

Conference Call Transcription

Event: Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Fourth Quarter Ended March 31, 2024 Earnings Webinar

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Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Fourth Quarter Ended March 31, 2024 Earnings Conference Call

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PRESENTATION**Vaidehi Sharma – Moderator**

Good afternoon, ladies and gentlemen. I am Vaidehi Sharma, the moderator for this webinar. Welcome to the Bharti Airtel Limited and Bharti Hexacom Limited fourth quarter ended March 31, 2024 Earnings Webinar.

Present with us today is the senior leadership team of Bharti Airtel Limited and Bharti Hexacom Limited. 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. Post the management opening remarks, we will open up for an interactive Q&A session. Interested participants may click on "Raise Hand Option" on your Zoom application to join the Q&A queue. The participants may click this option during the management opening remarks itself to ensure you find a place in the queue. Upon announcement of name, participants to kindly click on "Unmute Myself" in the pop up screen and start asking the question post introduction.

With this, I would now like to hand over to Mr. Gopal Vittal for his opening remarks.

Gopal Vittal — Managing Director & Chief Executive Officer, Bharti Airtel Limited

Thank you very much. A very warm welcome to this earnings call. With me on the call I have Soumen, our CFO; Harjeet, Naval and Akhil Garg.

I want to start by thanking our investors for showing confidence in us through the recently concluded Bharti Hexacom IPO. This speaks well about the brand Airtel, about our execution capabilities, high standards of integrity and corporate governance.

This quarter's earnings call focus will be on a stock take of FY2024. In addition, I will provide an update on the development of our strategy.

A quick update on ESG, we were recognized globally for our ESG initiatives. We were awarded the most sustainable emerging market telco as per future investment initiative institutes top 250 emerging market ESG ranking. We were also included in the S&P Global's Sustainability Yearbook in 2024 in recognition of our sustainability efforts for the third year in a row. Finally, we were awarded ISO certification for over 27,000 sites across our operations including our network MSCs by DNV which is one of the leading global providers of accredited management system certification.

We continued the momentum on our ESG initiatives. We are industry first in India, we partnered with IDEMIA Secure Transactions to switch from virgin plastic to recycled PVC SIM cards. The initiative will limit generation of over 165 tonnes of virgin plastic leading to a reduction in CO2 equivalent of 690 tonnes in a year. On diversity we made significant progress in FY2024, the share of women in our workforce moved up by over 40% in just one year and all our stores are now gender balanced.

Let me turn to our financial performance with a quick roundup on the full year 2024. Overall, we delivered another solid year. Our consolidated revenue came in at just under 150,000 Crores and was impacted by currency devaluation in Africa. India performance was steady despite the continued absence of tariff repair. EBITDA margins were at 53.8% a 1.6% expansion despite 5G costs. We delivered strong operating free cash flow this is EBITDA minus capex of over 25,650 Crores for India despite the higher capex loading in the year. We paid 16,350 Crores of debt. India net debt to EBITDA is now at a comfortable level of 2.86. We expect further debt reduction going forward.

Performance continues to be based on solid execution and we saw sustained growth across all businesses. We hit a lifetime high in revenue market share across all our businesses. On mobility every single one of our circles gained share. We also saw green shoots emerging on DTH. I do want to underscore that we have a simple and very clear strategy winning with quality customers, delivering a great experience for them, putting digital at the core of all we do and stripping out waste. We expanded our network

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rapidly. We rolled out 5G at tremendous speed it is now available across the country. We rolled out about 43,100 network sites and 55,982 kilometers of fiber. Our bet on NSA which is a non-standalone technology paid off it just not only saved us capex it also delivered superior experience as evidenced by the recognition from the likes of open signal, which is an independent standard to assess the experience on networks.

Moving to the Q4 performance in specific, we delivered a strong end to the year. We had strong revenues in operating margins. Consolidated revenue of just under 37,600 Crores which was impacted by the Naira devaluation. India delivered a steady growth of 2.5% sequentially with 28,513 Crores of revenue. Adjusting for the impact of the Beitel acquisition revenue growth was 1.7%. EBITDA margins came in at 53.6% again if I adjust for Beitel EBITDA margins were 54.1%. We had a strong operating free cash flow about 6,800 Crores which is EBITDA minus capex yet our RoCE for India is 9.5%, which is extremely low for a business that is so essential to the digital spine of this country. Clearly tariff repair is needed to set this right.

A quick update on each of our segments and let me start with the mobility segment. We ended the year on a strong note with 6.7 million REC net adds and 7.8 million smart phone net adds in the quarter. This was also supported by our structural efforts to fix the network experience which saw mobile churn reducing from 2.9% in Q3 to 2.4% in Q4. Postpaid net adds was steady at 0.8 million. ARPU came in at Rs.209 and was impacted by one day less in the quarter. This implied that we added Rs.16 to ARPU in FY2024, the highest in the industry. This consistent improvement is led by three key drivers and I have spoken about this earlier. Feature phone to smart phone upgradation, prepaid to postpaid upgradation and driving higher share of wallet through data monetization as well as growth in the penetration of international roaming. As an industry first Airtel now offers one single roaming pack at one price point to travel anywhere in the world as well as includes in flight connectivity. Airtel 5G Plus is now available across urban areas and select rural areas. We continue to expand our coverage despite no monetization in sight. 5G shipments continue to grow steadily and we continue to gain our fair share, which is reflecting in our growing 5G base as of March this was close to 72 million.

On broadband we grew our customer additions by 1.6 million. However, there was some moderation in net additions to 3.6 lakhs in the quarter. Broadband is an area we need to do more work particularly given the size of the opportunity. In line with our strategy we continue to expand in the right areas. We expanded our presence to 23 more cities and added 2.2 million fiber home passes in the quarter. Second our focus on convergence continued with simplification of our convergence propositions by bringing in over 22 OTT platforms into the Xstream app. 43% of all broadband customer additions are now on our converge plans. The third part of our strategy is fixed wireless access. We are live in 25 cities and currently streamlining the customer journeys. We will be at scale in the coming eight weeks. As stated earlier this will only complement FTTH which is fiber to the home with focus on weak fiber areas.

