RELIANCE COMMUNICATIONS LIMITED

Registered office: H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400710

Transcript of Earnings Conference Call for the Quarter Ended March 31, 2009

Conducted at 5 pm IST on April 30, 2009

Operator:

Thank you for standing by and welcome to Reliance Communications global earnings conference call on the Reliance Audio Conferencing platform. This call is hosted by Macquarie Capital. At this time all participants are in 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 1 on your telephone. Please be advised, this conference is being recorded today. Now, I would like to hand the conference over to Mr. Shubham Majumder of Macquarie, over to you sir.

Shubham Majumder:

Thank you. Good morning, afternoon or evening, ladies and gentlemen. We at Macquarie Capital Securities are pleased to host this call for the fourth quarter and full year 2009 results of Reliance Communications. We would like to congratulate the RCOM management on a strong financial and operating performance during the quarter.
Today we have the senior management team from Reliance Communications led by Mr. Satish Seth alongwith other colleagues namely 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 by the management followed by a question and answer 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 is now my pleasure to hand over the call to Mr. Satish Seth. Thank you very much.

Satish Seth:

Thank you, Shubham.

I welcome all of you to this earnings call on Reliance Communications financial performance for the fiscal year ended March 31st , 2009. During the year, we maintained strong momentum and consolidated our leadership across the entire spectrum of our fully integrated and converged operations in India and internationally. We added 27 million subscribers during the year compared to 18 million in FY 2008 and 8 million in FY 2007, including more than 11 million subscribers in the fourth quarter, a world record for any operator globally outside of China. Our net additions market share of 26% in the fourth quarter was significantly ahead of the next highest operator that had 19%. We rolled out our nationwide GSM wireless services following the implementation of the largest and most extensive network expansion in the world completed in a record 11 months from the date of receipt of spectrum from the government, demonstrating our strong execution capabilities. As you are aware, we adopted an unconventional and innovative GSM launch strategy that gave us nationwide success by using the concept of air time minutes as currency.

During the year, across all our non-wireless businesses, including Globalcom, Enterprise and Home segments, we expanded market share and consolidated our dominant position. Revenue expanded to Rs. 22,941 crores in FY 2009, growth of over 20%. EBIDTA increased by over 13% to Rs. 9,288 crores. We maintained our profitability at 40.5% during FY 2009 despite significant investments in expanding the network and new launches of our GSM and DTH services.

Reliance Communications has been one of the front runners in the growth story of the Indian telecom sector. This growth over the years has been backed by a growth oriented policy framework adopted by the Government of India. The recent TDSAT judgment has upheld the contractual GSM spectrum allocation as per license agreement to 6.2 megahertz and endorsed the Government's stand on cross technology. In addition, TRAI's notification on termination charges is another step towards establishing a level playing field amongst all operators.

Now, I would like to highlight some revisions in our capital expenditure for FY 2009 and our capex guidance for FY 2010. At the close of FY 2009 our capex was around Rs. 19,000 crores, this outlay is roughly 35% lower than the preliminary guidance of Rs. 30,000 crores and 24% lower than the revised guidance of Rs. 25,000 crores for FY 2009. In addition, our capex guidance for the current financial year (FY 2010) stands revised to Rs. 10,000 crores excluding 3G and Broadband Wireless Access, which again is 33% lower than our preliminary guidance of roughly Rs. 15,000 crores. Further, I reiterate that the peak of our capex cycle is behind us and our capex intensity will continue to go down from these levels and moving towards free cash flow.

These capex numbers reflect our strong ability to execute a range of complex projects of world scale on time and at costs that are significantly lower than any benchmark available internationally. By doing so we have ensured that we deliver strong contribution from the business while limiting our capital commitment resulting in a more robust financial performance, strong operating cash flows and ongoing value enhancement for all our stakeholders.

The company has filed schemes of arrangement for demerger of the optical fiber division of the company to Reliance Infratel Limited, a subsidiary of the company, and schemes relating to its subsidiaries are pending final approval of shareholders and of the Honorable High Court Judicature at Mumbai. Upon the scheme being effective after receipt of shareholders' and statutory and contractual approvals followed by filing with the Registrar of Companies, the scheme will be given effect to in the audited financial statements for the year ended 31st March, 2009. Accordingly, the details relating to the balance sheet of the company will be separately circulated at the time when the Board of Directors approves the audited financial statements of the company.

In concluding my comments, I would like to add that the Indian telecom sector is growing on strong momentum. Reliance Communications continues to expand its share of this rapidly expanding market. We believe that we have created significant low cost capacity which provides us strong advantage in our cost position. This will not only help us offer good value for money proposition to our customers but also create sustainable competitive advantages without compromising on margins. We look forward to expanding revenues while maintaining the contribution from each incremental unit of revenue. Profitable growth is our key mantra.

With that I conclude my initial remarks. I now hand over to Mr. Prakash Shukla to talk about the wireless business. Thank you.

S.P. Shukla:

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

We started the quarter with the launch of our GSM services in 14 circles that is in addition to the 8 circles where we already had 10 million GSM subscribers. I am very happy to inform you that our GSM launch has been very well received by the consumers so much so that we are probably the only operator to have acquired 5 million subscribers within the first month of GSM launch and that too in the most fiercely competitive, multi-operator environment anywhere in the world, and contrary to what you might have been hearing, most of the subscribers have been recharging regularly. I will discuss this in greater detail in a short while.

We ended the quarter with a cumulative subscriber base of 73 million. In this quarter we added more than 11 million subscribers across both technologies. With this our wireless market share has increased from 18% to 19% at the end of 4Q. Our Wireless business has strong business fundamentals providing the foundation for sustained growth. Total minute of usage has moved up from 72 billion minutes to 75 billion minutes at the end of this quarter. This translates into healthy revenue per minute of 60 paise per minute.

