



Bharti Hexacom Limited
Transcript of 29th Annual General Meeting
Friday, August 30, 2024 from IST 3.30 P.M. to IST 5.00 P.M.

Ms. Richa Gupta Rohatgi – Company Secretary and Compliance Officer, Bharti Hexacom Limited:

Good afternoon, ladies and gentlemen, I welcome you all to the 29th Annual General Meeting of Bharti Hexacom Limited being held through video conferencing.

Requisite quorum being present this meeting is called to order.

Statutory registers and other documents are open for inspection electronically. With the permission of members - the notice, board's report and auditors' report are taken as read.

I now hand over the proceedings to the Chairman, J.S. Deepak.

Mr. Jagdish Sakena Deepak – Chairman, Bharti Hexacom Limited:

It is my pleasure to welcome all shareholders to the 29th Annual General Meeting of Bharti Hexacom Limited.

I am pleased to inform that all the members of the board of directors of the company are present in this meeting.

Ashok Tyagi is an Independent Director and serves as the Chairman of the Audit Committee. He is a seasoned professional in the field of corporate law and governance.

Arvind Kohli is an Independent Director and is the Chairman of the Nomination and Remuneration Committee. He is a member of Indian Council of Arbitration and AIMA with rich experience of about 25 years.

Arun Gupta is an Independent Director and Chairman of the Stakeholders Relationship Committee. He has had an illustrious professional career of more than 22 years in the field of law, regulatory and dispute resolutions.

Devendra Khanna is a Non-Executive Director of the company. He is member of the Institute of Chartered Accountants of India having diversified experience of over 35 years. He also serves as Joint Managing Director of Bharti Enterprises.

Kapal Kumar Mehra **Kapal Kumar Vohra** is an Independent Director on the board of our company. In the past he has served as Executive Director in the Reserve Bank of India and technical member at NCLT and has over 41 years of valuable experience in banking governance and the regulatory space.

Nalina Suresh is an Independent Director. She is an astute HR professional and an executive coach with wide experience of over 25 years.



Soumen Ray is a Non-Executive Director on the board of our company. He is a member of the ICAI with more than 2 decades of experience in financial planning, accounting and the corporate sector. He is the Chief Financial Officer of Bharti Airtel Limited, the parent company.

Akhil Garg, Chief Financial Officer and **Richa Gupta Rohatgi**, Company Secretary and Compliance Officer, are also present here along with the representative of statutory auditors, secretarial auditors and scrutinizer who are also in attendance.

I would like to start by taking you through the various remarkable phases and milestones in the journey of your company. Bharti Hexacom has been engaged in providing telecom services in Rajasthan and all the states in North East India, except Assam, since 1995. It was incorporated in 1995 with the government of India holding 30% equity through its public sector undertaking - TCIL. Bharti Airtel acquired a majority equity stake in the company in 2004. In 2011 your company led the way by launching 3G services in North India beginning from Jaipur. In the last few years Hexacom has been leading the transformation in the telecom landscape in its areas of operation. In 2015 it was the first to launch 4G services in the North East starting in Shillong, thereafter it commenced 4G services in Ajmer in 2016, soon expanding to all of Rajasthan where also it was the pioneer. It started to roll out 5G services in financial year 23 with expansion across Rajasthan and the North East.

This year has been a remarkable one for Bharti Hexacom as on 12th April 2024 it made a stellar market debut by getting successfully listed on the Bombay Stock Exchange and the National Stock Exchange of India through an IPO. This heralded a new phase in its journey. The IPO was also subscribed about 30 times reflecting strong investor confidence and resulting in a significant increase in shareholders from above just 2 to several lakhs. The shares of your company opened at a premium of 32% above the issue price of Rs. 570 on listing, showcasing the strength of the Airtel brand and the confidence of various stakeholders in the potential of the company to be a leader in its areas of operation and in multiplying investor wealth.

The Indian economy which is the fastest growing large economy in the world has displayed remarkable resilience in its global uncertainties bolstered by government investments in key areas like manufacturing, infrastructure and logistics. The telecom sector is the bed-rock of a country's economy. It also enables the realization of the vision of Digital India program by creating digital infrastructure, providing e-services and ensuring empowerment of citizens. Telecom service providers have been playing a pivotal role in India's digital journey transforming sectors such as banking, finance, health care, education and OTT among others. And bringing applications like e-education, telemedicine, e-commerce for buying goods and services online, digital payments and entertainment to the masses. India is moving to become a knowledge economy and Bharti Hexacom is playing its part in making this happen.

Hexacom operates in Rajasthan and the North East and these are vast regions having immense potential for gear growth and for catching up with the rest of the country as both the central and state governments are focusing on improving the infrastructure availability in these regions. This is expected to drive economic growth over the medium to long term.



Rising per capita income also provides a significant opportunity for the telecom industry especially in the underserved rural and semi-urban markets.

Government initiatives like the Universal Service Obligation Fund for creating telecom infrastructure in rural and remote areas, BharatNet the National Optical Fibre Network Project and various power and road projects will support growth in these regions.

Mobile tele-density and fixed line penetration are below the national average in both the North East and Rajasthan. Continued investments in network enhancement and technological upgradation there will enable your company to partake in these growth opportunities.

