



Reliance Communications

STOCK INFO.	BLOOMBERG
BSE SENSEX: 9,788	RCOM IN
	REUTERS CODE
S&P CNX: 2,886	RLCM.BO

1 November 2008

Buy

Previous Recommendation: Buy

Rs221

Equity Shares (m)	2,045.0
52-Week Range (Rs)	844/149
1,6,12 Rel. Perf. (%)	-10/-19/-22
M.Cap. (Rs b)	451.9
M.Cap. (US\$ b)	9.1

YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
END	(RS M)	(RS M)	(RS)	GROWTH (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
3/07A	144,684	4,813	15.6	563.6	14.2	2.2	19.9	11.1	3.2	8.2
3/08A	190,679	55,095	26.7	71.0	8.3	1.6	22.7	12.0	2.9	6.7
3/09E	238,791	58,380	28.3	6.0	7.8	1.5	19.6	9.6	2.7	6.7
3/10E	302,040	64,895	31.5	11.2	7.0	1.2	19.1	10.4	2.1	4.7

- EBITDA significantly below estimate:** RCom's 2QFY09 EBITDA grew 17.3% YoY and 2.3% QoQ to Rs23b (8% lower than estimate). Revenue increased 23.3% YoY and 6.1% QoQ to Rs56.5b. Wireless ARPU declined by Rs3.9 QoQ to Rs271 while MOU remained stable at 423. EBITDA margin declined ~150bp QoQ to 40.8%, impacted by continued wireless expansion. Reported earnings were supported by net finance income of Rs2.35b (despite a net debt of Rs152b) and tax write-back. RCom continues to capitalize impact of forex fluctuations, which would have otherwise resulted in Rs17.3b realized and unrealized loss. Liability on outstanding FCCB increased by Rs5.4b.
- GSM plans on track, management confident of sustaining wireless margin:** Consolidated capex for 2QFY09 was Rs47.7b - capex/sales of 85%. RCom reiterated that funding for ongoing capex can be comfortably met by a mix of internal accruals, cash balance, and credit lines. GSM launch in 14 circles is likely to be staggered over three quarters starting 3QFY09. The management is confident of sustaining wireless EBITDA margin.
- Downgrading estimates and target price on disappointing 2Q performance:** We downgrade our revenue estimates by 1-1.5% and EBITDA estimates by 4-6% for FY09 and FY10. We are downgrading our FY10 PAT estimate by 6% but maintain our FY09 PAT estimate on higher net finance income and lower tax rate. The stock trades at an EV/EBITDA of 6.7x FY09E and P/E of 7.8x FY09E. We cut our target price to Rs350 (Rs520 earlier), which now reflects 30% discount to DCF for core business and 50% discount to DCF for tower company (implied target EV/EBITDA of 6.7x FY10E). Maintain **Buy** on upside to KPIs and market share post GSM scale-up. Key risks stem from margin pressure due to aggressive expansion, and upward risk to finance costs.

QUARTERLY PERFORMANCE (CONSOLIDATED)

(RS MILLION)

Y/E MARCH	FY08				FY09				FY08	FY09E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Gross Revenue	43,037	45,785	48,742	53,114	53,223	56,449	61,324	67,797	190,679	238,791
YoY Growth (%)	32.4	29.8	29.8	34.9	23.7	23.3	25.8	27.6	31.8	25.2
QoQ Growth (%)	9.3	6.4	6.5	9.0	0.2	6.1	8.6	10.6		
Total Operating Expenses	24,895	26,166	27,677	29,950	30,722	33,434	36,931	39,965	108,692	141,049
EBITDA	18,142	19,618	21,065	23,164	22,501	23,016	24,392	27,832	81,987	97,742
QoQ Growth (%)	10.9	8.1	7.4	10.0	-2.9	2.3	6.0	14.1		
Margin (%)	42.2	42.8	43.2	43.6	42.3	40.8	39.8	41.1	43.0	40.9
Net Finance Costs	-1,274	-1,125	-1,518	-81	-2,340	-2,353	1,654	1,905	-3,998	-1,133
Depreciation & Amortisation	6,192	6,754	7,252	7,856	8,638	9,180	10,452	12,453	28,054	40,723
Profit before Tax	13,224	13,989	15,331	15,389	16,203	16,189	12,286	13,474	57,931	58,152
Income Tax Expense / (Income)	1,031	698	1,379	-272	-194	-567	254	279	2,836	-228
Adjusted Net Profit / (Loss)	12,193	13,291	13,952	15,661	16,397	16,756	12,031	13,195	55,095	58,380
QoQ Growth (%)	19.3	9.0	5.0	12.2	4.7	2.2	-28.2	9.7		
Margin (%)	28.3	29.0	28.6	29.5	30.8	29.7	19.6	19.5	28.9	24.4
Extraordinary Exp/Minority Interest	-15	245	223	629	1275	1447	1100	1157	1082	4979
Reported Net Profit / (Loss)	12,208	13,046	13,729	15,032	15,122	15,308	10,931	12,038	54,013	53,401

