the end of March 31, 2023, of which 224.12 Mn were mobile 4G customers. The increased penetration through bundles with high in-built data has also led to the total MBs on the network growing by 19.8% to 54,148 Bn MBs.

The Company's focus on acquiring and retaining quality customers and a relentless obsession with customer experience has resulted in a strong 4G customer base increase. During the year, revenues increased by 20.7% to ₹759,246 Mn as compared to ₹629,149 Mn in the previous year due to a focus on acquiring quality customers and premiumisation. The segment witnessed an increase in

the EBITDA margins to 52.8% during the year, compared to 49.6% in the last year. EBIT margin for the year increased to 19.6%, compared to 12.5% in the previous year.

The Company had 275,069 network towers, compared to 237,577 network towers in the last year. Mobile broadband (MBB) base stations were at 832,369 at the end of the year, compared to 752,136 at the end of last year.

Key Ratios	FY 2022-23 ₹ Mn	FY 2021-22 ₹ Mn	Y-o-Y %
Gross Revenues	759,246	629,149	20.7
EBIT	148,450	78,525	89.0



Key Highlights

Strategic Alliances and Partnerships

Airtel continues to forge business partnerships to provide a seamless customer experience with a greater value proposition to end users.

- Airtel and Tech Mahindra, a leading provider of digital transformation, consulting, and business re-engineering solutions provider, announced a strategic partnership under which they have deployed a '5G for Enterprise' solution at Mahindra's Chakan manufacturing facility, making it India's first 5G-enabled auto manufacturing unit. The '5G for Business' solution has significantly enhanced Chakan's network connectivity, resulting in improved speeds for software flashing, a critical operation for all vehicular dispatches. Blazing hi-speeds and ultra-low latency now allows managers to undertake multiple software flashing sessions in parallel, which has resulted in reduced turn-around time for an operation. Further, the computerised vision-based inspection is now fully automated resulting in improved paint quality.
- Airtel and Apollo Hospitals, Asia's most trusted integrated healthcare provider, conducted India's first 5G-enabled, AI-guided colonoscopy trial. The trial was conducted using AI on Airtel's 5G technology, which has ultra-low latency and high processing capabilities, allowing colon cancer to be detected much faster and more accurately. The other three companies involved in this trial were HealthNet Global, AWS and Avesha.

Mergers, Acquisitions and Disinvestments

Airtel concluded M&A transactions as a part of its growth and diversification strategy and to harness economies of scale resulting from consolidations:

- The Company acquired a strategic stake in Lemnisk (Immensitas Private Limited) under Airtel's Start-Up Accelerator Program. Airtel and Lemnisk have collaborated to create the world's largest CDP platform. Airtel's Digital businesses will benefit from this, including Ad-Tech (Airtel Ads), Digital Entertainment (Wynk Music and Airtel Xstream), and Digital marketplace (Airtel Thanks App). Airtel intends to offer this service to its enterprise customers in the future via Airtel IQ, the world's first network-integrated Cloud Platform as a Service (CPaaS). Under this, businesses will be able to create a nimble, scalable, and omnichannel engagement for their customers.
- Upon approval of Hon'ble National Company Law Tribunal, Chandigarh Bench, vide its order received on January 25, 2023, the composite scheme of arrangement between Nettle Infrastructure Investments Limited ('Nettle'), Telesonic Networks Limited ('Telesonic'), their respective shareholders and the Company, under section 230 to 232

along with other applicable provisions of the Companies Act, 2013, for amalgamation of Nettle and Telesonic, wholly-owned subsidiaries, with the Company ('Scheme'), has become effective from February 1, 2023, with an appointed date of April 1, 2022, in accordance with the Scheme. Consequently, fiber assets held by Telesonic have been allocated into the respective segments based on fiber ordered by various segments from Telesonic. Accordingly, the segment reporting of the previous periods has been restated.

Network Expansion and Transformation

Airtel remains committed to delivering a world-class network experience to high-value customers through its various initiatives:

- Airtel has deployed 5G in NSA mode on a 3500 MHz band in more than 3500 cities/towns and rapidly expanding its reach. India is leading one of the fastest 5G rollouts in the world. All the 5G capable smartphones in India support Airtel 5G Plus, and this was achieved through collaborations with the smartphone manufacturers for timely testing and commercial release of the binary for 5G support on the Airtel network. Airtel 5G Plus is also environment-friendly and consumes lower energy per GB compared to legacy networks.
- Airtel 5G Plus service availability will continue to rapidly expand as the Company is working towards offering nationwide coverage. It is now offering its 5G services in every major city from the upper northern city of Jammu to the southern tip of Kanyakumari. Airtel 5G Plus has three compelling advantages for its customers:
 - Upto 30x higher speeds than 4G
 - A technology that's accepted the world over and a network that is kinder to the environment
 - Customers do not need to change SIMs as their existing Airtel 4G SIM is also 5G-enabled and will work on all 5G smartphones
- Airtel launched an introductory offer of unlimited 5G data for its customers to encourage them to experience the power of the Airtel 5G Plus network. The offer is open to all postpaid customers and prepaid customers with a data plan of ₹239 and above. All customers will need to activate it in a 5G compatible device and a 5G network area. Customers can simply log on to the Airtel Thanks App to claim this offer.
- Airtel signed 5G network agreements with Ericsson, Nokia and Samsung to commence 5G deployment in August 2022. It has a long-standing relationship for connectivity and pan-India managed services with Ericsson and Nokia, while the partnership with Samsung will begin this year onwards.

Management Discussion & Analysis

- Airtel acquired the sub-GHz band and mid-band spectrum from the last auctions to further solidify its 4G spectrum holding. This will help to enhance the coverage and capacity of 5G NSA. It will enable improved network availability and data speeds, along with better coverage inside homes and buildings in cities and urban areas and offer wider coverage along highways and rail routes.
- Airtel successfully conducted India's first Open Radio Access Network (Open RAN)-based live 5G network validation in the field and achieved 1 Gbps+ speed using commercial mobile devices. ORAN solution deployed by Airtel is fully cloud-native and supports O-RAN standard-based interfaces. It is leading the innovation efforts of the O-RAN Alliance in India and is looking forward to strengthening its technology partnership with potential ORAN vendors and scaling it commercially.

