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**BRTI.BO – Quarter Four & Full Year ended March 31, 2004 results
Bharti Tele-Ventures Limited Earnings Conference Call**

**Event Date/Time: April 23, 2004 / 2:30 PM IST
Event Duration: N/A**

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PRESENTATION

Moderator

Good afternoon ladies and gentlemen. I am Swati, the moderator for this conference. Welcome to the Bharti Tele-Ventures Limited Fourth Quarter and Full Year Ended March 31 2004 Earnings Call hosted by Citigroup, Smith Barney. Mr. Anand Ramachandran, Citigroup Smith Barney's Co-Head Asia Pacific Telecom Research 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 international participants connected to IndiaOne International Centre. After that, a similar question and answer session will be conducted for the participants in India.

Now I'll hand over to Mr. Anand Ramachandran of Citigroup, Smith Barney. Thank you and over to you Mr. Ramachandran.

Anand Ramachandran - Citigroup Smith Barney - Co-Head Asia Pacific Telecom Research

Thank you Swati. Good morning or afternoon ladies and gentlemen, wherever you're dialing in from. We at Citigroup, Smith Barney are delighted to be hosting this earnings call and welcome you all to this analyst's briefing on Bharti's fourth quarter full year fiscal 2004 results.

As you have probably seen, Bharti has announced yet another robust quarter. We'd like to take this opportunity to extend our congratulations to the management, as the company formally brings in its first full year of net profits. As usual, we have a full representation from the senior management on the call today. On behalf of all participants and Citigroup, I'd like to thank the management team for taking the time to be with us today. With that, I will get out of the way and pass the call over to Sonal Kapasi, Head - Investor Relations to kick off the proceedings. Over to you Sonal.

Sonal Kapasi - Bharti Tele-Ventures Limited – Head – Investor relations

Thank you Anand. Good afternoon ladies and gentlemen. I'm Sonal Kapasi and I handle Investor Relations at Bharti Tele-Ventures Limited. We hope each one of you is in receipt of the results for the fourth quarter and full year ended March 31, 2004. For the detailed, operational and financial disclosures please refer to the results which are available on our website at www.bhartiteleventures.com

Today, we have with us the entire Bharti top management on the call. Our Chairman and Group Managing Director, Mr. Sunil

Bharti Mittal; both the Joint Managing Directors, Mr. Rajan Bharti Mittal and Mr. Akhil Gupta; President of our mobile operations, Mr. Manoj Kohli and President of our Infotel operations, Mr. Badri Agarwal.

The management will give you a short overview on the performance of the company, followed by a Q and A session. Meanwhile, I must remind you that the overview and discussions may include certain forward-looking statements that must be read in conjunction with the risks that we face. Now I'll 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 welcome to all of you on this call. I am delighted to spend a few minutes talking about the sector and the company.

This has been a remarkable quarter for Bharti. I think the whole year, I must say has been on one hand full of challenges, challenges which are unprecedented. I can say that in my working life of 25 years, this has been one of the most challenging years. Paradoxically, thus far this has been the most successful year for Bharti.

I would like to add and say that we have laid a foundation of a corporation, which has withstood such huge pressures. I believe, having come to this test of fire, the company is now poised to partake the huge growth that India is witnessing in the telecom sector.

The wireless industry has grown by over 135% to cross the 33 million mark at the end of the year. Our eyes are now set to see and reach the 100 million mark during 2006. A number of analysts and experts have predicted this figure to be reached by 2006 or before. The regulator is expecting to reach this number in a two-year time frame.

Well, when you are playing a market with such hyper growth, it poses a challenge of scalability. Bharti as a leader in this industry is fully cognizant about this challenge that we face.

In this particular quarter, we have taken some significant steps and I am pleased to inform you that these steps are putting Bharti into a very different category. I can with a lot of satisfaction and pride can say, Bharti represents the next generation telecom Moderator anywhere in the world, with some of the significant steps that we have taken in this quarter.

Network outsourcing, has been a very difficult area of prediction for any fast growing telecom company. We have de-mystified this area to a very large degree. We have made it into a very simple and predictable capex model. This year budgets have captured this

simplicity and of course the huge cost savings that are associated with it.

Pay-as-you-go model has been adopted by Bharti. Where you pay for capacity that you utilize, but at the same time by not having any difficulty in rolling out networks ahead of time to capture the huge growth.

The vendor relationship has gone into a new orbit with Bharti. There are no more suppliers of boxes and equipments, but there are two partners who are linking their fortunes with the fortune of the company, and will be rewarded based on their performance in terms of delivering quality of service.

Another outstanding achievement has been, by way of our partnership outsourcing deals with IBM, where the entire hardware, all the software packages and all associated and other IT services will be handled by IBM. Here again, the payments are linked to revenues generated by the company with a reducing percentage with the scale going up with every passing quarter.

We are aiming at a complete backend integration, again something which most of the telecom companies around the world are struggling. You are aware that Bharti is one of the complete integrated suite of telecom services, mobile, fixed line, long distance, international long distance, data and enterprise solutions. If we can tie-up this backend in the coming quarters, this will become one of the most powerful tools in the hands of Bharti to get to the best and most attractive customers.

The challenge today is to increase our efficiencies whilst focusing on our core competencies, understanding customer and providing outstanding services. Innovation has taken a big leap in the last quarter.

The introduction of the easy re-charge on pre-paid has revolutionized the pre-paid market in the country. It has had a very positive impact on re-charge patterns. I am pleased to report to you that within a very short time frame, Bharti is touching the levels of nearly 40% of re-charge coming through the electronic scheme, rather than the paper coupons.

Going forward, it is our belief that a very large percentage of people will go through this easy re-charge method through electronic charging, which also gives them the flexibility of topping-up any amounts that they have the desire to, or whatever their pockets can afford.

This has resulted in high Intention To Purchase (ITP) scores and they are also clearly reflecting in customer acquisitions and revenue enhancement programs that the company has put forth.

The GSM net additions for the quarter gone by at AirTel has been at a very impressive one million mark. The highest that the company has achieved in a single quarter.

We have also not forgotten our basis of being in existence in this industry of expansion. A number of initiatives have been taken to expand our market place. You are aware that we have taken a number of new letters of intent. Work is progressing on a very good pace in all these new circles.

