

# VIDESH SANCHAR NIGAM LIMITED



## Company Background

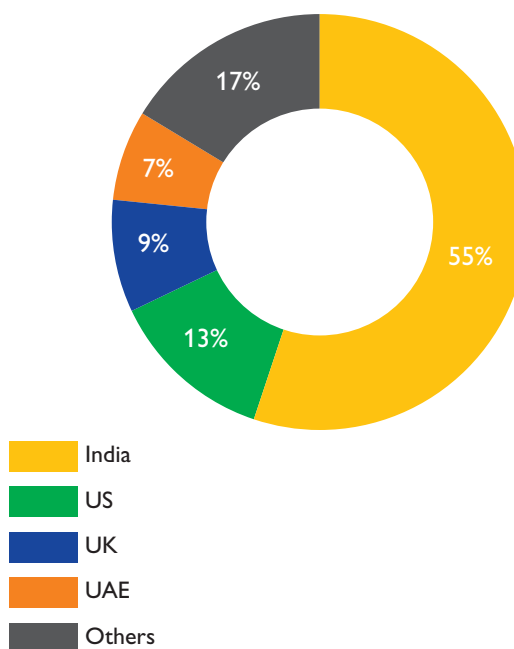
Videsh Sanchar Nigam Limited (VSNL) was incorporated in 1986 as a public sector enterprise to cater to overseas communication services. In 2002, the Indian government privatised VSNL and the Tata Group acquired a controlling stake in the company. VSNL is India's largest player in international long-distance services and has a strong pan-India presence in domestic long-distance services. The company operates landing stations, undersea cables, managed services, leased lines and data centres across India. It also runs a network of earth stations, switches and submarine cable systems and offers international telecommunications services including mobile, IP and voice services.

VSNL is the world's largest international wholesale carrier with more than 415 direct and bilateral relationships with leading international voice telecommunications providers, providing more than 17 billion minutes of international wholesale voice traffic annually. It was the first telecom service provider to acquire the TL 9000 certification globally. The company provides connections to over 400 mobile operators worldwide. It is also the principal provider of signalling conversion services to enable GSM roaming to and from North America.

Through its acquisition of Teleglobe in 2005, VSNL extended its global reach to over 240 countries. It also became the world's largest submarine cable system after acquiring the Tyco Global Network.

Currently, the company has 52 subsidiaries in 21 countries as well as operations across four continents. VSNL International, a subsidiary of the company, takes care of its international operations. It has its offices in Virginia, New Jersey, London, Paris, Madrid, Amsterdam, Frankfurt, Singapore and Tokyo. Its ADRs are listed on the New York Stock Exchange. VSNL International had a work force of about 2000 employees and generated revenue of EUR 704.01 million for the financial year 2005-06.

Percentage Geographical Distribution of Revenue for 2005-06



Source: Company Annual Report

## VSNL in the EU

VSNL entered the EU through the UK in 2003 and set up its subsidiary, VSNL Telecommunications

## Major Subsidiaries of VSNL in the EU

Subsidiary Name	Country of Incorporation	Revenue (EUR million): 2005-06
VSNL UK Ltd	UK	26.80
TLGB International Germany GmbH	Germany	3.13
Teleglobe Spain Communications S.L	Spain	2.77
Teleglobe Italy S.r.l	Italy	1.87
VSNL Telecommunications (UK) Inc	UK	1.57
Teleglobe France International S.A.S	France	0.76
TLGB Netherlands Holdings B.V	The Netherlands	0.42
VSNL International (Portugal) Instalacaoe Manutencao de Redes LDA	Portugal	0.08
VSNL (Germany) GMBH	Germany	0.08

Source: Company annual report

UK Ltd., in the country. Over the years, the company has been able to increase its presence across the EU. In 2005, it acquired the Tyco Global Network, a state-of-the-art undersea cable network that covers Europe. Another subsidiary, VSNL UK, also launched its wholesale voice service in the UK and focuses on selling call-termination services to telecom companies in Europe.

### VSNL in the UK

VSNL UK Ltd. was the first subsidiary of the company to be set up in the UK. It was formed in July 2003 to provide telecom and value-added services in the EU. Currently, VSNL has three subsidiaries in the UK – VSNL UK Ltd., VSNL Telecommunications UK Ltd., and Teleglobe UK Ltd.

The company entered the UK market to tap the enterprise customer base in the country. In March 2005, VSNL UK Ltd launched its wholesale voice offering, focusing on providing services to European carriers seeking Indian termination services. It has interconnected with several leading regional and alternative telecom operators across Europe to terminate their India-bound traffic.

### VSNL in France

The company operates in France through its subsidiary, Teleglobe France International S.A.S, which laid an SMW-4 submarine cable, connecting France to Singapore and Mumbai. The cable has a design system capability of 1.28 terabits per second and an initial capacity of 160 gigabits per second.

### VSNL in Other EU Countries

VSNL also has offices in the following EU countries:

- Spain
- The Netherlands
- Germany

## Factors for Success

### World Class Infrastructure

VSNL offers multiple connectivity options internationally, using its robust network infrastructure. It operates a total of 26 switches, 5 international gateway switches and 21 national long-distance switches worldwide. It has over 50 earth stations and terrestrial cable systems with 200,000 kilometers of fibre and cable. The company offers high-end services to its EU clients by successfully leveraging its infrastructure.

### **Direct Contact with Carrier Businesses in the UK**

VSNL has utilised its partnership with firms engaged in the carrier business and offers integrated solutions to its European clients.

### **Financial Backup**

VSNL is backed by the EUR 18.22 billion Tata Group providing the company with the necessary financial cushion to pursue its global acquisitions drive. It acquired the Tata Global Network (TGN) and Teleglobe at EUR 107.66 million and EUR 197.93 million, respectively, enabling it to diversify its business across the EU.

### **Future Plans**

#### **Expansion in Wholesale Voices Services**

The company plans to expand its wholesale voices services across the EU, to effectively enable enterprise customers and retail voice carriers to connect to India. VSNL is adding its capacity to meet the overwhelming demand for connectivity to India in the wholesale voice services domain. The company is also offering flexible agreements and charging methods to meet the growing demands of the wholesale voice market.

#### **India-Europe Undersea Cable**

VSNL anticipates that the booming BPO and ITES industry in India will create a demand for over 10 terabits from India to the US via Europe in the next four to five years. In order to have enough bandwidth to support such projects, it is planning to invest EUR 248.46 million in an India-Europe undersea cable. This cable will also provide connectivity to the Persian Gulf and Africa.

### **Integrated Service Provider**

VSNL has decided to offer joint services with Tata Consultancy Services (TCS). It plans to offer not only connectivity services but also integrated network services, network management services as well as IT services to its EU clients, in partnership with TCS.

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