

‘The great thing
in this world is
not so much
where we
stand as in
what direction
we are going.’



- Oliver Wendell Holmes



Raju's 14-year-old face breaks into a broad grin as he briskly serves south Indian coffee at a roadside shop between Chennai and Pondicherry.

raju's
dream

'This, sir, is my summer job,' he says.

'I earn Rs. 400 a month and I spend it all on computer classes in the neighbouring village. Our stupid village doesn't offer private computer lessons. So I cycle 3 km to the next village, where I learn computers two evenings a week. Our school does have two computers, but there is always a rush, and the older boys push me out. That's why I am taking summer classes. Next summer, I am hoping for a summer job in a computer firm in Madras.'

'What will you do when you grow up?' I ask.

'I am going to run a computer company.'

'How did you decide that?'

'I saw it on TV, where this man, Bilgay, has a computer software company in America and he is the richest man in the world.'

India : 50 years of Independence by Gurcharan Das in the Financial Times, 24 June 1997.

contents

	Raju's Dream	1
	Service First	3
	Board of Directors	4
	Corporate Introduction	6
	Aspiration Statement	8
	Highlights of 1996-97	9
	Chairman's Statement	10
	Management Overview	18
22	..... Moving by the Nanosecond	
24	..... Virtual Journalism	
26	..... Land Ahoy!	
28	..... L&T leaps Ahead	
30	..... TCS pushes Software	
	EVA	34
	Understanding VSNL	35
	Directors' Report	50
	Auditors' Report	58
62	..... Balance Sheet	
63	..... Profit & Loss Account	
64	..... Schedules	
74	..... Accounting Policies & Notes	
85	..... Cash Flow Statement	
	Annexure 1 to Directors' Report	87
	Addendum 1 to Directors' Report	88
	Annexure 2 to Directors' Report	88
	C&AG's Comments	90

changing the face of india

service
first

Service First

VIDESH SANCHAR NIGAM LTD IS INDIA'S exclusive international telecom service provider.

In a number of ways, the company has helped transform India's economic fortunes. Apart from providing the telephony facility which helps millions in India to connect to relatives and business associates all over the world, the company offers a number of other services : leased lines for captive use by clients for data transfer, video-conferencing, access to the Internet, an e-mail service, electronic data-interchange, Inmarsat, TV transmission, international telex, telegram and fax services.

VSNL provides an efficient and professional service, bringing convenience to users - whether they are out at sea trying to communicate with their offices on land or trying to send documents from their computers in one country directly to computers in another.

This efficient service is the result of VSNL having had the foresight to expand the range and depth of its services ahead of the demand explosion. A large expansion in

simultaneous call making facility was planned far ahead of the projected growth, the increase in leased lines has helped India's software industry grow rapidly over the last few years; the access to the Internet has catalysed the growth of India's industry.

The timely access to these facilities and infrastructure has helped stimulate trade and increase India's competitive edge in the global playing field. Immediate access to international connectivity has speeded up information flows; trade has accelerated. India's software industry has emerged as one of the largest exporters outside the US.

The benefits have percolated to the grassroots. VSNL likes to think that its drive and enterprise has permitted many Indians to stay back in the country of their origin and contribute actively to nation-building. More importantly, it has given a number of young Indians - like Raju, on the first page - an opportunity to dream.

This document focuses on how VSNL's service has brought the world to India's doorstep - and taken India into the global playing field.

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR	SHRI B. K. SYNGAL
DIRECTOR (OPERATIONS)	SHRI AMITABH KUMAR
DIRECTOR (DEVELOPMENT)	SHRI R. K. GUPTA
DIRECTOR	SMT. S. A. TIRMIZI
DIRECTOR	SHRI B. R. KHURANA (WEF 23-07-97)
DIRECTOR	SHRI N. SHARMA (UNTIL 19-05-97)
DIRECTOR (FINANCE)	SMT. ANNIE MORAES (FROM 06-2-97 TO 5-5-97)

COMPANY SECRETARY

SHRI SATISH RANADE

REGISTERED & CORPORATE OFFICE

VIDESH SANCHAR BHAVAN
MAHATMA GANDHI ROAD
MUMBAI - 400 001

NATIONAL

INTERNATIONAL

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DID : (022) 261 9632 / 261 9634	+ 91 (22) 261 9632 / 261 9634
Telex : (011) 82429 VSNH -IN	+ 81 (11) 82429 VSNH -IN
Fax : (022) 262 4027	+ 91 (22) 262 4027
	+ 91 (22) 954 321

E-mail : helpdesk@giasbm01.vsnl.net.in

Internet Website : <http://www.vsnl.net.in>

JOINT STATUTORY AUDITORS

M/s. C. C. CHOKSHI & Co.
MAFATLAL HOUSE
BACKBAY RECLAMATION
MUMBAI - 400 020.

M/s. ALLADI KRISHNAN & KUMAR
B-4 MANIADA
93 BAL GOVINDA ROAD,
MATUNGA (W) MUMBAI - 400 016.

BRANCH AUDITORS

EASTERN REGION
M/s. V. N. PUROHIT & Co.
32B GANESH CHANDRA AVENUE
CALCUTTA - 700 013.

SOUTHERN REGION
M/s. M. K. DANIELAR & Co.
138 ANGAPPA NAICKER STREET
11TH FLOOR, GEORGE TOWN
CHENNAI - 600 001.

NORTHERN REGION
M/s. M. K. KAU & ASSOCIATES
MUNIR MANZI, REGAL CHOWK
RESIDENCY ROAD, SRINAGAR.

