Earnings Conference Call Transcript

Event: Bharti Airtel Limited Third Quarter Ended December 31, 2013 Earnings Call

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Bharti Airtel Limited Third Quarter Ended December 31, 2013 Earnings Call

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PRESENTATION

Sanya - Moderator

Good afternoon ladies and gentlemen, I am Sanya, the moderator for this conference. Welcome to Bharti Airtel Limited, third quarter ended December 31, 2013 earnings call. For the duration of the presentation, all participant lines will be in the listen-only mode. After the presentation, the question and answer session will be conducted for all the participants on this call. Present with us on the call today is the senior leadership team of Bharti Airtel Limited. Before I hand over the call, I must remind you that the overview and discussions today may include certain forward-looking statements that must be viewed in conjunction with the risks that we face. I now hand over the call to our first speaker of the day Mr. Sarvjit Singh Dhillon. Thank you and over to Mr. Dhillon!

Sarvjit Singh Dhillon - Group Chief Financial Officer - Bharti Enterprises Limited

Thank you very much, and a warm welcome to everybody on this call from wherever you are dialing in around the globe. Firstly let me wish you all a very happy new year. This is our first call of the calendar year and it is for the quarter ended as mentioned earlier for December 31, 2013. I have with me the senior management team of Airtel as usual. From India we have Gopal and Nilanjan, from Africa Operations we have Manoj and Hans, and we have Srikanth and Harjeet from or Group Finance and Treasury Functions.

Before I just go into the details of the quarter's events and some topical events outside, I will just ask Manoj to speak a word before he hands back to me.

ManojKohli – Managing Director & CEO (International)-BhartiAirtel Limited

Thank you,Sarvjit. I would like to introduce Christian to all investors and analysts. Christian has joined us mid September. Christian has a very long industrial experience of 30 years and out of that may be half of that in telecom sector; one initially with Axiata in Malaysia and other parts of Asia-Pacific and then a very very successful stint with MTN with great exposure to Western Africa especially Nigeria, Ghana, Cameroon, and many large markets of Africa.

We were lucky to have Christian come into our family in Africa. He has in the last quarter very systematically been inducted into Anglo-phone countries and Franco-phone countries. And of course, he is French, so he was fish in water in the Franco-phone countries and then Nigeria. I have handed over the entire responsibility to him by end of December and let me assure you I am really, really very delighted that we have got a leader who is so hands on, on the ball, understanding of the market, understanding of the continent and of course the business is extremely high. So welcome Christian and I am sure Africa will see many more achievements in times to come.

Also friends I am handing over the South Asia, as you saw in the announcement today, South Asia two countries to Gopal over the next few weeks and therefore the international portfolio is being divided into two parts and this will be my last call with you and Christian and Gopal will of course continue from the next call. Thank you.

Sarvjit Singh Dhillon - Group Chief Financial Officer - Bharti Enterprises Limited

Thank you, Manoj. Let me just start with two or three large ticket items, I think which are very, very topical at this juncture particularly on the India side because the regulation in India now continues, and I will use the word dynamics, it continues to be very dynamic. Some of the headwinds that we mentioned and have been mentioning in the last few quarters still exists such as one time fees, 3G, ICR, various taxes and other priorities, which are sector and company specific; still to gain some form of judicial system as we speak. This particular one I think probably interested in is which is more recent and over the next few days or weeks possibly is the Spectrum auctions in India. As you probably know the Company has submitted an application and EMDsfor the auction. I do want to take upfront for this call, this is very, very important issue that it would be and I think it is very unfair and inappropriate probably, for us to be commenting on this any specific issue as far as Spectrum auction is concerned today. So I hope everybody on the call does understand that it will have various market influences. And we have probably nothing further to comment on that, as far as today is concerned on Spectrum Auctions.

Just moving on now to regular business; key events of the quarter.I think you all are familiar with the fact that due to a very successful Euro-bond issues in the quarter following that successful last year US dollar bond issue of 750 million Euros and that was followed by a on by a tap later over the last month of earlier this month of EUR250million. It is a first, really, this type of transaction that we have taken on a Euro bond issue out of India, so we are very proud of that and this is part of our portfolio about diversifying our sources of funding, we have bank funding and now we have bond funding as well as ECA funding and 100% of the proceeds here have been used and are used to refinancing, So really no impact on any of our leveraging ratios, but does strengthen the length of our maturity profile as we go forward.

Second area really was the announcement of our comprehensive infrastructure sharing arrangement with Reliance Jio. As you know infrastructure investments and costs in India are very, very high. In fact, in Africa it is even higher than India more than many countries in Africa. To share infrastructure, backend infrastructure which is source of the market is the cost energy and economies of scale can be created. We have done that very successfully with our tower infrastructure model. We offer towers, both through Infratel and Indus, on a non discriminatory, market price basis This is of course at market costs to Jioshould they wish it, and we have already had an agreement with them historically three months ago on. So this is really continuing on that process to share infrastructure on a bilateral basis whatever is possible and it can only be positive as far as infrastructure provision in the country is concerned. It is a broad framework agreement. It is early days yet, but we should benefit from that point of view to avoid duplicate infrastructure in the country wherever possible and capital that gets absorbed and avoid necessary wastage.

Also as you are aware we have a strategy in Africa to be either number one or two wherever we operate. We are in such a position that 14 or in 17 countries that we operate in and where we have presence and more recently we acquired from the

Warid Group the assets in Congo B. This makes us the leading operator now in Congo B. As I believe, we have about, 3.6 million customers in that country.

Moving on now to Bangladesh, we acquired last year 3G license in Bangladesh. The license was also a commercial launch in that last quarter, and we rolled out more than 800 3G sites in Bangladesh as you know. Bangladesh has got the highest level of population density in the world. So it has a huge opportunity in the forthcoming years, and to-date we have already picked up about 75,000 3G customers, just reflecting, I think a general story for emerging markets where data is taking up quite dramatically.

I move on to various marketing issues -- the market issues, just a minor one on disclosure. In the interest of improved disclosure and governance, mainly due to the fact that Airtel Money is taking off in India as well. We have now segregated mobile services revenues from mobile services and others, others is comprising of Airtel Money and some elements of fiber connectivity in the network group. So if you look at page 15 of the quarterly report, you will see that segregation. That is what has been started from this quarter, (and ultimately going forward, as Airtel Money grows, we will see some color there over the next few years.

