

VIDESH SANCHAR NIGAM LIMITED



**Thirteenth Annual General Meeting
Notice & Audited Financial Statements 1998-99**



VIDESH SANCHAR NIGAM LIMITED



**VIDESH SANCHAR
NIGAM LIMITED**

**THIRTEENTH ANNUAL
GENERAL MEETING**

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Cover Photo :

Netaji Satellite Earth Station, Halisahar, West Bengal.



THIRTEENTH ANNUAL GENERAL MEETING

BOARD OF DIRECTORS

Shri Amitabh Kumar	ACTING CHAIRMAN & MANAGING DIRECTOR (w.e.f. 01.07.1998) AND DIRECTOR (OPERATIONS)
Shri Rajneesh Gupta (w.e.f. 23.11.1998)	DIRECTOR (NETWORK)
Shri Vinoo Goyal (w.e.f. 09.12.1998)	DIRECTOR (DEVELOPMENT)
Shri R.S.P. Sinha (w.e.f. 14.01.1999)	DIRECTOR (FINANCE)
Smt. S.A. Tirmizi	DIRECTOR
Shri B.R. Khurana	DIRECTOR
Shri Subodh Bhargava (w.e.f. 15.12.1998)	DIRECTOR
Shri Ashok Wadhwa (w.e.f. 15.12.1998)	DIRECTOR
Shri N.R. Narayana Murthy (w.e.f. 15.12.1998)	DIRECTOR
Shri H.P. Wagle (w.e.f. 15.12.1998)	DIRECTOR

COMPANY SECRETARY

Shri Satish Ranade

REGISTERED & CORPORATE OFFICE

Videsh Sanchar Bhavan
Mahatma Gandhi Road
Mumbai - 400 001

National

Tel : (022) 2624020/2042728
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Web site : <http://www.vsnl.net.in>, <http://web.vsnl.net.in>



VIDESH SANCHAR NIGAM LIMITED

JOINT STATUTORY AUDITORS

M/s. C.C. Chokshi & Co.
Nirmal Building,
Nariman Point,
Mumbai - 400 021.

M/s. Kalyaniwala & Mistry
Maneckji Wadia Building,
127 Mahatma Gndhi Road,
Mumbai - 400 023.

BRANCH AUDITORS

Eastern Region

M/s. V.N. Purohit & Co.
32 B, Ganesh Chandra Avenue,
Calcutta - 700 013.

Southern Region

M/s. R. Subramanian & Co.
36, Krishnaswamy Avenue,
102 Mylapore, Chennai - 600 004.

Northern Region

M/s Vinod Kumar & Associates
4696, Brij Bhawan
21A, Ansari Road, Daryaganj
New Delhi - 110 002.

SOLICITORS

M/s. Mulla & Mulla & Craigie Blunt and Caroe
Jehangir Wadia Building
51, Mahatma Gandhi Road
Mumbai - 400 001

M/s. Little & Company
Central Bank Building
Mahatma Gandhi Road
Mumbai - 400 001

BANKERS

Indian Overseas Bank, Mumbai
Bank of Baroda, Mumbai
Canara Bank, Mumbai
State Bank of India, Mumbai
HDFC Bank Limited, Mumbai

REGISTRARS & TRANSFER AGENTS

M/s. MCS Software Solutions Limited
[formerly Mafatal Consultancy Services (I) Ltd.]
Rajan House, Opp. Century Bazar,
Prabhadevi, Mumbai - 400 025.



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NOTICE

NOTICE is hereby given that in supersession of the previous Notice dated 6 August, 1999 convening the Thirteenth Annual General Meeting of the members of Videsh Sanchar Nigam Limited on 6 September, 1999, the said Thirteenth Annual General Meeting of the members of Videsh Sanchar Nigam Limited will now be held at 1000 hours on Thursday, the 30 September 1999, at the Indian Merchants' Chamber Building, Indian Merchants' Chamber Marg, Opp. Churchgate Station, Mumbai - 400 020 to transact with or without modifications the following business:

