Management Discussion

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
Thank you, Vaidehi. Welcome to the Q2 FY '25 earnings call. I have with me Gopal, Shashwat, Akhil, and Naval. I'll start with an update on our second quarter performance, then move to our portfolio, including new growth bets, post which I'll hand over to Shashwat to talk about our India business, including the strategic priorities. We delivered another quarter of strong and consistent performance across India and Africa. Consolidated revenue came in at about 60,900 crores, growing 4% sequentially. Africa delivered yet another solid performance with a constant currency revenue growth of 6.7% sequentially.

India excluding passive infra recorded a strong growth of 3.2%. Consol EBITDA came in at about 31,500 crores, growing at about 5.5%. EBITDA margin stood at 51.7%. Capex for the quarter was about 12,500 crores, leading to a robust operating free cash flow, which is EBITDA minus capex, of over 19,000 crores. Our strong performance continues to be enabled by sharper execution, operational discipline, and continued cost efficiencies through War on Waste. India EBITDA, excluding passive infra, came in at over 20,400 crores, growing 4%.

EBITDA margin stood at 52.7%, a 0.4% improvement. Capex for the quarter was 7,430 crores. Operating free cash flow, which is EBITDA minus capex, was almost at about 13,000 crores. In addition, we invested about 2,900 crores in a strategic land parcel to pursue our one-gigawatt data center capacity ambition. You will hear more on this in the quarters to come. India Mobile delivered another quarter of strong growth, underpinned by continued portfolio premiumization. Homes maintained its growth momentum, aided by our convergence strategy.

Airtel Business continued to perform well, while our digital portfolio sustained strong double-digit growth. More details on our strategy will be shared by Shashwat. Our consolidated net debt to EBITDA improved to about 0.70, with India excluding passive now below one at 0.96. Prudent capital allocation, disciplined capex, and continued operational excellence underpins the strength of our balance sheet. Our diversified and resilient portfolio continues to deliver strongly, and I will explain that. Performance across India and Africa was strong.

Africa now accounts for about 30.5% of our revenues, India Mobile about 51%, India non-mobile is about 13%, and Indus at 6%. We are building a future-ready Airtel by deepening our digital network capabilities, strengthening the core portfolio, and scaling digital growth engines. Let me move on to the new growth bets, and let me start with our financial services portfolio, first on Airtel Money. As mentioned in the last quarter call, we went live with our lending services in Q2.

The business is gaining strong momentum as we expand our offerings to newer geographies. Whilst we are in early days, we see a large opportunity ahead of us to serve financial needs of customers in a simple, secure, and accessible manner. At the heart of this ambition is our commitment to reimagine the lending experience through customer-first journeys, benchmarked against global best practices, and delivered through a seamless, intuitive, and frictionless digital platform. Airtel Finance, the storefront of our financial services business, continues to scale strongly, with monthly loan disbursement run rate now about 770 crores.

This momentum is underpinned by the strength of our digital platforms, advanced data analytics capabilities, and disciplined operating model. Together, these capabilities provide our NBFC with a strong foundation to democratize access to financial services at scale. Airtel Payments Bank, the third pillar of our financial services portfolio, continues to deliver strong growth, deepening its reach

and engagement with customers. It ended Q2 with monthly transacting users of over 125 million. Annualized revenue run rate is now over 2,500 crores, growing at 9% year-on-year.

Deposits remain strong at over 4,400 crores, growing at 10% year-on-year. Let me now move to data centers and cloud. First, data centers: Nxtra continues to deliver strong revenue growth, driven by capacity expansion and new contract wins. We are progressing well on our ambition on building one-gigawatt capacity over the next few years. As I mentioned earlier, we have invested in a large land parcel in a strategic data center hub. This holds us on a strong footing on our ongoing expansion.

We believe this is only the beginning of a multi-year growth journey in our data center business. Airtel Cloud is gaining strong momentum, with almost all critical services now live on our platform. Our customer logos have further strengthened with new wins. With continued expansion of our services portfolio, our go-to-market proposition is getting sharpened. We see a large growth opportunity ahead of us. Lastly, let me give an update on group synergies. This is an important area of unlock for us.

We run multiple charters to enable synergies across technology, network, operations, supply chain, and talent. We are increasingly working as one integrated platform, deeper cross-business alignment, sharper execution, and stronger operating outcomes. We have already realized tangible benefit in terms of growth in Homes and B2B, as well as savings in capex and opex in Africa. Indus expansion will further bolster value creation for Africa business. Let me spend also a moment on the progress of Indus Towers in India.

The focus is centered around two work streams. The first is digital operations transformation, where Indus is adopting Airtel's telco-grade platforms that are proven at scale. The workforce management platform is bringing greater rigor to workflows, improving field productivity, and enhancing execution visibility. The second is energy optimization. Indus is working on a goal to eliminate diesel from sites through solarization and deployment of battery banks. Initial results are encouraging, with meaningful scope to scale further. Finally, a landmark milestone: In October, Airtel Money Africa got listed on the London Stock Exchange at a valuation of about $7 billion and reported as one of London's largest IPOs. With this, two of our subsidiaries, Airtel Africa and Airtel Money, are now listed in London.

With this, I will now hand over to Shashwat for an update on our India business.

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
Good afternoon, everyone. I'll first share an update on ESG, and then on each of our business segments, followed by an update on our strategic priorities. Let me start with ESG: Our ESG progress is closely aligned with our business strategy and the choices we make to build a more sustainable, efficient, and future-ready enterprise. We are using technology and digital innovation to improve the way we operate, reduce resource intensity, and drive greater efficiency across the business. A key priority in this journey is to increase the share of energy from alternate and renewable sources.

This is reflected in our continued expansion of solar-powered deployment and reduction in diesel consumption across our network infrastructure. Over the last two years, we have accelerated solarization across our network, which is now operational on about 50,000 sites. Let me have a quick run-through on each of our businesses. Mobile: In quarter two, we added 0.7 million revenue-earning customers and 2.9 million smartphone data customers during the quarter. Our postpaid segment delivered yet another quarter of solid performance, with the highest-ever net

adds of 1.2 million.

Postpaid customers now account for 8.3% of our total customer base, and over the past four quarters, they have accounted for nearly 30% of all customer net adds. ARPU for the quarter came in at Rs 271, up from Rs 264, benefited by one extra day in the quarter as well. In Homes, we delivered a net adds of 670,000, with momentum building up from the last quarter. We are seeing strong and consistent traction on the connected homes driven by our convergence agenda. Digital TV, we lost over 4 lakh customers during the quarter led by the DTH business, while our IPTV adoption continues to remain strong.

