

Grading rationale

June 26, 2025 | Mumbai

Bharti Airtel Limited

The 'CRISIL GVC Level 1' grading assigned to Bharti Airtel Limited ('Bharti Airtel' or 'company') indicates its corporate governance practices and value creation for stakeholders are at the **'highest'** level.

Key grading drivers and detailed description

Strengths

- **Competent and effective Board**

Professionals having a rich corporate governance background and expertise across telecommunications, consumer products, technology, law, marketing, human resource, finance, risk management, ESG and accounting helm the Board of Bharti Airtel. The Board has adequate oversight of the management, devotes sufficient time to its responsibilities and participates in the Company's decision making. Under the Board's supervision, the Company has grown its revenue market share over the past six fiscals despite the heightened competition in the Indian telecom industry.

- **Sound corporate governance practices**

Bharti Airtel has a robust corporate governance system and has improved its processes in sync with the increasing complexity of its businesses. The Board maintains oversight of the Company's business performance, strategy, processes, systems, audits, risk management framework, compliance and disclosures. The Board is supported by various committees that comprise members with the requisite skillset and competence. Independent directors drive the successful functioning of these committees and are involved in the Company's decision-making framework. The management undertakes frequent operational reviews with circle CEOs and business teams to monitor strategy implementation.

Bharti Airtel has a strong framework to arrive at key decisions for aspects such as investments, fund raising and strategic alliances. It has focused Sub-Committees of the Board comprising directors (including independent directors) and the management, which ensures a high level of director involvement and Board oversight in decision-making. The company provides timely, detailed and relevant information/ documents to members before meetings, which enables efficient and informed deliberations and review.

- **Board Committees that enable effective decision-making**

The Board Committees ensure a high degree of involvement of Independent Directors in the overall functioning. However, as per best practice, key committees such as Audit Committee and HR and Nomination Committee should be fully independent.

The Audit Committee, which reviews internal control processes, financial reporting process and disclosures, the auditor's report and related-party transactions has majority Independent Directors as members. The Committee holds Audit Committee Conference Call a week prior to every quarterly meeting. This arrangement facilitates detailed focused discussions on internal audit findings and helps Audit Committee effectively perform its other key functions, if any.

The Audit Committee played a crucial role in deliberations on financial consolidation of Indus Towers Limited, exercising close oversight over the process and providing guidance on the comparative financial performance post-consolidation.

The HR and Nomination Committee ('HRC') has a robust framework to evaluate the performance of the Board, Board Committees and Directors. To ensure evaluation is transparent and unbiased, an independent consulting firm is engaged to facilitate the evaluation process. The recommendations arising out of evaluation process are deliberated upon to optimise the overall effectiveness of Directors, the Board and its Committees. The HRC also monitors the Company's Human Resources strategy on key issues such as succession planning, talent acquisition, employee wellbeing, diversity and inclusion, and learning and development.

During the year, the Board in consultation with HRC approved a succession and transition plan under which Gopal Vittal (formerly designated as Managing Director and CEO) was appointed as Vice Chairman in addition to being the Managing Director of the Company. Further, Shashwat Sharma (formerly, Chief Operating Officer) has been named as CEO Designate, paving the way for his appointment as Managing Director and CEO of the Company effective January 1, 2026. HRC has been tasked with periodic oversight to ensure the transition progresses smoothly and effectively. The well-structured and timely succession plan and oversight by HRC reflects the Company's commitment to corporate governance and its strong emphasis on succession planning.

Bharti Airtel has in place an Environmental, Social and Governance (ESG) structure in line with global best practices. This structure delineates the roles and responsibilities between the Board, Board-level ESG Committee, ESG Council, Corporate Sustainability Function and the ESG functional champions.

- **Management has demonstrated effective operational capabilities and strategic foresight**

Robust corporate governance and management practices have helped the company consolidate its position in the industry. During the past fiscal, Bharti Airtel's subscriber market share increased to 33.7% as on March 31, 2025 from 33.1% as on March 31, 2024, with active (VLR) subscriber market share remaining steady. The average revenue per user (ARPU) increased during the corresponding period to Rs. 245 in the quarter ended March 31, 2025, which was higher than the industry average.

The peak capex cycle is largely behind, resulting to capex moderation during the year. The company target further reduction in capex for FY 2025-26.