Digital Innovations and Customer Delight

In the face of rapidly changing customer demands, Airtel consistently remained on the path of digital innovations to nurture its customer journey across all touch points and to have a highly engaged customer force by providing an exceptional customer experience.

- At IMC 2022, Bharti Airtel and Nokia used holographic images to showcase the cultural splendour of the Kashi Vishwanath temple and the Statue of Unity, thereby demonstrating the benefits of an ultra-fast and low latency 5G network. The almost life-like holograms brought the architecture and design of these iconic monuments to life, simulating the physical experience. With the introduction of 5G, immersive virtual tourism is expected to reinvent the Travel & Tourism industry, allowing people to visit remote locations and monuments from the comfort of their own homes.
- The Company launched 'Airtel World Pass' to make staying connected easy, intuitive and compelling. The World Pass will revolutionise the experience of international travelling as one pack would work seamlessly across 184 countries and will cover layovers at airports, and address all roaming needs.
- The Company announced that its video streaming service – Airtel Xstream, is India's fastest-growing OTT aggregator platform. Airtel Xstream offers India's largest bouquet of OTT platforms to consumers across mobile and large-screen formats. Mobile customers can select one OTT provider from the bouquet with a minimum recharge of ₹148. The large screen format, launched earlier this year
- as Xstream Premium, is also available at ₹149 and enables access to over 10,500 movie titles and shows, alongside Live TV from Airtel's OTT content partners such as Sony LIV, Eros Now, Lionsgate Play, Hoichoi, manoramaMAX, Shemaroo, Ultra, Hungama Play, EPIC ON, DocuBay and Divo TV, among others.
- Wynk Music introduced Wynk Studio, India's largest music distribution ecosystem for independent artists based in India and overseas. The studio will enable artists to launch their music and will also partner with them in monetising their music on a host of platforms, which will be a part of Airtel's digital products portfolio - Wynk, Airtel Xstream, Airtel Ads and Airtel IQ, among others.
- Airtel has created 5G experience zones across all its retail stores in the country. Through these specially curated zones, it is demonstrating the power of 5G to consumers through its blazing data speeds and emerging use cases like immersive virtual reality entertainment, cloud gaming and more. As an industry leader, Airtel has taken the lead to simplify the new technology for customers and get them to experience the real difference of 5G. Customers can experience it at Airtel's 1,000+ stores, which will have specially trained executives, who will not only demonstrate use cases but will also answer all 5G-related questions along with Airtel's offerings.
- Airtel launched family plans for postpaid subscribers starting at a rental of ₹599/month with 2 postpaid SIM connections, 105 GB data, Amazon Prime for 6 months, Disney Hotstar for 1 year and Xstream Mobile Pack. The postpaid plans go up to ₹1,499 a month, giving five connections and 320 GB data a month, while also including a Netflix standard plan in addition to the other OTT offerings. The postpaid plans also change for Airtel Black users that can avail of two postpaid SIM connections starting from ₹799 and ₹998, with the former having a DTH connection, and the latter offering broadband connection. Family plans and Airtel Black enable users to pay one consolidate bill for multiple mobile, broadband or DTH connections. These plans are available for prepaid customers willing to transition to postpaid as well.
- Airtel announced its partnership with Secure Meters for deploying Narrow Band (NB-IoT) services, which will power 1.3 million homes in Bihar through a smart meter solution. This deployment will be India's first NB-IoT solution on a narrow band with a fall-back option, that will work on 2G and 4G, and ensure real-time connectivity and uninterrupted transfer of critical data.

Awards

Airtel has been conferred with the overall ESG Excellence Award at the Inaugural edition of the Dun & Bradstreet ESG Leadership Summit held in Mumbai. Airtel undertakes comprehensive initiatives on Environment, Social and Governance (ESG) and has set ambitious ESG targets for itself. The Company has been actively reporting its performance on sustainability for the last five years and has adopted Integrated Reporting in accordance with the IIRC Framework. The win is a testament to Airtel's commitment to the environment and society.



Homes Services

Overview

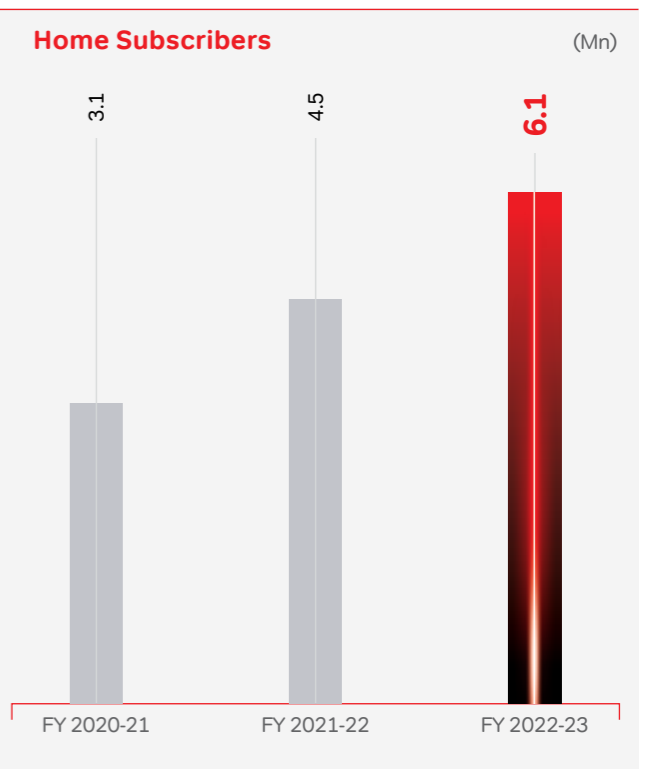
Homes Business continues to accelerate rollouts on the back of the innovative asset-light local cable operator partnership model, which is now present in 1,199 cities across India. The growing need for reliable and consistent broadband has led to strong customer base addition during the year, which stood at 6.1 Mn at the end of the financial year, representing a growth of 35% as compared to 4.48 Mn at the end of the previous year. During the year, it scaled up its operations as it launched Airtel fiber in 355 new towns and increased its coverage by rolling out new fiber across major cities of its operations, thereby helping the country take strides towards realising its vision of Digital India.