Let me turn to DTH, our strategy of focusing on key markets of the south of Maharashtra and of Bengal combined with our pivot to convergence is yielding positive green shoots. Q4 is typically a soft quarter; however, despite the adverse impact of seasonality we grew our customer base by 9000 in the quarter. On an annual basis after two years of decline we grew our customer base by over 200,000 net adds the only operator in the industry to grow customers during this year. We also rolled out a moderate price hike in the quarter which was due to broadcasters raising prices was also contributed towards revenue growth.

On Airtel business revenue growth in Q4 was 0.6% sequentially. On an annual basis we sustained a double-digit growth despite headwinds in our global business. While the global segment continues to be soft and there are some conversations that are going on in terms of orders, the domestic business is on a strong footing and continues to grow at 18 to 20%.

Payments bank is the other one I want to comment on briefly. Monthly transacting users under 67 million. The annualized revenue run rate is now over 2100 Crores; deposits remain robust at around 2,800 Crores growing nearly 50% year-on-year. We also had the highest ever quarter-on-quarter growth of 22% on savings bank account balances.

A quick update on our digital businesses. We are now delivering an annualized run rate of just under 1900 Crores. Our focus remains on CPaaS, on financial services, on IoT, on security and Cloud. These show tremendous acceleration. We saw 50% revenue growth in the last fiscal. Airtel Finance is scaling up well and served four lakh customers across loan and car products in FY2024. We disbursed loans worth 2,000 Crores.

A quick update on all the five pillars of our strategy.

The first pillar is really to shape the portfolio so as to give us resilience. This continues to be one of our strategic drivers. Africa now accounts for 25% of revenues, India mobile at 59% and India non-mobile at 17%. Over the medium term we see strong growth tailwinds in non-mobile parts of our portfolio homes, B2B, and digital. Africa continues to perform well on an underlying basis with 3% sequential revenue growth in constant currency terms.

Second pillar of our strategy is to really win with quality customers. As I talk about this let me give you some texture across all parts of the market our homes business, postpaid, rural and B2B. On homes the top 60 million homes in the country contribute 35% of industry revenues and of this broadband penetration is only 40 million and growing. Each of these 60 million households have some relationship with Airtel. To capture this opportunity our strategy continues to be expanding our fiber presence, driving penetration of our converge offers to build in stickiness, by leveraging our digital targeting capabilities and lastly to leverage FWA which is fixed wireless access as a complement to fiber. The other critical focus area for us on homes is delivering a superlative experience. We are undertaking a structural programme to rehaul our network infrastructure right from the fiber access terminal outside the home to architecture level fixes on our network. In addition, we are now refining our ways of working so that we dramatically improve the craftsmanship of the work that our engineers deliver in the home. The fact that we have digital tools to monitor our SOPs and take live pictures to authenticate them using artificial intelligence makes this scalable. On postpaid our family plans continue to drive acceleration. We now have over 80 million credit scored customers whom we believe could move to postpaid. Supported by our deep digital analytics our omni channel journeys and our small format stores this segment is poised for growth.

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In rural, the last six quarters have seen a massive rollout of more than 33000 sites. This deployment has met all our action standards both in terms of absolute yield at the site as well as our competitive performance. As I mentioned in the last call there are many geographies where our market share is weak. This is primarily because we have lesser coverage here. We have commenced another round of expansion here to plug this gap. We expect to rollout over 25000 sites lower than last year in the next couple of quarters. We are bringing to bear all our digital tools and data science for precise deployment as well as deploying the execution best practices from our rollout last year to turbocharge growth from this deployment.

For B2B the market is large and adjacencies are driving a bulk of the growth. As I mentioned before the top 500 accounts comprise 70% of this market. The emerging business segment commonly called SME has also started to grow after a couple of years of slowdown. There are three structural actions we are taking to capitalize on the opportunity. First, revitalizing account management to raise our sales teams capabilities to sell solutions. As part of this we have taken all our account managers through what we call a master class. In addition, we have focused more attention on verticals of industries and created virtual vertical teams so that we can learn from what some in the team are doing well. Second, we are fixing our network infrastructure with the aim to achieve best-in-class global standards of performance. Significant investments are being directed into this area. Lastly, we are investing in building digital products coupled with managed services. Our managed service facility in Pune is up and running. We are now looking to strike deep strategic alliances with a few top companies so we can package solutions along with our own. Day before yesterday we announced a strategic alliance with Google to gain a significant share of the Indian Cloud market, which is expected to reach \$18 billion by 2027.

The third pillar of our strategy is the obsession to deliver a brilliant customer experience. There are two parts of experience which we focus on first the digital experience, here we now developed four platforms for our B2C business which is buy, bill, pay, and serve, these are common journeys across all our businesses. These platforms power all our journeys as well as field force management in an omni channel way. Second is the network experience, here we have taken structural corrections as well as leverage our digital tools and analytics to bring down mobile churn by a step margin. On fiber there is a massive drive that we are undertaking to fix the structural issues, which plagued our network, be it network infrastructure or the quality of workmanship. I also believe that experience starts with our people. We think of Airtel as having only two types of people those who serve customers and those who serve those who serve customers. It is with this in mind that we had every one of our 20,000 people get out into the market and spend a whole day with our frontline people in March. We do not think this is a one-off but an ongoing ritual in the company. In fact, this exercise gave us a number of very strong ideas ranging from digitization, network infrastructure upgradation amongst others, which are being put to action now.