Market perspective-nothing really changing here from a strategic point of view. We have mentioned this in many previous quarters and forecast in the sector are still very, very high as far as Indian market is concerned, whether it is what we're looking at as far as Spectrum is concerned, whether you are looking at energy, maintenance or the billions of maintenance enhanced capital investments that have to be madenot only for core networks but also for data networks across the geographies. Along with inflationary pressures it is very, very important that the pricing however, has come back to the sector to a certain extent and continues and as we go through quarter to quarter, we are seeing an element as far as the Indian market is concerned, and even this quarter we saw voice rate per minuteimprove by another 0.39 paise, which is a third quarter of sustained increase, and we are very, very keen as the leading operators in the country that this improvement continues and this is a necessity for the viability of the sector, bearing in mind the input costs that we have. Minutes on the network also, in India showed an increase of 1.5% quarter-on-quarter, the only element I think in the quarter that we need to see this was with some of the cyclone impact in the country and that will have its own I think that is impact as far as particular events are concerned. We continue though however to try and eliminate waste.

That coupled with prudent acquisition policies and trying to get quality of customers is still a critical area to our business and you will see as a fact that we continue to drive for quality of acquisition and that has reflected to generate the 2.7% churn which is I think is the possibly the lowest in the industry in India so that kind of strategy is really paying dividends along with elimination of wasteful expenditure in sales and distribution cost and ensuring that growth to markets excellence is the focus of the company and we continue to drive that.

The other one is really on data, and as you see quarter-on-quarter the kind of data growth that we are seeing. In India data customers are now 54 million and that is one in four is using some form of data services at a growth of8% for the quarter and 27% on the overall basis. As far as the revenues are concerned, the usages of data to drive revenue again healthy growth quarter-on-quarter and maybe a 100% year-on-year, in factjust short of 1200 crore rupees this quarter. Data therefore today is dialed from double-digit as far as contribution is concerned at 10.3% in mobile users in India, against 5.7% in the corresponding previous quarter last year. So you really are seeing a continued quarter of data as being a revenue driver in the country.

The element just as we move on to the next piece is the 4G and we are providing services in four cities in India today and thumb rule and during the quarter 4G customers actually crossed 100,000 at the end of December. The story in Africa on this is very, very similar. Non-voice is contributing to nearly 20% of the overall revenue, and that is about nearly 30% of the base is using some form of data and data traffic in Africa on a blended average has actually increased 120% year-on-year and our focus continues on the continent to rollout and increase our 3G presence which is now in 14 countries out of the 17.

I am really happy to tell you that on Airtel Money, we are now present across all 17 countries to reach out to what I would say the say theunbanked population. Customer base using their Airtel Money platform increased by over 50% that 2.73 million as compared to 1.81 million on a sequential basis and transaction value is increasing dramatically on quarter-on-quarter and year-on-year. It actually increased 97% to $1.7 billion in the third quarter as compared to nearly $870 million in Q2 and $450 million in Q1. Average value of transaction is also increasing substantially. Today, it is about $23 versus $19 in the previous quarter.

So rest you can see as a strategy on a platform Airtel Money and 3G are clear plans of growth also in the African Continent. We really do believe, when yousee the revenue streams and the revenue growth that you're seeing in Africa quarter-on-quarter basis, that the inherent potential of the market continues to be great.

I will just move on to the summary of the results of the quarter, and during the quarter, the consolidated revenues were at Rs.219 billion that is a 13% increase year-on-year. Mobile data as I mentioned earlier increased by over 100% to Rs 17 billion and it is actually contributing to 35% of the overall increase of revenue in the Company. Consolidated EBITDA of Rs.71billion during the quarter, an increase of 23% and EBITDA margin improved during the quarter to 32.3% as compared to 29.8% in the corresponding quarter last year and that actually has resulted in a consequent improvement in our operating performance. EBIT for the quarter had increased by 55% on year-on-year basis to Rs.32 billion.

Cash profit from operations during the quarter that is excluding the derivatives and exchange fluctuations grew by 30% and that stands at Rs.62 billion. Net financing costs during the quarter came down by 13% to Rs.11 billion and remember the last quarter we did see a slide in the rupee against the dollar and of the trend reversed this quarter in terms of stabilization. So that kind of helped and we have seen an element of depreciation in absolute currencies this quarter.

Tax for the quarter at Rs. 14 billion across India and Africa, due to the higher PBT in India and a significant rise in withholding taxes in the African Continent, and as well as from one-off settlement. Let us talk a little bit about exceptional items during the quarter. You will see it in the quarterly report anyway and you will read it in the MD&A section. We have taken a charge of about Rs.2.2 billion and that is really comprisingof a small gain of Rs.304 million which is a reversal of a charge recorded in the previous quarters. So the tax spends of Rs. 2,762 million which comprises of various settlements of disputes, and also taking into account the minority shares with respect to those points as well.

As a results of that the net profit for the quarter stands at INR 6.1billion. The operating free cash flow this quarter was 43 billion that is a growth of 20% year-on-year. On CapEX as you know usually this time of the year we do give you some elements of color as to what is going to come as far as the CapEx is concerned for the following year. As far as this year is concerned we are standing at about 1.2 billion for the nine months, it is about 453 million for this quarter, US dollars that is and we do think that we may be somewhere near that up to maybe 2 billion at the end of this year with the kind of investments we are looking at, if not that they may roll over, maybe a couple of million in the next year and that is excluding Indus. Next year excluding Indus we are looking at up to about $2 billion for FY 2015 and it is also subject to whatever flows through and the balance may be for this year.

The balance sheet as you can see the net debt is now about $9.3 billion as of December and the ratio of net debt to EBITDA was 2.04 and 2.5 the same period last year. So before I carry on the question and answers, let us talk a little bit about the tower companies that you know the results we have had last week. Tower based lines posted a tariff at 82,800 registrations on account of 163,000, so overall average sales factor is at 1.96. Indus itself has now crossed the magical two mark as well, as far as the sharing factor is concerned. Service revenue was Rs7.6 billion, EBITDA for the quarter was Rs5.3 billion and so I think B2B business mobile is continuing to generate cash flows and earnings and ROCE is continuing to improve. It is a very stable business model as you know.

So that is really covering I would say the major points that we wanted to share as far as the general introduction is concerned both on regulations and key events of the quarter, a little bit on the market perspective, in India and the international business particularly Africa and some financial indicators so I think we will now go back and open it for Q&A. If you can take it back. Thank you.

Sanya - Moderator

Thank you very much Sir. We will now begin the question and answer interactive session for all the participants who are connected to the audio conference service from Airtel. Due to time constraints we would request if you could limit the number of questions to two to enable more participation hence management will take only two questions to ensure maximum participation. Participants who wish to ask questions may please press "*" and "1" on their touchtone enabled telephone keypad. On pressing "*" "1" participants will get a chance to present their questions on a first in line basis. To ask a question participants may please press "*" "1" now.The first question comes from Mr. Sachin Salgaonkar from Goldman Sachs, Mumbai. Mr. Salgaonkar you may ask your question now.

