PUJA (Moderator): Good morning ladies and gentlemen. I am Puja, the Moderator for the conference. Welcome to the Bharti Tele-Ventures quarter three earnings call hosted by Lehman Brothers. Mr. Suresh Mahadevan, Lehman Brothers, South East Asian Telecom Analyst is your call leader today for moderation of the presentation. All participant lines will be in the listen only mode. After the presentation, the Q&A session will be conducted for international participants connected to India One International Center. After that, a similar Q&A will be conducted for the participants in India.

I now hand you over to Mr. Suresh Mahadevan of Lehman Brothers. Thank you, and over to you Mr. Mahadevan.

Suresh Mahadevan: Thank you Puja. We at Lehman Brothers are pleased to host this third quarter earnings call of Bharti and want to extend a warm welcome to all the participants on the call.

We have the top management team of Bharti Tele-Ventures joining us on the call today. Mr. Sunil Bharti Mittal, Chairman and Group Managing Director, Mr. Rajan Bharti Mittal, Joint Managing Director, Mr. Akhil Gupta, Joint Managing Director, Mr. Manoj Kohli; President of the Mobile Operations, Mr. Badri Agarwal, President of the Infotel Operators and other senior members of the Bharti management also are with us on the call today.

On behalf of all the participants I would like to thank the Bharti senior management team for taking the time to be with us on the call today and I would like to pass on the call to Mr. Sunil Goyal of Bharti. Over to you Sunil.

Sunil Goyal: Thanks Suresh. This is Sunil Goyal. Before I hand over the call to Mr. Sunil Bharti Mittal I must remind you that the overview and the discussions may include forward-looking statements and that must be read in conjunction with the risks that we face. I hand over to Mr. Sunil Bharti Mittal.

Sunil Bharti Mittal: Thank you Sunil. I would like to add my own very warm welcome to all of you we are today here in Singapore and that's why the timing of the call was set up at this time. I hope it was convenient for most of you joining us on the call.

World is really finally waking up to be big potential of Indian telecom markets, which has been visible to us for a long time. But we are seeing the entire world more and more engaging itself to Indian telecom markets.

The reasons are really not hard to see. One is clearly the stupendous growth that the Indian telecom market is exhibiting. From December 2002 when we had the in the country 11 million wireless customers, in December 2003 this moved to 28 million wireless customers making it on a percentage basis the largest growth anywhere in the world and on an absolute number just behind China. It is also true that we are expecting the country to have 100 million mobile phones in the country in about three years time frame.

The impact of increased competition and more tariffs coupled with significantly issues of regulations has taken the Indian telecom to top gear. Today we are witnessing unprecedented levels of wireless competition coupled with growth not only in terms of the customers, but minutes of usage as well. While on the one hand the customer base is improving, on the other hand there are challenges of intense competition in the market with one of the lowest telecom tariffs anywhere in the world.
One area of the growth is the regulatory area, which has generally
concerned the world markets in western and strategic partners
alike. I am pleased that the last one or two years of scrimmages
and litigation in the Court and battles in the environment have all
settled down, which has resulted in the Unified access license
coming through allowing fixed line operators to provide mobile
services but paying the same amount of money that the mobile
operators pay as a full licensee. In fact, one of the operators was
asked to pay approximately $100m in addition to the license fee.
That really puts us at par on both sides.

In addition the IUC was leveled out. The government in the form
of concessions also brought in revenue share reduction for the
telephone industry by giving industry 2% revenue share reductions,
which is the license fee an additional 2% from all the cellular
operators of which Bharti is also benefits in some key wireless
markets.

The government have also come out with a very clear policy on
inter-circle mobile acquisitions and have also promised to have
the lenders take a much more priority view on the sector by
lowering the interest rate and giving more debt to this sector.

Also during the quarter the long awaited IUC has also come
tough, which is much simplified now. We should move to the
access deficit charge. But the same has now come down from 13
bn rupees to 5.3 bn rupees.

I have personally worked very closely with the government on
facilitating some of these critical and tricky issues and I personally
believe now India regulations are at par with the best in the world
with free licensing regimes, very forward-looking policies on both
TRAI and the government. There seems to be a single mission to
reach 100 million telephones, mobile telephones, at the earliest
possible time frame and many more thereafter. The government
to my mind keeping this thing in mind will come in the coming
months with more reductions, concessions and sops for the
industry, one such thing was when we are witnessing sharp
reductions of customs duty for telecom hardware and handsets.
I also work closely with authorities in the industry to allow
consolidation of this industry. India as you know was fragmented
at the time of licensing with a number of players and we are
already witnessing the fruits of the push by the government
towards consolidation by a couple of M&A announcements which
happened last week. I am sure that in the coming months a
number of new acquisitions and mergers will take place reducing
the many player markets to perhaps a four player market scenario
in India.