Bharti Hexacom remains committed to accelerating digital growth having invested over Rs. 20,000 crores in building a vast network in these regions. In many of these areas terrain and topography has come in the way of proliferation of fibre. But with the advent of 5G - fixed wireless access of 5G use cases offers potential expanding internet access in the region.

Coming to the 5G roll out, I am glad to inform that following the launch of 5G services in India in 2022, the financial year 2023-24 was a milestone year for Bharti Hexacom as it delivered coverage of 5G across Rajasthan and North East, offering potential new capabilities and opportunities across various sectors spanning infrastructure business, freight and industry. In financial year 2023-24 your company invested about Rs. 2000 crores in the business one of the highest in its history contributing to the rapid roll out of 5G services and expanding our coverage in rural areas. 5G is now available across both Rajasthan and the North East.

Growing 5G adoption is expected to further drive data consumption with the emergence of use cases enabled by significantly faster speeds and lower latency. 5G handset shipments are growing with the pace of network expansion by telecom service providers but mass adoption of 5G would hinge upon the availability of affordable smart phones.

Your company has a strong spectrum portfolio with a large pool of mid-band spectrum holding in 1800, 2100, 2300 MHz bands which has been a great advantage for us in deploying 5G on a non-standalone architecture. We also have about 25,700 of our own telecom towers which are useful assets and have also facilitated the provision of services. The 5G roll out has not only ushered in a new technology but its deployment was also cost efficient and it provides services with less impact on the environment.

Strong support from Bharti Airtel Limited to Hexacom is something I would like to underline. Your company significantly benefits from the parent company, Bharti Airtel, and its affiliate entities. Some of the advantages include use of the Airtel brand which is a well-recognized brand globally. Your company also leverages digital assets of Airtel to provide state-of-the-art services to customers. This helps enhance operational efficiency and improve customer experience.

Indus Towers, the leading tower company's vast tower infrastructure is also of great help in deployment of the network.



Bharti Hexacom is able to offer customers a converged offering under the Airtel black platform which includes postpaid mobile, Wi-Fi, DTH and OTT driving accelerated revenue growth. Also, your company is led by an experienced management team from the Airtel stable with best-in-class knowledge of strategy and experience of operations and in providing high quality customer experience.

Coming to the operational highlights and ESG related matters, Bharti Hexacom's operations are characterized by smart execution and efficiency. Your company possesses the capacity for achieving a sustained growth momentum and has recorded a lifetime higher revenue market share in both Rajasthan and the North East operating regions in the last financial year.

Key achievements included effective execution that has enabled significant expansion in revenue market share in North East regions for mobile, making us the market leader by a wide margin. In Rajasthan as well our image has substantially improved over the same period.

Your company added a significant number of customers in the last financial year reaching a customer base of almost 28 million. It achieved an ARPU of Rs. 204 an increase of 8% year-to-year. Your company has seen substantial growth in 4G and 5G customer addition with data customers now making up a much larger proportion of the total base.

Over the last 3 years the company has rapidly expanded home broadband offerings to 93 cities from 23 in financial year 20-21. This has been achieved through an innovative partnership with local cable operators across regions.

Bharti Hexacom is deeply conscious of its responsibility to the environment, to its obligation to society at large and the value of good governance. Your company is taking concrete steps to reduce its environmental footprint and implement energy conservation and technology absorption initiatives. 42% of the network sites have been tagged as green sites. It has generated renewable energy of about 6.4 million Killo Watt in the last financial year.

Your company maintains transparency and effective governance fostering a diverse and inclusive workplace while upholding stringent environmental health and safety standards. It has implemented ISO-45001 the standard for occupational health and safety management system and ISO-14001 for environment management system across its operations.

Coming to the financials on the balance sheet: Strong revenue growth and effective operational performance is the result of our simple and clear strategy with a sharp focus on driving operational efficiency. This has resulted in strong operating free cash flows despite it being a year of peak capex due to 5G and rural roll out.

Financial year 24 revenues were Rs. 7088 crores up 8% year to year.

The financial year 24 EBITDA at Rs. 3490 crore was up 21-21% year to year. The EBITDA margin at 49.2% versus 43.9% last year showed an increase of 5.3%.

Strong operating free cash flow generation of Rs. 1467 crores was up 7% from last year.

Bharti Hexacom Limited

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Your company has ended the year with comfortable leverage with net debt to EBITDA of 2.24x versus 2.81x last year.

Buoyed by a strong financial performance the board has recommended a dividend of Rs. 4 per fully paid-up equity share of face value of Rs. 5 each. More details on the financials will be shared by the CFO in this meeting.

To summarize, your company remains committed to simple and clear strategy of providing a bouquet of top quality telecom services and the best consumer experience under the Airtel brand to our ever growing number of customers. This will be made possible by excellent leadership and management team comprising professionals with technical expertise and dedication. We are excited about the opportunities that lie ahead and are optimistic about the potential of your company to deliver many years of achievement, growth and success.

In conclusion, I extend my heartfelt gratitude to all our investors and shareholders for reposing faith in our company. We look forward to a future of transformational growth, steadfast in our commitment to serve our customers and all stakeholders with unwavering dedication.

Thank you all for your attention.

I now request Akhil Garg, our CFO, to brief the members on the company's financial performance during the financial year 23-24.

Mr. Akhil Garg – Chief Financial Officer, Bharti Hexacom Limited:

Thank you, Chairman.

Good afternoon, shareholders.