The fourth pillar of our strategy is to use our underlying digital capabilities to incubate new digital businesses. As I have mentioned before we see Airtel in three parts digital infrastructure both network as well as data, which I will talk about in a moment, digital experience, and digital services. Our portfolio in digital services which is Airtel IQ, IoT, Cloud, SD-WAN, and Airtel Finance are all getting substantial focus in investment. One of the areas I want to give more texture on today is our secret sauce which is data. Every telco worth its salt has a data infrastructure. We have taken this further and build what we call a Converged Data Engine, which sits on top of this infrastructure and powers it. It is now extending into all our categories and geographies. The Converged Data Engine specifically solves the following problems. Firstly, it has an existing data model which is based on deep telco understanding and is also TM forum compliant. Telcos can simply use the data model as a starting point to make modifications based on their business context. This can be done in weeks as opposed to several quarters if they were to do it on their own. Second the CDE which is a Converged Data Engine enables ingestion of all the data signals as aggregates across all the databases of a telco. Our ingestion code allows this to be an automated process while ensuring data quality and governance. Third, the engine comes with an inbuilt intelligence based on the data signals to throw up the next best action across sales and service for a customer and is agnostic of the channel. Finally, it comes with an inbuilt CLM which is a Customer Life Cycle Management tool that has patch out integration capability across all push channels whether it is WhatsApp, messaging, call, e-mail as well as pull channels, app or integration with other OTT platforms. The CLM also comes with the capability to generate feedback and optimize campaigns based on AB testing. The strength of the engine is that it comes prepackaged as a full-stack solution. The best value from it is its seamless functioning across all parts of the telco. We are now rolling this into Africa and are also in conversation with other telcos in the world.

The fifth and last pillar of our strategy is war on waste. This is really central to how we operate. FY2024 saw optimizing upwards of 2500 Crores of network cost. Network cost per site declined in absolute terms for the second time in the history of the company despite massive mobile expansion of sites, 5G expansion and increased cost of power. This was enabled through on-ground execution rigor. We identified 60,000 high cost sites, looked into cost structure of every single site and put together a plan to optimize cost of the site. The exercise required the leverage of digital tools, data science, and physical work to bring cost down. We continue to drive a focused war on waste programme and believe there is still headroom available for stripping out waste.

To sum up overall it was another good year with growth across the portfolio. We have a lifetime high in terms of market shares across all our businesses. The momentum on postpaid, B2B, and homes particularly is an area where more work is required and we are focused on that. Our prudent capital allocation approach coupled with strong execution has been yielding results with marginal improvement in return ratios even in the absence of tariff repair. Our investments are channelized to future proof Airtel with the focus of the outline strategy, shaping a resilient portfolio, winning quality customers, obsessing with delivering a brilliant experience, all enabled by digital at the core and fueled by a war on waste agenda. With this let me hand over back to the moderator for the Q&A.

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Vaidehi Sharma – Moderator

Thank you very much Gopal. We will now begin the Bharti Airtel Q&A interactive session for all the participants. Please note that the Q&A session will be restricted to analysts and investor community only. Due to time constraints, we would request if you could limit the number of questions to two per participant to enable more participation. Interested participants may click on Raise hand option on your Zoom application to join the Q&A queue. Upon announcement of name participant to kindly click on unmute myself in the pop up screen and start asking the question post introduction. Participants are requested to limit their questions to Bharti Airtel only until 3:30 p.m. as management will start the Q&A discussion of Bharti Hexacom after 3:30 p.m. With this the first question comes from Mr. Manish Adukia. Mr Adukia you may please unmute your side, introduce yourself and ask your question now.

Manish Adukia – Goldman Sachs

Hi good afternoon. Thanks for taking my question. This is Manish Adukia from Goldman Sachs. Firstly, just your outlook on competition and the industry structure you have been seeing very strong subscriber additions including 4G adds in your revenue market share like you said has been at lifetime high, now in your view do you think this trajectory may slow down with the recent capex plans of Vodafone Idea or ask differently will Bharti have to push a little bit harder than earlier to continue being on the same market share trajectory so just your thoughts there would be helpful and, the second, Gopal on returns on 5G Investments and now capex has been elevated you called out it you will have a new rollout plan of 25,000 sites in the next few quarters, so from an absolute capex standpoint should we think about that not declining meaningfully in fiscal 2025 or staying at same levels and I think you also said that there is maybe no visible monetization in sight for 5G in your opening remarks so if you can just talk about how you think about medium-term monetization from 5G that will be helpful I will stop there and I have a follow-up after?

Gopal Vittal — Managing Director & Chief Executive Officer, Bharti Airtel Limited

Thank you Manish for the question. Let me take the second part of your question first. I think the return on 5G is I would say we do not quite see it like that. I agree with you that there is limited monetization on 5G but the way we see it is the overall return of the business. So today all of the capacity investments are going behind 5G. We have stopped investing on any capacity investments on 4G and therefore I think the return that the industry really needs is predicated on tariff repair and this is really the heart of the problem that we have today with our pricing and tariffs are at an absurdly low level relative to any other part of the world so tariff repair is solely needed for return ratios to improve frankly does not matter which technology it comes from. The fact however is that 5G is a more future proof technology so to that extent it is just about advancing capex that would anywhere happen. As far as the overall capex is concerned we have always mentioned that FY2024 will be an elevated and peak level of capex and I expect to see clear moderation going into FY2025. As far as the industry structure is concerned I am glad to see that VI has raised money and I really wish them well. I think India will be well served if it has three good private operators working there. whether we need to push harder we are pushing hard every day so this is an ongoing effort, it has always been a brutally competitive marketplace ever since I have been around and ever since the company has been around so you know ups and downs keep happening it is a volatile market sometimes but you just need to be at the top of your game in terms of execution for you to continue to deliver sustained performance.

Manish Adukia – Goldman Sachs

Thank you for those responses. A follow-up to your tariff repair comment and you called out, let us say today you are closer to 10% return on capital and for that to let us say meaningfully improve there probably needs to be multiple large tariff hikes, like how do you think about the path to that I mean do you think you would prefer to do multiple smaller tariff hikes over a period of time or let us say one or two large tariff hikes and what really needs to happen for that eventuality to really play out in the next let us say in the next 6, 12, 18 months?

Gopal Vittal — Managing Director & Chief Executive Officer, Bharti Airtel Limited

I think that we have done what we could. We have moved up the entry level tariffs on feature phones. We have tried to sort of drive all the levers of ARPU upgradation across the multiple levers that we are using the lots of digital analytics but at the end of the day it is a competitive market and repair will need to happen across the industry. Its just us doing it, we could do it, we could lead it, we could start it but the fact is that if competition does not follow then it will hurt us and that is a challenge so we just have to wait and see when the time is right. My own sense is that you will need substantial repair in the industry. We are already at just over Rs. 200 ARPU. I think the right level of ARPU even at Rs. 300 would still be one of the lowest in the world so there is substantial repair to be had in the industry now how that happens I think I cannot sort of guess but we will see how it plays out.

