# RELIANCE COMMUNICATIONS LIMITED

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## Transcript of Earnings Conference Call for the Quarter Ended December 31, 2008

Conducted at 5 pm IST on January 23, 2009

Operator:

Thank you for standing by and welcome to the Reliance Communications Global Earning Conference Call on the Reliance Audio Conferencing Platform. This call is hosted by UBS. At this time all the participants are in a listen-only mode. There will be a presentation followed by a question-and-answer session, at which time if you wish to ask a question, please press star one on your telephone. Please be advised, this conference is being recorded today.

Now I would like to hand the conference over to Mr. Suresh Mahadevan of UBS. Over to you, sir.

Suresh Mahadevan:

Thank you. Good morning, good afternoon or good evening ladies and gentlemen, depending on where you are. We at UBS securities are pleased to host this call for the third quarter results for Reliance Communications.

Today, we have the entire senior management team from Reliance Communications led by the Chairman, Mr. Anil Dhirubhai Ambani alongwith other colleagues namely Mr. Satish Seth, Mr. S.P. Shukla, Mr. Punit Garg, Mr. George Varghese, Mr. Inder Bajaj, Mr. Mahesh Prasad and Mr. Arvind Narang.

The call will begin with some key observations from the Chairman and senior management of RCOM, followed by a Q&A session. I must remind you that the overview and the discussions today may include certain forward-looking statements that must be viewed in conjunction with the risks that the company faces.

It's now my pleasure to hand over the call to Mr. Anil Ambani. Thank you, and over to you, sir.

Anil Dhirubhai Ambani:

Thank you, Suresh. I welcome all of you to this earnings call to discuss Reliance Communications' financial performance for the quarter ended 31st December 2008.

I would like to start with a brief update on the Indian Telecom sector. In the previous quarter, India has further consolidated its position as the world's second largest wireless market aggregating over 341 million subscribers and adding over 31 million subscribers, by far the highest in the world. Amidst the deepening turmoil across the global economies and financial markets and its impact on the Indian economy, the Indian telecom sector has not shown any signs of slowing down.

Reliance Communications as a fully integrated and converged telecommunications provider is well positioned to participate in this market and growth opportunity. We are expanding all our high growth potential businesses including Wireless, Telecom Infrastructure, Mobile Value Added Services, Long Distance Voice and Data services, Enterprise connectivity and Datacenters, Home entertainment and several other emerging and complementary businesses.

Growth momentum in India's telecom sector has been supported by a progressive policy environment. Further, regulatory initiatives are being implemented in the areas of Mobile Number Portability, Mobile Termination Charges, rationalization of revenue sharing structures, and introduction of adequate spectrum charges. We also look forward to the ongoing TRAI consultation on interconnection or IUC, which could potentially drive the next wave of tariff reforms leading to further acceleration in tele-density with the potential to make our country the largest wireless market in the world.

By providing a pro-consumer and pro-competition operating environment, the government has helped drive telecom connectivity to the common man. In this environment, we've once again raised the bar in bringing more affordable wireless services to our subscribers with the recent launch of our nationwide GSM services.

I now would like to take you through some of the highlights of this launch that is already setting entirely new standards of affordable connectivity. We are once again rewriting the rules of the industry by offering our customers an unbeatable proposition in terms of coverage, quality, service breadth, handset range and above all value for money.

We launched our GSM services with the world's largest Customer Experience Program following the implementation of the fastest network rollout of this magnitude anywhere in the world. This was achieved in just 11 months. Once again this demonstrated our considerable execution skills that we've rolled out our network six months ahead of schedule. This is something that other operators have achieved in timeframes in excess of 15 years. We now have coverage in each circle across the country on our latest generation EDGE GSM network offering the highest quality digital voice and data services.

Our Customer Experience Program enables new subscribers to experience this high-quality network free of cost. This highly innovative program has allowed us to launch our services nationwide at minimal launch cost. The Customer Experience Program has beaten all our expectations and I am sure we are on our way to creating several new records, both Indian and global.

Mobile customers in India are clearly unhappy with the quality of the current incumbent operators offering, especially on voice quality, network congestion and network coverage. As a nationwide GSM and CDMA operator with high voice quality and leading coverage, we believe we will be even more strongly positioned going forward. Over the next few months, we will also be launching a range of CDMA services, handsets and value proposition to further strengthen our CDMA leadership position in addition to the significant growth in market share in GSM.

In summary, going forward we will continue to unveil customer propositions that drive affordable mobile communications to a completely different level and deliver sustainable value to all our shareholders.

Globalcom, our national long-distance carriage business has grown by 46% on a year-on-year basis and 9% on a quarter on quarter basis, the highest in the industry. There is a strong demand for NLD bandwidth and infrastructure from most operators. We are targeting ourselves a revenue share of over Rs. 2,000 crores out of an addressable market of Rs. 5,000 crores in the next two years.

Our third quarter performance overview. At the close of the third quarter, we had over 65 million customers including Globalcom, Enterprise and Home customers and over 61 million Wireless subscribers.

In the third quarter, we acquired 5.3 million wireless subscribers. We maintained our position as by far the largest CDMA operator in the country and amongst the top two wireless operators in the country. This position has been achieved even without participating in the GSM market that accounts for nearly 8 out of every 10 new wireless subscriber additions in the country. The GSM rollout therefore creates a huge opportunity for us in the market where we've not participated historically. This we believe will give us our rightful market share, revenue share and EBITDA share.

Covering our financial performance in the third quarter, our revenues expanded by 20% to Rs. 5,850 crores, our EBITDA grew by 12% to Rs. 2,353 crores and profits after tax grew by 3% to Rs. 1,410 crores. We have maintained an EBITDA margin of over 40.2% despite having several new launched businesses in our portfolio. Over the medium term to long term, we expect our margins to be sustainable around current levels. We've invested over Rs. 4,300 crores or just about US$ 1 billion in the third quarter. As we approach the final phase of our roughly US$ 10 billion network expansion program, we've maintained our net debt to equity at a very manageable 0.64:1.

Now I turn to our capex guidance. Our preliminary guidance provided in January 2008 for the year ended 31st March 2009, capex was originally expected to be roughly Rs. 30,000 crores. Our revised numbers for the year ended March '09 are likely to be well below Rs. 25,000 crores or roughly 20% lower capital outlay than the provided guidance.

