

## Earnings Conference Call Transcript

Event: Bharti Airtel Limited Second Quarter Ended September 30<sup>th</sup>, 2015 Earnings Call

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**Bharti Airtel Limited Second Quarter Ended September 30, 2015 Earnings Call****CORPORATE PARTICIPANTS****Gopal Vittal**

Managing Director and CEO (India and South Asia) – Bharti Airtel Limited

**Nilanjan Roy**

Global Chief Financial Officer – Bharti Airtel Limited

**Christian De Faria**

Chief Executive Officer – Africa – Bharti Airtel Limited

**Jaideep Paul**

Chief Financial Officer – Africa – Bharti Airtel Limited

**Harjeet Kohli**

Group Treasurer – Bharti Airtel Limited

**CONFERENCE CALL PARTICIPANTS****Sachin Salgaonkar**

Bank of America – Mumbai

**Sachin Gupta**

Nomura – Singapore

**Pranav Kshatriya**

Edelweiss – Mumbai

**Suresh Mahadevan**

UBS – Singapore

**Aditya Soman**

Goldman Sachs – Mumbai

**Piyush Choudhary**

CIMB – Mumbai

**Rohit Chordia**

Kotak Securities – Mumbai

**Sreenivas Rao**

Deutsche Bank – Singapore

**Vinay Jai Singh**

Morgan Stanley – Mumbai

**Sahil Kedia**

Barclays – Mumbai

**Chris Lane**

Bernstein – Hong Kong

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**PRESENTATION****Shareena – Moderator**

Good afternoon ladies and gentlemen, I am Shareena, the moderator for this conference. Welcome to the Bharti Airtel Limited Second Quarter ended September 30, 2015 earnings call. For the duration of the presentation, all participant lines will be in the listen only mode. After the presentation, the question and answer session will be

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conducted for all the participants on this call. In case of a natural disaster the conference call will be culminated post an announcement. Present with us on the call today is the senior leadership team of Bharti Airtel Limited. Before I hand over the call, I must remind you that the overview and discussions today may include certain forward-looking statements that must be viewed in conjunction with the risks that we face. I now hand over the call to our first speaker of the day Mr. Harjeet Kohli – Group Treasurer. Thank you and over to you Mr. Kohli!

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**Harjeet Kohli – Group Treasurer – Bharti Airtel Limited**

Thank you Shareena. A very warm welcome to all of you. We sincerely apologize for the delay and rather ad hoc delay for the earnings call. I am sure that a few of you are aware that there was an earthquake around the Northwest of India, somewhere around Pakistan and Afghanistan region. I apologize that the system had to vacate the premises and it took us a while to get the whole thing in order. Glad to see the participants are back and hope all of you are safe, wherever you are, your loved ones are also equally safe.

There was a slight change for the timing today because we are actually, all of us, the management is in Singapore. This time the Board Meeting was held in Singapore. As we speak, we are calling from SingTel offices for this conference call. Before I hand over the call to Nilanjan, I thought I will take this quick minute to introduce him. As you know, last quarter Nilanjan got appointed as the Global CFO and he will give you the initial opening remarks post which we can take over the Q&A. Thanks so much. Look forward to the call.

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**Nilanjan Roy – Global Chief Financial Officer – Bharti Airtel Limited**

Thanks Harjeet. Good afternoon, ladies and gentlemen. Thank you for joining us today for this earnings call to discuss the results for the Second quarter ended September 30, 2015, which we announced earlier today. Let me introduce you to the senior leadership team who are present with me on the call today - Gopal Vittal, Christian De Faria, Jaideep Paul and Harjeet Kohli.

Firstly let me say a few thoughts on the sector development in the regulatory space. Spectrum trading guidelines have been issued by DoT. This would enable most efficient utilization of idle spectrum with operators and will also help pave the way for much needed consolidation in the sector. In addition spectrum sharing guidelines have also been issued by DoT. This is again positive for the industry which can now pool their spectrum in various bands and again optimize use of spectrum. Both these developments harbor well for the industry and are aimed at improving spectral efficiency and enhancing network capacity using the limited spectrum available with operators.

The RBI granted in principal approvals to set up payment banks to 11 entities, these entities including Airtel will be able to offer millions of financially unserved, the ability to deposit, remit, pay and withdraw money across the country. We are very excited about this opportunity and with the scale of distribution and telecom technology this is a very exciting proposition for us.

TRAI has suggested the operators to compensate for call drops in the network. As we continue to lead the network deployment, we are working closely with the government to address the problem of fixing network infrastructure by deploying cell towers, providing adequate and affordable spectrum as well as educating citizens on EMF safety norms to address their fears and opposition to cell towers. We view this, the most effective way to address any call drop issues that may exist in the system.

Now let me turn to the key company developments. During the previous quarter the company entered into an agreement with Orange for potential divestment of its Africa operations in Burkina Faso, Chad, Congo B, and Sierra Leone. Airtel has invested in and established quality operations in these four countries. This transaction is about maximizing shareholder value while handing over these businesses to an operator who is committed to taking the agenda in these countries forward. By means of this transaction Airtel will be able to establish a sharper focus on the remaining countries and further reduce the debt. Given that we are in the due diligence phase, we cannot discuss any more details but suffice to say our goals of achieving PAT and FCF neutrality at the earliest will get a major boost.

You are aware of the announcement in the previous quarters regarding divestment of 12,500 towers across 13 African countries. We are pleased to announce that till end September the tower deals have consummated in seven of these countries namely Congo B, Ghana, Kenya, Uganda, Nigeria, Zambia and Rwanda for a total consideration of 1.7 billion dollars. In October, the divestment has been completed in Burkina Faso as well. The tower deal process is ongoing in Niger whereas the agreements for sale of tower assets in four countries, Malawi, DRC, Chad and Tanzania have lapsed and therefore stand terminated. But we will continue to look at fresh opportunities for

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divestment in these four lapsed countries. As regarding the accounting impact of the tower disposals, we have given the details in the quarter report.

Coming to the ongoing impact due to the tower disposals in Africa - in the country where the transactions have been completed, the existing revenues from tower sharing will stop. The OpEx component of the new tower rental is fair valued and therefore not much different from the existing rentals. As the tower companies get more tenants we expect the tenancy and energy discounts to accrue, but this will happen over the years. The finance lease portion of rental will partly go to interest and partly to reduce the finance lease obligations. After the completion in all countries we expect the full impact to dilute the EBITDA margin by around 1.5% once all transactions are closed but a positive impact on net profit.