Manish Adukia – Goldman Sachs

I am going to try this one more time so in terms of ARPU do you think closer to 250 I think in one of the interviews I think Mr. Mittal had mentioned to that 250 by next year is that possible or you think still too many moving parts to really say something?

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Gopal Vittal — Managing Director & Chief Executive Officer, Bharti Airtel Limited

I would not comment on a specific milestone. I think all I will say is that repair is solely needed in the industry. I think all the players need it so it is not just one player or the other.

Vaidehi Sharma – Moderator

The next question comes from Mr. Kunal Vora. Mr. Vora you may please unmute your side, introduce yourself and ask your question now.

Kunal Vora – BNP Paribas

Thanks for the opportunity. First question I wanted to get your sense on like how you are looking at the industry customer additions going forward for the next couple of years and how do you see the distribution of that amongst the three players and also in terms of tariff hikes I understand like already discussion has happened but like say how much tariff hike do you think the customers can absorb considering that mass consumption overall is not really doing well do you think that going from 200 to 300 the customer can absorb that without seeing customer losses?

Gopal Vittal — Managing Director & Chief Executive Officer, Bharti Airtel Limited

I think as far as customer addition is concerned, I think we have seen a growth in smart phone shipments this year relative to last year and I have mentioned a few quarters ago when the chipset shortages hit us and when chipset prices went up smartly or went up sharply that led to increase in smart phone prices. The entry level smart phone prices at the time used to be about Rs. 5000 to Rs. 5500 that suddenly shot up to 8000 - 9000 and we had conversations at that point as to the slowdown in upgradation and I had mentioned that in any consumer market when there is a price shock people take time to absorb the shock so somebody who wants to upgrade a feature phone to smart phone, comes into the outlet suddenly finds that the price has gone up, goes back but then the next time they come around they are determined to actually buy because now they are used to a new reality, so I think that is what we have seen in the increase in smart phone shipments relative to last year that has obviously benefited us somewhat on smart phone additions. The overall REC additions that we see in the revenue earning customer addition that we have seen is a function of the large scale rollout that we have done. I had mentioned that in many places that we are expanding our shares are very low or almost nonexistent, so to that extent there has been some pickup on customer additions as far as that is concerned. On tariff repair how much can be absorbed. I would say we have seen two rounds of tariff repair in the last couple of years and that has led to some consolidation. Every time there is some increase there is some SIM consolidation that happens I would say at best it is modest. The upside benefit of the repair is much, much greater than some SIM consolidation at the lower end and the fact is that the digital and mobility today has become so essential to people's lives that people will adjust their spends to deal with any increase. The quantum of increase will need to be determined. Obviously it will not go in one shot from 200 to 300 that is not going to happen but it will have a couple of rounds to actually get there and so let us see how that plays out.

Kunal Vora – BNP Paribas

Thanks Sir and just in terms of timing do you think like annual tariff hike is a possibility like in the past you done like say one tariff hike every two, two-and-a-half years now do you believe that it can be quicker now?

Gopal Vittal — Managing Director & Chief Executive Officer, Bharti Airtel Limited

Well Kunal I think this question is being asked in different ways, I cannot comment any more than what I have already done.

Vaidehi Sharma – Moderator

Kunal you may please unmute your side, introduce yourself and ask your question now.

Kunal Vora – BNP Paribas

Sorry I got muted but yes question was on home broadband wanted to understand the slowdown in subscriber growth and the continued decline in ARPU and are there any signs of the market getting saturated, are the customers coming in lower plans and your thoughts on air fiber as well?

Gopal Vittal — Managing Director & Chief Executive Officer, Bharti Airtel Limited

I think the ARPU decline I would not worry about because the entry level plans are slightly lower than the customers who have been with us for a long time because they are on slightly higher price plans and obviously get a lot more value as well and so the entry level plans are a little bit lower than the base level plans and that is the reason for the ARPU drag. But broadly I would say the entry level plan for us is Rs.499 which is really where it starts and then along with content it gets to Rs.699 a month. Yes I think that the home broadband business needs to pick up trajectory. I have no concern at all on saturating penetration or anything of that sort. I think the combination of the rollout that we are doing, the ability to execute, to extract or to get utilization from the rollout coupled with the full-fledged launch of fixed wireless access is what we need to do and get right and this is really where we are focused.

Vaidehi Sharma – Moderator

The next question comes from Mr. Piyush Choudhary. Mr. Chaudhary you may please unmute your side, introduce yourself and ask your question now.

Piyush Choudhary – HSBC

Hi this is Piyush from HSBC. Thanks a lot for this call. Two questions firstly can you share your thoughts on incremental capital allocation with rising free cash flow like how are you thinking about inorganic opportunities or dividend, any thoughts around framing a dividend distribution policy that is the first one, secondly can you share your progress on 5G SA deployment and FWA launch you were saying in the next eight weeks this is the space to watch so any colour which you can provide on FWA how that will complement the FTTH?

Gopal Vittal — Managing Director & Chief Executive Officer, Bharti Airtel Limited

So I will take both the questions. I think on the capital allocation clearly I think one place where capital will continue to be allocated is our transport infrastructure that is something that will require investments for multiple years because of the growth of data and the fact that it impacts all our businesses home, broadband, B2B as well as mobility. We will continue to invest behind our enterprise business, our data center business, our wireless on the radio side will moderate with the massive rollout that we have done last year both on 5G as well as coverage and then of course homes will continue to get a step up in terms of overall capital allocated. We are looking at potential bolt-on acquisitions in the B2B area. This is an area where some of our capabilities on adjacencies can get strengthened. I have nothing to report right now but that is something that we keep looking for opportunities that can strengthen our portfolio. On the SA deployment I think we have currently got a pilot going on in one state in the country. We are extending this to another circle as well. There are a lot of trials that are happening to see how this will work out and like I said I think the mid-band holdings are really a big and very, very priceless part of the overall SA strategy which is 1800 and 2100 band. Fixed wireless access we have launched into 25 cities. We all have the outdoor CPE that has been launched in 25 cities. The reason I said that it will take time for it to scale is the supplies of the CPEs from across the world some of it are flowing in as we speak. The fine tuning of some of the customer journeys and then of course training all our people across the board, all of this takes its time so I would imagine in Q2 you should see the full scale impact of fixed wireless access. As of now we are gearing up, to make sure that the velocity of this increases. Like I have said this will always be a compliment to fiber where there is fiber obviously will put focus on fiber because experience given the better uplink and downlink and more resilient network that fiber has will always be better than a wireless network, but given the unutilized spectrum on fixed wireless access from 3.5 GHz clearly FWA will be a very good compliment where fiber has not reached.