First of all, I would like to thank each one of you for your support and trust which played a pivotal role in making Bharti Hexacom IPO a tremendous success. Your faith in the company and management has been the cornerstone of this journey. Let me give some details about the company performance for the financial year 23-24.

The company ended the year with 28 million customers which was an addition of 1.6 million customers during the year. During the financial year the company added 2.5 million 4G/5G customers, with this the data customers as a percentage of total customers stands at 72.3 which last year was 67.1%. This is a significant increase over the last 3 years when it used to be 55.6%. Data consumption per customer has reached to a level of 24.5 GB per customer per month, a growth of 9.7% Y-on-Y.

The strategy to premiumize the portfolio by upgrading from 2G to 4G/5G has proven successful resulting in an increase in ARPU by Rs. 15. The ARPU reached by year end of 31st March 2024 at Rs. 204. The company got a strong leadership position in North East with a revenue market share of 54%. In Rajasthan we have a strong number too with a revenue market share of 41%, narrowing the gap with the market leader. These are lifetime high revenue shares in both the circles. Revenue for the company was Rs. 70,888 million which was a growth of 8% versus the previous year.



EBITDA for the year was Rs. 34,905 million with an EBITDA margin as a percentage of revenue at 49.2%. This was driven by operational excellence and optimizing cost through various war-on-waste program.

Operating free cash flow was at Rs. 14,670 million despite higher capex during the year.

Return on capital employed showed a consistent improvement over last 3 years, last year we reported a return on capital employed of 14.1%.

During the year, our company redeemed non-convertible debenture amounting to Rs. 15,000 million.

Net debt to EBITDA is now at a comfortable level of 2.2x versus at 2.28x last year, reflecting a prudent financial management.

Let me now turn and share with you insights about the segmental performance.

On the mobility business: The company ended the year with customer base of 27.34 million of which 19.48 million were smart phone customers, an increase of 14.5 versus the previous year. This led to increase in data consumption by 21.1% making it 4,910 data byte being consumed on our network.

On homes and office business: The company expanded the homes broadband offering to 93 cities versus 87 cities in the previous year. This is a significant increase when we used to provide to 23 cities three years back. The customer base in the homes and offices stands at 3,05,000 versus 2,19,000 in the previous year. The company continues to enhance its network coverage across the regions it operates. It now covers 96.2% of the population. The ongoing investments in the network infrastructure ensures a superior customer experience. Over the last 3 years the number of network towers has increased from 17,200 to 25,700. Similarly, the number of mobile broadband stations have grown from 56,500 to 79,800. The company is committed to expand the network coverage in rural areas aiming to drive digital inclusion and bring benefits of connectivity to underserved communities and enriching their lives.

The company holds a strong spectrum portfolio of 2010 MHz which is a with substantial holding in the mid-band spectrum which includes 1800, 2100 and 2300 MHz bands positioning the company well for the future growth.

The company maintains an extensive sales and distribution network in both urban and rural areas.

An exclusive retail footprint of over 89,000 retain touchpoints and 75 company owned stores gives an ability to the company to offer superior customer experience. This extensive network is a key component of customer acquisition and engagement strategy thus bringing the brand closer to the customer.

As Chairman has mentioned we follow a very simple and clear strategy to win with quality customers, delivering an exceptional experience to them, embedding digital at our core of



whatever we do and eliminating waste while being responsible to the environment and society.

Let me give you an update on these strategies as to where we stand.

On quality customers: In the homes business we are focusing on expansion and convergence. These services are now available in 93 towns with both wide and wireless 5G home access. On postpaid our postpaid base has increased by 20% versus the last year, and the postpaid base now stands at 0.86 million.

War-on-waste: The company has been actively implementing prudent cost optimization measures to enhance our margins. The war-on-waste program is focused on eliminating unnecessary expenditures through multiple initiatives which includes use of digital tools and regularly revisiting and assessing the cost structures. We also have an initiative that focus to make our network more environmental friendly. I am happy to report 42% of our network sites are now tagged as green. War-on-waste is an ongoing effort with a strong focus on simplification, improved efficiency, high productivity and structured collaboration with the partners. To give you an example each of our network site is thoroughly evaluated for its cost to evaluate the cost optimization opportunities. As a result, despite adding 5G sites the company has managed to bring the operating cost of sites down in a consecutive year second year thus achieving the lowest level of cost per site.

To sum it all, it was a year of satisfactory performance and your company has achieved lifetime high revenue market shares in both the circles. The margin continues to expand, generating a high operating cash flow and your company is well positioned to capitalize on the exciting opportunities in the future.

Thank you and over to Richa.

Ms. Richa Gupta Rohatgi – Company Secretary and Compliance Officer, Bharti Hexacom Limited:

Thanks, Akhil, for the key highlights.

On behalf of the Chairman, I now announce opening of Q&A floor for speaker members to enable them to ask key questions or express their views. Before we go live, please note some important points for you. For your convenience the moderator will facilitate the Q&A session. Kindly mention your name and location. The members will have maximum two minutes each to present their views and ask questions, therefore members are requested to keep their questions brief and specific. All the questions will be answered in the end. I now request the moderator to commence the Q&A session.

Q&A Session:

Moderator:

Thank you, ma'am.



Dear members, our Chairman will now take questions from those who have pre-registered as speakers during the AGM. Kindly unmute your microphone, switch your camera on and speak. With this we now invite our first speaker, Mr. Santosh Kumar Saraf to speak. Sir, we have placed you in the meeting, kindly unmute your microphone and speak.