E: MOST Estimates

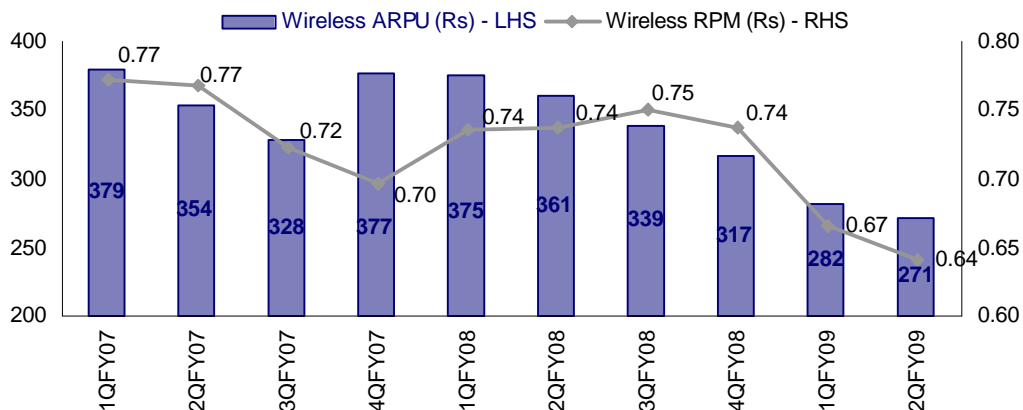
EBITDA significantly below estimate

RCom’s 2QFY09 EBITDA grew 17% YoY and 2.3% QoQ to Rs23b (8% lower than estimate). Revenues grew 23% YoY and 6.1% QoQ to Rs56.5b (3% lower than estimate). Wireless ARPU declined 24.9% YoY and 3.9% QoQ to Rs271. MoU remained flat QoQ at 423 while RPM declined 3.7% QoQ, in line with estimates.

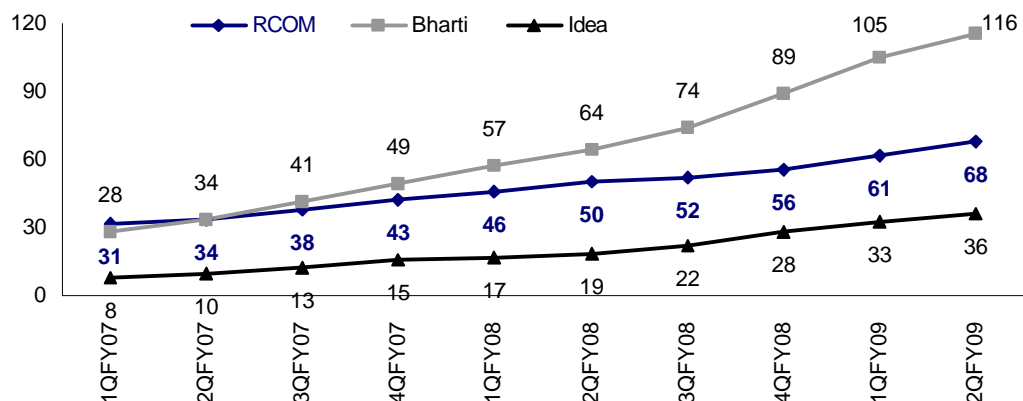
EBITDA margin declined ~150bp QoQ to 40.8%, primarily impacted by continued expansion in the wireless segment. Reported PAT of Rs15.3b grew 17.3% YoY and 1.2% QoQ, 18% higher than our estimate. Higher reported earnings were driven by net finance income of Rs2.35b (despite a net debt of Rs152b) and tax write-back (due to deferred tax benefits in the tower company). Finance income is likely driven by derivative gains and MTM gains on forex denominated deposits with overseas subsidiaries.