We have made one more acquisition attempt into Rajasthan by acquiring 67.5% stake of the promoters and the foreign promoters. We believe that this deal will be consummated after our extraordinary general meeting on May 8. We will be in the saddle of this company by Monday, May 10.

We believe that the increase in our footprint in the country, with the acquisition of Rajasthan and the new networks coming around the country moves the company from a Pan India phase to an all India phase. And the early messages that we are getting from the news circle they are quite heart warming.

The data revenue, yet again a focus area for the group, has been showing remarkable improvement in top line and bottom line. Our focus has been is to increase the data revenue stream. Clearly, a positive trend is being witnessed both in the wireless and in the non-wireless side.

Quarter on quarter, the share of data in a consolidated revenue is continuously improving. 19% of our net revenue during this quarter on account of data revenues, i.e. revenues not linked to voice. This revenue comes from DSL, from leased lines, from our data circuits and of course the enterprise solutions that are given to large corporates.

Another highlight during the quarter was the corporate governance rating. CRISIL, the special Indian arm of the International acclaimed Standard & Poor, has awarded us the highest corporate governance rating of [GVC level 1 rating], which covers both the governance part and the value creation part. Very few companies have had this distinction of scoring the highest rating from CRISIL.

Well, on the financial side, I must say it has been a memorable year for the company. It's our first full year of profit. With all four quarters showing an improvement quarter on quarter and of course all quarters being profitable in them selves.

We have also joined the club of 5,000 crores in sales. We have clocked sales of about US\$1.2billion, joining a very select group of companies in the country, which have had this revenue. I am pleased that if you look into the services company, this ranks amongst of the handful of top companies now in the country.

All of you must have received our quarterly and annual results. I think what is also significant is that we have been able to give you these results on a fully audited basis. I can tell you that I am personally very, at one level very satisfied and pleased and at another level, amazed that both our accounting teams and the

auditors, which are Price Water House Coopers have been able to put together these results in such a short time in an audited mode. Considering that there are 15 mobile circles, 6 fixed line circles, data group, the long distance both international and domestic, all have been able to be signed off, consolidated and with today, the board approving the fully audited results. This is a landmark achievement for a company of our size and complexity.

I am also pleased to mention that Bharti has seen growth, which is unparalleled in the region. It has had a growth of market capitalization of over 500%, the highest in the region. Its subscriber growth has been again the highest in the region, at 112%. The revenues have been the highest at 64%. I am not talking about India, but the entire of Asia. Very importantly, the operating profits have been highest along with AIS in Thailand, at a growth of 120%.

So, almost in all parameters Bharti has in a very, very difficult year – been able to demonstrate the robustness of this business model, and to my mind the strength of the management team. With this I would now like to invite Akhil to give you a detail on the financial and operational performance of the Company during the quarter. Akhil.

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

Thank you Sunil. Let me add my own personal welcome to all of you and thank you for joining us on this earnings call.

Before I take you through the financials let me take this opportunity to thank you for the valuable feedback that you have been giving us from time to time, which has enabled us to make our quarterly reporting absolutely top class in terms of corporate governance. I am also pleased and thankful to you for adjudging Sonal as the best IR representative in India, in the recent 'Finance Asia Survey'. We would, all of us, be keen to have your feedback on an ongoing basis.

I think before I give you the details of the financials, let me share with you some of the key highlights on the financial front for the full year and the quarter.

As Sunil mentioned, the results presented to you, are audited, these are as per the IAS GAAP. We also of course have audited the results in Indian GAAP, as well as IAS results, which are reconciled to the US GAAP. In the quarterly report, you will find, also the results as per the US GAAP, which are higher than the IAS GAAP. The figures being given here are as per IAS.

This year was the full first year of net profits for us. We have registered over Rs50billion in revenue that is about US\$1.2billion of revenues and over Rs6billion of net profits of fiscal 2004.

Year-on-year our growth in customer base has been 100% which has generated revenue growth of 64% and 120% growth in EBITDA. For the quarter we have registered over Rs15billion of revenue and Rs5billion of EBITDA, almost Rs5billion of cash profit and about Rs3billion of net profits.

For the first time in this quarter our net additions on the mobile customers has crossed the one million mark. We have closed the overall customer base with over 7 million subscribers, of which the mobile customers are about 6.5 million.

I think what is most significant, is that for this quarter in terms of the management's aim to emphasize and focus on the revenue market share, while a customer base overall grew by 18% on quarter to quarter, we generated 22% growth in the revenues.

I must also mention the two other very important parameters for us. The percentage of operating expenses to revenue, and capital productivity which is annualized revenue as a percentage of the total capex have both improved. Our expense to revenue ratio has come down from 51% to 41% over the last four quarters. While the capital productivity has gone up from 65% to 74%.

Let me now give you some details on the year on year performance. The consolidated revenue for the year was Rs50.03billion, which grew by 64% over last year. We had crossed the landmark of Rs 30billion last year, which we have now bettered with Rs50billion.

During this period the operating expenses are increased only by 25%, from Rs13billion, to about Rs16.3billion. This is a result of operational efficiencies achieved by the company by leveraging its size and getting significant benefit of economies of scale all around as well as reducing network costs in a significant manner by sharing infrastructure, which is an ongoing exercise.

This has resulted in EBITDA more than doubling from Rs7.6billion to Rs16.7billion for the full year an increase of 120%. For the full year ended March 31, 2004 the incremental EBITDA as a percentage of incremental revenue was 42% for mobile and 40% for Infotel segment. However, due to the benefit of integrated business model and due to eliminations, the overall ratio of this incremental EBITDA was 47% to the gross revenue.

The cash profit for the year was Rs14.3billion as compared to Rs4.9billion last year, representing a growth of 190%. The net profit for the year is at Rs6.2billion, which makes it the first full year of net profits for us.

The capital expenditure for the year was about Rs22billion, which is roughly about \$500million. The net debt to funded equity is 0.77, which is very comfortable. More importantly the interest coverage ratio for the full year has increased from 2.85 to 6.93 over the last four quarters. The net debt to annualized EBITDA

based on the last quarter revenue, and EBITDA has come down from 3.05 to a very comfortable 1.88.

Coming now to the quarter on quarter performance. This is the comparison of achieved performance in this quarter versus the corresponding quarter last year. During the quarter our revenue was Rs15.5billion and an EBITDA of Rs5.3billion, which exhibited a sequential growth – no sorry this is quarter on quarter that is on the last quarter – a sequential growth of 22% and 13% respectively.