Our IPTV take rates continue to deliver on our convergence agenda, and you will hear more about it in the coming quarters. Airtel Business revenues came in at about 5,800 crores, growing 3.8% sequentially and 11.4% over last year same quarter. During the quarter, we secured large deal wins across both core connectivity and the digital portfolio. We continue to see strong funnel and order bookings in the business. Our digital portfolio delivered another quarter of solid performance with revenue growth of about 4% sequentially.

We are seeing strong traction across our portfolio, including cloud, cybersecurity, IoT, digital platforms, and CPaaS, and we saw some notable deal wins during the quarter. Let me now provide an update on our strategic pillars. First, winning quality customers: Let me start from Homes. We continue to see a significant penetration-led growth opportunity here. Growing smart TV adoption, greater in-home data usage, and rapidly growing digital content consumption continue to fuel the need for high-speed broadband connectivity.

As I mentioned earlier, demand remains concentrated in the top 1,000 cities, and we have sharpened our acquisition strategy to scale our presence in these towns, targeting customer cohorts with stronger engagement and retention. Our strategy is centered on building a high-quality customer franchise by delivering a superior connectivity, differentiated offerings, and a seamless service proposition. We are investing in fiber homepass expansion at an accelerated pace, as I want to reiterate that fiber remains the best experience for in-home connectivity.

We have scaled back our FWA-led expansion, and it will only serve as an interim solution to capture demand till we can fiberize a particular area. Encouragingly, these actions are already translating into improvements in our portfolio quality and customer durability. Convergence remains a key differentiator of our Homes strategy. The One Airtel plan brings our services together in a unified experience, offering customers greater convenience and flexibility. As adoption grows, convergence is deepening our customer relations, driving engagement across our portfolio, and strengthening customer lifetime value.

Let me now switch to Mobile. Our focus remains on accelerating ARPU growth through portfolio premiumization while maintaining a healthy customer acquisition. Leveraging deep customer insights and serving them with more precision through personalization will continue to drive our customer value and monetization. We continue to see strong traction in postpaid upgrades, driven by a differentiated proposition that brings together exclusive experiences, premium content, affordable international roaming, and a superior network experience powered by FASTag.

As I mentioned earlier, the long-term ARPU growth ultimately depends on a more rational pricing structure, where the industry is able to monetize the continued growth in data consumption more effectively. Let me now move to B2B. We see large growth opportunities across both core connectivity and our digital portfolio. Our execution agenda is anchored on three priorities: First is to strengthen our infrastructure backbone to meet the demanding needs of enterprise customers. This

includes sustained investments in network quality, reliability, and resilience, with a clear focus on delivering a world-class B2B network.

Second is sharpening our offerings around customer needs across industries and segments, building capabilities across cloud, cybersecurity, and IoT, and strengthening our account management to translate the breadth of our portfolio into deeper customer relationships and a larger share of wallet. And third is strengthening our delivery and service assurance through digital platforms and AI. The focus is on disciplined delivery, automated root cause analysis, and proactive fault resolution to deliver a consistently superior customer experience.

These priorities underpin our ambition to capture a larger share of the enterprise opportunity and drive sustained growth across our portfolio. Moving on to the second pillar of our strategy, which is obsession to deliver brilliant customer experience: Customer experience underpins everything we do, from how we invest in our networks to how we design our digital journeys. On the network, we are building for quality and resilience. We are strengthening the transport layer beneath the 5G network and building edge data centers that make the network more resilient.

Capabilities such as Fastlane, built on 5G network slicing, add a differentiated experience where customers need it most in busy networks. In Homes, our focus is on getting the fundamentals right across installations, service, and workmanship. Our AI-led workmanship tools, running on the field engineers' own handset, are helping standardize the quality of our execution on ground. Underpinning all of this is our unified customer data platform, which brings the customer's journey across channels and touchpoints into a single view.

At the core is our converged data engine, which combines data, AI, and analytics to bring real-time context to every interaction, anticipating customer needs and delivering a personalized experience at scale. The result is a simpler, more relevant interaction and a deeper relationship with our customers. The third pillar of our strategy is to build and leverage our digital capabilities. AI is increasingly woven into the fabric of our business. Over the past two quarters, we have laid the foundation to embed AI at the heart of Airtel's digital platforms.

We have built our homegrown agent platform called Agent Bridge, and added GPU capacity across our data centers. This is enabling us to activate AI use cases much faster across both customer-facing and internal journeys. In parallel, we have run several AI experiments to reimagine our operating models, with an intent to redesign how work gets done at Airtel. Going forward, our focus is on scaling the use cases already creating strong value. Let me share a few highlights: For customers, our real-time, context-led decision engine has now generated over 10 billion next best actions and is scaled across key inventories across our channels.

We use the individual-level context to deliver more than a billion personalized content and recommendations. Since launch, Our AI-led anti-spam solution has identified over 100 billion calls for spam and nearly 5 billion, billion messages and blocked over 1.7 billion fraudulent links. For networks, AI is helping us lower our fuel and power wastage, which reduces operating costs while also improving customer experience. Our AI-enabled RAN dynamically orchestrated over 14 million sleep hours each day, across our network sites during Q2, reducing the energy consumption and generating some cost savings.

We see substantial headroom to further optimize our energy costs as these capabilities scale across the network. The third area is internal functions, where AI tools are now changing the way our internal processes are run. Call center bots were the early use case we had adopted. Now AI-led processes are changing across areas like quarterly financial book closure, recruitment, mass

interview screening of candidates, or video KYCs for our customer acquisition. As we scale AI across Airtel, we are also remaining focused on clear guardrails around customer safety, privacy, and data sovereignty.

The fourth pillar of our strategy is War on Waste. Cost discipline remains core to how we operate, and as cost pressures build, funding the growth will depend on how much waste we take out of the system. The War on Waste initiatives continue. We are also looking beyond efficiency towards innovation that changes the cost equation itself in areas like energy and in virtualizing set-top boxes for IPTV, for example. These initiatives are helping us mitigate inflationary pressures arising from ongoing geopolitical headwinds.