RCom continues to capitalize impact of forex fluctuations relating to forex denominated liabilities and borrowings, which resulted in capitalization of Rs2.84b (Rs1.09b in 1QFY09) of realized loss and Rs14.5b (Rs9.5b in 1QFY09) of unrealized loss in 2QFY09. The company has also not recognized the notional loss of Rs5.4b (Rs4b in 1QFY09) pertaining to increased liability for the outstanding FCCBs.

WIRELESS ARPU DECLINED 3.9% QOQ ON STABLE MOU



QOQ WIRELESS TRAFFIC GROWTH AT 10% - INLINE WITH BHARTI AND IDEA



Source: Company/MOSL

Wireless and Global segment EBITDA disappoints

Wireless revenue grew 16.5% YoY and 5.3% QoQ to Rs43.4b. Wireless traffic grew 35.2% YoY and 10.4% QoQ to 68b minutes. The management believes that wireless margins should stabilize at the current level of ~39% despite impending 14 circle GSM launch, as most of increased cost for GSM is already reflected in current margins.

Global segment revenue grew 10.8% QoQ but included Rs910m income booked for FLAG-Tata Communications arbitration award, offset by higher expenses over income for VANCO. Global segment EBITDA margin remained flat QoQ at 21.3% v/s expectation of improvement due to absence of one-time integration costs of Rs650m that were incurred during 1QFY09. The management expects 2pp margin improvement sequentially in the Global segment for each of the next two quarters led by certain high margin contracts and cost savings.

Broadband revenue and EBITDA grew 7-8% QoQ, in line with estimates. Average revenue per line declined 3% QoQ to Rs1,668.

Expansion plans on track, GSM to start by year-end

Consolidated capex for 2QFY09 was Rs47.7b – capex/sales of 85%. ~70% of the capex was in the wireless segment, which also includes tower capex. Management maintained its capex plans of ~US\$6b for FY09. 1H capex stood at Rs117b.

RCom reiterated that funding for ongoing capex can be comfortably met by a mix of internal accruals, cash balance, and credit lines. GSM launch in 14 circles is likely to be staggered over three quarters starting 3QFY09.

Gross debt at Rs241b, net debt Rs152b, debtors increase 27% QoQ to Rs33.8b

Net debt increased by Rs22b to Rs152b. Net debt has increased by Rs134b over the past six quarters led by aggressive capex (capex intensity of >100%). Gross debt currently stands at Rs241b of which ~70% is denominated in foreign currencies. Debtors increased by Rs7.2b QoQ to Rs33.8b. Debtor days increased to 54 v/s 45 in 1QFY09 and 45 in 2QFY08. CWIP increased by Rs11b QoQ to Rs189b.

Downgrading target price to Rs350 (from Rs520 earlier)

We are downgrading revenue estimates by 1.5% for FY09 and by 0.8% for FY10, and our EBITDA estimates by 5.9% for FY09 and 3.8% for FY10, led by weak 2QFY09 revenue performance and margin disappointment. We are downgrading our FY10 PAT estimate by 6% but keep FY09 estimate largely unchanged on higher net finance income and lower tax rate.

We now expect PAT (before minority interest and exceptionals) of Rs58.4b (EPS of Rs28.3) in FY09 and Rs64.9b (EPS of Rs31.5) in FY10. The stock trades at an EV/EBITDA of 6.7x FY09E and 4.7x FY10E, and P/E of 7.8x FY09E and 7x FY10E.

We cut our target price to Rs350 (Rs520 earlier), which now reflects 30% discount to DCF for core business and 50% discount to DCF for tower company (implied target EV/EBITDA of 6.7x FY10E).

Maintain **Buy** on upside to KPIs, market share scale-up post GSM, and strong growth visibility from aggressive expansion currently underway. Key risks stem from margin pressure due to aggressive expansion, and upward risk to finance costs.