Mr. Santosh Kumar Saraf – Shareholder:

Maananiya sabhapatiji, upasthit nirdeshak mandali or sadasya gan, adhikari gan, karamchari gan, main Santosh Kumar Saraf, Kolkata se aap sabhi ko Ram Ram kehta hoon. Asha karta hoon aap sab log iss samay ache swasth mein honge.

Main unn 400 plus karamchari ka aabhaar prakat karta hoon jinki kadi mehnat ka fal se aaj hamari company itna acha result kar rahi hai. Un karamchaari ke saath saath unki family aur aapki family ka bhi aabhaar prakat karta hoon joh backbone ke roop mein sadaa aap log ke saath khadi reheti hai jis se poori khsamta se humko kaam milta hai. Sir, main management ko dhanyavaad deta hoon 4 rupye dividend diye, kaafi acha dividend diya hai, sir, iss varsh mein, bahut acha dividend diya hai, sir.

Lekin iss saal main dekh raha tha profit kuch kum hui hai, usko reason kya hai, yeh bataane ka kasht karenge toh acha hoga. Aur, sir, jyada kuch aapne apne bakhte mein kaafi kuch bataaya, sir, isliye kya poochoon. Lekin kya sir, joh hamari offices hain voh kitni apni khud ki offices hai, apni owner aur khud mein apne rented, owner offices apni khud ki hai wahan apna rooftop pe kya solar aadi ki vyavastha ki ho, uske baare mein bataane ka chesta kijiye.

Sir, 2001 se kuch dispute cases pade huye hain, uske baare mein kya kadam uthaaye bataaiye, sir. Sir, aapne jis hissaab se jyada prashna toh main nahi pooch sakta, lekin ek do prashna aur karunga.

Ki hamare joh tower aadi jahan lage huye hain vahan energy audit karwaate hain kya, ke faaltu kharcha ho raha hain. Aur, sir, aaj kal fire and safety ke baare mein bahut sachit rehna chahiye. Badi badi hospital mein bhi short circuit ke name pe aag lag jaati hai, sir. Toh hum bhi uske baare mein kya kadam uthaa rahe hain, kya iske liye hum half yearly audit karwaate hain, yearly toh karwaate hain, half yearly karwaate hain toh kaafi acha rahega.

CSR mein aap kaafi kharcha karte hain, main chahunga uski bhi audit ki jaaye.

Yeh aaj kal fake agency bahut aa gayi hai, uske bhi details dijiye, sir.

Sir, carbon emission ke liye kya kadam uthaya hai yeh bhi bataane ka kasht kariyega. Yeh saal kitna carbon emission aapne reduce kiya hai aur zero-carbon kab tak aa rahe hai bataane ka kasht kariye, sir.

Sir, hamari ESG kaafi achi hai, rating karwaaya hain, iss rating agency ka bataane ka kasht kariye, sir. Aur isko kisi dedicated platform par listed kiya hai toh batane ka kasht kijiye, sir.

Sir, last mein main kuch nahi ek cheez aap se jaan na chahunga, main ne registration kiya Kfintech pe apne ke hisaab se. Wahan ke moderator, Mr. Bhaskar, Ranjita aur Praveen Kumar ko phone kiya uske baad mera registration hua, sir. Lekin platform acha hai, kya karan se itni takleef hui. Main chahunga ke jab bhi kabhi speaker registered ho, uske pehle account update



ho jaane chahiye jis se ki hum jaise insaan ko trouble nahi ho. Aur sir, last mein yeh kahunga ke BCB kfin wala acha karte hain, lekin registration mein takleef hoti hai, all over unki services achi hai, dhyan rakhiye kyunki wahan par ache ache moderator Bhaskar, Ranjita aur Praveen Kumar hai, Multi TV waale bhi kaafi ache hai, inko jitna experience nahi hai.

Last mein aap jitne bhi hamare directors hain, jitne main English mein bolta hoon, sir, Hindi mein mujhe poora - Sir, I pray to God that all directors, employees and workers of our company and their family members always remain happy and healthy. Sir, wish them all the best, not only for all upcoming festivals this year but also the upcoming festivals for next year.

Richa madam, aapka bhi aabhaar pratat karta hoon, kabhi phone kar liya kariye, acha lagta hain, Bhagwan aapko lambi umar de, dhanyawaad. Ram Ram.

Moderator:

Thank you so much, sir.

We now invite our second speaker, Mr. Aloysius Peter Mascarenhas to speak. Sir, we have placed you in the meeting, kindly unmute your microphone, switch your camera on and speak.

Mr. Aloysius Mascarenhas – Shareholder:

Hello. Can I speak, sir?

Moderator:

Yes, sir.

Mr. Aloysius Mascarenhas – Shareholder:

Can I speak, sir? Am I audible?

Moderator:

Yes, you are.

Mr. Aloysius Mascarenhas – Shareholder:

Yeah, Respected Chairman sir, very distinguished members of the board and my fellow shareholders, good evening to all, my name is Aloysius Mascarenhas.

At the outset I thank the management, company secretary and the team for sending me e-balance sheet which I received on time. It is full of information and adhering to all the parameters required for a good corporate governance. Our results are good as shown facts and figures in the annual report.