Another highlight is on the data side. Airtel became the first operator to launch 4G pan India by announcing the launch of its 4G services in 334 towns across India. Expanding our 4G footprint across the country, we have the widest spectrum footprint to be able to offer our customers superior data services. Additionally customers can avail of innovations such as unmatched value for our customers with 4G at 3G prices and a host of bundled offers across data and voice. In addition our seamless experience for customers with instant SIM swap in minutes, home delivery of SIMs and automated platform called Flexpage that allows customers to track their data usage. Finally, we have entered into handset alliances with Flipkart, Samsung, Apple and others.

During the quarter we also rolled out 3G on 2100 MHz spectrum that we picked up in the recent auctions. With this our 3G presence is now pan India excluding Kerala, the only operator with such an extensive own network. Kerala is also well covered by both FD & TD- LTE spectrums. Such a national footprint would allow us to fully participate in the data growth story going forward, reduce dependency on ICR arrangements and build a more cost optimized network.

In order to maximize shareholder value and improve the quality of our business portfolios, Axiata Group and Airtel entered into an agreement to explore the possibility of combining the business operations of our subsidiaries in Bangladesh namely Robi Axiata Limited and Airtel Bangladesh Limited. The Bangladesh Telecom regulator has primarily approved the request of merger Robi and Airtel and will now require legal and other approvals. After the merger all the property and assets will also merge together with the subscribers and tangible and intangible assets of both companies. This will make the merged entity the second largest operator in the country after Grameenphone.

Airtel also signed an agreement to acquire 100% equity stake in Augere Wireless Broadband India which holds 20 MHz of BWA spectrum in the telecom circle of Madhya Pradesh and Chhattisgarh. Subject to necessary legal and regulatory approvals this will give us 4G capabilities in another critical geography.

Let me now report on the company's operating matrix. We are happy to know that this quarter saw industry leading net additions of 4.6 million, double of the net additions in the same quarter last year. In line with the expected seasonality, minutes of usage sequentially decreased by 8.7 billion minutes down 3% quarter-on-quarter. This quarter, our voice RPM decreased from 34.93 to 34.58, a marginal fall of 0.35 paise.

Our voice realization during the quarter has seen a slight decline. Quarter-on-quarter these realizations may move as the way the customer growth story is playing out in an environment which is increasingly getting consolidated. At the same time there may be some competitive plays in the marketplace. There is no divergence from the established price stability approach in managing the existing portfolio of minutes. We will continue to optimize the rate volume equation to enhance the overall voice revenues both from existing and new customers. Hence the triangulation of revenue share growth, revenue and profitability expansion lays the premise of our strategy. We seek to expand the customer base so long as the customers are sticky and especially in underserved semi-urban and rural areas. This is borne out by our net ads and industry leading churn at 3.5%. All of this has helped the underlying year-on-year mobile revenue growth at 12.3%. EBITDA margins have also improved from 36.8% to 38.7% year-on-year basis.

We are very happy to confirm that data revenues in India continued to march ahead with double-digit quarter-on-quarter growth momentum. Data consumption has increased by 12% sequentially and by 69% on a year-on-year basis. We continue to see impressive 3G additions in the data user base every quarter. Data ARPU is up 29% year-on-year at Rs.193, and at such early levels and has already surpassed the more mature voice ARPU at Rs.140 and is at the same level as overall mobile ARPU, again bearing testimony to the demand for data. We firmly believe that we are still at a very nascent stage of data revenue pool development. Data now contributes 21.5% of the mobile revenues as against 14.5% in the corresponding quarter last year. Our non-mobile businesses which unfortunately do not get their fair airtime continue to perform strongly and silently. These are now 28% of India overall business and growing at a steady clip. On an underlying basis while mobile revenues grew 12.3%, Airtel business is up 19% year-on-year and digital TV is up 22.6% year-on-year.

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I am also delighted to note that Africa performance is now showing early signs of revenue growth and turning back with 5.1% underlying growth year-on-year. The data story is unfolding well and non-voice revenue in Africa is more than 27.3% of the total revenues. Mobile data itself is now 13.5% of the total revenues and has grown 40.6% year-on-year. Our 3G networks have enabled data volumes increasing 104% year-on-year and we have been gearing up for much more growth. Airtel Money transactions value has grown by 24% year-on-year to \$3.7 billion during the quarter. More than 8 million customers have carried out a total of 241 million transactions this quarter on Airtel Money which has doubled year-over-year.

Now moving into the company's quarterly financial results; consolidated revenues increased by 4.3% year-on-year; normalized for impact of IUC in India and the impact of divestment of tower assets in Africa it is up by 6.6% year-on-year basis. On the margin front, we continue to see India margin holding at 40% plus. Amortization cost in India has stepped up due to the impact of 4G and 3G launches during the year. We now have 3G presence in all circles ex Kerala and 4G across 334 towns across India. Despite the increased amortization, EBIT margin in India has continued to improve year-on-year.

In Africa let us first take note of the currency trends. The weighted average currency depreciation in the last quarter has been 6.6% in USD terms largely in Anglophone countries led by Zambia by 60.4%, Tanzania by 8.8%, Malawi by 26%, Uganda and Sierra Leone by 12% and Kenya and Rwanda by 6%. These sharp declines have impacted the reported revenues in dollar translation. To understand the intrinsic performance of the Africa operations all financials up to EBIT and all operating metrics mentioned are in constant currency as of March 2015. In Q2, gross revenues in Africa in constant currency are up 5.1% underlying, adjusted for tower disposals and 4% reported year-on-year basis.

EBTIDA margins in constant currency for the quarter are reported at 20.3% as against 20.5% in the previous quarter. Normalizing for the lease tower assets, the margin would have been closer to 21.4%.

We have maintained our focus on growing customer base and networks. We have added over 735 3G sites this quarter in Africa. We have continued to grow our customer base with 2.5 million net ads during the quarter, accompanied by 20% growth in minutes year-on-year which is the fastest growth in the last six quarters. The continuing trend of growth in customer base, volumes of voice and data as well as the adoption of Mobile Money is a reaffirmation of the potential growth in Africa. Coupled with the demographic dividend there is no doubt that Africa will see the benefits of scale in the future.