RCOM: SOTP VALUATION (RS)

	METHODOLOGY	FAIR VALUE	IMPLIED EV/EBITDA (FY10E)	IMPLIED P/E (FY10E)
Core Business (ex-towers)	30% discount to DCF	263	7.9	
Reliance Infratel	50% discount to DCF	87	11.5	
Total Value		350	6.7	11.1
CMP		221		
Upside (%)		58.4		

Source: MOSL

REVISED ESTIMATES (RS M)

	FY09E			FY10E		
	OLD	NEW	CHG. %	OLD	NEW	CHG. %
Revenue	242,366	238,792	-1.50	304,424	302,040	-0.80
EBITDA	103,836	97,742	-5.90	137,038	131,839	-3.80
Net Profit	58,052	58,379	0.60	69,025	64,894	-6.00
EPS (Rs)	28.1	28.3	0.60	33.5	31.5	-6.00

Source: MOSL

RCOM - SEGMENT TRENDS

Y/E MARCH	FY08				FY09			
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE
SEGMENTAL REVENUE GROWTH (%)								
Wireless	13.6	10.4	6.3	5.2	-1.0	5.3	9.0	13.4
Global	0.7	1.0	1.0	14.7	0.0	10.8	9.0	5.9
Broadband	16.2	14.0	4.4	11.7	9.9	7.5	6.0	5.3
SEGMENTAL EBITDA MARGIN (%)								
Wireless	39.7	39.9	40.0	40.3	40.4	38.9	37.9	39.0
Global	24.9	24.9	25.8	26.8	21.1	21.3	20.4	21.0
Broadband	47.9	48.1	48.7	48.9	48.4	48.8	48.8	48.8

KEY METRICS - RCOM

Y/E MARCH	FY08				FY09			
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE
Wireless Subs (m)	32	36	41	46	51	56	62	68
QoQ Growth (%)	13.8	13.9	12.8	11.8	10.9	10.4	10.3	9.9
Wireless ARPU (Rs/month)	375	361	339	317	282	271	268	276
QoQ Growth (%)	-0.5	-3.7	-6.2	-6.4	-11.0	-3.9	-1.2	3.0
Total Minutes of Use (b)	46	50	52	56	61	68	78	89
QoQ Growth (%)	7.7	9.4	3.8	7.5	9.8	10.4	14.8	14.5
Minutes of Use/Sub/Month	510	490	449	430	424	423	440	458
QoQ Growth (%)	-5.7	-3.9	-8.4	-4.2	-1.4	-0.2	4.0	4.0
Effective Wireless Rev. per Min.(Rs)	0.74	0.74	0.75	0.74	0.67	0.64	0.61	0.60
QoQ Growth (%)	5.5	0.2	1.8	-1.7	-9.8	-3.7	-5.0	-1.0
NLD Minutes (m)	5,639	5,853	5,795	5,964	6,641	7,856	9,034	9,793
QoQ Growth (%)	15.7	3.8	-1.0	2.9	11.4	18.3	15.0	8.4
ILD Minutes (m)	1,590	1,688	1,747	1,769	1,726	1,946	2,180	2,360
QoQ Growth (%)	5.8	6.2	3.5	1.3	-2.4	12.7	12.0	8.3
Consolidated EBITDA Margin (%)	42.2	42.8	43.2	43.6	42.3	40.8	39.8	41.1
Consolidated Capex (Rsb)	18	53	88	53	70	48	63	66
Consolidated Capex/Sales (%)	41.7	116.2	180.6	99.3	130.9	84.6	102.6	97.0

KEY METRICS - BHARTI

Y/E MARCH	FY08				FY09			
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE
Wireless Subs (m)	43	49	55	62	69	77	85	93
QoQ Growth (%)	15.0	14.5	12.9	12.4	11.9	11.7	10.1	8.8
Wireless ARPU (Rs/month)	390	366	358	357	350	331	319	307
QoQ Growth (%)	-3.9	-6.2	-2.2	-0.3	-2.0	-5.4	-3.7	-3.7
Total Minutes of Use (b)	57	64	74	89	105	116	130	143
QoQ Growth (%)	16.3	12.5	14.8	20.4	18.1	10.1	11.9	10.5
Minutes of Use/Sub/Month	478	469	474	507	534	526	531	537
QoQ Growth (%)	0.6	-1.9	1.1	7.0	5.3	-1.5	1.0	1.0
Effective Mobile Rev. per Min.(Rs)	0.82	0.78	0.76	0.70	0.66	0.63	0.60	0.57
QoQ Growth (%)	-4.5	-4.4	-3.2	-6.8	-6.9	-4.0	-4.6	-4.6
NLD Minutes (m)	5,856	6,774	7,898	9,398	10,322	11,349	12,484	13,732
QoQ Growth (%)	17.0	15.7	16.6	19.0	9.8	9.9	10.0	10.0
ILD Minutes (m)	1,243	1,345	1,591	1,850	2,048	2,284	2,512	2,764
QoQ Growth (%)	4.1	8.2	18.3	16.3	10.7	11.5	10.0	10.0
Consolidated EBITDA Margin (%)	41.4	42.8	42.6	41.6	41.5	41.0	41.3	41.6
Consolidated Capex (Rsb)	37	40	33	28	41	32	39	39
Consolidated Capex/Sales (%)	63.0	62.8	47.8	36.1	47.9	35.3	40.3	38.5