Moving to the preliminary guidance for the next financial year, that is financial year 2010. We will invest in the range of roughly Rs. 15,000 crores towards capital expenditure including planned capex for Reliance Infratel This represents roughly 50% lower than our guidance for the past financial year and we are on course to delivering free cash flows shortly. I would also like to reiterate that the peak of our capex cycle is behind us and our capex intensity will continue to go down from here. The guidance that I have provided does not naturally include the potential of participation in the 3G and the Broadband Wireless Access investments.

In conclusion, I would like to reiterate some key messages. We have launched nationwide GSM services on the 30th of December with 11,000 towns well ahead of our schedule. I'm delighted to announce today that we have further expanded our coverage to 14,000 towns in GSM which is an additional 3,000 towns in less than 30 days, which is more than 100 towns every single day during the month of January. This I believe will truly be not only an Indian record but a world record.

We have created strong momentum of subscriber additions and will further expand our GSM network to over 24,000 towns and 600,000 villages covering over 1 billion people in India over the next few months much, much ahead of schedule. We have now the unique advantage and the distinction of low-cost capacity across two technologies, CDMA and GSM on a single infrastructure that allows us to leverage the strengths of both technologies to target every market segment, drive usage, limit subscriber churn and correspondingly improve our returns. We take forward all our other projects on schedule and as our capex reduces significantly expanding cash flows from our existing and new businesses will deliver strong value for all our stakeholders. With that I conclude my remarks and I now handover to Mr. Prakash Shukla to talk about the Wireless business.

S.P. Shukla:

Thank you Mr. Ambani. And good evening, good afternoon and good morning to all of you on this conference call. I shall now be covering highlights of our last quarter's performance for the Wireless business.

We ended the quarter with a subscriber base of over 61 million. I am happy to report that we crossed 10 million subscribers in our GSM circles. We also have over 50 million subscribers on the CDMA platform. We maintained our wireless market share at 18% of the industry base by adding 5.3 million subscribers. We have retained our position as the second largest wireless operator and, as Mr. Ambani said, this has been achieved without national participation in GSM.

Our Wireless business demonstrated strong fundamentals during the quarter with stable KPIs. Our RPM at 61 paisa has remained benchmarked to the industry for several quarters now. Total minutes of use have moved up from 67.8 billion minutes to 72 billion minutes demonstrating that a wireless usage remains strong. We focus on strong customer care and retention initiatives, I am happy to report that our churn rate which was already the lowest in the industry at 2% is now running at half the level that is just under 1%. This speaks volumes about customer stickiness on our network due to satisfaction with call quality, product proposition and our customer service.

I would like to spend few minutes now on our GSM launch on pan-India basis. As Mr. Ambani mentioned, we were allotted spectrum in January 2008 and in a record time of 11 months, we were able to largely complete our rollout culminating in the launch of service on 30th December 2008, much ahead of our schedule.

I am happy to share that our GSM service is now available in nearly 14,000 towns and over 4 lakh villages. We are actually running much ahead of an already ambitious time schedule which we had set for ourselves at the time of allotment of spectrum. What other operators have taken 15 years to complete, we are completing in less than 15 months, an ample proof of our capabilities to execute mega projects of the size and scale of the national GSM rollout.

Customer Experience Program: While our GSM network is new with all its attendant benefits, concurrently we enjoy all the benefits of being an incumbent CDMA operator. We've therefore been able to leverage our countrywide presence through the largest network of existing 2,000 exclusive retail showrooms, 5,000 prepaid distributors and 1 million points of retail presence for selling connections and recharges.

The quick ramp up of subscriber acquisition for GSM has been made possible through leveraging the synergy between our existing CDMA and new GSM business operations. Leveraging our CDMA infrastructure, we introduced a unique customer experience program to create awareness about availability of our GSM service and quickly ramp up market share. We have the latest digital EDGE enabled network which is totally congestion free with minimal call drops in comparison to our competitors.

We have therefore chosen to take the superior experience platform to invite customers to subscribe to our service. They can see for themselves, actually hear for themselves, the difference between our network and those of others, and then stay on to enjoy the excellent speech quality and seamless connectivity.

For the first time in India, an operator has introduced a customer offer of this nature which allows our customers to speak for five or ten minutes free on a daily basis for a period of 90 days. In addition, we have given on-net calling free between 11 p.m. and 6 a.m. which is applicable to calls made to our CDMA network as well. That brings us to community of interest.

As a result of this program, we have unleashed the power of community of interest with our large base of existing customers forming small groups of their own, so as to enjoy the benefit of on-net calling. The program has met with unparalleled response in all the circles with our retail outlets crowded with prospective customers who booked their connections in advance by filling and submitting their forms even before collecting SIM cards. We have ensured an even spread all over the geography of the circles to create favorable word of mouth.

Contrary to the misinformation being spread by some, a large percentage of our new GSM customers are already recharging beyond their free minutes. As you know, anything free including free minutes does get consumed very fast and thereafter there is a need to recharge when you want to make a paid call. Moreover, the offer is designed well, a customer has to recharge for value-added services and STD calls.

We would now be building upon the subscriber base, we are already serving, a community of interest is being created in the coming months so that our subscriber base multiplies at fast pace. You can count upon interesting and innovative tariff plans, which are today on the anvil, to be unveiled shortly which will offer value to the customer while ensuring steady revenue streams for Reliance.

Talking about additional upsides from GSM launch, we take the subject of roaming. Revenue upside from our GSM rollout has been our ability to participate in international roaming revenues of over Rs. 3,000 crores from international roamers who have so far used only competitors' networks. We have opened up nearly 120 countries for both in-roaming and out-roaming that already had international roaming agreements with Reliance for eastern India. We would thus be fully participating in this revenue opportunity in the coming months.

Additionally, our GSM customers in eastern India were so far using competitor networks while traveling in the rest of the country. Now we will be able to retain those domestic revenues on our own network as our GSM roll out is soon completed.

Value Added Services: Entry into GSM space also gives the ability to participate in VAS in a big way due to its larger ecosystem of wide range of handsets and open garden architecture of making available third party Valued Added Services.

My colleague Mr. Mahesh Prasad will be elaborating further on this. Mahesh, over to you.

Mahesh Prasad:

Thank you, Prakash. On VAS and data front, RCOM has been very forward looking in terms our offerings in the CDMA space. We continue to extend the same to GSM as well. The revenue contribution from these services in CDMA has been at par or more than what we are seeing in the Indian market.

The Indian youth who use SMS heavily are also high on the fashion quotient on the handset. With the launch of our GSM services on a nationwide basis we'll be able to tap into this very large, profitable SMS market segment. In addition, we will be able to leverage the rich handset capability available in the GSM ecosystem for other value added services. We also see a huge opportunity in the rural segment, smart phone segment and M-commerce space in addition to the entertainment space. There are several initiatives we are working on which should fructify this year.