So to sum up: Overall, we have delivered another quarter of strong performance, underpinned by our portfolio premiumization, razor-sharp execution, and sustained operational excellence. We remain confident in the growth potential across our businesses, supported by continued ARPU expansion in mobility, deeper penetration of Homes, and the increasing scale of our B2B portfolio. Our investments are channelized towards future-proofing Airtel. AI is now becoming integral to the way we work, enabling us to enhance productivity and improve agility. At the core of all these investments and initiatives is a relentless focus on delivering superior customer experience.

With that, let me hand this back over to Vaidehi for the Q&A session.

Questions & Answers

Operator
Thank you very much, Shashwat. [Operator Instructions] With this, the first question comes from Mr. Piyush Choudhary. Mr. Choudhary, you may please unmute your side, introduce yourself, and ask your question now.

Piyush Chaudhary - Analyst, HSBC
Hi, good afternoon. It's Piyush from HSBC. Thanks for the call and opportunity. Two questions: Firstly, on mobile ARPU, can you share what proportion of increase sequentially came from the adjustment to product offering like discontinuation of your 299 plan and what is driven by premiumization factors? And do we see kind of residual impact coming in third quarter, and how much would that be? Second question is on the network side. We saw in Thailand with rising AI demand, higher uplink capacity, AIS has expanded its 5G Advanced uplink coverage to improve customer experience. Do you think Airtel would also need to strengthen its uplink capacity and any capex implications when you strengthen the uplink capacity? Thanks.

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
Hi Piyush, thank you for that, and let me just take that. On ARPU, we continue to see significant headroom for growth on ARPU levers that we have spoken about, and which is a mix of upgrades of plans, postpaid, international roaming, and top-ups. Overall, for the intervention that we have taken on pricing on prepaid ladder in quarter two has already kind of played out, and now we are looking at all the other levers forward in terms of continuing to grow ARPU steadily over the coming quarters.

I see a sustained growth of ARPU possible on the base as we continue to unlock these levers. For AI demand, yes, two things I want to call out here, which is: when we look today, the AI traffic on our networks is very, very small. It will grow. We are watching this space very carefully. You are right

about the fact that AI traffic requires much higher uplink, and we are building all capabilities as well as the network investment needed to sustain this growth of capabilities required here. But at this point of time, it's not substantial; it's too small. As required, we will keep investing on this space.

Piyush Chaudhary - Analyst, HSBC
Thank you, Shashwat.

Operator
Next question comes from Mr. Manish Adukia. Mr. Adukia, you may please unmute your side, introduce yourself, and ask your question now.

Manish Adukia - Analyst, Goldman Sachs
Thank you for taking my question. This is Manish Adukia from Goldman Sachs. My first question is a follow-on to Shashwat, what you mentioned in your prepared remarks about scaling back your FWA-led expansion. Two questions there: One, is this like a short-term measure, and over time you expect to scale it back up again? And two, is this a function of your expectation of what the TAM or the depth of the profit pool would look like for this particular subsegment of FWA? If you can maybe just throw some light on what drives this scaling back of FWA expansion.

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
Okay. Manish, on FWA, see, for us, fiber is the clear area where we are focusing. It is the heart and center of our Homes strategy. What we are seeing, it is globally as well and what we've seen on our own customer base as well, this is the best experience. This is what leads to stickiest customers and the best value creation in the long term. So this is not a stop-start strategy in that sense.

I think we have seen what the market is playing out, as well as the experience that we have got. We are clear that we have to go all out on fiberizing the country and expanding the market upon fiber. As we expand, there will be some augmented needs of some wireless capture of demand, which FWA can play on the fringes, and we will, however, fiberize each of those areas where we see density of demand coming up. So that's the play we are absolutely focused upon, and we will stay there. I don't think this is a play which is a stop-start contextually in that sense.

Manish Adukia - Analyst, Goldman Sachs
Got it. Thank you for that. My second question is a follow-on to Piyush's question earlier. You've talked about in this call and in the past about fixing the pricing architecture. The intervention that you made in the month of August, would you call it a step towards fixing pricing architecture? And in your opinion, is there more room to go for you to fix that architecture? And a related question also on the postpaid side: some of the changes that you made last month, in postpaid in particular, you are the market leader and you are the pricing leader there. So in postpaid, at least, is it safe to say that you don't think there's a need to meaningfully address the pricing architecture, and over time you may see some interventions, but postpaid you're happy with where things are?

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
Yeah. So I think just to take those two questions: When we speak about pricing architecture in the industry, it's largely got to do with the fact that it's a very flat architecture, and at very low ARPUs, you're giving away unlimited usage and data and you're not monetizing consumption in any way. Data is in that sense not charged, and therefore that change of architecture will require the industry to move more decisively. So in that sense, I would leave that aside, saying, no, the intervention of

299 is more of experimentation on our own base to keep moving ARPUs up.

But the architecture correction is a much broader correction that is required in the industry to charge for data in many ways. Postpaid, we are happy in the sense, Manish, that I think postpaid is a more premium differentiated offering that we want to create in the market, and we have been working consistently to strengthen the proposition on postpaid. FASTag for us was a big intervention. We've now made more value for customers who are traveling overseas, and we'll continue to strengthen our proposition and the differentiation of postpaid to have many more customers choosing postpaid as their service over time and premiumize. I think that's how we look at it.

Manish Adukia - Analyst, Goldman Sachs
Thank you. Just one last question from me on capex: Your overall India business ex of towers growing at double-digit revenue faster at the EBITDA level, and on capex, you are investing in home broadband and also in data centers, etc. But directionally, when we think about capex over a two, three-year period, would you say that given just the underlying earnings growth of the business is very strong, that capex at least should not grow in line with what your revenue or EBITDA growth is? I'm just trying to think where are maybe the upside risks to capex in your opinion across your various businesses where you see maybe you may need to keep investing or keep increasing your capex over the next three, four years.

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
Manish, on capex, the core business will continue as per guidance. As you can appreciate, if there is a build-out strategy from 250 megawatts to a gigawatt, we are dialling up our cloud capability. Some of these new growth bets, we will invest for growth for the future. At this point in time, I can't give you a guidance, of course, but we will not shy away from investing in the new businesses to drive growth, because this is what will bring what you said double-digit growth consistently for the years to come.

Manish Adukia - Analyst, Goldman Sachs
And sorry, the new business when you refer to is on the enterprise B2B side, you're not referring to wireless or homes, their capex would continue as is?