Now I come to the GSM launch in 14 circles. I am happy to inform you that our GSM services are now available in all the states of the country with Jammu and Kashmir being the latest addition. Our wireless reach with the launch of GSM services now spreads across 20,000 towns and 4.5 lakh villages and continues to increase as our GSM rollout continues. We have been able to leverage our CDMA network to rapidly expand our GSM footprint with just the incremental cost in record time of 11 months from receiving spectrum in January 2008 to launching services in December 2008. As you are aware, we adopted an unconventional and innovative GSM launch strategy that gave us nationwide success by using the concept of air time minutes as currency. The strategy was highly successful on five parameters:

1. It created huge customer pull in the market.
2. It created customer stickiness through initial promotional usage on our network.
3. We utilized this platform to obtain constructive feedback from our customers to further improve the quality of our network and various services.
4. It also created significant pressure on competition without any incremental cost to Reliance Communications.
5. And lastly, we never made any tariff cuts, these were free minutes and after using the free minutes, customers paid the full tariff as is normally applicable.

Our launch objectives were successfully achieved judging by the subscriber additions we have been able to garner month on month. The entire success of our customer experience program was designed and planned around customer experience and the resultant positive word of mouth. Success of this program bears testimony to the fact that customers have appreciated our GSM services i.e. the network coverage, as well as quality, customer service, and of course the value of the offering. I am glad to share with you that majority of our customers have been recharging beyond the promotional minutes that ended in March and they are also using a lot of national long distance calling, which was not part of the promotional offer.

Coming to the handset space, due to our CDMA background, RCOM has considerable strength in mobile devices distribution and we are the second largest device distributor in the country. In the GSM environment, we will now be able to participate in the 300 million strong GSM community, which has access to many and all handset types as is applicable in the open garden landscape. We have tied up with leading handset vendors for reverse bundling of our connections in the open market and you will be seeing more of them in the time to come. At the same time our bundled offerings on the CDMA platform continue to remain highly popular with targeted segments. Customers have a choice of offerings from our integrated portfolio of both voice and data products.

On VAS and data front, RCOM has had an excellent response to its value added services on our newly launched GSM platform, and we continue to be a frontrunner on value added services on CDMA as well. The revenue contribution from both the services on both the technology platforms has been at par or even more than what we are seeing normally in the Indian market.

Staying with the subject of wireless data, Reliance launched its next version of high-speed data services called Netconnect Broadband Plus with the peak speed of up to 3.1 Mbps. This Broadband Plus service allows PC and laptop users the convenience and mobility combined with the availability of broadband speed in 35 major cities across the country covering 85 to 90% of the PC population, which is there in the country. This is further supplemented by the availability of our nationwide wireless data connectivity on CDMA wireless network. This makes the whole country a contiguous hotspot for our data customers. We reiterate that data will be a key USP and functionality to leverage our CDMA network pan India.

We have adopted a unified branding strategy which has allowed us to leverage our strong brand equity in Reliance Mobile to effectively promote our product portfolio on both the technology platforms. We will continue to invest in strengthening and growing our brand resilience and power.

In conclusion, our business strategy is based on five pillars:

1. Network superiority.
2. Brand equity.
3. Channel strength.
4. Customer service excellence.
5. Our people.

We are committed to invest in each facet to achieve superlative business excellence. Our journey towards leadership in telecom space operating on dual technology platform has just begun. Revenue ramp up from newly acquired GSM subscribers will become visible from the current quarter onwards and will pick up momentum throughout the year. We look forward to sharing our success on this front regularly with you in our quarterly interactions.

I would now like to invite my colleague Mr. Inder Bajaj to discuss our Reliance Infratel business. Inder, over to you.

Inder Bajaj:

Thank you Mr. Shukla. 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 industry players driven on nine dimensions, which the infrastructure provider provides. The dimensions include the slots of commissioning the electronics i.e. whether it is 2G, 3G, WiMAX, directly linked to quality of the towers referred to as the passive infrastructure sharing, sharing of the radio network referred as the active infrastructure sharing, providing connectivity to the electronics to site, bulk bandwidth and fiber optic 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 towers as well as a wide range of services. The demand for the telecom infrastructure has been promising driven by the robust growth of the mobile industry in 2G and a steady MoU. The need for telecom infrastructure has expanded the growth taking place in the rural and new markets. The competitive intensity in the mobile industry is expected to double i.e. from 6 to 7 players that there are today 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 almost about 18 to 20 circles and some of them have now got joint venture tie ups with the large global players. Expected technology rollouts this year are on 3G and WiMAX front for the need of the mobile operators as well as for 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 group company including Reliance Infratel, is leveraging our extensive capability to offer a wide range of services as an integrated service provider across the whole infrastructure value chain, which includes passive infrastructure through Reliance Infratel. Our solution provides a fast track solution to our clients as well as new companies entering the market and for their ongoing expansion. We carried out successfully a huge project of commissioning over 30,000 towers in the last year and a half. In the last few months, we have used the towers for both our CDMA and GSM needs as a part of our strategy to provide dual network offering on a pan India basis. We have commissioned nearly 5,000 towers in the last quarter and now have over 48,000 towers with a tenancy of over 1.6x supported by the company's wireless rollout plans. We have 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 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 the unified approach as an integrated service provider.
RITL is in advanced discussions with new licensees to extend as an integrated service provider of various B2B services of passive infrastructure sharing, connectivity to sites, bandwidth to connect core network, and carriage on bulk basis to enable a fast track and comprehensive roll out for the new operators. These new operators have now received spectrum, some have completed joint venture tie ups, connectivity to commence in a phased manner during this year of 2009-10. Apart from new licenses we have agreed with the existing national regional operators to provide passive infrastructure on retail basis.

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

Punit Garg:

Thank you. Mr. Bajaj. Greetings from Global business to our friends in different geographies, I would like to start off with a brief overview of Reliance Globalcom business.

Global business revenue has grown by 12% on QoQ basis. EBIDTA has grown by 16% and earnings before interest and tax by over 25%. As planned, our NLD network has crossed 190,000 RKms of ducted fiber optic cable on 31st March 2009. Our NLD network span is almost twice of next largest private NLD service provider. Amongst private service providers we also have the largest number of nodes with over 1,400 points of interconnection, over 300 points of presence and over 175 MPLS nodes.

Our expansive network makes us the most preferred private NLD carriage provider. Our NLD carriage traffic has grown by 52% on YoY basis and 6% on QoQ basis. We continue to have up to 40% share of NLD traffic from customers like Vodafone, Idea, Aircel, Spice, TTSL, BPL, Shyam and HFCL. In addition, there is strong demand for NLD bandwidth and infrastructure from most operators. We closed a large 1,000 plus Kms infrastructure deal in fourth quarter and we have additional deals in the pipeline to close in next few months.