Consolidated net finance cost during the quarter went up by Rs.9.6 billion, 106% up year-on-year to Rs.18.6 billion albeit marginally down by 3% on a sequential quarter basis. Year-on-year net finance cost can be explained by higher interest on borrowing and finance charges, higher forex losses and finance lease obligations. Elaborating on each: a) interest on borrowing and finance charges of Rs.13 billion during this quarter, up 32% including interest on deferred spectrum liability, b) forex losses of Rs. 8.1 billion up 2.7 times year-on-year as aftermath of the global market turmoil in Q2 FY 2015 c) interest on finance lease obligations now charged to the PL amounted to Rs.999 million.

The effective tax in India for first half 2016 came in at 32.8%,(31.5% excluding the dividend distribution tax) compared to 26.5% (25.5% excluding the impact of dividend distribution tax) for the previous year. The increase in the underlying effective tax rate in India is primarily on account of lower tax reductions due to reductions in tax exemption holidays and certain period base provision. The tax charge in Africa for the period of six months ended September 30, 2015 at \$80 million versus full year charge of \$203 million, has been lower primarily due to higher operating losses and changes in profit mix of the countries.

Exceptional items during the quarter comprise of (i) net gain of Rs.10.44 billion pertaining to the divestment of telecom tower assets in Zambia, Uganda and Kenya (ii) depreciation charge of Rs.166 million arising out of the terminations of tower sale agreement in Malawi (iii) charge of Rs.2,136 million towards the operating cost on network refarming and upgradation program.(iv) regulatory fee provisions of Rs.1,426 million arising out of reassessment of certain positions; (v) charge of Rs.116 million towards restructuring activities in a few countries and (vi) net tax benefit of Rs.1,060 million and impact on minority interest of Rs.93 million on the above.

The resultant consolidated net income for the quarter came in at Rs.15,227 million, an increase of 10% over the previous year.

Let me talk about our Capex. Our Capex guidance was \$3 billion for the year. In the first half we spent \$1.4 billion which is a run rate of \$2.7 to \$2.8 billion. We will certainly meet our guidance of \$3 billion. In fact given accelerated 3G and 4G rollouts in India we will be happy to spend \$200 to \$400 billion more provided we can actually pull it off.

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On the balance sheet front the net debt excluding FLO for the company has remained flat for the last two quarters at approximately \$10.8 billion despite the progressive DoT spectrum debt recognition and DoT payouts made in this fiscal. Including the FLO of \$815 million arising from leaseback of towers in Africa the consolidated net debt at the end September would have been reported at \$11.5 billion.

In conclusion the Second Quarter in India signals continuing momentum, sustained efficiencies and margin expansion on an underlying basis. Africa revenues and EBITDA are improving on constant currency basis. The tower disposals in Africa have taken effect and impact is being felt on the balance sheet. On this note, I would now like to hand over back to the moderator for conducting the Q&A part of this earnings call.

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**Shareena – Moderator**

Thank you very much Sir. We will now begin the question and answer interactive session for all the participants who are connected to the Audio Conference Service from Airtel. Due to time constraints we would request if you could limit the number of questions to two to enable more participation, hence management will take only two questions to ensure maximum participation. Participants who wish to ask question may press “\*” “1” on their touchtone enabled telephone keypad. On pressing “\*” “1” participants’ will get a chance to present their questions on a first-in-line basis. To ask a question participants’ may please press “\*” “1” now. The first question comes from Mr. Sachin Salgaonkar from Bank of America, Mumbai. Mr. Salgaonkar, you may ask your question now.

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**Sachin Salgaonkar – Bank of America – Mumbai**

Thank you for the opportunity. Thank you for doing the call despite the earthquake. I appreciate it. I have two questions. First question is on competition on 2G in rural areas. Now we heard from Idea, I think Vodafone is also deploying S-RAN in urban areas and redeploying the old equipment into rural areas. So, is that something which may lead to a narrowing of coverage gap between you and your competitors, and are you also following a similar 2G coverage footprint improvement strategy? That’s question number one. Question number two, in your opening remarks, you did mention that spectrum trading and sharing could help in facilitating consolidation. Now just want to know your thoughts based on the current guidelines on trading, is it economical for larger telcos like yourself to get into any trading agreements or would you rather wait for the stringent norms on spectrum caps or licensing to relax? Thanks.

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

Sachin this is Gopal here, just to give you some broad numbers. If you look at our 2G footprint, we cover about 460,000 villages obviously we cover most towns but we cover 460,000 villages and as we conclude some of the refarming that Nilanjan referred to, some of that equipment will actually as they come off we will use that equipment to redeploy wherever we need more capacity. I think increased coverage, the need for increased coverage is diminishing but wherever there is increased coverage we will do that selectively and of course we will use the same electronics for actually filling up capacity.

As far as trading is concerned I think it’s a little early to comment because it is a bit speculative. There are obviously, from our position, we would be filling up gaps of spectrum wherever we need it and that we will assess based on both trading opportunities as well as fresh auctions as and when they arise.

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**Sachin Salgaonkar – Bank of America – Mumbai**

Gopal this is clear, just a follow-up on that. So, are you seeing, I completely get your strategy on what Bharti is trying to do. Just wanted to understand with Idea and Vodafone sort of improving their footprint into these areas, where they were not before, is that leading to a heightened competitive intensity and how are you looking at it?

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

Sachin, I think the expansion of the footprint of any of our competitors leading to competitive intensity, I think that correlation is misplaced. If your question is, is there increased competitive intensity in the market, yes, the market has

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always been very competitive. It continues to be so and you will recall that in the last few quarters we saw a lot of competitive intensity coming from really small players, and we also told you that we are going to make sure that we are competitive in fighting the game, we seem to have done that. The competitive intensity continues unabated and we will keep calibrating our position between both price opportunities as well as volume opportunities without seeding any competitive ground, so our objective would be to continue to drive revenue and profitable growth.

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**Sachin Salgaonkar – Bank of America – Mumbai**

Got it. One last follow up question as I mean if I look at your spectrum footprint clearly you have all the spectrum and perhaps the best spectrum for any operator in India but what is missing is 800 MHz and I was just wondering whether any interest to have that into your kitty may be not now but may be at some point in future?

