

## **Earnings Call Transcript**

**Event: Bharti Airtel Limited Earnings Conference Call for the First Quarter Ended June 30, 2006.**

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<b>Bharti Airtel Limited Earnings Conference Call for the First Quarter Ended June 30, 2006</b>
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**PRESENTATION****Harpreet – Moderator**

Good afternoon ladies and gentlemen I am Harpreet, the moderator for this conference. Welcome to the Bharti Airtel Limited First Quarter Ended June 30, 2006 Earnings Call hosted by JM Morgan Stanley. Mr. Vinay

Jaising, Executive Director, JM Morgan Stanley is your call leader today. For the duration of the presentation, all participant lines will be in the listen-only mode. After the presentation, the question answer session will be conducted for international participants connected to Airtel International Center. After that, a similar question and answer session will be conducted for the participants in India. Now, I hand over to Mr. Vinay Jaising. Thank you and over to you Mr. Jaising.

**Vinay Jaising - JM Morgan Stanley – Mumbai**

Thank you, Harpreet. Good morning, afternoon ladies and gentlemen, who have dialed into this earnings call. We at JM Morgan Stanley are pleased to host this call and welcome you all to this briefing our results announcement for the first quarter June 2006 earnings call. We would like to take this opportunity to extend our congratulations to the Bharti Management on a good set of results and crossing the 25 million-mark number. As usual, we have a full representation from the Bharti senior management on the call today. On behalf of all the participants and JM Morgan Stanley, I would like to thank the senior management for taking time off to be with us on the call today, and would now like to hand over the call to Sonal, Head, Investor Relations of Bharti Airtel to initiate the proceedings, over to you Sonal.

**Sonal Kapasi - Bharti Airtel Limited - Head, Investor Relations**

Thank you, Vinay and a very warm welcome to all of you who have dialed into the call today. We hope each one of you is in receipt of the results for the first quarter ended June 30, 2006. The results are also available on our website [www.bhartiairtel.in](http://www.bhartiairtel.in). Today we have with us the entire senior management on the call. Mr. Sunil Bharti Mittal, Chairman and Group Managing Director, Mr. Rajan Bharti Mittal, Joint Managing Director, Mr. Akhil Gupta, Joint Managing Director and CFO and Mr. Manoj Kohli, President. Before I hand over the call to Mr. Sunil Bharti Mittal, 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 Mr. Sunil Bharti Mittal, thank you.

**Sunil Bharti Mittal - Bharti Airtel Limited - Chairman and Group Managing Director**

Thank you, Sonal. Let me add my own very warm welcome to all the participants on this earnings call for the first quarter of 2006-2007. As I welcome you into this earning call, I must say that the industry is now moving into a very robust firm growth phase, and the Indian Telecom Sector continues its upward march on the growth trajectory led by the mobile segment, which as all of you are aware has now finally crossed the 100 million-mark taking India as a nation in the mobile segment to one of the few with 100 million across the world.

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As expected, the mobile segment performance was the strongest. The mobile subscriber base increased to 102.6 million as on June 30, 2006, with approximately 13 million new subscribers having joined the mobile market during the quarter under discussion. This places India clearly amongst the fastest growing mobile markets globally. With the continuing growth in the mobile market, it was not surprising that the mobile revenues finally crossed the fixed line revenues in the fiscal year 2006. You would recall that mobile subscriber base had already exceeded the fixed line base in the preceding year. As you are aware, Bharti is committed to bringing the best and most reliable technologies to our customers, therefore our choice of GSM technology, which has now reached a worldwide user base of 2 billion in June 2006, has been revalidated with the technology now accounting for 82% of mobile connections in the world. We believe that our growing user base will continue to more competitive GSM ecosystem both infrastructure and handsets, which will help us in driving mobile penetration deeper and enhancing efficiency even further.

On 3G, our thinking is in line with the GSM fraternity and India has been very clearly lobbying very hard to be aligned with the world standard of IMT 2000. The earlier recommendations and the current thinking clearly suggests that the IMT 2000 band is now under discussion for being vacated by the defense authority to be given into the hands of private mobile operators to launch 3G services in the coming months, hopefully, if not early in the next financial year.

Additional spectrum also is being now vacated from the defense authorities where spectrum in the 1800 band is likely to be made available as an additional resource to the mobile operators especially for cities like Delhi and Mumbai, where spectrum is now so sorely needed. The good news in this regard is the Prime Minister personally has mentioned this twice in the last few months, one at the Bharti School inauguration speech and one at the CII annual convocation where he mentioned that he is committed to getting the spectrum made available to the industry for the healthy growth of the Telecom sector as a whole. I am personally pleased to see further developments in the regulatory area, particularly in the interconnect regime, with the likely introduction of the interconnect exchanges across the country. The problems that the operators have been facing in particularly with the state run operator BSNL of interconnect should be a problem of the past. In fact, if more interconnect points are freely available especially through the central mechanism; a lot of additional traffic can flow through the private network.

Let me move on to specific performance of Bharti in the quarter. Bharti Airtel has started the year truly on a high note and continues to lead the growth story. The company has now an integrated management structure under "One Airtel" and we are confident that the growth momentum would be sustained under the new structure and leadership. This structure, which got launched on March 1, 2006, has stabilized and the benefits of that are clearly visible in our results for the quarter. Bharti added around 3.65 million customers during the quarter, clocking more than a billion for each of the month. The company's total customer base increased to 24.58 million at the end of June 2006, marking a growth of 17% over the preceding quarter.

And as I speak, I am pleased to share with you that the company has already crossed the 25-million customer mark and has joined the coveted club of companies having a base of over 25 million customers across the globe. The total minutes gross of inter-segment elimination carried on our network during the quarter was of the tune of 36 billion, an increase of 20% over the preceding quarter and almost double over the corresponding quarter in the last year. I must highlight that despite the industry being highly competitive, the company has achieved growth and I must highlight that despite the industry being hit by competition by a variety of technologies and a variety of small players in the IP Internet space, the company has been able to retain its leadership in each of the segment. It cemented its leadership in the mobile market by raising its market share to 22.5%, up from 21.8% in the preceding quarter and 21.5% a year back. Our performance in the broadband and telephony segment has been equally strong with our customer base now crossing 1.5 million customers as against 1.35 million customers in the preceding quarter.