We have actually come across acquisition prospects in the
wireless industry. While these opportunities have been attractive,
these would have come at valuations, which were not in line with
our own benchmarks. We have left out one or two of these
opportunities on account of the valuation benchmarks not being
met.

I am very pleased that these have been consolidated in other
players, thereby taking away the weaker and smaller players out
of the market. Consolidation is very good for the industry. I’m sure
we will continue to come across acquisition opportunities. We will
evaluate the financial viability and if there are any strategic needs,
like in Rajasthan where we tried to bring an acquisition of a
foreign state, we will do that carefully.

Within the industry of course we are actually planning growth, and
I’m sure that the resolution of such issues as the long awaited FDI
policy will definitely provide further impetus for the industry. We
were quite hopeful that the FDI limit would increase last week.
Somehow the issue got deferred. But looking at scenario of
liberalizing in almost every sector, I don’t see that the issue of 74
% will be resolved too far away.

I am pleased to share the view and some of you may have already
seen it, the recent survey, conducted by Euromoney has
ranked our company as the second best telecom company in
Asia, both in the mobile and fixed line segment. It makes me very
proud to know that we are being compared to the likes of Asian
Powerhouse like Singtel and independent opinion makers have
continued to appreciate our performance. I would like to
personally thank each one of you in showing your confidence in
our company.

During this quarter our company had net profits of Rs.1.6 bn.
Based on quarterly net profit of 1.6 bn rupee and we are now
placed amongst the top companies in India. We have sustained
our net addition of nearly one million customers even in this
quarter and have also become the first telecom operator to cross
5 million customers during the quarter.

With this performance and our ability to capture the growth in the
market, that too without any increment of debt. Not only are we
capturing the growth in terms of customers, but I am pleased to
share with you we are capturing, more importantly, better revenue
share of the market. Our endeavor going forward will be to
capture more and more share of the revenues.

Today with growing needs of the customers, more and more BPO
coming to India better markets opening up quarter-on-quarter
share of data in consolidated revenue is continuously improving.
I am extremely delighted to inform all of you that we have in this
quarter 14% of that revenue stream coming from data, which is
non-voice revenue and includes the DSL initiatives and lease line
sales, data and enterprise solutions and of course the SMS and
the mobile data side. This stream is extremely profitable since it
danks on existing networks of the group both on the mobile and
non-mobile side and every penny that gets added more or less
translates down to the bottom line.

During the quarter our company became the first mobile operator
to conduct EDGE trials in India. Also we have become the
country’s first fixed line provider of wireless services for residential
& SME customers with the launch of Wi-Fi services in all fixed line
products except.

In the past the company has benefited from better financial
management and I would like Akhil to come in at this point in time
and share with you all the financial highlights of the group. I would
like to thank you for your attention and hand over to Akhil Gupta.

Akhil Gupta: Thank you Sunil. Welcome to all of you and happy
New Year - slightly late - but nonetheless. Before I talk about the
financial results and the highlights of the financial performance of
the quarter let me take a minute in pointing out that corporate
governance and transparency has been a matter in which we are
very, very passionate about. Right since we got listed, we have
come out with the quarterly report, which has been appreciated by
all of you, and many of you have given continuously, feedback,
suggestions, which we believe have made it very rich. I'm very,
very pleased to announce that we have taken some very major
strides, which have now given us absolutely at par with the best in
the world.

What we have done in this quarter, as you might have seen,
these are now based on the audited results for the first nine

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months. Secondly, these results are as per Indian GAAP, IAS, as well as US GAAP.

We have also added certain new sections in the quarterly report, which would give the total wireless market shares, some graphs on the interest coverage, net debt coverage etc. The details are given on page 4 of the quarterly report.

It is also important that we have simplified with the GAAPs. The EBITDA as per Indian GAAP, IAS and US GAAP, are exactly the same, which means it is a very simple accounting with nothing hidden there. The adjustments on the IAS side between Indian and IAS GAAP are just about four or five line items and within IAS and US GAAP, there is just two line items. That is the amortization of goodwill and of course the difference in the different tax liability.