1. To receive consider and adopt the Directors' Report and the audited Profit and Loss Account for the year ended March 31, 1999, and the Balance Sheet as on that date.
2. To declare dividend for the financial year 1998-99.
3. To appoint a Director in place of Smt. S.A. Tirmizi who retires at this Annual General Meeting, by rotation and being eligible offers herself for re-election.
4. To appoint a Director in place of Shri Rajneesh Gupta who holds office only upto the date of Annual General Meeting and in respect of whom a notice has been received by the company from a member signifying his intention to propose Shri Rajneesh Gupta as a candidate for the office of director.
5. To appoint a Director in place of Shri Vinoo Goyal who holds office only upto the date of Annual General Meeting and in respect of whom a notice has been received by the company from a member signifying his intention to propose Shri Vinoo Goyal as a candidate for the office of director.
6. To appoint a Director in place of Shri RSP Sinha who holds office only upto the date of Annual General Meeting and in respect of whom a notice has been received by the company from a member signifying his intention to propose Shri RSP Sinha as a candidate for the office of director.
7. To appoint a Director in place of Shri Subodh Bhargava who holds office only upto the date of Annual General Meeting and in respect of whom a notice has been received by the company from a member signifying his intention to propose Shri Subodh Bhargava as a candidate for the office of director.
8. To appoint a Director in place of Shri Ashok Wadhwa who holds office only upto the date of Annual General Meeting and in respect of whom a notice has been received by the company from a member signifying his intention to propose Shri Ashok Wadhwa as a candidate for the office of director.
9. To appoint a Director in place of Shri NR Narayana Murthy who holds office only upto the date of Annual General Meeting and in respect of whom a notice has been received by the company from a member signifying his intention to propose Shri NR Narayana Murthy as a candidate for the office of director.
10. To appoint a Director in place of Shri HP Wagle who holds office only upto the date of Annual General Meeting and in respect of whom a notice has been received by the company from a member signifying his intention to propose Shri HP Wagle as a candidate for the office of director.
11. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution :

"RESOLVED that the Memorandum of Association of the Company be altered in the following manner:

 - (A) In Object clause III (A) of the Memorandum of Association the following clauses shall be inserted after existing clause (4).

"(5) To design, develop, instal, maintain, operate, manufacture, assemble, repair, service, erect, let on hire, sell, buy, import,



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export, stock, distribute, market, provide and facilitate in provision of services of or otherwise deal in Telecommunications, communications, broadcasting system/network and equipments including cellular/mobile telephony, paging, voice mail, private and public switching network services, long distance domestic and international switched and Private basic telecommunications networks and services, Very Small Aperture Terminals (VSAT), long distance domestic and international basic and value added telecommunications, global mobile telecommunications, globally managed data networks, data telecom networks, electronic mail services, Video conferencing, international gateway networks, satellite networks, publication in printed form or electronic media or otherwise of telephones and other directories, data bases, data processing services, cable television networks, integrated digital network systems, wireless communications systems, multi access rural radio telephone systems, all related instruments, devices, equipments, parts, components, accessories and associated equipments including computer hardware and software, data and software, data and software packages, software recording systems, microprocessors, integrated circuits, accessories CD-ROM, floppy diskettes, floppy drives, CD-ROM drives, other interface equipment and devices related thereto and all types of value added services in connection with telecommunications, satellite networks, other computer network systems and services.

- (6) To build, operate, lease, manufacture, assemble, import, export, buy, sell, repair, convert, erect, operate, maintain, market, let on hire, sell,

transfer and otherwise deal in all types of communication, transmission, switching computer, telecommunications, satellite and broadcasting networks and all types of fibre and other telecommunication cables and other machinery equipments, instruments, parts, components and accessories thereof.

- (7) To carry on business in and relating to research and development, pilot production, manufacture, assembly, fitting up, fabricating, assembling, converting, overhauling, altering, fitting, hiring, letting on hire, improving, repairing, servicing, provide training, and dealing in any or all descriptions, of electrical or electronics appliances, apparatus, devices, equipments, instruments, parts, components and accessories for telecommunications, satellite and cable communication networks, computer network, electronic text and other data, electronic voice data, video communication systems as required in industrial/defence control applications, integrated circuits, computers, entertainment equipment, space research and allied industries, telecommunications and security services.
- (8) To design, develop, instal, manufacture, assemble, store, maintain, service, operate, repair, import, export, market, sell or distribute and/or deal in all sorts of telephone, computer, software programmes, electronic, electrical, mechanical appliances, instruments, equipments, devices, apparatus, communication exchanges, systems, products, spare parts, components, accessories, appliances whether industrial, domestic, scientific, commercial, professional, research or otherwise.
- (9) To manufacture, assemble, import, export, buy, sell, market, repair, convert, erect, maintain, let on hire and otherwise deal in sonic and ultrasonic



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equipments and apparatus, radar equipments, Computers, Electronic accounting and business machines, electronic control equipments.

(10) To manufacture, assemble, operate, import, export, sell, buy, market, distribute, repair, convert, alter, install, erect, maintain, let on hire or otherwise deal in all kinds of machinery, plant, spare parts, components, accessories, equipments, instruments, devices, stores, appliances and gadgets used or required for achieving the above objects."

(B) Existing Clause III (B)(26) be deleted and substituted with the following new clause.

"26 (i) To negotiate and/or enter into agreements and contracts with individuals, companies, corporations, bodies corporate and/or such other organisations in India and abroad including governments and governmental or semi-governmental bodies of other sovereign states, for obtaining or providing know-how or technical and/or financial collaboration or any other such assistance for carrying out all or any of the objects of the Company and also for the purpose of activating research and development and to acquire or provide, exploit, use necessary formulae inventions, utility models and patent rights for furthering the objects of the Company, subject to Joint Venture guidelines issued by Government as amended from time to time.