In our voice business, our focus is to grow volumes and protect margins. In the wholesale voice segment, we had YoY traffic growth of 12%. The recent proposed regulatory increase of termination charge for ILD inbound calls from 30 paise per minute to 40 paise per minute will benefit our access business and will have neutral impact on ILD carriage.

In the retail voice segment, the leadership of Reliance Global Call has provided us deep understanding of the expatriate customers' behavior especially their need to call family and associates back in home country. We have leveraged this insight to expand our target customer base and Reliance Global Call brand umbrella. During 4Q, we launched calling card portals targeted to expatriates from specific South Asian countries living in the US, Europe and other geographies. We have seen excellent response and high recall of portals among target communities and high use of Reliance Global Call to call their respective home countries.

We have also been actively scanning to identify high value addressable markets wherein we can launch products to take up leadership position like Reliance Global Call. We seek to deliver unmatched value proposition leveraging our global reach to more than 40 countries, our online service delivery, our carrier relationships and our ready customer base in the US and Europe has a major contribution.

A major initiative in this direction is our foray into global audio conferencing market. This is Rs. 21,000 crores market with fragmented players. We have opportunity to leverage our 1,500 enterprise customer base outside India and our global voice leadership to grab a fair share of this business.

Our data business comprises of sales to carriers in wholesale segment and to corporate in the enterprise segment. In 4Q, one of the highly successful quarters, we signed total contracts of around Rs. 700 crores in our data business comprising wholesale contracts of around Rs. 350 crores and enterprise business contracts of around Rs. 350 crores.

In wholesale space, as a testimony to our leadership in the global capacity business, we won significant repeat business from our existing customers.

In the enterprise space, we have added new logos in addition to growth in existing accounts. To illustrate a few: A world leader in fire suppression gear, this contract is over Rs. 100 crores over five years; a Dutch engineering solutions provider, to connect their 255 locations across Europe; an Australian infrastructure project company to connect its global operations across Europe, Asia and Middle East.

We are pleased to share with you that we have been able to win all the bids of key enterprise accounts that we participated in against the stiff competition from the global 4: BT, AT&T, Verizon, and Orange. These wins demonstrate global CIOs' trust in Reliance Globalcom's value proposition and service delivery capabilities. We are confident of continued wins in the highly complex but extremely large and lucrative enterprise space in the US and Europe, which is over Rs. 160,000 crores or USD $32 billion market for VPN and Ethernet solutions business.

Last but not the least, our next generation cable named HAWK in the Mediterranean between Middle East and Europe is on track for completion in early 3Q 2009-10. We are the only private service provider with a multi-terabit capacity from India to Europe at unmatched cost since most of the build is financed through pre-sales of capacity on our global network.

Our unique connectivity to India, Middle East and China also helps to drive enterprise business as they look for connectivity to these emerging markets and outsource business processes to low cost destinations.

We believe that our strategy to leverage our global terabit network together with leadership in enterprise solutions is delivering a compelling value proposition to our global enterprise and carrier customers. Our customers are endorsing our strategy through repeat and new business wins. Going forward, we expect continued growth in every segment of Reliance Globalcom's business.

Thank you. With that I hand over to George Varghese.

George Varghese:

Thanks Punit. My greetings to all participants.

Enterprise business continues its growth journey by achieving 8% increase in this quarter over the previous quarter. Our EBIDTA also grew by 15% over the previous quarter. This reflects the quality of revenue generated from our enterprise business.

I will take you to the last quarter performance by elaborating on the three key advantages that Reliance Enterprise business has:

1. New opportunity in the changed economic scenario,
2. Additional revenue from our existing customers, and
3. Our distinct competitive edge.

Coming to the first point, new opportunity presented by the changed economic scenario: In the new economic scenario we have observed changes in the customers' buying behavior. Customers are delaying the capex spend decisions; they are looking for newer ways to bring in better efficiency and cost control in their operations. Decision-making has been pushed up the hierarchy. Decisions earlier taken by the CIO is now being taken by the CFO and the CEO. Admin heads who have hereto resisted churn of voice services from competition due to the hassles of number change and other related administrative activities are now more open to change.

Reliance has in its product bouquet, the unique service of managed voice VPN that provides CUG like environment to the customers across landlines, PRIs, Centrex, mobiles and fixed wireless connections. Reliance Managed Voice VPN provides facilities like short digit dialing pan-India for all diverse services of the customer. This product has been acknowledged to reduce customer spend by at least 15%. This product is unique to Reliance due to our state of the art unmatched network architecture and centralized billing platform. This is the product that can improve operational efficiencies of any multi branched organization.

Reliance Enterprise business team is engaging at all levels of the customers' organization, especially the CFO, to pitch products like these. Key customers across business verticals like banking, logistics and courier, IT and ITeS, retail; non-banking financial institutions are using this unique product. Besides this, our focus on the government sector helped us win major new orders from prestigious public sector entities. New major orders won in the last quarter came from large and medium enterprise segments across all verticals.

Coming to the second point, additional revenue growth from our existing customers: These challenging economic times are a period when customer loyalty is critical to any business. Reliance Enterprise business is earning dividends of its high quality customer service. Whereas other telecom operators in the enterprise arena are losing customers, we are getting fresh orders from our existing customers. Our existing customers continue to be our major revenue contributor. They contributed to 55% of our order booking in the last quarter. Our customers have rated us at 8.34 on a 10-point scale in terms of customer satisfaction. We shall continue to strive to exceed our customer expectation and create new paradigms of customer delight for the Reliance Enterprise customers.

Distinct competitive advantage: During the last quarter Reliance added 38,000 new buildings on the state of the art network. This has taken a total number of buildings to nearly one million. We continue to adopt a multi-pronged strategy of using various last mile technologies like LMDS, microwave, WiMAX in addition to wireline connectivity to ensure ubiquitous service to all our customers.

Reliance continues to have an unmatched product suite having unique voice solutions, the type of which I mentioned earlier in my address and cutting edge data solutions like Managed VPN and avant-garde IDC. With the new IDC being commissioned in Chennai, Hyderabad, we will continue to maintain a Numero Uno position. This will increase our share of this business multi-fold.

