

**Bharti Airtel Limited Third Quarter Ended December 31, 2015 Earnings Call**

Earnings Conference Call Transcript

Event: Bharti Airtel Limited Second Quarter Ended December 31, 2015 Earnings Call

Event Date/Time: January 29, 2016 at 1500 hrs.

**Bharti Airtel Limited Third Quarter Ended December 31, 2015 Earnings Call****CORPORATE PARTICIPANTS****Gopal Vittal**

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**Christian De Faria**

Chief Executive Officer - Africa - Bharti Airtel Limited

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Chief Finance Officer - Africa - Bharti Airtel Limited

**Harjeet Kohli**

Group Treasurer - Bharti Airtel Limited

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**Piyush Choudhary**

CIMB – Mumbai

**Srinivas Rao**

Deutsche Bank – Singapore

**Rajiv Sharma**

HSBC - Mumbai

**Pranav Kshatriya**

Edelweiss - Mumbai

**Casper Erskine**

New Street Research - UK

**Vinay Jai Singh**

Morgan Stanley - Mumbai

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Bernstein – Hong Kong

**Amruta Pabalkar**

Morgan Stanley – Mumbai

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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 third quarter ended December 31, 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 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 risk that we face. I now hand over the call to our first speaker of the day Mr. Nilanjan Roy. Thank you and over to you Mr. Roy!

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**Nilanjan Roy - Chief Financial Officer – India & South Asia- Bharti Airtel Limited**

Thank you. Good afternoon ladies and gentlemen. Thank you for joining us today for this earnings call to discuss our results for the third quarter ended December 31, 2015, which we announced yesterday. 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.

First let me share a few thoughts on the sector developments in the regulatory space. TRAI has recommended reserve pricing across bands for the upcoming auction. We welcome the move to put all the 2100-megahertz spectrum up for auction including

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carrier aggregation with existing blocks, both of which will provide much needed relief to congested networks. Additional 2300 and 2500-megahertz spectrum is also a positive development.

Now, let me turn to the key Company developments for the quarter. In July 2015, the Company entered into an agreement with Orange for divestment of its Africa operations in Burkina Faso, Chad, Congo B, and Sierra Leone. We are pleased to inform you that Airtel has signed a deal with Orange to sell its operations in Burkina Faso and Sierra Leone. The consolidated revenues of the two operations are about EUR 275 million. The outlay for Orange for these transactions will be based on the financials of Airtel's two subsidiaries for the year ended March 31, 2016 and will represent the equivalent of 7.9 times Airtel's EBITA in these two countries at that time.

The completion of these transactions remains subject to approval by the competent authorities. The agreement over the other two opcos has lapsed. This transaction is about maximizing shareholder value while handing over these businesses to an operator who is committed to take 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 its debt.

As reported previously Airtel and Axiata have now signed a definitive agreement to merge their subsidiaries in Bangladesh. Post-merger, the combined entity operating as Robi will serve approximately 40 million customers. The joint strengths of Robi and Airtel will deliver the widest mobile network coverage across Bangladesh strengthening its position in the mobile Internet segment as well as consolidating its position as the second largest operator in the country.

The proposed transaction is subject to conditions precedent, including receiving applicable approvals from relevant authorities and is expected to complete in the first half of 2016. The telecommunication landscape in Bangladesh has been one of high growth, although intensively competitive with six players. The proposed merger is set to strengthen the industry structure, competitiveness and more importantly, bring greater benefits to customers in terms of network quality and coverage and an improved offering of data products and services. Upon completion, Axiata will hold 68.3% controlling stake in the combined entity, while Bharti will hold 25%. The remaining 6.7% will be held by the existing shareholder NTT DOCOMO of Japan.

You are aware of the announcement in the previous quarters regarding divestment of 12500 towers across 13 African countries. We are pleased to announce that the tower deals have consummated in eight of these countries for a total consideration of \$1.8 billion including Burkina Faso, which was completed in the quarter. The tower deal process is ongoing in Niger.

Airtel announced a proposed outlay in India of Rs.60000 Crores in the next three years towards the comprehensive network transformation program Project Leap. This 10-point program will enable the company to improve network quality and deliver world-class voice and data experience for its customers in India. Further in an industry first, Airtel invited customers in its network modernization drive by launching a microsite [www.airtel.in/leap](http://www.airtel.in/leap). It allows the customers to know everything they want to know about Project Leap and get a transparent view of coverage or voice and high-speed broadband services along with other details in their immediate localities.

During the quarter, we continued to aggressively roll out our networks on 3G and 4G. Airtel was the first operator to launch 4G Pan-India and has expanded its 4G footprint to 14 markets. Out of the total number of 151,000 sites, over 50% now are 3G enabled. Airtel has the largest 3G network in India which is Pan-India excluding Kerala. Such a national footprint would allow us to participate in the data growth story going forward, reduce dependency on ICR arrangements and build a more cost optimized network.

We are also pleased that Airtel has acquired 100% equity stake in Augere Wireless Broadband India, which holds 20 megahertz of BWA spectrum in the telecom circle of Madhya Pradesh and Chhattisgarh. Subject to statutory approvals, this will give us cumulative 4G capabilities in 15 telecom circles in India.

Airtel's Wynk Music crossed a laudable feat of 12 million downloads, achieving this in a short span of little over 12 months of its launch. The Company also introduced new offerings on the service, such as data savings mode and high definition music catalog. Airtel has also expanded its content portfolio by launching Wynk Games, the latest OTT addition to the Wynk portfolio. The app offers a library of over 2000 global and local games from across genres.

Let me now turn to the Company's operating metrics. We are happy to know that this quarter saw industry-leading net additions of 8.1 million. We have been consistently leading in the industry on net additions over the last one year. At the same time we are focused on quality sub-base and hence our churn levels continue to be the lowest in the industry in the comfortable range of 2.5% to 3.5%.

