

Earnings Call Transcript

Event: Bharti Tele-Ventures Limited Earnings Conference Call for the Third Quarter & Nine Months Ended December 31,2004

Event Date/Time: January 27, 2005 / 2:30 p.m. IST

CORPORATE PARTICIPANTS**Akhil Gupta***Bharti Tele-Ventures Limited - Joint MD***Badri Agarwal***Bharti Tele-Ventures Limited - President Infotel***Manoj Kohli***Bharti Tele-Ventures Limited - President Mobility***Rajan Bharti Mittal***Bharti Tele-Ventures Limited - Joint MD***Sarvjit Dhillon***Bharti Tele-Ventures Limited – Group Chief Financial Officer***Sonal Kapasi***Bharti Tele-Ventures Limited - Head, Investor relations***Sunil Bharti Mittal***Bharti Tele-Ventures Limited - Chairman and Group MD***Vinay Jai Singh***JM Morgan Stanley Securities Ltd. - Executive Director***CONFERENCE CALL PARTICIPANTS****Anand Ramachandran***Citigroup – Hong Kong***Henry Cobbe***Thames River Capital — UK***Piush***Deutsche Bank – Hong Kong***Priya***Refco-Sify - Mumbai***Suresh Mahadevan***Lehman Brothers – Hong Kong***Rahul Singh***SSKI Securities – Mumbai***Ranjit***Tracer Capital – New York***Raj Mohan***Private Investments – Chennai***Ronnie Ganguly***J P Morgan - Mumbai***Srinivas Rao***ENAM Securities – Mumbai***Tien Doe***Alliance Capital – Singapore***Vikas Mantri***SBI Mutual Funds – Mumbai***PRESENTATION****Swati – Moderator**

Good afternoon ladies and gentlemen. I am Swati, the moderator, for this conference. Welcome to the Bharti Tele-Ventures' third quarter and nine months ended December 31, 2004 earnings call hosted by JM Morgan Stanley Securities Ltd. Mr. Vinay Jai Singh, Executive Director – JM Morgan Stanley Securities Ltd., 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 and answer session will be conducted for the 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 Jai Singh of JM Morgan Stanley Securities Ltd.

Thank you, and over to you Mr. Jai Singh.

Vinay Jai Singh - JM Morgan Stanley Securities Ltd - Executive Director

Thank you Swati. Good morning or afternoon ladies and gentleman who have dialed into this earnings calls. We at Morgan Stanley are pleased to host this call and welcome you all to the fabulous briefing on Bharti's third quarter results and nine months ending December 31, 2004. We would like to take this opportunity to extend the congratulations to Bharti on the impressive set of results. As usual, we have a full representation from Bharti's senior management on the call today. On behalf of all the participants and JM Morgan Stanley Securities Ltd., I would like to thank the senior management for taking time off and arranging this call for us and would now like to hand over this call to Sonal, head of Investor Relations of Bharti Tele-Ventures to initiate the proceedings.

Over to you, Sonal.

Sonal Kapasi - Bharti Tele-Ventures Limited - Head, Investor Relations

Thank you, Vinay. A very warm welcome to all of you. We hope that each one of you is in receipt of the results for the third quarter and nine months ended December 31, 2004. The results are also available on our website www.bhartiteleventures.com. 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; Mr. Sarvjit Dhillon, Group Chief Financial Officer; Mr. Manoj Kohli, President of the Mobile Operations; and Mr. Badri Agarwal, President of the Infotel Operations, are with us on the call today. Before I hand over

the call to Mr. Sunil Bharti Mittal, I must remind you that the overview and the 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 Tele-Ventures Limited -
Chairman and Group Managing Director**

Thank you Sonal. Let me add my own welcome to all of you who have joined this conference call. It has been a sterling quarter, a great quarter. Let me present an overview on few of the recent developments and the company's performance, and I will ask Akhil to follow it up to cover the financial and operational performance of the company, during the quarter. We are all very saddened by the fact that the country and the region was struck with the tsunami tragedy, and the loss of life and property has been quite enormous, and I am pleased that major corporate and companies like us have come forward to support the tragedy in whatever form we could do, both financially and putting out telecom networks for the use of the people who have been impacted. On the economic front though, the impact of the tragedy for a country like India has been minimal. India continues to show robust growth in its all the sectors. In fact, the growth in the services sector has been enormous, and the overall GDP growth at 6.6% in quarter two financial year 2005 has been in line with expectations and has been led by the services sector, mainly contributed by the communications, freight, hotels, and transport. Telecom sector has witnessed robust growth. India is now proud of nearly 50 million mobile phones. This is the first quarter of the mobile phones crossing over the fixed line phones, and in fact, the growth now of mobile industry far outpaces that of the wireline sector. Airtel became the first GSM operator to cross 10-million customer mark. In the regulatory arena, as you are aware, most of the issues are behind us now and some of the pending residual issues are being taken up by TRAI in full earnest. Some of the positive developments have been the introduction of a simplified ADC regime. Bharti and most of the other industry members have already announced passing on the benefits of the ADC reduction to the customers. We believe that this will further give a fillip to the growth of the wireless sector both for the purpose of moving traffic including the long distance traffic to mobile networks and getting more customers onto the network. TRAI has recommended unified licensing regime. The Department of Telecom and the ministry are yet to take a position on it, but we are delighted that the recommendations are in the right direction including lowering of license fee to be paid by the industry, which in turn will make the services once again more affordable. We have represented to the government at various levels, that telecom being a vital infrastructure should not be taxed at very high levels which is the case at the moment. In fact this is one of the highest tax sector and probably only one of the very few sectors, which are taxed for operating particular kind of services. We are quite hopeful that the Finance Ministry will take into account the appeal that has been made by the industry and that the industry has for us. The quarter's performance, the third quarter performance has been very robust. Bharti has had a dominant market leadership. We crossed the 10-million mark of customer base. We have had a robust performance on the financials with revenues at Rs.21.5 billion, EBITDA of Rs.7.8 billion, cash profit of Rs.7.6 billion, and a net profit of Rs.3.7 billion. Airtel is now heading for an