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

I think the way we look at it is that if you look at the last auction we were able to pick up and strengthen our footprint on 900 MHz. So we were able to pick up a spectrum of 900 MHz in Karnataka, in AP, in Punjab, Rajasthan was renewal, Delhi was renewal earlier, Mumbai we picked up some extra 900 MHz, Northeast, Assam and what that enables us to do in many of these circles it enables us to offer 3G on 900 MHz and that we believe will be a very good spectrum for driving our propagation of 3G both in rural areas whenever the need arises but more importantly indoor in the cities.

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**Sachin Salgaonkar – Bank of America – Mumbai**

Got it. Thank you.

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**Shareena – Moderator**

Thank you very much Mr. Salgaonkar. The next question comes from Mr. Sachin Gupta from Nomura Singapore. Mr. Gupta you may ask your question now.

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**Sachin Gupta – Nomura – Singapore**

Just got two questions. Firstly on this African towers, where the sale has been terminated, just wondering what's the reason for the sale termination, is it just the valuation differences or there is something else at play and what could happen to these towers going forward? That is number one. Number two, you mentioned that the CapEx could actually increase further. Just trying to work out how much of this CapEx increase is for fixing the existing networks versus adding more capacity? I guess just trying to work out, are you trying to or are you looking to differentiate on network quality? If that is okay, does that mean that data pricing does not have to be cut further?

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

Sachin what is your third question? I got the second question, I am talking about the third question.

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**Sachin Gupta – Nomura – Singapore**

The reason I asked the second question is because a lot of the telcos, what they are trying to do now is actually differentiate on network quality. If the network quality is good, there is no need to cut data pricing that much. Now I am just trying to work out is Bharti actually heading down that path as well?

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**Harjeet Kohli – Group Treasurer – Bharti Airtel Limited**

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Sachin, this is Harjeet here. The reason for three or four countries the tower sale process in Africa lapsed it's essentially a lapse on account of time and the long stop dates for the underlying process and regulatory approvals to be through. I cannot talk more details on account of confidentiality but suffice it to say that from our perspective including these four countries and in fact some of the other countries where we have not yet closed any tower deals the intent and the priority remains the same to find worthy counterparties who have great execution expertise on towers as well as a right valuation opportunity to try and execute a deal. Now it may be one quarter or five quarters away, but the idea is to be able to have bulk of these towers reside in a tower company under a long term lease arrangement.

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

Sachin so I think you know Nilanjan talked about our willingness to spend an additional \$200 to \$400 million on capex during the course of this year. A large part of that capex in fact or almost a disproportionate part of that capex could really be around expanding our footprint on 3G and 4G, gap circles on 3G as well as existing circles in 3G spreading it deeper. One of the things that happens is as you actually drive a lot more 3G, voice quality also improves because do not forget that with the proliferation of smart phones you do see a substantial amount of voice traffic actually moving on to 3G network. So in a way it is killing two birds with one stone which is the investment actually goes to drive an incremental revenue stream which is around data but at the same time it creates the capacity to unclog 2G networks especially in a situation where our spectrum has been reduced for markets like Delhi for example and that helps the overall call quality situation as well.

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**Sachin Gupta – Nomura – Singapore**

Thank you very much.

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**Shareena – Moderator**

Thank you very much Mr. Gupta. The next question comes from Mr. Pranav Kshatriya from Edelweiss Mumbai. Mr. Kshatriya you may ask your question now.

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**Pranav Kshatriya – Edelweiss – Mumbai**

My question is, your capEx guidance now stands increased by \$200 million so is it like \$3.2 to \$3.8 million in that range or you are just going to shift some proportion from Africa to India or something like that? Now my related second question to that is are we likely to see you added something like 9000 3G sites during this quarter so are we likely to see this kind of run rate? That is my second question.

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

So like Nilanjan explained to you, I think we had given a guidance of \$3 billion and if we can pull it off and actually make the investment that we think it would be important to actually build out our data networks we would be happy to spend anywhere between \$200 to \$400 million which would probably mean \$3.2 to \$3.4, but really the question is will we be able to pull it off? Let me give you some numbers. Last year we rolled out about 35,000 sites and these could be largely 3G sites and a little bit of 4G, if we were to be able to pull this off, this would be well over double of what we have done and we have never done that kind of roll out, which is why Nilanjan said if they are able to pull it off. But we will be happy to do it, we have got the spectrum, its meant to actually grow our data revenues, we believe the ecosystem is ready to actually put in this investment and so we would like to do that but the question is will we have the capability to execute.

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**Pranav Kshatriya – Edelweiss – Mumbai**

Should we be looking at similar run rate for at least next two to three quarters in terms of 3G site additions?

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That is a bit too early to comment on that, we will come back to you and talk about it next quarter. Suffice to say that what we are doing just now on 3G would be a pretty exhaustive coverage of the footprint of 3G. Of course there will be opportunities to do more of 4G and so on as we go into next year but we can come back and revisit that when we come back to you next quarter.

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**Pranav Kshatriya – Edelweiss – Mumbai**

If I can just squeeze in one more question now, 62000 3G sites include 4G sites as well or it is a purely 3G site?

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

No we reported only 3G sites.

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**Pranav Kshatriya – Edelweiss – Mumbai**

Okay, thank you, that's it from my side.

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**Shareena – Moderator**

Thank you very much Mr. Kshatriya. The next question comes from Mr. Suresh Mahadevan from UBS Singapore. Mr. Mahadevan you may ask your question now.

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**Suresh Mahadevan – UBS – Singapore**

Good evening. Thanks for the opportunity. I had two questions, one is, I think generally wanted to get this trend on pricing power, particularly in voice and data. It seems like maybe we do not have a case for pricing power in voice and data clearly, it is okay, I think as long as the elasticity is so huge, I think pricing can probably take a hit, but it is probably accretive. Just wanted to hear your thoughts on both, has anything changed in the last couple of quarters? That is one. The second question is on it seems like most operators in India now are a little bit more aggressive or a lot more aggressive on 4G rollouts and this may be partly because of ecosystem, partly RJI. But specifically, I mean, I think Gopal talked about the 900 MHz 3G and so is it more big cities 4G kind of strategy and probably use 3G nationwide? I mean, just wanted to understand how you are going to use both 3G and 4G to basically get the data business in? Thank you.