On the wireless data front, we maintain our leadership with over 1 million PC and laptop wireless internet users. We are also excited about the increasing desktop and laptop penetration in both the urban and rural markets.

With 3G around the corner, we will be able to offer wireless broadband internet for PC users as well as mobile users with many of the Value Added Services that are not possible today. Some of those services would be video calling, videoconference and rich media services. With these initiatives we target to achieve 15% to 20% of our revenue contribution coming from VAS and Data services.

Prakash, over to you to conclude.

S.P. Shukla:

Thank you, Mahesh. I would like to conclude with six key observations for wireless business.

One, our CDMA business is on a robust foundation and will continue to grow on its unique strength of unlimited tariff plans, high data speed and fixed wireless applications. We will be the provider of choice for complete solutions to both individual and enterprise segments with our portfolio of CDMA data, CDMA voice and GSM mobility. We are confident of maintaining our number one position as the largest private PCO operator, the largest mobile data service provider with over one million subscribers and the largest mobile enterprise application provider for banking and financial applications.

Two, our lowest churn rate in the industry indicates high satisfaction with our network and customer service. We will leverage this strength in customer service delivery to nurture and retain new GSM subscriber we are acquiring with our pan India launch.

Three, synergies between CDMA and GSM platforms are becoming visible now. As demonstrated by the quick ramp up and launch of GSM nationally, this will be reflected in our market share, cost efficiency and margins in the coming quarters.

Four, we will now participate in GSM on pan-India basis which accounts for 8 out of 10 mobility customers. This will lead to improvements in our customer market share, revenue market share and EBITDA market share.

Five, further upsides from roaming and value added services will be part of our new GSM revenue streams in coming quarters. Our pan-India participation in GSM will allow us to partake fully in SMS revenue streams largely generated by the youth segment who tend to favor wider choice of handsets.

And sixth, our GSM business will be able to offer widest choice of handsets in the market and not involve any handset support or subsidy.

To conclude, we remain committed to maintain our leadership in CDMA market and grow at a fast pace in larger GSM segment where we have successfully launched our pan-India service recently. We are confident of improving our subscriber market share, revenue market share and EBITDA market share operating now on twin platforms of GSM and CDMA.

Thank you very much. I now invite Mr. Inder Bajaj on the call.

Inder Bajaj:

Thank you, Prakash. A very good evening, good afternoon and good morning to all of you on this conference call. I would like to update you on the overall business of our Telecom Infrastructure, Reliance Infratel.

The telecom infrastructure needs of the industry players are driven by nine dimensions which an infrastructure provider provides. The dimensions include: the slots for commissioning of the electronics that is 2G, 3G, WiMax, directly linked to the quality of the towers referred to as passive infrastructure sharing; sharing of the radio network referred as the active infrastructure sharing; providing connectivity to the electronics to the sites; bulk bandwidth and fiber options to connect the core network; carriage for domestic long distance; carriage for international long distance; roaming solutions; internet bandwidth for data applications. In other words, it is passive infrastructure based on the quality of the towers as well as the wide range of services.

The demand for telecom infrastructure has been promising driven by robust growth of the mobile industry in 2G and steady MOU. The need for telecom infrastructure has expanded with growth taking place in the rural and new markets. The government is also issued a policy incentive of 2% of adjusted gross revenue on providing 95% coverage in the non-metro circles. The competitive intensity in the mobile industry is expected to double, that is from up six to seven players that were there in the last year to 11 to 12 players per circle with the issue of over 120 licenses to the new operators. These new operators now in a phased manner have been allotted spectrum in 14 to 20 circles each and some of them have now got their joint venture tie-ups with large global players. Expected technology roll-outs this year are on the 3G and WiMax front for the need of the mobile operators as well as the ISP operators.

This demand on the current level of over 300,000 slots is estimated to more than double to 700,000 slots in the next couple of years for passive infrastructure and also for other telecom infrastructure range of services.

Reliance Infratel is well poised to capture this opportunity. RCOM as a company including Reliance Infratel is leveraging our extensive capability to offer our range of services as an integrated service provider across the whole infrastructure value chain including passive infrastructure through Reliance Infratel. Our solution provides a fast track solution to our clients as new companies enter the market and for their on-going expansion.

We have carried out successfully a huge project of commissioning 30,000 towers in the last year and a half. In the last few months, we had used these towers for both CDMA and GSM needs as a part of our strategy to provide dual network offering on a pan-India basis.

As mentioned in the last quarter call, we would commission over 50,000 towers by the year end with tenancy of 1.7 supported by our company's wireless roll-out plans. We commissioned these towers with multi-tenancy capabilities and they would have the capability of over 200,000 slots, the most extensive compared to any other telecom infrastructure provider. We are capable of adding tenancy capability at a marginal cost on demand. We are well positioned vis-à-vis other infrastructure providers with better quality tower infrastructure, carriage and transport infrastructure, along with our unified approach as an integrated infrastructure provider.

We are at an advanced stage of our discussions with several new customers expected to rollout and would be commencing our services to them as they finalize their network and roll-out plans.

Thank you very much. I would now invite Punit Garg for an update on the Global business.

Punit Garg:

Thank you and greetings from Globalcom to our friends from different geographies, ladies and gentleman. I would like to provide an overview of the Reliance Globalcom business.

Let us begin with our business segment of National Long Distance business. Reliance Communications is the number one National Long Distance operator in the country. Our NLD network expands over 175,000 RKms of ducted fiber optic cables. We are expanding our NLD network. During the last three quarters, we have added 35,000 route kilometers. We expect to have over 190,000 route kilometers of ducted fiber optic cables by end of this fiscal year. Among private service providers, we have the largest number of nodes with 1,300 points of interconnection, 310 points of presence and 174 MPLS nodes.

Our NLD Carriage Traffic had seen the highest growth in the industry and has grown by 46% on year-on-year basis and 9% on quarter-on-quarter basis. We have up to 40% of NLD traffic from customers like Vodafone, Idea, Spice, Aircel, Tata's, BPL, Shyam and HFCL.

There is strong demand of NLD bandwidth and infrastructure from most of operators. With growing BWA, 3G and 2G operations we estimate the addressable market to be Rs. 5,000 crores in next two years and we are targeting revenue share of Rs. 2,000 crores.