Sachin Salgaonkar –Golman Sachs- Mumbai

Thank you for the opportunity. I have two questions. My first question is on India. The question is do we see a room for RPM improvement to continue going forward given the fact that we already are on a high base with four consecutive quarters of all most RPM mentioning up and is there any risk we see to this because of slowing economy or perhaps a higher competition? Second question is on Africa, when we look at your capex in Africa it is the fourth consecutive quarter where it has gone down, so do you see the risk of market share loss out there as your competitors continue to invest on capex out there? Thank you.

Gopal Vittal- Joint Managing Director and Chief Executive Officer - India - Bharti Airtel Limited

I think we have always maintained over the last few quarters that there is a room for reduction of discounted minutes and a gradual movement up of voice realization. The difference between the the headline tariffs and the realized tariffs is almost 30% to 40%, so there is still substantial headroom for actually cutting back on discounted minutes. That said I think the challenge is to continuously look at the impact of elasticity and really see how much volume you are able to recoup as you take up those rates. So that is something that we will continue to look at.

Sachin Salgaonkar –Golman Sachs- Mumbai

Thank you.

ManojKohli – Managing Director & CEO (International)-BhartiAirtel Limited

Hi Sachin this is Manoj. On capex let me share with you that our capex is going on, rollouts are going on quite in a stable fashion. We are focusing much more on utilization of the capex which has already been installed and commissioned in the last 12 to 18 months and all the revenue growth you are seeing is from higher utilization of our existing networks. We believe that utilization's can go up and we have enough headroom for growth in the coming three to six months. Of course, as we move more into data world our capex towards 3G may pick up in the next year or so but otherwise we are not constraining our capex at all and it will not have any impact on RMS. Actually our RMS is going up in many markets.

Sachin Salgaonkar –Goldman Sachs- Mumbai

Manoj, just small followup on this. I think in the earlier remarks Sarvjit did mention that strategy in Africa is to become a number one or a number two. Now I presume it is organic and inorganic, but the question out here is if you do not see that happening in maybe five or six years, is there a call to exit some markets?

ManojKohli - Managing Director & CEO (International)-BhartiAirtel Limited

Okay we have not taken the negative call yet and I don't know when we will take it but as on date our strategy is a strategy of organic growth plus consolidation, two markets which we have announced, Uganda we have gone up to 41%, Congo be have gone up to 51% of the total RMS which is great, now we believe that in Africa number three player and even a weak number two player may not earn profits in the long run, so we are testing out each market by market so that we can organically or inorganically grow to that stage of being a strong number two. My own definition of strong number two is that the strong number two has to be let us say 30% or so if not more, only then you earn reasonable EBITDA margins and have a site on to becoming stronger towards 40% or so, so we have not taken any negative calls but our aspiration remains to be either number one or strong number two.

Sachin Salgaonkar – Goldman Sachs - Mumbai

Okay and all the very best for auctionsin India.

Sanya - Moderator

Thank you very much sir, the next question comes from Mr. Srinivas Rao from Deutsche Bank, Mumbai. Mr. Rao you may ask your question now.

Srinivas Rao – Deutsche Bank – Mumbai

Hi,Thank you. Two questions first, on the India mobile side we have now seen the EBITDA table particularly in the mobile business kind of be at around 38-39 billion kind of a number, just wanted to ask Gopal as to what have you been doing over the last 12 to 18 months which has kind of helped to basically bring the business back on rails, secondly also your comments on the organizational changes which have happened over the last 12 months would be helpful.

Gopal Vittal - Joint Managing Director and Chief Executive Officer - India – Bharti Airtel Limited

Thanks Srinivas, let me take both those questions. Over the last 12 months I think we have defined a strategy which is predicated on fundamentally four key business levers, the first is really improving our go-to-market excellence and this is fundamentally two things, one is a significant emphasis on improving the quality of acquisition. We are using a lot of outlet level analytics. We are using intelligent pricing, we have reconfigured channel commissions in centers for the frontline and KPIs in order to actually drive this whole quality of acquisition and that has resulted in lowering of churn, so our churn today is about 2.7% which is amongst the lowest in the industry and compared to many other operators around the world, those were prepaid businesses, this is a very, very low level of churn.

The second component around go-to-market excellence is really driving our voice realization, again we are using a lot of science to cut back on discounted minutes, optimizing the tradeoff between volume and rate in order to drive revenue and that is why you have seen a sustained improvement in voice realization. The second component of this is really to reshape our customer experience around our valuable customers, you have seen the innovation we came out on postpaid with My Plan, I presume you are also aware of the radical changes that we are trying to bring about in our customer experience through a combination of automation, redefining business processes and relooking at some of our KPIs. This is a long journey. This will take us next couple of years but we are already seeing signs of lowering of customer churn amongst high value customer base.

The third component of our strategy is really to drive data much harder, mobile internet and this is through a combination of a smart network investments, rolling out of 3G where relevant as also driving the category through leading innovation around content and intuitive pricing. We launched our entertainment portal our 1 rupee store. We are trying to change the vocabulary away from megabytes and gigabytes in to songs and videos and we are very pleased that a very large percentage of new users are coming in through that store.

The fourth driver of our strategy is to really strip out and eliminate waste and here we are looking at improved capital productivity through sweating our assets harder, we are looking at every line item of cost in order to strip out wasteful operating cost and that has given us a substantial dividend during the course of this year. A combination of all of these things has actually resulted in reasonably good revenue growth and an improvement in operating margin.

Our fifth priority which leads me to your second question is really around people. We have got about 15,000 people. We spend a lot of time energizing the front end particularly the sales people in the front end to really deal with some of the changes that we are tying to bring about in terms of quality of acquisition and this company is known for its ability to execute brilliantly and this is a team that has really executed very well in the front end. There had been some changes at senior management over the course of the last one year, some people who went on to do other jobs in other companies, taken on positions of leadership, we are very proud of some of our alumni who have actually gone on to bigger jobs, better jobs and we wish them very well. There have also been a few changes that we made as we gone forward but suffice it to say that we have a very, very high quality top management team with a combination of people who have actually grown with Airtel over the last five to ten years, Nilanjan is here, he is our CFO, he has been here for several years and of course there have been a few people we brought in from outside who raised the capabilities of the company.

Srinivas Rao – Deutsche Bank – Mumbai

Thank you Gopal, this is really helpful, thank you so much and I will come back for more questions in the queue.

