



### Buy Reliance Communications – TP Rs.230

- Reliance Communication is recommended to buy with a one-year target price of Rs.230.
- Performance of the company during the third quarter of FY09 looks lackluster as the revenue and earnings growth have missed estimates. The overall performance is lagged in many respects while compared to Bharti Airtel and Idea Cellular.
- The ability of the company to fund future capex including 3G Spectrum expansion seems to be a big concern due to higher level of debt and current liabilities.
- EPS in FY 09 is expected at Rs.29.38, which may come down to Rs.26.44 in FY 10 and an improvement to Rs.30.71 is expected in FY 11.
- Considering the poor Q3 09 performance, the rating and recommendation may be reviewed in due course.

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