We had good performance in the voice business segment. Our flagship product, Reliance Global Call continues to grow from strength-by-strength. We added more than half a million customers in the last three quarters and crossed a major milestone of 2 million customers in December. Reliance Global Call commands over 75% market share in the niche category of India calling in spite of a few other operators launching competing product at aggressive pricing. The success of Reliance Global Call is driven by its ease of use, voice quality, value for money and stickiness for our overseas retail customers.

In the wholesale segment, the removal of ADC by the Government of India has put pressure on the international long distance industry in India. In the telecom business the three contributing factors are customer market share which in this case is ILD traffic, revenue market share and margin market share. Our strategy in the highly competitive wholesale ILD market has been to retain our traffic while protecting our margins. In short, we played a profit sharing game.

We have relied on the strength of our extensive PoIs to deliver high quality terminations to our global carrier partners. Successful termination of calls means higher realization for our carrier customers. This has enabled us to retain our traffic and protect margins.

Our data business that comprises sales to carriers in the wholesale segment and to corporates in the enterprise segment has shown steady profitable growth. We serve over 1,400 enterprise customers and 750 carriers.

We added over Rs. 600 crores of new revenues in the third quarter. While the Reliance Flag Division contributed significantly to new sales, we also signed multi year contracts with major European enterprise customers in the Reliance VANCO division. Just to name a few are The Oxylane Group, a French sports goods retailer, to connect their 77 stores across four continents; children's clothier Orchestra, one of Europe's fastest growing chains, to connect the retail chain of 400 outlets across 40 countries; and Illy Caffe of Italy to connect all of its 50,000 locations on five continents supporting over 6 million transactions per day.

Reliance Yipes division has also performed well and we added over 25 new customers in the third quarter for managed Ethernet services. New customers include familiar logos like Facebook in the technology vertical, Troutman Sanders in the legal vertical and multilateral trading facilities, MTFs like NASDAQ OMX Europe and BATS Europe in the financial vertical.

We expanded our network in the Middle East by signing a strategic network partnership with Qtel in December and establishing an MPLS node in Doha. Qatar is emerging as a major hub for IP services in the Middle East and we will provide managed services for Qatar-based and global enterprises customers.

Our cable build program in the Mediterranean named Hawk system between Egypt and France is progressing as per schedule and is on track and ready for service in early quarter three next year. This build is nearly fully funded from pre-sales of capacity on the Reliance Globalcom global network. We have signed over Rs. 300 crore of capacity sales. We are in negotiation to sign a couple of more pre-sales before Hawk is ready for service.

I would like to mention that Gartner has conducted an exhaustive review of managed services providers for potential inclusion into its 2008 Magic Quadrant. Reliance Globalcom is the first company from India to be included in the prestigious Magic Quadrant and bears testimony to Reliance Globalcom's excellence in enterprise services in a highly competitive market. The rest of the 15 service providers are from the U.S., Europe and there is only one Far East-based service provider.

Before I conclude, you will note that we are running ahead of our guidance in Q2 that margins in the global business would expand by about 2 percentage points in each of the next two quarters. In fact, our EBITDA margin in the global business has increased by 440 basis points in quarter three vis-à-vis quarter two. Going forward, we expect continued growth in every segment of Reliance Globalcom's business as our initiatives deliver results.

Thank you and now I will invite George Varghese.

George Varghese:

Thanks Punit. My greetings to all participants. Let me now briefly take you through the third quarter performance of our Enterprise business. We are pleased to announce that Enterprise business continues to maintain the consistent quarter on quarter growth that we have been showing. This quarter also we maintained the growth of 8.6%. We continue to be the most preferred premium integrated solutions provider for top enterprises. 900 of the top 1,000 corporates in this country are our customers.

We retained our market leadership in voice and data networking solutions and managed internet data center products. Though we have maintained our revenue growth rate in this quarter, the economic situation has led to some pressure on price realization. But this has also been an opportunity for us. With a complete range of products and ubiquitous coverage, we have been able to offer comprehensive solutions to our customers. We are playing a big role in helping our customers to bring in better efficiency and cost control from our bouquet of network solutions. This in turn is helping us to acquire more business in these times.

We are market leaders in managed voice and data services. We provide much more than basic services to our customers. In times like these, this is a great advantage as we have greater customer stickiness and loyalty than our competitors, our customers continue to strongly endorse the quality of our services, range of products and service levels as it is evident from the customer satisfaction index of more than 8.25 on a 10 point scale. In this quarter, our last new orders include names like Dalmia Cements, Fullerton, HBT Financial Services, Vishal Retail, Shoppers Stop, to name a few.

During this quarter, we added 34.000 new buildings to our network connectivity program taking the total connected neighborhood to 892,000 buildings. We're continuing to adopt a multi-pronged strategy of fiber to buildings, LMTS, microwave and WiMax. Using WiMax in top ten cities and adopting other last mile hybrid fixed wireless technologies, we were able to extend our network reach to top, small and medium enterprise costumers and offer a unique and widest range of products and services.

On the data center business, we're focusing on completing the construction of our new data center in Hyderabad. We will be commencing operations from this data center during this quarter.

In addition we're also in the process of expanding our capacities in Mumbai and Bangalore and establishing a new data center in Delhi. We'll continue to maintain our market leadership in this business which will also help us in selling our other products and thus increasing our share of wallet of the enterprise costumers.

Coming to the financial performance of this quarter, the Enterprise segment continues to be one of the fastest growing businesses. Revenues in this quarter grew by 8.6% over the previous quarter to Rs. 654 crores, our EBITDA is Rs. 276 crores and is 42.2%, which is the best in the industry and reflects the strength of our Enterprise business.

Thank you as of now I will hand over to Mahesh Prasad.

Mahesh Prasad:

Thank you, George. I shall now cover the highlights of the new business that Reliance entered into in the home entertainment segment in the last quarter. We launched Reliance Big TV on August 19th and entered the DTH market as the fifth player in the country. I'm pleased to inform you that we crossed the one million mark for customers within a hundred days of launching the service. This is the fastest customer ramp-up by any DTH operator in the world in such a short period.

In the process we helped expand the overall DTH market in India in the last quarter and BIG TV gained over 30% of the gross adds share in the quarter. Big TV customers continue to enjoy the best digital picture quality and sound afforded by MPEG4 and we continue to offer 200 channels, 32 dedicated Big TV cinema channels, which remains unmatched in the industry. With a sales and after sales installation network reaching over 6,500 towns, we continue to serve both urban and rural markets.

In the coming year, we plan to double the number of channels we offer to over 400 channels including high definition content. There are several other new initiatives such as interactive services, Digital Video Recorder or DVR. We should further enhance customer choice, convenience and experience helping us further establish our market leadership. Lastly, we have completed our market trial for IPTV service with Microsoft. We plan to introduce the Reliance IPTV service in select markets shortly. We look forward to an exciting year in the entertainment segment and now let me hand it back to Arvind.