Sanya - Moderator

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

Suresh Mahadevan – UBS – Singapore

Good afternoon, thanks for the opportunity and congrats on showing momentum on data, voice pricing, voice volume etc. I have two quick questions; one is I think on the operating leverage in the mobile business. It seems to me that you are improving volumes, you are improving the voice realization by taking out the discounted minutes, I think still we have not seen the full operating leverage on the mobile EBITDA margin, is it because you are investing at the same time because of the data pickup I just wanted to understand that and that is question number one, the second question is about data in general, how do you see this evolving over the next few years, are we going to go towards a predominantly 3G based data network because I think it seems to me that the price points of mobile phones are reaching a level of affordability where we can potentially do that or do you think it is going to be 2G in rural, maybe 3G in urban areas and 4G in really big cities as like a fixed broadband kind of substitute, so just wanted to hear you think about the data business in terms of the various technologies. Thank you.

Nilanjan Roy – Chief Financial Officer India – Bharti Airtel Limited

Suresh Hi, Nilanjan here. I think the question of operating leverage is absolutely valid but as you see over the last one year in mobile margins from 31.6% have gone up to 36% I think this is a combination of all the factors that Gopal mentioned previously and that is fundamentally operating leverage is about sweating our existing assets making sure prices go up because that goes completely to the bottomline, data again completely goes to the bottom line. There is no access cost related with it, so I think all of these relate to improved operating leverage going forward, networks we continue to invest and you will see our network cost line, 3G, 4G I think we continue to be investing ahead of the curve and that is very, very important for us looking at where data story is going to go, so in fiber we are putting data well ahead of what we need because these networks take long time to fructify and therefore these costs continue to chip away but I think in the long run they are worthwhile investments for us and I think we continue to follow that path.

Gopal Vittal - Joint Managing Director and Chief Executive Officer - India – Bharti Airtel Limited

Suresh, as regards to the question on data, if you look at the fundamental issue here is really the ecosystem on devices. If you look at our customer base out of 200 odd million -198 million customers the large number of devices that are there on our network are really 2G, GPRS enabled devices of the data enabled devices, out of the 198 million, about 100 million odd data enabled devices. 3G devices are much, much lower and despite the fact that 3G handset prices are now down to about Rs. 4000 you are still seeing only around 16 to 18% of devices on the network which are 3G compatible. 4G will be further out because as there are multimodal chip sets there will be larger screens, if you want high speed internet you need a large screen device, you need a good camera and all these cost money and it is unlikely that with a 4G device will be anything like 4000 in the course of the next one or two years, so I think what you are going to see a growth in data across both 2G, 3G and 4G. This will be in the short term. In the longer term you will of course see rapid acceleration of 3G and 4G as device ecosystems grow, as device costs come down and of course as network economics of more sophisticated technologies reduces the overall cost.

Suresh Mahadevan – UBS – Singapore

Is it fair to say that over the next maybe 3, 4, 5 years having the mass market is going to be a combination of 2G and 3G predominantly given I think the factors you all talked about?

Gopal Vittal - Joint Managing Director and Chief Executive Officer - India – Bharti Airtel Limited

I think if you were to look at what is happening, if you look at most projections around the world it would be fair to say that but I would qualify that by saying it is really dependent on rollout of networks and what happens to devices and what operators choose to do with devices, how much LT devices grow in markets like China, what the scale is going to be, so it is a little bit unclear but what you are saying makes sense and I think that is how it will probably play out in the short term. In the longer term some of these actually see exponential decline in some cases, so as technology evolves it might fall off quite dramatically but that is unclear at this stage.

Suresh Mahadevan – UBS – Singapore

Thank you so much, thanks for sharing your views, it was really useful.

Sanya - Moderator

Thank you very much sir. The next question comes from Mr. Shobit Khare from Motilal Oswal Securities Mumbai. Mr. Khare, you may ask your question now.

Shobhit Khare – Motilal Oswal Securities – Mumbai

Good afternoon sir. Thanks a lot for the opportunity. First question is on SG&A expenses and depreciation expenses in the India business, was little surprised by the absolute decline in SG&A and also flat depreciation, so wanted to understand what is driving this. Second is there seems to be a significant swing in the net finance cost in India business. If you could throw some light on that as well.

Nilanjan Roy – Chief Financial Officer India – Bharti Airtel Limited

Shobit in the overall SG&A these includes basically marketing, sales and acquisition cost and also bad debts. Overall if you see the color between them I think our acquisition costs are largely flat. We are seeing some benefits of bad debts in this quarter which comes from across various businesses, so nothing to worry about in a consistent trend. On depreciation we actually have if you look at incremental capex of about 1600 Crores it would add on a routine basis about 25-30 Crores of depreciation although you are saying it is flat which is a fact, usually we would have one off on depreciation of additional charges of depreciation between quarter-to-quarter that is the only thing but otherwise the charge is not that much on the incremental capex.

Shobhit Khare – Motilal Oswal Securities – Mumbai

Sure and on the finance cost?

Srikanth Balachander – Chief Financial Officer – Bharti Airtel Limited

Shobhit, Srikant here. I would also before I come on finance cost just wanted to add a little bit on the depreciation comment that Nilanjan made you will recall that two quarters back we had done a review of life of certain assets and we had disclosed that there could be a short term impact on some of the assets etc., so all of that is playing out as you can see in the depreciation numbers where some of the reductions are neutralizing the impact of the capex and so on and so forth, so I think that is one factor to keep in mind on depreciation. As far as finance is concerned if you look at the overall finance cost of the company the interest cost over the quarters are more or less in line with movements in the borrowed debt and that I think is pretty straight linear equation for all of you to see and where the debt is incurred in dollar multiplied by the rupee and you can see that the interest is more or less flat. As far as derivatives and exchange fluctuations are concerned it is a derivative of what has happened to the rupee to the dollar as far as dollar exposures in India are concerned and as far as the dollar exposures of the African countries are concerned so it depends on each of the country's currencies how they move with the US Dollar and those are captured in the derivatives and exchange fluctuation. The investment incomes are predominantly in India and we saw some movements in the marked to market of the valuation of the investments in the last two quarters we had some gains in the first quarter and then we had some losses in the second quarter and again this quarter we have had some gains but if you look at year-to-date basis the investment incomes including the unrealized losses or gains on the marked to market of the investment is showing an overall gain income of about Rs. 4.4 billion and that is captured in the overall statement, so that is what I wanted to share on the finance costs, if you have any other questions you can ask.

Shobhit Khare – Motilal Oswal Securities – Mumbai

Sir, if you could also give some idea on the tax rate going forward and that is it from my end.