Key highlights for the quarter were revenues of 38.5 billion, EBITDA of Rs. 15 billion, cash profit of 13.3 billion and net profit of Rs. 7.5 billion. Further, we are glad to report that the company has been ranked amongst the top best performing companies in the world in the globally renowned Business Week IT 100 list. Before I hand over the floor to Akhil, I would like to add that with continuing growth we are confident that mobile penetration in India is likely to accelerate further in the coming quarters. We strongly believe that the big revolution in Indian Telecom is still ahead of us with the mobile penetration rates currently at only 10%. What is required today is to offer communication solutions to individuals and businesses where they need them and in a form and price that is affordable.

An integrated approach under One Airtel has led to greater synergy in efficiency. This approach across products function and customer verticals will allow us to better address our customer needs for bundled service offerings and provide a single interface for customer care, billing and all back-end elements. While the company is clearly well positioned to realize the vision of being the most admired brand in India, I must point out that we live in an atmosphere where competition is of the highest order; technology shifts are the order of the day. We believe that the management is fully focused on meeting with these challenges in the market. The competitive intensity remains strong, but despite that the company is moving forward and we hope in the coming months, quarters and years ahead the company will keep on power taking a higher share of the Indian telecom growth. With these words, let me now hand over the floor to Akhil Gupta to give you a detailed financial analysis for the quarter. Thank you.

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Thank you, Sunil. Please accept my welcome and thanks to all the participants who have taken time to dial in today. I do hope all of you have received the quarterly report and have had sufficient time to go through it. Before I start a debrief on the company's

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performance for the quarter, let me quickly recap some important milestones, some of which Sunil mentioned in his speech, both on the Indian Telecom sector and Bharti's performance therein. The country's mobile subscriber base crossed the 100 million mark. And we added as a country about 13 million subscribers. Bharti Airtel has continued to lead this momentum. And that makes this quarter gone by a period of rapid growth and investment for the company.

Our total customer base increased to 24.58 million and this comprises of 23.07 million on mobile and 1.5 million on broadband and telephony service segment. We added a total of 3.65 million customers on our networks during this quarter. Our mobile coverage has now extended to 4,026 census towns of out approximately 5,100 in all and we now cover 101,614 non-census towns and villages, thereby covering 46% of the total population. The total minutes carried on our network, gross of the intersegment eliminations for this quarter were 36 billion, which is a very healthy increase of 20% as compared to the preceding quarter and almost double over the same quarter last year, 96% growth to be precise. In the broadband and telephone services segment, we are now present in 92 cities.

Before I get into the current quarter, I would like to mention that the un-audited US GAAP results that we had announced for the full year and quarter ended March 31, 2006 have now been audited. The differences between the two are immaterial and insignificant. For instance, the net profit difference is only Rs. 18 million for the full year. Details in this respect are available on page 35 of this quarterly report and the full year US GAAP audit results will be uploaded on our website very soon. With the acceleration of deployment, rollout into new towns and cities, we were able to invest over Rs. 21.5 billion during this quarter, which is roughly \$470 million as Capex during this quarter. Mobile accounted for about 84% of this total Capex. The company had made total gross investment till date of over Rs. 250 billion that is about \$5.5 billion. This is the position as on June 30, 2006.

With an endeavor, to improve transparency and enable our investors to understand and track the relevant key performance indicators, based on our discussions with some of you from time to time, we have now made some new inclusions in our quarterly report. This quarter we have added data on the minutes carried on our network besides coverage and network details. These are contained in the operational highlights section under 4.4 and 4.5 and appear on page 11 of the quarterly report.

As you are aware, we announced our "One Airtel" strategy last quarter. Under this strategy, Bharti Airtel now has a unified management structure led by Manoj Kohli and we have now three strategic business units, that is mobile services, broadband and telephony services and enterprise services. Mobile services are for the mobile and fixed wireless services using GSM. Broadband and telephony offers broadband including DSL and fixed line services, while the enterprise services offers long distance services under its carrier subdivision and end-to-end solutions to corporates under the corporate subdivision.

For achieving higher level of efficiency, we also realigned some business activities under the relevant business units. As a result of this reorganization, for instance, the broadband business by way of digital subscriber line that is DSL business was earlier treated as a part of the enterprise services corporate division. This was the position till March 31, 2006. However in line with the reorganization, the retail DSL business is now being served by B&T, while the wholesale DSL business will continue to be with the enterprise services corporate division. Similarly, the virtual private network services to corporates, which were earlier provided by the carriers division under enterprise service, have now been brought under the enterprise services corporate subdivision, where it should belong and that is in line with the corporate focus of this group. These realignments mentioned, I must point out, have no impact on the company's consolidated financial results, the results of the mobile division and the consolidated results of non-mobile business. We believe these will align the business focus of different segments with their respective activities.

I must also point out that in our focus strategy for providing superior customer service; we have brought approximately 2,600 employees who are facing the customers on our rolls. These individuals were up till now outsourced from third party service providers and our research and the customer feedback showed that there was an inherent need to bring them into the Bharti fold to provide better customer experience and to meet the customer expectations.

Further, you might recollect that as part of our fixed assets accounting and as part of our normal accounting policy; all assets, which had a value of Rs. 5,000 or less were being depreciated at the point of incurrence itself fully that is 100%. Accordingly, the terminal equipment that is wire line telephones and modems, which were provided to our B&T customers used to get depreciated 100% at the time of provision. However to improve transparency and ensure better business control, the company from this quarter onwards has decided to treat the net cost that is net of activation revenue, as customer acquisition cost and this cost of the terminals now appears in selling, general and administrative cost line item of B&T and gets removed from the depreciation. This clearly has no impact on overall profitability, but does affect the EBITDA and I would like to point out that but for this change, the overall EBITDA and EBITDA for the quarter for B&T would have been higher by Rs. 240 million.