We at Reliance Enterprise business are committed to provide our customer with products and services that will continue to give them an edge in their respective markets. Reliance Enterprise business has been on a continuous growth quarter on quarter and we are confident that we will continue to garner maximum spent of our corporate customers.

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

Mahesh Prasad:

Thank you, George. Our Home business after reaching our first million subscribers for Reliance Big TV in the previous quarter, we are pleased to announce that we have added another half a million subscribers in the fourth quarter. Our overall market share is now over 12% in just six months of the operation of launching the business. In spite of 4Q being a lean quarter for the DTH industry, which saw a decline of 42% as a whole, we have managed to expand our customer base building on the launch momentum.

This past quarter we also focused on revenue enhancement as more and more of our launch subscribers started moving into subscription renewals. We have successfully managed the transition of these customers into prepaid subscription model in a seamless fashion.

A customer first program was also introduced in the quarter aimed at better customer education, customer service and faster resolution. This has improved our customer experience significantly by bringing down the calls per customer by 30% and reducing the time of each call by 15% from the previous quarter.

In the coming quarter we intend to further enhance customer choice, convenience, and experience, which will help us further establish market leadership. We expect to add more number of channels and exciting interactive applications in the coming year.

Now let me hand it back to Arvind.

Arvind Narang:

Thank you Mahesh. We will now open the floor for Q&A. We request all of you focus on key strategic and business issues. Please feel free to touch base if you need any further information or clarification on 4Q financial results.

Moderator, can we take the first question please?

Operator:

Certainly sir. First in line we have Mr. Gaurav Jaitley from Reliance Equities. Please go ahead sir.

Gaurav Jaitley:

Thank you. Good evening gentlemen. I had three questions. First on your capex guidance, pretty significant decline in your capex that is for next year by almost a billion dollars, just wanting what has changed over the past 90 days, is it are you just trying to rationalize the capex, are you getting better pricing, are you trying to hold off before the 3G auctions; just want to get some color on that?
Secondly, on the wireless margins, I think Mr. Shukla kind of alluded to that we should expect to see margins expand in the wireless business despite your obviously continued network expansion with GSM sites, just wanted to make sure I had that right.

Then, a question for Mr. Punit Garg on the Globalcom business. All the global carriers such as AT&T, Verizon, BT, they have all reported pretty significant pressure on their enterprise business as a result of the weak economy and you guys definitely seem to be bucking the trend here, I just wanted to get some color on what you are seeing and you have some pretty significant wins in the quarter in terms of contracts, just wanted to see what you are seeing in terms of pricing and how that might impact your margins going forward?

That is it from me. Thank you.

Satish Seth:

On the capex guidance, as we rolled out our network and we undertake the RF optimization we come to know what level of coverage the existing network or the network being rolled out covers, the overall geographical reach, and based on that the overall network plan is kept revising. We have found that our network capability and the spectral efficiency available with us have been of very significant help to us, overall rationalizing the requirement of additional roll out.

S.P. Shukla:

We are confident of our revenue growth due to our entry into GSM segment recently. We, however, do not give specific guidance on our margins.

Punit Garg:

I think when you are looking at Reliance Globalcom and our enterprise growth, #1, you are seeing a significant advantage due to the synergies of our wholesale business which is the international backbone touching almost 60 countries where we have our own capacities and our significant relationship in 230 countries; but more than that we are in Managed Service business as far as the two companies which we acquired Yipes and VANCO and it is a play of managed services that the global CIO and CFO are seeing advantage where it is like outsourcing the entire network to organizations where you can get it; and I think our testimony is the logos which we have, customers like Ernst & Young, where we service them globally. New CIOs and CFOs are seeing that how well we serve our customers and that is where they are outsourcing entire networks to us and that is what is contributing to higher margins and new wins for us and I am sure you would see that expanding in the coming quarters as well. Thank you.

Gaurav Jaitley:

All right, thank you.

Operator:

Thank you, sir. Next in line we have a question from Mr. Sachin Gupta from Nomura Securities. Please go ahead.

Sachin Gupta:

Thanks very much. I have three questions as well please. The first is the losses in the others business seem to have expanded quite rapidly, it has gone up to Rs. 1 billion and the revenue growth is down, I was just wondering what drives that? That is my first question.

Secondly, I just want to get your thoughts on just the mobile revenue growth, it has only went up 2%, just given how aggressive you were in the first three months of the year and the subscriber numbers are strong but the other KPIs look quite weak. I just wanted to understand your strategy going forward for that?

The last question is, this amortization compensation under employees' stock option scheme has gone up at Rs. 1.75 billion. Please can you explain that as well?

Satish Seth:

Could you repeat your second question, we couldn't get it clearly, so requesting you to repeat your second question.

Sachin Gupta:

My second question, just wanted to get your thoughts on the strategy of the mobile business going forward, I mean if you look at the subscriber numbers, they have been quite strong, but the rest of the KPIs look relatively weak, I just wanted to understand how you are positioning yourself over the next 6 to 12 months?

Satish Seth:

On the losses on the others business, primarily the new venture we have started on the DTH side and the third quarter had income from buy back of FCCBs and that is the reason this is higher compared to the 3Q.

S.P. Shukla:

I will take the next question. We had a very strong subscriber growth in the quarter, which we are discussing. This was part of our customer experience program but we had invited the subscribers to come in with promotional minutes being offered to them for a period of 90 days. So while they have all recharged beyond the promotional minutes, the proportionate revenues will not be visible in the quarter, which has gone by, the revenue visibility comes from this quarter. So, you will see strong revenue going forward, similarly revenues from our international roaming and other operations will start coming in now. We began the service with prepaid in January and now we have started launching postpaid all across the country, which is already a service, which you take up after the prepaid has been launched. So, post paid revenues streams will also start kicking in the quarter which we are in, which is April-June quarter, and the momentum will pick up as we go through the year.

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 very much for this opportunity. Just a couple of questions. One is, can you please give us some sense of what quality of customers you are experiencing on GSM in terms of minutes of use? I am just surprised that in spite of promotional minutes your overall MoUs have fallen quite sharply, if you can just talk about that a bit.