Srikanth Balachander – Chief Financial Officer – Bharti Airtel Limited

Okay, let us split the tax rate in to two components, number one let us take India. In this quarter we have taken a charge of 126 Crores on a provision for dividend distribution tax of undistributed profits of joint venture which is Indus and that has been taken in line with the IAS 12 which is the IFRS standard which says that you should provide for such liabilities as long as management intention at shareholder agreement is there which is the case as far as Indus is concerned, so that provision has been taken as far as IFRS standard in this quarter, eventually when the dividends are declared by Indus it will not hit the P&L because we are now taking it on the basis of the undistributed profit itself. Including the impact of this dividend distribution the full year tax rate for the nine months so far in India is standing at 26.7% and this compares to 27.7% effective tax rate for the full year last year, so it is not much different from the effective tax rate seen last year but if you exclude the dividend distribution tax and the other surcharge increase that we had provided for last year the effective tax rate in India is 24.9% for the nine months this year which is exactly in line with the 24.9% last year full year as well, so India effective tax rate is in line with last year. As far as Africa is concerned we had disclosed in the last two quarters that we are taking up provisions for withholding taxes on the undistributed profits of the profit making subsidiaries as well and that is really contributed to the increased charge on the tax line. On top of that we have had some settlements and impact of some completed assessments, they have also impacted the taxes, so as a result you are seeing the nine months charge in Africa at about $200 million, this includes one-off settlements and impacts of assessments of the past period of about $40 million. If you exclude that you have a running rate of about $160 million for nine months you could safely add about another 10 to 12% of that as a running rate in Africa.

Sanya - Moderator

Thank you very much sir. The next question comes from Ms. Reena Verma from DSP Merrill Lynch, Mumbai. Ms. Verma you may ask your question now.

Reena Verma – DSP Merrill Lynch – Mumbai

Hi, thank you very much for the call, just a few questions from me. Firstly, can I please request Gopal to comment on the absolute level of voice RPM versus competitors. I am quite surprised that for a few quarters now the RPM level of the market leader appears to be lagging that of some of your other listed competitors, so please if you can help us understand what is it that you are not doing or doing differently. My second question is on the capex intensity across your businesses. If you could please just comment on whether the current level of capex to sales as people traditionally look at the intensity in telecom whether that is likely to stay low and if so why and finally on Africa we have seen a very material shift in you revenue mix in Q3 this year relative to Q3 last year, is this the kind of mix that we should expect in fiscal 2015 because the traffic growth has completely collapsed. I am quite surprised that the instantaneous impact that the tariff increase has had in terms of its elasticity, so I would request some inputs there, thank you.

Gopal Vittal - Joint Managing Director and Chief Executive Officer - India – Bharti Airtel Limited

Reena I am not in a position to comment on what our competitors are doing but what I can tell you is that as far as rates are concerned we have a very simple strategy and that is to reduce the discounted minutes that are there on the network and we have not touched the headline and rack rates. Now, at the end of the day you must understand that voice realization is an outcome of customers on different types of price plan, so it could be a customer on a rack rate a customer on a discounted tariff plan and so on and so forth. Given our efforts to reduce discounted rates and not touch the rack rates the outcome is what you see reflected in the numbers that we have reported. Some of our competitors may be taking up rack rates, we are not in a position to comment on that but that is the mix you play and this is guided by a belief that this is the best way to actually play in this market in order to drive down churn, so we have got a eye on the ball on churn as well as rate and revenue and that is really what we are trying to optimize here.

Reena Verma – DSP Merrill Lynch – Mumbai

So Gopal if I may quickly follow up then would it be fair to assume that in markets where you are leader by a mile you would not offer discounted minutes and hence not listing RPM in those markets?

Gopal Vittal - Joint Managing Director and Chief Executive Officer - India – Bharti Airtel Limited

That is not true Reena, what you find is that actually the discounted minutes that you see being sold in the market actually not so much discounted minutes but discounted tariff plan and that is there all across the markets so even in a market where you would traditionally be a leader what you would find is that there will be a situation where there is a big differential between the rack rate and the discounted rate.

Nilanjan Roy – Chief Financial Officer India – Bharti Airtel Limited

Reena, on your question on capex if you see our capex investments actually they are largely business driven, we don’t go by certain ratio. You must also realize that we have a big leverage of the number of towers of 2G which are already on the ground and that is being leveraged definitely across as we go more and more rural. The 3G which comes up as only on an incremental basis because the tower is already up and therefore we are getting that leverage across all our geographies. Our fiber investment continue to be heard like I said and we can put 3000 kilometers of fiber during this quarter and like I said we are investing ahead of the curve, so I don’t think there is any intention to cut back on capex or low capex intensity, we realize what this business means and we will continue to invest whatever is required to for that.

Reena Verma – DSP Merrill Lynch – Mumbai

I did not quite catch your guidance for fiscal 2015, did you give a number, I though Sarvjit gave a number at the outset and I was just wondering how you think about capex to sales over the long term and for fiscal 2015 please?

Sarvjit Singh Dhillon - Group Chief Financial Officer - Bharti Enterprises Limited

Just to reiterate, like I said, we are looking at not changing what we gave as guidelines for this year, which is about $2 billion including Indus. Some of that may flow into the first quarter of next year, but in standalone we expect next year may be to be about $2 billion, these are consolidated basis excluding Indus. The issue of CapEx to sales ratio, we did capital productivity anyway, but to be quite honest as Nilanjan actually mentioned this we are a CapEx on Demand Company. Depending upon the portfolio that is required and the kind of contracts we have anyway, I believe thatwould determine really the way we handle as far the demand is concerned and as you know we are migrating a bit more towards data requirements and less 2G, passive infrastructure principally in all our markets is in place, as far as India is concerned, Africa we have lot of spectrum therefore requirement of towers is much less and we are having 3G electronics, so I think I would say the demand will say determine the level of CapEx, that is what we are looking at as of now, but if it shoots through the roof obviously for the month and revenue we will satisfy that.

Reena Verma – DSP Merrill Lynch – Mumbai

Okay, thank you. And on Africa, finally, please?

ManojKohli - Managing Director & CEO (International)-BhartiAirtel Limited

Reena, frankly the Q3 last year and Q3 this year the character or our competitors intensity has changed. Last year I recall our competitive intensity in Africa was high, lot of free minutes were given and high and lead to high usage across the industry including us. This year the character of the competition is more collegial, more easy and therefore prices are more stable. To the extent that in some markets, tariffs have gone up and obviously we are seeing some negative elasticity as the tariffs go up, and the usage goes down. That is one of the reasons where the rates, voice rates have gone up per minute but the minutes did not grow as much as we expected and that is a very natural phenomenon. Going into the next year we believe the tariffs will remain stable. We also believe that elasticity in Africa as we have said is not too much and therefore usage will continue in normal basis, but in the other hand data and Airtel Money will grow disproportionately and that is very clear. So luckily voice will continue to grow, Airtel Money data will continue to grow much, much higher. On the other hand, the device play we are changing our strategy. Earlier there were some devices we were selling,actually it came down to a very miniscule level and we will use our major distributors for devices. So that is a change between last year and this year. I hope you understand.