The EBITDA margins for the quarter, I must point out is lower at 34% as compared to 37% for the quarter ended December 31, 2003. The key reasons for the drop in this margin during the quarter are as follows: Number 1, there was a fall in roaming revenue due to a steep reduction in roaming tariff by competition from January 01, 2004, which did take a toll on the overall revenues.

There has been an increase in access and interconnection charges, due to implementation of the new Interconnect User Charge with effect from February 01, 2004. The ADC has been imposed on all mobile-to-mobile long distance calls, which means that the pass through revenue in terms of IUC has significantly increased as a percentage. Therefore, the overall percentage taken on gross revenues has come down. The fall in EBITDA to net revenue is not that much.

The sales and marketing expenses were deliberately increased in the last quarter in line with our launch of easy re-charge. This was done in order to build up the brand for the coming years and this was a premeditated move and we believe the results have been absolutely marvelous on this front.

There was also a payout to IBM, which the contract started from April 1, there was in the nature of a set up charge, which was an extraordinary item. We do believe that this drop in percentage was due to some extraordinary and non-recurring circumstances and we are confident, that this does not reflect any kind of downward trend.

The cash profit from operations increased from Rs4billion in the previous quarter to almost Rs5billion during this quarter, representing an increase of about 25%.

The net finance costs in the same period has reduced from Rs729million to Rs343million. This reduction is mainly on account of a foreign exchange earning because of strengthening of the rupee, which amounted to about Rs350million. In other words, the interest cost is more or less the same as last quarter, despite some increase in loan, which is because of better interest cost to us.

There is a deferred tax income for the quarter of Rs283million. The actual payable amount for the quarter is Rs220million, while Rs500million is the deferred tax income as per the accounting

standards. We would of course want the investors to concentrate like we do, more on profit before tax, because the deferred tax income and all may not be recurring incomes.

The consolidated net profit has improved as has the full adjustment of any unusual income has improved to Rs3.03billion from Rs1.61billion for the quarter ended December 31, 2003. The net profit margin for the quarter has improved to 20%, from 13% during the last quarter.

Let me briefly touch upon the different segments. On the mobile side, our revenue for the year contributed about 65% of consolidated revenue. We added 3.43 million customers during the year. The revenue for the year was Rs32.6billion, which was up 56% from Rs20.8billion last year. The EBITDA grew from Rs5.6billion to Rs10.47billion.

Our percentage of post-paid net additions to our total net additions during the quarter has further improved to 35% from 26% in the last quarter, thereby indicating a better customer mix.

The revenue sequentially has grown by 15% between the two quarters. However the EBITDA remains more or less the same, for the reason that I have mentioned earlier.

The fixed line business has done very well during the year. The company closed the year with about 635,000 customers across the five fixed line circles. In addition, we had about 40,000 DSL connections. The revenue for the year from our fixed line business has more than doubled to Rs7.8billion over the last year. The EBITDA for the year was Rs1.7billion, which multiplied almost five times over the same period last year. Our EBITDA margins strengthened from 9% last year in the fixed line business to 22%.

For the year ended March 31, 2004 our fixed line operations have become earning before interest and tax positive at Rs 453million compared to a loss of Rs788million during the last year.

I am also very pleased that TRAI in a recent survey – that has just come out two days before – has adjudged Airtel as well as Touchtel as the best in terms of customer satisfaction on mobile and fixed line services in some of the regions of this country. That's something which is very pleasing for all of us, but that's where our focus area.

On the long distance Group and data enterprise services, our revenues from this area were Rs14.7billion representing a year on year growth of 71%. The EBITDA grew by 153% to Rs. 4.6b, which represents a margin of 31% as compared to 21% last year. The earnings before interest and tax for the year were Rs3.4million representing a year on year growth of 181%.

I mentioned we have been reducing our interest costs. We have recently, as some of you might know, concluded a foreign currency convertible bond of \$115million at very favorable terms.

To conclude, as Sunil has already mentioned, this has been a transformational year. The initiatives that we are taking now which Sunil has discussed with you I believe will prepare us for the explosive growth, which the Indian telecom sector offers today.

Before I hand over to Swati, let me remind you that we have the two Presidents to take any questions on operating side, as well as Sunil, myself and Rajan Mittal the other Joint Managing Director.

Please feel free to direct questions to any one of us. With that I'll hand over to Swati.

QUESTION AND ANSWERS SESSION

Moderator

Thank you very much sir. I'll now hand over the proceedings to Sainab at IndiaOne 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 Sainab.

Thank you Swati. [Moderator instructions].

The first question comes from Mr. Doe Tien Xuan from Alliance Capital Singapore. Mr. Doe Tien Xuan you may ask your question now sir.

Mr. Doe Tien Xuan - Alliance Capital Singapore - Analyst

Thank you very much. Thank you everyone for the call. Congratulations on a great set of results. Just two questions. The first is just on your pre-paid versus post-paid mix. One of the figures that leapt out from your disclosure was the fact that the pre-paid percentage of your net adds had come off, and the overall percentage of your post-paid was up. Could you provide some color on how that happened?

The second question is just on your – the customers per employee. Again, you have shown a very good rise of about 200 customers per employee, up to about 2,000 odd customers per employee. Could you give me some color on how high you think you can get that before you see a decline in customer service? What is your target for that figure? Thank you.

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

The first point was about the pre-paid and post-paid?

Mr. Doe Tien Xuan - Alliance Capital Singapore - Analyst

Yes, that's right.

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

The percentage of pre-paid subscribers to total subscriber base is about 79%.

Mr. Doe Tien Xuan - Alliance Capital Singapore - Analyst

That's right.

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

The percentage of pre-paid net additions in the quarter is 65%. The increase in the percentage of the post-paid is because of some new plans, which we have launched on, post-paid, which Manoj will tell you more about it. Manoj, would you like to talk about it?

Manoj Kohli - Bharti Tele-Ventures Limited - President, Mobility

Yes, good afternoon. You know we have seen a certain resurgence of post-paid in the market place in the last three to four months. One of the reasons is that our post-paid schemes have been very attractive.

Second reason is that our customer experience of network, customer service, billing etc. on post-paid has been superior to our competitors. Because of this, our proportion of post-paid inflow has grown from a low figure in the early part of the year, to as high as 30% in the last quarter.