The quarter saw voice volumes bounce back after a seasonally weak Q2. Minutes of use sequentially increased by 8.3 billion minutes, up 3% quarter-on-quarter. This quarter, our voice RPM decreased from 34.58p to 33.75p, a fall of 0.83 paisa more on the heat of some competitive pressures in a few circles. Input costs for the telecom sector are increasing, including spectrum, CapEx, network running OpEx. To sustain the health of this sector, we believe prices will need to increase in the medium-to-long term. However, as mentioned before, these rate adjustments may not follow a linear trajectory in the short term, but suffice to say that there is need for a disciplined approach to pricing, to fund the accelerated CapEx and spectrum that is getting deployed in the interest of the consumer.

We are very happy to confirm that data revenues continued to march ahead with a double-digit growth quarter-on-quarter. Data consumption has increased by 17% sequentially and by 73% on a year-on-year basis. The Company's aggressive 3G and 4G roll out has resulted in impressive 3G net adds of 4.2 million in the quarter. Total data customers on our network now stand at 55 million or about 22.5% of the total customer base. Data ARPU is up 18% year-on-year to Rs.200 and at such early levels has already

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surpassed the more mature voice ARPU at Rs.137. Its 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 23.1% of mobile revenues as against 16.2% in the corresponding quarter last year.

All of this has helped the underlying year-on-year mobile revenue grow strongly at 10.1%. EBITDA margin has improved from 37.3% to 38.9% year-on-year.

We continue to show strong performance in our non-mobile portfolio in India. Telemedia grew 9.3% on an underlying basis, Airtel business grew 19.1% and DTH as well grew at 19.1% on a year-on-year basis. We believe our diverse yet complementary product suite, gives us a unique proposition to own the home market in India across the three streams of mobile, television and broadband. South Asia namely, Bangladesh and Sri Lanka also clocked a healthy 9% year-on-year growth.

I am delighted to note that Africa performance is showing initial signs of growth and OpEx control despite currency fluctuations, with 4.6% year-on-year growth on an underlying basis. The data story is unfolding well and non-voice revenues in Africa are more than 28% of total revenues. Mobile data itself is now 14.3% of the total revenue. Our 3G network has enabled data volumes to increase a staggering 112% year-on-year. Airtel Money transaction volumes have grown by 81% year-on-year, shy of \$5 billion during the quarter with more than 9.5 million customers transacting on the platform.

Now moving on to the quarter's financial results. Consolidated revenues increased by 3.7% year-on-year; however, normalized for the impact of IUC in India and impact of the divestment of tower assets in Africa, revenues are up by 5.9% year-on-year. On the margin front, we continue to see India margins holding at above 40%, with a 40bps expansion over the previous quarter. Amortization costs in India have further stepped up due to the impact of 3G and 4G launches during the quarter.

In Africa the weighted average currency depreciation in the last quarter has been 2.7%. These declines have impacted the reported revenues in dollar translations. To understand the intrinsic performance of the Africa operations all financials up to PBT and all operating metrics mentioned are in constant currency as of March 5, 2015. In Q3, gross revenues in Africa in constant currency are up 4.6%, underlying adjusted for tower disposals, and 3.1% on a reported YOY basis. EBITDA margins for the quarter are reported at 21.4%, as against 21.6% in the previous quarter. Normalized for the leased tower assets, the margins would have expanded to 22.9%, which is a second consecutive quarter of underlying margin improvement.

At this point, we want to reiterate our strategy for Africa, which is five pronged.

- a) Customer growth with quality as the focus,
- b) Stronger data network roll out thereby garnering incremental RMS,
- c) Airtel Money adoption to induce loyalty and reduce churn,
- d) Localized go-to-market with intelligent volume and rate play and
- e) Finally, replicate the War on Waste in Africa, as well as focus on retaining quality talent pool.

We have maintained our focus on growing customer base and networks and have added over 805 3G sites this quarter. The continued 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.

Net finance costs for the Company at Rs.13,910 million were higher by Rs.3,459 million year-on-year on account of higher spectrum-related costs, interest on FLO, and lower investment income offset by lower derivative and ForEx losses compared to the corresponding quarter last year.

The effective tax rate, excluding dividend distribution tax in India for the period of nine months came in at 30.3% compared to 25.5% for the full year ended March 31, 2015. The increase in the underlying effective tax rate in India is primarily on account of lower tax deductions, due to expiry in tax holiday unit. The tax charge in Africa for the period of nine months ended December 31, 2015 at \$143 million versus last year full year charge of \$203 million has been lower primarily due to higher operating losses and change in profit mix of the countries.

Consolidated net income before exceptional items for the quarter came in at Rs. 13,963 million, a decrease of 19% year-on-year.

Exceptional items in the quarter comprise of, firstly, a net gain of Rs.60 million pertaining to the divestment of telecom tower assets. Secondly, a charge of Rs.1,152 million towards the operating cost on network re-farming and upgradation program and third, a charge of Rs.2,313 million towards restructuring activities in a few countries and the net tax impact of Rs.428 million and impact on minority interest of Rs.182 million on the above. We believe these onetime costs will make us more agile as well as improve our network quality substantially for the future.

The consolidated net income after exceptional items for the quarter came in at Rs.11169 million, a decrease of 22% year-on-year.

Our initial CapEx guidance for the full year was \$ 3 billion, which we upped to \$3.2 to \$3.4 billion subject to doability. With cumulative CapEx for the first nine months at \$2.2 billion, we should end the year between \$3 and \$3.2 billion.