My second question is on the towers versus the town coverage that you talked about, you said you have 48,000 towers but you cover 20,000 towns, I am just wondering whether there is some specific kind of technical efficiency that we are talking about here or is it possible that now with far fewer towers you can have that kind of coverage?

On the balance sheet, I was just curious why the de-merger of the optical fiber business should hold up the publication of consolidated balance sheet, because I would have thought that your consolidated financials would not change since the optical business will remain a subsidiary of Reliance Communications, please correct me if I have got that wrong, and also if you can share any details on net debt?

Finally, on your net interest income, it has expanded again this quarter. So, if you can just tie that into how your net debt has moved please? Thank you.

S.P. Shukla:

I will begin with the first question Reena. Quality of subscriber acquisition in 4Q, which just ended, is in line with current quality of customer acquisition which industry is having in prepaid segment, it is no different. The current subscriber acquisition, which is happening, is roughly divided evenly between urban and rural. In urban markets you rely largely on churn customers because in major cities you find that the penetration levels are 85-90%, so you tend to churn the customers from other operators. Whereas as you go to suburban, small towns and rural areas there are new customers joining the network, so you get customers who come both from existing operators' churn to you as well as you are getting customers who are first time customers and new customers who are becoming mobile for the first time. If you look at, it is early to give KPIs of new customers, because 90 day period for January people is ending is ending in April, and for March customers it is ending in June, but as we can see from the recharge patterns of the customers we have acquired, majority of the customers tend to use up the promotional minutes very fairly quickly while we had given 10 minutes in few circles initially essentially we have given 4 minutes per day to the customers who are acquired in February and March, people tend to use up these minutes and after that any extra usage that has to be paid for. Similarly, for national long distance or for value added services they have to recharge to use it, it is not part of the promotional plan. Promotional plan is available only for the local usage. We have seen that a very high percentage of people had been using beyond the promotional minutes given to them. In the beginning, most of the calling was outgoing because the numbers available with the customer that had not gone into circulation, but as the time is passing, we are finding that incoming usage has been rising on a regular basis, week on week and month on month, which shows us that number of these customers has gone into wider circulation. We should be able to share better as the quarter passes by and more details on this perhaps at the end of next quarter.

Reena Verma:

Mr. Shukla, that is a very useful answer, but just one small follow up there, if you can comment on what would be broad MoU of an incremental or a new subscriber on CDMA today, just very broadly?

S.P. Shukla:

We have shared the MoU details in the document.

Reena Verma:

I am just trying to compare this promotional offer of yours versus what a new CDMA user would kind of use off in terms of minutes?

S.P. Shukla:

We operate the whole thing as one integrated wireless business. We do not do this KPIs in detail which you are asking. On integrated basis, we have provided the usage on RPM as well as on MoUs, actually all the trends are available; we can share with you on quarterly basis.

Reena Verma:

Sure, thank you.

Inder Bajaj:

Reena, on the question on 48,000 towers and the extent of coverage, we as a wireless coverage, which we were covering to CDMA, we provide coverage to over 90% of India's population and this includes all towns which are greater than 5,000 population as well as over about 500,000 villages. As far as GSM is concerned, and Mr. Shukla shared in his opening remarks that the GSM has also got up to almost about 4.5 lakh villages now and we will move towards the same wireless coverage that we provide to CDMA as well.

When you talk about the efficiency per town, please understand that when we say 24,000 towns as such this includes all towns which have a population of 5,000 and when you try to cover a network coverage of a population which has 5,000 as a population it is extended by one site per town as such, so the 48,000 towers that we have overall through wireless coverage we provide coverage to all the towns which are more than 5,000 population which is almost about 25,000 towns in India.

Reena Verma:

Inder thanks for the answer, so in terms of GSM pop coverage where do you stand now?

Inder Bajaj:

As far as the towns are concerned we are covering over about 20,000 towns, which are there in the GSM as well, and it is catching up to going to 24,000 towns. As far as numbers of villages are concerned, we are covering nearly over about 520,000 villages in CDMA and the GSM has got up to 450,000 villages. I don't have a specific answer as what does it translate to in terms of population covered, but we cover wireless coverage by about 90% and in the next few months we would extend that in GSM as well.

Satish Seth:

On the scheme of arrangements, you will appreciate that it has been stated that we need to get the Board of Directors approval to the audited financial statements of the company and therefore they will be circulated post the clearance of the scheme by the respective statutory authorities. Accordingly, the net debt numbers would also be available at that given point of time.

On the net income side, this comprises of several components including the interest income, expenses, foreign exchange gains and losses including foreign exchange gains and bank balances, financial investments, amounts receivable from foreign subsidiaries, dividends from RCOM shareholding in the trust. So, this is a net of all these components and that is how the net income is arrived at.

Next question please.

Operator:

Next in line we have a question from Mr. Rahul Singh from Citigroup, please go ahead.

Rahul Singh:

Hi. Good evening everyone. Firstly, as on December 2008 you had a capital work in progress of almost 19,000 crores, I presume mostly on GSM, just wanted to get a sense of now that the GSM business has commenced and how much of that was capitalized, I don't want exact numbers but just some sense of that, and how that would increase going forward, because if I see the depreciation numbers for the March quarter it has not gone up significantly.

The other question was related to the question asked earlier on the minutes growth of just 3.7% quarter on quarter, I am talking of the overall minutes in the system, that was a bit lower than expected given that free minutes would have led to a spurt in the usage. So, are you noticing any trends of any cannibalization of your own CDMA traffic?

The third question, if I may, on the Rs. 10,000 crores capex for FY-10 if you can give a break up?

S.P. Shukla:

Let me take the last question first. Mr. Rahul Singh, free minutes given were rather small. Very often I think it is our focus was on customer experience rather than minutes. Entire February and March we gave only 4 minutes a day, which translates to only 120 minutes, that is it, 120 minutes of free minutes were offered to the new customers, which is very small in comparison when you see wireless minutes usage on general basis, which has been significantly higher. So that does not lead to very high usage on the network in the overall context of 73 million customers. Now that incoming usage has started from these customers. Most of the prepaid customers outgoing usage and incoming usage they have a balance, generally it settles down in typically 55:45 ratio, you will see incoming ratio picking up for all these customers as time is passing and that is what will lead to MoUs stabilizing, ARPUs stabilizing and as we enter now postpaid segment in this quarter further high usage customers start churning from other operators that will lead to increased usage on the network.