So, I think it's very positive. Fortunately these post-paid customers, even if they come on a lower plan initially, we can do a lot of up selling and cross selling to increase that ARPU as they mature in our networks. It is a very healthy trend for us.

Mr. Doe Tien Xuan - Alliance Capital Singapore - Analyst

Would you see that percentage stabilizing at about that ratio of 35%/65% for the rest of the year? Or do you think that was a particularly strong quarter in the fourth quarter for post-paid.

Manoj Kohli - Bharti Tele-Ventures Limited - President, Mobility

It was a strong quarter. It is difficult to predict whether it will be sustained. We'd like to wait for another quarter or two to be able to predict that this is a consistent trend.

Mr. Doe Tien Xuan - Alliance Capital Singapore - Analyst

Right. Okay.

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

The other question was about employee--

Manoj Kohli - Bharti Tele-Ventures Limited - President, Mobility

Employee productivity is one of our primary objectives. Because we feel that the cost structure of the organization has to be kept lean, so that our levels of EBITDA are a bit high.

Our goal for productivity is more than 3,000 customers per employee. I think we are rapidly moving towards that goal. In this new financial year, we should target to achieve this goal.

Mr. Doe Tien Xuan - Alliance Capital Singapore - Analyst

Okay. Thank you.

Moderator

The next question comes from Mr. Henry Cobb from Thames Capital UK. Mr. Cox your question sir.

Henry Cobb - Thames Capital UK - Analyst

Good evening. Thank you all for the presentation and congratulations on another good set of results. My questions are predominantly on capex and on the recurring wireless EBITDA margin. I just wondered if you could give us some guidance in the long term of what you expect your recurring wireless EBITDA margin to be, given the higher ADC costs that have come in.

The second part of the question is again on wireless. The press release gives the new capex structure on a dollar-erlang basis. I really just wanted to know how we can probably look at that number. If we look at your calendar year results and look at what your CAPEX-erlang number was this calendar year. Would the long term CAPEX number be a premium or a discount to that, because of the long-term nature of the contract?

Then on the other segments, I just want to know what the target CAPEX to EBITDA ratio is for the other two segments. So, that's all rather long winded, but I would be grateful for that. Thank you.

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

Thank you. I think I must warn you that as a matter of principle we do not give any guidance. However, let me give you a broad statement, but we would not be able to share any specific predictions.

As far as the EBITDA margin is concerned, I have already covered in my speech, we believe the reduction in the EBITDA margin on a gross basis was an extraordinary thing. We have seen these margins improving in the past. I see no reason why going forward you would not be able to maintain a good trend. But, how much would it increase is something we would not like to predict.

As far as the CAPEX is concerned, the model is based on the capacities. However, for competitive reasons we obviously cannot disclose as to what that golden figure is. But it is significantly

better than what we believe our contemporaries and our competition would get.

On a full year basis on the capex side, based on what we believe we can achieve, we expect that the total capex would be in the region of \$700million to \$750million all across the Group. But, again we would not like to give a break up between the different segments. Broadly speaking, on a broad based basis \$700million to \$750million is what we look for.

However, that's not going to be a constraint if the growth, if significantly higher we will not hesitate to invest whatever it takes to take the benefit of that growth.

Henry Cobb - Thames Capital UK - Analyst

Okay. Just a follow up. Could you just talk a little bit about the management strategy for expansion. Given that the acquisition game has already begun in earnest. Whether – what your kind of criteria are for new investments and how you propose to fund the new investments, given that you've got very richly valued equity

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

Well, as I mentioned, we had a few areas where we were not present. Rajasthan is going through an acquisition mode, which will be completed in the coming days. The all other circles in Jammu & Kashmir and the other eastern circles where we have taken new licenses, the work is going on. So, by August/September this will be an all India play and we will be present everywhere in the country.

In terms of acquisitions we had lobbied hard in the government to allow intra-circle mergers to allow consolidation in the market place. I am pleased that was listened to very favorably, and the policy of intra-circle mergers is in play.

A number of bankers are talking to a number of people. A lot of discussions keep on happening. We are presented with a number of opportunities.

Our vision really going forward and any intra circle merger is purely to create more value for our shareholders. It is not a land grab any more. It is not a geographical opportunity. We are present in each one of these circles with our full might and growing with every passing month and quarter.

There are deals available. We would like to go for them if they meet with our parameter of adding financial strength to the group and, of course, adding more shareholder value.

Henry Cobb - Thames Capital UK - Analyst

Okay. Thank you very much indeed.

Moderator

Thank you sir. Our next question is from Mr. Suresh Mahadevan(ph) of Lehman Brothers, Hong Kong. Mr. Suresh Mahadevan your question sir.

Suresh Mahadevan - Lehman Brothers Hong Kong - Analyst

Thank you for the call and congrats on a good set of numbers yet again. I had three quick questions. One is your other operating expenses grew quite a bit in the last quarter. I think Akhil mentioned that it is probably due to the IBM set up charges. So, it will be good if you could give, if you could quantify what that IBM specific element was. That is one.

The second question is data revenues, data and long distance. Again – a huge growth in fourth quarter, having 43% growth quarter on quarter. I wanted to know – Where do you ideally like to see this business as a percentage of your total revenues for the next financial year, which is 2005.

Thirdly, over there re-charge you mentioned that more and more pre-paid re-charge is coming through this route. I just wanted to get your view on what effect it has on your sales and marketing expenses. Thank you.

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

On the operating expenses side you're right. The total increase, which is I believe something about, almost Rs500million or so. Within the two quarters the bulk of which is because of the IBM set up, which was about Rs280million.

The other major increase was, as I mentioned, on the launch of the easy charge. Which we believe, has been a very, very powerful unique selling proposition with us that we have leveraged to the hilt. That accounted for another Rs120million to Rs130million. So, those two accounted as the bulk of that increase.

On the data revenue, it has been our constant desire to increase this as a percentage of the total revenue. I think we have been succeeding. We do have some internal targets. But we believe there is a lot of work to be done on this and there is a huge potential. Unfortunately, we would not be able to guide you in terms of what percentage we look from that.

Could you repeat the last question about sales and marketing

Suresh Mahadevan - Lehman Brothers Hong Kong - Analyst

Yes. Essentially, the 'over the air re-charge'. What impact it has on your sales and marketing. Because I believe the commissions could be less and things like that.