On the balance sheet front, the net debt excluding FLO for the Company was at \$11.9 billion including \$1.5 billion of DoT spectrum liability recognized during the quarter and finally approximately \$700 million, which will get recognized in the quarter ahead. Net debt excluding FLO and deferred payment liability to the DoT has reduced to \$7,350 million compared to \$7,689 in previous quarter.

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In conclusion, the third 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 and sale of two operations to Orange are materializing. On this note, I would like to hand back to the moderator for conducting the Q&A part of the 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 questions, 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. I have two questions. First question, I want to understand your future data spectrum needs. Clearly, currently in India you have the best 3G and 4G spectrums. Is there a material need for further spectrum, especially at some of the spectrum prices what TRAI came up? In particular, want to know your view on the need of a sub-one gigahertz 4G spectrum, when someone like a Jio already has access to 850 megahertz. That is question number one. Question two, I want to understand your thoughts on price competition in voice market. We did see impact on voice RPM in this quarter. Is this a trend, which might continue, which is a pressure on voice RPM, which might continue to be seen in future as well? Thanks.

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

This is Gopal. Let me take your first question on the spectrum needs. I think firstly we are pleased to see the regulators proposal on putting three to four blocks of 2100 MHz spectrum, I think it is the right move to propose putting the entire 2100 MHz spectrum there. This will decongest networks as well as improve voice quality and the problem that we have in some cities on call drops. So, I think that is the first thing. We are also pleased to see the 2300 MHz, some spectrum coming in, 2500 MHz, some spectrum coming in. This is good capacity spectrum and we have some experience with managing the spectrum and we do have gaps in eight circles, which we will be keen to fill at some point in time.

We believe that the price that has been set or proposed for 700 MHz just makes it very, very expensive for us to buy any of that spectrum, so we believe we cannot afford to buy that spectrum at that price. Now, sub-gigahertz spectrum, as you know, is always valuable. We have good sub-gigahertz spectrum in several circles with 900 MHz, which today runs 2G in many circles. We have refarmed into 3G, and overtime, this spectrum can also run LTE. So, we believe that we are well covered in probably around 9 or 10 circles, where we have got 900 MHz spectrum that we have. But, the point on the 700-MHz spectrum, which you asked I think, makes it unaffordable for us to purchase.

Coming to your second question on price competition in voice. I think the fact is that as we have been saying repeatedly over several quarters, our goals are to really drive revenue growth margin as well as market shares, that is our stated goal and we are unwavering on that. We also believe that the rates that there are today in terms of voice pricing are unsustainably low and need to move up.

We are actually quite disappointed at the fact that voice pricing has eroded this quarter. It is a competitive market, in the past we had fierce competition from some of the smaller players. I think in the last quarter, we also saw significant competition from the leading players and that has led to some decline in voice pricing which as I said, is a source of disappointment. We have seen good volume growth coming in, but it does not compensate for the decline that we saw. We are very keen that as a leader we are very responsible in the market, which is why Nilanjan referred to our churn rates being substantially lower than the rest of the industry. We will continue to look for opportunities to raise voice pricing and we are hopeful that the rest of the players also see some sanity in the way voice pricing today is being played.

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**Sachin Salgaonkar - Bank of America - Mumbai**

Gopal, this is very helpful. Thank you. One small follow-up about the network quality and you did touch on that topic. Versus compared to last six months, any thoughts on how the network quality on your network is there, and how do you look at this entire issue getting resolved about I know, as an industry, what was proposed is you guys could compensate in terms of minutes, but clearly the issue is in court. So just want to know your thoughts on that?

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

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I think that matter as far as the proposed regulation is clearly subjudice, so I am not going to comment much on that. I think the fact is that in the last nine to twelve months as we refarm networks, as we lost spectrum in some circles, as we deployed multiple technologies we did have issues in terms of network quality and we have been working very hard to really make a significant improvement in the quality on voice. We believe that the worst is behind us, we have made substantial improvements to network optimization through deploying more sites in cities through several methods including working with the government to help get access to sites. I would not say that we are where we need to be, but I would say that we are clearly much better than where we were. We still have some issues in a few cities like Delhi and so on and so forth, but again it is substantially better that where it was.

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

Thank you. All the best.

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**Shareena – Moderator**

Thank you very much Mr. Salgaonkar. The next question comes from Mr. Piyush Choudhary from CIMB, Mumbai. Mr. Mr. Choudhary you may ask your question now.

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**Piyush Choudhary - CIMB – Mumbai**

Good afternoon. Two questions. Firstly, Gopal, if you can share how has been the response of customers to LTE launches, like what percentage of your subscribers who have 4G devices have moved to 4G packs, and is Bharti gaining market share, attracting high ARPU customers from competitors? That is first. Secondly, again, coming back to that spectrum 700 MHz, I understand that it is pricey, but hypothetically, if prices were reasonable, would there be a desire to buy 700 MHz. I am asking this question because there has been lot of investment in 1800 MHz, 2100 MHz, 2300 MHz, both spectrum and networks. I just want to understand from you, more of a longer-term view, is there a need for 700 MHz over the next three, four, five years? Thanks.

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

Let me take the last question first. I think I will not comment on our overall spectrum strategy going forward. I just will say that 700 MHz is a valuable spectrum, because it has great propagation characteristics. It has to be balanced with the fact that ecosystem that you have on 700 MHz in terms of devices and chipset is still very nascent. Now that is not to suggest that this will not change, but at this point in time it is very nascent. Whether we buy it, whether we do not buy it, where we buy it, I think it is a matter of strategy, which is a function of our plans as well as the pricing that is set for it. When it comes to LTE, I think our response to 4G has been I would say good. It has been good not just for 4G, but it has been good for the overall Airtel brand. I think that is what we have seen, you will see that the customer additions that we had on both overall customers at 8 million plus, plus data customers at about 4 odd million has been very good and satisfying. So its worked for 4G, it's also worked across the brand. We have a process in place to actually make the process of SIM swap between regular SIM and a U-SIM, which is a 4G SIM quite seamless. We have automated that and in fact in every circle that we are operating with, we are only distributing USIMs now. And therefore, most of the devices that most of the customers that are coming into the network, changing their device, buying a new connection are all coming with the U-SIM. We have been able to swap U-SIMs at very, very large volumes, a very significant percentage of our customers with 4G handsets are being swapped onto U-SIM. And this is, when I say it is large, it is really materially large and of course once they are on a U-SIM then they seamlessly move onto 4G and kind of decongest the 3G network and also give a strong growth on the utilization of that particular spectrum.