RELIANCE COMMUNICATIONS 2QFY09: SEGMENTWISE SUMMARY (RS M)

	2QFY08	1QFY09	2QFY09	YoY%	QoQ%	1QFY09E	VS EST. (%)
Revenue							
Wireless	37,230	41,187	43,356	16.5	5.3		
Global	13,161	15,260	16,915	28.5	10.8		
Broadband	4,371	5,603	6,023	37.8	7.5		
Others	1,087	1,437	2,346	115.8	63.3		
Total Revenue	55,849	63,487	68,639	22.9	8.1		
Others/Eliminations	-10,065	-10,265	-12,190	21.1	18.8		
Consolidated Revenue	45,785	53,223	56,449	23.3	6.1	58,164	-2.9
EBITDA							
Wireless	14,873	16,623	16,859	13.4	1.4		
<i>EBITDA Margin (%)</i>	39.9	40.4	38.9	-106bps	-147bps		
Global	3,276	3,222	3,608	10.1	12.0		
<i>EBITDA Margin (%)</i>	24.9	21.1	21.3	-356bps	21bps		
Broadband	2,102	2,714	2,941	39.9	8.4		
<i>EBITDA Margin (%)</i>	48.1	48.4	48.8	74bps	39bps		
Total EBITDA	20,251	22,559	23,408	15.6	3.8		
Others/Eliminations	-633	-59	-392	-38.1	564.4		
Consolidated EBITDA	19,618	22,501	23,016	17.3	2.3	24,946	-7.7
<i>Consolidated EBITDA (%)</i>	42.8	42.3	40.8	-208bps	-150bps	43.3	-256bps
Depreciation	6,754	8,638	9,180	35.9	6.3		
Net Interest	-1,125	-2,340	-2,353	109.2	0.6		
Profit Before Taxes	13,989	16,203	16,189	15.7	-0.1	13,945	16.1
Tax	698	-194	-567	-181.2	192.3		
<i>Tax Rate</i>	5.0	-1.2	-3.5	-849bps	-231bps		
PAT before minority/extraordinaries	13,291	16,397	16,756	26.1	2.2	13,666	22.6
Extraordinary Expenses + Minority Interest	245	1,275	1,447	490.6	13.5		
Reported PAT	13,046	15,122	15,308	17.3	1.2	13,026	17.5
Capex							
Wireless	49,685	56,926	33,260	-33.1	-41.6		
<i>Capex/Sales (%)</i>	133	138	77				
Global	895	9,643	10,624	1,087.0	10.2		
<i>Capex/Sales (%)</i>	7	63	63				
Broadband	2,596	3,030	3,674	41.5	21.3		
<i>Capex/Sales (%)</i>	59	54	61				
Other	3	87	173				
Consolidated Capex	53,179	69,686	47,731	-10.2	-31.5		
<i>Consolidated Capex/Sales (%)</i>	116.2	130.9	84.6				

Source: MOSI

Reliance Communication: an investment profile

Company description

Integrated telecom operator with presence in wireless (CDMA+GSM), long-distance (wholesale voice and data), and broadband segments. Wireless segment comprises CDMA-based telecom services in 21 out of 23 circles and GSM-based services in 8 out of 23 circles; second largest wireless operator with ~18% subscriber share and a pan-India presence. 'Global' segment includes wholesale voice services - national long distance (NLD) and international long distance (ILD), retail ILD calling cards, national and international network infrastructure based services on IRU, leased, and managed services basis. The company owns and operates submarine cable systems FLAG and FALCON. Broadband segment caters to voice, data, video, internet, and IT infrastructure service requirements of enterprises. Enterprise segment is currently operational in 42 cities in India with ~0.8m buildings directly connected to its network and ~1m access lines.