Reena Verma – DSP Merrill Lynch – Mumbai

Thank you for your comments, Manoj. I am not sure if I understood why traffic did not grow this quarter QoQ?

ManojKohli - Managing Director & CEO (International)-BhartiAirtel Limited

I stated that the voice rate has gone up in many markets.

Reena Verma – DSP Merrill Lynch – Mumbai

But you are also saying that Africa did not see elasticity, so then why did the traffic correspond this quarter?

ManojKohli - Managing Director & CEO (International)-BhartiAirtel Limited

The ARPU actually is stable, which means that the customers will spend only this much if the voice rate goes up, the usage comes down.

Reena Verma – DSP Merrill Lynch – Mumbai

Okay, thank you. Thank you very much.

Sanya - Moderator

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

Rajiv Sharma - HSBC - Mumbai

Thanks for the opportunity, just a couple of questions. First is on this -- the CapEx side, that one of your competitors has added some 11,500 sites this year, whereas your 2G site expansion this year is just somewhere around 3,800. So is there a chance that again next year, as you say CapEx on demand, is there a chance next year we may see a certain bump-up in your 2G CapEx and that could impact the free cash flows, because we will have Spectrum renewals and other stuff coming in? Second is on the EBITDA, India wireless EBITDA, it seems that this is more driven by incremental revenues, because of improvement in voice rates and cutback in employee cost and S&D, but it is not appearing that there is lot of productivity assets are coming here. So is there a constrain in terms of incremental expansion going forward that is all voice RPM driven and is there a room to cut costs further, because most of your OpEx is like outsourced, so is there a flexibility really there? And lastly on your Africa EBITDA, it's stable for the last seven quarters around at USD 300 million. So is there any color as to how one should model it from a six, seven quarter perspective? Thank you.

Gopal Vittal - Joint Managing Director and Chief Executive Officer - India – Bharti Airtel Limited

Rajiv, I will take the EBITDA question and I think as commented on earlier, if you just see year-on-year on the mobile side, our revenues are up by about a 1000 Crores and EBITDA is at about 800 Crores. So that is about 80% incremental EBITDA margins. I think if we have to give away 10% of access and 15% to the government which is 25%, pretty much we are leveraging every drop of balance into the bottomline. So, I think the leverage is really, really playing through. In that sense, we are quite happy with the margin improvement and I am sure there are opportunities like Gopal mentioned of improving it further but I think on year-on-year 80% incremental EBITDA margin is I think, very, very healthy.

Rajiv Sharma - HSBC - Mumbai

Sorry, just for a small follow-up there; that my real question is, is there a flexibility in terms of costs going forward, as you have done a lot of cut in employee cost and S&D. The industry has been rational, so there have been savings, but incrementally, do you have some leverage or operating leverage left?

Gopal Vittal - Joint Managing Director and Chief Executive Officer - India – Bharti Airtel Limited

Firstly, I think, Rajiv in this business as you know employee cost is a very small fraction of the total cost. I think the biggest driver of operating leverage comes from additional revenue growth. Second big driver of operating leverage comes from stripping out waste and if you look at that waste that you stripped out there has been a significant reduction in sales and distribution costs, which I referred to through our strategy of improved quality of acquisition, cut back of channel commissions etc., we are also looking at things like network cost where there could potentially be energy savings and so on and so forth. So waste elimination across the board is the key mantra, and waste elimination by itself will not give us the operating leverage unless you get revenue growth. So waste elimination coupled with revenue growth is what gives you the operating leverage in this business and that is really what the current year is about. As regards your question on CapEx, I think, you must appreciate the fact that we have almost 136,000 to 137,000 base stations of 2G right across the country. We have the largest number of base stations, the largest network in India covering pretty much 85% odd of rural India and almost every single town. I think going forward our 2G investment are going to be focused on continuing to invest wherever there are capacity requirements. We will be very cautious about going into new towns. We will actually spend a lot more on 3G and fibre and getting ready on data network for the future. That is really how we are going to approach it. That is what we have done this year. I see no reason why fundamentally that strategy should change going into the next year.

ManojKohli - Managing Director & CEO (International)-BhartiAirtel Limited

Rajiv, let me come to the EBITDA question of Africa. I think your question is valid on EBITDA are not growing as well as we aspired too. Particularly in this quarter, we have invested in two areas substantially – network and marketing. In network the sites have gone up, MSA conversion has happened. We have lot of barter sites, and because the Tower Co., is round the corner, we are converting all the barter sites into MSA standard MSA agreements and energy costs have gone up in three countries like Zambia, Chad, and Gabon. In the marketing side, we have really had aggressive primary growth. We also have invested in brand in few countries in a significant way so that our brand scores are improving. Finally Airtel Money definitely is taking our investments because we want to really start of Airtel Money in the next one year in a big way. That demands I will say an opening investment for first year which is important to lay the foundation, but let me assure you all these investments of our topline growth and I will request Christian now to share how topline growth will lead to margin growth next year.

Rajiv Sharma - HSBC - Mumbai

Manoj, just a small follow-up here.So this subscriber run rate, which we are seeing for the last two quarters, around 2 million in Africa, is that something one can take as a good trend, because there was dip big in June. I understand it was because of KYC and one-offs. But these -- the cell sites, 2G cell sites have been stable around 17,000, which mean there is no major cell site expansion going. But I take your point Airtel Money and 3G are driving revenue growth. But subscriber addition, can it slip off, is this the peak in terms of additions there?

ManojKohli - Managing Director & CEO (International)-BhartiAirtel Limited

Let me also go back to what I said about half an hour back about network utilization. You know we started with the utilization ethos of 70% then it went to 80%, 90% with the same network, our utilization can be higher hence more subscribers, more customers, more traffic usage can happen with the same sites. Syria as you know is growing very well also. So, we believe the customer growth of 2 million, 2.5 million or even 3 million in some quarters will continue is sustainable, and on top of that I will request Christian to share with you how he is planning to grow it further.

