

India's Reliance posts 25% rise in profits, Jio turns profitable

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Indian oil-to-telecom conglomerate Reliance Industries on Friday beat analyst estimates to post a 25 percent rise in consolidated net profit, aided by its telecom start-up Jio turning profitable within 17 months of its launch.

The Mumbai-based firm owned by India's wealthiest man, Mukesh Ambani, said consolidated net [profit](#) for the three months to December 31 rose to 94.23 billion rupees (\$1.5 billion) from 75.33 billion rupees a year earlier for the same period.

A Bloomberg survey of nine analysts had projected the consolidated net profit at 84.96 billion rupees.

Meanwhile, Jio reported a profit of 5.04 billion rupees for the December-ended quarter.

"Jio's strong financial result reflects the fundamental strength of the business, significant efficiencies and right strategic initiatives," Ambani said in a statement.

Previously, the telecom services business had reported a loss of 2.71 billion rupees in the second quarter of 2017.

Reliance said in a statement that its gross refining margin, the profit earned from each barrel of crude, was down to \$11.6 in the December quarter from \$12 in the previous quarter.

Refining margins are a key profitability gauge for Reliance, one of the world's largest refiners.

Moody's Investors Service believes Jio will invest as much as \$23 billion in capital spending over three to four years as it expands beyond wireless services, Bloomberg said in a report.

Analysts believe it will be a game changer for the group as it tries to diversify from its oil and gas businesses.

As the latest entrant to India's highly competitive telecom sector after its

launch in September 2016, Jio shook up the market and sparked a price war by offering free voice calls for life and drastically reduced tariffs.

Its rivals scrambled to match Reliance's deep pockets, resulting in market consolidation.

Jio announced in its statement it has signed up 27.8 million new subscribers for the December-ended quarter.

Reliance shares rose by over a point in the closing hours of trade.

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