Key investment arguments

- ✍ Strong wireless growth visibility led by massive scale expansion.
- ✍ GSM expansion to accelerate subscriber momentum.
- ✍ Value unlocking opportunities in tower business, FLAG, and BPO segments.

COMPARATIVE VALUATIONS

		RCOM	BHARTI	IDEA
P/E (x)	FY09E	7.8	14.2	13.7
	FY10E	7.0	11.8	9.2
EV/EBITDA (x)	FY09E	6.7	8.3	6.5
	FY10E	4.7	6.5	4.8
EV/Sales (x)	FY09E	2.7	3.4	1.9
	FY10E	2.1	2.8	1.5
P/BV (x)	FY09E	1.5	3.9	1.1
	FY10E	1.2	3.0	1.0

SHAREHOLDING PATTERN (%)

	SEP-08	JUN-08	SEP-07
Promoter	66.2	66.2	66.9
Domestic Inst	9.0	8.9	8.0
Foreign	12.4	13.2	13.6
Others	12.4	11.8	11.5

Key investment risks

- ✍ Likely tariff pressures due to new rollouts by competitors and implementation of Mobile Number Portability.
- ✍ Pushback in rollout plans and pressure on operating margin post the rollout.

Recent developments

- ✍ RCOM received start-up GSM spectrum across 14 circles in January 2008 and would be commercially launching GSM based services in these circles during H1CY09.
- ✍ RCOM completed the acquisition of VANCO and eWaveworld in the Global business segment..

Valuation and view

- ✍ The stock trades at an EV/EBITDA of 6.7x FY09 and P/E of 7.8x FY09. We cut our target to Rs350 (520 earlier), which now reflects 30% and 50% discount to DCF for core biz. and tower co. respectively (implied target EV/EBITDA of 6.7x FY10). Maintain **Buy** on upside to KPIs and market share post GSM scale-up. Key risks stem from margin pressure from aggressive expansion, and upward risk to finance costs.

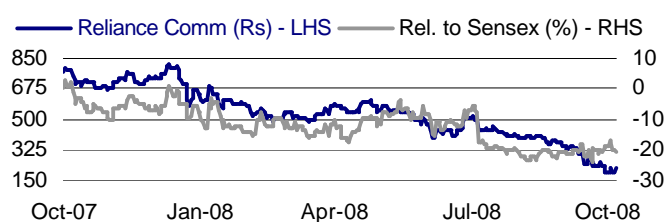
EPS: MOST FORECAST V/S CONSENSUS (RS)

	MOST FORECAST	CONSENSUS FORECAST	VARIATION (%)
FY09	28.3	28.5	-0.5
FY10	31.5	33.1	-4.8

TARGET PRICE AND RECOMMENDATION

CURRENT PRICE (RS)	TARGET PRICE (RS)	UPSIDE (%)	RECO.
221	350	58.4	Buy

STOCK PERFORMANCE (1 YEAR)



INCOME STATEMENT					
(Rs Million)					
Y/E MARCH	2006	2007	2008	2009E	2010E
Revenues	107,665	144,684	190,679	238,791	302,040
Change (%)	NA	34.4	31.8	25.2	26.5
Total Expenses	-82,313	-87,479	-108,692	-141,049	-170,201
EBITDA	25,352	57,205	81,987	97,742	131,839
% of Gross Sales	23.5	39.5	43.0	40.9	43.6
Depn. & Amortisation	16,987	24,653	28,054	40,723	56,116
EBIT	8,365	32,552	53,933	57,019	75,723
Net Interest and others	-3,215	-4	3,998	1,133	-7,414
PBT	5,150	32,548	57,931	58,152	68,309
Tax	337	611	2,836	-228	3,415
Rate (%)	6.5	1.9	4.9	-0.4	5.0
Adjusted PAT	4,813	31,937	55,095	58,380	64,895
Change (%)	NA	563.6	72.5	6.0	11.2
PAT after EO	4,439	31,634	54,013	53,400	58,919