all-India presence in mobile segment. As you are aware, Bharti has been a very significant player in most of the states in India, and we have decided to move from the pan-India to an all-India footprint, and the quarter gone by saw launches of Orissa, West Bengal, and Bihar and Jharkhand has been launched in the last week itself, leaving just Assam and North East for Bharti to become an all-India operator. In fact, work in Assam and North East is going on, and hopefully, if we get the permissions and approvals in time, within this financial year both these circles will be launched as well. Bharti/Airtel joined the Bridge Mobile Alliance. It is the region's largest joint venture mobile company consisting of the majors of the Asian region - Globe Telecom from Philippines, Maxis from Malaysia, Optus from Australia, SingTel from Singapore, Taiwan Cellular from Taiwan, and Telkomsel from Indonesia. India's recognition in the world mobile segment is now clearly shown with the fact that the GSMA is now engaging India's mobile GSM industry in a much stronger way. I have personally had the privilege of joining the GSMA Board, the first Indian company to find a place on this important and prestigious forum. I am sure that the work that GSMA is doing will now get more focused onto the needs of India especially for having more affordable services, in particular low-cost handsets. Bharti has received a number of recognitions in this quarter - India's Best Managed Company by Asia Money, India's Second Best Employer by Hewitt Associates, and I personally was voted as the Best People CEO by the same association and Ernst & Young Entrepreneur of the Year award. Airtel was also awarded two silvers for the Brand Campaign of the Year and the Best Advertising Film at the prestigious Advertising Agencies Association of India. In conclusion, before I hand over the floor to Akhil, I must say this period of excitement and challenges is unfolding towards the frontier of some very noteworthy alliances and innovations that we have been pursuing. There is a clear emphasis on providing value propositions to our customers, superior products, services, and customer service delivery along with wider and stronger networks across the length and breadth of the country. We are continuously building alliances that will help us in bringing enhanced value propositions in the marketplace. We are building a very strong brand identity and promise. Airtel is emerging as a superior and now the most preferred brand by the customers, connecting and enhancing the life of our customers and more importantly providing world-class services. We remain committed to achieve our vision to be globally admired for telecom services that will delight customers. I now hand over the floor to Akhil who will take you through the financial and operating performance of the company.

**Akhil Gupta – Bharti Tele-Ventures Limited -
Joint Managing Director**

Thank you Sunil and good afternoon. I am delighted to present the results for yet another satisfying and very important quarter. This was a quarter which saw expansion of services to four new circles on one hand and also the onslaught of expansions made earlier during the year on the other hand. As stated by Sunil, we have now launched all but two circles of northeast and Assam. The experience in our new circles has been extremely heartening. I am very pleased to announce that UP East, West Bengal, and the last one to join the club, Orissa, have all now already

crossed 100,000 customers, within a few weeks of their being launched. While the circles of Jammu and Kashmir and the recently launched Bihar and Jharkhand circles are likely to reach that mark very soon. I am also delighted to announce that we are now allowed to offer prepaid services in Jammu and Kashmir, which will further accelerate our customer base there. The expansion of footprint in existing circles also gathered momentum this quarter. We were able to add approximately 1,600 new sites and extend our mobile services to over 400 towns during this quarter. In the current year, that is the first nine months of this year, we have added approximately 3,500 sites and 700 new towns to our service area. As on December 31, 2004, we had over 9000 sites and over 2,000 towns under our coverage. I would like to clarify that for the purpose of town coverage, we are taking into account now the definition of towns as per Census, that is towns with population of over 5,000. By the end of March 31, 2005, that is the financial year, we plan to expand our coverage to 2,500 towns and for the next year, that is by March 31, 2006, we would like to target most of the 5,200 towns in India as per Census. Needless to say, the total number of towns under our coverage including the smaller towns would be much higher. On the broadband and telephone services side, that is the fixed line side, we recently added Noida, which is adjoining Delhi and is a very prosperous and very significant industrial area to our service area. In the coming year, we do intend to extend these broadband and fixed line services selectively to some other major Indian cities as well. I am very pleased that despite of massive expansion resulting in increased network operating investments in existing circles and the expected negative EBITDAs in the new circles, we have been able to more or less maintain the overall margins. We believe that looking at the trends and the early results on these expansions, we should be in a position to improve margins in future. Before I disclose the financial and operating results and the key developments for the quarter in detail, let me highlight a few key developments and some new additions that we have introduced in the quarterly disclosures contained in the quarterly report. Hexacom is now consolidated in IFRS. Results are accordingly for 16 circles, existing circles including Rajasthan which is run under Hexacom Limited and the new circles which include UP East, West Bengal, Jammu and Kashmir, Bihar, and Orissa. In the operational performance section, that is section 3 of the quarterly report, we have now also included non-voice revenue as a percentage (%) of total mobile revenues. I would like to point out the effect on the results due to the provision for deferred tax expenditure. This is one of the questions, which have been repeatedly raised. The deferred tax expenditure or incomes are as per the accounting standards to reflect the effect of timing differences for certain items like, for instance, depreciation between the accounting treatment and tax treatment. Any provision of expense or income on this account is thus more notional, especially considering the tax holiday applicable to us. In order to present a more accurate picture and in accordance with the best practices on reporting standards, we are accordingly adding an additional line in our quarterly report this time, showing net profit after the current tax payable under the Indian Income Tax Act. I believe that this would enable better evaluation of our financial performance each quarter. I also point out that another element, that is the net finance cost for each quarter, may fluctuate quite significantly due to accounting for change in foreign exchange rates and accounting for derivatives under IAS 39. For better evaluation of the normal net interest cost, we have provided details of