Piyush Choudhary – HSBC

Thanks. Just on FWA so can I confirm you are doing this on NSA as well and this is not a SA deployment and also on capital?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

This will be SA deployment.

Piyush Choudhary – HSBC

So FWA will be completely SA so these 25 cities you have already done SA?

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Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

Yes. We are moving to SA we have not yet fully done SA. Some of those that fine tuning is also happening as we speak.

Piyush Choudhary – HSBC

On dividend?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

Obviously as we generate more cash a combination of deleveraging and dividend will happen. I think it is too premature for us to comment on any dividend policy.

Vaidehi Sharma – Moderator

The next question comes from Sanjesh Jain. Mr Jain you may please unmute your side, introduce yourself and ask your question now.

Sanjesh Jain – ICICI Securities

Hi Gopal, good afternoon. Thanks for taking my question. First on the capex you did mention that there will be a moderation in the capex but at the same length I thought you still want to rollout 25,000 new sites, fiber, transport, enterprise, home I see investment growing all across and becoming more broadband, it also tells that this moderation will be more moderate or it will be a slight decline than actually a major decline in the capex will that be a fair assumption?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

Sanjesh thanks for the question. I think what I was saying is that capital continued to be allocated on those areas. This has been going on for the last few years nothing has changed there. I think where the moderation will happen is really on wireless capex which accounts by the way for a large part of the capex so to that extent we do see moderation going ahead into next year.

Sanjesh Jain – ICICI Securities

Fair enough, but where do you think Gopal India will saturate in terms of fresh tower requirement because earlier we thought 300,000 would be enough we are already at 320 we are talking of going to 350 where do you think India will saturate in terms of tower requirement?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

I think, coverage Sanjesh especially if you start looking at rural areas I think that will more or less saturate with this rollout. I think what happens is in many cities, the top 50 to 60 cities, you do see cities growing so if you look at Delhi NCR for example Delhi NCR has grown so much in the last few years and so as some of these new build outs happen that is where you will need more coverage but that will be much more modest compared to the rollout that we have done. By the way even the rollout that we are planning for this coming year or this year is much lower than the rollout that we would have done last year.

Sanjesh Jain – ICICI Securities

Fair enough. Second question, again, is on the subscriber you did mention, the smartphone increase, but Gopal, our 4G addition has not improved materially. It has been healthy at seven plus we continue to remain there, the question is more on the net subscriber addition where you are adding 7 million, Jio is adding 11 million, almost industry has added 2% sequentially, where are we going in terms of subscribers and what is really driving the subscriber growth?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

I think it is a combination of probably multiple SIMs coming in with multiplicity of devices in urban areas coupled with some growth in the new coverage sites that we have done which is really the bulk of the growth that we have seen so I think it is a combination of both.

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Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Fourth Quarter Ended March 31, 2024 Earnings Conference Call

Sanjesh Jain – ICICI Securities

What is sustainable subscriber growth Gopal in your sense, are 2% to 3% annual subscriber growth should be fair enough assumption for annual?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

For the industry?

Sanjesh Jain – ICICI Securities

For the industry correct.

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

For the industry I think you are anyways seeing that sort of growth right. You are seeing while this quarter is a bit of an aberration, but if you go back and look at the last let us say 12 quarters and you see what was the total customer addition. You are seeing that customer addition in the low single digits at the aggregate level.

Sanjesh Jain – ICICI Securities

Got it. One book keeping question Gopal on the 5G cost being recognized in the P&L, I see that there is an 80% reduction in the CWIP spectrum which largely should be the 5G spectrum before so will it be fair to assume that at the exit month 80% of the 5G related cost is now reflecting in our P&L?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

Soumen you want to take that.

Soumen Ray – Chief Financial Officer – India & South Asia – Bharti Airtel Limited and Director – Bharti Hexacom Limited

Yes, so Sanjesh I would not get into percentages, but largely it is done. A few circles are left which will be done very soon, but the large part is done.

Sanjesh Jain – ICICI Securities

So in the same breath it is also fair to assume that our depreciation, amortization and finance cost are largely peaked out?

Soumen Ray – Chief Financial Officer – India & South Asia – Bharti Airtel Limited and Director – Bharti Hexacom Limited

No, because when you do amortization you do not do it for the full quarter you do it based on which month what gets catalyzed, so there will be a bit of moderation also for that.

Sanjesh Jain – ICICI Securities

So, probably say in another two quarters when everything is booked? Then we are all through with all the cost recognition, right?

Soumen Ray – Chief Financial Officer – India & South Asia – Bharti Airtel Limited and Director – Bharti Hexacom Limited

Yes.

Transcript of Bharti Airtel Limited and Bharti Hexacom Limited Fourth Quarter Ended March 31, 2024 Earnings Conference Call**Sanjesh Jain – ICICI Securities**

That should be from my side. Thanks Soumen and thanks Gopal for answering all those questions.

Vaidehi Sharma – Moderator

The next question comes from Mr. Vivekanand Subbaraman. Mr. Subbaraman you may please unmute your side, introduce yourself and ask your question now.

Vivekanand Subbaraman – Ambit Capital

Hi, thank you for the opportunity. So two questions here, one is on the tariff side, which is one point that your competitor keeps making is that the industry currently does not charge based on usage and most plans are quasi unlimited, do you think that the industry will ever be able to move back to usage based pricing in this phase of tariff repair and a related question on ARPU is by when do you think 5G gets monetized because currently you are offering unlimited data for 5G users and I am sure that must be weighing on your ARPU, second question is on any trials or any success that you have had with the usage of millimeter wave for any sort of application 5G for enterprise or FWA or any network de-bottlenecking? Thank you.

