

**W**hen the VOICE&DATA jury, comprising eminent professionals from the telecom field, met in Delhi in June to choose the Telecom Person of the Year 2007, the five-hour selection process was steamy.

The reason was obvious: The telecom sector is growing faster than any other segment and naturally their CEOs have a lot to crow about. The jury had to select one from three CEOs, who had made it to the final list through nominations from the industry and the initial scrutiny. Among the three, one of the main contenders was a young CEO. The jury decided that he should come back next year to try and win the coveted award. The list now had two names—both CEOs of two well-known companies. The pivotal difference between the two: one is an entrepreneur and the other is not so popular, as his credit is shared among a number of his big daddies.

Following a five-hour closely held, hotly debated discussion, the name was announced: Anil Dhirubhai Ambani, chairman of Reliance Communications. Anil Ambani joined Reliance Industries (currently promoted by his brother Mukesh Ambani, following their split) in 1983 as co-chief executive officer. Forbes ranked him number 104 among the World's Richest People in 2006. The Ambani family faced criticism when it announced its ambitious plans to build a countrywide telecom network, as its prior expertise lay in commodities—textiles and petrochemicals—business only. Apart from that telecom needs a service-oriented mindset, critics felt. What they did not remember was how the family had served its millions of shareholders.

Policies in India are made in line with Ambani's vision, says an industry expert. His business acumen and closeness to politicians assisted him in making it to the Rajya Sabha in June 2004, as an independent member. Ambani chose to resign voluntarily on March 25, 2006.

The same association with politicians gave him negative returns too when the Mayawati Government in Uttar Pradesh put a spanner on his ambitious plans to build a 1,200-acre SEZ.

Media sees his aggression when he announces financial results for the Reliance ADA group of companies, and when he attends the annual general meetings and faces questions from shareholders. When he meets the press, he has answers to all their questions.

# Born to Win

**His marketing strategy has made millions of Indians happy, they got the best mobile tariffs in the world—local call costs at 15 paise/minute, and STD call at 40 paise/minute**



**ANIL D AMBANI, chairman,  
Reliance Communications**

He also remembers to call select journalists by name.

To merchant bankers he, who has already contributed immensely to the financial reforms of the country, is one of the financial wizards of the world. May be because of his expertise, he gave up in the race to grab Hutchison Essar stake, after indirectly jacking up the valuation. His negotiations with the Qualcomm chief are also a folk theory now.

How did Ambani become the VOICE&DATA Telecom Person of the Year 2007? What are his personal and organizational achievements in the recent past?

His path-breaking marketing strategy that was put in by the strongest team of telecom professionals the country has ever seen, has made millions of Indians happy as they got the best mobile tariffs in the world. The aggression resulted to adding to his already swollen kitty. Every hour India will be adding around 20,000 new mobile customers, and Reliance Communications over 4,000.

When mobile telephony first began in India, a local call cost Rs 16 per minute; an STD Rs 50; and a call to the US Rs 100 per minute. With Reliance Communications's pioneering price initiative, a local call now costs a mere 15 paise per minute, STD 40 paise, and a call to the US costs less than Rs 2 per minute. The presence of Reliance Communications is making the competition in India panicky. Global telecom forces will also shortly start feeling the heat. Ambani has also recently announced his Rs 1,200 crore buyout of Yipes Holdings.

Reliance Communications' wireless subscriber base grew to over 28 mn last fiscal, registering a 60% growth. This makes it one of the top two wireless operators in India.

"Economic growth in the future will be indexed to connectivity of millions of enterprise and individual customers. Over the next few years, we will have over 100 million customers, making us one of the top 5 telecom players in the world. In four years, we put up a total of 14,000 towers across the country. This year alone we will add 23,000 more towers. Our wireless network is currently available in 10,000 towns. By the end of this year, it will be available in over 23,000 towns and 600,000 villages," Anil Ambani said at the first annual

## Achiever's Pride

- Undertook financial restructuring of Reliance communications
- To spend Rs 16,000 crore to expand and strengthen network coverage
- After expansion, Reliance Communications will have the single largest wireless network in the world
- Launched the lowest-cost classic brand handset at Rs 777
- Subscriber base grew to over 28 mn during last fiscal, registering 60% growth
- Total Revenue shot up to Rs 14,468 crore, an increase of 34%
- Net Profit rises to Rs 3,163 crore, an increase of over 600%
- Revenues of the wireless business increased by 46% to Rs 10,728 crore
- Broadband achieved revenue growth of 123% to Rs 1,144 crore
- Market capitalisation crossed Rs 100,000 crore
- Will add 23,000 more towers
- Telecom services will be available in over 23,000 towns and 600,000 villages
- To launch premium IPTV services in top cities
- Next generation DTH network will be launched before end of the year

general meeting of Reliance Communications since the re-organization of the Reliance Group in June 2005.

"In four years of operations, we invested around Rs 32,000 crore. This year alone we will invest over Rs 20,000 crore. At the end of this year, we will have covered over 90% of our population. If Version 1.0 of the Indian telecom story was all about affordability, Version 2.0 will be about reach. Our network expansion will give us the power to drive the market and stay ahead of the curve," Ambani adds.

According to Ambani, the financial restructuring of Reliance Communications is the biggest turnaround story in the history of corporate India. The inherited ownership structure of Reliance Communications was complex. The re-organization has yielded a simple, fair, and transparent ownership structure,

and given Reliance Communications 100% ownership of all operational and associate companies.

Reliance Communications is now among the three most valuable private sector companies in India, and the five most valuable telecom companies in Asia. In the current fiscal, Reliance Communications will spend Rs 16,000 crore to further expand and strengthen its network coverage across India and the rest of the world.

In addition to organic growth, Reliance Communications will leverage the advantages derived from this impressive financial platform to explore and pursue any significant opportunities available in the telecommunications sector. "We are currently evaluating a number of inorganic opportunities in select international markets to further expand our footprint," Ambani said.

Reliance Communications's One India, One Tariff plan allowed millions to connect across India at just one rupee a minute. The company was the first one to break the Rs 1,000 entry-barrier with the launch of the lowest-cost classic brand handset at Rs 777.

As per its expansion plan, Reliance Communications will have the single largest wireless network in the world, covering over 900 mn Indians or more than 15% of the global population. It will cover 23,000 towns, or every single Indian habitation with a population of over 1,000. Reliance Communications will cover almost 100% of all rail routes, providing seamless voice, video, radio, and Internet connectivity to 14 mn commuters every day. It will also cover almost 100% of all national highways, and 84% of all state highways, giving millions of users the power to talk, text, surf, play, chat or simply stay in touch across nearly the entire length of India's 2,00,000-km-long road network.

Having achieved tremendous growth, the main challenge for Reliance Communications is to improve quality of service and ARPU. Its enterprise business is also not in a position to compete with the global majors. Stock market valuations may boost the fortunes of an entrepreneur, but Ambani needs to address the issues faced by the growing mobile customer base, especially in India, where bureaucracy takes pride in checking the businessman.

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