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RCom's Q1 net up 24%, to invest Rs 50k cr in FY09

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Riding on subscriber additions of more than 5 million, integrated telecom player Reliance Communications (RCom) posted a 23.9 per cent rise in net profit at Rs 1,512 crore, much in line with street expectations.

On a comparative basis, Bharti Airtel, the country's largest private telecom service provider, posted a 34 per cent growth at Rs 2,025 crore, while Aditya Birla Group GSM firm Idea Cellular's net profit fell 17.26 per cent to Rs 263.10 crore during the reporting quarter. "RCom maintained strong operating performance and continues to remain the most profitable telecom company in India," RCom Chairman Anil Ambani said.

"The company will invest an aggregate of Rs 40,000-50,000 crore during the current financial year, the full benefits of which will accrue next year onwards, leading to significant acceleration in earnings growth." RCom's revenues during the quarter rose by 23.7 per cent to Rs 5,322 crore from Rs 4,304 crore last year, while



RCom's wireless average revenue per user (ARPU) fell from Rs 317 to Rs 282 this quarter

the EBITDA grew by 24 per cent to Rs 2,250 crore. The EBITDA margin went up marginally from 42.2 per cent to 42.3 per cent during the quarter due to contributions from all businesses - wireless, global and enterprise.

However, the company's wireless average revenue per user (ARPU) fell from Rs 317 to Rs 282 this quarter. In comparison, Bharti's ARPU, which also fell, was much higher at Rs 370 in the reporting quarter. The fall in ARPUs was basically due to a fall in call rates

during the period after companies, including RCom, announced a slew of tariffs that brought down the revenues. However, the company maintained its revenue per minute of about 66 paise.

The company's return on net worth, a parameter for resource utilisation, stood at 34.6 per cent. Later, speaking at an analysts' call, Ambani said that the company was on track for its GSM plans. It has received approvals for the initial public offering of subsidiary Reliance Infratel.