SOLICITORS

M/s. MULLA & MULLA
& CRAIGIE, BLUNT AND CAROL
JEHANGIR WADIA BUILDING
51, MAHATMA GANDHI ROAD
MUMBAI - 400 001.

M/s. LITTLE & COMPANY
CENTRAL BANK BUILDING
MAHATMA GANDHI ROAD
MUMBAI - 400 001.

BANKERS

BANK OF BARODA, MUMBAI
STATE BANK OF INDIA, MUMBAI
INDIAN OVERSEAS BANK, MUMBAI

REGISTRARS & TRANSFER AGENTS

M/s. MAFATLAL CONSULTANCY SERVICES (P) LTD.
JUKASO HOUSE, JUKASO MILLS COMPOUND
BEHIND ORKAY MILLS, ANDHERI KURLA ROAD
SAKINAKA, ANDHERI (E.),
MUMBAI - 400 072.

india's international telecoms carrier

corporate introduction

What is VSNL ?

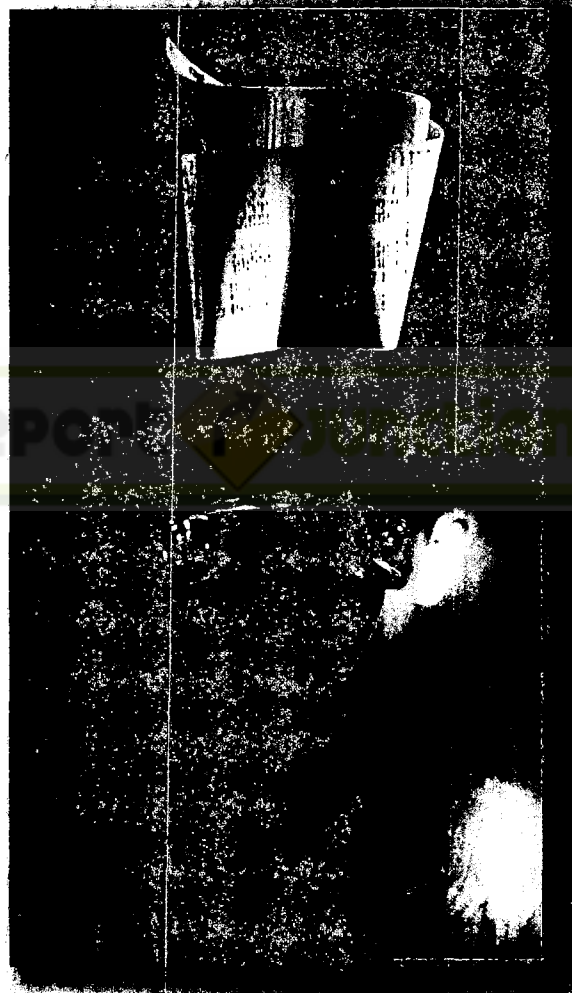
VIDESH SANCHAR NIGAM LIMITED IS INDIA'S international telecom service provider and one of the fastest growing, most profitable and dynamic Indian companies. Since 1991-92, the company's business has grown manifold. The company handled 473.9 million telephone paid minutes at the start of the decade; in 1996-97 the corresponding volume had grown to 1.38 billion telephone paid minutes, a growth of 20 per cent over the previous year. Profit before tax rose from Rs. 2.37 bn in 1991-92 to Rs. 8.48 bn in 1996-97. The company announced a dividend of 35 per cent for 1996-97. VSNL's shares are listed on the Mumbai, Delhi, Calcutta, Chennai and National Stock Exchanges; its GDR is listed on the London Stock Exchange. The Indian government owns 65 per cent of VSNL's equity. The total overseas holding is 21.42 per cent (as on 31 March 1997). The rest is owned by Indian institutions and the public.

Business Direction

THE GLOBAL TELECOM INDUSTRY IS MOVING towards a consolidation of strengths - through mergers and strategic alliances. VSNL intends to explore this area to leverage opportunities provided by partners as well as exploit its considerable locational advantages more comprehensively. As a result of staying in sync with changing technologies, VSNL expects to emerge as one of the most profitable telecom companies the world over. The company has outlined an expansion plan of Rs. 50 bn during the Ninth Plan (1997 to 2002). This investment will cover upgrading and strengthening the existing network. The callmaking facility is likely to be doubled from the existing level by the end of the Plan. VSNL is investing in new gateways and submarine optical fibre cable projects. It will also bring further value-added services into India : video-broadcasting, multimedia and personal mobile satellite services - putting the country at par with the developed west in terms of combining telecom, information and entertainment. The company expects to have assets worth \$ 5-6 bn by the end of the Plan period. VSNL intends to finance this investment out of the proceeds of the GDR issue, internal accruals and debt. The company is erecting additional gateways at Jalandhar, Kanpur, Hyderabad, Ernakulam, Bangalore and Gandhinagar. This is expected to improve network performance. VSNL is confident of maintaining a 15 per cent CAGR in revenues over the foreseeable future.

changing the face

of india



Report Junction

at par with the world's best

aspiration statement

Corporate Objectives

VSNL WILL STRIVE TO CREATE a global and seamless network of information superhighways; to connect people and computers cost-effectively and efficiently. Anytime. Anywhere.

To this end, the company will provide prompt, courteous, dependable and competitive services. It will aim to become a pioneer in the field of telecommunications technology and new fields of applied science, meet the full needs of customers, continuously enhance the quality of services, promote and foster excellence among the work force, maximise return on investment, deal fairly, expand its assets and the range of its contemporary services to keep India at par with the best in terms of communications technology.