Arvind Narang:

Rahul, if you look at the P&L where we have already provided the increase in depreciation number. Depreciation has already increased by around Rs. 136 crores in this quarter. If you look at last various quarters the numbers which we have been releasing consistently, the depreciation rate has been around 2.2% of net fixed assets and around 1.8% of gross fixed assets, so in a way that number is already provided for your understanding, but because we have not disclosed the balance sheet we will not be able to give you a specific number that how much it has reduced, but in P&L depreciation number is already being provided for.

Rahul Singh:

On the FY 2010 capex guidance of Rs. 10,000 crores, if you can give a break up of that?

Arvind Narang:

We don't provide project wise break up.

Rahul Singh:

Okay, thanks a lot Arvind.

Shubham Majumder:

Hello, can I come in with a question?

Arvind Narang:

Yes.

Shubham Majumder:

Hello everyone. Thanks for the opportunity. I just had a few questions, starting with the GSM launch, from the numbers you have added in terms of subscriber additions you have added the maximum number of subscribers in January followed by February and followed by March, clearly the strength in number additions was the highest in January and from what I recall you were indeed giving out free minutes for consumption everyday, at least in January, even if that came off in February and March. Also, the percentage of subscribers that would have got added from new GSM as a percentage of your total subscribers in December 2008 was pretty substantial, in addition unless there has been a significant drop in minutes of use in the CDMA business, the minutes profile in this quarter on the wireless side would have been a lot stronger than what seems to be coming through. If you could just throw a little more color because clearly that trend rate was the highest in January followed by February and followed by March with the free minutes were coming off as you progressed through the launch it should have been a lot stronger, if you just do the arithmetic.

Secondly, on SG&A, clearly you haven't gone for a mass market launch strategy and therefore the ad expenses have been low, but could you just throw some color as to how this kind of savings are possible and more importantly what sort of trend would you expect going forward as the customer experience plan gets over, are you looking for a full fledged mass media led advertising launch which could take up SG&A going forward?

Three would be on the capex guidance, if you could just give us some color of atleast the break down between active electronics and passive electronics or atleast some sense of where passive infrastructure build out will be in Reliance Infratel, at least in the number of towers or some hard metrics like that?

Finally, in the Global Call business I believe Bharti Airtel has launched one cent call rate from the US to India and that was probably a lot lower than where the industry was at when this price was introduced, are you seeing a significant compression of market share, are you dropping prices yourself, some color on that?

Thank you.

S.P. Shukla:

Shubham, that is many many questions, so let me take one or two of them.

The number adds up GSM and CDMA networks together, what has happened is simultaneously in CDMA we have withdrawn or reduced many free minutes offer as part of the bundled offerings during the quarter, so while in GSM we have given a significant amount of promotional minutes in the first half of January, in the second half of January it was drastically reduced from 10 minutes to 5 minutes and then from February and March it was drastically brought down to 4 minutes. That is just 120 minutes per customer as against average usage which runs for different category of segment for 300, 400, 500 minutes, this is the power of the value proposition. The fact of the matter is minutes offered were very small and the fact of the matter is that we are discussing and customers were discussing and competitors were discussing, everybody has been discussing this unique offer but actually we have not given away so many minutes as everybody thought, that is the beauty of this unique offer. We used the opportunity also to rationalize the promotional minutes on CDMA at this time, because teams were focusing on GSM launch, and we thought the full advantage of GSM launch at this moment running in parallel CDMA offers will only distract. Together the sum total is that our total minutes grew from 72 billion to 75 billion minutes. Now, I do not know how you are adding up, 3 billion minutes more got used in the quarter we are discussing and 3 billion minutes is a lot of minutes both promotional as well as paid.

Inder Bajaj:

Shubham, on the capex break up and the passive infrastructure, we do not provide capex guidance specifically as Mr. Seth also mentioned and Arvind mentioned in terms of business wise, as such, and as far as passive is concerned it is the part of the Rs. 10,000 crores capex that we have given a guidance for next year.

Punit Garg:

I think in our retail segment when you are really looking at Reliance Global Call rather than the India call, and as I talked about that we have launched services for South Asia and we are not focusing on India alone, and when you are looking at any offer coming, you are looking at desperate offers coming from the competition to get some customers, but I think it has expanded the market and we have grown from 2 million subscribers to 2.2 million subscribers in the quarter, and we have many more subscribers calling to the other countries as our overall proposition has changed significantly in terms of people calling just to India versus call getting distributed on several other destinations. That is what is actually helping us in terms of maintaining our profitability in voice business.

If you are asking us, are we impacted? I would say we are enjoying the growth in our voice market.

Thank you. Next question.

Operator:

Next in line, we have a question from Mr. Rajiv Sharma from HSBC, please go ahead sir.

Rajiv Sharma:

Thanks for the opportunity. I have a couple of questions. First question is for Mr. Inder, I just wanted to understand that you have talked about spectral efficiency and your coverage in 24,000 towns with 48,000 towers, I understand that your incremental spectrum is on 1800 megahertz, if you could help me understanding that how with 1800 you are spectrally efficient with lesser number of towers?

Second question is that we had a GSM launch where we had lot of freebies and despite that we have maintained our wireless margins. I understand that this is in line with our guidance, but if I could get a feel as to though the networks have increased how you were able to sustain your margins, what was the formula there? And if we can get some color on your net debt number for March end, even if it is tentative?

Inder Bajaj:

Rajiv, let me take the first question in terms of coverage and spectral efficiency that you asked for. Yes, if you look at our total towers we have, our earlier 8 circles are on 900 megahertz and the balance 14 circles are on 1800 megahertz. So, when I referred to the total of 48,000 towers as such, right now it is being meant for both our CDMA and GSM purposes, in GSM partly for 900 and partly for 1800. These are very clearly providing the extent of coverage, which is there in terms of 90% and covering all the 24,000 towns that we have where there is a population of 5,000 and in over 500,000 villages. So, it is a combination of both 900 and 1800 and it provides the extent of coverage that I mentioned.