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**Piyush Choudhary - CIMB – Mumbai**

If I may clarify, Nilanjan, the \$11.9 billion debt includes FLO?

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

No. They do not include FLO.

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**Piyush Choudhary - CIMB – Mumbai**

And FLO amount is \$850 million right?

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

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Yes.

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**Piyush Choudhary - CIMB – Mumbai**

And just if I may, on Bangladesh, is there any cash infusion requirement by Bharti, or the enlarged entity would be self-sufficient in terms of internal cash flows?

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

At this moment, it is not much, which is required from a free cash flow perspective, Piyush, on a quarterly basis, marginal amount, sometimes marginally positive or negative. And from a perspective of closure of the deal, there is no specific cash infusion, but for what we have historically invested.

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**Piyush Choudhary - CIMB – Mumbai**

Thanks and all the best.

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**Shareena – Moderator**

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

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**Srinivas Rao - Deutsche Bank – Singapore**

Thank you very much and congratulations on a strong performance in India. I do have some questions on Africa. First is, having done Africa for now almost eight, nine years, do you think it is reasonable to believe that the revenue outlook for Africa remains quite challenging, given that even in local currency most of the markets are actually growing slower than what India is and the demographic dividend is probably still far out now? So, in that sense, is there a thought on what you want to do in Africa? I know you have sold towers, you are trying to sell some markets, but will that be sufficient to your eventual goal of a neutral free cash flow and potentially making money? What kind of timeframe do you ascribe? That is my first question. And second is, if you can help us, of the two markets which Orange seems to have bought, they are actually the profitable markets and your own disclosure suggests there were actually positive EBITDA and positive PBT. So what happens to the other two markets then? I mean, you obviously would like to probably sell down in markets where you do not have a positive contribution, rather than the ones, which have. So, any guidance on that would be really helpful. Thank you.

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

This is Christian De Faria speaking. I do believe that in Africa, there is still a lot of growth in revenues possible. And I am convinced that Airtel is well positioned in our footprint and also with all what we have been doing in the last two years. If you want to capture growth especially when it comes to data, there is a huge appetite of data in Africa. Of course as the currency and as the macroeconomic condition in Africa are difficult when it comes to the pressure on currencies, but there is yes still capability to grow in Africa.

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

On the other two countries, I think they continue with enough hold and I think there is a huge opportunity as well for us to work on these countries. So there is nothing else planned, besides the two countries we have sold.

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**Srinivas Rao - Deutsche Bank – Singapore**

Sorry, I said can I clarify that you are not pursuing those two countries or any other countries at this stage with any partners in Africa, or any other players?

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

So, Srin, just to go back to our strategy earlier, from our perspective we believe, as Christian mentioned, the core opportunity stands there. There is a contextual softness. They are commodity driven countries that is a different matter in terms of what you are

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yielding currently. So, the belief in the continent, the opportunity stands there and as we had discussed earlier from our perspective there are still a few markets where we may need to find either an organic or an inorganic way of reaching the number one and number two positions. And if there are such situations, theoretically speaking, overtime, where we cannot see a visibility of reaching such position, then there are opportunities to either look at sell-outs as well. Nothing to date which we are discussing beyond what we have just disclosed, but I think from a strategic perspective, opportunity belief is high, if you could reshape your focus around some of those large potential opportunities whereby you can be or you are number one and number two, I think that is the focus, you can see the same strategy applying to Bangladesh as an example. You are a distant fourth in a way, and you did something whereby, finally you added more to an organization, which you are a part of going forward, which will be strong too.

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

Srini if you see the operating free cash flows I think now, for the last three quarters, the EBITDA minus capex has consecutively been close to about 40 to 50 million dollars, which was about a year back running at, you know, minus 100, minus 150, so it is higher EBITDA definitely much more prudent capex and the next goal like we have said is going to be looking at excluding the ForEx fluctuation looking towards PBT neutrality, so that the bleed definitely stops there.

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**Srinivas Rao - Deutsche Bank – Singapore**

Thanks, this is helpful. I just want to highlight one question, one issue in the light of Christian's comment that even today Africa growth, both total mobile revenue growth or even data growth, is actually lower than what India is experiencing, even though theoretically, given that it is a lower base, it should have been higher. So, when I go back to Christian's comments and if you can highlight, do you really believe that Africa can grow faster than India, say, over next five years?

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

I do not know if they can compare it to India, but definitely from, if you see market-to-market, there are many markets in Africa, which are growing double digit as we see right now and there are some underperformers in the stable, so it is not that the market does not have the potential, I think we just need to make sure that all our 17 cylinders are firing and I think that is the task for the Africa team.

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

I think when you look at some markets have been quite difficult from the macroeconomic situation. For example, Nigeria, except for this year if you saw the growth in the market this year, which is not normal for Nigeria, normally, Nigeria used to grow at the level of 5% to 9%, so this year because of the many, many macroeconomic situation and price war. But you have markets, yes vastly growing at a double digit and few markets here especially in the French speaking country have been suffering some contextual situation. So, overall, if you eliminate this macroeconomic situation, we do believe that the market growth could be far higher, or higher growth than we have registered in this year so far.