Revenues from Homes services stood at ₹40,472 Mn for the year ended March 31, 2023, as compared to ₹30,390 Mn in the previous year, an increase of 33%. EBITDA margin during the year was 42%.

Particulars	FY 2022-23 ₹ Mn	FY 2021-22 ₹ Mn	Y-o-Y Growth %
Gross Revenues	40,472	30,390	33.2
EBIT	8,894	5,654	57.0

Key Highlights

- To serve the needs of premium households, who prefer next-generational connectivity and entertainment experience, Airtel has once again raised the bar in the home broadband segment with the launch of three new all-in-one plans (under the proposition of 'Airtel Black'). In urban India, both home internet and home entertainment are seeing rapid growth, accelerated by consumers watching more content on their TVs and consumers demanding a greater variety of entertainment than ever before, powered by reliable home internet.



- The Company announced the launch of XSafe, an easy-to-operate, end-to-end home surveillance solution that includes a range of Wi-Fi-based advanced cameras, designed to ensure customers have peace of mind and are connected to their homes even while they are away. This service was launched across 40 cities including Mumbai, Delhi-NCR, Bengaluru, Chennai and Kolkata, among others.
- The Company announced the launch of its Fiber-To-The-Home (FTTH) broadband service – Airtel Xstream Fiber in Ladakh, and Andaman and Nicobar Islands. With this, Airtel has become the first private ISP to roll out FTTH broadband in these remote geographies and bring world-class digital access to customers by connecting them to the data superhighway.



Digital TV Services

Overview

Airtel Digital TV continues to strengthen its market position with a strong customer base of 15.9 Mn, on the back of the Company's strategy of simplified pricing and differentiated converged experience to win high-value customers. Airtel DTH is a pioneer in launching innovative products for its customers, along with best-in-class customer service, making it one of the fastest-growing DTH operators with operations in 639 districts across the country.

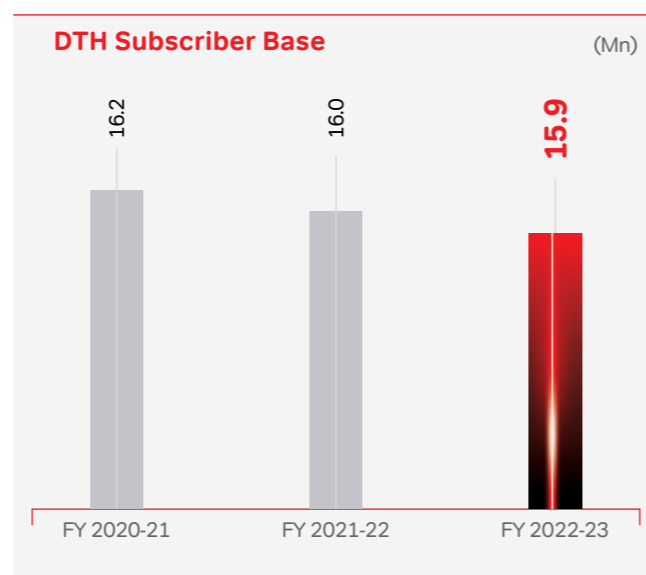
During the year, the Company witnessed customer addition on its Airtel Black Plans (a converged home proposition with services of DTH, Broadband and Mobile). Airtel Black is India's first all-in-one solution for homes, which eases the customer's life with One Bill, One Customer Care number, and a dedicated relationship manager with amazing value and zero switching cost. With this, Airtel Digital TV has further strengthened its position in the converged homes in the country.

Key Highlights

- During the year, the Company has added 54 new channels on its platform including 3 SVOD services. The Company currently offers 704 channels including 85 HD channels, 32 SVOD services and 6 international channels.
- In December 2022, broadcasters released new bouquet pricing in accordance with NTO 2.0 amendment by TRAI. The Company has implemented the changes w.e.f.

February 1, 2023 and launched new consumer tariffs to comply with the amendments. With this implementation, the Company has further simplified the packaging across markets to win value customers.

Particulars	FY 2022-23 ₹ Mn	FY 2021-22 ₹ Mn	Y-o-Y Growth %
Gross Revenues	29,450	31,537	(7.0)
EBIT	3,775	8,374	(55.0)



B2B Services

Airtel Business

Overview

Airtel Business is India's largest and one of the most trusted companies offering solutions across connectivity and new technologies to businesses. It has a wide presence across India as well as a global network across the USA, Europe, Africa, the Middle East, Asia-Pacific and SAARC regions. Airtel Business serves over 1,200 global enterprises, 2,000 large and 1 million medium/small businesses across India.

It offers a diverse portfolio of products and services such as Data Connectivity, Voice & Messaging, Landline and Conferencing, Collaboration, Cloud, Data Centers, Security, IoT, Enterprise Mobility, Network Integration & Professional services to Enterprises, Government, Carriers, Small & Medium Businesses, OTTs, Start-ups and Mobile Network Operators across the globe.

Through the diverse product portfolio and strategically located submarine cables and satellite network running across 400,000+ RKM in 50 countries and 5 continents, it is pushing the boundaries in digital service delivery with a key focus on enhanced end-user experience, round-the-clock infrastructure availability, and superior service quality.

Airtel Business witnessed a year of growth, led by the surge in global and domestic data revenues. Revenues for the year grew by 15.7% as compared to the previous year. The Company continued to focus on winning in the core business while building upon new revenue streams and emerging businesses in the areas of IoT, IQ, Cloud, Security and Data Centers.