Christian de Faria – Chief Executive Officer, Africa – Bharti Airtel

In Africa, topline really the main topic in Africa.And with mark-to-market, commercially and better utilization of our assets on the ground and we do believe that we will be focusing going forward on a very detailed macro segmentation to make sure we are capable to capture middle to high value customers in a better way that we have done in the past. So, I mean selected investments in brands going forward and so the positioning of the brand in Africa will really definitely will help us if we want to capture a better part of the market and will allow us to grow faster than the market going forward. I think, one, is seeing the importance, -- we have got a unique footprint in Africa and we need to capitalize better on these footprints, a better value proposition across border. I think that investment we have been doing in 3G capacity has to be really spreadmore adequately. And a big topic is topline and really making sure that we have more efficient distribution approach. I do believe that we have a huge improvement on how we capitalize on our distribution network. This is definitively a big topic on topline and as we go along I will have the opportunity to give more details.

Rajiv Sharma - HSBC - Mumbai

Yes, thanks. Thanks a lot. This is very helpful.

Sanya - Moderator

Thank you very much Sir. The next question comes from Mr. G.V. Giri from IIFL Capital, Mumbai. Mr. Giri, you may ask your question now.

G. V. Giri – IIFL Capital - Mumbai

Thank you very much. Two questions on India. You seem to say in your opening remarks that your CapEx will touch USD 2 billion at the end of FY14 and that seems to imply a pretty big jump of USD 800 million, and since in Africa, you have already done 75% of your CapEx for the year, it seems that the bulk of the jump will be from India. So what is the acceleration in India being caused by? Second question is that in this quarter, you have seen fairly damped minutes growth in India, so what is happening here? Is it spending weakness in the environment or is it elasticity and resistance from subscribers or just the ebb and flow of competition?

Nilanjan Roy – Chief Financial Officer India – Bharti Airtel Limited

On the CapEx part, yes, I think if you do the math itself, Q4 will look lumpy and I think like we mentioned earlier the CapEx actually depends on what we can execute on the ground and a lot of places that are fiber, you depend on whether you get permissions, etc., so there is definitely an amount of lumpiness and of course probably on site success, 3G and 4G we will be looking at stepping that up. So, yes there should be a set up in the CapEx in Q4.

Gopal Vittal- Joint Managing Director and Chief Executive Officer - India - Bharti Airtel Limited

Giri, Gopal here,on your question on damped minutes growth as you call it, I think we are seeing a sequential growth in minutes of 1.5%, but do not forget this came on the back of a relatively lower dip in Q2 when compared to many of our other competitors. So, if you look at the minutes growth, there is another way to look at the minutes is between Q1 and Q3, which will kind of equalize it. There is a bit of softening but it is not a significant yet. So, just to give you some numbers, if you go back and look at Q1 the year-on-year growth on minutes would have been in the ballpark of 7% but if you see Q3 that number is just a shade under 6%. So there is a bit of softening. It is not significant yet, but you must remember that as part of the consumer is concerned there is inflation all around so there may be some pressure on the wallet and I do not know how this will play out in future, but as of now I would not say elasticity is anything alarming.

G. V. Giri – IIFL Capital - Mumbai

So, how are you seeing your smaller competitors react, because yesterday Idea Cellular seemed to say in the call that they have a struggle in raising the tariffs in their challenge of new circles, so are you seeing that when established players raise tariffs, the smaller companies like Telenor, etc., are having the struggle or they are also raising it up and discount with respect to the competitors is almost preserved?

Gopal Vittal- Joint Managing Director and Chief Executive Officer - India - Bharti Airtel Limited

I think what we have seen this year is as we have raised our tariffs most competitors have followed, most competitors have also raised their tariffs. There are a few smaller operators who tend to play at a significantly higher discount compared to us. I suspect that in the quest for filling capacity utilization on their networks that will only continue. The fact is that if we take up the tariffs, I see no reason why many of our other competitors will not follow. They may not follow because they still have gap but they will still follow.

G. V. Giri – IIFL Capital - Mumbai

Sure. Understood. Thanks a lot.

Sanya - Moderator

Thank you very much Sir. The next question comes from Mr. Sanjay Chawla from JM Financial, Mumbai. Mr. Chawla, you may ask your question now.

Sanjay Chawla - JM Financial - Mumbai

Hi, good afternoon. Thank you for the call. I have three questions. One is on your interconnectcost in Africa. It seems to have gone up sharply by 9%, much more than the traffic growth, so what's happening there? Secondly, in Africa again we have seen almost a 10% drop in employee cost -- I mean you see it in SG&A expenses, is there any reclassification, are there any one-offs? And thirdly, your Airtel Enterprise business EBITDA has also grown quite sharply, without major revenue growth. And you also talked about some one-time settlement there. Could you quantify that one-time settlement amount, please?

Nilanjan Roy – Chief Financial Officer India – Bharti Airtel Limited

I will just take the enterprise EBITDA and I think this is one business every quarter I think we have to come with an explanation because the margin swings, but the reality of the business is it is a global business. It is a global voice business and they are hundreds and thousands of wholesale operators in this business. So usually it happens from quarter-to-quarter you come across good deals and quarter-to-quarter you come out of unprofitable minutes and this is just a reflection of that in this quarter. So we have come out of some unprofitable minutes in the business and also got some upside on one off the tactical deals, which we have got across the globe. So that business will continue to swing around the 20% kind of mark and some quarters we have seen below that and some quarters we have seen it higher than that, but that is the very nature of beast on the Airtel business.

Sanjay Chawla - JM Financial - Mumbai

Are you suggesting that the extra margin above 20% is probably due to the one-time settlement?

Nilanjan Roy – Chief Financial Officer India – Bharti Airtel Limited

We see it as a long-term trend, so I do not want to say what can it be going forward but this is a long-term trend is hovering around that.

ManojKohli - Managing Director & CEO (International)-BhartiAirtel Limited

I think there were two questions; one was NR ratio. I think the NR ratio has been growing steadily in the last year or so, if you see the extra charges now have gone up by about 0.9%. I think the focus has been very highly on picking up lot of off-net traffic also and that actually led to the access charges being slightly higher. Otherwise we do not see any other major reasons.

Christian de Faria – Chief Executive Officer, Africa – Bharti Airtel

In few it is the competition the dominant player is on-net aggressive on-net strategy in two main markets. We should have really taken a heat on the incoming traffic, which we have really corrected.

ManojKohli - Managing Director & CEO (International)-BhartiAirtel Limited

I do not think it is a permanent thing. I am sure NR will keep on growing in the coming years. The second question was on SG&A. As I had explained earlier, I think last few months we are invested heavily in branding, in major markets like Nigeria and that is one of the reasons Nigeria has done well. In some other large markets like DRC etc., Airtel Money continues to go through major promotions and there is I will say investment which will continue for another two to three quarters. Finally the primaries- I think these have led to SG&A growing more than normal. But all these are investment areas and we are sure that this will lead to upside in the coming quarters.