Let me now briefly talk about the financial performance highlights of this quarter. The consolidated revenue for the quarter was 38.5 billion, a year-on-year increase of 53%. EBITDA was 15 billion; a year-on-year increase of 60% and the EBITDA margin for the quarter was 39%. The net finance cost was Rs 1.7 billion, which comprised of a normal finance or the actual finance cost of Rs. 817 million and Rs 967 million was on account of exchange fluctuations and derivative accounting in accordance with the US GAAP. The balance was an interest income of Rs. 93 million. I must point out here like I pointed out earlier, that some of this may not be a real liability because at least 60% to 70% of the foreign exchange liabilities, we always hedge; however, under the US GAAP accounting we did take a hit because of the fall in the Rupee value this

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quarter. The cash profit from operations was 13.3 billion, an improvement of 44% year-on-year and the earnings before taxation was 8.6 billion, an identical improvement.

During this quarter, we had depreciation and amortize expense of Rs. 4.9 billion. We incurred an income tax expense of 952 million. The current tax expense out of this was 1,094 million while the deferred tax income was Rs. 142 million. I must point out that the deferred tax has become a little easier now because in the last amendment or the budget, the depreciation rate under Income Tax Act came down to 15% from the earlier 25%, and that has narrowed the timing difference and therefore, we expect that the deferred tax item should now start becoming a fairly insignificant figure. The net profit was 7.55 billion, which was a growth of 48% year-on-year. This has led to earnings per share of almost Rs. 4 for the quarter. The mobile segment contributed to 74% of total revenue and 69% to EBITDA for the quarter. The total Capex on mobile segment was Rs 18.05 billion, which represented 84% of the total Capex of the company in the quarter.

To recap a few key ratios, the return on equity for the quarter improved from 29% in the previous quarter to 30% while the return on capital employed improved from 22% in the quarter ended March 2006 to 24% in this quarter. On the balance sheet front, the company had a net debt of Rs. 42.2 billion, roughly \$920 million as of June 30, 2006. The net debt to EBITDA was 0.86 times as compared to 0.95 times a quarter back and the interest coverage was 21.08 times up from 19.86 times in March 2006.

In the end, I would like to summarize that this has been a very satisfying quarter. We are excited about the growth momentum in the Indian telecom industry and the fact that we believe we are in every way well positioned to capture this growth. I now would like to hand over the floor back for question and answers.

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**Harpreet – Moderator**

Thank you very much sir. I now hand over the proceedings to Lucy at the Airtel International Center to conduct the question and answer session for the international participants. After this, we will have a question and answer session for the participants in India, over to you Lucy.

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**Lucy - Moderator**

Thank you Harpreet. At this time, international participants may press "01" if they would like to ask a question. On pressing "01" participants will get a chance to present their questions on a first-in-line basis. One moment please for the first question.

Mr. Sundeep Bihani from Lehman brothers, Hong Kong. Please go ahead sir.

**Sundeep Bihani - Lehman brothers - Hong Kong**

Thank you gentleman for the call and congratulations on a great set of results as well as the increased disclosures. I just have three questions. First was under the fixed line segment; under the new circles EBITDA loss continues to be very high around Rs. 400 million for the past few quarters, when can we expect EBITDA breakeven? Second is in terms of Capex elimination, this is the first time I am seeing the Capex elimination a pretty chunky figure with this particular quarter. What is it relating to and I have not seen it in the past few quarters? The third thing is on regulation; there have been a lot of conflicting press reports on verification of prepaid subscriber base including one report, which talked about a potential write off of subscribers. Do you anticipate any write-offs there and I would be grateful if you can share any color there? Thank you very much.

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Sundeep before I answer the first two, let me ask Sunil to talk to talk about the regulation and the verification point and then I will come back for the other two questions.

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**Sunil Bharti Mittal - Bharti Airtel Limited - Chairman and Group Managing Director**

Verification has been an issue not only in India; it has been an issue around the globe. I have personally tracked the problems in Italy, even in Singapore. Verification of customers is something that is a desirable thing to have especially given the Indian situation in terms of deceptive activities around the country. It is important to have a headcount of each and every customer. This needs to be balanced also by the huge growth that India is currently witnessing. In particular, this growth is coming from the lower end of the strata of society, from the rural areas, from people who have never either seen a phone before or heard a dial tone before. We have made our presentations to the government, the government is very clear that the growth must not abate and therefore a win-win situation needs to be found. The industry through its associations is working with the security agencies in finding a proper verification method to be put into place. We are now being much more vigilant in asking for the right documentation at the time of entry points. But given that, we have just under 0.5 million points of sale in the country, it is almost humanly impossible to go and monitor and verify each one of these. We also are very conscious of the fact that the people who are coming into the network now do not possess any ID cards or any document for verification and this is the set of people, which the government is very keen to have them connected on to the mainstream of Indian economic activity. So given this background, I think some kind of way forward is being arranged where documents of some nature, some kind become important, ration cards whatever, ID cards, wherever whatever is possible in the form of an ID is given. There is also a large amount of Election Voting cards now in play. So all this is brought into the process of giving documents and then

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we have planned to do verification for approximately 10% of the customers. Now all this is going to take some time and a very patient process will have to be put into place. We are also at the same time putting IT tools in place to do duplication removal so that there are no more than a handful of connections on a single name and address. So all this will result in, I believe, the industry satisfying the needs of the security agencies on one hand and keeping the growth momentum on the other. I would not say that we are like to do lose any customers, but once we go through this process and if there are customers, which have phones and their address or name is not proper, I think due process by the operators will have to be put into place to actually remove them from the network but we would expect that this will be truly miniscule where we have seen the Italian experience where large scale customers are not verified, but at the end of the day, only a very small minority was removed from the network. I think that maybe a cost, which the operators are absolutely willing to incur and support the security agencies in their efforts to weed out the undesirable elements.

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**Sundeep Bihani - Lehman brothers - Hong Kong**

Thank you.