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

Srini, just apart from Nilanjan's point on de-averaging the overall portfolio to see markets, as Christian's point around the context, the market growth itself being softer given some of the economic situation. I think it is also important to not to compare the two markets because they had different evolution points. There is an evolution, which the other markets in Africa are following which might be trailing India, but the technology has reached earlier, so it is good that we have our foot in that opportunity early enough, but I think at the same time evolution also is not necessarily on the same trajectories. So I do not think direct comparison is a great idea. I think it needs to be seen on what your capital allocation is, how that yield is coming about and what is the opportunity space going forward.

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**Srinivas Rao - Deutsche Bank – Singapore**

I understood. Thank you very much. This is really helpful. Thanks.

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**Shareena – Moderator**

Thank you very much Mr. Rao. The next question comes from Mr. Mr. Rajiv Sharma from HSBC, Mumbai. Mr. Sharma you may ask your question now.

**Bharti Airtel Limited Third Quarter Ended December 31, 2015 Earnings Call****Rajiv Sharma – HSBC - Mumbai**

Thanks for the opportunity. Just a couple of questions from my side; so there has been some emphasis that you are happy about regulator releasing lot of 3G spectrum; just wanted to understand that in markets where you have a 5 megahertz block, if you add another block of 5 meg, will it give a throughput at par to a 5 meg 4G 1800 block, like what's the kind of improvement you see in the throughput which happens. What has been your study? Second, what's your counter to these 4G new entrants or Reliance Jio's 800 access even though it is for five years as of now, but in the voice market, the top three players did well because a) they were the first mover, and b), because they had 900 good quality spectrum. So what's your counter? You have sufficient data spectrum in your portfolio, but you don't have a sub gigahertz data spectrum. Is transition to VoLTE and vacating 900 MHz, but that looks farfetched, so your thoughts there? Lastly, on your content cost in terms of this Wynk games, videos, like what is the kind of investments you are making there? How will your financial charges and amortization look like when this whole spectrum-related debt is absorbed, and how much is yet to be absorbed? Have you booked for all the promotions you've done in 4G in the last few months in this quarter or it's amortized over few quarters? That is it from my side.

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

Rajiv that is a very comprehensive list of questions. On the 3G spectrum, firstly I think what we are happy about the fact that whatever spectrum is available is being put on the block and I think that is something that we have always maintained in the past. Secondly we are also pleased that the regulator is proposing that if you buy a second block of 3G spectrum then you do get contiguous spectrum. I think that again is a good thing, it drives spectral efficiency; it drives greater experience, better experience onto the device. We have got a dual-carrier spectrum in Tamil Nadu, which we had bought in the last auction. Our experience has been good and in many places the speed that they deliver on the device are actually comparable to what we get in a 4G environment, so our experience in Tamil Nadu has been good. When it comes to 900-spectrum, we are refarming already so just to, we have already begun the process of refarming in Karnataka. We are refarming in Andhra Pradesh, we have launched Mumbai on 900 megahertz, in North East we have enough spectrum to actually launch 900 on 3G, in Punjab we have enough spectrum to launch 900 on 3G and the same goes for Assam, so there are a bunch of circles, six circles where we already have sub-gigahertz spectrum running on 3G and the advantage of 3G on 900 is that not only does it pick up really good voice for the smart phones, but it also delivers really solid data experience indoor, inside buildings. I have already talked about 700 megahertz, I have said that this is good spectrum, propagation is good, ecosystem is nascent, the biggest challenge today from the proposed pricing that the regulator has recommended is it will just make it simply unaffordable for us to buy any of it, so that is the real concern. As far as content cost is concerned on games and so on we do not really disclose it, there are different types of arrangements we have some of which are variable and revenue share linked, some of which are on some minimum guarantee and absolute sums. There are competitive reasons we do not disclose the nature of these arrangements.

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

The amount of debt as I said in my opening remarks, I think we have about \$700 million of debt yet to be recognized. From an interest and amortization it is largely the circles, which expired. So, I think December 14 was the first circle, which was AP and I think through until April, all these six expiry circles where amortization costs and interest costs have started hitting us. Karnataka is another big one, which will happen I think in February. There is Rajasthan in April, there is Punjab also in March and April, so you can work out the impact of the spectrum costs, which we bought.

**Rajiv Sharma – HSBC - Mumbai**

4G promotion related, all the...

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

It also goes into the P&L. We don't amortize any of our marketing or promotional costs.

**Rajiv Sharma – HSBC - Mumbai**

So, just Gopal, a follow up on the 800 so, apart from six markets, till the time another sub-gigahertz is released, it is not much you can do about indoor data coverage?

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

It is not that 2100 spectrum does not give you indoor coverage, so I mean we have been operating with 2100 spectrum in many circles and it is decent spectrum. It is not as good as 900 spectrum for sure, but it is good spectrum.

**Bharti Airtel Limited Third Quarter Ended December 31, 2015 Earnings Call**

**Rajiv Sharma – HSBC - Mumbai**

Okay that is helpful. Thanks a lot.

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**Shareena – Moderator**

Thank you very much Mr. Sharma. 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**

Thanks for the opportunity. I have a couple of questions. Firstly, can you sir quantify what proportion of your revenue comes from Nigeria, I mean, African revenue comes from Nigeria, because that country seems to be going through turmoil? Is it at the same level of FY2015 revenue what has been disclosed in the Annual Report? My second question is relating to the amount what you told, \$1.8 billion. I just wanted to understand how much of that has already come in the P&L and if you can throw some light on how much is the receivable. That is it. Thank you.