overall interest cost in section 6.2.4 of the quarterly report. Let me now spend some time on the performance of the company for the quarter. The quarter has been a strong one, both in terms of financial and operational performance. During this quarter, we crossed the 10-million customer base with 9.8 million GSM mobile customers and 804,000 fixed line customers as on December 31, 2004. I would like to remind that the results for the period provided in our quarterly report are unaudited and are as per international financial reporting standards (IFRS); however, the consolidated Indian GAAP accounts for the quarter and the period ended December 31, 2004 are audited. It is very significant to note that our net profit after tax for the first nine months exceeded Rs.1,000 crores, that is Rs.10 billion. With this, we have joined a very few companies in India who have achieved this distinction of going past the 10-billion profit mark in the first nine months. During this quarter, the company has revenues of Rs.21.5 billion and EBITDA of Rs.7.8 billion showing a growth of 70% and 65% respectively over the corresponding quarter last year. The net mobile additions at 1.1 million this quarter were highest ever for us. The cash profit from operations at Rs.7.6 billion increased by 90% and earnings before taxation at Rs.4.5 billion more than doubled over the corresponding quarter, which was at Rs.1.8 billion. The earnings after current tax provision increased to Rs.4.2 billion as against Rs.1.6 billion, an increase of 160%, and the net profit over the quarter at Rs.3.7 billion increased by 131% over the corresponding quarter last year. During this quarter, we incurred a capital expenditure of approximately Rs.13 billion that is roughly US\$300 million. Out of this Rs.10.5 billion was on the mobile services. This included capital expenditure on new mobile circles at Rs.650 million. For the first nine months, our total capital expenditure was Rs.32.3 billion that is roughly US\$750 million. This comprises of Rs.25.7 billion on mobile and Rs.6.9 billion on Infotel. The total expenditure on new mobile circles was Rs.4.8 billion. The normal interest on borrowings for the quarter was Rs.614 million down from Rs.717 million for the previous quarter. The reduction in net interest cost despite an increase in LIBOR has been achieved due to the fact that we have been able to significantly lower our interest cost by refinancing. For instance, we have recently concluded financing of over US\$350 million from EKN and Finvera, the ECAs from Sweden and Finland, at a very low cost of 35 basis points over LIBOR with the overall cost being approximately 4.4%. Despite the massive expansion in capex of approximately Rs.13 billion in the quarter, our net debt as on December 31, 2004 was Rs.36.2 billion against Rs.38.5 billion as on September 30, 2004. It is also pertinent to note that, despite the significant capex of approximately Rs.32 billion for the first nine months, the net debt as on December 31, 2004 was lower at Rs.36 billion versus approximately Rs.40 billion as on March 31, 2004. Some part of this reduction is of course attributable to the strengthening of the rupee vis-à-vis US dollar. As a result of this financial management, we have an extremely comfortable leveraging position with net debt to EBITDA of 1.38 times and net debt to stockholders' equity of only 0.57 as on December 31, 2004.

Let me now give you a brief overview on the segment-wise performance.

Mobile Segment: For this quarter, we registered a GSM base of 9.8 million with 26.3% market share of all-India

GSM market. The market share of all-India GSM operator was at 26% for the quarter. Postpaid customers accounted for 25%. The consolidated revenues from our mobile business were Rs.14.8 billion. The revenue from this segment contributed to 69% of our total revenues. The newly launched circles contributed revenues of approximately Rs.413 million. Our blended ARPU for the quarter was Rs.519, approximately US\$12, which showed a reduction of 6% per year but very significantly an increase of 2% over the previous quarter. The blended monthly usage was at 344 minutes, showing an increase of 15%. The non-voice revenue which includes SMS, voice mail, call management, and other value added services like Hello Tunes and Airtel Live accounted for a healthy 8.5% of the total revenue. The SMS accounted for 5.8% out of this. The EBITDA for the mobile segment was Rs.4.8 billion, which grew at 53% as compared to the corresponding period last year. The consolidated earnings for the quarter was Rs.2.8 billion. The revenues for the quarter from our existing mobile operations were Rs.14.4 billion, grew by 68%, and EBITDA at Rs.5.1 billion, grew by 62% over the same period. The EBITDA margin for our existing mobile circles was 35.5%.

Broadband and Telephone Services: As on December 31, 2004, the company had approximately 804,000 customers, out of which almost 95,000 are also availing our broadband services on DSL. The revenue for this quarter was Rs.2.9 billion, an improvement of 43% year on year, and the revenue contributed 14% of the company's overall revenues. The EBITDA for the quarter was Rs.0.84 billion compared to Rs.0.45 billion in the corresponding period last year. The EBITDA margin for this segment improved to 28.8% as compared to 21.6% last year. The earnings before interest and tax for the quarter was Rs.0.42 billion, a growth of 213% over last year.

On the long distance services, the revenues stood at Rs.4.9 billion, an increase of 80% over the last year. The EBITDA from this segment was Rs.1.5 billion, a growth of approximately 70% over the last year.

Our enterprise services segment is demonstrating very robust performance, wherein revenues have shown continued improvement over the last few quarters due to significant increase in data business. The revenues at Rs.1.4 billion is an increase of 93% over the corresponding period last year and the EBITDA at Rs.0.7 billion, and EBITDA margin improved to 48.4%, as compared to 41% during last year.

Before I hand over the floor back for questions and answers, I would like to summarize by saying that we are extremely pleased with the strong growth in our sector and the results of our expansion strategy. We look forward to further acceleration in this growth for which all of us at Airtel are very well prepared in all respects. Thank you for taking time to be with us on this call. I now hand over the call to Swati.

Swati – Moderator

Thank you very much sir. I now hand over the proceedings to Lucy at 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.

Lucy - Moderator

Thank you, Swati. At this time, international participants may press zero one (01) if they would like to ask a question. On pressing zero one (01), participants will get a chance to present their questions on a first-in-line basis.

First question comes from Mr. Anand Ramachandran from Hong Kong Citigroup.

Please go ahead sir.

Anand Ramachandran – Citigroup – Hong Kong

Hi, good evening gentlemen. Thank you so much and congratulations on the great results. I just had three questions at this stage.

First, specifically if I, you know, look at the access segment, margins have been growing, you know, steadily in the past, but we have seen a small dip in the third quarter. I am just wondering if there is any specific reason for that.

Secondly, again I know you do not give guidance but, you know, given the significant coverage target you have talked about, I was wondering if you could replicate some rough benchmarks and how to gauge your capex needs for this year and especially next year.

Lastly, an obligatory question. I mean, any updates on the ADR at all if you can. Thanks.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Let me take up the last one first on the ADR update where the plans are pretty much intact. We are in preparation for the ADR. As we had informed last time, we have now the shareholders' approval and the board's approval. The plans are underway, but I would have to again point out that as per the regulations, I am not allowed to give you any guidance in terms of the timing.