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

Thanks Suresh. I think on the pricing front, the position has been consistent with what we been articulating which is to drive revenue growth by combination of both volume and pricing. There has been a marginal pressure on voice pricing this quarter as you will notice. The competitive intensity continues unabated not just by the smaller players but some of the larger players as well. We have always maintained that we would like to see voice realization move up, we continue to stick to that position but we have got to operate in a competitive market, so we would look at opportunities to raise this pricing but we will not allow it to be at the cost of any competitiveness because the cost of recovering market share in a category like ours is actually very high. And so that is a very important part of how we play it out.

As far as 4G rollout is concerned, we have tended to put in a lot more 4G investments where we believe the ecosystem is likely to develop and that is a function of where the devices are and where the customers are likely to be. So that is how we actually have identified the footprint of 4G. If you ask me was our investment ahead of the curve? We believe it was a little bit ahead of the curve, we did that deliberately and we leveraged that very powerfully in the marketplace as well to actually drive the perception of our owning the whole 4G position. Could we have moved it back by 12 to 15 months? In hindsight ,maybe, given the state of the ecosystem but what I must reassure you is

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that the 4G ecosystem has suddenly now tipped over. Just to give you some numbers two quarters ago we had about a million handsets being shipped on 4G, last quarter it was close to five and we believe that this quarter will be closed to 10 million of the 20-odd million smart phones that get shipped. So the ecosystem is evolving rapidly.

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**Suresh Mahadevan – UBS – Singapore**

Now one quick follow up Gopal, on pricing on data side is there a conscious effort to keep bringing it down or is it just basically our people use more of a data quota that number can fluctuate, how should we read that?

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

I think Suresh that is exactly what is happening which is that as people consume their data allowance, the realization tends to drop and this is especially true for 4G, also true for 3G but especially due to 4G because people use a lot more data on 4G and the realization there tends to be lower even though the pricing is the same. There have been also some promotional activities on data in order to drive consumption and build penetration of the category but I think the fundamental issue is really around consumption.

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**Suresh Mahadevan – UBS – Singapore**

Okay. Thank you and all the best.

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**Shareena – Moderator**

Thank you very much Mr. Mahadevan. The next question comes from Mr. Aditya Soman from Goldman Sachs Mumbai. Mr. Soman you may ask your question now.

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**Aditya Soman – Goldman Sachs – Mumbai**

Good evening. Two questions from my end. Firstly on the ICR, can you specify what the benefit will be from sort of with you rolling out 3G in the hope of having lower ICR costs? And secondly, in South Asia in this quarter we saw a sharper decline in data realizations, which is offset by a very high increase in data usage again, can you give us more color on this?

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**Nilanjan Roy – Global Chief Financial Officer – Bharti Airtel Limited**

Yes so I think on the ICR I think a bit premature to say what kind of benefits will flow in, I think over a period of time we will, once we start exiting it will be probably best to tell you. On the South Asia data side, I think nothing particular in terms of volume and rate on the data MBs, so I do not think we need to be really concerned about. I think there we have launched something on free Facebook in one of these countries so probably due to that but nothing to be alarmed about. The ARPU as you can see has actually risen from 78 to 79.

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**Shareena – Moderator**

Sir Mr. Aditya Soman's line has got disconnected. Should we take up the next question? The next question comes from Mr. Piyush Choudhary from CIMB, Mumbai. Mr. Choudhary you may ask your question now.

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**Piyush Choudhary – CIMB – Mumbai**

Thanks for the call. Just two questions on 4G, wanted to hear your thoughts on how has been the response to the launches and if you could share some numbers that how many subscribers out of your 235 million mobile subscribers have 4G devices in the areas where you have launched 4G like what proportion of these device owners have actually

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moved to 4G pack and what have been the behavior of that, any kind of response from your launches if you can share?

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

So we do not report out actual numbers of 4G. I think your feedback is well taken. We will consider at what point we report that separately. But let me just give you some color of what is happening. As devices have started moving quite rapidly and like I said in the last five six months we have seen a very significant shift, with the pricing of devices also falling to 5000 I mean we believe that there will be very soon a device under Rs.5000 as well. We have actually tied up with several partners, so we have tied up with Samsung to promote 4G devices on their stores we have done several tie-ups with online companies, we have a tie-up with Flipkart, every one of the 4G devices that is getting shipped out on Flipkart, comes with a Airtel 4G SIM, and so what we believe is that the share of Airtel on some of these devices that is coming in is probably a little higher than our existing market share, I think that is one piece of information. Secondly I think all the devices that are coming in one of the metrics that we are chasing relentlessly is to actually convert each of these devices into a U SIM which is a kind of SIM that you need when you actually use 4G. There the percentages of conversion from regular device on to a U SIM we are quite satisfied with, they are quite higher, they are in the 50s. And once you have a new SIM in then people are likely to actually use data because we do not distinguish between 4G and 3G so when somebody buys a data pack they automatically get on to the 4G radio if there is 4G that is available in that particular city.

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**Piyush Choudhary – CIMB – Mumbai**

Sure. But any numbers which you can share for your existing, from your existing 235 million what is the 4G base or you would consider that disclosing later?

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

It is not material and we don't share that information but it's not material is all I would say.

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**Piyush Choudhary – CIMB – Mumbai**

Sure alright. Thanks a lot and all the best.

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**Shareena – Moderator**

Thank you very much Mr. Choudhary. The next question comes from Mr. Rohit Chordia from Kotak Securities Mumbai. Mr. Chordia you may ask your question now.

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**Rohit Chordia – Kotak Securities – Mumbai**

Good afternoon and thanks for the opportunity. First question to Gopal, Gopal are you disappointed a little bit the data momentum slowdown that you have seen in the last two quarters from a volume stand point especially in the backdrop of accelerated investments, second related question is I just heard you say that you could have pushed back 4G launches by 12 to 15 months, are you talking about the initial 2300 LTE launch or the recent launches?