Key Ratios	FY 2022-23 ₹ Mn	FY 2021-22 ₹ Mn	Y-o-Y %
Gross Revenues	185,931	160,702	15.7
EBIT	54,361	44,650	21.7

Key Highlights

Airtel acquires stake in Cloud Network Solutions provider Cnergee Technologies

The stake acquisition will enable Airtel to sharpen its NaaS proposition for Small and Medium Businesses (SMBs) who are looking to accelerate their shift to cloud-based applications. Airtel already offers a wide range of connectivity and productivity solutions for SMBs backed by unmatched distribution network reach across India. In addition, Cnergee's advanced software tools will boost Airtel's 'Work from Anywhere' solutions portfolio as businesses look to adopt hybrid work models.

Airtel Announces Strategic Partnership with Vultr to Deliver Cloud Solutions to Enterprises

Airtel will offer Vultr's extensive suite of cloud solutions to its enterprise customers, especially those in the digital space and help them gain unrivalled global reach and cost-performance advantage to build, test, and run demanding cloud workloads. The cloud solutions will be hosted in Airtel's state-of-the-art data centers, enabling businesses to scale their digital operations globally. Businesses of all sizes and across all industries can now leverage cutting-edge cloud technologies to accelerate digital innovation, optimise global cloud performance, and maximise return on global cloud spend. They can also enjoy simple and transparent pricing to avoid billing shocks.

Airtel and Meta collaborate to accelerate India's digital ecosystem

Airtel and Meta will jointly invest in global connectivity infrastructure and CPaaS-based new-age digital solutions to support the emerging requirements of customers and enterprises in India. With the constant endeavour to augment the nation's infrastructure, Airtel will partner with Meta and STC to extend 2Africa Pearls to India. 2Africa is the world's longest subsea cable system and is expected to provide faster internet connectivity to almost 3 billion people globally. Airtel and Meta will extend the cable to Airtel's landing station in Mumbai and also pick up the dedicated capacity to further strengthen its submarine network portfolio.

Airtel will integrate Meta's WhatsApp within its CPaaS platform, Airtel IQ. With this integration, businesses will now be able to use WhatsApp's rich features and reach to provide unparalleled omnichannel customer engagement to enterprises.

Nxtra by Airtel strengthens its green energy footprint with the commissioning of Solar and Wind power plants in various states

The captive units with a capacity of 34 MWp Solar, 13 MWp Solar and 1.5 MW Hybrid (Solar + Wind) were commissioned to supply clean energy in the state of Tamil Nadu, Karnataka and Gujarat respectively. This will lead to a reduction in carbon emissions by 62,880 tonnes annually. The captive power units have been set up in partnership with Avaada (Tamil Nadu and Karnataka) and Continuum (Gujarat) to supply clean energy to Nxtra by Airtel's large and edge data centers.

Management Discussion & Analysis

Nxtra by Airtel became the first data center company in India to install solid oxide fuel cell technology to provide clean energy

Partnered with Bloom Energy to deploy low environmental impact fuel cell installation at Karnataka data center, reducing carbon emissions through a cleaner, hydrogen-ready fuel supply. Nxtra by Airtel is the first data center company in India to deploy solid oxide fuel cell technology to reduce carbon emissions at its data center while unlocking cost and sustainability benefits. Started the unit on non-combusted natural gas and will switch to 50% hydrogen in future without any significant investment. The natural gas-powered cells will be used for primary generation with utility electrical grids and generators as backup sources.

Launch of WhatsApp banking services in partnership with Indian Post Payments Bank

Airtel partnered with India Post Payments Bank (IPPB) to launch WhatsApp Banking Services for IPPB customers, empowering customers PAN India to access banking services on their mobile phones. Delivered on Airtel IQ - a cloud communications platform as a service that enables brands to engage with their customers across voice, SMS and WhatsApp channels, the messaging solution augments the Govt.'s Digital India mission by enabling IPPB customers to seamlessly connect with their bank on WhatsApp. IPPB customers can now effortlessly avail a host of banking services including – doorstep service requests, locating the nearest Post Office and much more. Airtel is the first telecom company in the world that serves as a Business Service Provider (BSP) for WhatsApp.

Africa

Overview

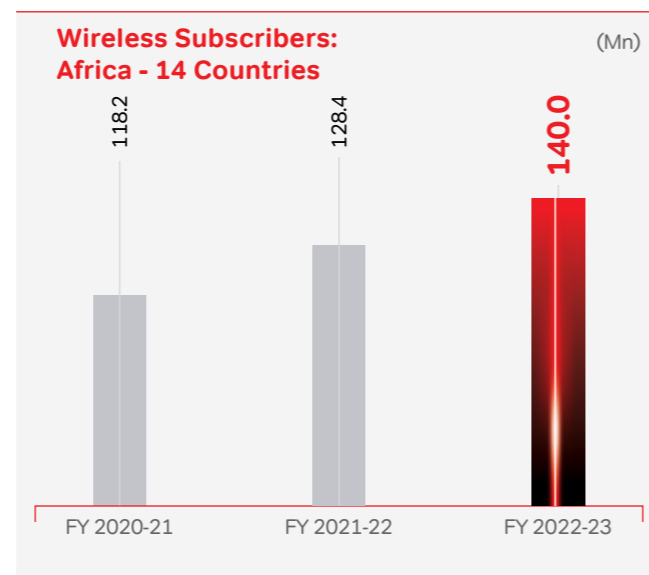
Financial and operational review

Airtel Africa, through its portfolio of offerings, is helping transform lives across sub-Saharan Africa by fostering financial inclusion, driving digitisation and empowering our 140 million customers across 14 countries, up from 128.4 million customers in the prior year. This represents a growth of 9.0% in the customer base, largely a result of the expansion of both our mobile network and our distribution network, helping us to get closer to our customers and improving their network experience.