On the capex need for the year, we have spent about Rs.3,226 crores up to the 31st of December. Last quarter, we accelerated our momentum and spent about Rs.1,300 crores or Rs.13 billion. We are trying to assess as to how much more we can cover in this quarter, but this should give a fairly good idea of what we would end up spending for the current year. As far as the next year is concerned, a little early for me to say as to what could be the total capex, but looking at the plans for our expansion, I would say something like what we spent perhaps this year but a little early, perhaps. Next time when we speak on the call, we should have a much better idea on this.

On the fixed line margin, may I ask Badri to please take that one.

**Badri Agarwal - Bharti Tele-Ventures Limited -
President - Infotel**

There is a small drop in Q3 over Q2 in the fixed line margin, of about a percent, and that is largely because of the reduction in the STD prices with effect from the third week of September and that has caused a drop of about 1% in the margin. Thank you.

Anand Ramachandran – Citigroup – Hong Kong

Thank you.

Lucy - Moderator

Next question comes from Mr. Suresh Mahadevan from Lehman Brothers, Hong Kong.

Please go ahead sir.

Suresh Mahadevan – Lehman Brothers – Hong Kong

Good afternoon and thanks a lot for this call.

Two quick questions. One is, it is very clear that Bharti is clearly focusing on increasing the postpaid subscriber base as a percentage, and I was just wondering if you could outline any specific steps you are taking and what is your ideal target in terms of your postpaid subscriber base as a percentage of total user base.

The second question is, it will be great to get an update on your Easy Recharge in terms of the number of outlets as well as the percentage of recharges done by value. Thanks.

**Mr. Manoj Kohli - Bharti Tele-Ventures Limited -
President - Mobility**

Okay, hi, this is Manoj Kohli. Just wanted to pick up your first question first. On postpaid, we are trying to maximize our coverage of the market. We are expanding our channel partnerships. We are expanding our backend service structure. Our postpaid is extremely competitive with GSM as well as CDMA. By and large, we are seeing a very stable or even rising proportion of postpaid in every circle of Bharti, which is good news. Postpaid, as you know, is a tougher product to sell and tougher product to retain; hence, the service, the bills, the network, and all the determinants of success of postpaid are being continuously monitored and continuously improved. We are hopeful that we will be able to keep this proportion of postpaid in all our circles including the new circles.

On the second issue of Easy Charge, Easy Charge has been a great success last year and is continuously growing both in terms of volume as well as distribution depth. Today, we have about 60 to 70,000 numbers of retail points including our star retailers recharging our prepaid customers electronically, and about 41% of value is being recharged through this electronic system, and this percentage is continuously growing.

Suresh Mahadevan – Lehman Brothers – Hong Kong

Thank you.

Lucy - Moderator

Next we have Mr. Tien Doe from Alliance Capital, Singapore.

Please go ahead sir.

Tien Doe – Alliance Capital – Singapore

Thank you very much for the call and congratulations on the results. First question is just on the subscriber growth. At the moment, you are trending at slightly higher than what you did in the second quarter, but as yet I guess, the industry really has not seen a real sort of turbocharged acceleration in subscribers. I am just wondering when you would think that... At the moment penetration is relatively low in India. I would have expected overall industry growth to have started to accelerate but we already have not seen that yet. Any thought that you have on the industry as a whole accelerating would be very valuable to me.

The second question is just on the foreign ownership limit. Do you have any update from when do you think the government will confirm the raising of that limit any time soon?

**Sunil Bharti Mittal - Bharti Tele-Ventures Limited -
Chairman and Group Managing Director**

Well on the first point, I would say that we are quite happy with the way the Indian market is now growing. One and a half to two million a month is a very strong number of growth, while we will all be very keen to take it to three or four or five as China has seen, but I think the next trigger points would be possibly the next wave of low-cost handsets, reduction in ADC whenever that was to happen, and if the government takes note of the license fee that the industry has to pay, which can be reduced or removed, after being passed on to the market. More importantly, I think it is also an issue of coverage now. The companies, which are in play, need to cover more towns and more areas. Bharti has in the last few weeks opened up new markets. Several 100 new towns are being added. Going forward, we are planning to launch our services in many new smaller towns. So the reach will also expand the market, and we are quite hopeful that the market will continue on its robust growth power, and the major three or four players will therefore drive the

market, and if any luck on the regulatory side was to happen or any reduction in license fee was to happen, it will add some more fuel.

On the second issue of FDI limit, as you know, the announcement was made by the Finance Minister in the last budget, we remain hopeful that this will be handled at the earliest opportunity. We believe that most of the issues around the raising of FDI are now sorted out, but we still await the final announcement.

Tien Doe – Alliance Capital – Singapore

Thank you.

Lucy - Moderator

Next we have Mr. Henry Cobbe from Thames River Capital, UK

Henry Cobbe - Thames River Capital — UK

Hi, good evening everyone. Thank you very much for the call and the results.

I have three questions. First is on the regulatory proposals proposed by TRAI, the final recommendations and what's your view is at the timing for that might be and what the sensitivity is and what is that you pay in aggregate at the moment and in terms of the fees. Because from what I see cutting to 6% would be a benefit to you, which you would be able to pass on to the consumers.

The second question is just on capex this year and next year, any update.

Henry Cobbe - Thames River Capital — UK

Lastly, just on the effective tax rate, any new projection for this year.

Sunil Bharti Mittal - Bharti Tele-Ventures Limited - Chairman and Group Managing Director

Well the first point of the recommendation of TRAI on unified licensing, they have made recommendations, they want to now issue licenses, which encompass all kinds of services. These are recommendations, which the Department of Telecom can modify, review, or reject. We await what the Ministry is going to finally decide on this. The direction is right to reduce the license fee and allow all services to come under a single license, and so the whole unified process is in the right direction, and as I said if the government was to accept the reduction of some of the levies on the industry, we as an industry are committed to pass that on in its entirety to the customer. On capex, we shall ask Akhil to --

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Well, on capex, as I mentioned we have spent about Rs.32.26 billion in the first nine months, the last quarter saw an accelerated deployment of capex that something which you might remember I had mentioned last time a little bit of concern that the speed was not good enough, we are glad it picked up last quarter. For the full year, looking at something in the vicinity of about Rs.40 billion or something slightly above that. As far as the coming year is concerned, well we do believe that we need to continue deployment in many more towns as I mentioned earlier, but I wonder at this stage, while we do not have complete workings, whether the capex would be higher than what we have been able to incur this year, but it is a little earlier. I think by the next call, we will be in a much better position to tell you about the capex.