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Sundeep this is Akhil. As regard to the new circles on B&T, you are right I think you have been seeing for the last few quarter ever since we have started the EBITDA loss continuing. I think we have now come to a stage where our rollouts are more or less now complete. We have reached 92 cities, why it has continued is because quarter after quarter, we have added more and more cities and therefore this new part, which you are seeing is actually something which has kept on increasing. Hopefully in the quarters to come, we should start seeing this reversal now. We are not worried about this. We believe that the scale at which we have expanded into the new cities, this is something we are fairly satisfied about. As regard the Capex elimination that is on account of the fact that as I mentioned, the whole business has been reorganized, the enterprise segment for instance as corporate segments and carrier segment. Each of these are profit centres, people are responsible for their businesses, the corporate side needs a lot of bandwidth on their own and this represents an IRU sale between the carrier side and the corporate side, which of course on an overall basis gets knocked off, but I think it is also reflective of the deep competitive desire, which is coming and the deeper efficiency, which is emanating out of this new structure. But to answer your question, the Capex elimination is on account of this IRU transaction.

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**Sundeep Bihani - Lehman brothers - Hong Kong**

Thank you sir. If I may clarify, would we expect eliminations going forward?

**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Well, yes it could be because as far as each division is concerned it has to be everything on an arm-length basis with the other divisions. So there could be some eliminations, but nothing too significant I guess.

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**Sundeep Bihani - Lehman brothers - Hong Kong**

Okay and if I may ask just one more question, in terms of enterprise revenue margins which were like 48% in quarter one, how should we look at the sustainability of these margins? Thank you.

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Well, enterprise business which is not just a nut & bolt business but involves solutions, involves some IT kind of initiatives and this generally has to be a business with slightly higher margins. It does, of course, fluctuate because the prices can fluctuate due to competition, but I would say anywhere above 40% is something we expect it to continue at.

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**Sundeep Bihani - Lehman brothers - Hong Kong**

Okay thank you very much and congratulations once again on the splendid quarter.

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Thank you Sundeep.

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**Lucy - Moderator**

Thank you sir. Next is Mr. Anand Ramachandran from Citigroup, Hong Kong. Please go ahead sir.

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**Anand Ramachandran - Citigroup - Hong Kong**

Yes hi, good evening gentleman. Congratulations again on a solid set of numbers. Three questions. Firstly I guess a more general question, the foreign shareholding limit rise, I guess 49 to 75, when should we expect that from Bharti and specifically what are the issues that are holding it up. Two specific questions on the numbers, one specific, one general, just following on from Sundeep's question on that enterprise business, is that something one-off because the margin was pretty significant, chunky. Is this just a business that came through in the quarter or something that probably should continue over time? Last question on the mobile business, for this quarter we have seen revenue growth outstrip subscriber growth after a long time. What drives that as to different from the last four quarters? Despite that, margins are still flat quarter-on-quarter so am I missing something here or am I reading this wrong? Thank you.

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Anand, hi this is Akhil. Thanks for your questions. I think on the FDI we have already got the approval from 49% to 74% and that is already done. FIPB has already given us that permission.

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**Anand Ramachandran - Citigroup - Hong Kong**

Okay sorry. So when does that get enforced?

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Sorry?

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**Anand Ramachandran - Citigroup - Hong Kong**

When does that get enforced?

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**Sunil Bharti Mittal - Bharti Airtel Limited - Chairman and Group Managing Director**

RBI has to take some note of that and our move forward, but inasfar as the approval is concerned, we have the FIPB approval in hand for 74%, all the shareholdings have been duly noted there. There are certain conditions to be met, but that is not coming in the way of this approval. In fact today, we have the approval in hand and the company is a 74% FDI approved company in all respect. Now there are conditions to be met, the time for that is until October. The company is pretty much in compliance with those conditions and now the other part of RBI really needs to come into play.

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**Anand Ramachandran - Citigroup - Hong Kong**

Thank you sir, so coming October I guess what you are saying is shareholders, foreign shareholders will be able to buy up to 74?

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**Sunil Bharti Mittal - Bharti Airtel Limited - Chairman and Group Managing Director**

Yes that is true, that is true but you must be conscious of the fact that there are already large amounts of foreign shareholders, sitting in the upper company, which will also be counted towards 74%. So it is not going to be that a huge headroom it is going to be made available suddenly.

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**Anand Ramachandran - Citigroup - Hong Kong**

Understood sir. Thank you.

**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Anand as far as the enterprise business is concerned just like I told Sundeep, I think this is a business, which has to have slightly higher margins, and sure some margin has improved in this period and that is also because as I explained the VPN business has gone into this. But I do expect that this is a business, which should give us consistently 40% plus margin. In terms of your question on the mobile services, you are right. It is after a long time that we see the ARPU being arrested. It is the same as last quarter just one rupee difference and quite clearly, I think what is happening is that while the new customers which we are getting are low spenders, there is no question about that because all the products that we are having like the Lifetime prepaid, they are designed to attract this low-end customer. But the existing customers are increasing their usage, if you look at the minutes of usage for instance; they have actually gone up by 10 minutes per customer between the two quarters. Now that on a base of over 20 million customers is a very massive increase. We are talking something about 200 million minutes being added every month only on account of this phenomenon or 600 million minutes per quarter. So you are right, the growth in the revenue is very strong here and that is because the existing customers are using it more. As regard to margin on mobile well, we are still in the massive growth phase, we have added over 4,000 sites in this quarter, so that part is now going to kick in and I am actually very pleased that despite such massive growth, we are actually able to inch up the margin. So we are quite satisfied and happy about the performance on the margin front of it.

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**Anand Ramachandran - Citigroup - Hong Kong**

Great, thank you.

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**Lucy - Moderator**

Thank you very much sir. Next we have Mr. Suresh Mahadevan from ABN AMRO, Hong Kong. Please go ahead sir.