Total minutes on the network during the year increased by 16.0% to 439.1 billion. Data customers increased by 7.9 million to 54.6 million accounting for 39.0% of the total customer base compared to 36.4% in the previous year. The total MBs of data transmitted on the network increased by 46.3% to 2,704 billion MBs with usage per customer increasing from 3,520 MBs to 4,546 MBs. Total sites in Africa on March 31, 2023 were 31,546 of which 28,476 were 4G sites, representing 90.3% of the total sites.

In INR-reported currency, Airtel Africa revenues grew by 20.5% to ₹422,664 Mn as compared to ₹350,612 Mn in the previous year. The Company's continued focus on running the operations efficiently and cost-effectively has resulted in EBITDA of ₹207,281 Mn for the year as compared to ₹172,071 Mn in the previous year, an increase of 20.5%. Consequently, this resulted in an EBITDA margin of 49.0% compared to 49.1% in the previous year. Depreciation and amortisation charges were at ₹65,836 Mn as compared to ₹55,323 Mn in the previous year. EBIT for the year was at ₹141,255 Mn as compared to ₹116,586 Mn in the previous year. PBT for the full year was at ₹82,569 Mn as compared to ₹86,289 Mn in the previous year. The full-year capex was at ₹60,400 Mn as compared to ₹48,891 Mn in the previous year.

Particulars	FY 2022-23 ₹ Mn	FY 2021-22 ₹ Mn	Y-o-Y Growth %
Gross Revenues	422,664	350,612	21.0
EBIT	141,255	116,586	21.0



Key Highlights

IFC loan facility

- On December 6, 2022, Airtel Africa announced the signing of a new \$194 Mn facility with the International Finance Corporation (IFC), a sister organisation of the World Bank and a member of the World Bank Group. The new financing facility is in line with Airtel Africa's strategy to increase debt within its operating companies.
- The facility has a tenor of eight years, it is largely in local currency, and will be used to support our operations and investments in the Democratic Republic of Congo, Kenya, Madagascar, Niger, Republic of the Congo and Zambia, providing a more diversified access to local funding.

- As part of IFC's loan facility, Airtel Africa committed to complying with the applicable requirements of IFC performance standards on social and environmental sustainability and has put in place a dedicated environmental and social action plan.

First sustainability-linked loan facility

- On August 10, 2022, the Group announced the signing of a \$125 Mn revolving credit facility with Citi through its branch offices/subsidiaries in sub-Saharan Africa. This facility is in line with its strategy to raise debt in our local operating companies and will include both local currency and US dollar-denominated debt. The facility has a tenor up to September 2024 and will be used to support operations and investments in four subsidiaries. The facility provides potential interest rate savings in exchange for achieving social impact milestones relating to digital inclusion and gender diversity, with a focus on rural areas and women, and aligning with the Group's sustainability strategy, launched in October 2021.

Launch of inaugural Sustainability Report

- The publication of Airtel Africa's inaugural Sustainability Report on October 27, 2022 follows the launch of the Group's sustainability strategy in October 2021. The report reflects the Group's firm commitment to sustainability and details the business' progress against the goals outlined in the sustainability strategy. The report adheres to international best-practice ESG reporting standards, including the Global Reporting Initiative (GRI) Standards and TCFD recommendations.
- The publication of the report constitutes an important step forward in enhancing the non-financial information transparency of the Group. The report provides accurate and verified Scope 1, 2 and 3 baseline emissions and total energy consumption.

Reducing Scope 1 and 2 emissions in the near-term and committing to net zero by 2050

- Airtel Africa is committed to achieving net zero GHG emissions by 2050. Following the publication of its Scope 1, 2 and 3 emissions in the Sustainability Report in October 2022, the Group has identified a detailed range of initiatives that will enable the reduction of Scope 1 and 2 emissions intensity by over 60% by 2032 and enable a net zero ambition by 2050. It is undertaking a detailed technical and feasibility study to accurately define the optimal deployment schedule for Scope 1 and 2 decarbonisation initiatives. This work is led by a cross-functional taskforce which reports to the Sustainability Committee and is advised by the Carbon Trust, the leading environmental agency.

Nigeria mobile money operationalisation

- On April 29, 2022, Airtel Africa announced that the Central Bank of Nigeria (CBN) had confirmed that SmartCash Payment Service Bank Limited (SmartCash), had received final approval for a full Payment Service Bank (PSB) licence, affording the Group the opportunity to deliver a full suite of mobile money services in Nigeria. This news followed our announcement of April 26, 2022 that the CBN had also awarded our subsidiary, Airtel Mobile Commerce Nigeria Ltd, with a full super-agent licence, allowing the business to create an agency network that can service the customers of licensed Nigerian banks, payment service banks and licenced mobile money operators in Nigeria.
- During the period Airtel Africa launched SmartCash, our Nigerian mobile money offering, initially in Lagos, before rolling out further across the country. One of the key commitments is to guarantee data privacy and security controls across the business to build trust and confidence in the brand. In that light, it focussed our investments on the IT infrastructure and business systems and processes to ensure this commitment is met. This investment, combined with the continued focus on the expansion of the distribution network, will drive increased access to financial services for underserved communities in Nigeria.

\$450 Mn early bond redemption

- On July 8, 2022, Airtel Africa announced the settlement of a cash tender offer, redeeming \$450 Mn of the \$1 Bn of 5.35% guaranteed senior notes due 2024 (Notes). An aggregate principal amount of \$450 Mn of notes was accepted for purchase for a total of \$463 Mn. All Notes accepted for purchase were cancelled ahead of their maturity in May 2024. This early redemption was made out of the Group's cash reserves and is in line with the strategy of reducing external foreign currency debt at a Group level.

South Asia

Overview

Full-year revenue of South Asia was at ₹2,944 Mn as compared to ₹3,869 Mn in the previous year. EBIT losses for the year were reported at ₹1,782 Mn as compared to a loss of ₹2,422 Mn in the previous year. Capex for the year was ₹979 Mn as compared to ₹3,292 Mn in the previous year.