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

I think firstly on data I mean if you referring to the sequential growth in percentage terms that is a little bit lower than what we would have seen let's say two three quarters ago but look at the absolute revenue coming through that is the pretty strong and that's really what is important, remember that the percentage of data now or non-voice revenue of the company is almost 27% and data itself is 21%, so the incremental growth that we are able to generate out of this actually drives the overall topline. Our effort will need to continue to be to drive penetration of mobile internet and it

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will need to continue to drive consumption through upgradation in 2G to 3G, 3G to 4G and also a bundling of different applications in order to actually drive consumption so that effort will continue. On the accelerated rollout, I think the fact is that I was not referring to 2300 or 1800. I think most of the 4G devices that are coming in are coming in with a 2300 chip set as well as 1800 chip set, so all the 4G devices are coming in with both the spectrum bands. I was making a broader comment on whether the space of rollout could have been 12 to 15 months later, yes it could have been but we had to balance that with the need to actually take the high ground on 4G and I think that is what we have done.

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**Rohit Chordia – Kotak Securities – Mumbai**

Coming back to I need some clarification on both the questions, number one, on data momentum I mean we have come down to what about 70% Y-O-Y data volume growth. Commonly talked about aspirational number where the industry is that volume can expand 100% for a few years, we are nowhere close to that number and especially for you given that you know are leading the industry on data rollouts both on the 3G side and 4G I am just asking you if there is any tinge of disappointment on that number, I understand the incremental revenue math, the base becoming larger but we are still in the early stage of evolution on the data side, should we have any expectation of this 60%-70% odd volume growth that you have delivered, can this accelerate, was this sub-par in this quarter or even in the last two quarters? On the second one, my question really was you know we heard Idea say that they are perhaps six months behind where they would have liked to be on 4G and here you are saying that you would have been okay if you had pushed it back 12 to 15 months. I am just trying to understand where are we in terms of the need to have 4G at this point as a telecom operator?

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

So let me take the second part of the question first. I think one of the reasons why you are seeing a very big acceleration in the 4G devices that are getting shipped out is because of our rollout. Obviously we played a big hand in actually tipping this ecosystem over. Now you can look back in hindsight and say we bought the spectrum so we might it have rolled it out and we had to at some point take the call to roll this out in order to tip this ecosystem over, because in India we are not subsidizing devices so the device companies if they are absorbing some additional cost they need to see there is a value in doing that and I think it is in that context that we chose to accelerate, you will recall that we have actually rolled out 4G in many cities like Bangalore, Chandigarh and all that about one and a half years ago and we were watching and learning about this technology but we felt the timing was right to actually accelerate it. We felt, in China there had been a lot of devices, pricing was coming down and that is why we decided to actually roll this out faster.

I think when it comes to overall growth the challenge in India is going to be about actually growing penetration in a meaningful way which will mean bundling in, getting the right applications, right content, this is not going to just happen by itself so there has to be a lot of work to be done both by us, we are rolling out network, device prices are coming down, we are partnering with different over the top providers to actually bundle an application, there is lot of innovation happening in the internet ecosystem. So this game is still very early. It is just that if this growth had been instead of 70%, 100% would I have been delighted? Yes, of course I would have been delighted. So am I disappointed? I would not say that, I think that is a strong word to use but we would love to see more growth. We are banking on that over the next few years and that is why we are putting in this investment.

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**Rohit Chordia – Kotak Securities – Mumbai**

Sure. The second question on Africa, a good quarter after long how sustainable is it? Can you throw more color on you know if you have seen an improvement in performance across countries whether the improvement was driven by better market context or better execution any let us say, specific areas that you are still working on which can perhaps drive improved performance in Africa going forward, just trying to get a sense of what happened in this quarter this was clearly a positive surprise this quarter?

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**Christian De Faria – Chief Executive Officer – Africa – Bharti Airtel Limited**

Thank you. Christian De Faria speaking. The improved performance is a result of many actions that we have been taking in the ground in terms of differentiation, price positioning and investments that we have done in the network on

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a 3G and pushing some fundamental rights and we are continuing our investment in network and in the brand and understanding the mechanics better, so we do hope that changing these fundamentals will continue to help us in taking the advantage of all these new positionings in the market.

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**Rohit Chordia – Kotak Securities – Mumbai**

A quick last one again if I may squeeze that one just on churn, we have seen some increase in churn in the India wireless market, is there anything to read into that, second related question on this one is how do you see churn in among your 3G and 4G customers, 4G is too early perhaps but if churn and 3G customers does it tend to be lower than your voice only 2G customers?

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**Nilanjan Roy – Global Chief Financial Officer – Bharti Airtel Limited**

So I think India the churn for the Q2 is always higher for the industry because of the rural market pretty much they shut up in June, July and May or June so I think that is seasonal. It is a tad higher than we saw last year but I think that is largely also because like Gopal mentioned some pressure but otherwise I think again we are at 3.4% – 3.5%, the best in class in and around. From a 3G, 4G, I don't think we have tracked it like this, but I think may be probably we should. I would suspect it is much lower because being the data customers but we can always come back to you on this.

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

I think that the way we see churn is less from 3G 4G because these are just sort of different technologies. I think the way we see it is much more around the ARPU of customers so when you look at a higher ARPU customers, postpaid customers, customers who are giving you a lot more ARPU and customers who have been on the network for more than a year we tend to see a very dramatically lower churn and dramatically lower churns at higher ARPU. So 3G and 4G are kind of surrogates today of higher value customers. So by that logic we would see a lower churn at that end of the spectrum.

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**Rohit Chordia – Kotak Securities – Mumbai**

Sir but post 3G 4G launches I mean has churn in that segment also reduced?

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

That is too early to say because the churn is a function of the entire base, customers you are acquiring, the first two month churn as well as the first six months churn so it is too early to look at it like that.

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**Rohit Chordia – Kotak Securities – Mumbai**

Sure thank you very much again.

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**Shareena – Moderator**

Thank you very much Mr. Chordia. The next question comes from Mr. Sreenivas Rao from Deutsche Bank, Singapore. Mr. Rao you may ask your question now.

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**Sreenivas Rao – Deutsche Bank – Singapore**

Thank you very much. My first question on the India mobile business. Given your potential acceleration of your sites on 3G and 4G, is it fair to say that Bharti would be what is looking at a data growth model which will be more volume

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led and hence likely that pricing will continue to fall at current or a rate faster than this? Is that a scenario, which is the most likely you are building in? That is my first question. My second question, I notice that there is obviously an improvement on a quarterly basis, but do you believe that the level of investments which you are making and then the fact that you do want to get to a free cash flow, a neutral position, is that a sustainable level given the fact that your peers in Africa are either investing at similar levels or some of them ramping up? So is your current level of investment and your goal for neutral free cash flow, is it a sustainable strategy in the medium term? Those are my two questions. Thank you.