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**Suresh Mahadevan – ABN AMRO – Hong Kong**

Good afternoon thanks a lot for the call and congrats on an excellent set of numbers. I have a few questions, first is I think I missed to what Akhil said about some of the reclassifications. Very specifically I am interested in finding out what is the new line, which has gone into your broadband and telephone services or the normal fixed line services, because the revenue growth there seems to be due to some reclassification, that is the number one. Second question is you did mention about the margins on the enterprise side. Even the margins on the long distance side seems to be fluctuating quite a bit, so I was wondering as an analyst, is there a particular number which we should be comfortable with, something like the 40% equivalent you gave for the enterprise side of the business? The third question is for Manoj Kohli on just status update on the easy

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recharge in terms of how that program is coming along as well and also get some insight into the usage pattern of the 999 users in terms of how much minutes of outgoing they are using, if you are not able to give specific guidance at least some qualitative color on that would be particularly helpful. Thanks.

**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Suresh on B&T the main line item, which has just got added as I spoke, was on the DSL on the retail site. That is the main item, which has just got added on to the B&T revenue and of course the corresponding expenses thereof as well. As far as long distance business is concerned, well yes I think these are the businesses where because of irrelatively fixed nature of expenditure as you increase the business, the margins do improve a little bit. You are right it is a bit fluctuating, sometimes it fluctuates on account of the difference in the ADC because while we have passed on the complete ADC as we had promised. Of course just the mathematical calculation will be different. I would say that with the reorganization in terms of the business activities, the margin, which is coming in this quarter, should be a good basis to try and see where it can go in the future. Manoj would you like to take it, can you just repeat the question on the price enquiry?

**Suresh Mahadevan – ABN AMRO – Hong Kong**

I think two things. One is easy recharge in terms of, how it is doing? I mean what percentage of recharges by value are being done on the easy recharge route and in terms of penetration, how many outlets you have hit? The second question is on the 999 user-base, I mean can you give some color in terms of what kind of usage are you seeing because you now are well into 6 months of the first set of 999 users?

**Manoj Kohli - Bharti Airtel Limited – President**

Okay, hi this is Manoj. On easy charge we are quite happy with the performance about 71% of our recharge and value terms is happening through easy charge. More than 200,000 retail counters are able to sell, which is about 50% of our retail counters that sell through easy charge, others are being trained and they will very soon graduate up to selling easy charge in addition to paper coupons. One thing, which you need to remember we are not only selling recharge or voice we are also selling VAS, selling music through the easy charge now, which is also picking up quite well. Easy charge as a platform has been extremely robust, quite successful in the market. I am very happy to report that even illiterate retailers across Orissa, Bihar are all able to utilize it, customers are quite happy with it. On the 999 usage, the usage has been picking up well. We also have an up selling program; luckily for us the outgoing usage has been showing a positive trend. So we are quite happy with the performance of this Lifetime product.

**Suresh Mahadevan – ABN AMRO – Hong Kong**

Manoj any quick color on this installment plan you have launched, I think you launched in late May I think, the easy Lifetime prepaid?

**Manoj Kohli - Bharti Airtel Limited – President**

That also received good market response. We launched this based on customer feedback that 999 for some customers was a bit high and we thought it will be good to utilize the EMI sensibilities of Indian customers, which we did and it has had a good impact in the market.

**Suresh Mahadevan – ABN AMRO – Hong Kong**

Thank you.

**Lucy - Moderator**

Thank you very much sir. Next we have Mr. Henry Cobbe from Thames River Capital, London. Please go ahead sir.

**Henry Cobbe - Thames River Capital - London**

Hi there thanks very much for your call. I just want to ask what ARPU you are getting on your DSL lines.

**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Could you repeat that Henry, please?

**Henry Cobbe - Thames River Capital - London**

What kind of ARPU are you getting on your DSL lines?

**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Well, we have actually; if you see the operational section we have given the consolidated ARPU, which is now at Rs. 1,202 and on March 31, 2006 it was Rs. 1,063. So this increase is on account of the DSL.

**Henry Cobbe - Thames River Capital - London**

Okay. Would you give a breakdown in the future between DSL and...

**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

No, we would I think for competitive reasons Henry we would not be doing that.

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**Henry Cobbe - Thames River Capital - London**

Okay, thank you very much indeed.

**Lucy - Moderator**

Participants who wish to ask questions please press "01" now. Next we have Ms. Reena Verma from Merrill Lynch. Please go ahead.

**Reena Verma - Merrill Lynch - India**

Yes hello. Thank you very much for your time, just two small questions. One is can you please quantify what is the amount of fixed line revenues moved into this segment due to the reorganization? The second question is that the traffic numbers for long distance national and international together, so just that your EBITDA per minute in long distance is higher than TRAI's ceiling carriage charge, can you just please help me reconcile this?

**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

On the DSL Reena, we have a revenue movement of something above approximately 75 crores, approximately 75 crores. As far as NLD and ILD is concerned, I can absolutely confirm that in no case have we charged anything to anyone, which is above the ceiling. Now the margins are no indication, I do not know how that can be an indication of what we have charged.

**Reena Verma - Merrill Lynch - India**

No but is it possible for the total EBITDA per minute to be higher than the carriage charge?

**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Yes, because this also includes the ILD traffic as well, so it could be wrong to see the per minute things in terms of EBITDA here.

**Reena Verma - Merrill Lynch - India**

Which means that international long distance EBITDA is better than the carriage charges on domestic long distance?

**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Per minute basis, it is obviously higher.

**Reena Verma - Merrill Lynch - India**

Okay, thank you.

**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Thanks.

**Lucy - Moderator**

Participants who wish to ask questions please press "01" now.

At this moment there are no further questions from participants outside India. I would like to hand over the proceedings back to Harpreet.

**Harpreet - Moderator**

Thank you very much Lucy. We will now begin the question and answer interactive session for the Indian participants connected to Audio Conference Service from Airtel. Participants who wish to ask questions may please press "\*and1" (\*1) on their touchtone enabled telephone keypad. On pressing "\*and1" (\*1), participants will get a chance to present their questions on a first-in-line basis. To ask a question please press "\*and1" (\*1) now.

The first question comes from Mr. Sanjay Chawla from JP Morgan, Mumbai. Mr. Chawla you may ask your question now.