Particulars	FY 2022-23 ₹ Mn	FY 2021-22 ₹ Mn	Y-o-Y Growth %
Gross Revenues	2,944	3,869	-24.0
EBIT	(1,782)	(2,422)	26.0

Management Discussion & Analysis

Share of Associates/Joint Ventures



Airtel Payments Bank Limited

Airtel Payments Bank Limited became an associate of Bharti Airtel Limited w.e.f. November 1, 2018. Key operational and financial performance:

Airtel Payments Bank Limited	Unit	Quarter ended			
		March 2023	December 2022	September 2022	June 2022
Operational Performance					
Monthly Transacting Users (MTU)	000's	54,702	47,790	50,072	44,414
Total Customers	000's	163,690	156,788	151,385	139,191
GMV	₹ Mn	579,556	500,065	502,037	433,872
Financial Highlights					
Total revenues	₹ Mn	3,790	3,189	3,083	2,848
EBITDA	₹ Mn	333	189	146	119
EBITDA / Total revenues	%	8.8	5.9	4.7	4.2
Net Income (Proportionate share of Airtel)	₹ Mn	84	35	21	15



Robi Axiata Limited

Robi Axiata Limited is a joint venture between Axiata Group Berhad of Malaysia and Bharti Airtel Limited. Key operational and financial performance:

Robi Axiata Limited	Unit	Quarter ended			
		March 2023	December 2022	September 2022	June 2022
Operational Performance					
Customer Base	000's	55,572	54,404	54,361	54,530
Data Customer as % of customer base	%	75.8	75.5	75.5	74.2
ARPU	BDT	138	133	129	124
Financial Highlights					
Total revenues	₹ Mn	18,214	17,992	18,429	18,449
EBITDA	₹ Mn	8,158	8,511	8,096	8,474
EBITDA / Total revenues	%	44.8	47.3	43.9	45.9
Net Income (proportionate share of Airtel)	₹ Mn	92	283	69	-30



Indus Towers Limited

Bharti Airtel holds a 47.95% stake in Indus Towers Limited Key operational and financial performance:

Indus Towers Limited	Unit	Quarter ended			
		March 2023	December 2022	September 2022	June 2022
Operational Performance					
Total Towers	Nos	192,874	189,392	187,926	186,474
Total Co-locations	Nos	342,831	339,435	338,128	336,382
Average Sharing Factor	Times	1.78	1.80	1.80	1.81
Financial Highlights					
Total revenues	₹ Mn	67,529	67,650	79,666	68,973
EBITDA	₹ Mn	34,466	11,858	28,124	23,222
EBITDA/Total revenues	%	51.0	17.5	35.3	33.7
Net Income (Proportionate Share of Airtel)	₹ Mn	6,709	(3,396)	4,180	2,236



Management Discussion & Analysis

SCOT Analysis

Strengths

- **Dominant player:** Among the leading telecom players in India and among Top 3 globally in terms of consolidated mobile connections; holding leadership position (#1 and #2) in 13 out of 14 African countries.
- **Premium brand:** Leading and well-known recognised brand across the geographies the Company operates in, with the ability to drive segmentation and premiumisation.
- **Full gamut of services:** Serving in multiple segments including mobile services, home broadband, digital TV, enterprise business, digital services and mobile money which caters to 500 million+ customers across 17 countries. In India, the company has 200 million+ MAUs on digital assets and ~55 million MTU in Airtel Payments Bank. Mobile Money in Africa recorded customer base of 31.5 million as of FY 2022-23.
- **Suite of digital offerings:** Industry-leading digital services comprising Wynk Music, Airtel IQ, Airtel Ads, Airtel Financial Services, Airtel Payments Bank, Nxtra Data Center.
- **Convergence play:** Service provider with the potential to offer a full range of bundled services to high-value homes: mobile, fixed voice, broadband, OTT and DTH.
- **Future-ready network:** Future-proof and 5G network. The digital infrastructure built over the years is now getting enhanced with One Airtel transport strategy to leverage it across the business and drive efficiency. Rated for the best quality of experience while streaming videos, playing multiplayer mobile games and using OTT voice services on mobile voice apps with 5G (Opensignal Mobile Network Experience Report dated April 2023).
- **Robust partnerships:** Leveraging the Airtel platform to deliver an array of consumer and enterprise services by developing strategic partnerships with several companies across the globe.
- **Omnichannel capabilities:** Redefined organisation structure with a Mass Retail channel, D2C channel, Digital channel, Home Delivery organisation and B2B channel which helped in unlocking its omni-channel presence.
- **Strong balance sheet:** The Company is generating strong operating free cashflow amid accelerated 5G and rural rollout. Crisil affirmed the long term credit rating at AA+ (Stable).

Challenges

- **Operation integration:** Consolidating operations and making use of a common platform across geographically and demographically diverse regions such as India, South Asia and Africa.
- **Supply chain and cost inflation:** Global supply chain shocks and cost inflation are detrimental for the business as it delays network rollout and impacts cash flows, given the limitations to passing it on to consumers.
- **Low return ratios:** Return ratios continue to be a challenge for the industry given depressed ARPUs at the industry level.

Threats

- **Heightened competition:** Increased price competition or entry of potential disruptive players where the Company operates can be detrimental.
- **Regulatory framework:** Change in regulatory policies adversely impacting operations. Any political instability and economic uncertainties resulting in unfavourable decisions impacting business.
- **Currency exposures:** Global macroeconomic uncertainties, global trade tensions and commodity headwinds can lead to sharp currency movements for developing economies.
- **Pandemic/Disaster/War:** Any pandemic or natural disaster like the COVID-19 health crisis or war-related disturbances in the geographies the Company runs operations.