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**Nilanjan Roy – Global Chief Financial Officer – Bharti Airtel Limited**

So, I think on the India Mobile side in terms of 3G and 4G, I think it is largely going into new geographies, so I do not think there is anything got to do with pricing, that we have to drop pricing in these geographies, so I think as we are rolling out we have national pricing in most of the markets. So I don't think that's the pressure point from a roll out perspective of increasing data volumes.

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**Christian De Faria – Chief Executive Officer – African Operations – Bharti Airtel Limited**

On Africa, I am convinced that the level of investment and CapEx that we have been doing in the last few years is really sufficient to cater for the need of the market and the growth of the market. Our primary concern has been to sweat the assets, what we have deployed in the ground in the last few years and in our view the level of spending is adequate for the growth that we are forecasting.

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**Harjeet Kohli – Group Treasurer – Bharti Airtel Limited**

With the consummation of some of the tower deals, really as the tower portfolio moves to the tower companies, incrementally from that day onwards, the passive CapEx gets done by them. So that actually further a) helps the free cash profile, and gives you that much small little headroom to really redeploy if you need to for better data or overall demand generation in the market. At this stage, I think overall the investment seems sufficient, but as you know Bharti's more demand led CapEx model, so if there is a requirement one could always step up, it is unlikely though as we speak, given some of these tower sales as well.

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**Sreenivas Rao – Deutsche Bank – Singapore**

I mean just my clarification on my first question on India. What I wanted to understand is what is your outlook for data growth in India, I do not mean just this quarter, I mean over a two-year period. Will it come dramatically more from usage and hence you should expect pricing falls at the current level, just asking about your scenario what you are looking at?

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

Look I think considering that there are about 60-odd million customers on data who consume more than one megabyte, the fact is that if you were to slice this data into different buckets of consumption starting from one gigabyte and above and 500 megabytes to a gigabyte you will obviously see a big fall-off as you keep going up to consumption chain. I think that will be true for every business. We have 240 million customers, 60 million on data and within the 60 million, there is a tiny fraction or smaller proportion that accounts for a disproportionate amount of consumption. What that tells you is that the opportunity for growth is obviously very, very high over the next five to seven years. The question is what will it take to actually get that growth and I think there it is a function of the price of devices. It is the function of the kind of application and the content they use. When I heard this really fascinating story about a company that has actually built an app for truck drivers who do not actually know how to use Facebook or WhatsApp but they use this app because it has improved their lives from getting from one place to another and coming back because this app aggregates drivers across the country and gives them short halts so that they go and come back rather than take long trip over 15 -20 days. So I think you need a lot of content, lot of applications, genuine problem solving that actually creates the need for the internet which the Indian start up ecosystem is sort of passionately engaged in. So that coupled with the devices, coupled with the rollouts what we believe like has happened elsewhere in the world will continue to see substantial growth of data over the next five to ten years. The

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question really is that would this continue to be 100% plus which is Rohit's earlier question, chances are that as penetration starts growing you start seeing some decline in percentage growth but the absolutes continue to be very material and this is again true across at any category, so as category penetration keeps growing you see a falloff in percentage growth but because it is now material it still impacts the overall topline of the company that is the way we see.

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**Sreenivas Rao – Deutsche Bank – Singapore**

Thanks. And just one final question on your Flipkart that when you are shipping SIMS with the phones. I mean Bharti had done a similar strategy earlier on so called 2G era where SIMs were given out with phones. I think it was Nokia at that time. I mean how successful was that, did it really help in getting you customers which are overall today the more sticky, did it actually help in your subscriber base?

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

I think at the time when we had a partnership with Nokia, it certainly helped grow our category and that was a very successful partnership. It ran for a couple of years. This is not a partnership with a Device Company. It is actually a partnership with the retailer because Flipkart is a retail platform and as you know you would have read in Flipkart's report recently I think yesterday where they said almost 70%-80% of the devices they were shipping out were actually 4G phones of all smart phones that were getting shipped. Now just imagine if each of these phones come equipped with an Airtel SIM, which is an actual HLR free SIM so regardless of the location, if the customer is an Airtel customer by just sending a SMS over the air, that SIM is ready to go for 4G and if the customer calls a particular number then we would actually go home and deliver, do the address verification and port the customer in. Those are the capabilities that we build so we are quite excited about the fact that we are getting our SIMs into devices that are capable of delivering 4G and do not forget we are the only operators that has been able to do it because we are the only operator with a 4G game in town.

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**Sreenivas Rao – Deutsche Bank – Singapore**

Understood. Thank you so much this is helpful. Thanks.

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**Shareena – Moderator**

Thank you very much Mr. Rao. The next question comes from Mr. Vinay Jai Singh from Morgan Stanley Mumbai. Mr. Jai Singh you may ask your question now.

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**Vinay Jai Singh – Morgan Stanley – Mumbai**

I am going to be quick, three questions. Firstly in the Airtel business domestically, is there a quarterly cyclicity you know this quarter, the margins being very good this year, as well as last year same time. How do we look at that business margin at 25% now, trending to over 20% over a year's time frame? That is my first question. Second, on the tax rate though you all did discuss initially, the tax rate is inching up because of the India operations. I think this quarter due to dividend taxation too the taxes is high. How do you look at the tax rate for the next year or so? My third question on the Africa business, the question here is can you confirm that NCC has fined operator for failure to deactivate the pre-registered SIM cards, is this affecting you all as well? Thank you so much.

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**Nilanjan Roy – Global Chief Financial Officer – Bharti Airtel Limited**

So, Vinay, on the Airtel business side, there is no real seasonality, really in this business from a revenue side, maybe there is a lot of incoming and hubbing traffic which happens and really shares of that get traded across operators between quarter-to-quarter. From a margin perspective, I think one of the thing which stands out is the process of the whole bad debt, because a lot of the bad debt in the quarter one accrues because most companies pay-off in quarter four of the previous year, their budgets, etc. So there is a bit of seasonality on the bad debt side, which gets recovered as the year progresses and that impacts the margin a bit. For the topline I mean, like I mentioned, there is

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no real seasonality. On the tax rate, yes and I think Srikanth had mentioned in the beginning of the year that we were looking at an India tax rate perspective of about 28% to 30% during the year and as the tax holidays expire, and as you know the marginal rate that is 34%, and I think over a period of time you will see this tapering off. But we still have some units under the tax holiday. But for the quarter we have taken certain period provisions, which have bumped it up marginally during this quarter.