**Sanjay Chawla – JP Morgan – Mumbai**

Hi congratulations to the management on a very good set of results. I have two questions. One is you talked about the ARPU improvement coming in from the existing subscribers; could you share what kind of a percentage increase you have seen in the ARPUs of existing subscribers in the mobile segment? And secondly, how much of the margin improvement in the mobile segment is due to the reduction in the average NLD interconnect cost for which obviously a new sealing has been specified compared to the range tariffs earlier?

**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Sanjay as far ARPU improvement well, we obviously would not want to share details about ARPU improvement of different kinds of customers that would not be possible. As far as the margin improvement is concerned, you are right arithmetically, definitely when the ADC charges come down, which had been passed on to the customer, so wherever the topline comes off without affecting the net revenue which is the case of ADC, when the ADC charges came down, we have passed them completely to the customers therefore the gross revenue comes down, but net revenue remains the same. Surely there is some element but I won't say it is a very, very significant one but you are right some

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of that would be because of that. I do not have the exact calculations on that.

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**Sanjay Chawla – JP Morgan – Mumbai**

Sure, I understand that. My question was related to the reduction in the NLD interconnect cost, the carriage cost which is other than the ADC?

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Oh that, that I won't be able to share with you because that would be very competitive information.

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**Sanjay Chawla – JP Morgan – Mumbai**

Okay, thank you.

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Thanks.

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**Harpreet - Moderator**

Thank you sir. The next question comes from Mr. Vinay Jaising from JM Morgan Stanley, Mumbai. Mr. Jaising you may ask your question now.

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**Vinay Jaising - JM Morgan Stanley - Mumbai**

Congratulations again sir on the great set of results. I have three questions, one on the taxation, which Akhil did cover earlier. I am kind of confused, maybe the third or fourth quarter wherein I am asking this question on taxation, the overall effective tax rate seems to be fluctuating going down this time and you did mention that the deferred taxation in the future should be a smaller component and the actual tax should be about 11 odd percent. Can we assume this 11 plus let us say 2% is a consistent number we should kind of assume for the next couple of years, that is question one. Second on the interest rates, I do understand the interest expenditure is a function of the Forex and the way the rupee dollar moved, the overall interest cost, what should I assume that as a percentage in terms of debt 7% to 8% higher or lower? My third question is on your overall costing, if you see overall cost as a percentage of sales, network operating costs after a couple of quarters has moved on from the 9%, 10% to like 12%-12.5%, interestingly sales and marketing despite what you all have put in has gone down from 17% to 15.8% is it that the umbrella brand is now working in terms of economies of scale? And the last question is on the interconnect, that has come down by about 200 basis points from 19% to 17% in the last sequential quarter, any reasons out here?

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Okay I think on taxation, let me admit I am as confused as you are because this is a very very, for me, very confusing issue, how to calculate deferred tax. I think finally I am getting the hang of it. Let me point out that the element of the fundamental basis of deferred tax, for the benefit of everyone is basically the timing differences. The permanent differences obviously get eliminated, the timing differences result into either deferred tax income or a deferred tax loss, or a deferred tax expenditure. Now as you would recollect under the Income Tax Act, the rate of depreciation allowed on capital goods and machinery was earlier 25%, in the books obviously it is much lower and therefore the timing difference was significantly high. Now with the reduction and the depreciation rates under Income Tax Act that difference has been narrowed and therefore the deferred tax whether it is a profit or a loss also gets narrowed. So I think it is getting a little more predictable, we believe I think your observation was right, 11.2% is the normal, minimum alternate tax which you can assume to be definitely there, but I would say it would be safe to assume that anywhere between maybe 12%-14% is what could be safely taken as the tax liability assuming that there is a little bit of deferred tax expenditure. It could be a little positive, it could be a little negative but I guess 12% to 14% should be a good range. On the interest rates, I think under the current circumstances and what you have been seeing as a pretty consistent actual interest payout by us, 7% to 8% looks fairly reasonable unless there is a massive movement in the rate of interest, but on an overall basis, I think for modelling purposes, 7% to 8% sounds pretty okay to me. On the overall cost as a percentage of revenue, I remember two of the points, one is you mentioned about sales, sorry, the first one was on the networks.

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**Vinay Jaising - JM Morgan Stanley - Mumbai**

Yes.

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Well you are right. I think the network expenses as a percentage have definitely gone up and we do believe that as the revenues start kicking in from the new sites that we are having, the coverage that we are doing and also as the percentage of the network sharing or the passive network element sharing goes up, this percentage will come down over a period of time. On the sales, I think this is absolutely in the right trend because this as a percentage must come down because we are covering the entire country under our sales program and marketing and advertising program therefore as the revenues increase, there should normally be no reason why the percentage should keep pace. So we are fairly pleased about the sales percentage coming down a bit. On the interconnect, the reduction of 200 basis points is mainly on account of the ADC cut, which had happened and which of course was passed on completely to the customer but mathematically that brings down the percentage of interconnect to the gross revenue by approximately 200 basis points.

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**Vinay Jaising - JM Morgan Stanley - Mumbai**

Thank you sir.

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Thanks Vinay.

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**Harpreet - Moderator**

Thank you sir. The next question comes from Mr. Sandeep from PCS Securities, Hyderabad. Mr. Sandeep, you may ask your question now.

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**Sandeep - PCS Securities - Hyderabad**

Congratulations on a very good set of numbers. I want to ask a couple of questions. It seems that like the share of postpaid customers are decreasing. So do we expect the same in the future and any color on this and my next question is as you go forward how would the company look at the competition from voiceover-internet protocols services as I believe there is enough room for growth in India. Thank you.