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
I'm referring to data center, I'm referring to cloud. These are the places which will need investments.

Manish Adukia - Analyst, Goldman Sachs
All right. Thank you. Thanks a lot for taking my questions. All the best.

Operator
Next question comes from Mr. Gaurav Malhotra. Mr. Malhotra, you may please unmute your side. Introduce yourself and ask your question now.

Gaurav Malhotra - Analyst, Axis Capital
Hi, thanks. This is Gaurav from Axis Capital. Just had couple of questions: First of all, given the kind of price increase in smartphones that we have seen, have we started to see impact of this on the whole 2G to 4G upgrade cycle and maybe from 4G to say 5G smartphone cycle?

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
Gaurav, we have seen some softness on customer upgrades. Entry-level smartphones prices have

gone up substantially, and shipments have slowed. However, another thing we are seeing also is in India, there is a very strong refurbished phones market which is expanding, which is supporting the smartphone upgrades at the entry level. So a little bit of softness was seen, but I still think the refurbished market is bolstering this up.

Gaurav Malhotra - Analyst, Axis Capital
Got it. And what about the 4G to 5G? Because that premiumization would also be getting impacted, or that you're not seeing any softness as of now?

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
As of now, no, because almost 92% to 93% of all new shipments of smartphones are 5G now. So that shift from the OEM side is also helping. So right now, no.

Gaurav Malhotra - Analyst, Axis Capital
Thank you. That's it.

Operator
The next question comes from Mr. Sanjesh Jain. Mr. Jain, you may please unmute your side, introduce yourself, and ask your question now.

Sanjesh Jain - Analyst, ICICI Securities
Good afternoon. Thanks for taking my question. I've got few of them: First, on the wireless business, we have seen a one million postpaid addition in previous quarter and 1.2 in this quarter, which is significantly more than what we were adding earlier at 0.8, almost a 50% rise there. How much is it aided by our FASTag or priority service, and do you think these numbers are sustainable? Second, on the B2B business, data center, we said that we have bought a land, and last quarter we mentioned that we are looking to still plan up on go-to-market strategy for 300 to 350 megawatt of capacity. What is this land pertains to, and how much capacity can we add there?

And a related question there that now it appears that adding new capacity in US will become more and more challenging, that means we will have a larger opportunity opening up in India from an overseas market. How are we trying to think about that or cater that? And related probably, we have always been averse to get into GPU-as-a-service. I think that market also becomes a little more attractive for Indians. How are we thinking holistically in terms of data center and GPU-as-a-service in B2B? And rest of the questions are bookkeeping, I will take after this.

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
Sanjesh, I'll take the first one, and maybe Gopal and Soumen, you can come in on the data center piece. So on wireless postpaid additions, Sanjesh, the way we look at postpaid is we have today 30, 31 million postpaid customers, and our data models then look at what are the postpaid look-alike customer base in the market. And we see a very large headroom in front of us to upgrade customers to postpaid. The real need there is, of course, our go-to-market as well as the differentiation of postpaid. So we are not splitting out saying which element of differentiation is causing what level of growth, but overall differentiation of postpaid continues to accelerate, and this differentiation is helping us accelerate.

So whatever acceleration we have seen is because of all the differentiation efforts that have happened. We need to do more, because the headroom for growth is a lot. So the question is not about whether we can sustain it; we are actually internally trying to see how much more can we

accelerate the rate of postpaid upgrade. So that's on postpaid I'll leave you with. On data center, Gopal, are you...

Gopal Vittal - Chief Executive Officer, Bharti Airtel Limited
I can take that. On the data center side, the land that we've acquired gives us the optionality of over time putting in at least a 400 to 500-megawatt plant. So it's a large tract of land, and also it's concentrated in the right locations where the demand seems to be high. We will continue to look at other options for land and build-out as some of that demand from the US may get directed towards India. The third thing I would say on data centers is that we're also working to compress the time to build.

There are several things we're doing in terms of putting together a toolkit for very fast build, with the right strategic partnerships both on the build side as well as things like chillers and so on and so forth, so that we can compress the cycle and have modular units that can keep getting created. And the final thing I would say on data center is that the 56 edge data centers that we are consolidating from the 100-odd Nxtra MSCs that we have to state-of-the-art facilities, we're also looking at slightly larger pieces of land at the edge, which gives us the option of building out data centers even at the edge.

So that's really on the data center side. On the GPU-as-a-service, I think there are three parts to this business: One is just GPU bare-metal leasing, which is a commoditized business. Right now, there is froth and that's just a capex to opex game. Counterparty risks remain, given the amount of crazy demand that's there, particularly amongst the smaller players. GPU-as-a-service is where there's a little bit more software and orchestration that needs to be done, as some of the neo-clouds do.

That's an area which we are currently studying. And the third thing, which is AI, where we're actually building it for our own use cases. For example, one of the things that we worked on is actually optimizing the model cost within the Airtel sort of use of AI, and we've built a platform that allows us to do that. And the demand that we are hearing from our enterprise customers is we also want you as part of the cloud to offer a full AI stack that allows us this. So that's an area that we're looking at. I think it's still early days, but it's an area we're actively studying.

Sanjesh Jain - Analyst, ICICI Securities
And right now our focus, Gopal, remained largely on the colo side of the business, right? The entire capex what we are incurring today is largely towards the colo.

Gopal Vittal - Chief Executive Officer, Bharti Airtel Limited
Mostly, on the data centers, because those are lumpy capexes with land buys that you do, or let's say the build-out that's going to happen in Visakhapatnam will have some lumpy capex over the next 12 to 18 months as you build it out. But beyond that, I think on the cloud, it's more graded capex.

Sanjesh Jain - Analyst, ICICI Securities
Great, great. Thanks for those initial answers. My remaining questions are largely bookkeeping: First, on the gross debt payout for last three quarters, our gross debt has remained broadly in the same range as 1,20,000 crores. I know we have a larger debt towards spectrum and AGR, which has a longer payout period, but apart from that, do we intend to pay out remaining debt now that we carry a lot of cash on the book? How should we think on gross debt coming down?

That's one. Number two, on the absolute capex number, our cash flow capex is around 13,800 crores for last two quarters, our reported capex is around or capitalized capex is around 10-odd

thousand crores. How should we reconcile this, and when should this converge wherein we have a lot more cash flow coming in? One last question on the tax: Now we are paying 4,300 crores as the cash tax. Have we exhausted all the accumulated losses, and now current tax should broadly reflect in the cash outflow for us?