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**Christian De Faria – Chief Executive Officer – African Operations – Bharti Airtel Limited**

On Nigeria, yes we can confirm that some operator has received some penalty from the regulator. But as Airtel is concerned we have not been notified on any penalty so far.

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**Vinay Jai Singh – Morgan Stanley – Mumbai**

Sure thank you so much.

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**Shareena – Moderator**

Thank you very much Mr. Singh. Ladies and gentlemen due to constraints of time we will be taking only two more questions. The next question comes from Mr. Sahil Kedia from Barclays Mumbai. Mr. Kedia, you may ask your question now.

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**Sahil Kedia – Barclays – Mumbai**

Thanks for this opportunity. I have two questions. One, the voice revenues if I look at it from a three to five quarter maybe, slightly longer, appear to be plateauing out, which is also somewhat reflected in the fact that MoUs seem to be coming off, how should we think about this. In the current quarter it seems that all your incremental revenues on a Y-o-Y basis are essentially coming from data, so is it fair to say that there is a peak in voice revenues that looks to be forming? That is number one. Number two, have you shared an amount that you have spent on the 4G network rollout till date, or in other ways, the increase in CapEx that we have seen over the last three to four quarters, can we attribute a large part of that towards 4G?

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**Nilanjan Roy – Global Chief Financial Officer – Bharti Airtel Limited**

So I think on the voice revenues yes of course you will see the long-term trend and it is definitely slowing down but like I said and Gopal mentioned the data is picking up so that's why we are actually not seeing our overall revenues dipping as yet and absolute price of data increasing is compensating for that. On the 4G network yes we are putting in new sites. There is really no capex number out there but since much of the core and the backbone and the fiber is common, shared with the 3G, lot of the capex is just not the BTSs, the eNodeBs that we are putting of 4G but at the back end itself in terms of microwaves and fiber so that is pretty much where the spend is going.

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**Harjeet Kohli – Group Treasurer – Bharti Airtel Limited**

All the 4G capex is a part of also the earlier guidance of \$3 billion including some of the step ups which Gopal and Nilanjan mentioned earlier given that we have the opportunity and if we could pull it off, bulk of that is in data rollouts which includes 4G so having said which all of that is consolidated and we have not given the breakup just because it is early days as also it might have some competition sensitivity at least for now, but yes amount of the capex have split in favour of 4G as well.

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**Sahil Kedia – Barclays – Mumbai**

Just a follow-up question on the first on the voice side, is it fair to say that you do not see voice now increasing in a substantial way, I mean think about it in a positive maybe 1% to 2%? Would that be a right number thinking about it?

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Because we have seen a substantial increase, about a 10% to 11% increase in subscriber base, yet your voice revenues are down. So how should we think about the next two to three years?

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

I think you know what you would, if you go back and look let us say a couple of years ago you would have seen a volume growth of about 9%-10%, you are seeing volume growth now of about 6%-odd the challenge really remains how do you actually move voice realization up because with this level of volume growth if you are able to get voice realization moving up, I think overall voice revenue growth will move up from where we are in this quarter and I think that is something that is going to be our effort but we cannot do it on our own without seeing what the competitive dynamic is and we are hopeful that I mean that is what will happen over the course of the next few quarters. That is really what our effort would be. But like I said we will have to do that by being competitive.

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**Sahil Kedia – Barclays – Mumbai**

And sir, if I may just a follow-up here, in your opening comments you mentioned that there has been some amount of competition that you're seeing from the small operators. Is that getting worse? I mean, just trying to understand the intensity of it. And is that largely around voice? That is the other question that I wanted to just check with you.

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**Gopal Vittal – Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

I think the competitive intensity is not just restricted to the smaller operators. I think it is intensity across the market so the intensities like I said continues unabated and we have to sort of watch and see how to manage that equation between realization and volumes.

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**Sahil Kedia – Barclays – Mumbai**

Thank you.

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**Shareena – Moderator**

Thank you very much Mr. Kedia. The last question comes from Mr. Chris Lane from Bernstein, Hong Kong. Mr. Lane you may ask your question now.

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**Chris Lane – Bernstein – Hong Kong**

Thank you. I just have a simple question. There was no mention as far as I could see on the ADR process in your MD&A. Can you just give an update, are you still moving forward with that and when do you expect the ADR to start trading?

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**Harjeet Kohli – Group Treasurer – Bharti Airtel Limited**

Chris, this is Harjeet. The ADR announcement from our side was appointment of a broker who could use the ADR process to create the level 1 in US, over time. That is subject to governmental clearances around some of the tax directives as well as Foreign Exchange Management Act clearances which is at the industry level, it is not specific to Airtel. Two or three clarifications are awaited from the banking industry on these aspects. My understanding is it might take another couple of months before we get all of these clearances out so I would expect the calendar year 2016 early is when something on this count could get actually executed. From our perspective we are in a state of readiness subject to clarifications and those clarifications not specific to Airtel, they are specific to level 1 ADR program from India and so let see how much time does it take to get those out.

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**Chris Lane – Bernstein – Hong Kong**

Okay great understood.

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**Shareena – Moderator**

Thank you very much Mr. Lane. At this moment I would like to hand over the call proceedings to Mr. Nilanjan Roy for the final remarks.

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**Nilanjan Roy – Global Chief Financial Officer – Bharti Airtel Limited**

Thank you all for an interesting round Q&A which covers the entire gamut of subject from pricing, margins, Africa and balance sheet restructuring. We look forward to talking to you once again next quarter and probably meeting you some of you face-to-face in the quarter in our investors conferences and meetings. Thank you again and have a great evening.

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**Shareena – Moderator**

Thank you very much Sir. Ladies and gentlemen this concludes the conference call. You may now disconnect your lines. Thank you connecting to audio conference service from Airtel and have a pleasant evening.