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

Thank you Vivek. On the unlimited plans I agree with you I think I have mentioned this before. I think the architecture of pricing in India is quite broken because people who can afford to pay a lot more are paying a lot less simply because of these unlimited plans which are like effectively one-size-fits-all plan. If you look at markets like Indonesia or Thailand or any of the markets in Asia you will find small, medium, large, extra large and there is a pathway to upgradation that unfortunately is not the case in India, but this is not something that where we can do alone. This needs to be something that we would be happy to follow if this happens. On 5G that is another problem actually with the free data that is running. Obviously there is some headwind in terms of monetization, but again it is a competitive market. We have responded to what we have seen happening in the market place and hopefully at some point we will see if sanity prevails. Millimeter wave is still early days because we have so much capacities, so much unutilized capacity on 3.5 GHz. This is a very, very good spectrum. We have got 800 MHz of very solid spectrum and we are beginning to see some early experiments going on in some of the western markets particularly, United States where millimeter wave is being used for fixed wireless access. Millimeter wave is unlikely to be used for mobile applications. It will be a lot more on fixed wireless access or some industrial use cases, but at this stage given the abundance of spectrum and the abundance of capacity when you have in 3.5 it is a bit early for us to start doing anything with it. We are doing a lot of trials to figure out what is the propagation, how does it work, etc., etc., but really nothing to report on a commercial basis.

Vivekanand Subbaraman – Ambit Capital

Thank you. Just one last followup. How important is 5G for your scalability in the medium term as you highlighted of your nonmobile growth because you did mention about millimeter wave primarily being used for nonmobile applications including enterprise?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

Sorry what was the question? I did not catch the question.

Vivekanand Subbaraman – Ambit Capital

In your opening remarks you said that there are strong tailwinds for non-mobile growth in the medium term in that context how important will 5G and millimeter wave be and is there anything more that you can report in terms of 5G trials that you are doing with enterprises that you can find use for such applications?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

That is still niche, I mean lot of the enterprise application we are having private 5G networks for several companies almost eight to nine private networks that are running, but it is still niche in the overall scheme of things. Fixed wireless access also will be relatively niche because remember the broadband business itself is about 5% of the overall company, in India, so of that fixed wireless access it will be a small percentage. When I was commenting on the non-mobile businesses I was talking more generally because this part of the business which is about 20% odd of our portfolio is a business that can grow much faster given the opportunity and adjacencies on B2B. The growing penetration of home broadband, the need for convert solutions and of course digital services that is really what I was commenting on.

Vivekanand Subbaraman – Ambit Capital

Okay, Understood, very clear. Thank you.

Vaidehi Sharma – Moderator

The next question comes from Mr Bhavik Mehta. Mr Mehta you may please unmute your side, introduce yourself and ask your question now.

Ankur – JP Morgan

Hi, this is Ankur from J P Morgan. So, first question is, Gopal if you can give us the 5G customers for the quarter and at what point do you think the 5G penetration becomes meaningful for promotional pricing to stop and again on the same line do you think there will be a meaningful drop in paying 5G customers if promotional pricing comes to an end? I will have a follow-up after this.

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

Well we have roughly 72 million 5G customers as of March 2024. This is growing currently at the rate of 2 to 2.5 million every month because 70% to 80% of the shipments that are happening on smart phones are now 5G enabled so to that extent as people upgrade their devices they will naturally move to 5G. As far as we are concerned we do not distinguish between 5G and 4G. The only challenge of course is that because of free 5G that is running a user who has access to free 5G data uses a lot more data almost double the data that they use when related to if they do not get free data so now if this were to be priced in will they use the full double I presume not because people will calibrate some of the usage but it will still be meaningfully more than what is currently being used on just 4G so I think that is the way we see.

Ankur – JP Morgan

Understood just a couple of follow-ups on capex. You mentioned that you expect wireless capex to come down meaningfully but maybe if you can comment about overall capex because this quarter capex went a bit against trend versus what we saw the last couple of quarters appear to be mainly from the enterprise side, is that a one-off and should we expect the trend we saw in the previous two quarters continue for the rest of the year?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

Yes I think there was a little bit of one-off on the enterprise side. Soumen will elaborate on that in a moment and I will hand it to him but we expect the overall capex to moderate. I would not comment on a single quarter's capex look at the full year's capex. The capex is at an elevated level and we had indicated this would be a peak year of capex. We do expect a moderation in capex in the coming year. Soumen you want to just comment on the one-offs from the B2B.

Soumen Ray – Chief Financial Officer - India & South Asia – Bharti Airtel Limited and Director – Bharti Hexacom Limited

Yes, so our B2B business had a bit of one-off this quarter which is primarily related to fiberization so we bought some fibers and some spends on the data center business. The data center business is not a linear business so you buy land, you build building, and you put in the MEP so it does not follow our rhythm per se. Also we do have some other large capex items I am taking this opportunity to explain. For example on submarine cables, submarine cables are large investments which happens on milestones so B2B will always remain a little lumpy because of these reasons but otherwise it was a steady state nothing exceptional.

Ankur – JP Morgan

Thank you so much. If I can get the last one. It is very nice to see the dividend being announced if the FCF conversion keeps improving meaningfully for the next year should we expect you to think about including incremental cash flows towards that end? Thank you.

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

I think let us cross that bridge when we come to it.

Vaidehi Sharma – Moderator

The next question is from Sanjesh Jain. Mr Jain you may please unmute your side, introduce yourself and ask your question now.