Arvind Narang:

Thank you Mahesh, we will now open the call for Q&A. we request all of you to focus on strategic and business issues, please feel free to touch base if you need any further information or clarification on third quarter financial results. Moderator, can we take the first question please.

Operator:

Certainly, sir. At this time participants who wish to ask a question kindly press star on your telephone keypad and wait for you name to be announced. If you wish to cancel the request please press the hash or the pound key.

First on line we have a question from Mr. G.V. Giri from IIFL Capital, please go ahead.

G.V. Giri:

Good evening. Number one, your MoU fall is quite significant in the wireless business so what explains it. Number two, your recent GSM offer is pretty aggressive but when do you propose to resort to any conventional advertising based strategy. Number 3, in your GSM can you explain what your retention plan is that will not entail a continued cost which may hurt your margins to some extent. Number 4, when do you start expensing all your capitalized expenses like interest cost, etc from Q4. And number 5, the number of towers 50,000 – is this already done or is it the year-end target?

S.P. Shukla:

Thank you. Those were quiet a few questions. I will take some and my colleagues will be taking some. This is S.P. Shukla. Talking about MOU fall, it is not quite a big fall. Actually, we are well benchmarked against the industry. Quarter-on-quarter, based upon deeper penetration into rural areas and acquisition of lower end subscribers, the industry has witnessed declines in MOU for all operators. Then various initiatives which happened on the tariffs front, due to elasticity of demand, again ramp up minutes of usage. And that stays for a while and then once again further acquisitions of subscribers from rural areas at low end leads once again to this fall. You will see the cyclical pattern which has been repeating itself for several quarters and this is what we're witnessing now. It is not linear as you will see if you see the trend of four or five quarters and put the data for several operators together.

Talking about advertising, yes we have had a unique customer experience program where we relied on favorable, positive, word of mouth publicity for our superior network quality and actually word spread like wild fire. This program has exceeded all our expectations and, if I may say so, has surprised competition by not relying on traditional medium of communication which normally happens.

The retail channel as well as customers themselves became the biggest proponents of going for Reliance. They created their own small communities of interest, so if the father had Reliance he told the wife and son and so on. These communities of interest tend to create stickiness and that has been the platform that has been the USP on which we'll be building further community of interest in the times to come. So that remains the key to our success and needless to say, brand building and other activities will need to be done through ATL advertising and time for that will come soon.

Our retention strategy once again is through stickiness. As I was happy to share quarterly data earlier, our CDMA customers have shown very high stickiness with churn rate dropping to 1% this quarter, under 1%. It used to be 2% which was also the lowest in the industry.

G.V. Giri:

I asked about GSM, sir.

S.P. Shukla:

Our GSM churn will also be low. What is happening is that we're creating a portfolio of services which will comprise of CDMA fixed wireless phones, which can be used at home or in the office, CDMA mobile phones and GSM mobile phones. Three of them actually make a complete portfolio. As long as you have a fixed wireless phone at home or in the office, which mobile you use whether CDMA or GSM does not matter. Together it becomes an on-net community, where the customer finds it convenient as well as more economical or affordable to stay within that defined group. This will create tremendous retention. That's what we believe and we will demonstrate it in the time to come.

G.V. Giri:

Okay.

Operator:

Next in line we have a question from Mr. Shubham Majumdar from Macquaire Please go ahead.

Shubham Majumdar:

Hello gentlemen, I have three questions. I just wanted to know how many subscribers on the GSM network you have ramped up to in the 12 circles you have launched new GSM and more importantly how many base stations or BTS would you have already, to achieve the huge network foot print that you have achieved in the last month and what is the number of base stations that you potentially look to go to in the next 3 to 12 months? That's the first question.

My second question is when you talking about your planned capex guidance of Rs. 15,000 crores for the next year, would you be able to give us a break up of how that allocates between the key service businesses and the cut down that you probably see from now up to next year. Which areas would we see more capex rationalization happening.

And three would be on ARPUs. We are seeing some pressure on ARPU in this quarter, for the numbers that you have come out with about 7% quarter-on-quarter dip. And on year-on-year basis it does look to be a fair bit of dip after having undergone a fairly sharp cut in the June quarter as well. Just some color as to how it is diverging from industry trends and more importantly how would the GSM launch change that trajectory going forward either upwards or downwards. Thank you.

S.P. Shukla:

Shubham, let me say that as far as subscriber numbers are concerned, I'm afraid you will have to wait till the first week of February when we will be announcing the subscriber intake for January. All I can share at this moment is that the numbers have exceeded all our expectations and we will be setting new records in more ways than one.

Coming to the subject of ARPU, yes ARPU has shown a decline which has been the trend in the industry consistently for several quarters. We are focusing now on GSM revenue growth and with tremendous subscriber acquisitions which are on the way, you will see revenues being generated by incoming GSM customers who will again have community of interest with our CDMA customers. This is where you will see significant uptake. We had covered in our briefing earlier that through GSM we'll be participating... Domestic roaming will significantly improve for our existing GSM base in Eastern India. International roaming streams of almost Rs. 3,000 crore for the sector in which we have not been participating, we'll get to participate in both in-roaming and out-roaming. SMS: once again we'll be in a position to participate through the youth segment where our presence through CDMA was limited because of handset choice not being comparable to GSM. When we look at these factors we are confident that we'll ramp up revenues significantly through our pan-India GSM launch in the time to come. On the subject of towers, my colleague Inder is taking up.

Inder Bajaj:

Shubham, first of all, as far as the number of towers is going to be there, we're going to be at 50,000 by the year-end. That's the number which is there. And when you say number of BTS's, we actually look at coverage in terms of the number of towns or the population covered as such. Number one.

So first of all, by January end we would be there in about 14,000 towns and covering about 4 lakh villages by January end. We're now looking in the next few months to expand this coverage which we already have in CDMA of over about 25,000 towns and covering nearly about 6 lakhs villages. So the coverage which we have done in CDMA would also be done in terms of GSM as well, right.

Shubham Majumdar:

Can I just ask two very quick follow-ons. Firstly I didn't get an answer to my question on the capex numbers, regards how that Rs. 15,000 crore capex breaks down by business and where there would be the bigger rationalization, relatively speaking, over fiscal '09 numbers. That's the first one. And secondly, my question, just as a follow on Mr. Shukla, if you could just give us some color of the customer addition profile on GSM network that we are kind of witnessing. Are you seeing a massive uptake in the first time GSM user or the wireless user coming in to test your network or and how does it compare with churn from other operators that we are seeing at this point in time. So if you could give us some color between the first time wireless users and churn from other operators that you are witnessing in your GSM sub adds.