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Well I think this industry has matured from the point where I think worrying too much about the percentage of postpaid versus prepaid is quite irrelevant today. Therefore I would feel that for the investors and analysts, it is not too relevant a measure which is the where the effect is that the whole industry and Airtel is leading that pack, we are trying to design products and our tariff plans with a view to attract to more and more small customers. Naturally these customers are best suited from their point of view as well as the company's point of view to be on a prepaid platform. Therefore, I think gone are the days when there was a perception that postpaid is great and prepaid is bad. From our point of view, it really does not matter and I think its about time that looking at the massive growth this industry is having, we stop bothering too much about the postpaid and the prepaid percentage. So frankly, it is quite irrelevant from our point of view. On IP protocols, well I think this is an international phenomenon. More of those operators where there are massive arbitrages in the international calling rates have to be worried about this, but as far as India is concerned, one I think the PC penetration is very poor and very low. Two, the arbitrage between what you would pay on taking a DSL connection and making any IP protocol phone calls and what you would have to pay on a normal phone is so small that is perhaps not worth the trouble. So I would say it does not pose any kind of serious threat to us. But you are right, I think this is one development, which to some of the operators across the world where the international rates in particular are too high, could be a problem. And of course as far as

the domestic or national long distance is concerned, you know where the rates have gone. So there, there is no threat at all.

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**Sandeep - PCS Securities - Hyderabad**

Thank you.

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**Harpreet - Moderator**

Thank you sir. The next question comes from Mr. Raj Mohan from Chennai. Mr. Mohan you may go ahead with your question please.

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**Raj Mohan - Chennai**

Yes, thanks for taking my call and once again congratulations on a wonderful set of numbers. The first question is on the monthly subscriber additions front. Based on demographics does the company feel that there is still a long way to go before the growth even plateaus, basically I am asking this because though we are at 15% teledensity, I am asking this from the aspect of present target market of the company and the typical earnings characteristics of these customers who may be susceptible to factors like poor monsoon?

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**Manoj Kohli - Bharti Airtel Limited – President**

Okay firstly, let me clarify the teledensity, definition of yours. Teledensity in India is 10% because there is 4.5% fixed line teledensity has overlapped with wireless. So, at 10% teledensity we can quite confidently assume that the rate of growth of the Indian telecom sector will continue for a long time. Two reasons primarily, one affordability, even in smaller towns we have not heard any affordability issue being raised which means a large chunk of population can afford it, when the chunk of population comes into the sector is the decision which individuals take. Second issue is issue of coverage, today we cover under 50% of our population, which means that we have so much more to cover and as we keep on covering more and more population will find it affordable to come on to the bandwagon of telecom. So I see a long-term growth trend of the sector to continue and brands like Airtel to pickup larger share in times to come.

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**Raj Mohan - Chennai**

Okay the second question is has the management worked out any matrix measuring the relationships of interest rates and subscriber growth, interest rates basically have been firming up really steadily over the past few months, but there has been absolutely no slowdown on the subscriber additions front. Does this fact occupy the management's list of concerns?

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

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Well, you are right. I think if I was an economic student, I would definitely find a big correlation between the interest movement, the currency movement; the fact is it would have been relevant in any country as GDPs grow, the interest rates do affect the entire industry environment including telecom. But if you look at India, I think the situation is very different because in no other part of the world has telephony become so affordable where a person has to perhaps commit Rs. 100 to Rs. 150 a month and he can be absolutely mobile, no worries about when to recharge, how much to recharge, incoming calls being free. It is very clearly a big productivity tool and perhaps a lot of these customers, smaller ones are absolutely not that much affected by the interest rate hikes. We have not seen any correlation I think as long as the overall climate is good and the overall economic growth is good surely I think we will clearly see this growth happening. But we have not really seen any direct or indirect correlation between the interest rates and the growth in the sector.

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**Raj Mohan - Chennai**

One final question on this significant staff increase, is this attributable to the BPM resources being added on to your base?

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Yes, one of our fundamental things is that this business is all about customer experience and therefore we have done some outsourcing deals, very significant outsourcing deals, but our fundamental philosophy behind outsourcing is that whoever does that job must have a better and a deeper domain knowledge. We believe that for these kinds of employees who were earlier being outsourced from others, the domain knowledge of dealing with the customer face-to-face are on the front end is much more with us. Therefore we are following outsourcing as a blind alley, we are looking at it from a very strategic point of view anywhere where we feel, we have deeper domain knowledge we are bringing it in. Wherever we feel somebody else has a deeper domain knowledge we would not hesitate to outsource, that is the only purpose of this. It does not make any effect to the total cost because in any case, the costs were being incurred on these outsourced employees.

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**Raj Mohan - Chennai**

Thanks a lot.

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Thank you.

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**Harpreet - Moderator**

Thank you sir. The next question comes from Mr. Shubham Majumdar from Macquarie Securities, Mumbai. Mr Majumdar you may go ahead with your question please.

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**Shubham Majumdar - Macquarie Securities - Mumbai**

Hello congratulations to the Bharti management for a great set of numbers and meeting estimates significantly. I have two small questions. One is, for the first time in many quarters we have seen ARPUs have remained flat on a quarter-on-quarter basis and as it states, most of it has been enabled by the strong minutes of use that you have registered on the existing set of customers, are we heading it with a phase where in spite of low-value customers getting added, going forward at least on the ARPU, the existing customers increase in minutes will basically make ARPUs remain flat compared to the sharp shifts which have been in the past?

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**Manoj Kohli - Bharti Airtel Limited – President**

Okay. Firstly as a phenomenon we do not really recognize ARPU as a key parameter for success in telecom. We measure a three line graph which you have seen in our investor report. But coming back to ARPU issue, there is elasticity; we see a high degree of elasticity in Indian customers now and I think the comfort of customers with such affordable tariffs is quite high enough to increase the usage as the customer matures on our network. Maybe in the first few months when he is there on the network, he may not increase the usage too much because he is cautious. But as he matures to 6 months, 1 year, 2 years the usage continues to grow because he can afford to use more. We have seen a 10-minute increase in this quarter in the MOUs, average MOUs which for a 23 million base is a great increase for existing customer base plus there is a propensity in older customers to utilize data, utilize music, etc also which I think should also see an increasing trend. But overall ARPUs will definitely go down because the marginal customers we keep on adding every quarter, every month will keep on pulling down the ARPUs according to their usage capability.

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**Shubham Majumdar - Macquarie Securities - Mumbai**

Okay and on the Capex front, we have seen some slowdown in Capex on a quarter-on-quarter basis, are we getting into a lower Capex spend more or this is just a one-quarter phenomena and if you could just reiterate the guidance on Capex for the full year FY2007?

