27th July 1999

FIRST PACIFIC'S INDIAN JOINT VENTURE DECIDES TO MIGRATE TO NEW TELECOM POLICY - 1999

First Pacific Company Limited's Indian joint venture, Escotel Mobile Communications Limited (Escotel), announced yesterday that the Escotel Board has approved its migration to the new revenue sharing arrangement under the New Telecom Policy (NTP) 1999.

Escotel's Chairman, Rajan Nanda, said, "For over a year, the entire industry and the government have been trying to find appropriate solutions to the problems of the cellular industry. This sector is an extremely important part of the national infrastructure and contributes substantially to economic growth. It can now surge ahead and play its rightful role in the national economy.

"The Escotel Board is satisfied with the announcement of the New Telecom Policy as it will enable the company as well as the entire industry to focus on future growth, and provide higher value to its customers. We are confident that early announcement of a revenue sharing percentage by the Telecom Regulatory Authority of India will enable the cellular operators to close their financials for their telecom projects and plan for future growth."

Escotel was the first company to achieve financial closure in the industry. The company has now initiated the process of refinancing the telecom project with leading Indian financial institutions to remove the promoter recourse conditions, eliminate forex risk and improve the tenor of the loan.

Escotel, which is 49 per cent held by First Pacific and 51 per cent owned by Escorts Limited of India, has licenses to provide cellular phone services in Uttar Pradesh (West), Haryana and Kerala and has launched its services in 73 cities. Its combined coverage areas have a population in excess of 100 million. Escotel has more than 80,000 subscribers in these coverage areas and is the largest (non-metro) cellular service operator in India with a market share of over 65 per cent in all the coverage areas of its operation.