S.P. Shukla:

That's a very good question. In fact, that's what we are in the middle of analyzing today. It's a bit premature to give any quantitative data. We will be perhaps doing the complete analysis by month-end but the preliminary reports which have come in both from our channel partners, retail outlets, our exclusive showrooms is that while the new customer is definitely attracted to our offer, what we are seeing concurrently, simultaneously is that the customers of existing operators who walk into a retail outlet to get a recharge, they are getting attracted by the Reliance offer which is being promoted at the points of sale. Significant churn has been reported from competition at all retail outlets, multi brand outlets. When a customer walks in, instead of doing the recharge, he finds it attractive to try out the new Reliance customer experience offer. He goes back and tells his friends. We have seen that in larger cities that one college student takes it and then he encourages the entire community to move over which gives us a very big entry into the youth segment which favors GSM because of the wide variety of handsets. We would be able to complete our analysis by the month-end and that's when I think we should be able to have more insights. But concurrently, it's both the segments coming to us. Thank you.

Arvind Narang:

Shubham, on the capex plans front, we don't share the capex break up by project. As you will appreciate, this is competition sensitive information. We would not like to share the break up of capex.

Shubham Majumdar:

Okay, thank you.

Operator:

Thank you sir. Next in line we have a question from Mr. Rahul Singh from Citigroup. Please go ahead.

Rahul Singh:

Thank you. I have three questions. Firstly, on the capex of this year, you said Rs. 25,000 crore and in the first nine months you have invested Rs. 16,000 odd crores. So does it mean in the last quarter we are looking at significant increase to almost like Rs. 9,000 crores? That's number one. Secondly, and in advance please forgive me for asking some finance related questions but, if I look at your capital work in progress between March '08 and December '08 that's gone up from Rs. 148 billion to Rs. 191 billion, I presume that will be because of the GSM. Just wanted to get a sense when will that be capitalized. And also current liabilities has moved up from Rs. 199 billion to Rs. 273 billion in the same period. Just wanted to get a sense of how much is on account of capital expenditure. And lastly, if there is any comment on the EBITDA margin decline in the mobile business?

Satish Seth:

The capex in the last quarter will be naturally high because we are in the last leg of completing a major project rollout. CWIP increases primarily on account of GSM. Current liabilities are consisting of both capex and sundry creditors. Thank you.

Rahul Singh:

And capital work in progress will be capitalized in this quarter?

Satish Seth:

We expect to close this project fully sometime end of this quarter, next quarter. As and when the project gets completed, they will be capitalized.

Rahul Singh:

Any sense on how much of the current liability increases because of the capex related expenditure?

Satish Seth:

Primarily on account of capex.

Rahul Singh:

Primarily on account of capex, okay. And EBITDA percentage for the mobile business?

S.P. Shukla:

EBITDA is broadly in the same range. What you are seeing is that expenses have begun for the GSM projects whereas revenues will start rolling in now. So that is expected.

Rahul Singh:

But if the capital work in progress has not been capitalized, I just wanted to get color on what expenses have started to be incurred on GSM?

Satish Seth:

As the projects start completing, we keep capitalizing these CWIP also and therefore those other expenses also come in. These two years have seen major capital expenditure and a large number of projects being taken and that is why you're seeing huge peak of capital expenditure unlike many other operators who have done this over a period of 10 to 15 years. And they have had time to moderate the capital expenditure, thank you.

Rahul Singh:

Thank you.

Operator:

Thank you, sir. Next in line we have a question from Mr. Vinay Jaising from Morgan Stanley. Please go ahead.

Vinay Jaising:

Thank you so much. Sir, I have two questions. One related to balance sheet and one related to the broadband division.

Firstly on the balance sheet, we have seen that net debt increased by Rs. 34 billion up to Rs. 186 billion, despite that we have net finance income coming in at Rs. 1.5 billion. Last quarter, we were explained that there could be some derivative gains and higher other income on account of cash in hand. If you can throw some light out there.

Moving into my second question, sorry it's pertaining to the global business. Punit did explain to us that the margins enhanced 440 bps. Very impressive, but revenues declined for the quarter. And he said that management expects continuous growth in the next couple of quarters, so are we seeing another 200 basis points improvements in margins in the quarters to come or are we saying these margins should be maintained and some comment there on the revenue growth, thank you.

Satish Seth:

On the first query, the finance charges comprise of interest income and expense, foreign exchange gains and losses, including foreign exchange gains on bank balances and financial investments and amounts receivable from foreign subsidiaries. A composition of this is giving a net result of income. And on the global front, Punit you can respond?

Vinay Jaising:

Just on that, I understood the break up but when you have such high net debt, how do we get interest income?

Satish Seth:

Primarily depends between the cost of debt and income on cash balances. That's one difference. And secondly, on the foreign exchange gains and financial investments because part of the interest also gets capitalized because it's part of the CWIP.

Vinay Jaising:

Okay thank you.

Operator:

Thank you sir, next in line we have a question from Ms. Reena Verma from Merrill Lynch, please go ahead.

Reena Verma:

Thank you for this opportunity, I have a few questions. Firstly, on the capex guidance, can you please help us understand what your GSM population coverage will be at the end of fiscal '10 given your guidance. I mean, we had seen the market leader having close to 90,000 sites to achieve 80% pop coverage. In that context, what could your number be, please? And continuing on wireless, if you can please comment on some discussion that has happened in the media about your revenue reporting factors and what is the logic for your stance with regard to revenue reporting in a different manner. On the global business, Vinay asked a question but I still haven't understood why your margins expanded so much and finally upon DTH, I understand it's clubbed in the others segment but we don't see too much of an inflection in terms of the expenses. So are there no set top box subsidies or is it not material; how should we look at it please, thank you.

Inder Bajaj:

Reena, on the coverage front, first of all I think I just mentioned earlier as well, we are currently providing mobile coverage in GSM to over about 14,000 towns and over 400,000 villages. We are moving towards providing coverage to over about 25,000 towns. When we say towns, it is towns which are covering all locations in India which have a population of 5,000, as well as going towards 600,000 villages. This in itself is going to provide coverage to nearly about a billion people in India. So that's the extent of coverage that we're providing in CDMA and will move towards providing in GSM as well. As far as relating it to BTS's, as such, of another service provider and what percentage it provides, I'm unable to comment on that. We're going to be commenting in terms of what mobile coverage we are going to be providing during the course of the year.