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

The Nigeria we only disclose the operating companies in the annual report, so we do not give the media any numbers. So I think you will have to wait for that. The \$1.8 billion I presume you are referring to the tower sales.

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**Pranav Kshatriya – Edelweiss - Mumbai**

Yes.

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

Right and that yes, I think most of that has come, I think it is probably less than \$100 million, which is left for the final sites pending, otherwise it has all come.

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**Pranav Kshatriya – Edelweiss - Mumbai**

So, you will not disclose anything as to what proportion of the revenue and what could be implications, because the devaluation talk is going on?

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

So at the moment we treat Africa as one consolidated SBU, so we do not disclose any other countries or regions.

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

But from a revenue weight perspective, the last financial year's full report does give you an indication of the contribution that market has and nothing meaningfully has changed up or down. So, save for the two countries, once the Orange transaction is consummated, the percentage contributions will change. But at this moment we do not do any intra-year disclosures around the contribution percentages from Nigeria.

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**Pranav Kshatriya – Edelweiss - Mumbai**

Okay. Thanks. That was very helpful.

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**Shareena – Moderator**

Thank you very much Mr. Kshatriya. The next question comes from Mr. Casper Erskine from New Street Research, UK. Mr. Erskine you may ask your question now.

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**Bharti Airtel Limited Third Quarter Ended December 31, 2015 Earnings Call****Casper Erskine - New Street Research - UK**

Thank you very much for the opportunity. I just had a quick question regarding your African net income turnaround. In your profit before tax in the quarterly report, we have seen quite a substantial reduction in the profit before tax, which looks like it impacted your underlying earnings quite positively. And I was just wondering whether you could give us a little bit more color on that. And the second question I had was to do with the tower sales and how much of that money has actually been received and what the use of that is going to be, whether you are going to pay down debt in Africa or whether you're going to transfer it across to India? And one final one is to do with price deterioration in data and just when do we see this deterioration? I believe it is about 30% year-on-year this quarter, around, but at what point do we see that tapering off? India does seem to have one of the lowest data yields in the global context at the moment. Thank you.

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

So on the Africa side I think you are seeing the quarter-on-quarter and I presume the sequential quarter of the PBT, which was reported at a negative Rs.9,589 million in the previous quarter and that figure was about Rs.1,299 million in the quarter preceding at December 2015. This was largely because of the ForEx fluctuation, which really impacted Africa across in quarter two, and therefore we saw substantial ForEx losses there and during the last quarter ForEx has been relatively very stable across the continent. So ForEx losses have been very minimal, so that is the key reason. Of course with the interest all the Towerco sales have gone to pay off the debt as well and interest costs are also down. Overall the question on, whether all the money has come, I just answered that, I think out of \$1.8 billion we have got, more than \$1.75 billion I think, that is a few, less than \$100 million pending. The final towers, once they get sold out, past the handover. So that money is in and they have all gone to pay off the debt in either upstream or in local, in the country.

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

I think maybe this is opportunity to also to mention Nilanjan that this quarter onwards if you refer to our page 41 on the IR pack, we have also given the PBT numbers in a constant currency sense and that if you see the quarterly trend you will see benefit of any FX fluctuations whether realized or unrealized how the PBT has performed over the last three quarters from a negative of \$41 million to negative of minus 23 last quarter and negative of minus 15 this quarter. So that shows you the core underlying delivery at a PBT level, which also had a trend to itself.

**Casper Erskine - New Street Research - UK**

Just a quick follow-up; do you think we can see that sort of trend going forward on the profit before tax that we've seen in this quarter, if currency were to stabilize like they have done?

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

I think that is sort of guidance I do not think we will be able to comment on too much but only thing we could say from our perspective from a core business, revenue growth and profitability are the key objectives keeping intact our market shares are growing and five-pronged strategy Nilanjan talked about earlier. Nilanjan also hinted that because of the money received from tower sales and the underlying debt being reduced there is a reduction in interest cost and I think that you should slowly start seeing seeping into the constant currency financials. So both of them if they strike well in harmony I think this should continue but I think otherwise it will be a guidance for us to say that there is a certain timeframe you should see changing.

**Casper Erskine - New Street Research - UK**

Just the other question on the data price deterioration, just how much do you see that deteriorating in mobile?

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

I think I mean we would love to see data pricing higher than where it is but the fact is that the bigger opportunity for us is to actually get more users on to our network. Penetration of data is still very low and there is a massive opportunity to get more customers of using the mobile internet. The second opportunity for us is to get more usage going, you look at our data consumptions for customers, it's almost 840 which is very good because of poor fixed line infrastructure in the country and then once you start having a significant portion of customers with enough volume coming through that is the time that pricing will become even more important so at this point I think we are focused a lot more on consumption and revenue growth on data.

**Bharti Airtel Limited Third Quarter Ended December 31, 2015 Earnings Call****Casper Erskine - New Street Research - UK**

Great. Thank you very much.

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**Shareena – Moderator**

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

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**Suresh Mahadevan – UBS – Mumbai**

I have two questions. One is I think there is a lot of focus on data and obviously the fiber investments in your backhaul. I just wanted to understand where Bharti Airtel is in India in terms of its fiber investments, in terms of I do not know, percentage of sites connected. If you were to connect, I do not know, 100% of the sites or whatever is required to get a nationwide throughput of data, how much would that cost? That is question number one. The second question is related to obviously with voice, I mean, it is still growing, it looks like in terms of volume and maybe even revenue terms. Do you foresee a situation in the next three to five years where voice, as the revenue starts declining, because I am thinking people may be using data and then maybe they just hit the WhatsApp call button, or with a competitor potentially launching with very cheap voice or free voice, I mean, do we foresee a situation where we see a deterioration in the absolute voice revenue in the industry? Thank you so much.

