



Bharti Airtel welcomes Government of India's seminal reforms for the telecom industry

The reforms herald a new dawn for the industry that's at the core of Digital India

New Delhi, September 15, 2021: Bharti Airtel today welcomed the path breaking policy directions and interventions announced by the Government of India to support the telecom industry that has been battered by unprecedented stress, high debt and low return on investments.

The reform package heralds a new dawn for the Indian telecom industry and will catalyse explosive growth of this vital sector. More importantly, it paves the way for a sustainable three private plus one state owned telecom operator structure to serve a large market like India.

These bold initiatives are reminiscent of the decisions taken by the NDA Government in 1999 when the telecom sector was at a crossroads which resulted in an era of affordable mobile services for all Indians.

Sunil Bharti Mittal, Chairman, Bharti Airtel said: "We congratulate and thank the Government, who under the decisive leadership of the Hon'ble Prime Minister Shri Narendra Modi, has undertaken these seminal reforms to lift an industry that's at the core of his Digital India vision. The latest reforms ensure that the industry is able to invest fearlessly and support India's digital ambitions. We also compliment the Hon'ble Minister of Communications and the Hon'ble Finance Minister for their leadership and support."

"Bharti Airtel is fully committed to respond to the call by the Hon'ble Prime Minister to invest in and accelerate India's growth. What lies ahead is a once in a lifetime opportunity to build the digital infrastructure that is a catalyst for the digital aspirations of over one billion Indians." added Sunil Bharti Mittal.

India's digital economy has entered a phase of exponential growth with digital solutions contributing to fast and inclusive growth by bringing more and more people online. India has the potential to become one of the biggest digital ecosystems in the world as the country moves towards achieving the USD 5 trillion GDP goal set by the Government.

Next generation telecom networks with technologies such as 5G will be the spine that will support India's digital ecosystem and spur economic growth. A healthy telecom industry will also spur innovation and investments in allied industries like network equipment, smartphones, data centers, etc. and help create large number of jobs and contribute to India's Atmanirbhar vision.

Gopal Vittal, MD & CEO (India and South Asia), Bharti Airtel added "For over two and a half decades, Bharti Airtel has pioneered India's telecom revolution. These fresh reforms will further boost our efforts to invest in this exciting digital future and enable us to be one of the leading players in India's digital economy. More needs to be done, however, towards a sustainable tariff regime to ensure the industry gets a fair return. This will in turn allow it continue investing in new technologies and innovation to bring world-class services to customers."

About Airtel

Headquartered in India, Airtel is a global communications solutions provider with over 474 Mn customers in 18 countries across South Asia and Africa. The company ranks amongst the top three mobile operators globally and its networks cover over two billion people. Airtel is India's largest integrated communications solutions provider and the second largest mobile operator in Africa. Airtel's retail portfolio includes high speed 4G/4.5G 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. For more details visit www.airtel.com

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Cabinet approves major Reforms in Telecom Sector

Telecom Reforms to boost employment, growth, competition and consumer interests

Liquidity needs of Telecom Service Providers addressed

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The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, today approved a number of structural and process reforms in the Telecom sector. These are expected to protect and generate employment opportunities, promote healthy competition, protect interests of consumers, infuse liquidity, encourage investment and reduce regulatory burden on Telecom Service Providers (TSPs).

In the backdrop of the outstanding performance of the Telecom Sector in meeting COVID-19 challenges, with huge surge in data consumption, online education, work from home, interpersonal connect through social media, virtual meetings etc., the Reform measures will further boost the proliferation and penetration of broadband and telecom connectivity. The Cabinet decision reinforces the Prime Minister's vision of a robust Telecom Sector. With competition and customer choice, antyodaya for inclusive development and bringing the marginalized areas into the mainstream and universal broadband access to connect the unconnected. The package is also expected to boost 4G proliferation, infuse liquidity and create an enabling environment for investment in 5G networks.

Nine structural reforms and Five procedural reforms plus relief measures for the Telecom Service Providers are as below:

Structural Reforms

1. Rationalization of Adjusted Gross Revenue: Non-telecom revenue will be excluded on prospective basis from the definition of AGR.
2. Bank Guarantees (BGs) rationalized: Huge reduction in BG requirements (80%) against License Fee (LF) and other similar Levies. No requirements for multiple BGs in different Licenced Service Areas (LSAs) regions in the country. Instead, One BG will be enough.
3. Interest rates rationalized/ Penalties removed: From 1st October, 2021, Delayed payments of License Fee (LF)/Spectrum Usage Charge (SUC) will attract interest rate of SBI's MCLR plus 2% instead of MCLR plus 4%; interest compounded annually instead of monthly; penalty and interest on penalty removed.
4. For Auctions held henceforth, no BGs will be required to secure instalment payments. Industry has matured and the past practice of BG is no longer required.
5. Spectrum Tenure: In future Auctions, tenure of spectrum increased from 20 to 30 years.
6. Surrender of spectrum will be permitted after 10 years for spectrum acquired in the future auctions.
7. No Spectrum Usage Charge (SUC) for spectrum acquired in future spectrum auctions.
8. Spectrum sharing encouraged- additional SUC of 0.5% for spectrum sharing removed.

9. To encourage investment, 100% Foreign Direct Investment (FDI) under automatic route permitted in Telecom Sector. All safeguards will apply.

Procedural Reforms

1. Auction calendar fixed - Spectrum auctions to be normally held in the last quarter of every financial year.
2. Ease of doing business promoted - cumbersome requirement of licenses under 1953 Customs Notification for wireless equipment removed. Replaced with self-declaration.
3. Know Your Customers (KYC) reforms: Self-KYC (App based) permitted. E-KYC rate revised to only One Rupee. Shifting from Prepaid to Post-paid and vice-versa will not require fresh KYC.
4. Paper Customer Acquisition Forms (CAF) will be replaced by digital storage of data. Nearly 300-400 crore paper CAFs lying in various warehouses of TSPs will not be required. Warehouse audit of CAF will not be required.
5. SACFA clearance for telecom towers eased. DOT will accept data on a portal based on self-declaration basis. Portals of other Agencies (such as Civil Aviation) will be linked with DOT Portal.

Addressing Liquidity requirements of Telecom Service Providers

The Cabinet approved the following for all the Telecom Service Providers (TSPs):

1. Moratorium/Deferment of upto four years in annual payments of dues arising out of the AGR judgement, with however, by protecting the Net Present Value (NPV) of the due amounts being protected.
2. Moratorium/Deferment on due payments of spectrum purchased in past auctions (excluding the auction of 2021) for upto four years with NPV protected at the interest rate stipulated in the respective auctions.
3. Option to the TSPs to pay the interest amount arising due to the said deferment of payment by way of equity.
4. At the option of the Government, to convert the due amount pertaining to the said deferred payment by way of equity at the end of the Moratorium/Deferment period, guidelines for which will be finalized by the Ministry of Finance.

The above will be applicable for all TSPs and will provide relief by easing liquidity and cash flow. This will also help various banks having substantial exposure to the Telecom sector.

DS/BM

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