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
I'll take those three bookkeeping as you say, Sanjesh. Larger debt, this debt, there are some part of operating debt, there are some operating country debt in Africa. We constantly look at reducing debt in all countries subject to operations. This quarter, you would have seen a little bit of drop on gross debt if the dividend payouts were not there, as you would appreciate in Q2, Indus, Airtel, and Airtel Africa all had very large dividend payouts, of course. So gross debt, you will see directionally coming down opportunistically basis the country and the operations.

Capex and CWIP mismatch, well, this will continue to happen for large projects as we do more DCs. But core business, I can assure you there is no divergence; they continue to do at the same trend. If you look at the trend of capex on the BAU part, you will see a complete convergence between CWIP and capex spend and actual capitalization. On taxes, yes, you could take the current run rates as the going-forward run rates for tax provisions and payments. Thanks.

Sanjesh Jain - Analyst, ICICI Securities
Thanks. Thanks, team, for answering all those questions, and best of luck for the coming quarter, and Happy Diwali.

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
Thanks, Sanjesh.

Operator
Next question comes from Mr. Sachin Salgaonkar. Mr. Salgaonkar, you may please unmute your side, introduce yourself, and ask your question now.

Sachin Salgaonkar - Analyst, BofA Securities
Thank you for the opportunity. First question is on data center. Just wanted to understand, again, some and I know multiple questions were answered on data center, but let me be specific on three subparts of the question: How much of our data center capacity currently is in-house versus external customers? How do we see that changing? Secondly, as we look to scale data center towards a one gigawatt, is it purely will be done by debt or is there a risk of an equity raising also, especially as we look to scale it up in a much faster process? And Gopal, while you mentioned on GPU-as-a-service, ideally should we also expect Airtel buying NVIDIA or TPU chips, and hence the capex associated with that?

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
Yeah, I'll take that. How much is external capacity? Nothing is external capacity. We build data center for a living, it's our business. We have not leased capacity to sell it to somebody else, so that answer is an unequivocal no. Equity versus debt: We've just done about $800 million of equity raise which came in in June, July. So we as of now have cash in the bank. Will there be a mix of debt? Certainly, yes. These are large infrastructure projects, very high quality, long term, so we will of course have debt to fund these.

Will there be an equity raise happening one year later, two years later? We'll leave that as a treasury

discussion between the cash that the three owners of Nxtra has, who have substantial, versus what is the debt pricing, and we will take a treasury call at the opportune time. But certainly, there would be some debt which will come in; everything will not be built by equity. Will Airtel go to buy GPU chips from NVIDIA or TPU chips?

Again, we already have, Shashwat in his opening remarks mentioned about the workloads that are running for internal use, so we have that. So if we have to, but we are not, as Gopal explained, we are observing the space of either lending out bare-metal as leasing or GPU-as-a-service like a neo-cloud or the full AI stack. So as of now, I don't have anything to inform you. We are, of course, buying chips for our internal use.

Sachin Salgaonkar - Analyst, BofA Securities
Got it. Thanks, Soumen. The second question is on comments from Bharti Airtel promoter in one of the media interviews, where he did mention that eventually BT and OneWeb, which are long-term investments, will be consolidated under Bharti Airtel. Understand it's more a long-term thing, but how should one think about this transaction getting sort of transacted out there, in the sense that will Airtel be buying these stakes over a period of time? Is there incrementally investment required for that?

Gopal Vittal - Chief Executive Officer, Bharti Airtel Limited
There is no intention to buy out these stakes from Airtel.

Sachin Salgaonkar - Analyst, BofA Securities
Sorry, so Bharti Airtel would not acquire these stakes from Enterprises? Is this a...

Gopal Vittal - Chief Executive Officer, Bharti Airtel Limited
Yeah, there is no intention to do this.

Sachin Salgaonkar - Analyst, BofA Securities
Okay. Thanks for the clarification, Gopal. Thank you.

Operator
Next question comes from Mr. Kunal Vora. Mr. Vora, you may please unmute your side, introduce yourself, and ask your question now.

Kunal Vora - Analyst, BNP Paribas
Am I audible? Okay, sorry. So question on the mobile business: We've seen a slight increase in churn, customer additions, prepaid segment were muted, tower sites were flattish quarter-on-quarter. This is happening at a time when the third player has started investing. I understand there's a large gap in the prior investments, but how should we think about incremental revenue market share between the three players? Earlier we had two larger players gaining share. Do you think it gets difficult now?

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
Look, the churn that you're seeing in quarter two is for us largely a combination of two things: There is some seasonality of quarter two which comes in, as well as the pricing intervention that we took where there is always a temporary impact on customer continuity. So we will keep playing this out in terms of ARPU versus base growth. Having said that, from a competitive intensity lens, I think it remains the same what we are seeing for last few quarters, because the investment and the market

aggression of three operators in, let's say, half the country, and then it's a two-operator market in rest of the country, has been in a set pattern and we have been gaining share. So we are not shy of competition in that sense at all, Kunal, and we'll continue to focus on premiumizing the market and gaining share by expanding it there. So I think that does not change for us.

Kunal Vora - Analyst, BNP Paribas
Okay. Second question on AI: So Airtel was offering Perplexity AI services, and I think the 12 months would have now expired. What is the plan now? Do you see a need to continue with something similar? And separately, some of the Chinese operators are selling AI tokens to customers. Is this something which you'd look at as a long-term opportunity?

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
See, I think two separate parts to this: One is really in terms of bringing more and more value distribution play for various subscriptions, etc., to our customers. We keep doing it. We did Perplexity, we did some work with Adobe today, Adobe tool is available to our customers, and these continue. We keep looking at opportunities of what else can we bring to the customers. So that's one part of the play, which is to drive more engagement and stickiness of our customer base with us. On the other side, this whole space of monetizing tokens, I think we haven't seen yet an economy of tokens playing out at scale, where customers are paying for tokens at scale in India. We're watching this space. If this economy were to develop, we'll definitely look at ways of participating, but as of today, it's not substantial to think about.

Kunal Vora - Analyst, BNP Paribas
Thank you. Just one last question on home broadband: We've seen the EBIT margin deteriorate over the last one year. Is it getting more difficult to acquire quality customers, and how should we think about growth and capex in home broadband from here?