S.P. Shukla:

Rajiv, you have also asked the question on how we have managed freebies. Actually we very efficiently utilized the minutes which were expiring to bring down the cash expenses, we could manage with lower margins to the channel, we could optimize very significantly the launch expenses, you are aware that some of our competitors have launched one city and spent Rs. 20-25 crores on advertising and we did a national launch, so we have significantly optimized on our marketing expenses, launch expenses, efficiently used the minutes which were expiring in any case when your network is empty. This has helped us in keeping the overall cost under control while giving freebies, which at the very next minute had no value to us.

Arvind Narang:

Rajiv, regarding the net debt, as been said twice on the call already that the balance sheet specific items would be provided when the Board of Directors approve the audited financial statements of the company, so till then we have to hold on for specific details on that.

Rajiv Sharma:

Arvind, what is the FY-09 capex, I missed on that, if you could just help me with that please?

Arvind Narang:

We have Rs. 19,000 crores approximately, which is a significantly lower number than our original guidance of Rs. 30,000 crores which we reduced to Rs. 25,000 crores in January and the actual capex is around 19,000 crores for the year ended March 31st, 2009.

Rajiv Sharma:

Thank you very much.

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. I have two questions. One on the wireless business, can you give us the break up on the CDMA & GSM, we are hearing a lot of noise on multi-SIM cards this quarter, are you concerned on churn rates possibly tripling or quadrupling in the next quarter? Also with you having achieved a lot of deadlines in absolute subscribers, are you seeing additional spectrum post the 4.4 megahertz coming up to you? That is on the wireless business.

Moving to the capex, you did mention that the Rs. 10,000 crores includes passive infrastructure, but just want to reemphasize so are we saying that everything inclusive on a consolidated basis, we are talking about Rs. 10,000 crores for fiscal 2010.

Finally, I understand you cannot give us the net debt number, but can you throw some light on the debt you have picked up in the last quarter, we know something about what you picked up from LIC, but apart from that any other debt you have picked up in the last quarter and anything dealing with the working capital, something on your current liabilities would be very helpful. Thank you.

S.P. Shukla:

Let me try and answer two questions. Multi-SIMs, yes they are a reality, they will be a reality, all over the world as penetration levels go higher you see people using more than one SIM. In fact to accommodate such people handset vendors have started coming out with multi-SIM handsets, multi-SIM handsets would not be there if people are not using multiple SIMs, so let us say that this is a market reality which we have to live with, all the operators have to devise their strategies how to make sure that it is their SIM which gets used more than the other person's SIM, that remains the strategic goal.

Coming to churn, again it is in line with the first comment which I made, operators will have to make sure that it is their SIM card which gets used more than the other operators' so that at the end of whatever is the tariff plan or scheme your SIM continues to keep getting used whereas the other SIM gets discarded that is where the challenge of marketing, that is where the challenge of customer value proposition will lie in the future.

Vinay Jaising:

Sir, I am assuming you are saying that RCOM is well inclined to keep their churn rates where it is at these levels even in the next quarters to come?

S.P. Shukla:

Our endeavor will be to keep the churn rates lowest, which today are the lowest, we are confident that we will try and keep them the lowest. We should keep in mind that as far as prepaid segment is concerned, in GSM sector churn is running at 4 to 5% a month, which is equivalent of 50-60% a year, this is the current churn which our competitors are facing. As against that we have been successfully keeping our churn very low. We will endeavor to keep the churn rates as low as possible and that is where managing the multiple SIMs handled by our customers, that is what will be the challenge for every operator for the entire industry including ourselves, we do have some innovative plans up our sleeves, which I do not have liberty to disclose here, but you can count on us that we will keep the churn under control.

Vinay Jaising:

Sure. On the spectrum and CDMA & GSM breakup?

S.P. Shukla:

Spectrum is something for which there is a transparent policy available. Up to certain contracted spectrum everybody follows that and does it, and it is quite in the routine course of the business that it is done, nothing specific and nothing special, as and when we meet subscriber numbers, applications get filed in routine and after scrutiny that allocation will happen.

Vinay Jaising:

CDMA & GSM break up sir?

S.P. Shukla:

Break up on?

Vinay Jaising:

CDMA and GSM subscribers?

S.P. Shukla:

We have already given this in our numbers, I can share with you. We publish as per company, so RTL numbers and RCOM numbers they are published separately; it is available in public domain. RTL has already crossed 11 million customers and the remaining 63 million customers are on RCOM.

Vinay Jaising:

But RCOM has GSM and CDMA right? Can we get a break up there sir, by any chance?

S.P. Shukla:

We look at it as an integrated business and wireless business.

Vinay Jaising:

Great. Sir, any thing on the debt front?

Arvind Narang:

Vinay, you had already mentioned about LIC where the prospectus is there on the website, that is what largely happened in the last quarter and you are already aware of that. However, we can't disclose specific numbers.

Vinay Jaising:

Okay, thank you sir.

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. I have three questions:

First one is on the global business. If you could just provide some color on the reason for the very strong increase in global revenues, margins and EBITDA this quarter, whether it is coming from voice or data and if they have contracts which have started accruing revenues to you from this quarter?

Second question is, if I could just confirm the tenancy rate on the RITL towers at the end of March 09, I probably missed that?

Third question is, on the wireless, after the record-breaking additions in the fourth quarter, what kind of a sustainable rate of net additions do you see or do you target over the next 12 months?

Punit Garg:

On the global business, when you are seeing this revenue growth, it is a combination of our contribution from NLD network in India which I already said that is one of the largest network in India and double the size of our nearest competition and you are seeing the benefit of that in terms of the revenue as well as in terms of margin. Also, I mentioned that in our data business you are now really seeing the synergy of integration for which you were concerned. I would say earlier few quarters where you asked that question again and again and we said that you would start seeing that benefit from the last quarter of the fiscal year and that is what you are seeing really, and I think as a turnaround of that business we also have the new logos there which I shared with you, the significant contracts we have signed, and I think that has started contributing into the revenue growth as well as margin of the business because when you look at the capacity, I would say abundant capacity available in the network, and whatever revenue is getting added, a significant amount of that gets converted into the EBITDA or margin of the business.

Sanjay Chawla:

Punit, just a follow up on this, would it be a fair observation to make that most of the growth and revenues and EBITDA in this quarter has come from data and not necessarily and less from voice? Also a follow up question is what kind of an outlook do you have on the global segment margins going forward?