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

Suresh, on the backhaul, we do not split out the specific details of how we are connected but I will give you a broad perspective. Amongst all the operators, I think our fiber assets on the ground are probably the most competitive and that is for historical reasons. In the key cities where we have positioned a leadership I would say we are very, very well engineered in fiber backhaul particularly with the launch of 3G as well as 4G services, with 3G you need a certain percentage but with 4G you need a lot more sites on backhaul. All our sites are certainly not backhauled but the ratios are good and we construct this in order to actually drive down latency and make sure that the transmission capability is sound. We also look for opportunities to buy fiber, lease fiber from other competitors so as to reduce the costs of fiber. We also look for opportunities to co-build fiber wherever there are opportunities to co-build it with other players in the market because we believe that the infrastructure - and this is an infrastructure play - once the roads are dug, they do not need to be dug again and again. It is good for the environment, its good for customers and good for business, so that is the way we look at it. Some of the microwave technologies have also improved dramatically. We are able to see up to 1 mean there are technologies which give up to 1 Gbps but certainly in our network 250 to 500 Mbps kind of technology in that range we do have good microwave. We also have a good enterprise business and a home broadband business and this is a very, very big help to actually use backhaul and use to offload through the leverage of these assets. Because once you put fiber you are also able to monetize it in offices and enterprises and so on. I think over the next few years we will need more fiber as data demand grows and we are geared up for that and that is what we have announced as part of our transformation of our network through Project Leap. In terms of the outlook on revenue I think on voice we do know that some markets where we have seen in markets like Jakarta etc., there is some cannibalization that has happened as customer starts using the other mediums of communication outside of talking and therefore voice does tend to come under pressure. We have not seen any evidence of that even in the cities yet. There is some cannibalization but it is not material and at an aggregate that is why you are seeing voice volumes continue to grow. Three to five years difficult to say what will happen whether behavior will change, we haven't seen any early signs of it yet.

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**Suresh Mahadevan – UBS – Mumbai**

One quick follow up, Gopal, I think on fiber, basically you are saying, at least from a Bharti Airtel India perspective, it is not like one fine day we are going to say, oh! My God, we have a huge catch-up fiber investment to do and see a big CapEx towards that?

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

No Suresh, absolutely not the case. In fact if you look at the last few years we have been putting investments on fiber. We have been doing that in the cities, we have been trying to see how we can plan fiber using our enterprise business as well as our home broadband business in order to monetize that fiber so this is already there in whatever capex you see this is been there in the last couple of years.

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**Suresh Mahadevan – UBS – Mumbai**

And also I think related to that what you mentioned is the 3G a certain percentage needs to be fiberized. I mean, under no circumstances would you probably need a 100% fiber footprint, right, because as you said, microwave has improved?

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**Bharti Airtel Limited Third Quarter Ended December 31, 2015 Earnings Call****Gopal Vittal - Managing Director and CEO (India and South Asia) – Bharti Airtel Limited**

At this point I mean certainly not. Having said that many of the advance markets which deliver through carrier aggregation you get up to 500 Mbps-700 Mbps-1 Gbps in some cases. The needs are different at this point in the near future next few years no question that this will be required.

**Suresh Mahadevan – UBS – Mumbai**

Thank you so much and all the best.

**Shareena – Moderator**

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

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

Firstly, thanks for the opportunity, congratulations on a reasonable set of numbers in a tough environment. I have three, four questions, the first one on the data bit. You have had a wonderful growth in volumes for data and I think the strategy seems to be go for the data, let us forget about the ARMB, let us grow the market. So what are your thoughts, not now, but one to two years forward on where the data volume growth and the ARMB growth would occur, because some point of time if you keep on cutting tariffs, your revenue growth may not be as impressive and EBITDA margins may come under pressure. That is my first. Second, we have seen some additional CapEx go into Telemedia business and great margins coming out there. So both Telemedia and Airtel Business, if you can throw some light on what is happening there, because the margins on a year-on-year basis or on a two year-on-year basis seem to be much better. Third on the tax front, in Africa, again the tax rate too seems to have mellowed down this quarter, as well as last. If you can highlight something out there that would be very useful. Thank you so much.

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

Vinay, on data, I think we still believe like I said there is an opportunity to grow the use of mobile Internet dramatically. Today we have about 55 million customers on data, but this definition is more than 1 MB. When you start slightly mix up into different buckets of usage and start looking at real material usage you know half a gig or 1 gig and above and that number obviously gets smaller and smaller. So we believe the opportunity to grow a data through combination of attracting more users on internet and then growing consumption, is still massive and we are still seeing positive elasticity in terms of overall data revenue. The other thing that will happen is that with 4G coming in you are also going to see a lot more ARPU coming in from driving data and I think the metric that will become increasingly relevant will be the ARPU that you get from the aggregate basket from the customer. When it comes to Telemedia and Airtel business and the smaller businesses I will just give you a quick sense. Telemedia business, home broadband business has been more or less flat in terms of overall customer additions. I think in the last few quarters, we are seeing a significant increase in that and that's driving up utilization of our network, which obviously improves the profitability of the network. The reason that is happening is for all the interventions that we have put in place including very, very micro granular planning, the granular go to market strategies identifying at a pillar level where the opportunity is and how do we actually approach it. Secondly we have improved the customer experience and been able to reduce the churn. So even in an environment where we were adding more customers, our absolute churns have not gone down, our percentage churns have actually come down. And the other part is that we have run some very attractive propositions in taking this to the market which has actually resulted in improved revenue growth and therefore consequently profitability. On Airtel business I think the focus of our effort is really to improve our capacity to deliver to the customer. We are trying to automate the processes at the back in order to accelerate the delivery of all our connectivity solutions, our enterprise solutions. We have fixed a couple of them and done them well. One of the areas where one of our product has not yet been fixed. But the consequence of that has been an increase in order book, a collapse in some delivery cycle times and therefore consequently growth. I think that is really the story as far as enterprise is concerned.