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
Look, I think for me, if you look at home broadband, I look at this business from the lens of saying we are in acquisition and growth phase in this business. So we are doing everything that we need to do to expand this business properly. We are expanding in so a lot of investment has gone into fiber as well as CPEs, which are the two big capex and play that comes in. So as a result of which, EBIT has looked a little bit softer.

Also, last quarter I had touched upon this topic that we had seen some issues in terms of quality of acquisition at low ARPUs, etc., in the market for a couple of quarters, which we are now correcting, which also impacted a bit of the short-term EBIT that has played out on this business. But I would look at the larger picture on this business of saying this is an investment phase of this business, and we really have to accelerate further.

Kunal Vora - Analyst, BNP Paribas
Okay. That's it from me. Thank you.

Vaidehi Sharma - Marketing Manager, Bharti Airtel Limited
Next question comes from Mr. Ankur Rudra. Mr. Rudra, you may please unmute your side, introduce yourself, and ask your question now.

Ankur Rudra - Analyst, JP Morgan
Thank you. This is Ankur from JP Morgan. Firstly, just on your mobile business, it was very

heartening to see the sharp ARPU recovery, quite healthy from the tariff action in the quarter. Now should there be any sector-wide tariff hikes by peers over the next few quarters, will you be more constrained to participate, particularly at the low end of the pricing table, given these actions may have brought some of the benefits forward? Sure. The second question is on the Homes side: Can you maybe comment a bit about how you think it's doing versus your expectations?

I understand you've commented many times that you're focusing on high-quality customers. So what explains the sharp ARPU decline we've seen and the fact that additions are still a bit soft versus a few quarters ago? Is convergence a reason for the dilution on the ARPU side? And lastly, if you could just comment on the overall thoughts on capital allocation as it stands across capex for core business, new growth bets, purchase of any further stakes in subsidiaries like Africa or Indus, and shareholder returns. Thank you.

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
Okay. So let me take the questions on both the ARPUs, and then I'll hand over to Soumen for capital allocation. Look, on mobility, we have seen whatever comes on tariff, we come to it when it comes to it. Usually tariff hikes have worked well for us with the quality customer base that we have. So I wouldn't speculate beyond a point on this. I would say I don't see a constraint in terms of the headroom for tariff growth, etc., that we have, and if ever and when this happens, it will we feel strongly about the fact that we'll lead this increase in ARPU.

We'll continue to just keep building industry-leading ARPUs in this business. On Homes, I think I'll just leave it at the fact that, look, ARPU of this quarter is just a pull-through of what we had spoken about in terms of acquisition at certain low ARPU, commissions, wrong sales practices, etc., that we had to correct last quarter, and this is a one-off. So I wouldn't worry about this beyond a point.

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
On the capital allocation piece, I would say that the core business, we've always mentioned I think over the last few quarters that the radio capex has kind of moderated and that will continue, because a lot of the build-out has already happened. I think if you look at the new towers being installed, it's almost very little now, it's less than 1,000 in the ballpark of 500, 600 sites this quarter. Of course, there will continue to be some expansion of 5G. Core capex is a function of what happens to volumes and how much data consumption grows, and that tends to be a small component.

And then the transport capex tends to be a large capex, because there's a lot of fiberization that is being done within the company. So that will continue, but the core business, I would say, is kind of consistent. We don't see any spikes. A lot of the incremental capex will really go behind the growth bets, which is on data centers as we spoke about and cloud. We've already announced a potential continued buyback in Airtel Africa. We've also done that in Indus. So that will continue, and we've also said in the past and you see that reflected in our conduct that the dividend payouts will keep increasing over time. So I think all of those will work through.

Ankur Rudra - Analyst, JP Morgan
Thank you.

Operator
Next question comes from Mr. Sumangal Nevatia. Mr. Nevatia, you may please unmute your side, introduce yourself, and ask your question now.

Gaurav Rateria - Analyst, Morgan Stanley
Yeah, hi. This is Sumangal from Kotak Securities. Thanks for the chance. Great quarter. I have two questions: One, just continuing on capex, for the first time, if I'm not wrong, the capex for the wireless business is lower than Homes business Homes, Airtel Business, and DTH put together, even without the land purchase. So can we extrapolate this trend now over the medium term till we get into 6G? And also, is it possible to share some ballpark capital intensity, say, per megawatt for the data center investments which we are doing?

That's the first question. Second, it's quite encouraging to see that data consumption per sub has been outperforming our peers since last few quarters. So the gap versus peer, which without adjustments was around 35%, 40%, is now down to 20-odd percent. So just want to understand how should we look at this trend, what is working well for us, and how are we looking at monetizing this beyond the plan rationalization which we did few months back? Thanks.

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
Yeah. I think on the capex bit, look at a trailing 12 months annual number, because, for example, I can tell you that the weather typically in Q2 is bad, so some of the wireline and wireless capex does not happen. Don't get into that, look at 12 months trailing 12 months, I think that will give you a fair idea. As far as per megawatt capex is concerned, I can't give you a number because there are very, very many changes that happens.

It's about where is it located, what is the design, what is it fit for purpose. So there is no thumb rule that I can give you that per megawatt my capex is going to be in this range only. So I can't give you a number, but as you know, India is very competitive compared to some of the other developed markets in terms of capex per megawatt. On the data point, Shashwat?

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
Sumangal, I think on data subs, data consumption per sub, I think it's a function of strengthening network as well as upgradation that we have done of our customers on the plans. On this one, I feel in terms of how do we monetize data consumption per sub going forward, I think it is back to what we discussed earlier. I think we had a detailed discussion on what we need to do on pricing architecture. I think it's consumption has to be people who consume so much must pay for data, and that I think is the shift eventually the industry will have to make. And if we are able to make that, it just gives us organic growth of ARPU, which is consumption-led, which will sustain us for many years to come. I think that for me is a pivotal shift that we need to make.

Gaurav Rateria - Analyst, Morgan Stanley
Got it. Thanks, and all the best.

Operator
The next question comes from Mr. Gaurav Rateria. Mr. Rateria, you may please unmute your side, introduce yourself, and ask your question now.

Unidentified Speaker - Analyst
Hey, this is Gaurav from Morgan Stanley. I have couple of questions: On the mobility business, sequential revenue growth was close to 3%. ARPU increase just from the number of days itself gives us 1%, and then there is always a mix improvement led by the postpaid and other factors that drive some improvement in the overall revenue growth. So when I look at the pricing intervention, I'm not able to understand that has that been really a revenue accretive or not for us at the overall business

level?