Punit Garg:

Your observation I think is correct that the most of the growth has come from the data business, whether it has been domestic market or international market, it has been combination of wholesale and enterprise both, and I think as far as you are seeing the growth what I said three quarters earlier that you would see consistent growth in global business quarter on quarter and we have demonstrated that in last two or three quarters, and you would continue to see that improvement in forthcoming quarters as well.

Inder Bajaj:

Sanjay, your query on tenancy rate; our tenancy rate as on March 09 is 1.6x.

Sanjay Chawla:

Sir, on the wireless side, what kind of a sustainable rate of net additions do you see or do you target for the next 12 months?

S.P. Shukla:

My friend, we have raised the expectations internally as well as externally. Our endeavor will be to rise to those expectations.

Sanjay Chawla:

Just a question on margin of global segment for Mr. Garg, what kind of an outlook do you have on the global segment margins?

Punit Garg:

We have said earlier that you would see a growth of around I would say 100 basis points as far as quarter on quarter is concerned, but nothing can be said as you know someone asked earlier that what AT&T and Verizon are saying that there is negative growth in the enterprise market, we are trying to beat that with what solutions and innovative approach we have in the market and I have a firm belief that we would grow quarter on quarter and I think you would see that as the results come and I think you would be able to draw that trend yourself.

Sanjay Chawla:

Okay, thank you very much.

Operator:

Thank you, sir. Our next question comes from Mr. G.V. Giri from IIFL Capital, please go ahead.

G. V. Giri:

Thank you for the opportunity.
#1, is your GSM in the new circles net revenue positive?
#2, can you throw some color on the operating cash flows for this quarter?
#3, you mentioned something about offering centralized billing to your enterprise customers, any plans of introducing a variant of that in the retail segment? And,
#4, what could be the approximate size of the GFA when the optic fiber moves into the Reliance Infratel division?

S.P. Shukla:

Let me take the first question whether the GSM subscribers in new circles are revenue positive? Yes, they are revenue positive. What is your second question?

G. V. Giri:

Can you explain how much your operating cash flow would have been for this quarter?

Arvind Narang:

The P&L and the KPIs we have already disclosed. The items which are linked with the balance sheet and cash flow, we are bound not to disclose that as part of the scheme of arrangement, so we have already covered that in the call. We didn't understand what exactly is your specific query.

G. V. Giri:

The third question was, you said you would offer centralized billing to your enterprise customers, and is there something that you might do on a similar scale to your retail customers also?

George Varghese:

The centralized billing platform is a platform feature which is available to all the products and services of Reliance Communications whether it is enterprise, whether it is GSM, whether it is anybody who wants to get that kind of a facility. So the facility is available right now as we talk and even our mobility customers are using that same facility of centralized billing, which is available across, that is a platform which right from the day we launch we build those features in, and which is becoming a unique differentiator for us in the market place across all segments of the business whether it is enterprise broadband, whether it is wireless. Actually you are aware some of our competitors operate from a circle centric point of view, we have always operated pan India, so that advantage is there and it can be reaped to all our business streams.

G. V. Giri:

Lastly, what would be the approximate increase in gross fixed assets of Reliance Infratel when the optic fiber moves into that?

Arvind Narang:

We can come back to you on that specific number?

G. V. Giri:

Sure, thank you.

Operator:

Thank you sir. Next in line we have a question from Mr. Tien Doe from GIC, please go ahead.

Tien Doe:

Hi. Good evening, thanks for the call. Just three questions:
First question, I am just on a dimension what growth you are expecting on the mobile side, Bharti at the moment is adding Rs. 4 to 5 billion of revenues each quarter. Is that the level of growth that you would hope to get in the first quarter of this financial year versus what you did in the fourth quarter of last year?

The second question is, if the unexpected happens and your GSM subscribers do not start to reload and the quality of the subscribers is poorer than you expect, what is your plan B, what do you do then? You said before the multi-SIM phenomenon, it is a case of just marketing and making sure your SIM card is used more often than anybody else's is, what is that marketing strategy to get people to reload your SIM card more often than anybody else's?

The third question is just on your broadband net adds, those have been coming off a few quarters now, I think the last one was about 50,000, that is got to be a little disappointing given the number of buildings connected is rising pretty fast. What is the story there do you think, what can you do to stimulate those broadband net adds over a 100,000 again?

S.P. Shukla:

Let me begin with wireless part first and then my colleagues will be taking on broadband and other questions.

You are quite right that indication of the revenue growth can be had from the overall revenue growth of the sector, so that can be one good starting point to estimate what will be the upside from our GSM entry. We will be benefiting on the revenue front from three different streams.

1. The plain and simple subscriber growth.
2. The quality of subscribers which we are able to get by entry into GSM, which due to device related constraints in CDMA we were able to get certain segments of customers, which in GSM we have a far wider access and far wider entry into different segments.

3. We will be able to participate in international roaming both for outgoing as well as for incoming.

These are the three different segments where we will benefit form the revenue upside.

Overall, we cannot give specific numbers, but all these three benefits will become available in the coming quarter.

George Varghese:

Coming to the broadband business, I think in spite of whatever the economic mood in the country is, in spite of corporates cutting down on spend, I think we have shown some fantastic results over the last two quarters, and like I said earlier we have been able to do that and bucking the trend in the industry we have been able to do that because of the wide range of products and our consultative approach to offering competitive solutions to corporates. So, I think we have actually bucked the trend and because we cannot give value to our customers we have been able to show this fabulous numbers in the last two quarters.

Tien Doe:

You would expect in coming quarters that your broadband net adds to rise again or we should expect a 50,000 a quarter sort of figure?

Mr. George Varghese:

The numbers we are talking is combined enterprise data wireline segment, broadband from a consumer perspective and also for the enterprise business, we show our numbers consolidated. So, we don't report numbers separately. But overall revenues from this business will continue to grow the way it has been growing over the last few quarters.

Tien Doe:

All right, thank you.

Operator:

Thank you sir. That was the final question due to the time constraint. That does conclude our conference for today. Thank you for participating. You may all disconnect now.

Arvind Narang:

Thank you everybody for participating in Reliance global conference call. We look forward to interact with you in coming quarters. Thanks.