Now we are doing very well, we are doing very well in two states, that is Rajasthan and some other state, and North East. Why only these two states been selected and what are our plans



going forward with other states? and I would like to know who are our main competitors, players and competitors and our market share.

Rest I don't want to ask any more questions, there are many others who would like to ask you pertinent questions, so I leave the stage, podium to you and to other shareholders to ask their questions.

So, thank you very much for patient hearing. We are in the midst of festive season, I wish each one of you all a very happy festive season. With this thank you very much for patient hearing.

Ms. C.E. Mascarenhas – Shareholder:

Hello. I am the next speaker, Mrs. C.E. Masarenhas. Hello? Hello? Can I speak?

Moderator:

Yes, ma'am, please proceed.

Ms. C.E. Mascarenhas – Shareholder:

Thank you.

Respected Chairman, other members of the board, my dear fellow shareholders, I am Mrs. C.E. Mascarenhas speaking from Mumbai. I thank the company secretary for sending me an e-annual report and also registering me as a speaker at my request. But here I would request you to send me a physical copy because I find it difficult to read online.

Anyway, Our annual report is full of facts and figures and at the same time adhering to all the norms of corporate governance.

Now I wanted to know, of course, I am very happy our company got listed about 2-3 months back, and it was oversubscribed 30 times and premium of 32% up on the very first/immediate. So, it has really multiplied investors wealth. So, Of course, I didn't get in allotment at all but people those who got they were really lucky.

Now, I come to the queries. We are operating only in Rajasthan and Northeast zone, especially Shillong, where 5G services are available. Telecom is the main backbone of the nation. Before that, before we listed for how long we are in this zone? I would like to know because we might be in this zone earlier also. And why Bharti Airtel is not in this zone? Means I am still a little confused. So, I mean, could you clear for my understanding? And are we a lot in the rural area in the Northeast? How much of CapEx requirement will be required for the next three years? Why have we restricted our operations only Rajasthan and Northeast? Or later you will go in other areas? Now, who is the main competitor in those areas? How much of amount we have invested in cybersecurity? Rest, future roadmap for the next 5 years? Which vertical the growth, will be the growth engine according to the Board?

And, of course, lastly, I support all the resolutions. I wish my company all the best. I wish you all specially good health as health is wealth and may our company prosper from heights to



height. And this being the first shareholder meeting, supposing it was a physical meeting there would have been some sort of rejoicement. So, as that you can send some token to us being the first AGM. Normally, Usually first AGM always there is a celebration, even in the stock, I mean, on the BSE when you strike that there is a celebration in the BSE or NSE, I don't know where function was made. So, now initial shareholders you can give some sort of memento or something like, so that it will be a memorable. This is what by listing we are and future also the growth will come like anything. With this, thank you very much. God bless our company. May it prosper strength to strength. Thank you once again. Namaskar.

Moderator:

Thank you, Ma'am. Putting on record that speaker shareholders Mr. Yashpal Chopra and Pramod Kumar Jain have not logged into the meeting. So, we now invite speaker shareholder number 5, Mr. Vijay Jalan, to speak. Sir, we have placed you in the meeting, kindly unmute your microphone and speak.

Mr. Vijay Jalan – Shareholder:

Yeah. Hello, everyone. Am I audible? Good afternoon. First of all, congratulations for your bumper listing of Bharti Hexacom. We are one of the allottees that gained from this listing.

Now, proceeding to the questions. I have few questions related to the CapEx. So, first of all, I would like to know what factors have contributed to the significant capital expenditure this year? How much proportion of such capital expenditure has led to 5G? And can you please also provide some insights on how 5G monetization is being approached? Yeah, that's all the questions from my side.

Moderator:

Thank you, Sir. We now invite our next speaker, Mr. Ankur Chanda, to speak. Sir, we have placed you in the meeting, kindly unmute your microphone, switch your camera on and speak.

Mr. Ankur Chanda – Shareholder:

Sir am I audible?

Moderator:

Yes sir, please proceed.

Mr. Ankur Chanda – Shareholder:

Ok ok, Good afternoon to everyone. Sir, I just want to say that our corporate governance is too good. Basically waise toh koi dikkat nahi hai, Sir. Aur baaki apne group, Airtel Group,



Bharti Group, jo hai bahut pehle bhi achcha return deta aaya hai aur umeed karte hain Hexacom bhi humein achchi return dega. Baaki, ek main chhota sa question phir bhi poochna chahunga, is there any effect of geopolitical issues on our company? Negative yaan positive jo bhi hai, thoda sa bataiyega iss baare mein. Bas main yahi jaan-na chahata tha. Dhanyavaad. Baaki, secretarial team toh badhiya kaam kar hi rahi hai, koi dikkat nahi hai. Dhanyavaad, Sir.

Moderator:

Thank you, Sir. Chairman Sir, our next speaker, Mr. Charanjit Kuar Dang, has not logged into the meeting, so we're now inviting Praveen Kumar to speak. Sir, we have placed you in the meeting.

Mr. Praveen Kumar – Shareholder:

A very, very good afternoon to my respected Chairperson, esteem Board of Directors, my fellow shareholders, myself Praveen Kumar joining this meeting from New Delhi. I have few observation which I'd love to share with the entire house. But before that, in this financial year after listing this is our first AGM, so I wish the entire management team, each and every dedicated employee a happy, healthy and prosperous future.

