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CORPORATE SCORECARD **TELCO BEATS ANALYST ESTIMATES, REVENUES GROW 15.5% TO Rs 6,145 CR**

RCOM rings in 8.3% net rise at Rs 1,637 cr

Our Bureau
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RELIANCE Communications (RCOM), the country's second-largest mobile operator, on Friday reported an 8.3% jump in net profit for the quarter ended June backed by impressive growth in revenues from mobile and broadband operations, surprising analysts who had predicted a year-on-year decline.

The Anil Ambani group firm posted a net profit of Rs 1,637 crore for the first quarter. Its earning before interest, tax, depreciation and amortisation (Ebitda), however, declined 2.4%. The company's revenues grew 15.5% to Rs 6,145 crore.

The company reported an operating margin of almost 40%, compared with industry leader Bharti Airtel's 41.8%.

The results were announced after the stock market closed. The stock fell 2.1% during the day to close at Rs 275.7 on BSE.

The company's recent Rs 10,000-crore deal to share infrastructure with Etisalat DB Telecom India will add to its revenues when the latter starts operations in the world's second-largest mobile market.

During an earnings conference call, officials of RCOM, which now offers its services on both the CDMA and GSM platforms, refused to reveal its growth targets and plans.

Its overall capital expenditure guidance for the fiscal continues to be Rs 10,000 crore. It has spent around 10% of this during the first quarter.

Asked about the investments made on the more popular GSM platform, company president (wireless) SP Shukla said most of the investments were common for the CDMA and GSM platforms.

"We are a technology-neutral company and we look at our business as wireless and not GSM or CDMA," he added.

▶ Co added 6.9 m users in Q1: P 21

RCOM added 6.9m users in Q1

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THE company added 6.9 million customers in the quarter, almost two million less than Bharti Airtel.

Its average revenue per user per month (ARPU) declined from Rs 224 in the March quarter to Rs 210, mainly due to reduction in termination charges—the amount paid by the operator on whose network a call originates to the operator on whose network it terminates—from 30 paise to 20 paise. Airtel's ARPU was Rs 278 per month.

"The impact (of termination charges) on ARPU is Rs 11," Mr Shukla said. RCOM's average minutes of use dropped from 372 minutes to 365 minutes, in line with the industry trend where more low-end subscribers are coming in.

The company's wireless business grew 16.4% in the quarter while the broadband segment grew 22%. Revenues from its global business, including undersea cables and other overseas operations, rose 23.5% year-on-year. RCOM refused to clarify whether it would use market regulator Sebi's nod to sell shares through qualified institutional placement (QIP) to raise money for the upcoming 3G spectrum auction.

"A company takes cognizance of market situation as well as growth opportunity. It always keeps enabling resolution to take appropriate steps at the appropriate time," said Reliance ADA Group managing director Satish Seth. RCOM is sitting on a cash of Rs 9,000 crore. "If there is a 3G auction, we are the only operator that can participate without raising debt," said joint president Arvind Narang.