BALANCE SHEET					
(Rs Million)					
Y/E MARCH	2006	2007	2008	2009E	2010E
Share Capital	10,223	10,220	10,320	10,320	10,320
Additional Paid up Capit	90,306	90,306	90,306	90,306	90,306
Reserves	16,986	103,402	155,801	201,271	254,298
Net Worth	117,515	203,928	256,427	301,897	354,924
Loans	92,976	155,438	215,681	291,850	257,619
Minority Interest	0	59	24,311	11,621	11,621
Capital Employed	210,491	359,425	496,419	605,368	624,165
Gross Block	261,836	386,363	611,967	858,786	952,072
Less : Depreciation	47,573	55,940	89,814	138,257	194,373
Net Block	214,262	330,423	522,153	720,529	757,699
Investments	121	11,925	2,797	1,614	1,614
Curr. Assets	105,355	196,263	213,156	233,711	272,179
Inventories	4,076	4,821	4,059	5,294	6,696
Debtors	16,808	18,316	27,224	40,598	51,351
Cash & Bank Balance	60,038	137,200	115,981	88,478	88,478
Other Current Assets	24,433	35,926	65,892	99,341	125,653
Curr. Liab. & Prov.	109,247	179,186	241,687	350,485	407,327
Net Curr. Assets	-3,892	17,077	-28,531	-116,774	-135,149
Appl. of Funds	210,491	359,425	496,419	605,368	624,165

E: MOST Estimates

RATIOS					
Y/E MARCH	2006	2007	2008	2009E	2010E
Basic (Rs)					
EPS	2.4	15.6	26.7	28.3	31.5
Cash EPS	10.7	27.7	40.3	48.0	58.7
Book Value	57.5	99.7	136.1	152.0	177.7
DPS	0.0	0.0	0.0	1.3	2.9
Payout %(Incl.Div.Taxes)	0.0	0.0	0.0	5.0	10.0
Valuation (x)					
P/E		14.2	8.3	7.8	7.0
Cash P/E		8.0	5.5	4.6	3.8
EV/EBITDA		8.2	6.7	6.7	4.7
EV/Sales		3.2	2.9	2.7	2.1
Price/Book Value		2.2	1.6	1.5	1.2
Dividend Yield (%)		0.0	0.0	0.6	1.3
Profitability Ratios (%)					
RoE	8.2	19.9	22.7	19.6	19.1
RoCE	6.2	11.1	12.0	9.6	10.4
Turnover Ratios					
Debtors (Days)	57	46	52	62	62
Asset Turnover (x)	0.95	0.80	0.65	0.53	0.58
Leverage Ratio					
Debt/Equity Ratio(x)	0.8	0.8	0.8	0.9	0.7
CASH FLOW STATEMENT					
(Rs Million)					
Y/E MARCH	2007	2008	2009E	2010E	
Op.Profit/(Loss) bef Tax	57,205	81,987	97,742	131,839	
Other Income	0	0	0	0	
Interest Paid	-4	3,998	1,133	-7,414	
Direct Taxes Paid	-611	-2,836	228	-3,415	
(Inc)/Dec in Wkg. Cap.	47,882	22,775	55,480	18,374	
CF from Op.Activity	104,472	105,924	154,583	139,385	
(inc)/Dec in FA +CWIP	-77,720	-219,784	-239,099	-93,286	
(Pur)/Sale of Investments	-11,804	9,128	1,183	0	
CF from Inv.Activity	-89,524	-210,656	-237,916	-93,286	
Issue of Shares	-3	100	0	0	
Inc/(Dec) in Debt	62,462	60,243	76,169	-34,231	
Other Financing Activities	-244	23,170	-20,340	-11,868	
CF from Fin.Activity	62,215	83,513	55,830	-46,097	
Inc/(Dec) in Cash	77,162	-21,219	-27,503	0	
Add: Opening Balance	60,038	137,200	115,981	88,478	
Closing Balance	137,200	115,981	88,478	88,478	

N O T E S



For more copies or other information, contact

Institutional: Navin Agarwal. **Retail:** Manish Shah

Phone: (91-22) 39825500 Fax: (91-22) 22885038. E-mail: inquire@motiloswal.com

Motilal Oswal Securities Ltd, 3rd Floor, Hoechst House, Nariman Point, Mumbai 400 021

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