It also means that we are now ready for listing on any exchange anywhere in the world should we decide to do that and that I think gives a lot of flexibility to the company. We do believe that you will find these steps welcome and we look forward to your feedback on these.

Let me give you some of the highlights of the performance. Our revenue went up to 12.7b rupees in this quarter. That's a 50% year-to-year growth. EBITDA was 4.7 bn rupees - almost doublng from the quarter in the previous year at 97% and cash profit is 4 bn rupees, which is 170% increase on a year-to-year basis. Normally I was warned that whenever we write down unusual items it's usually unusual expenses. But in our case it is an unusual income which is not taken into account here. It is 1.6b rupees as against a loss of 71m rupees last year. It's also very heartening to note that our EBITDA percentage has increased from 28% to 37% in this quarter.

On a quarter-to-quarter basis, our revenues have grown by 11%, EBITDA by 26% over the previous quarter, cash profit by 31% and that has resulted in the earnings before tax almost doubling. That is a 96% growth over previous quarters. We've talked about the tax again before unusual income has gone up by 73%. Also the EBITDA margin has gone up from 33% to 37%. You might remember that in the last conference call we had mentioned that in our business we are trying to optimize growth and the results are clear.

Let's move, give you an idea of the overall EBITDA margins for the quarter has, been, as we've mentioned increasing. Growth on an overall basis has relatively [stabilized]. For instance on mobile data has gone up from 28% last year to 37%. In the last quarter it was 32%.

Also the US GAAP for which reconciliation has been given in the quarterly report. Our profit after tax for the year of nine months is higher by 1,057m rupees at 4,214m rupees vis a vis the IAS data has gone up from 28% last year to 37%. In the last quarter it was 32%.

Our debt to equity has remained steady as we have pointed out despite huge growth in the business. Interest coverage, which was at 3.1 times a year ago has gone up to 6.48 times. That puts us in a very, very comfortable debt servicing position. The debt to annualized EBITDA which was 3.21 times a year back, was down to less than 2, which again by any international standards is a very, very healthy situation.

Operating costs to revenue, which were at 61% one year back, are down to 38.5% in this quarter and the annualized revenue to gross block has gone up from 59% a year back to 66%. This despite that we are growing very fast that why there is a need for Capex deployments.

I am also pleased to announce that we have been officially now informed that we will be a part of NSE industry index with effect from March 1, 2004. You might recall that we are already a part of Sensex now and it is something, which besides the recognition by Euromoney, is also recognition of our importance in the stock market.

We are unleashing the power of scale and size now, deriving the benefits of economy of scale. There are many new initiatives which we have taken in terms of our capex, customer care, IT, both in terms of better costing and more importantly, in terms of better quality.

To conclude, I must also point out that the recent, in fact just yesterday, the policy clarification by Government of India, on external commission whereby $500m by the year becomes an automatic limit is a very, very welcome step and I'm sure this will further enable us to bring down the interest cost.

In conclusion, I think the coming year growth is going to be very strong and I would like to state that we are as a company, fully prepared in every which way, including funding to capture this growth. Thank you.

Sunil Goyal: We will now open the call for Q&A.

Q-and-A

Puja: Thank you. I now hand over the proceedings to Paridah at India One International Center to conduct the international Q&A for the participants. After this we will have a Q&A session for the participants in India. Thank you and over to you Paridah.

Paridah: Thank you Puja.

The first question comes from Mr. Tim Low, Alliance Capital. Over to you sir.

Tim Low: Thank you very much for the call and congratulations on a great set of results. A huge positive I found in the results was your cost control and you do highlight that there was a little bit of a reversal in the provision in the third quarter versus the second quarter. But even stripping out that, can you give me some idea going forward on how fast you think your costs will accelerate - say assuming you are keeping the same level of quarter-on-quarter revenue growth of 10% or 11%? How long do you think you can keep those operating expenses either flat to growing in single digits and you still seeing an Ebitda margin expansion?

Akhil Gupta: I think we have mentioned many times at our end it's not the cost control, which is important. What is important for us is cost optimization and therefore to say as to what percentage increase will take place is something I can't answer, one because
I can't give you any guidance. Second, I think to us it's important that looking at the circumstances of the market, looking at the need of business, these could differ from quarter to quarter. So we are not trying to control costs, we're trying to optimize costs and whatever it takes to put us in the leadership position at any point of time that is the cost we will likely incur and that's something we like to watch very carefully. But I think we are very, very happy that the cost optimization which we initiated and done good job at that.