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

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Yes, there is a slight dip in the Capex for this quarter but that is nothing too much. I would say that we have spent about \$460 odd million in the first quarter. I would say I am quite inclined to believe that the earlier estimate was about \$2 billion for the full year stays intact as of now and I am not seeing too much of deviation in that.

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**Shubham Majumdar - Macquarie Securities - Mumbai**

Okay and last and final question from me. SG&A, we have seen significant savings of percentage of revenues although in absolute terms it has gone up, is there any trends as to how it could be going forward over the next three, four quarters as percentage of revenues or has the market been a little soft in terms of competitive intensity this quarter?

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**Manoj Kohli - Bharti Airtel Limited – President**

No. I think this trend portrays economies of scale of the company as we grow, more and more economies will come into the bottomline and we believe we need to become much more efficient here and you will see the manifestation of that.

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

But having said that, I mean the competitive intensity is so much that there are these constantly two opposing forces working, economies of scale bring it down, competitive pressure takes it up, I would say around a 15%, 16% mark seems like looking also at the international trend, looks like a reasonable percentage.

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**Shubham Majumdar - Macquarie Securities - Mumbai**

15% to 16%?

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

That is right.

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**Shubham Majumdar - Macquarie Securities - Mumbai**

Okay, thank you so much on all this.

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**Harpreet - Moderator**

Thank you very much sir. The next question comes from Mr. Rahul Singh from Citigroup, Mumbai.

Mr. Singh you may ask your question now.

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**Rahul Singh - Citigroup - Mumbai**

Good afternoon everyone. I have two, three questions on each of the businesses. Firstly on the mobile business, there seems to be some moderation in the level of decline in the revenue per minute on a quarter-on-quarter basis, is it on account of increased outgoing as a percentage of incoming if you can just give some qualitative inputs on that, that would be helpful. Also on the NLD, ILD, there seems to be some, there seems to be sharp decline in EBITDA per minute on a quarter-on-quarter basis, which is could also be because of reclassifications. But what is your stance on the retentions in, especially in the national long distance business, which has seen lot of new end trends after the relaxation in the norms? And lastly, on the fixed line business if I go through your, one of your notes and which mentions that the results or the profits were higher by about 598 million for the quarter because of the reclassification and take that out from the EBITDA, the core fixed line business on a like-to-like basis seems to have actually taken a, is actually registering in EBITDA decline on a quarter-on-quarter basis if we ignore this reclassification on an EBITDA basis. So if you can just give me some sense of these issues that will be helpful.

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Mobile ARPUs, much has been discussed earlier so I would not repeat all that. But you are right; some of it is also on account of improvement in the outgoing/incoming ratio and which clears that as this overall base increases, these will move closer. So that does add to some improvement in that. From the NLD and ILD, well there is a bit of a reclassification, I would say it would be fair to compare this quarter's result with the next quarter's results rather than trying to give a long explanation on this quarter. On the fixed line business, well there are of course corresponding expenses as well to that; also you must realize that as lot of new cities which we are starting are actually in the existing circles. So the existing circles is a bit of a blend of the existing towns as well as new towns we have in the same circles. That is why I think the picture will become clearer in the next couple of quarters and it would be fair to put this quarter's results as a base and compare it to the subsequent quarters.

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**Rahul Singh - Citigroup - Mumbai**

Okay one followup question on the wireless side, you mentioned you had planned to increase the number of cell sites by about 20,000, any number you would like to give for about how many cell sites got added in this quarter and whether there is any revision in the cell site additions which you propose for fiscal 2007?

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

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Well, with this I did mentioned that we added more than 4,000 cell sites but I think that is not a very, very relevant figure, what is more relevant is the information which we are giving about the town coverage, the population coverage, the village coverage plus sites are just the manifestation of where that we are planning to go. So at the end result is coverage. And I think we are giving complete information on that.

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**Rahul Singh - Citigroup - Mumbai**

Okay thanks Akhil.

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**Harpreet - Moderator**

Thank you very much sir. The next question comes from Mr. Sheriar Irani from IL&FS Investsmart, Mumbai. Mr. Irani, you may ask your question now.

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**Sheriar Irani - IL&FS Investsmart - Mumbai**

Yes, hi Sheriar here. Just one question on the spectrum side, though this was touched upon earlier on the call, I was just wondering that given that Reliance has been talking about possibly shifting over to GSM, is there a risk that there could be a severe crunch in the spectrum available for GSM operators, especially for people like Bharti where you are the forefront of the rollouts?

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Sunil would you like to take this question?

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**Sunil Bharti Mittal - Bharti Airtel Limited - Chairman and Group Managing Director**

I would say that we are delighted that finally a very large player like Reliance has backed on the GSM side. Considering Reliance was a GSM space earlier and they have had a huge experience in CDMA. I think it is a clear testimony to be strength and the build up of strength of GSM worldwide. And we welcome any move into the GSM industry because it further reinforces our belief and commitment to GSM, more equipment, more handsets in the country and it will make it more affordable, more efficient. The issue really is the spectrum where all the investing operators are going alongside, in some cases ahead of Reliance. So we really need to wait how the government is going to make more spectrum available. But all in all, I think all operators of large presence need to move to world standards, that is clearly GSM.

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**Sheriar Irani - IL&FS Investsmart - Mumbai**

Okay thank you very much.

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**Harpreet - Moderator**

Thank you sir. Ladies and gentlemen, we will hand over the floor back to the management due to the limitation of time.

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**Akhil Gupta – Bharti Airtel Limited - Joint Managing Director and Chief Financial Officer**

Thank you. Thank you so much. Unfortunately, I would have love to carry on some of the more, these questions which were coming in but due to time constraint, may I request that any other question, would you please refer it to the investor relations and we will be very pleased to come back with the response to each one of those. Let me once again on behalf of all my colleagues; thank each one of you for joining us on this conference call today. I think to us it is a great occasion to interact with all of you immediately after the results are announced and I would look forward to talking to you again in the next quarter, thank you very much.

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**Harpreet - Moderator**

Ladies and gentlemen, this concludes the earnings 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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