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RCOM seeks nod to sell 10% in Reliance Infratel through IPO

Our Bureau
MUMBAI

RELIANCE Communications (RCOM), the country's second-largest mobile company, will seek regulatory approval to sell 10% stake in its telecom infrastructure unit Reliance Infratel through an initial public offering (IPO), chairman Anil Ambani said.

Addressing the shareholders at RCOM's annual general meeting on Tuesday in Mumbai, Mr Ambani said the IPO proceeds would be utilised to fund expansion of the nationwide network of 48,000 towers at Reliance Infratel as demand for leasing networks increases. "The demand for passive telecom infrastructure is likely to more than double in the next couple of years," he said.

Bhavesh Gandhi, a research analyst with India Infoline, said RCOM might fetch around Rs 3,000 crore through the IPO, if the issue hits the market within six months. Mr Ambani, however, did not reveal the size and timing of the proposed issue.

RCOM had raised Rs 1,400 crore by selling a 5% stake in Reliance Infratel valuing the firm at Rs 27,000 crore in July 2007. The stake was sold at Rs 135 a share to seven investors namely George Soros, HSBC, Fortress Capital, New Silk, Galleon, DA Capital and GLG capital.

RCOM had received Sebi's approval for an IPO in May last year, but put the plan on hold due to crash in stock markets. According to the prospectus filed last year, the company intended to issue 89.1 million shares constituting about 10.05% stake in the company.

Mr Ambani said RCOM's capital expenditure would come down significantly this year, compared to last year when it invested heavily for the nation-wide GSM network roll out. It had spent over Rs 40,000 crore in the past two years.

The company's current subscriber base stands at 85 million, placing it among the top five companies globally in terms of subscribers in a single country. "We look forward to acquire our 100 millionth subscriber by this year," he said.

CLEAR SIGNAL
IPO proceeds will be utilised to fund network expansion of 48,000 towers at Reliance Infratel