Tim Low: Just a follow up question on the other operating expenses. That element of your operating expenses was down - the other element. Was there anything specific in there that you could highlight that actually in the quarter-on-quarter?

Akhil Gupta: Yes, I think in the quarter of December 2002 we had a very major bad debt provision, which we had given you the details in that quarter's report and I think that's the reason why other operating expenses have come down very significantly.

Tim Low: Right, thank you. Just a final question just on your prepaid churn. That blipped up in the third quarter. Are you doing anything specific to try and reduce that prepaid churn? I notice it went up about 5.7%.

Manoj Kohli: As you know we have initiated a lot of steps to control the prepaid churn, including encouraging customers to recharge within the validity period of the recharge coupon. Already we are seeing good signs. We are also trying to get the customers to get benefits to get back, continue the using etcetera, etcetera. There are of course casual customers who come in into the service and use the card and maybe go away and become inactive after the specific incident is over. So they churn out naturally. So we are seeing the trend of both postpaid and prepaid churn coming down month after month and I'm sure by the end of this quarter it will be much better.

Tim Low: Thank you.

Operator: We will now begin the Q&A session for Indian participants connected to India One Media Express.

The first question comes from Mr. Navneet Singh of ICICI Bombay. Mr. Singh you may ask your question now.

Navneet Singh: Good morning. Many congratulations to the management for the strong results that they have reported. I essentially have three questions.

The first question is that there has been a strong improvement in the EBITDA margins in the mobility business. I just wanted to have, could you give me some sense as to which circles are above threshold and which ones are below performing? If you could tell us how all the others are doing and how were older circles doing & how new were doing?

My second question was that I did mention that data has revenues is around 14%. What is the mobile data as a percent of mobility revenues? Is there some figure on that?

Third, is what is your expectation on the numbering plan change that is happening and probably will be done by January 31?

Sunil Mittal: All I can say on the first question is that the new circle as per the expected trend will move down to the positive EBITDA zone. Obviously this will evidently starting month and a quarter both better and higher EBITDA.

We are not giving any old and new numbers now and they are all put together. All I can say is that the new circle will start contributing on a much stronger basis quarter on quarter.

On the issue of data, on the mobile side the data is 3.5% of the mobile revenues. Then we currently coming from SMS based services. But it is also coming up to like GPRS and MMS. Some of these steps are happening.

On third issue of numbering plan change, we are really not impacted, we are not running WLL services. Our fixed line services already have these new numbering plans allocated and the mobile numbers are already on the mobile series. Whether the other operators who have moved from fixed to mobile, licenses will need to change their numbers. We keep on hearing that they will need to change fairly soon, but I think that is something for the regulator to decide on.

Navneet Singh: Right, thanks a lot.

Miss Priya: Morning to the management and congratulations on a good set of numbers and a couple of questions. Firstly, I just want to know the reason for a flattish total for extra inter-connect charges this quarter? Is it the in this item of calls that is happening or if you could highlight on that?

Sunil Bharti Mittal: The inter-connect is flat because in the previous quarter there was Rs. 2.50 on the inter-connect which we paid, which should be equivalent to I believe about Rs. 15 crs. on to the customers, but to us on an overall basis it should be a little difficult to say because some that should could get passed on to the customers, but to us on an overall basis it should be about 2.4% or so as our estimates of the overall license fee which we pay, which should be equivalent to I believe about Rs. 15 crs. a quarter.

Miss Priya: Okay. If you could give us the incoming outgoing ratio for postpaid and prepaid?

Akhil Kumar Gupta: This reduction is effective from April 1st. It is a little difficult to say because some that should could get passed on to the customers, but to us on an overall basis it should be about 2.4% or so as our estimates of the overall license fee which we pay, which should be equivalent to I believe about Rs. 15 crs. a quarter.

Miss Priya: Okay. If you could give us the incoming outgoing ratio for postpaid and prepaid?

Manoj Kohli: Our postpaid outgoing ratios are improving and they're getting closer about 45% approximately of the total usage.
and we expect them to grow every month because the postpaid customers are much more mature vis a vis the prepaid customers.

The prepaid outgoing proportion are however lower than postpaid and it's somewhere between 27%-30% circle to circle. But that is also improving. We have already noticed that outgoings percentage growth is going beyond the incoming percentage growth in every month. So I think that is happy news for revenues to grow further in the coming quarters.

