

India's Reliance to Buy Yipes for \$300 Million

By ROMIT GUHA
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MUMBAI, India -- Telecommunications-service provider Reliance Communications Ltd. of India yesterday said it signed a pact to buy data-communications-services provider Yipes Holdings Inc. of the U.S. for \$300 million.

"We have signed a definitive agreement to acquire a 100% stake in U.S.-based Yipes Holdings in an all-cash 12-billion-rupee, or \$300 million, transaction," said Reliance Communications' Chairman Anil Ambani.

"This is the largest acquisition that Reliance Communications has ever made....We expect this acquisition to significantly enhance the growth rate, profitability and returns of our global data business," he said.

The news drove Reliance Communications' stock price up 3.5%, or 19.35 rupees, to 574.05 rupees on the Bombay Stock Exchange yesterday, after the stock rose to an record of 577.40 rupees intraday.

Reliance Communications, one of India's largest telecom operators, bought closely held Yipes, whose headquarters is in San Francisco, through Reliance Communications' wholly owned unit Flag Telecom.

"This is a big buy for Reliance in terms of strategic fit," said Harit Shah, a Mumbai-based analyst at Angel Broking.

"It will give R-Com a footprint in the U.S. enterprise market and advance its plans to become a major telecommunications player globally," he added.

Yipes counts [NTT Data](#) Corp. of Japan and [Verizon Communications](#) Inc. of the U.S. as its clients. Yipes expects its revenue to grow to about \$100 million in the year ending March 31, Yipes Chief Executive John Scanlon said.

Yipes owns more than 22,000 route kilometers of fiber across 14 U.S. metropolitan areas.

Yipes has benefited from the growth of electronic trading, where financial exchanges such as INET at the Nasdaq Stock Market and Globex at the Chicago Mercantile Exchange employ split-second trading strategies. Yipes's network connects buy-side and sell-side traders with the different exchanges.

In 2005, Yipes executives began marketing their networks to potential customers after noticing an investment shift into electronic trading, and seeing how traditional networks lack the capacity and weren't swift enough to deliver the large volumes of financial data.

John Scanlon, chief executive and president of Yipes, said for the past two years the company has experienced 40% year-over-year growth, due to its financial-services business. "Computer-based platforms will eclipse the ability for humans to make trades, and it's going global," said Mr. Scanlon.

--Raghavendra Upadhyaya and Bobby White contributed to this article.