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

Vinay, on your question on Africa it puzzles me as well because across 17 geographies is very, very difficult to give a number and saying we have a tax figure whereas PBT is negative. So actually it is a combination of lot of countries which are EBITDA loss making and where we do not have a DTA. And of course profit making entities and usually amongst these we would have certain one offs occurring time-to-time. So on Africa tax I think it is an explanation we have to give you on a country by country basis rather than seeing an ETR which really does not make sense there.

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

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If I may just go back to the Telemedia and the Airtel Business question, I Telemedia has been such a success maybe in a small area and you have increased your CapEx, again it is just for one quarter, more than doubled it, but it is a small number, any thoughts of expanding that part of the business?

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

We are currently focused on the cities that we are in and while about 5 or 6 cities account for a very large percentage of our business, we are there in about 90-odd towns across the country. We are looking at ways to bring down the cost of access, if you are able to bring down the cost of access to reach a home pass then I think the opportunity to put in a little bit more capex to accelerate our business is there. Our challenge is how do we bring the cost of access down and that is where we are looking at innovative solutions, and we are doing a few pilots, and if that can work then that could answer your question going forward.

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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 able to take only two more questions. The next question comes from Mr. Jimmy Chen from Bernstein, Hong Kong. Mr. Chen you may ask your question now.

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**Jimmy Chen – Bernstein – Hong Kong**

Thanks for the opportunity and thanks for the great results. Two questions. Firstly, about the sale of operations in Burkina Faso and Sierra Leone, I notice that in your reports it discloses the total liability and total assets for the subsidiaries in those areas. They add up and therefore the net equity adds up to something like \$1 billion. For us to estimate how much you will realize on gain on disposal of those operations, are those the right numbers to use, or are we missing some real number in there? The second question relates to expectations of amortization and interest expenses related to spectrum. How much of the spectrum that you have won in the 2015 auction have been deployed so far and were they all deployed in the last month of 2015? Thank you.

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

I will take the second one on the amortization spectrum. So from a balance sheet perspective, we have taken \$1.5 billion during the quarter by December 31, and we have approximately \$700 million more to flow through in the next three to four months which will complete the entire spectrum. These are largely renewal spectrum, where our license is expiring. From a P&L perspective like I said the big chunks of this actually would have only hit towards the end of December 2015, where some big circle hit us on the renewal and these will therefore flow into Q4 of this year. And some of the big circles like Karnataka will impact from 15<sup>th</sup> February so you would not have a full quarter of interest of amortization next quarter as well. So I think like I said you can model this based on the spectrum which we bought and the market prices and our renewals which are public information.

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

Hi Jimmy, this is Harjeet my apologies, your question is very valid but given the way our discussions have been on confidentiality around the sale proceeds, I cannot talk to you about what is the overall realization from the sale. I know you have looked up the last financial reports to get a net equity estimates, things may have changed but unfortunately I am not able to give you any specific number on this one, but for what has been disclosed is about 275-odd million of revenues. These are relatively better EBTIDA margin businesses that has been talked about earlier and the multiple on that EBTIDA shall be close to a 7.9 to be precise, so that is really what will can talk about today.

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**Jimmy Chen – Bernstein – Hong Kong**

Sorry, just to follow up on the African sale question. If I put it sort of another way, have you been impairing any of the original purchase price that went into buying those assets?

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

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No that is not been done although every year there is an impairment test, which our auditors run the whole franchise through in Africa - to assess the future outlook and against that see if we need to do any impairments. We have cleared all of those tests, as yet there is no impairment, which has been done across any of the operations.

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**Jimmy Chen – Bernstein – Hong Kong**

Great. Thank you.

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**Shareena – Moderator**

Thank you very much Mr. Chen. The last question comes from Ms. Amruta Pabalkar from Morgan Stanley Mumbai. Ms. Pabalkar you may ask your question now.

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**Amruta Pabalkar – Morgan Stanley – Mumbai**

I had two questions. Firstly, would we have any sense on what would be the 4G adoption in India in terms of subscribers, the data usage, any ballpark guidance on that? And secondly, post the Bangladesh merger with Axiata, any sense on what would be the margins, assuming Axiata would be doing at better margins? Thank you.

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

So on 4G I do not think we are as of now giving any numbers out in terms of adoption so there no metrics we are publicly disclosing. On Bangladesh, I think Robi is listed.

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

They are in the process of getting the IPO. So, Amruta your question is what should be the combined entity's margin?

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**Amruta Pabalkar – Morgan Stanley - Mumbai**

Exactly, so what would be the impact for Bharti Airtel from our perspective?

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

Yes, so you are aware of the South Asia results that we published where between Bangladesh and Sri Lanka, Sri Lanka being a minor contribution there. There is roughly a breakeven situation at EBITDA, marginally negative or a marginally positive. So from that perspective what you see as India SA results ex Bangladesh the margin should improve by a mathematical weightage change. Having said which you can know that we have at 25% equity stake so when that transaction consummates, we will have to equity account them at the PBT level - whatever that is.

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**Shareena – Moderator**

Thank you very much Ms. Pabalkar. At this moment, I would like to handover the call to Mr. Nilanjan Roy for the final remarks.

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**Nilanjan Roy - Chief Financial Officer – India & South Asia- Bharti Airtel Limited**

Thank you. Thanks for interesting rounds of Q&A, which covered the entire gamut of subjects on pricing, margin, Africa and various transactions. We look forward to talking to you once again next quarter and probably meeting some of you face-to-face in the quarter in our investor conferences and meetings. Thank you.

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**Shareena – Moderator**

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

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