Coming down to my observations. Thank you, respected Chairperson. In the IPO, when the IPO came, it created a very, very positive buzz listing at a premium. Thanks to our parent company. I've also invested my money my money in parent company and I'm very, very happy as far as my investment is concerned. Coming down to my observation, excellent Chairman speech. It is very, very informative. Respected Chairperson, I think you covered almost everything under review. And thank you, respected CFO, Mr. Garg, for your input. That's truly wonderful as far as the retail investor is concerned myself, it is very, very informative about the company. Sir, A, I'm very, very thankful to our parent company, Mr. Sunil Bhati Mittal. His expertise, leadership quality, dedication, devotion and he's always there for us as per your respected Chairperson speech. So, that's the added advantage for us.

And I have a great faith in your ability to create sustainable wealth creation in our company Hexacom like we did in parent companies and I wholeheartedly support all the resolution which is set out for the notice today. And I'm very, very thankful to our Company Secretary for maintaining higher standard of corporate governance. I requested a hard copy of Annual Report that will be promptly replied, that will be promptly delivered to me. I'm very, very thankful to our respected Company Secretary. She's going to be the biggest asset as far as the communication is concerned. That truly boosts our moral with our investment in the company. And my question to the management is, what will be the wealth creation roadmap for next two year?

With this, I just pray to the God that our share price quoted at a premium, which is very, very good, and I will hold my investment in company for years to come. And I wish, I just pray to the God that he will bless with all the positive things to the entire management team so that



you will keep that journey, the momentum of wealth creation for retail investor like me. And I'm very, very thankful for this opportunity to share my views and express my feelings. I wish you all the luck and all the best. Jai Hind, Sir.

Moderator:

Thank you, Sir. Our next speaker would be Mr. Yashpal Chopra. Sir, we have placed you in the meeting.

Mr. Yashpal Chopra – Shareholder:

I, myself, Yashpal Chopra, calling from Delhi, Client ID 0454. I'm a lucky shareholder that I got the shares in the allotment. Though it was heavily, heavily booked over there but as I got the allotment even that, so many years ago in that Bharti Airtel and still holding around 1000 shares of that company. And, similarly, I am lucky that I got the allotment over here and I am retaining that because even before prior to this the ye apna closing of the IPO I had just told so many of my friends that this belongs to Bharti Group and when it is a Bharti Group that means it is excellent Group and you will just not face any kind of loss over there. So, most of my friends they agreed to that and they subscribed to this thing. And, anyhow, the first year, the performance that is just showing the signs of the coming times ahead because there has an excellent performance, there's all around growth in revenue, PBT, PAT, ROC, EPS. And a handsome dividend of ₹4 in the maiden year, this is an excellent thing that shows the investor concern for the company.

Sir, the motto of our Bharti Group is ITC. 'I' means Integrity. They maintain integrity, they preach integrity. And 'T' means transparency. The dealings are all fair and frank. And 'C' means the concern for the product, concern for the employee, concern for the consumers, concern for the compliance, concern for the community, concern for the shareholder. So, because, this is the motto of our Bharti Group. So, naturally our company associated with Bharti, that means that we are just in a company which is a blue blue bluechip company having a grand, grand future. Just see that the share has risen from a low of ₹600 to ₹1250 and just in a span of only a few months, so that shows the confidence of the investor in this group, in this company. Sir, at the moment you are just, you are, you are doing your area of operation in Rajasthan and that seven sisters, that area, eastern part of India. And you are doing a fantastic job over there because what I saw about teledensity there is around 82% in Rajasthan and same virtually around the same in Assam also versus 85% in the whole of the country. So, that means that you are very much near the target and our company being I - ISO Certified 14001, that itself is a certificate that the promoters are very much genuine, they are quite efficient, proficient and the product is very sound. So, that certificate itself gives a strength to the investors.

Sir, I can speak a lot. No problem for me because virtually I am a speaker but I won't like to take much of the time of others. So, before I wind up, I would just thank our CFO, Mr. Garg, who has given an excellent presentation on the financial matters and all that and Madam Richa for being investor friendly. I asked for a copy of what you call, Annual Report because



being a super senior citizen, around 85, I cannot see the digital copy. So, she sent it in time. And just one thing more I should tell you that in my house the entire net system...

Moderator:

Sir, kindly conclude in the next 30 seconds.

Mr. Yashpal Chopra – Shareholder:

and telephone system, mobile system that's all from Bharti. And for the last half an hour I was facing an acute, acute problem of connectivity and I never like to miss the chance. So, I got the chance, that is very good. So, I wish you best of luck for the coming time and positivity from the Chairman of your organization. Thank you. Thank you.

Moderator:

Thank you, Sir. We now invite our next speaker, Mr. Manoj Kumar Gupta, to speak. Sir, we have placed you in the meeting, kindly unmute your microphone and speak. We can see you.

