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RCOM BUYS INDIA'S LARGEST CABLE FIRM

BS REPORTER
Mumbai, 1 July

Reliance Communications today announced the acquisition of one of India's largest cable service providers, Digicable, in a cashless, all-stock deal.

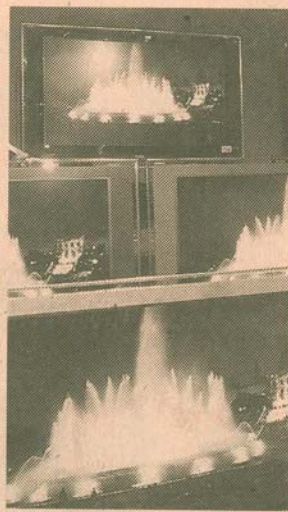
Reliance will demerge its direct-to-home (DTH) and IPTV business, now under the Reliance BigTV brand and the domestic retail broadband business of Reliance Communications, into a new entity along with the newly acquired Digicable.

The new entity will be called Reliance DigiCom and Digicable will be given a stake in this entity. Sources said Reliance Communications is likely to retain 60 per cent stake in DigiCom.

The deal comes on the heels of the mega merger of its tower business with the GTL group.

Mumbai-based Digicable was a privately held company promoted by Jagjit Singh Kohli. It has a subscriber base of 8.5 million across its suite of services like analog cable and digital cable services and broadband offerings. Its services span 125 locations in 46 cities and 14 states.

The company has a fibre optic backbone across its networks and state-of-the-art distribution



The company will merge retail broadband, DTH, IPTV with Digicable

set-ups. It also offers value-added services including video-on-demand, music-on-demand and IP telephony. Digicable also provides broadband internet services to both retail and corporate subscribers. It has an internet node and data centre to support its internet services.

The combined entity, Reliance DigiCom, will enjoy a subscriber base of 11 million, market leadership in 110 towns including the top six metros, and 16 per cent market share of pay TV homes.

Reliance claims this entity will be Asia's largest, and the world's fifth largest company to offer all the three services — digital TV, broadband services and voice.

Reliance BigTV has around three million direct-to-home subscribers and it also offers a variant with digital video recording service. Reliance Communications also has enterprise broadband services, both domestically and internationally, which will not be part of this combined entity.

"Reliance Communications led the telecom revolution in India by growing its subscriber base to over 100 million in a short span of just five years. The digital TV and broadband space is poised for similar explosive growth in the years ahead. Reliance DigiCom will fuel our 4-screen strategy to own mobile, cinema, TV and computer screens, leading to world-class convergence of information, communication and entertainment solutions and services," said Anil D Ambani, Chairman, Reliance Communications.

Reliance also plans to increase its suite of value-added services like internet on TV, 3D TV, video-on-demand and interactive gaming. It has plans to combine metro ethernet and digital cable, to offer internet speeds of up to 100 mbps.