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Mr. Sherya: Thank you.

Operator: Question which comes from Mr. Sherya you may ask your question now.

Mr. Sherya: Yes hi, I have two questions. Firstly, my congratulations to the management, for the excellent results. I have two separate questions. One is your mobile margins, which are at 37% as compared with the third quarter last year. Is there anything, any single component or cost rationalization factor I attribute that to?

Second, is on the strategy direction for the company going forward. Given that you have unified license and you can provide fixed line in your mobile cellular licenses. So is that something that you will now focus increasingly on? Is there some overall fixed line in your mobile cellular licenses. So is that something that you will now focus increasingly on? Is there some overall strategic perspective, one versus the other?

Suni Bharti Mittal: On the first question I think the answer is that the consistent improvement in the EBITDA margins from mobility on account of the new circle now kicking EBITDA. The current EBITDA margins that you are seeing are pretty normal for any mature mobile business and most of our old businesses were already demonstrating this even earlier.

The new mobile circles, which were EBITDA negative, turn EBITDA positive now. Some of them have started contributing quite enormously to the EBITDA. So that is really one big reason for the growth of EBITDA margin.

On the Unified license, since now we have the opportunity to enhance our fixed line rollout in many key cities and key areas in those cities without any rural obligations. We are very pleased to confirm that we have started work on 15 or 20 key cities in the country to rollout selective fixed line telephony all over the country and this is possible now because we have the unified licenses in the form of our mobile licenses.

Mr. Sherya: Thank you. Do you see rollouts going forward, any particular perspective on what way you would want to go? More for CDMA based services or mobile GSMS and mobile. Thank you.

Suni Bharti Mittal: Well we believe that GSM is the clear winner worldwide at this moment. Yes and we've now got the billionth GSM phone in the world. They were making one-sixth of the people having GSM phones and the GSM body has just declared that in current year GSM will move from 73% to 80% market share worldwide and I think it is the world standard. It's an unbeatable standard. The new Capex prices that are coming in GSM along with associated risk features clearly make it the future mobile player.

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Mr. Sherya: Thank you.

Operator: Thank you very much sir. The next question comes from Mr. Sachin Gupta of CRISIL Delhi. Mr. Gupta you may ask your question now.

Sachin Gupta: Hi. I have a couple of questions to the Bharti management. One, what is the kind of customer base you are targeting for the next financial year - the total customer base and what is the likely split between mobile and fixed line users?

Second, after this Rajasthan bid, what are the other possibilities in India you are looking at and when will you see an acquisition in place?

Suni Bharti Mittal: Well your first question, all I can say is we will target the huge growth that is now taking place within the Indian market. The expectation is that the Indian market will double and by that implication we must maintain our better our market share.

We also believe the next three years' scenario for India having 100 million phones now looks pretty much within reach and we should have better growth in that market.

Akhil Gupta: On the new circles, we've already made our intention very clear. That other than the North East market we will be present everywhere at some cases by acquisition like the Rajasthan. Certainly we will be there.

Suni Bharti Mittal: But we are open to the consolidation gain there. We are being brought opportunities all the time and when those opportunities are within our range or match our financial numbers we will certainly move very quickly.

Sachin Gupta: Thank you.

Operator: Thank you very much sir. The next question comes from Mr. Rahul Singh of SSKI, Bombay. Mr. Singh you may ask your question now.

Rahul Singh: Yes hi, first of all congratulations once again for an excellent set of results. I had three or four questions.

Firstly on your cash chest. It looks to have increased significantly over the last quarter to about 614 crores rupees, 615 crores rupees gross. Any particularly reason for that because as far as I can see you have free cash positive in the quarter as far as operations are concerned?

Secondly, just wanted to understand a little bit more on the acquisition of Escotel which ultimately went to Idea. Just wanted to understand your sense on what went behind in terms of your valuation benchmarks also from the point of view of the fact if you had acquired Escotel it would have probably meant a much weaker player in the form of Idea, which now have got an actual footprint, so it goes more strategic also than pure valuation.

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Mr. Sherya: Thank you.
Thirdly, on the impact of certain roaming charges, what is the percentage of the revenues coming from roaming in the mobile business and what could be the impact of the recent cut in roaming rates? Thanks.