Henry Cobbe - Thames River Capital, UK

Okay. One more question just on the cash flow statement for the quarter. Could you just talk us through the working capital adjustments, which reduce the operating cash flow in this quarter and could you explain what happened there and then how it might reflect in fourth quarter.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Well as you can see, our net debt position has been coming down, despite the fact that the capital expenditure which we have been incurring is much higher than the cash that we have generated from the business. The reason why that has happened is because our net working capital, the credit side has increased, and that was a result of our arrangement with the vendors where we are now paying them as we are growing, and that has given us a significant amount of benefit as far as the cash flow is concerned. So, that arrangement is clearly giving us tremendous benefit.

Henry Cobbe - Thames River Capital ,UK

Okay. Could you be more specific in just on how you account for it?

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Well how we account for it, we do book the capital expenditure based on whatever we deploy; however, the actual physical payment goes to the vendors only when we start utilizing the capacity that has been deployed.

Henry Cobbe - Thames River Capital, UK

I see. So, it is booked through the cash flow statement when you deploy it, but then how do you book it to capex when you book it to the fixed that was on deployment.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Could you repeat the last question, please?

Henry Cobbe - Thames River Capital, UK

Could you just run through how you account for the vendor financing?

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Oh, there is no vendor financing here. Because our terms of payment to them are that we will physically pay them when we start utilizing the capacities. There is nothing like a vendor financing. It is not a loan we have taken from them. It is just a working capital or the credit that is available to us in terms of actual cash flow.

Henry Cobbe - Thames River Capital, UK

Is that why your operating cash flow be very volatile?

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

That's right. That would be very positive on this account.

Henry Cobbe - Thames River Capital, UK

Because it is booked to the account as such.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Well it may not be too volatile because we are deploying more and more capex. So yet it need not be exactly on the same basis, but we do not expect too much of volatility there.

Henry Cobbe - Thames River Capital — UK

Okay. Thank you very much.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Yes.

Lucy - Moderator

Next question comes from Mr. Ranjit from Tracer Capital, New York.

Ranjit – Tracer Capital – New York

Hi and thanks for taking my questions. Can you please quickly comment on the uptake of Blackberry service and may be talk about the number of subscribers you have, and also, I had a couple of technical questions. I was wondering whether I could take those off-line and give you a call maybe some time later in the day.

Sunil Bharti Mittal – Bharti Tele-Ventures Limited - Chairman and Group Managing Director

Oh sure. Well on the Blackberry, the response has been very high. The buzz is very high in the market place and number of corporates have come in and taken it up as the pilots and most of the corporates who have come in are now growing the numbers. We are now starting a second phase where we have lowered the monthly tariffs and given some more advantages to large buying by corporates. For competitive reasons, we cannot give the numbers out, but we can tell you that the response has been very well received in the marketplace, and we are quite confident about the big success of this data device.

Ranjit – Tracer Capital – New York

Okay. Thank you.

Lucy - Moderator

Next is a follow-up question from Mr. Anand Ramachandran from Citigroup, Hong Kong.

Please go ahead sir.

Anand Ramachandran – Citigroup – Hong Kong

Hi. Sorry, a quick follow-up question, I was wondering, you know, if I look at the Hexacom numbers, I presume these were included in the subscribers obviously and ARPU numbers. So, you know, the very healthy ARPU uptake we have seen quarter on quarter, you know, that includes the Hexacom effect for both quarters, right.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Well, ARPU would not, Anand, increase the calls of the Hexacom, because it is not the case that Hexacom has a significantly higher ARPU. In any case, on a weighted average basis, it is not significant. September did not include the Hexacom for the purpose of either ARPU, but on an overall basis, it does not make any difference in the ARPUs.

Anand Ramachandran – Citigroup – Hong Kong

BTVL – Q3 FY 2004-05 Bharti Tele-Ventures Limited Earnings Conference Call

Yes, it is a small number, but I mean the operational statistics do include Hexacom always. Right? Only in the financials have they been consolidated effective October.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

That's right, so as far as the financials are concerned, Hexacom's financials are now included from this quarter on a line by line basis, which was not the case till September, but as far as ARPU is concerned, while the revenues are included so are the number of customers, which we have in Hexacom. So on an ARPU basis, it equals out.

Anand Ramachandran – Citigroup – Hong Kong

Understood, thank you.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Thank you.

Lucy - Moderator

Next is a follow-up question from Mr. Henry Cobbe.

Please go ahead sir.

Henry Cobbe - Thames River Capital, UK

Hi. Sorry, I am just following up the equipment supply payables. Is that effectively with your future networks pending on the balance sheet?

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

I am not very sure, but let me try and answer that. The payables on account of the capital expenditure incurred so far represents the credit available to us from our vendors as per the contracts entered into by them, especially the arrangement that we can pay them as we start utilizing the capacities, which have been deployed. This has really nothing to do with the future capex because the future capex will also be subjected to the same arrangement. So, on new deployments, we will have increase in creditors, but as we start deploying and utilizing the capacity setup earlier, those payments will keep becoming due. So, it is a moving plus and minus situation as far as these credits are concerned.

Henry Cobbe - Thames River Capital, UK

I see. So that is always indicative of the capacity available to you.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Ya, in some ways you could say that this is indicative of the unutilized capacity at any point of time on our network.

Henry Cobbe - Thames River Capital, UK

I see. So, in fact, the high that number is the low your capacity utilization is relative to the capex that is deployed.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

You are right, but it depends really on the total capacity because creditors would be a very current situation, where the total capacity deployment is accumulation of whatever we have built up over the last 10 years, but on an overall basis, you are quite right.

Henry Cobbe - Thames River Capital – UK

Okay. Thanks very much indeed. Thank you.

Lucy - Moderator

International participants who wish to ask questions please press zero one (01) now.

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

Swati - 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 star one (*1) on their touchtone-enabled telephone keypad. On pressing star one (*1), participants will get a chance to present their questions on a first-in-line basis. To ask a question, please press star one (*1) now.