Sanjesh Jain – ICICI Securities

Thanks for taking my question again. I got one question on enterprise side Gopal. It appears to be there is a moderation in the growth on enterprise side and it is for your peer as well we have seen both on India and international and we also hear that there is an increased competitive intensity in the market, How do you see enterprise business shaping up and again you highlighted that you expect domestic business to grow at 18% to 20% while the growth rate appears to be significantly lower than that how should we see that?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

No Sanjesh I think the domestic enterprise business continues to grow strongly I was referring to that. I was not talking about forecast for the business but I was saying the domestic enterprise business continues to grow at 18% to 20%. The problem has been in the global business side and if you look at our portfolio I think there are three parts to our business. Data centers which is about 10% of the portfolio that is having a secular growth of 14% to 15% and then there is of course the global business which is largely the wholesale business. It is OTTs, it is messaging, it is cables and then there is a domestic business. The global business is about 50% of the portfolio. That is the one that is under pressure. Those are the ones where the OTT companies have cut back on some of the cable Investments, order books on fiber build out and so on and so forth and there is an overall broader optimization that is happening at that end. There is also some movement of messaging traffic away from Telco SMS into an in app notification on many of these OTT platforms that is another trend that we see. The domestic business is still growing strongly and we feel that there is a big opportunity here in the domestic business because the adjacencies which are adjacent to connectivity are areas where we have very low shares, but they have some bearing and they have some cross linkage with connectivity. This is where a substantial amount of investment is currently going, that is really what I was trying to say.

Sanjesh Jain – ICICI Securities

So Gopal can you give more colour because 18% to 20% growth domestic looks significantly faster than one of our listed peer who grew at mid single digit so what is driving such an outperformance in the domestic enterprise business for us?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

I think it is a combination of all of the parts of it which is connectivity in itself where we have grown some share. The second of course is CPaaS where some of our solutions that we have launched particularly our SpamShield product on Airtel IQ that has given us some wins. There have been some early, the IoT has been a very big driver of our growth and this is where we are trying to expand the addressable market beyond connectivity into both cloud and analytics. I think the opportunity for growth in all of these segments is still there and yet we have not even begun in the cloud area, which is where we signed this deal with Google recently but that is another very large market.

Sanjesh Jain – ICICI Securities

Will it be fair to assume that these growth rates are sustainable because the underlying trend still remains strong for us?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

I think let us see how that plays out. I think I would not comment on where the growth rates are, but this market on the adjacencies is growing very rapidly. Core connectivity in itself is growing only at 6% to 7% as an industry but the adjacencies are growing very rapidly.

Sanjesh Jain – ICICI Securities

Fair enough. That is it from my side Gopal. Thank you for answering the questions again.

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The next question comes from Mr. Aditya Bansal. Mr Bansal you may please unmute your side, introduce yourself and ask your question now.

Aditya Bansal – Kotak Securities

Thanks for taking my question. This is Aditya Bansal from Kotak. Can you shed some more colour on what has led to significant decline in mobility churn and can you also talk about the competitive intensity in the market as we see MNP requests are still at elevated levels so some more colour on this would help?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

I think there a lot of structural interventions that we are looking at. We have identified about 20 to 25 potential markers of churn. We have a program which is basically being tracked. We have divided the whole country into what are called grids which are 1 kilometer by 1 kilometer grids. We have tooling to understand the experience at each of these grids. The sales and the network team work together to take charge of the grid and the experience in the grid and at the back from our network operating center we look at about 20 markers, which have a whole bunch of things I would not go into that detail to really identify what are the drivers of churn because a large part of it is really related to the network and the focus of the team is to really get all of those experiences right so that we cut our churn so there are structural actions that we kicked in about five to six months ago. The intensity in the marketplace on acquisitions continues to be high and it surprises me as to why it is so high particularly in a market where the organic growth of customers if you take a longer term basis is still very modest but it is a competitive market and some of this leads to churn which is kind of rotational because people buy a SIM and throw away the SIM so we look at churn in two parts. We look at the quality of acquisition which is the first four months of the customer on the network and a tenured customer which is after five months and our churn efforts is really focused on month five onwards which is tenure churn but our first four months is all about quality of acquisition so we divide the churn into really two parts. First four months which is noise and quality of acquisition and then of course the genuine experience related churn.

Aditya Bansal – Kotak Securities

Thanks Gopal for the detailed answer. Second question is on the pending calls on rights issue any update there like is there a possibility of extension or do we have to do it compulsory by September?

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

I think, Harjeet do you want to take this.

Harjeet Kohli – Joint Managing Director, Bharti Enterprises

Sure Gopal. Aditya obviously the guidance was three years and we have about six to eight months left to that guidance. Our understanding is more a guidance and we will have to chew on what is the outlook for the free cash flows so maybe by the next three to five months we will come out with a more formal either a revised guidance or whatever commentary that we have to provide for the rest of the calls.

Aditya Bansal – Kotak Securities

Thanks Gopal. Thanks Harjeet.

Vaidehi Sharma – Moderator

Thank you Gopal. I would like to remind the participants to stay connected for the call for the next session on the Bharti Hexacom. Now I would like to invite Gopal for his closing remarks for Bharti Airtel.

Gopal Vittal – Managing Director & Chief Executive Officer, Bharti Airtel Limited

Thank you very much for joining this call. I think overall it has been a satisfactory year. There is a big job to be done on several areas we have talked about broadband, we have talked about continuing to do work on structural churn and I want to thank you for all your questions. I want to hand it back to Soumen for Bharti Hexacom.

Vaidehi Sharma – Moderator

Thank you Gopal. Soumen over to you for your opening remarks on Bharti Hexacom performance.

Soumen Ray – Chief Financial Officer – India & South Asia – Bharti Airtel Limited and Director – Bharti Hexacom Limited

Good afternoon everyone. Welcome to this part of the Bharti Hexacom earnings webinar. In its maiden quarter after listing Bharti Hexacom delivered a great performance with about Rs. 1868 Crores of total revenues an increase of more than 3.5% sequentially primarily driven by mobility, which grew by upwards of 4% quarter-on-quarter. It was driven both by strong customer addition, data customer addition as well as improvement in ARPU. Operating performance was healthy with an EBITDA of about Rs. 914 Crores, EBITDA margins were at 48.9% and improved close to by 1% point quarter-on-quarter. Net income was at about Rs. 223 Crores for the quarter. Operating free cash flow which is our EBITDA minus capex for the full year was at about Rs. 1467 Crores. Last year was the year of elevated capex which is reflected in our network additions of about 4000 towers. I am happy to report we have repaid about Rs. 1500 Crores of debt in Q4 and ended the year with a net debt to EBITDA of about 2.14. With this I would request the moderator to open up for Q&A.