Manoj Kohli - Bharti Tele-Ventures Limited – President, Mobility

No. This has been a phenomenal innovation leap by the Company. Fortunately for us, both the trade as well as customers, both are positively surprised on this technology innovation, which has reached to their hands. We are already seeing additional market share there.

We had to initiate a major national marketing exercise, branding exercise on the television, press as well as outdoor which took some extra costs in this quarter.

Also we are giving a marginally extra commission to the trade as an introductory commission, so that these electronic re-charges overtake the paper coupons as soon as possible. Already as Akhil said it has reached 40% of the total re-charges.

I think it has already led to higher gross - adds in this quarter. I am sure in the coming quarter it will improve further.

Suresh Mahadevan - Lehman Brothers Hong Kong - Analyst

Thank you.

Moderator

Thank you sir. [Moderator Instructions]

A follow-up question from Mr. Doe Tien Xuan of Alliance Capital Singapore. Go ahead sir with your question.

Mr. Doe Tien Xuan - Alliance Capital Singapore - Analyst

Thank you very much again. Just a question on your SMS revenues. Those are still fairly low at about 3% of your overall mobile revenue. I am just wondering whether you're happy with that level. Whether you would try and do anything to stimulate that percentage going forward? Or at the moment, whether you're happy just to be primarily a voice based mobile company rather than just a SMS as well?

Manoj Kohli - Bharti Tele-Ventures Limited – President, Mobility

Clearly we are not happy with this SMS quantum. I think there is a huge potential to grow. I think the education of customers, who are non-using customers, is continuing. We have done pilots in

many circles, to include the non-SMS using customers into this. We are also introducing vernacular phones, because a lot of the guys in the small towns and villages don't have knowledge of English in which SMS is utilized today.

So, you'll see a steady growth of this 3.6% on to the next coming few quarters.

The number of SMSs are growing substantially. As a percentage, it may look that there's a very small growth, but numbers of SMSs are definitely growing.

Mr. Doe Tien Xuan - Alliance Capital Singapore - Analyst

Okay. Just a couple of more questions. First, question on Reliance. Are you seeing Reliance doing anything different with their pre-paid launch? Have they – in particular – reduced the upfront cost of obtaining a pre-paid account?

The second question is just on the foreign ownership limit. Is there any movement on that increasing from the current 49%?

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

On the first one we track the competition quite closely. All I can say is that there are no significant different moves being played by the market. I think the market has pretty much stabilized. You need a minimum ARPU coming out of pre-paid customers. That's the kind of profile that is being addressed. More or less all are doing the same things. We believe, by putting some innovations, like easy charge and deepening our distribution we have clearly taken a lead in this regard. But we also generally leave the competition to decide their own market play, but generally there is nothing significant that I can report.

On the foreign ownership, I think there have been many statements by the minister himself and as we are aware this has been taken to the cabinet before the elections were announced. The policy of government is to look into this very seriously but this still remains to be done;. Whether it will be done immediately after formation of new government is yet to be seen. We remain hopeful and the promises that have been given to us at the time of settlement of the litigation of the industry, one of the big announcements of the minister was to look into this very favorably, so I remain very optimistic.

Mr. Doe Tien Xuan - Alliance Capital Singapore - Analyst

Okay. Just a final question on your pre-paid churn. One of the positive outcomes of say the Philippino operators of adopting over the air reloads for fairly small amounts, is that their churn rates have declined fairly significantly. Would you have any idea, for

your 6.4% that you recorded on your pre-paid churn, how much of that was due to just people not being able to afford to reload rather than going to another Moderator? Would you have any idea? I know it's a difficult question. But any sort of rough estimates, two thirds/one third, one half/one half would be welcome.

Manoj Kohli - Bharti Tele-Ventures Limited – President, , Mobility.

No I can't – unfortunately, I can't give you exact percentages but I can say that customers going to our competition will be a very, very small percentage. A very insignificant percentage. By and large these are casual users who utilize the cellular service for a specific event at their home, whether it is festival, marriage or hospitalization etc. When that event is over they don't use it later.

But I think it is a very good introductory, even for us. Because within a matter of a few months that customer comes back and becomes a permanent cellular customer.

We agree with you. We agree that our churn percentage now, in the coming quarters will show a steady downward trend because of Easy charge distribution depth. By the way, acquisition on pre-paid has been more or less neutral and break even. So, we really are not losing any money at the time of acquisition.

Mr. Doe Tien Xuan - Alliance Capital Singapore - Analyst

Okay. Thank you.

Moderator

Thank you sir. [Moderator Instructions] At this moment there are no further questions from participants outside India. I would like to hand over the proceedings back to Swati.

Thank you very much Sainab. We will now begin the question and answer interactive session for Indian participants connected to IndiaOne Meetxpress.

The first question comes from Mr. Mohan. Mr. Mohan, you may ask your question now.

Mr. Mohan - Analyst

Congratulations to the Bharti management on a solid set of numbers. I have a couple of questions. The first question was, along with this monthly subscriber numbers released for March, the GSM cellular association had wide concern with that. It seems that absolute numbers are sort of flattening due to the prevailing environment. Does the Bharti management agree with this assessment, or does it see enough upside potential for improving the run-rate, even under the current environment?

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

I think clearly from the absolute number - if you look at what's happening on a national and monthly basis, it seems that the number has plateaued and flattened out over the last three months. I think the real function of the hyper-growth that we saw from these launches of both the CDMA network and BSNL tapering off . That in a sense has taken away a huge rampant growth that we have seen in the previous months. But I think the market trends world over are, you take a big jump in growth to stabilize, consolidate it and move forward.

As far as the COAI is concerned, I think we support them because there are some regulatory issues that still need to be ironed out on ADC and some other subsisting issues that of interconnect. I think the regulator is very clear that he wants to see deeper growth. This has been a good time to pause and get some of those issues sorted out, to move forward.

But the good news here is that while numbers may not have increased significantly over the previous months – although in absolute numbers, they are still the highest any where in the world in terms of percentage growth – the revenue is increasing. In fact, in the last quarter, if you would have noticed, we had grown by 18% in terms of customer base, but 22% in revenues. That's a remarkable trend in the market place. The revenues are increasing in the market place.

Mr. Mohan - Analyst

Thanks for that. I have a follow up. The second one is, TRAI is on verge of forming its policy guideline on the last mile and broadband? In fact, a couple of days back, they had come out with announcement that probably in a weeks time, they will come out with policy guideline.. What is the company's expectation, and how will it impact the company?