Reena Verma:

Inder, thank you for your comments, that's useful. I just want to know whether two towers per town sounds adequate.

Inder Bajaj:

No, there is no correlation. If you look at most of the towers which are there in about 5,000 population towns, one tower is more than adequate as such. But you cannot make a direct correlation to the towers to towns; it depends in terms of how this population is concentrated in those towns, right. Because in any particular town, you would have the central area and then you would have the residential and what you call as commercial areas which spread around the town as well. So it is not easy to comment in the manner of per tower per town, as such. But what I can definitely share with you is that we're moving towards coverage equivalent to CDMA in GSM as well.

Reena Verma:

Okay.

Satish Seth:

On reporting, you would recognize and realize that our rivals have been running an orchestrated campaign, as usual. And as per Clause 41 of the listing agreement, the company is required to give consolidated revenues, including the subsidiaries and associates, whereas in terms of the license agreement the revenues are supposed to be reported for the respective licenses and that too on the basis of adjusted gross revenues.

Adjusted gross revenue has been defined in the judgment given by the TDSAT on 30th of August 2007, which excludes any income which is outside the license activity. Taking into account all this, our reported revenues include income also beyond the license activity. And also earned in terms of licenses which are not UAS licenses, such as licenses owned by the global businesses. Therefore, there is a variance. We have submitted every single information sought by TRAI as well as DOT including the reconciliation of revenues. We are fully in compliance of all the license agreement terms and conditions and based on that we have made the payment of the license fee as due.

On DTH, it is been grouped under 'Others' and the set top boxes are given on rental basis. So they remain as the property of the company. Accordingly, they are reflected in the books of accounts of the company. Thank you.

Punit Garg:

On the global business, as we said, the revenue we were playing in this particular quarter, after the ADC removal on the profit managing game. And we were successful in that and we have also replaced lot of data revenue with voice, which is typically very, very high margin revenue and that's what is improving the EBITDA of global business and maintaining the revenue level of last year. And your, next question, I said we would continue to see growth in revenues as well as margin of global business in the following quarters, thank you.

Reena Verma:

Thank you very much.

Operator:

Thank you, mam. Next in line we have a question from Mr. Anirudh Gangahar from Goldman Sachs. Please go ahead.

Anirudh Gangahar:

Yeah, thank you. Two questions from my side. First is: do these results account for the potential Rs. 112 crore refund from the DOT, and if so where has it been accounted. The second thing is that the capex guidance for year '09 has gone down by 20%. I was wondering which division or which part of the capex has not been done. Thank you very much.

Satish Seth:

On the refund of license fee, that has been accounted in the license fee account which was earlier debited. And on the capex reduction, all the businesses have been completed or under completion as per plan. These are achieved on account of proper efficiency.

Anirudh Gangahar:

And just to clarify, the license fee is down by Rs. 112 crore this quarter?

Satish Seth:

This is not part of the profit & loss account, this has gone to the license fee credit.

Anirudh Gangahar:

I see. Thank you.

Operator:

Thank you, sir. Next in line, we have a question from Mr. Vikash Mantri from ICICI Securities. Please go ahead.

Vikash Mantri:

Yeah. Good afternoon, sir. Just wanted a flavor on how many towers do we expect to have by the end of next year and are we saying, based on 1.7 tenancy, we would have close to 85,000 cell sites by the year end and are we still maintaining that we would not see any erosion in our mobility EBITDA post the GSM launch aggressive tariff plan.

Inder Bajaj:

Okay. You are asking a question on the outlook on the number of towers, as such, in the next year which you are talking about FY10. We are out looking anywhere between 5,000 to 15,000 towers to be commissioned in the next year. Now, this is based totally in terms of the expected tenancies and the towers which are going to be there on account of 3G as well as WiMax which is expected in the current year as well as, I don't know whether you're aware, also there is a scheme which has been notified for the USO scheme which offers about 11,000 towers that are going to be bid for in terms of towers as well as the three parties being able to put electronics on them. So we're going to make an assessment in terms of that exact roll-out both in terms of new technology as well as, how the USO Scheme II will be in the coming year.

Vikash Mantri:

And what will be the tenancy right now that you have, sir?

Inder Bajaj:

Yeah. So currently we have tenancy, as I mentioned, of about 1.7 contributed by both our CDMA and GSM in these circles.

Vikash Mantri:

So that effectively means that you have close to 28,000 cell sites in GSM assuming 40,000 towers?

Inder Bajaj:

I don't know about GSM. My total tenancy which I'm highlighting is 1.7 which is contributed both by CDMA and GSM.

Vikash Mantri:

Sir, could you give the cell sites on the GSM side?

Inder Bajaj:

Let me just put it that all our towers rolled out have CDMA assets, right? And we have rolled out some extra towers on account of GSM. I would not be able to give you a split in terms of CDMA and GSM but total tenancy is at the level of 1.7 contributed by both CDMA and GSM.

Vikash Mantri:

I just wanted to clarify assuming we have 40,000 towers by the year-end and you're giving me a tenancy of 1.7. So that would mean additional 28,000 cell sites what we have in GSM. Is my assumption fair, sir?

Inder Bajaj:

No, I won't say that the total tenancy is 1.7 contributed by CDMA and GSM on our tower base.

Vikash Mantri:

And on the EBITDA margins in mobility?

S.P. Shukla:

GSM launch and you made a reference to tariff. In fact, our tariffs are at par with the industry, we have the same rate of Re. 1 for local, Rs. 1.50 for STD. We have not announced any special tariffs so far. We do not see margins coming under pressure. Costs are already being incurred and now the revenues will start. If anything, that is going to be an upside.

Vikash Mantri:

In the new circles, sir, where you have the free minutes scheme, you don't expect margins to be down there also?

S.P. Shukla:

That is a promotional offer which is for a short period. After that the subscribers move to commercial tariffs.

Vikash Mantri:

Fair enough, sir. Thank you.

Operator:

Thank you, sir. Next in line we have a question from Mr. Srinivas Rao from Deutsche bank. Please go ahead.

Srinivas Rao:

Sir, this Srinivas here. Thank you for taking the call. I have two questions. One is on the overall revenue growth expectations over the next 12 to 18 months since you have launched GSM. Since the revenue growth of the company has lagged that of the industry in the last almost 3, 4 quarters, can we expect the company, or can you guide or tell us that you would be going in line with the overall industry growth for the next 12 to 18 months or potentially exceed. That would be my first question.