Vaidehi Sharma – Moderator

Thank you Soumen. We will now begin Q&A interactive session. Due to time constraints we would request if you could limit the number of questions to two per participant to enable more participation. Interested participants may click on raise hand option on your Zoom application to join the Q&A queue.

The first question comes from Mr Dayanand Mittal. Mr Mittal you may please unmute your side, introduce yourself and ask your question now.

Dayanand Mittal – J M Financial

Yes, Hi. This is Dayanand Mittal from J M Financial. Good afternoon Soumen. Good afternoon Naval. Thanks for the opportunity. A couple of questions on Hexacom. First if you can just explain any particular reason which explains the sharp Rs. 4 jump in BHLs ARPU vis-à-vis the modest Rs. 1 for Airtel any specific one-offs there, second if you can just throw some light on what would be any rough guidance you would like to share on Hexacom capex for FY2025 and FY2026 any net debt position that you would be comfortable with? Thank you.

Soumen Ray – Chief Financial Officer – India & South Asia – Bharti Airtel Limited and Director – Bharti Hexacom Limited

Thanks Dayanand for the questions. I think you know these two circles have their own uniqueness and what happened one of the reasons which is one-off is Manipur. Manipur a large part of telecom services was closed and it reopened around the first week of December so in last quarter Manipur revenue was there only for about three weeks of the quarter whereas this quarter it was there for the full quarter and we have seen generally improvement in our data customers so the upgrade story has played out better in Rajasthan and in Northeast in this quarter. It is difficult to comment how it will progress like in Airtel also. We put in a lot of efforts to ensure that we improve our ARPU continuously quarter-on-quarter. Some of the tricks work out so we hope that this continues but yes there was a one-off. As far as guidance on capex is concerned we do not provide a guidance but like in case of Airtel even in Bharti Hexacom there will be some unwinding of capex during this year compared to last year.

Dayanand Mittal – J M Financial

Just a followup on capex given the higher rural population in these two circles, is it possible that the capex might stay a bit elevated even in FY2025 given rural rollout is still in progress or FY2025 will see a moderation like in case of Bharti Airtel?

Soumen Ray – Chief Financial Officer – India & South Asia – Bharti Airtel Limited and Director – Bharti Hexacom Limited

I would like to believe that this will see a moderation. Then the reason being, see this rural rollout happens at various time in various places so as I mentioned in my opening remarks, we have done about 4,000 sites last year in these two circles which is a pretty large rollout. We will continue to rollout more sites but it should moderate.

Dayanand Mittal – J M Financial

Thanks Soumen.

Vaidehi Sharma – Moderator

The next question comes from Mr Kirtan Mehta. Mr Mehta you may please unmute your side, introduce yourself and ask your question now.

Kirtan Mehta – BOB Capital Markets

Thank you for this opportunity. This is Kirtan Mehta from BOB Capital Markets. In your earlier opening remarks, basically, I think it was mentioned that, particularly I think it was in the Bharti Airtel where we said that the 9.5% ROE is sort of quite less for the mobility kind of business we will see that number at 11.5% in Hexacom and where would you want this number to be in the steady state would it be 12% to 14% or 14% to 16% what could be considered as a sustainable ROE for this kind of business?

Soumen Ray – Chief Financial Officer – India & South Asia – Bharti Airtel Limited and Director – Bharti Hexacom Limited

So Kirtan I cannot give you a direction of ROCE or ROE for the business but like any other investor we would like this to improve. Bharti Airtel is a mixture of multiple businesses which has mobility of course, but also has some places where there is a lot of rollout, lot of churn like DTH and homes so it is an admixture of multiple businesses. I think we would certainly like to see this grow and as mentioned earlier in the call by Gopal the tariff repair is very important, is very, very important for the financial health of the company. How much will happen we will wait and see. Let the first round of tariff repair happen we will see how costs go. In the earlier part there was also a mention around customer acquisition. There is a lot of money which is today spent on customer acquisition and the quality of that acquisition is not great so we will see how the industry shapes up and hence how the profit and loss of the operators shape up to deliver higher ROCE but as of now I really cannot give you a number that is a target and once we achieve that then everything will stop. It will be a continuous work and as you know we do not only rely on tariff increase. We do a lot of work on war on waste where we generate our fuel for growth. A large program this year our network site costs have come down in some places so a lot of work goes in to find that fuel but no target specifically for what the ROCE should be.

Kirtan Mehta – BOB Capital Markets

Thanks Soumen for this colour. The second question was about basically the dividend policy while we understand in case of the parent I think it is bit away from the perspective of the generation of the cash but from our perspective Hexacom perspective I think we have already seen a net debt reduction last year, we are at 11.5% ROE so how far we are from defining the dividend policy for Bharti Hexacom?

Soumen Ray – Chief Financial Officer – India & South Asia – Bharti Airtel Limited and Director – Bharti Hexacom Limited

So first of all I would like to reiterate that the dividend has increased a lot whilst on the face of it, it may seem that it has moved from Rs. 3 to Rs. 4 last year to this year you must remember that there has been a stock split so effectively it has moved from 1.5 to 4 so there has been a significant improvement in dividend. Now coming to when do we define our dividend policy and all of that, I think we still have some debt in our books, bank debts which we expect to get repaid over the next few quarters. Once we get rid of the debt or come close to getting rid of the debt we will evaluate as to how do we define our dividend policy so till then we would evaluate the profit, the cash generated, the amount of future requirement towards debt and capex. Remember we have got spectrum repayment commitments as well so there are a few things. Once we get a complete handle we will evaluate of coming up with a new dividend policy.

Kirtan Mehta – BOB Capital Markets

Thanks Soumen.

Vaidehi Sharma – Moderator

Now I would like Soumen to give his closing remarks for Bharti Hexacom.

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Soumen Ray – Chief Financial Officer – India & South Asia – Bharti Airtel Limited and Director – Bharti Hexacom Limited

I think the listing of Bharti Hexacom shares was a great success and we thank through this all investors and people associated for showing trust in the organization. It has been a great quarter and we will work harder and better to improve our deliverables in the next year. Thank you.

Vaidehi Sharma – Moderator

Thank you everyone for joining us today. Recording of this webinar will also be available on the websites of the companies for your reference. Thank you and have a great day ahead.