

From the MD and CEO's Desk

Taking strides aligned with our strategies



Dear Shareholders,

If you look back, the reputation of our industry has been built on the back of the billions of dollars invested to create a digital backbone, that has enabled the country to stay connected. Airtel alone has invested USD 50 Bn+. 99 percent of India is now covered with high speed 4G networks. Whole industries have been built on the back of 4G—be it ride sharing, food delivery, e-commerce, video streaming, payments, all of them.

5G will change all of this yet again. 5G is indeed a supercomputer connected to the cloud, and will drive a plethora of use cases and business models. This will involve massive IoT deployments, synced with computing power at the edge, with applications riding on top to create tangible business benefits. All of this will be enabled by the high speed, low latency connectivity which 5G provides. Studies indicate 5G can boost the GDP by up to 2%. India is already seeing among the fastest deployments of 5G the world has seen. We already have 97 million mobile phones which are 5G enabled—this will grow manifold, to 500 million within next four years.

At Airtel, we have made the bold choice of going with Non-Standalone technology for 5G (vs Standalone). This helped us avoid the expensive 700 MHz spectrum, and is working well in terms of customer experience. We are already present in 3,500+ cities and towns, and we are targeting to cover all urban areas and some key villages with 5G by March 2024. We are also working with our ecosystem partners to bring new 5G use cases to enterprise customers.

As we look ahead, our strategy remains simple and consistent. Focus on winning quality customers and be obsessed about improving customer experience. Underpinning this are our core enablers. Bring the power of Airtel through a unified view of the customer, backed by an integrated channel approach. Accelerate our digital capabilities to drive velocity and agility in our operations and build new digital services revenue streams. Do this with extreme financial prudence, while waging a war on waste.

This strategy has continued to deliver results for us. I have captured some highlights below.

Quality Customers

We continued to maintain our focus on acquiring and retaining quality customers. We added 23.3 million 4G customers to our network. We enjoy a premium position in the industry and increased our ARPU to ₹193 in Q4 FY 2022-23, which was the highest in the industry. A key priority for us is to expand our footprint in rural areas where we are not present.

On Broadband, we continued to gain momentum and delivered our highest ever net adds of 1.6 million. On DTH, we gained market share despite broader industry softness.

I have always said that B2B is the jewel in our portfolio. In FY 2022-23, we drove market share growth and continued to be the trusted partner of choice for both Large Enterprises as well as emerging businesses. Importantly, the new digital products we have bet on—Cloud, IoT, CPaaS, Security—saw significant growth.

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We expanded our network coverage and capacity by adding 37,492 sites and 7.9 million fiber home passes to elevate the customer experience.

Brilliant Customer Experience

Delivering exceptional experience continues to be the cornerstone of our strategy. We initiated a radical reset on our delivered experience by undertaking actions to fix problems structurally across the Search-Discover-Purchase-Onboard-Experience-Refer flywheel.

First, we launched major initiatives to elevate our network experience. For example, we identified 3,000 high priority geographic catchments to dramatically improve our mobile network experience. Similarly, in Broadband, we defined fundamental network design changes, including reducing the length of the wire from the pole to the customer's house, since longer wires are more prone to faults. Second, we started revamping customer journeys across our channels to be more intuitive. Further, we expanded our network coverage and capacity by adding 37,492 sites and 7.9 million Fiber home passes to elevate the customer experience.

Accelerate Digital

Airtel has built a strong digital foundation over the years. We have a three layered business model. The first layer is our Digital infrastructure. This is the highway that drives much of India's economic and digital activity. The second layer is our Digital experience, which sits above Digital infrastructure. The third layer, sitting atop our Digital experience, is our Digital services. These include our Digital Business such as Airtel Finance, Wynk (music streaming), Nextra (Data Centers), Airtel IQ (CPaaS business), Airtel Payments Bank and Airtel Ads.

A major thrust for us this year is to move from a product-based approach to a platform-based approach across our digital experience layer. As part of this, we are developing four key platforms: Buy – ability to buy any product on any channel with consistent experience; Bill – simple, converged bill across Airtel services; Pay – for any service on any channel in an intuitive manner; and Serve – raise a complaint and get resolution for any product on any channel. These platforms will help improve customer experience across the entire customer flywheel of Search-to-Refer, as well as velocity across our business.

War on Waste

This year saw continued pressures on cost. We continued our War on Waste and relooked at every cost to manage these headwinds. For example, a major area where we realised savings was on network cost where we reviewed each and every site to identify pockets of savings, be it from usage of alternate power sources like solar, asset optimisation or commercial renegotiation with our partners. Such initiatives enabled us to continue delivering improved margins and gave us more operating leverage.

ESG

We are deeply conscious of our responsibility to the environment and our obligation to the society at large. Our Board appointed ESG Committee as well as a management council that drives our ESG initiatives have been driving the agenda with vigour. The reduction of carbon foot print is now deeply embedded across both Nextra as well as our wireless networks with a number of initiatives underway. For example, we are ramping up solarisation of our mobile network sites. We continue working towards our plans of making Nextra fully green. We have a strong safety and diversity agenda for the Company as well. Our Integrated Report spells out our initiatives for environment sustainability and community development. Our efforts are being recognised as well, for example, we won the 'ICSI National Award for Excellence in Corporate Governance, 2022', presented by the Institute of Company Secretaries of India. Our ESG ratings from CDP and MSCI agencies have improved as well.

In closing, I would like to thank our customers, our people, our partners and our shareholders for their support and faith in us. We seek your continued support in our journey.

Gopal Vittal
Managing Director and CEO