

## Press Clipping

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# RCom net rises marginally to Rs 1,410 crore

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Reliance Communications, India's second-largest mobile phone operator, today reported a 2.7 per cent rise in quarterly profit, missing analyst expectations, as its network expansion costs weighed.

The Anil Ambani-promoted company said net profit rose to Rs 1,410 crore for the third quarter ended December, from Rs 1,373 crore in the year-ago quarter.

In comparison, Bharti Airtel, the country's leading telecom operator, posted a 38.8 per cent rise in its consolidated net profit, while Aditya Birla Group company Idea Cellular recorded a 7.32 per cent fall in its net profit. RCom's revenue rose to Rs 5,850 crore from Rs 4,776 crore in the year-ago quarter.

The company added 5.3 million mobile users during the quarter to take its total to 61.3 million users at the end of December, up about 50 per cent from a year earlier. RCom lost 4.4 per cent to close at Rs 160.3

“The company would have a reduced capex of Rs 15,000 crore for the next financial year. This includes investment planned for its tower subsidiary — Reliance Infratel.”



Anil Ambani, chairman and managing director, RCom

on the Bombay Stock Exchange. The results were announced after close of trading.

On a standalone basis, the company's net profit fell to Rs 397.04 crore as against Rs 436.48 crore during the same period a year ago. Total income decreased to Rs 3,398.73 crore from Rs 3,410.82 crore in the

same period. Speaking at an analysts' call, RCom Chairman and Managing Director Anil Ambani said that the company would have a reduced capex of Rs 15,000 crore for the next financial year.

This includes the expenditure planned for its tower subsidiary, Reliance Infratel.

RCom had earmarked a capex of Rs 25,000 crore for the current financial year, of which Rs 16,000 crore had already been spent, he added.

The company had launched GSM services during the quarter, which helped in increasing the subscriber base to around 60 million. The GSM services had garnered 10 million users, since its launch in December 2008. The service, which is present across 14,000 towns, will expand the services to around 24,000 towns soon.

The company also launched DTH services, BIG TV and acquired over 1 million subscribers during the quarter. RCom is also planning a new data centre in Delhi, apart from expanding its existing data centres in Hyderabad and Mumbai.

According to Manesh Patel, Partner (Risk Advisory Services) with Ernst & Young, “RCom is expanding its network and services and this will definitely impact the company's revenues in the short-term.”