The first question comes from Ms. Priya from Refco-Sify, Mumbai.
Ms. Priya you may ask your question now.

Priya – Refco-Sify– Mumbai

Congratulations on good set of numbers.

A couple of questions from my side. First could you give us the experience with the new market segmentation strategy which you adopted in December 2004? How has been the experience till date?

**Akhil Gupta – Bharti Tele-Ventures Limited Joint
Managing Director**

Ya, Manoj.

**Mr. Manoj Kohli – Bharti Tele-Ventures Limited
President - Mobility**

Hi, this is Manoj again. Our experience with the new markets has been very positive. The segmentation, we have initiated, if you must have seen our latest youth product, which is one of the segments, which we are driving quite hard, and in the next couple of quarters, you will see more and more segmented products being offered by Airtel in the market. I think time has come that rather than drive a mass product, we go to segments and offer customized offerings to the segments and for segments to really feel more comfortable that this product is made for that segment. So we feel that our future competitive edge will come from this drive.

Priya – Refco-Sify– Mumbai

Now, would it be possible to have the selling and market expenses associated with this launch particularly.

**Mr. Manoj Kohli – Bharti Tele-Ventures Limited
President - Mobility**

No, we do not share any specific data like this because of competitive reasons.

Priya – Refco-Sify– Mumbai

Okay. Manoj, in the earlier one of the questions you mentioned that you know the composition of postpaid subscriber base increase is also coupled with the expansion in the channel partnerships. While we have 25% now coming from postpaid, could you give us a target where you are reaching and what is the spend you are targeting in terms of this strategy?

**Mr. Manoj Kohli – Bharti Tele-Ventures Limited
President - Mobility**

We do not have any such targets. We are driving the postpaid and prepaid markets independently.

Priya – Refco-Sify– Mumbai

Okay.

**Mr. Manoj Kohli - Bharti Tele-Ventures Limited -
President Mobility**

We are trying to focus on both, so that both grow as well as possible.

Priya – Refco-Sify – Mumbai

Hmm. Hmm.

**Mr. Manoj Kohli - Bharti Tele-Ventures Limited -
President Mobility**

We feel there are potential postpaid customers available in the marketplace in our present circles as well as new circles, and we are continuously picking up those customers more than our competition. Similarly, prepaid is being driven through the FMCG distribution channel and that is being driven independently. So I think both are growing well. Our percentage of postpaid growing in this quarter has been a good trend and let's hope this trend continues.

Priya – Refco-Sify– Mumbai

Okay. Could we have the data revenues on a consolidated basis while we do have it for the mobility business?

**Akhil Gupta – Bharti Tele-Ventures Limited - Joint
Managing Director**

The overall data revenue as a percentage of overall revenue is roughly at about 17% of the gross revenue.

Priya – Refco-Sify– Mumbai

Okay. What would be the composition of captive traffic for the long distance segment?

**Akhil Gupta – Bharti Tele-Ventures Limited - Joint
Managing Director**

Roughly about two-thirds.

Priya – Refco-Sify– Mumbai

Sorry?

**Akhil Gupta – Bharti Tele-Ventures Limited Joint
Managing Director**
Roughly about two-thirds.

Priya – Refco-Sify– Mumbai

Okay. Also, I just wanted to check out what is the network utilization level in the existing circles at this point of time.

**Akhil Gupta - Bharti Tele-Ventures Limited - Joint
Managing Director**

BTVL – Q3 FY 2004-05 Bharti Tele-Ventures Limited Earnings Conference Call

Normally, we keep it about 70%, but it does fluctuate depending on the age of the network. Newer networks may be at a lower level. The older ones at sometimes a slightly higher level, but on an overall basis, the utilization we always maintain at something around 70%.

Priya – Refco-Sify– Mumbai

Okay. My last question relates to the broadband expansion program from the present coverage of 50 towns. If you could highlight on that front.

Akhil Gupta – Bharti Tele-Ventures Limited Joint Managing Director

Badri.

Badri Agarwal - Bharti Tele-Ventures Limited - President - Infotel

Yes, we have recently launched Noida in Uttar Pradesh, and we are working on 12 more cities. Hopefully, they will be launched in next four to five months, and after that, we will work on another set of 12 cities.

Priya – Refco-Sify– Mumbai

Okay. Thank you and wish you all the best.

Mr. Manoj Kohli - Bharti Tele-Ventures Limited - President Mobility

Thank you.

Swati - Moderator

Thank you very much madam.

The next question comes from Mr. Raj Mohan.

Mr. Mohan, you may ask your question now.

Raj Mohan - Chennai

Ya. Thanks for taking my call. Congratulations to the Bharti management on a wonderful performance.

I had a couple of questions. First is on the minutes of usage. Is the spurt in the minutes of usage during this quarter materially caused by one-off events or do you see this as a secular trend with room for further improvement?

Mr. Manoj Kohli - Bharti Tele-Ventures Limited - President - Mobility

Manoj here. We are very happy with this MOU growth in this quarter. It shows the elasticity of Indian customer and the Indian marketplace to a tariff change. Last quarter, if you recall, there was a tariff change in the month of August and we have seen customers responding very positively to that change. So it proves that elasticity is high and as we continue customers will use more, and we believe that both data and voice usage is growing very well.

Raj Mohan - Chennai

Okay. So do you see further room for improvement in this?

Mr. Manoj Kohli - Bharti Tele-Ventures Limited - President - Mobility

Yes. If the ADC change happens as per TRAI guidelines from 1st February, we should see customers responding well.

Raj Mohan - Chennai

Okay. The second one is you did take a couple of questions on postpaid growth. Generally, if you could give a perspective as to why you are seeing this accelerated growth especially when you are incrementally expanding into smaller towns.

Mr. Manoj Kohli - Bharti Tele-Ventures Limited - President - Mobility

We are very careful in postpaid growth in smaller towns because we do not want our doubtful debts and bad debts growing because we need certain trade verification of all the postpaid customers in all the towns. Hence in every circle, we will limit our postpaid distribution in certain towns, which have certain verification potential. We do not go to all the towns, which we cover. The balance towns of course are covered by prepaid extensively.

Raj Mohan - Chennai

Thanks and all the best.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

I think I would like to just add one thing on the postpaid and prepaid.