Sunil Bharti Mittal: First part really is the Escotel. Very clearly we gave Escotel an invitation to their Escotel after their exclusivity with Idea was over. We looked at what was required to be done in Escotel and there was a level at which we were confident. Clearly, their need was much more than our need in terms of strategy.

Adding to that, the guidelines for the inter-circle policy was in place. So without knowing as to what the guidelines would be, what kind of spectrum will be available in the merged entity, it was difficult for us to make the kind of move and also Haryana in particular and to some extent UP(W) and Kerala circles, which are growing and are states which have huge potential. Our operation and finally because we are present in all these circles and net additions are showing very good results in these states. So I would think clearly it was more there was a huge density in the company and we had to be obviously careful in making absolutely sure that acquisition must add to the overall company's strength rather than weaken it. So on an all in basis, we gladly give it up and I know what you are saying, Idea has got these circles. But there are issues around integration, obtaining of networks, obtaining of band and creating the whole organization with which we felt was coming at a cost which was not acceptable to us.

Akhil Gupta: On the cash, quite clearly we will look at M&A opportunities and since these things have to move quickly, it is appropriate to keep some cash chest ready.

Impact on roaming charges, Manoj, do you want to comment on that?

Manoj Kohli: There is an impact effective for January, but the good news is that the mitigation of that impact has already started. We had about 30%, or about a third, of our postpaid customers roaming now. They're opening up against many more postpaid customers. Maybe 70%, 80% postpaid customers. Many more customers are roaming. So I am sure we will be able to mitigate that fact.

Rahul Singh: Any estimate on what the current roaming revenues as a percentage of total mobile revenues will be?

Manoj Kohli: The roaming revenues have been approximately 10% of our revenues till now.

Rahul Singh: Okay, both postpaid, prepaid put altogether?

Manoj Kohli: Yes.

Rahul Singh: Okay. Thanks a lot. Thanks.
any numbers today, but it's not going to be really, really high. I think it will be quite within manageable limits.

**Mr. Prabhat:** On Net current assets there was huge decline in this quarter, why this happened?

**Akhil Gupta:** I think since levels heightened activity on Capex, the current liabilities in terms of the Capex liability we have got more credits. That's been the reason for the decline in the net current additions.

**Mr. Prabhat:** Thanks.

**Operator:** Thank you very much sir. The next question comes from Mr. Sanjay Chawla of Kotak Securities, Bombay. Mr. Chawla you may ask your question now.

**Sanjay Chawla:** Good afternoon everybody. My congratulations to the management on a very good set of results. I have just one question. Perhaps you could share with me your Capex for this year by the end of this fiscal?

**Akhil Gupta:** Well it's already at $350 Mn. Certainly more than that for sure. I think we are pretty much in line with the rest of the quarters and while of course the growth is becoming stronger, which might prompt us to put in a little more ahead of the requirement, we will not hesitate that. But I will say $350 Mn. is what we have spent till date. It could be in the vicinity of I think $400m plus for the full year.

**Sanjay Chawla:** Just a follow up to this. Now that the MOU seem to be stabilizing or even declining slightly on a blended basis, what kind of Capex do you see moving forward, in the next couple of quarters?

**Akhil Gupta:** Well I think that's competitive advantage I have, so I would not like to disclose as it could give a head up to my competition. But certainly we don't expect minutes to be declining. I think we do expect the minutes of subscribers will be going up. So we are planning for that. But I think at this stage for competitive reasons I would not like to talk about our capex per subscribers. I can say without a doubt that this will be the best in the club.

**Sanjay Chawla:** Sure. Thank you very much sir.

**Operator:** Thank you very much sir. The next question comes from Mr. Samir of UTI Mutual Funds. Mr. Samir you may ask your question now.

**Mr. Samir:** Hello. Congratulations on a very good set of numbers. Can you please tell us what was the revenue coming for national long distance voice and how much international long distance voice please?

**Akhil Gupta:** I am sorry I think consistently this information is one information we do not split and that's why we give the complete information. I think the competitive activity on this part does not permit us to give this data.

**Mr. Samir:** I'd like to thank you.

**Sunil Bharti Mittal:** Thank you. We have five minutes more. We can bring back the international conference call as well.

**Parida:** Thank you Puja. I will now open up the line for Mr. Anand Ramachandran. Can you proceed with your question sir?

**Anand Ramachandran:** I just wondered if you could tell us something on the EBITDA margin side of things, you know what's happening for cellular - you know the old circle versus the new to get an idea of how much more scale there is on the domestic long distance side of things? What drove that 600 basis point increase in margins, any color you can provide around that? Access some decline in EBITDA margins, is there any specific there?