Sanjay Chawla - JM Financial - Mumbai

And Manoj, the reason for the decline in employee cost in Africa?

ManojKohli - Managing Director & CEO (International)-BhartiAirtel Limited

The employee cost you know two to three changes happened in Africa. One was that we integrated Uganda which is Warid Uganda. So that is one change where the numbers and costs may have gone up. Second was that we are also initiating restructuring of some markets especially Franco where we have let go our unproductive or low performing employees and that redundancy cost we have taken in this quarter. It is one time redundancy cost.

Sanjay Chawla - JM Financial - Mumbai

Okay. Thank you.

Sanya - Moderator

Thank you very much Sir. The next question comes from Mr. Miten Lathiya from HDFC Mutual Funds, Mumbai. Mr. Lathia, you may ask your question now.

Miten Lathiya - HDFC Mutual Funds – Mumbai

Yes. Thanks. Two questions. The Africa tax guidance used to be about $100 million if I remember correctly. You mentioned earlier that it is now $200 million. Can you split it up between withholding tax and normal income tax and could you also help us understand how tax in Africa will progress as earnings grow over the next few years? The second question on India data is that data pricing has held fairly steady so far. As all operators expanded 3G footprint, what or how should one look at data pricing over the next 12, 24 months? Thanks.

Srikanth Balachander – Chief Financial Officer – Bharti Airtel Limited

I will take the question on the Africa tax. I thought we had provided the explanation to an earlier question. At the cost of repetition, let me repeat, if you take the tax expenditure for the nine months ending December, the current tax in Africa is $160 million and that includes certain one-time settlements especially of the past period assessments etc., of a few million so on a running basis, you can say that the current tax has been about $120 million for the nine months. Withholding taxes for the nine months has been $52 million and I would say at this point of time that is a true reflection of what has happened in that period and deferred taxes are a credit of $11 million. So, the total charge of $200 million for nine months includes one-off of $40 million. Therefore if you exclude the one-off we are talking off running rate of $160 million and if you want the guidance you may like to another 10% to that. So, it brings us to let us say about $180 million for three quarters, and that gives you a running rate of about $60 million for a quarter, which is a reflection of the current running rate in Africa.

Miten Lathiya - HDFC Mutual Funds – Mumbai

Thanks sir. I got the explanation the first time around. I was just wondering if the withholding tax component, which is included in the $160 million that you mentioned, would that number also now keep growing up as you upstream more and more cash flow to repay debt? Would that be a right way of looking at it?

Harjeet Kohli - Group Treasurer – Bharti Airtel

It is primarily most of these rolling taxes are the monies, which are getting upstream from the locations where we are generating cash flows to go up to the parent company and go back to the deficient locations.So, as the upstreaming exercise continues we expect this $50 to $70 million per annum of WHT to continue broadly.

Miten Lathiya - HDFC Mutual Funds – Mumbai

Okay, thanks. Andthe second question?

Gopal Vittal- Joint Managing Director and Chief Executive Officer - India - Bharti Airtel Limited

On your second question as far as the data pricing is concerned, this is a function of two things. Number one is the supply, which is the cost of producing a megabyte of data. As you are aware of the cost of spectrum and 3G that is incredibly high. Second is cost of electronics. Third is the cost of fiber to actually trench it because in a data world you need to backhaul on fibre, microwave beyond a point is not possible to backhaul on. All of these costs change the economics of data. Then there is a demand side, which is what is the elasticity of data as you reduce prices you get more than proportionate revenue and that is something that is it depends on where you do it and how much you do. So to me I think you must look at the fact that data prices today, given the cost structure are already at a very, very low levels. They are amongst the lowest in the world and in fact they are the lowest in the world and they are perhaps much, much lower than in equivalent cost of a minute. So my sense is that even if there is elasticity the economics are bruising and so our effort is going to be to hold our data prices and gradually look at ways of actually inching that up.

Miten Lathiya - HDFC Mutual Funds – Mumbai

Great sir. Thanks. Very clear in your thought. Thank you very much sir.

Sanya - Moderator

Thank you very much Sir. Ladies and gentlemen due to constraints of time, we will take one last question from Ms. Amruta Prabhalkarfrom Morgan Stanley, Mumbai. Ms. Prabhalkar, you may ask your question now.

Amruta Prabhalkar - Morgan Stanley - Mumbai

Thank you for the opportunity. I would just like to ask one question. Based on your sharing infrastructure agreement with Reliance Jio, if you could throw some light, if Reliance Jioventures into the voice, would you be keen to share infrastructure or how would you plan -- how would be the rollout plans?

Gopal Vittal- Joint Managing Director and Chief Executive Officer - India - Bharti Airtel Limited

Firstly, I think you must be aware that sharing infrastructure is something that we have pioneered in this market with the start of Indus as our joint venture it is one of the most successful joint venture that we have had between three companies. We have actually been perhaps the first in the world to have done this at a level that has been done in India. So sharing of infrastructure, sharing of fiber, sharing of other CapEx in terms of infrastructure that we have put on the ground is good for the environment, number one. Number two, it is good for the economy because it optimizes the capital for individual operators and yet gives you far reaching ability to actually reach customers and most importantly it is good for customers because it allows you to actually get to where the demand is at a cost that is worth it. So, we will keep looking at opportunities to do this. That said, what we will do is always look at win-win partnerships. We are not going to have a look at just bartering away our infrastructure. We will look at win-win partnerships to actually drive it and that is the spirit in which the deal has been done. To your specific question, I am not able to comment on it specifically, but we will certainly look at opportunities where it can be a win-win in terms of sharing.

Amruta Prabhalkar - Morgan Stanley - Mumbai

Thanks for that, it's very helpful.

Sanya - Moderator

Thank you very much Madam. At this moment, I would like to hand over the call proceedings to Mr. Sarvjit Singh Dhillon for the final remarks.

Sarvjit Singh Dhillon - Group Chief Financial Officer - Bharti Enterprises Limited

Thank you very much. I think what we will do is we will see you again I think at the end of the year for the full year results announcement, which will be at the end of April. In the meantime, I am sure we may see some of you at some conferences between now and then. Thank you very much for taking this call wherever you are in the globe and have a good day. Bye-bye.

Sanya - Moderator

Thank you very much Sir. Ladies and Gentlemen, this concludes the conference call. You may now disconnect your lines. Thank you for connecting to conference services from Airtel and have a pleasant evening.