Raj Mohan - Chennai

Ya.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

I think while it is good to get higher end postpaid customers and increase the ARPU. The fact is that in itself it is neither good nor bad and the feeling that prepaid is bad is never a very sound one in our business. In fact, it is not very good to have postpaid customers with very small ARPUs because the cost of servicing can be too high. So, in itself it is not that relevant but yes getting postpaid customers with the right and the higher ARPUs is what we are aiming at.

Raj Mohan - Chennai

Okay. Thank you and all the best.

Swati - Moderator

Thank you very much sir.

The next question comes from Mr. Rahul Singh from SSKI Securities.

Mr. Singh, you may ask your question now.

Rahul Singh – SSKI Securities - Mumbai

Thank you and good afternoon everyone. I had a question on the MOU increase. Is the MOU increase also on account of the new launches where you would have given free talk time, that is number one, or is it something more secular in that?

Number two, how much would have Hexacom contributed at the EBITDA level.

Number three, in terms of value added services, the increase from 7.4% to 8.5%, is it solely on account of Airtel Live applications and downloads etc. or is there something more included in that? Thanks.

Akhil Gupta - Bharti Tele-Ventures Limited - Joint Managing Director

I think on the MOU increase it is not on the account on free talk time in new circles because new circle are very few and very few customers does not make a difference anyway. It is more secular as Manoj just explained. As far as the EBITDA of Hexacom is concerned, well we do not, as you know, give EBITDAs for different circles for competitive reasons, but it is not a very significant number in the overall context.

Rahul Singh – SSKI Securities - Mumbai

And the value added services.

Manoj Kohli – Bharti Tele-Ventures Limited - President Mobility

The value added services growth is showing a good increase because of our focus. Each new innovation, which we have launched like you said Airtel Live is picking up well. Further, on the Hello Tunes itself, we have more than 1.7 million customers picking up Hello Tunes in the first few months and more and more coming. The hits into Airtel Live are also picking up very well. Other downloads of games, etc., are also growing everyday. We see a good potential for all these new services we have launched in the last two or three quarters.

Rahul Singh – SSKI Securities - Mumbai

Okay. But bulk of the increase would be on account of that or is there something else.

Manoj Kohli – Bharti Tele-Ventures Limited - President Mobility

Yes, it is on account of the new services launched by us in the last two or three quarters.

Rahul Singh – SSKI Securities - Mumbai

Okay. Thanks.

Swati - Moderator

Thank you very much sir.

The next question comes from Mr. Vikas from SBI Mutual Funds.

Mr. Vikas, you may ask your question now.

Vikas Mantri – SBI Mutual Funds– Mumbai

Ya. Congratulations sir for a good set of numbers. I wanted to ask a question on the increase in postpaid company-initiated churn which has increased from 2.2% in last quarter to 2.5%. Does this give an indication of higher bad debts as such?

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

No the increase is too minor and on a quarter-to-quarter basis, it can be sometimes some increases or decreases. But on an overall basis, I would like to confirm that there is no significant movement in the bad debt position.

Vikas Mantri – SBI Mutual Funds – Mumbai

Okay. If I see the diluted EPS that you have reported, which is 2.11, whereas your basic is 2.01. Any reasons for that.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Well that sounds a lot, I think we will have to check up and come back.

Vikas Mantri –SBI Mutual Funds – Mumbai

Okay.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

It may be the other way round.

Vikas Mantri –SBI Mutual Funds – Mumbai

Ya. It should be the other way.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

I think there must be some mistake. We will come back on this.

Vikas Mantri –SBI Mutual Funds – Mumbai

Okay. Thank you.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Thanks.

Swati - Moderator

Thank you very much sir.

The next question comes from Mr. Anirudh from JM Morgan Stanley.

Mr. Anirudh, you may ask your question now.

Vinay Jai Singh – JM Morgan Stanley Securities Ltd – Executive Director

Hello sir, this is Vinay Jai Singh. Two questions from my side.

Firstly, on your wireline business, you did mention you would go out to a lot more city launches in the next few months, but if you can throw some kind of milestones which we can look forward to.

Secondly, on your Airtel brand, which you relaunched last year. What kind of benefits do you see accruing to the company on the same?

Sunil Bharti Mittal – Bharti Tele-Ventures Limited - Chairman and Group Managing Director

Well the brand, clearly we took a position of unifying the single brand Airtel which has had a very dominant position and high recall around the country. We put that brand also in other services in the fixed line, broadband, and enterprise services, and whenever the long distance becomes a retail product, going into the long distance as well. We believe that the customer have responded very well. From the Infotel side, our distribution has been unified now. Most of the Airtel Experience Centers which were handling only mobile, now handle all products. Net-net, there has been a much better utilization of the money that we spent on Airtel by engulfing the other services that the group offers. The customer now clearly sees Reliance and Tatas and BSNL as unified brand. It will therefore be only in line that Bharti which is the largest telecom provider in the country also extends its main brand to all its services. So I would say the move has been seamless and the response in the market has been quite overwhelming.

Vinay Jai Singh – JM Morgan Stanley Securities Ltd – Executive Director

Thank you and on the wireline question.

Sunil Bharti Mittal – Bharti Tele-Ventures Limited - Chairman and Group Managing Director

Can you please repeat that question again, please?

Vinay Jai Singh – JM Morgan Stanley Securities Ltd – Executive Director

Sir, on the wireline front, you did mention that you are going to roll out to a lot more cities going ahead. Any kind of capex numbers and you know what number of towns are you looking and by what period of time.

Sunil Bharti Mittal – Bharti Tele-Ventures Limited - Chairman and Group Managing Director

Badri, you want to come in?

Badri Agarwal - Bharti Tele-Ventures Limited - President Infotel

Yes, as I mentioned earlier, we are going to launch about 10-12 cities in the next four to five months, and we will take another set of 10-12 cities immediately after that. So hopefully by March 2006, we should be in 25 more cities, compared to now. As far as the capex is concerned, we are in the process of working out the exact plans and therefore maybe by April we should be able to give you much clearer picture on the capex we are going to incur on the additional cities. Thank you.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

I would like to, however, add that these rollouts in the new cities would be selective both in terms of the size of the cities that we will be picking up and within those cities, the areas that we would be covering. So, it is not a very-very large rollout.