**Akhil Gupta:** We did touch on some of these aspects but you were not on the line at that point. We can cover these. I think on the mobile front we have stopped giving the break down between old and new, but certainly the new products have now started making money and surely contributing to these EBITDA margin.

On national long distance, international long distance & Group date, quite clearly there are huge benefits of scale and revenues go up. A lot of that, as Mr. Mittal pointed out, come into the bottom line. We are clearly seeing that benefit.

On fixed line, it did not move because there was a big drop on the ILD rates and for this quarter at least we were in fact happy that we maintained the same kind of margin as previous quarter. But we do believe it will get normalized over these forthcoming quarter.

**Anand Ramachandran:** Can I just follow up, long distance, I mean I do want to know how long you think these margins are probably going to be sustainable given that you know again the longer term businesses, the commodity business. Kind of get some idea of how much data has got to kick in when you look at and consider the margin movement.

**Sunil Bharti Mittal:** Well I think we believe that these are sustainable profit margins and we will expect them to strengthen further. The long distance has already been shaved off by as much as 90%-93% on the peak tariff levels. Now that level is maybe the lowest in the world. Marginal swing here and there is not going to make any difference. The Capex, for that piece is pretty much in place. Not so much a capital expenditure. Going to long distance, long distance and [indiscernible] you can add hundreds of millions of minutes in the pipes. That's all going to further improve the margin of the company.

So I am very, very optimistic about not only maintaining but strengthening our margins going forward.
Anand Ramachandran: Thank you so much sir.

Operator: Thank you sir. Next on line is Mr. Chapman Taylor from Capital Singapore. Go ahead sir.

Chapman Taylor: As always I follow Anand wherever he goes so I went off the call as well unfortunately. Once again congratulations on a phenomenal set of results. I wonder if you could help us think through the cost of prepaid churn because you operate in what I believe is a relatively low acquisition cost market. Could you kind of share your thoughts with (a) respect to what you think that churn costs you, or whether or not it is anything substantial that we should be focused on either to go up or bring down the impact, that may have number one. Number two have you focused at all on what some of your fellow associates are doing with respect to introducing lower prepaid entry via electronic means which might well open up the market substantially further?

Sunil Bharti Mittal: Well I think on the second part if I may come in first again on the prepaid side, AirTel has had a very strong dominance in the market place and we have been bringing in products and services in that category ahead of others. We are closely tracking Singtel & its associated companies where they are looking at new ways to allow flexible charging and looking at ways to further deepen the market and that is being very closely studied and hopefully in a little time we shall be trying to introduce those.

On the churn, I'm just going to give it to Manoj Kohli to continue. This is one item I truly track because the churn is always important for us at the senior management and I as well have been assured that the acquisition cost in India is neutral. There was some very, very marginally costs in the company, but Manoj is coming to this.

Manoj Kohli: The cost of churn is obviously there because if you churn a customer you lose that revenue. In terms of acquisition costs, we either make small margin at the acquisition of a prepaid customer, or at the worst a neutral, which means that we extend as much money as we earn from the customer at acquisition stage. So to that extent the cost of churn is either zero or minimal. But at the same time we are concerned about the churn. We initiate a lot of steps to minimize the churn by encouraging the customer to recharge either within validity or even after validity within the first 15 days when his balance is still not forfeited.

Operator: Thank you sir. I would like to hand over the proceedings back to Puja.

Operator: Thank you very much Paridah. I now hand the floor back to Mr. Sunil Bharti Mittal for the final remarks.

Sunil Bharti Mittal: I'd like to thank all the participants for having joined us on this conference call. Surely we are passing through some very exciting times in India. The management team is fully prepared to capture the growth on the one of market place and more importantly now handle the economy of scale that Bharti has been building. The national footprint on the mobile side were some of the area that was left out earlier, the power of market place, our fiber rollout which was done very efficiently some years back and more importantly the ILD part of the business and broadband data, which is kicking in very fast.

I personally believe we are in a very strong position. Our brand remains strong. The management remain strong and we have obviously perhaps once in a lifetime opportunities to be in a sector in a country which is so exciting. So once again thank you all for your confidence in us and we hope to be in touch with you from time to time. Thank you.

Operator: Thank you very much sir. Ladies and gentlemen, this concludes the earnings call.