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

I think the biggest advantage of this initiative would be unbundling of the last mile, which the BSNL & MTNL have. We're looking forward to that.

Mr. Mohan - Analyst

Thanks a lot, and congratulations once more on a wonderful set of numbers.

Moderator

Thank you very much, sir. The next question comes from Mr. Mathur of Business Standard. Mr. Mathur, you may ask your question now.

Mr. Mathur - Business Standard - Analyst

Yes, hi, can you just tell us, the average revenue per user? How much was it in the March quarter? How much was it in the December quarter?

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

Well, all these details are given in the quarterly report.

Mr. Mathur - Business Standard - Analyst

No, but we haven't got it in the press release.

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

They are not in the press release. But let me just take you through, I think, all the investors have already got that. For the press, I think we have a press conference at 4 o'clock where all these details can be asked. I think this is primarily an investors' earning call. So I would request the investors to really take it up who already have all these details.

Mr. Mathur - Business Standard - Analyst

Okay, fair enough.

Moderator

Thank you very much, sir. The next question comes from Mr. Irani of IDBI Capital. Mr. Irani, you may ask your question now.

Mr. Irani - IDBI Capital - Analyst

Yes, hi, congratulations to the whole team for a good set of results. I just had a slightly cynical question, especially because I've been tracking this industry for about ten years now, as an analyst. I see that you are all investing in SEA-ME-WE-4, and you've invested in other cable – submarine cables, also in the past. Now, I will just take up in the backdrop of what VSNL has done over the last decade in terms of investing in FLAG, SEA-ME-WE-3, and also now in SEA-ME-WE-4. And then you had Data Access coming along, with the model of leasing capacity rather than buying that, and actually, you know, significantly undermining VSNL's revenues. Do you see that risk going forward as well for

Bharti or for other companies, you know in the industry? That's my question.

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

Thank you. I think we are a large telecom company and have been in a sense predicting our future fairly well. Ensuring that all risks are eliminated for a large company like ours. We invested, first submarine cable, as you are aware, outside Bharti Tele-Ventures, because there was some, as you mentioned, skepticism over investing large amounts of money in cable capacity.

We decided that Bharti Tele-Ventures may not be able to bear the burden of such large upfront investment. Although, this company has matured now over a period of time, investments have gone down. Bharti is privileged to be a part of this consortium of SEA-ME-WE-4. I can tell you there are more than half a dozen Indian and international companies trying to get into this consortium because of the power of this cable. The total investment of Bharti is about \$40million to \$45million. You get a redundancy all on cable of very high capacity going all the way to Europe and Asia. I think that in a business, when you are running millions and millions of minutes – I mean today Bharti's international minutes are in the vicinity of a billion minutes a year and ever rising and the data revenues that we run.

Owning a part of our international bandwidth is a very, very delightful thing to have. Look at the situation – SEA-ME-WE-3 is locked out for most of the Indian Moderators; FLAG is locked out because it belongs to somebody else., a company like Bharti, if it wouldn't have had access to i2i, would have been seriously undermined in the market place. Companies like Data Access, we know, the results that they're showing. They are very small players in terms of the market place. They are only looking at one end of the spectrum, where the large telecom companies, whether there is Reliance or whether its TATA, BSNL or Bharti, they cannot do without owning significant capacities on cable systems around the world.

We are looking at tremendous growth in data revenue and international voice revenue, and cannot, therefore, be dependent on third parties, especially when our competition has their own cable capacity.

Mr. Irani - IDBI Capital - Analyst

Right, thank you.

Moderator

Thank you very much, sir. The next question comes from Mr. Ganguly of JP Morgan. Mr. Ganguly, you may ask your question now.

Mr. Ganguly - JP Morgan - Analyst

Yes, hello, congratulations to the management for an excellent quarter. I had a couple of questions, first was on the Hexacom acquisition, if it will be possible for you to tell us some sort of idea about their numbers, their profitability kind of figures, some indicative figures, if you could share? Also, the method of consolidation that you would like to use for that going forward?

The second question that I have is a macro question, kind of thing. I wanted to know how is the share of – in the outgoing calls - what is the share of the cell to cell call, and the cell to fixed call that you are seeing, and how has it moved, given that the cellular subscribers are pretty close to the fixed subscriber levels now. So, what is the trend you have seen, and what are the levels at this moment?

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

Let me take the first one about the Hexacom acquisition. I don't have the exact numbers with me, but if I remember, the total revenue there is in the vicinity of about Rs140 crores to Rs150 crores. The EBITDA at the current full year, this year, would be in the region of about Rs65 crores to Rs70 crores . So that's broadly what the numbers are.

We do believe Rajasthan has been broadly unexploited. There's a whole amount of growth, which is waiting there. It's our belief that these will represent an opportunity for big growth.

On the cell to cell, I don't know if they have much, Manoj could you give some idea on that?

Manoj Kohli - Bharti Tele-Ventures Limited - President, Mobility

No, we are observing a very good improvement in our outgoing percentages, post-paid definitely is growing faster. Prepaid is also growing. You know, the cloud of mobile will overtake the cloud of fixed line, let's say, around September or October of this year. After that, we believe that the outgoing percentage will really be skewed in favor of M-to-M calls, versus M to F calls. So I think as the year progresses, we feel the outgoing percentage should be in our favor, rather shown in favor of more fixed line calls.

Mr. Ganguly - JP Morgan - Analyst

But would you be able to shed any figures on that? I mean, where it was and where it is –

**Manoj Kohli - Bharti Tele-Ventures Limited - President ,
Mobility**

As a percentage, but may be later we can share it with you. But there's a good improvement in that percentage.

Mr. Ganguly - JP Morgan - Analyst

Sure, and one last question – does this 5% retention of pass through revenue – there was this case with BSNL what is the kind of figure that you are looking to get back from BSNL and MTNL for that?

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

About 15 crores.

Mr. Ganguly - JP Morgan - Analyst

About 15 crores? Okay, thanks a lot.

Moderator

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

Mr. Singh -SSKI Securities - Analyst

Yes, good afternoon, once again, congratulations on a good set of numbers. I have just one question on the fixed line plans, and also, on your overall capex plans. Will it be possible for you to break this \$700m to \$750m into fixed line, long distance, and the wireless? Also, what's your plan on the fixed line front with unified licensing? I remember you had plans to enter more number of cities down the line, so if you can just give a broad feel on that?