Vinay Jai Singh – JM Morgan Stanley Securities Ltd – Executive Director

Thank you sir.

Swati - Moderator

Thank you very much sir.

The next question comes from Mr. Srinivas Rao from ENAM Securities, Mumbai.

Mr. Rao, you may ask your question now.

Srinivas Rao - ENAM Securities - Mumbai.

Hi, Sir, I wanted to check two things. One is just to confirm that your broadband capex is largely wireless broadband, to confirm that thing.

Secondly, your capex for this year is running at about US\$200-210 odd per sub now. Last year, it was around US\$105. So, I mean, you know, quarter to quarter is not a right comparison but could you give us a slightly more, you know, what is the long-term target for this number?

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Well the analysis in terms of number of subs has no meaning because of all the new launches which have taken place. It is not something which you can really compare on a quarter-to-quarter basis or even on a year-to-year basis. You can only do this in a very steady state where no new launches or no new expansions are taking place. So that is not very-very relevant or comparable. As far as the broadband Capex is concerned, well only some of it is wireless. Mainly it is on the DSL services, which we are providing to our customers on the copper line.

Srinivas Rao - ENAM Securities - Mumbai.

Sir, just one more clarification, which you had answered already, about that two-thirds of your minutes on the long distance side is through internal generation. Can you confirm that?

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

That's right.

Srinivas Rao - ENAM Securities - Mumbai.

Okay. Thanks.

Swati - Moderator

Thank you very much sir.

Participants who wish to ask questions may please press star one (*1).

The next question comes from Mr. Ronnie from JP Morgan.

Mr. Ronnie, you may ask your question now.

Ronnie – JP Morgan - Mumbai.

Ya. Good afternoon sir and congratulations on a great set of numbers. Just a small question on the network side. I just wanted to know on the new networks that have been put up. What is the status? Are those 2.5G networks? Also, my Channel 6* reveals that vendors are getting more and more excited about setting 3G networks up in India. What do you think is the realistic timeframe for that, and what do you think would be the cost of up gradation as and when it happens?

Manoj Kohli – Bharti Tele-Ventures Limited - President Mobility

Ya. As you know, our all the present networks are 2G via GPRS across the country. In our top 13 cities, we have already launched EDGE services. A lot of our premier customers are utilizing 2.5G EDGE services. On 3G, we really have not finalized our plans, and as soon as we finalize them, we will share them with you.

Ronnie – JP Morgan - Mumbai.

Thank you sir.

Swati - Moderator

Thank you very much sir.

Participants who wish to ask questions may please press star one (*1).

Ladies and gentleman, we have a few more questions from the international participants, so I would like to hand over to Lucy at Airtel International Center.

Over to you, Lucy.

Lucy - Moderator

Thank you, Swati.

The next question comes from Mr. Piush from Deutsche Bank, Hong Kong.

One moment please.

Please go ahead Sir.

Piush – Deutsche Bank – Hong Kong

Thank you very much and congratulations on a very good set of numbers. I had a few questions and let me just cite three first and then I will go through few more, if you don't mind, please.

My first question is your access and interconnect charge is 21% of revenue. Could you split this between your wireless and rest of the businesses, please?

Second is should we get concerned about churn being as high as it is?

Third, how aggressive should we expect you to get on the broadband business?

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

I think well we do not give the details of access and interconnect charges on a segment-wise basis, so that may not be possible, but as far as the churn is concerned, well the numbers are high and had been high, but the fact remains that there is no big financial impact because the high churn is on the prepaid, which is the industry norm, but since the net acquisition cost on the prepaid customer is very-very low, practically nil, the financial impact is not there.

As far as broadband is concerned, we are looking at this particular area quite aggressively now. Especially in view of our new rollout of city networks on the copper fiber, we will be offering more broadband services. We are also trailing a number of wireless broadband technologies, and I would say we will be playing a major role given that we have a large fiber rollout to provide broadband services. Eventually, we hope that the regulator one day will force the unbundling of local loop, which will allow access to the 40 million existing copper customers of BSNL and MTNL.

Piush – Deutsche Bank – Hong Kong

In your fixed line side, would the fixed line capex be then functional over the regulator changes its stance on the unbundling or would you be prepared to turn aggressive now that the broadband is an opportunity.

Sunil Bharti Mittal – Bharti Tele-Ventures Limited - Chairman and Group Managing Director

Well, our fixed line broadband strategy is fabricated on the fact that we will go into limited cities and within those cities limited areas. We are only going through very high potential areas. We are clearly cherry-picking the upper-end customers that are reflected in ARPU's and our strategy. So we do not expect Bharti to rollout into smaller thin routes, and we will wait for the unbundling to come through.

Piush – Deutsche Bank – Hong Kong

My last question, if I may, is any move to go nationwide with e-load only, as we have seen in some other markets in Asia?

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Well absolutely, our e-load or Easy Recharge the way we call is meant to be all-pervasive. It must go down to every last distribution point that we have. We expect that the coming quarter should see a significant jump in the Easy Recharge.

Piush – Deutsche Bank – Hong Kong

Thank you very much.

Akhil Gupta – Bharti Tele-Ventures Limited - Joint Managing Director

Thank you.

Lucy - Moderator

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

Swati - Moderator

Thank you very much Lucy. At this moment, I would like to hand over the floor back to Mr. Sunil Bharti Mittal for the final remarks.

Sunil Bharti Mittal – Bharti Tele-Ventures Limited - Chairman and Group Managing Director

Thank you. I just want to once again thank all the participants who have taken out this one-hour to stay with us. I hope all the queries and questions that they had on their mind have been fully answered. We have a lot more detailed information on our website, and of course, our IR team is always available for any further consultation or questions that may be there on your mind. Thank you very much, and we look forward to talking to all of you again next quarter. Thank you.

Swati – Moderator

Ladies and gentleman, this concludes the earnings call. You may now disconnect your lines. Thank you for connecting to Audio Conference Service from Airtel, and have a nice evening.

DISCLAIMER

This communication does not constitute an offer of securities for sale in the United States. Securities may not be sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus and will contain detailed information about the Company and its management, as well as financial statements.