Mr. Manoj Kumar Gupta – Shareholder:

Hello. Good afternoon, respected Chairman, Board of Directors, fellow shareholders. My name is Manoj Kumar Gupta. I've joined this meeting from my residence, from City of Joy - Kolkata. First of all, I thanks to the company secretarial team to help us to join this meeting through VC. Sir, my thanks to the Bharti group who has launched their IPO and we are very lucky one that we have got the shares in IPO. And thanks to you and entire team of management for the excellent result of the company for the year 23-24. And thanks for your maiden dividend of ₹4 four per share, 80% of the face value. So, keep this trend continuing. Sir, what's your future plan for the rest of the Northeast states? And how you face the competition in Rajasthan? And, Sir, there is a speculation in the market. Is it right or wrong that in after next 2-3 years the company will be merged with Bharti Airtel? Due to some government technical issues, the Bharti has launched the company separate and launched listed the shares in the market. After government's permission, if they got the permission, they will merge this company. Is it right or wrong? Kindly clarify this issue, Sir. And how, what's your plan to spread the tower business, Sir? And now the doctors and the medical experts are saying that towers are giving the health problem to pupils near the tower, those who are residing near to towers. So, what's your view in that regard?

And I strongly support all the resolutions. Sir, do not forget us at the time of festival, Sir. This is the first AGM and thanks to you that we have got a good return in the Stock Market and we believe that when we meet next year in the VC meeting our share price will be doubled from ₹1250 to ₹2500. And then you think about split the shares, either 5:1 or 2:1 return more to the investors, Sir. And, Sir, think about to give a memento to the shareholders on the eve of first AGM of the company. Thank you, Sir.



Moderator:

Thank you, Sir. Speaker shareholder number 7, Ms. Charanjit Kuar Dang, has now logged in. So, we invite her to speak. Madam, we have placed you in the meeting, kindly unmute your microphone, switch your camera on and speak. Ma'am, we can hear you. Please proceed.

Ms. Charanjit Kuar Dang – Shareholder:

Yeah, hi. First of all, good afternoon to all. So, I'm very happy with the growth of the company. This being the very first meeting of our company post the IPO, I'm happy to connect. Given your detailed presentation and previous shareholders comments and questions, I don't have anything more to ask. Thank you, Sir. Thank you so much.

Moderator:

Dear members, due to the paucity of time we will now conclude the Q&A session. Chairman Sir, I now handover the floor back to you to answer to the queries raised by our shareholders. Over to you.

Mr. Jagdish Sakena Deepak – Chairman, Bharti Hexacom Limited:

Thank you. Let me start by congratulating our shareholders on such an active participation and I'm delighted to see such a variety of questions being raised, including by shareholders who are senior citizens and advanced in age. Thank you also for the nice words of congratulations on the listing of the company. A number of questions have been raised by members, I would try to cover some of them and some of the shareholders have sought specific information which would be provided by the CFO, Mr. Garg.

Saraf Sahab ne shuru kiya. Aap ne bahut saare sujhav diye. Aap ne poocha ki rooftop solar sites kya company lagati hai, kya Energy Audit karti hai aur Bharti Airtel Foundation jo CSR activity karti hai uska bhi kya audit hota hai. Toh inn sab ka answer hai ki haan. Jaisa ki maine apne vaktavya mein kaha tha, hum log solar sites lagaye hain, solar rooftop sites lagaye hain kaafi energy generate hui hai; lakhon kilowatt hour jiska varnan maine bataya. Jahaan tak Energy Audit ka sawal hai towers mein, Energy Audit hi nahi karte hain balki poora cost audit karte hain taaki cost per site kam hoti jaaye aur uss se profitability badhey, productivity badhey. Aur main aap ko ashwasth karana chahunga ki hamara yeh prayaas lagataar rahega ki sitewise cost kam aaye aur industry benchmarks ke hum sarvocch rahein. Issi prakaar Bharti Airtel Foundation ek sanstha hai, registered NGO hai jo Bharti Hexacom ke behalf pe CSR activity karti hai aur woh saare hi niyam, kanoon aur audit ke jo requirements hain, legal and otherwise, follow karte hain aur bahut hi unka jo governance structure hai uske liye unhein kayi awards bhi miley hain.

Ms. Mascarenhas was concerned about the fact as to why Bharti Hexacom operates only in two states. Actually, we don't operate only in two states, we operate in a number of states in the Northeast, all of them except Assam and in Rajasthan. The system in the Telecom sector



is that licenses are issued circle wise and Bharti Hexacom has license to operate in Rajasthan circle and the northeast circle.

Also, a point was raised why Bharti Airtel is not present in these circles. That is because to prevent collusion and to enhance competition sister concerns or related parties are not allowed, not provided license to operate in the same areas. So, Bharti Hexacom operates in Rajasthan and the Northeast and in the rest of the country Bharti Airtel provides services making for a PAN India presence from the Group under the Airtel brand.

A question was also raised by Mr. Jalan and a number of other shareholders as to what is the CapEx, what has been the purpose of the CapEx during the year. And I would like to reiterate that the CapEx during this last year was about ₹2000 crores, highest ever, mainly used for the 5G roll out which happened nationally and in Rajasthan as well as the Northeast as well as for extending the reach of Bharti Hexacom in rural areas. So, basically, 5G roll out and the rural rollout.

The concern was also about the monetization of 5G. This is an international issue all over the world and in the country. Different operators have rolled out 5G services. There are limited options for monetization but your company is been able to start monetizing the investment that has been made through certain use cases like the Fixed Wireless Access.

Ankur Chanda wanted to know the geopolitical impact. When business is operated on this scale and it is a global business telecoms, the changes in geopolitical situations do impact corporates. The entire Indian Telecom sector has had a cost impact with the prohibition by government of importing equipment from certain neighboring countries. And, therefore, we had restricted number of vendors from which we could get equipment and therefore the costs have risen. But we do believe as the government has stated that security is paramount and we are working to optimize the return on our investments.