It may be ARPU accretive, but has it been revenue accretive or not? My second question is on Airtel Business portfolio: Our mix must be changing in favor of the digital portfolio compared to, let's say, last year, but we haven't seen the benefit of that accruing in the form of revenue growth accelerating in this business. So what is the mark or what is the level at which our digital portfolio reaches and we start seeing the benefit in terms of the mix change driving acceleration in the overall revenue growth?

Lastly, on the Homes portfolio, how are you measuring the quality of the business? Is there any retention metrics that you can share that help us to understand that the quality of the portfolio has improved compared to two quarters back? And do we intend to go back to the historical high net adds that we used to add, maybe two quarters back, in the coming quarters or not? Thank you.

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
Thank you, Gaurav, for those questions. Let me just take them one by one. I think on the mobile ARPU piece, we are very happy with the way the pricing interventions have gone. Overall, I think the overall plans, we wanted this pricing intervention to play out, did play out. So in terms of what you feel on the mobile revenue growth, I think it has helped us on the revenue growth side, so I wouldn't comment beyond that. On B2B, I think, Gopal, would you like to add on the B2B bit?

Gopal Vittal - Chief Executive Officer, Bharti Airtel Limited
Yeah, I do want to come in here, because we've talked about this in the past: Our portfolio comprises of four components: The first is the core business, which, like we've always mentioned, is growing modestly because the market grows modestly. The second is the commodity messaging and all of that, which has its own pressures because there's some traffic that moves to WhatsApp, there's also continued pricing pressure on that, and we are happy for it to either be flat growth or kind of marginally decline.

And then there is data centers, which we've spoken about already. And finally is the digital businesses. So it's a mix of all of this, and that's what drives growth. Now if you look at the 11.5% growth that we've had, obviously you can see that there is an acceleration that's happening on the digital side, which is actually compensating for some of that managed decline on the core commodity messaging and so on and so forth. And a couple of quarters ago, this growth used to be about 7%, so you can see a movement in the trajectory, and our hope is that this continues over the coming years.

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
And Gaurav, your last question, which was on Homes, I would just say that this is a business where we look at like we have our strategy of fiber, and overall growth, acceleration, the net adds is for me right now the metric to look at on this business. So I would just leave it there and say we have to accelerate. There's a lot of work that's going on in terms of just expanding our fiber footprint, pivoting our GTM and marketing towards that, and staying very focused on where the market growth is, and accelerating this piece. So this will take a little bit of time, but we want to see the acceleration that you're asking for.

Unidentified Speaker - Analyst
Thank you for patiently answering all the questions. Just a bookkeeping question on 5G user base if you can provide. Thank you.

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
More than 200 million.

Unidentified Speaker - Analyst
5Thank you.

Vaidehi Sharma - Marketing Manager, Bharti Airtel Limited
Thank you, everyone. I would like to remind the participants to kindly stay connected on the call for the next session on Bharti Hexacom. Now I would like to invite Shashwat to give his closing remarks on Bharti Airtel.

Shashwat Sharma - Managing Director and Chief Executive Officer, Bharti Airtel Limited
So I just want to say thank you for all your insightful questions and very detailed discussions on the results, and thank you all for your engagement. So with that, we bring to the Bharti Airtel Limited discussions to a close.

Operator
Thank you very much, Shashwat. With this, I would now like to hand over the call to Mr. Soumen Ray for his opening remarks on Bharti Hexacom performance.

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
Thanks. Thanks, Vaidehi. Good afternoon, everyone. Welcome to the Bharti Hexacom Q2 FY '25 earnings call. I have with me Karthik and Naval on the call. Let me start with a quick update on our Q2 performance. We delivered strong performance with revenue of over 2,580 crores, growing at about 2.9% sequentially. EBITDA for the quarter came in at over 1,250 crores, with a margin of 48.6%. We ended the quarter with mobile customer base of 29 million. Smartphone customer additions were strong at 48,000.

ARPU for the quarter was 264, which benefited amongst other things from one extra day in the quarter. Our Homes, offices, and other businesses continued to see strong momentum, with net adds of 71,000, resulting in a revenue growth of about 3.7% sequentially. We continue to invest in 5G expansion, network modernization, and growing our Homes and IPTV businesses. Our operating free cash flow generation, which is EBITDA minus capex, came in at about 920 crores. Balance sheet remained robust, with net debt excluding leases at about 1,575 crores. With that, I would hand over to Vaidehi to open the floor for questions.

Operator
Thank you very much, Soumen. [Operator Instructions] With this, the first question comes from Mr. Saurabh Handa. Mr. Handa, you may please unmute your side, introduce yourself, and ask your question now.

Saurabh Handa - Analyst
Yeah, hi. Sorry, thank you for the opportunity. Just in terms of the subscriber additions in mobile, it's turned negative now. You did speak about this on the Airtel call as well. The increase in churn, would this largely be due to tariff intervention and also seasonality, and therefore should this normalize from the current quarter? That's the first question. And secondly, on postpaid, on the tariff intervention that you did earlier in this quarter, I think the net impact is roughly a 50 rupee increase. Is that what should flow through in terms of ARPU, or there are some deductions in terms of what you were charging earlier for roaming if that goes away? So these two questions, please.

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
Thanks, Saurabh. I'll take the first one. As all of us know, we've been in this industry for some time, whenever there's a pricing intervention, there's a temporary impact on customer continuity, so that is given. We try to balance it out, and the things are around being accretive to revenue, customer continuity, and value maximization. So that did have an impact. But I think compared to some others, the reason we are more negative is because of very adverse weather impacts primarily in Northeast, which impacted continuity very badly in the last quarter. And we are all aware of the unfortunate weather events that happened in that area. In terms of how are we seeing, we are seeing improvement, significant improvement versus what we had in the last quarter. So let's watch this space for Q3, but we are seeing early signs of improvement. On the postpaid ARPU, yeah, broadly it is a 50 rupee increase. Barring a bit of ARPU, yes, certainly there could be some access charges when for the people who actually go on international roaming, but at an ARPU level, yes, broadly it should be a flow-through.

Saurabh Handa - Analyst
Thank you, Soumen.

Operator
Next question comes from Mr. Gaurav Malhotra. Mr. Malhotra, you may please unmute your side, introduce yourself, and ask your question now.

