

Publication : Business Standard
Date : Wednesday, July 18, 2007
Edition : Mumbai
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RCom plans big bang investment

To hive off BPO arm, eyes SEZ to 'unlock value'

BS REPORTER
Mumbai, 17 July

Reliance Communications Chairman Anil Ambani today announced investments of Rs 20,000 crore for the next one year, aimed at catapulting the mobile services operator to one of the top five global telecom companies.

The proposed investment — the largest ever by a telecom services operator in the country — will be for network expansion through 23,000 new mobile towers as well as for the launch of direct-to-home and Wi-max services. In this initiative, Reliance Communications plans to cover 23,000 towns or every single habitation in the country with a population of 1,000 or more.

While addressing the shareholders of Reliance Communications at the company's annual general meeting here today, Ambani also announced important steps to unlock shareholder wealth in the company. It will hive off its business process outsourcing (BPO) division into a separate company and will set up an 18-acre special economic zone (SEZ) at the Dhirubhai Ambani Knowledge Centre on the outskirts of Mumbai.

"Maximisation of shareholder value is the key mantra for us," Ambani told the Reliance Communications share-



Reliance Communications Chairman Anil Ambani greets his mother, Kokilaben Ambani, at the company's third AGM in Mumbai on Tuesday
SURYAKANT NIWATE

holders. The company's stock fell 2.31 per cent on the Bombay Stock Exchange today, while the 30-share Sensex fell a little over 0.01 per cent.

The BPO division of Reliance Communications employs 7,800 people across various locations, providing multi-lingual support to verticals like telecom, banking financial services and insurance, utilities and entertainment.

The proposed SEZ at the Dhirubhai Ambani Knowledge City, for which the company had earlier received the government's approvals, will focus on IT and IT-enabled

services.

Reliance Communications is the third-largest mobile services operator in the country, after state-owned Bharat Sanchar Nigam Ltd and Sunil Mittal-controlled Bharti Airtel Ltd. But Ambani has nurtured ambitions to grow the business fast ever since he got it in a settlement with his older brother, Mukesh, over two years ago. He had earlier tried hard to acquire Hutch Essar, which would have made him the leading telecom operator in the country. He, however, lost the race to Vodafone.