The management has maintained focus and progress on the Company's ESG initiatives. During the year, the management efforts continue to yield positive outcomes with reduction in waste generation, energy consumption and greenhouse gas emissions. On the social front, it has ensured sustained improvement in gender diversity in the Company's workforce.

- **Strong disclosure standards on corporate, financial and operations front**

Bharti Airtel has strong standards of disclosures for dissemination of corporate, financial and operational information to all its stakeholders. The section on Management Discussion and Analysis, as a part of the Company's quarterly and annual report, carries adequate details, such as on economic and industry overview, segmental information, and risk and mitigation framework etc. It also has qualitative comments on the business outlook. The quarterly reports which the Company submits to stock exchanges, also provide detailed information on the operational and financial parameters for each business segment. During the last fiscal, the Company took another step to enhance transparency by proactively reporting EBITDAaL, reflecting the true picture of operating performance.

All the necessary information about governance, financials and operations is easily available on the Company's website. It also promptly publishes on its website full transcripts and video recordings of quarterly earnings calls and investor meets. Regulatory filings with the stock exchange are also made by the Company in a timely manner.

Areas of focus

- **Smooth management transition process**

While the timely succession and transition plan of Managing Director and CEO demonstrates Company's proactive approach and Airtel's long-term strategic vision with continuing leadership depth, it is crucial to ensure that the transition of responsibilities from Gopal Vittal to Shashwat Sharma are carried out smoothly and seamlessly.

- **Composition of Board Committees**

Although the Company has an excellent Board with diverse skill sets and experience, the key committees – Audit Committee and HR and Nomination Committee also have some non-independent directors' representation.

- **Attrition level**

Bharti Airtel is among the top employers with over 20,000 on-roll employees in India operations as of March 31, 2025. The overall attrition rate in the Company was high at 19.6% for the year vis-à-vis 22.2% in the previous fiscal year 2024. To ensure that this trend of reduction in attrition continues and to bring its attrition rates below the industry rate, Airtel

has implemented robust processes around key HR strategic initiatives, including internal career development, fair performance management, learning and development, diversity, equity and inclusion, employee wellbeing programmes etc. Notably, the Company has further prioritised health and safety initiatives, focusing on the physical, financial, emotional and social aspects of employee wellbeing.

About the company

Headquartered in India, Bharti Airtel is a global communications solutions provider with around 600 million customers in 15 countries across India and Africa. The Company also has its presence in Bangladesh and Sri Lanka through its associate entities. The Company ranks amongst the top three mobile operators globally and its networks cover over two billion people. Bharti Airtel is India's largest integrated communications solutions provider and the second largest mobile operator in Africa. Bharti Airtel's retail portfolio includes high-speed 4G/5G mobile broadband, Airtel Xstream Fiber that promises speeds up to 1 Gbps with convergence across linear and on-demand entertainment, streaming services spanning music and video, digital payments and financial services. For enterprise customers, Airtel offers a gamut of solutions that includes secure connectivity, cloud and data centre services, cyber security, IoT, Ad Tech and cloud based communication. Within its diversified portfolio, Bharti Airtel also offer passive infrastructure services through subsidiary, Indus Tower Limited.

As on March 31, 2025, the Company had ~42.4 Crore subscribers in India and ~16.6 Crore in Africa.

In fiscal year 2025, the Company's consolidated revenue stood at Rs. 172,985 Crore and consolidated net profit at Rs. 33,556 Crore, compared with revenue of Rs. 149,982 Crore and net profit of Rs. 7,467 Crore in the previous fiscal.

Key GVC indicators

Particulars	Unit	Details as on March 31, 2025
Board members	Nos	10
Non-Executive Directors (including Independent Directors)	Nos	8
Executive Directors	Nos	2
Independent Directors	Nos	5
Non-Executive Non-Independent Directors	Nos	3
Employees (India operations)	Nos	20,000+
Total customer base (global)	Nos	~60 Crore
Wireless subscriber market share (India)	%	33.7
Active subscriber market share (wireless)	%	36.3
Operating revenue (Consolidated)	Rs	172,985 Crore
Profit after tax (Consolidated)	Rs	33,556 Crore

Note: Above numbers are adjusted for Crisil's analytical treatment and may not represent the numbers reported by the Company.

For further information,

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