Opportunities

- **Industry structure:** Favourable prospects in the industry relook driven by consolidation and tariff revision.
- **ARPU improvement:** India's ARPU remains among the lowest in the world due to the intense competition in the past with the entry of new players. Potential tariff hikes going forward can translate into substantial improvement in return ratios for the industry and create shareholders value.
- **Postpaid penetration opportunity:** Post-paid continues to be a massive opportunity with only ~4% share of total mobile customer base in India. Bundling and converged offerings play a critical role to attract high quality consumers.
- **Smartphone Penetration:** India still has large opportunity arising from feature phone users upgrading to smartphones, resulting in incremental revenue potential.
- **Home broadband landscape:** Wired broadband provides immense growth opportunities with rising data needs, concurrent device usage and under-penetration. India is one of the lowest-penetrated markets among the peers.
- **B2B – Moving from connectivity to products and solutions:** Expanding portfolio of solutions and investing in adjacent revenue streams to future-proof growth. Incremental industry growth is emerging from the solutions, services, and adjacent streams. Renewed focus on GTM re-tooling will provide better inroads with existing and new customers.
- **Leveraging digital capabilities:** Over the years, Airtel has built a large suite of digital offerings and it continues to grow. Along with the existing ecosystem of services including Adtech, CPaaS, entertainment, music, digital marketplace, and Payments Bank. In FY 2022-23, under its financial services portfolio, the company launched a co-branded credit card in partnership with Axis Bank.



Management Discussion & Analysis

Material developments in HR

Sectors across the board in India saw a surge in the pace of technological developments this year. For Airtel, be it the rollout of 5G or uptick in cloud solutions, or solving the need for data centers, the velocity of innovation and change was at its peak. Uncertainty also plagued the talent market in India, which was highly competitive in the first half of the year but severely restrained in the second half. The human resources team played a pivotal role in bracing the organisation for this variability by institutionalising sustainable solutions across the employee lifecycle.

To be nimble with the increasing complexity of technological delivery, building a reusable, configurable core was essential. This would also be key to ensuring consistent experience on all our digital channels. To deliver this, we reorganised our teams to key platform charters, each of which focused on a stream to provide the best-in-class customer experience.

Airtel has surpassed 10 million unique customers on its 5G network. In lieu of the 5G rollout, we adopted a hybrid strategy concentrating on hiring new talent as well as upskilling our existing talent through programmes like the 5G Academy and IP (Internet Protocol) Academy.

The training curriculum covers fundamentals of IP (Internet Protocol), Cisco Certified Network Associate (CCNA), Cisco Certified Network Professional (CCNP) & Cisco Certified Internetwork Expert (CCIE) certifications. As we step into the next year, the 5G rollout will grow stronger and the need for 5G tech capabilities will continue to be a key area of delivery.

Customer obsession is at the heart of innovation at Airtel. To unlock the power of customer experience, our talent strategy in the year has focused disproportionately on cross-functional breadth of experiences. With an increasingly omni-channel customer, it is critical for us to build talent who understand nuances across products, businesses, channels and geographies. An internal talent marketplace was set up to foster interdisciplinary experiences followed by opportunities for learning, job shadowing and cross-functional movement. Careers and building leadership capabilities will continue to be a key focus area going into the next year with personalised career journeys.

All this work comes with a bedrock of delivering superior employee experience through holistic policies, intuitive processes, and a diverse and inclusive environment.



Internal control

- The Company's philosophy towards internal controls is based on the principle of healthy growth and proactive approach to risk management. Aligned with this philosophy, the Company has deployed a robust framework of internal controls that facilitates efficient conduct of business operations in compliance with the Company policy; fair presentation of Airtel's financial results in a manner that is complete, reliable and understandable; ensures adherence to regulatory and statutory compliances that safeguard investor interest by ensuring the highest level of governance. The Internal Control framework has been set up across the Company and is followed at the circle and country levels. This framework is assessed periodically, and the performance of circles and countries is measured via objective metrics and defined scorecards.
- Accounting hygiene and audit scores are driven centrally through the central financial reporting team and Airtel Centre of Excellence (ACE), both teams being responsible for the accuracy of books of accounts, preparation of financial statements and reporting the same as per the Company's accounting policies. Regulatory and legal requirements, accounting standards, and other pronouncements are evaluated regularly to assess applicability and impact on financial reporting. The relevant financial reporting requirements, documented in the Group Accounting Manuals, are communicated to relevant units and enforced throughout the Group. This, together with the financial reporting calendar evidencing the tasks and timelines, forms the basis of the financial reporting process.
- Deloitte Haskins & Sells LLP, the Statutory Auditors, have done an independent evaluation of key internal controls over financial reporting (ICOFR) and expressed an unqualified opinion stating that the Company has, in all material respects, adequate ICOFR and such ICOFR was operating effectively as on March 31, 2023.
- The Company has in place an Internal Assurance (IA) function headed by the Chief Internal Auditor. EY and ANB & Co (ANB) are the Internal Assurance Partners of the Company and conduct financial, compliance and process improvement audits on a periodic basis. The internal assurance plan for the year is derived from a bottoms-up risk assessment and directional inputs from the Audit

Committee. The Audit Committee oversees the scope and coverage of the IA plan and evaluates the overall results of these audits during the quarterly Audit Committee meetings. Additionally, separate quarterly Audit Committee meetings if required are also held to review the progress made on previous gaps identified by Internal Assurance. During these meetings, functional Directors are invited from time to time to provide updates on improvements in controls and compliance within their respective functions and updates on the progress of any transformational projects undertaken. Internal Assurance also assesses the effectiveness of Internal Financial Controls (IFC). It assured that no material weaknesses in the design or operation were observed for the current financial year.

- A CEO and CFO Certificate, forming part of the Corporate Governance Report, confirms the existence and effectiveness of internal controls and reiterate their responsibilities to report deficiencies to the Audit Committee and rectify the same. The Company's Code of Conduct requires adherence to the applicable laws and Company's policies and also covers matters such as financial integrity, avoiding conflicts of interest, workplace behaviour, dealings with external parties and responsibilities to the community.
- The Airtel Centre of Excellence (ACE), based in Gurugram, Bengaluru and Chennai, is the captive shared service for financial accounting. Digitisation of ACE is being aimed as a part of the transformation agenda and includes initiatives such as system-based reconciliation, and reporting processes with vividly defined segregation of duties. The Company operates on a single instance of Oracle across all operating units, which ensures uniformity and standardisation in ERP configurations, charts of accounts and finance processes across countries. The Company continuously examines its governance practices to enhance investor trust. Initiatives such as a virtual desktop interface for ultimate data security, self-validation checks, desktop reviews and regular physical verification are producing measurable outcomes through substantial improvement in control scores across India and Africa. Oracle Governance Risk & Compliance (GRC) module has been implemented for India and Africa to strengthen existing controls pertaining to access rights for various ERPs, ensuring segregation of duties and preventing possibilities of access conflicts.