Regarding the wealth creation roadmap, which Mr. Praveen Kumar wanted to know, the Telecom sector as you know had a bad time from '2016 to '21. But we are coming out of the tunnel, the dark tunnel, and with the recent increase in tariffs and the emphasis on cost reduction war on waste, which your company has undertaken, we expect that the returns to the company and therefore to its shareholders would only improve with time.

Mr. Manoj Gupta wanted to know the plan for the rest of the States. So, we have a license for all Northeast states except Assam where we operate and we are determined to go deeper and take the services as well as the mobile and the broadband footprint to the last person in these states.

The company keeps on looking at all opportunities for improving its performance, synergy as well as investor and shareholder wealth But there is, at present, no proposal of merger with Bharti Airtel.



The last point which I'd like to address is regarding the issue raised by Mr. Gupta regarding possible health hazards from Telecom towers. Now, there exists very clear standards regarding radiation levels from towers. These are the international standards put in by the WHO in consultation with ITU and the Indian standard is 10 times as strict as the international standard. So, while towers because of the nature of their wireless operations will emit radiations, let me assure you that there is no risk to human health. At least there is no confirmed study or finding about any risk to human health from tower radiation.

I think I will stop here. I've tried to cover a wide range of queries raised by shareholders. But for more specific information and on financial issues, I would like to hand over to the CFO.

Mr. Akhil Garg – Chief Financial Officer, Bharti Hexacom Limited:

Thank you, Chairman Sir.

Santoshi ji ka ek question tha on profit drop in the current year. Yeh iss wajah se hua hai because iss saal ek Supreme Court judgment aaya tha jo hamare against tha jiski wajah se humne exception item mein ₹300 crores ka ek charge liya tha. Iski wajah se aap ko Net Profit mein drop dikhta hai. EBITDA and EBIT ka improvement tha but Profit After Tax mein drop tha. Aap ka doosra sawal tha hamare offices rented hain yaan own hain. Hamare offices rented hain. Phir aap ka ek sawal tha disputes jo hamare chal rahe hain. Hamare disputes hum bahut closely monitor karte hain. Hum appropriate actions lete hain against all the disputes. And be rest assured, hum saare actions lete hain to ensure that company interest is protected.

Moving on to the other questions from other shareholders. There was a question about RMS. As I had presented in my financial presentation and Chairman Sir also did, in Northeast circles we have a revenue market share of 54% and in Rajasthan we have a revenue market share of 41%.

One question was about how much CapEx for next three years. I will not be able to comment on that future but this year was elevated CapEx. Like Chairman had said, this is because we have invested in 5G and rural sites rollout. This CapEx was elevated more than the trend that was there in the past.

There was a question about the growth engines. Like I said in my presentation, the growth engines are primarily hinging around Homes broadband. That's an opportunity. That's one which we are focusing on and our investments are going around that. The second one is 2G mobile customers to 4G, 5G. That's another strategy that we have. The third one is Postpaid. So, that's another, prepaid conversion to postpaid. These are three strategies that we are focusing on.

Vijay Jalan Sir ka ek question tha, why CapEx is high. I have already answered that question.



On future plans for Northeast and how do we handle competition in Rajasthan. Mr. Manoj Gupta had a question. The way we are handling this, we continue to invest in these regions to ensure that we are competitive in the market. We have an effective GTM. Like I spoke about how efficiently we are in our GTM and we have very efficient cost structure which we continue to monitor on a continuous basis. This is how we handle our competition and our business on an ongoing basis, day to day basis.

On the tower the question, we ensure our compliances as per the DoT norms are taken care of. We had the audits done and ensure that the requirements and the compliances are met for the tower emissions, etcetera.

I would hand it over to Richa.

Ms. Richa Gupta Rohatgi – Company Secretary and Compliance Officer, Bharti Hexacom Limited:

Thank you, Chairman, Akhil and the members. If any member has any further question, the same may be directed to the Investor Relations contact of the company. The company will promptly attempt to the same. The resolutions being proposed for the approval at this AGM include Ordinary Businesses being –

1. Approval of financial statements.
2. Final equity dividend of ₹4 per fully paid-up equity shares.
3. Reappointment of Soumen Ray as a Rotational Director.

And Special Businesses being –

1. Ratification of remuneration of Cost Auditors.
2. Payment of commission to the Non-Executive Independent Directors.
3. Material related-party transactions with Bharti Airtel and Indus Towers.

The company had provided remote eVoting facility to all the members to cast their votes on these said resolutions. The facility was made available to the members from 9 a.m. IST on Monday, August 26, 2024 to 5 p.m. on Thursday, August 29, 2024. Members who have not cast their votes through remote eVoting and who are participating in this meeting can cast their vote during the course of the meeting through eVoting facility by clicking on the 'eVoting' icon provided at the top of the screen. The eVoting window will be available for the next 30 minutes.

After completion of voting, the scrutinizer shall compile the consolidated results and submit the final report to the company. On the basis of the report of the scrutinizer, the company shall forthwith announce the results to the Stock Exchanges and publish the same on its website within the stipulated timelines.



With the permission of Chairman, this meeting stands concluded. I thank all the members and participants for attending this meeting and wish all of you a safe and healthy future. Thank you.

The meeting concluded at IST 05:00 P.M. after e-voting.
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- 2) This transcript has been edited for the purpose of clarity and better reading.