S.P. Shukla:

Let me respond to the first question. We do not give revenue guidance as a matter of policy. All I can say is that now we are getting to participate in the larger GSM segment which accounts for 8 out of 10 mobility customers. So far we were operating in the narrower segment of CDMA.

Srinivas Rao:

And secondly, you mention that there are some incremental costs that are linked to your GSM. Would you be able to tell us what kind of costs are you incurring extra when you are launching GSM beyond of course the active and the passive capex which we are aware? What kind of cost are you incurring when you said that the GSM launch will entail a potential impact on EBITDA margins in the short to medium term.

S.P. Shukla:

We said normal business operation cost. When you get a customer you pay dealer commission, you hire some extra people that you have higher subscriber base. Similarly, when you add BTS towers you go out incurring rentals, electricity, security cost. So as you grow the subscriber base there are costs which are incurred, which are linked with growth of the business. If you don't duplicate the cost, this is the advantage we have in CDMA and GSM that duplication doesn't happen. We are able to leverage largely most of the costs that are common and only a small proportion of cost which becomes specifically applied to any one.

Srinivas Rao:

So, that brings us back to the question that we shouldn't expect any compression in margin because of the GSM launch? Will that be a fair assessment?

S.P. Shukla:

Yes, we expect the margins to be stable.

Srinivas Rao:

Thanks.

Operator:

Thank you, sir. Next in line we have a question from Mr. Sameer Naringrekar from BNP Paribas. Please go ahead.

Sameer Naringrekar:

Good evening. My question is related to the Global business. We have seen about 0.8% decline in the revenues quarter-over-quarter despite a 4.5% depreciation in the rupee. So would definitely like to hear some comments on how the integration of Yipes and VANCO is proceeding and also wanted to get some sense of the contribution that you see from these two entities to your Global business. I know there was some litigation against VANCO regarding the overstating of their numbers which had resulted in the de-listing of that company.

Punit Garg:

Let me take your last question first and then we can go in that order. I think I had shared with you that Yipes and VANCO both continue to grow. You heard from me the impressive tally of our customers which we added in the last quarter and that's all the result of our integration program and doing service delivery and service assurance and all of our back offices integrated in a much better way than it was earlier. Obviously, revenues which we are reporting today are the revenues which are the real revenues and I'm not aware of the past because when we bought we have restated all the revenues.

As far as 0.8% decline in revenue, I think you have got to look at it that we are playing the profit sharing game and we focus on our higher EBITDA margin and we retained our traffic and that's what has been our strategy. And going forward that's what we believe would be our strategy, which is reviewed on a quarter-on-quarter basis, thank you.

Sameer Naringrekar:

Thanks Punit, one follow up question if I may. Had the VANCO traffic already been migrated to the FLAG network assets or is it in the process?

Punit Garg:

Arvind will talk to you offline. These are the businesses which run on what's required to run based on the customer requirements. Thank you.

Sameer Naringrekar:

Thanks.

Operator:

Thank you, sir. Next in line we have a question from Mr. Sanjay Chawla from Anand Rathi. Please go ahead.

Sanjay Chawla:

Hi, thank you for the call. Just one follow up question to one of the things that was asked earlier. Out of the Rs. 273 billion of current liabilities that are on the balance sheet, could you tell us what proportion of that is on account of equipment and other capex vendors and how much of that is due for payment say in the next 12 months or FY10?

Satish Seth:

Such nitty-gritty details we generally don't give and this comprises of both capex creditors and trade creditors.

Sanjay Chawla::

Should we assume some winding down of the current liability potentially resulting in higher net debt in FY10. Would that be a fair assumption?

Satish Seth:

As the Chairman has said that the peaking of debt will take place in the coming year and then it will gradually go down. And these creditors are also… We have several different terms and conditions which are linked to the acceptance tests of various kinds of equipments. And then, thereafter there is a lag. So it is very difficult to say when and how it will happen.

Sanjay Chawla:

But without getting into the quantitative details just to get some qualitative perspective here because you mentioned that capex is going to moderate, capital intensity is going to moderate for next year, would it not be a fair assumption that the current liabilities actually start winding down, that it will be lower by March '10?

Satish Seth:

Naturally.

Sanjay Chawla:

Okay, fair enough. Thank you.

Operator:

Thank you, sir. Next in line we have a question from Mr. Mayank Maheshwari from Morgan Stanley. Please go ahead, sir.

Mayank Maheshwari:

Sir, two questions. Firstly, on the Broadband division. The broadband division has registered a sequential growth of 6% in absolute EBITDA but the margins are down around the 664 bps to 42.2%. Though they are still at healthy levels, this is the first time ever. Can you throw some light on the future direction for the same? And my second question is on the wireless EBITDA margins. The absolute EBITDA has been stable at Rs. 16 to Rs. 17 billion for the last four quarters. With GSM launch, how many quarters to breach these levels? Thanks a lot.

George Varghese:

Let me take the Broadband question first. This quarter we've seen a lot of pressure from existing customers, there is a lot of belt tightening, cost control, there is a little pressure on realization but in spite of that we managed to maintain an 8.6% growth in the top line. We expect going forward to be able to maintain this level.

Shubham Majumder:

10% shareholding in Reliance Globalcom and Reliance Infratel which had earlier been transferred to a trust that was managed by the Reliance Communications Board. This shareholding has now fully reverted back to Reliance Communications Limited. Is that the correct understanding?

Satish Seth:

Yes, up to 10%, it is being brought back.

Shubham Majumder:

So meaning, Reliance Communications Limited has 100% equity share holding of Reliance Globalcom and Reliance Infratel?

Satish Seth:

5% equity is still left out.

Shubham Majumder:

Yeah, correct. That was the private equity deal that you did. But except for that, 90% of Reliance Globalcom and 95% of Reliance Infratel, right?

Satish Seth:

Both 5-5% is still there.

Shubham Majumder:

So the 10% hasn't come back in full. You are saying only 5 of the 10% have come back in each company?

Satish Seth:

Let me put it simply; everything has come back except 5%.

Shubham Majumder:

Can I just ask you to tell us, Reliance Communications Ltd, what is the extent of equity shareholding in both the entities as of today?

Satish Seth:

Hold on, Shubham, we will revert back to you. You have put me into little confusion, okay. Arvind will come back.

Shubham Majumder:

Okay, I'll wait for your answer.

Operator:

Thank you, sir. Sir, no more questions.

Arvind Narang:

Okay. Thank you for your participation and we look forward to being in touch with you.

Operator:

That does conclude our conference call for today. Thank you for participating. You may all disconnect now.