Risk and Mitigation Framework

Bharti Airtel has achieved global success through a culture of innovation and high performance. As we explore new markets, embrace emerging technologies, forge strategic partnerships, and introduce innovative products, we recognise the accompanying risks and uncertainties. At Airtel, our Board and leadership team proactively addresses potential disruptions to ensure smooth business operations. Our robust risk management framework encompasses strategic, legal, financial, operational, and climatic risks. We employ a rigorous process to identify critical risks across the organisation and develop relevant action plans for mitigation, fostering a reliable and secure business environment.

Responsibility and accountability

- **Board of Directors** – An annual evaluation of the Company's risk management framework is conducted by the Board of Directors along with periodic evaluation and assessment by the Risk Management Committee. The Risk Management Committee formulates a detailed risk management policy and monitors the implementation of the same. The Chief Risk Officer works closely with the Risk Management Committee on an independent basis and conducts a complete review of the risk assessments and associated management action plans. The Board of Directors is the apex body that reviews critical risks and deliberates and approves action plans which can effectively mitigate those risks.
- **Airtel's Management** – The CEOs of Airtel businesses in India, South Asia (AMB) are responsible for managing the strategic risks that may impact their operations. These risks are generally identified by their Circle teams, the national level leadership and teams from the international

operating companies. The management team draws on internal audit reports for the identification of risks and scans internal and external environments to ascertain developments that could pose material risks for the Company. Internal audit reports are also considered for the identification of key risks.

- **Operational Teams** – The Executive Committees (EC) of Circles in India and operating companies from international operations manage risks at the ground level. The EC has local representation from all functions, including central functions like Finance, SCM, Legal & Regulatory and customer-facing functions, such as Customer Service, Sales & Distribution and Networks. It is the responsibility of the Circle CEO or Country Managing Director to engage functions and partners to manage the risks. They are also responsible for the identification of risks and escalating them to the central teams for agreement on mitigation plans.

Risk identification process

- a. Scanning the entire business environment - internal and external, for identifying potential risks.
- b. Classifying the various risks in terms of probability, impact and nature.
- c. Developing objective measurement methodology for such risks.
- d. Fixing accountability of people and positions to implement the mitigating action plans.
- e. Agreeing on detailed action plans to manage key risks.
- f. Listing and prioritising the key risks to be addressed and managed.
- g. Approving resources, including budgets for risk management.
- h. Reviewing the progress of action plans, taking stock of gross and net exposures and mandating corrective actions.
- i. Reporting progress to the Board and Risk Management Committee.
- j. Reporting on specific issues to the Risk Management Committee.

The key risks that may impact the Company are:

Potential risks	Risk definition
1. Regulatory and Political Uncertainties	The macro-environment in India, Sri Lanka, and 14 African countries is marked by volatility, uncertainty, and geopolitical tensions.
2. Economic Uncertainties	Business operations in our countries of operations may be affected by economic instability, which can be attributed to factors such as inflation, interest rates, capital controls, and currency fluctuations.
3. Poor quality of networks and information technology including redundancies and disaster recoveries	Network infrastructure costs are susceptible to risks arising from technical failures, human errors, and natural disasters. Additionally, the ever-evolving IT landscape necessitates continuous technology upgrades.
4. Fiercely competitive battleground	The business faces the possibility of unprecedented disruption and unfair pricing, which could result in increased competition and a decline in revenue along with customer attrition. Furthermore, evolving customer expectations concerning quality, variety, features, and pricing pose a significant threat to the long-term sustainability of the business.
5. Data Loss Prevention	The risk of data loss may result in the inadvertent exposure of confidential information on all endpoint devices.
6. Increase in cost structures ahead of revenues thereby impacting liquidity	The business may experience an increase in operating expenses due to factors such as new site rollouts and capacity expansion. Additionally, rate increases caused by inflation, foreign exchange impacts, wage hikes, energy costs, and other factors could also contribute to higher expenses.
7. Inability to provide high quality network experience with exponential growth in data demand	Telecom companies must invest in innovation to align with the evolving industrial landscape. This is crucial to deliver a high-quality customer experience and meet the rising demand for stronger and more reliable network connectivity.
8. Gaps in internal controls	Failure to maintain adequate internal controls and process compliances can result in wastages, fraud, and financial losses. Moreover, it has the potential to negatively affect the reputation of the Airtel brand.
9. Lack of Digitisation and Innovations	The rapid evolution of technology can influence business functionality and potentially cause a slowdown in operations.
10. Climate Change	The escalating carbon footprint poses a significant concern that raises questions about the long-term credibility and sustainability of the business.

Risk and mitigation framework

At Bharti Airtel, we have achieved global success by fostering a culture of innovation and high performance. Our Company continually explores new markets and business models worldwide, seeking fresh ways to engage with customers and stakeholders. We establish strategic partnerships, embrace new technologies, and enhance efficiencies in existing systems to unlock a wealth of possibilities. However, we also recognise that such endeavors come with potential risks and uncertainties in the ever-changing business landscape. It is essential to swiftly identify and address any distress signals to ensure smooth operations. To mitigate these risks, we have developed a robust risk management framework that covers strategic, legal, financial, operational, and climatic risks in our operating landscape. This framework enables us to handle challenges with urgency, safeguarding our business and ensuring its sustained growth.

► Read more on detailed definitions and mitigation actions on [Page 52](#) of the Risk Management chapter in the Integrated Report.