Gaurav Malhotra - Analyst, Axis Capital
Hi, this is Gaurav from Axis Capital. Thanks for taking my questions again. I just had two questions: See, when we see the ARPU increase of Hexacom versus Airtel, Hexacom seems to have benefited lesser from either premiumization or the tariff intervention. And the reason why I'm asking this is because Hexacom's data consumption actually is higher than Airtel's. So if you can just give us some sense as to why the ARPU increase was slower for Hexacom?

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
Well, Gaurav, different kind of customers, different kind of mixes, different kind of affordability. To start off, the base ARPU itself is different between the two organizations. So but if I had to call out one major reason which impacted Bharti Hexacom as opposed to Bharti Airtel, it was around Northeast. Whilst I called out Northeast as a reason of having softer net adds because of this, it also impacted existing customers' continuity, because those days they could not recharge. I would not read too much into how is this exactly different to the last rupee.

One day has come which has come for Airtel as well as come for it has come for every player who is on a number of days pack. Outside of that, it's the mix of customers and so on and so forth. Airtel did very good numbers in terms of their postpaid net adds as percentages. Hexacom is going there, so there are a few changes. You can't expect exact number to get replicated.

Gaurav Malhotra - Analyst, Axis Capital
Got it. Thank you so much.

Operator
The next question comes from Mr. Sanjesh Jain. Mr. Jain, you may please unmute your side, introduce yourself, and ask your question now.

Sanjesh Jain - Analyst, ICICI Securities
Thanks, Soumen, for taking my question. First, on the mobile revenue, we have grown slower than Airtel, 2.7% quarter-on-quarter growth versus Bharti's 3.4%. Understand you mentioned that Northeast had that disruption which negatively hurt more to Hexacom, but even for next two quarters, it's fair to assume that we will slightly underperform the Airtel just because Airtel has a larger base of postpaid customer, larger base of 4G, 5G customer, where both premiumization and price increase will have a higher impact? So structurally, sorry, temporarily, we should underperform the Airtel, will that be a fair assumption?

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
So first of all, Sanjesh, you and I both know that I can't do forward-looking statements or guidances. But having said that, I could argue the other way that because there has been an unusual dip, let's say on an average in Northeast, an average customer could not did three days less recharge, so there could be a tailwind going into Q3. I know these are group companies, but the demographic profile, the geographical profile in which they operate are pretty different. So my request would be, of course, you would benchmark and we also benchmark, but do not interpret it other than structural.

For example, the point that you made around the postpaid, yeah, if somebody has lesser percentage of customers on postpaid, then the flow-through as percentage of top line would be lesser, that's arithmetic. But on the prepaid cohort, whether growth will lag Airtel or lead Airtel is something which will be played out in the market competitively, how is the market growing, and so on and so forth. It's very difficult to predict that in the near future Hexacom will either lead or lag or be equal to Airtel.

Sanjesh Jain - Analyst, ICICI Securities
No, no, appreciate that, Soumen. Second, on the home broadband, the customer addition over last two quarters has decelerated. We were adding over 100,000 customer per quarter, now around 70,000. Anything which has changed, or it's a deliberate move to see that we add only quality customer, and this number over a period will accelerate for us?

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
So I think you were, I'm referring to the Airtel call because I know you were there in the Airtel call, you asked questions, so the issue is the same. The issue is there was a period where there was very high competitive intensity, and the customer acquisition wasn't appropriate, let me put it that way. But what we have now clearly decided that we will drive quality customers, driven primarily through fiber. Of course, Northeast, there are places where the fiber is a challenge, and so on and so forth, but we are working on that.

Will this claw back? It will certainly claw back, but the clawback will be around potentially high-quality customers with a larger price and put down and all of that. Will this claw back? It will certainly claw back, but the clawback will be around potentially high-quality customers with a larger price and put down and all of that. So this correction, you should look at being a step towards reinforcing our commitment to making a robust Homes broadband business in Bharti Hexacom.

Sanjesh Jain - Analyst, ICICI Securities
Got it. One last question, Soumen: On the access charges, that will remain slightly higher for us because we are rolling out home broadband at it which growing very fast, and hence the access

charges will remain higher for us, will that be a fair assumption?

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
Well, if home broadband grows a little too fast, yes, but I would say home broadband is a very small part of the business. If you look at the trend of access charges, IBR, look at it at a trailing 12 months basis, because there is seasonality and all of that, there are a lot of other things. So I would say you could directionally, for some time in the future, directionally look at it basis the growth in a trailing 12-month basis, and not dive too much into how much is it coming from Homes, and so on and so forth.

Sanjesh Jain - Analyst, ICICI Securities
Got it, got it. Thanks, Soumen, for all those answers, and best of luck for the coming season.

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
Thank you.

Operator
Next question comes from Mr. Aditya Bansal. Mr. Bansal, you may please unmute your side, introduce yourself, and ask your question now.

Unidentified Participant - Analyst
Hi, thanks for taking my question. This is Aditya Bansal from Motilal Oswal. Just wanted to check again on the ARPU: Given that minimum recharge or voice-only plans have been launched, any quantification in terms of the ARPU drag that we can expect for Hexacom, given that we talked about slightly inferior mix versus Bharti?

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
I won't say too much, because this cohort of people who are only on voice plans is very small, and it is coming down. We are talking of upgrades of feature phone to smartphones, slowing or becoming fast, and so on and so forth. So there's a very small cohort, and my estimate is that it won't make a significant difference in the headline ARPU of Bharti Hexacom Limited.

Unidentified Participant - Analyst
Thank you. The next question is around the difference in reported and cash capex for Hexacom. I can understand for Airtel given that land purchase is there, but why is there a sharp difference for Hexacom?

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
Reported and cash capex: I don't have a ready answer for you, Aditya. Allow me to circle back to you on this one through IR.

Unidentified Participant - Analyst
Thanks a lot, and all the best.

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
Thank you.

Operator
Thank you, everyone. Now I would like to pass it on to Soumen Ray for his closing remarks on Bharti

Hexacom.

Soumen Ray - Chief Financial Officer, Bharti Airtel Limited
Thanks all for joining the Bharti Hexacom quarter. Festivities around, wish you and your loved ones all the best, and look forward to meeting up with you in Q3. Thank you.

Vaidehi Sharma - Marketing Manager, Bharti Airtel Limited
[Operator Closing Remarks]