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

Well, as far as the new plans for the fixed lines are concerned, we would rather go on the model of MAN. That is looking at CBDs, main buildings in very, very large cities, which have got huge amount of data involved. So it will be city specific, area specific and MAN-based.

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

As regards the capex level, out of the \$700million to \$750million, I think we roughly take it as two thirds on the mobility side, and one-third on the Infotel side, which is fixed as well as long-distance and international long-distance.

Mr. Singh -SSKI Securities - Analyst

Okay, another follow-up question on the local loop unbundling actually. Do you think local loop unbundling would be allowed, even for voice, or is it primarily for the broadband access that TRAI is really thinking of? In that case, your fixed line model could undergo a significant change?

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

Well, as far as we know so far, it is primarily for data and internet, not for voice.

Mr. Singh - SSKI Securities - Analyst

Okay, thanks.

Moderator

Thank you very much, sir. The next question comes from Miss Rohira of Refco Sify. Miss Rohira, you may ask your question now.

Miss Rohira - Analyst

Good afternoon, and congratulations to the team at Bharti for an excellent quarter numbers. My first question relates to, if I'm not wrong, the 19% of your net revenues comes from data revenues?

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

That's right.

Miss Rohira - Analyst

Okay, and if you could give the composition of, or value added services in the cellular segment? What composition was this quarter from value added services?

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

I think on value added services, we only give information on SMS because we would not want to give individual information on the other value added services. But on SMS, that constitutes about 3.6%.

Miss Rohira - Analyst

Yes, that is available in the –

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

Yes, but we do not give information on other individuals.

Miss Rohira - Analyst

But any indication on what has the roaming in post-paid and Pre-paid data?

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

Roaming – Manoj I don't know if you could shed some light on individual items.

Manoj Kohli - Bharti Tele-Ventures Limited – President, Mobile

Okay, that's very happy news, because I think roaming traffic is growing very healthily. Not only traffic, but percentage coverage of customers in post-paid are growing very well in the last quarter. Unfortunately the tariff went down, and because of that, there was some erosion of revenues, which we have absorbed well. I believe that in this quarter, we will come back, and roaming revenues will come back to normalcy.

Miss Rohira - Analyst

Okay, and in the case of your long-distance segment. What is the percentage of business in the current quarter from your captive segment itself?

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

Its approximately 60%.

Miss Rohira - Analyst

Okay, and could you give us the indicative figure of the selling and marketing expenses on the easy charge scheme which you had introduced last quarter?

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

I think – how much was there in the total?

Miss Rohira - Analyst

Yes.

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

We can't give you the expenditure on individual campaigns.

Miss Rohira Analyst

Okay, but no, I see you mentioned –

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

Wouldn't have any relevance also.

Miss Rohira - Analyst

Okay, because you mentioned some three, four reasons why there was an increase in the operating expenses.

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

Right.

Miss Rohira Analyst

We got the IBM part.

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

Okay.

Miss Rohira Analyst

I just wanted to check all the incremental things of selling and marketing.

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

Total advertising expenses increased by about 12 crores during this quarter, as compared to the previous one, which was primarily on account of the big launch of easy charge.

Miss Rohira Analyst

Okay, just a last question – in case of post-paid MOU, there has been a sequential decline. This is largely on account of prepaid subscribers moving towards post-paid?

Manoj Kohli - Bharti Tele-Ventures Limited – President, Mobility

You know, this is a very positive trend of post-paid customers coming in as a percentage, as a proportion much more than what they were coming in the earlier quarters. So initially, as you know, post-paid customers have not a mature level of usage. But as they grow, let's say, in a period of three to six months, I think the usage grows very well. So, initially the percentage of usage is lower, and I think in the next two or three quarters you will see usage maturing., which will not only improve the MOU, but also the ARPU.

Moderator

Thank you very much, ma'am. The next question comes from Mr. Chawla of Kotak. Mr. Chawla, you may ask your question now.

Mr. Chawla - Analyst

Hello, everybody, I have a couple of questions related to financials. If you could share with us the interest capitalization portion in net finance costs, and also give us the break-up in the tax amount of the current tax, deferred tax. Finally, the reason for the non-operating income of Rs. 226million – Rs. 227million in the last quarter?

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

The first one was the interest capitalization. As per IAS, there is no interest capitalization, because it is taken as a period charge, and that's what I've mentioned. There is an income of about Rs350million, on account of the strengthening of the rupee.

Could you just repeat the second question, please? The deferred income tax.

Mr. Chawla - Analyst

What is the current tax portion in the tax amount, which has been indicated? What is the current tax expense?

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

For the full year the total actual tax liability, which is based on the minimum alternate tax, is 43 crores, and the deferred tax portion amounts to an income of 50 crores, thereby giving a 7 crores net income for the full year.

Mr. Chawla - Analyst

Okay., Great.. The non-operating income of Rs227million?

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

This is mainly on account of some reversal of the provision made for payments to the vendors, which have been settled as – not being payable any more – which was approximately about 13 crores out of this 22 crores. The rest is – the nominal stuff. That's more or less the recurring in nature

Mr. Chawla - Analyst

Okay. Finally I would want to know the bad debt as a percentage of mobile revenues in the last quarter. What has been the trend on a quarter on quarter basis?

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

I think I can only talk about the trend. It is pretty much on a satisfactory level. On a trend basis, Manoj as far as I know these are pretty much in the same trend. There are no increases or any big increase on that?

Manoj Kohli - Bharti Tele-Ventures Limited - President, Mobility

Yes. There's no major change in the trend. The only thing I can state is that the collection levels have been very healthy. In all the fifteen circles we have had record collections. So between the discipline in the market, which seems to have been broken last year, because of some competitive actions. It is coming back. So that's good for us.

Mr. Chawla - Analyst

Okay. I have just one more question related to the mobile segment. If I just look at the difference between EBIT and EBITDA in the mobile segment it is almost flat on a quarter on quarter basis. So does that mean that the depreciation and amortization together have been constant? If that is the case then, what really explains that because capex has been incurred in the last quarter?

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

I don't see - if you turn to page 26 of the quarterly report that gives complete information on depreciation, amortization, appreciation in this period went up from Rs1.7billion to Rs1.9billion. Of course amortization of license fee and goodwill are more or less flat, because there is no fresh licensing coming in as yet. That part is flat.

Mr. Chawla - Analyst

What I was referring to, is that on page 9, you have given the mobile segmental financials. If I just look at the difference between EBITDA and EBIT, earning before interest and tax, for the March quarter just ended, I get a figure of Rs1,168 million. That's lower than the December quarter figure of Rs1,180m. So, what would really explain that, because you've incurred over \$100million of CAPEX in the mobile segment last quarter, while the depreciation and amortization together have been really flat.

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

I think this was primarily on account of - there was one amount payable earlier to Teli as per accounts. Which when we bought their 26% share in Bharti Mobile was roughly about 55 crores so, there was amortization which went off. So, it is mainly because of that. The figure is slightly lower than earlier years.

Mr. Chawla - Analyst

Okay, great.

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

As you can see on an overall basis the amortization of goodwill has come down from Rs390million to Rs360million.

Mr. Chawla - Analyst

Right. Okay, great. Thank you very much.

Moderator

Thank you very much sir. The next question comes from Mr. Dhariya of Karvy Stock. Mr. Dhariya you may ask your question now.

Mr. Dhariya - Karvy Stock - Analyst

Thanks for the concall. And congrats on handsome numbers once again. I just had three questions. One, is the long distance - i.e. international long distance business strategic to you really. I mean, would you be looking at selling it off by any set of possibility or imagination?

Number two, in terms of ROI, you are expanding - you are going from all India mobile player, you are also matching BSNL's coverage. Now they are areas where ARPU is low typically and your collection costs might be high - so this - how would you really balance the ROI as you expand your coverage?

The third question is something of Hutch in purely a numbers basis. Hutch seems to be adding more numbers - almost equivalent amount of numbers - I mean they are roughly in 10-11 circles and Bharti is in more than fifteen circles now. So what is that Hutch is doing right? It has been a concern for me, I have been talking to Sonal, Hutch has been adding numbers in Mumbai and Delhi. What is the reason here? Thanks a lot.

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

I think on the international long distance it is absolutely critical. But I would love to have your views. I mean what made you think that we would want to sell this business? It's a nice profitable business, obviously no question about it. It's a very critical piece of business for us.

Mr. Dhariya - Karvy Stock - Analyst

Okay. Great.

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

As far as the return on investment is concerned. I think first and foremost it is extremely important you do not look at quarter-to-quarter situations. You have to invest in long term. It is extremely important to see – I mentioned in my speech about the capital productivity ratios over a period of time and the expenditure as a percentage of revenue, and a third line item of gross revenues as such, I think that is what we track.

Even if there are temporary dips because we have gone into new cycles, really we do not worry on a quarter-to-quarter basis. We look at very long term views. In a nutshell I can say that every area where we are going we don't expect return on investments from day one. But, on an overall long-term basis, these are all going to give us good returns on investment.

About the numbers of Hutch. I think without putting anything down in terms of our competition, I think it is an unfair comparison. Because first of all you must ask them for their revenues like we disclose.

It's very important for us, because we look at our market share in terms of revenues more than subscribers. I think this industry has come to a point where the subscriber numbers to our mind have absolutely no meaning. Because one. there is no set pattern, or no set method of recognizing a customer. I might have a very different and very stringent way of – method of recognizing who my active customer is and who I report, others may or may not have. So, it is a very unfair comparison.

But I must point out that from our point of view the number of subscribers is no way a reflection of our market position. Revenue share is the most important thing. We would love our competition to come out with disclosure on revenues like we do.

Mr. Dhariya - Karvy Stock - Analyst

Well I suppose. Thanks a lot.

Moderator

Thank you very much sir. The next question comes from Mr. Damania of HSBC. Mr. Damania you may ask your question now.

Anish Damania - HSBC - Analyst

Hello. Many congratulations for excellent numbers once again. Just a couple of questions I have. One is that – would you be able to quantify how much ADC you would have paid to BSNL on a mobile-to-mobile call in quarter four?

Your license fees as a percentage to sales is lowest in the last four quarters – any particular reason for that?

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

ADC we would not like to give such detail, because we don't get into those kind of details. But as license fee is concerned, I think that in the previous quarter there was an adjustment about 10 crores as a charge which had been taken extra by the pending demands of the DoT. On a like to like basis we are more or less at the same percentage.

Anish Damania - HSBC - Analyst

Thank you. Just one question in terms as a follow-up. The access and inter-connect charges have moved up from about 19.7% of sales to 24.1% of sales. Considering that the data revenues have improved to 19% of sales, is this largely coming from the fact of – there is ADC being paid now?

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

Absolutely.

Anish Damania - HSBC - Analyst

Therefore that should continue in the future?

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

I would think so. I would think so. The ADC is there. But hopefully we will see reduction in that, that's an industry demand but it remains at these levels, I would say this should be the same.

Anish Damania - HSBC - Analyst

Okay. Thank you very much.

Moderator

Thank you very much sir. At this moment there are no further questions from participants. I will now handover the floor back to Mr. Sunil Bharti Mittal for the final remarks.

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

Well, thank you very much. Thank you, all of you, for joining us on this important call. It has been a historic year for us here at Bharti and the Indian telecom sector. We believe that a number of regulatory challenges have been well met and therefore the regulatory regime in India has stabilized. Some remaining subsisting issues remain, which to my mind have been very actively looked into by the regulator.

There are opportunities of further consolidation in the market place. Whether Bharti runs up these consolidations or somebody else will do it. Consolidations seem inevitable giving more stability to the market place in the coming quarters and years ahead.

Growth is something, which is given in this sector. Not many industries around the world can claim to have such a fantastic given growth.

Bharti is well positioned to take a huge advantage of this growth, having now deepened its leadership position in various parts of the country and the opening up of the new markets in the next four to six months.

We hope to be back with you next quarter with good results. I personally believe that your tracking of our company and asking us all the details and giving us the suggestions and guidance from time to time has been of the utmost help to us.

Investor relations are something of which we are very proud of. It is very early in the life cycle of the company, we have been able to set up some significant processes to compete amongst the best benchmarks in the region.

I am pleased that Sonal and her team are continuously giving you all the necessary feedback and details in a very transparent fashion, which we are committed to do in the coming times ahead.

Once again, thank you very much for joining this call.

Moderator

Ladies and gentlemen, this concludes the earnings call. You may now disconnect your lines. Thank you for connecting to IndiaOne Meetxpress and have a nice evening.

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