(ii) Subject to Sections 391, 394 and 394A of the Companies Act, 1956, to amalgamate or take over or merge with or reconstruct the business of the Company with any other person, organisation, firm, company, body corporate whether incorporated or not and whether registered in India or otherwise, or enter into partnership or into any other arrangement for sharing

of profits, union of interest, co-operation, joint venture, reciprocal concession or co-operation or for limiting competition or otherwise, with any person, persons or company or body corporate or other organisations carrying on or engaged in or about to carry on, or engage in or being authorised to carry on or to bifurcate one or more units of the Company in one or more companies for the interest of the Company and to give or accept by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture-stock or other debt instruments or securities including futures, options, derivatives that may be agreed upon, and to hold and retain, sell, mortgage, pledge, encumber and deal with any shares, debentures, debenture-stock or securities, options, futures, derivatives, instruments so received or offered."

(C) Existing Clause III(B)(29) be deleted and be substituted with the following new clause.

"29. To carry on the business which the Company is authorised to carry on by means or through the agency of any subsidiary company or other associate or affiliate companies or other business organisation in India or abroad and to enter into any arrangement with any such company for taking the profits and bearing the losses of any business so carried on or for financing any such company or business organisation or guaranteeing its liabilities or obligations or to make any other arrangements which may seem desirable with reference to any other business so carried on by the company with a power at any time to close any such business either temporarily or permanently and or to appoint Directors or Managers or administrators of any such company or business organisations."



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(D) "All the clauses appearing after amended clause III(A) 10 be suitably renumbered with existing clause III(A)5 being renumbered as clause III(A)11 and existing clauses III(B)26 and 29 being renumbered as clauses III(B)32 and 35."

12. To consider and if thought fit, to pass with or without modifications the following Resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provision of section 293 (1)(a) of the Companies Act, 1956 and all other applicable provisions, and in terms of letter No. 815-1/93-TM/OC dated 26 August, 1994 issued by the Department of Telecommunications, Government of India, and subject to approvals of the Government as may be necessary, the Board of Directors of the Company or any committee thereof be and is hereby authorised to transfer the business and undertaking (consisting of all the equipment, machinery, licence etc.) relating to the four value added services viz. Gateway Internet Access Service (GIAS), Gateway Electronic Data Interchange Service (GEDIS), Gateway Electronic Mail Service (GEMS400) and Video Conferencing Service to VSNL Seamless Services Private Limited, a Private Company limited by shares

incorporated under the Companies Act, 1956 and having its Registered Office at Lokmanya Videsh Sanchar Bhavan, Kashinath Dhuru Marg, Prabhadevi, Mumbai - 400 028 which is intended to be organised as a wholly owned subsidiary of the Company."

"RESOLVED FURTHER THAT the Board of Directors or any committee thereof be and is hereby authorised to deal with and negotiate the transfer of the aforesaid undertaking on such terms and conditions and in such manner, which according to the Directors or any committee thereof may be considered beneficial and in the best interest of the company and for this purpose, seal and deliver such instruments, contracts, deeds, conveyance and such other documents and complete all such necessary formalities as may be required."

By Order of the Board of Directors

Satish Ranade
Company Secretary

Dated : 23 August 1999

Registered Office :
Videsh Sanchar Bhavan
M.G. Road, Mumbai - 400 001.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
 2. The Explanatory Statement of Material Facts pursuant to Section 173 (2) of the Companies Act, 1956, is attached to this notice relating to items of special business under Item No. 4 to 12 above.
 3. This may be taken as notice of declaration of dividend for 1998-99 in accordance with Article 95 of Articles of Association of the Company in respect of dividend for that year when declared.
 4. Register of Members and Transfer Books of the Company shall remain closed from Wednesday, 01 September, 1999 to Wednesday, 15 September, 1999 (both days inclusive).
 5. Dividend shall be paid to those members (or to their mandatees) whose names will appear in the Register of Members on the last date of book closure.
 6. The dividend, if approved at the meeting, will be paid on or after 31 October, 1999.
 7. Members are requested to notify to the Registrars and Transfer Agents M/s. MCS Software Solutions Limited, Rajan House, Opp. Century Bazar, Prabhadevi, Mumbai 400 025, any change in their addresses immediately, in any event not later than 01 September, 1999, so as to enable us to despatch the dividend warrants at the correct addresses.
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Annexure to the Notice dated 23 August 1999**The Explanatory statement of Material Facts pursuant to Section 173 (2) of the Companies Act, 1956.****In respect of Item No. 4**

Shri Rajneesh Gupta was appointed as Additional Director on the Board and also as Director (Network) with effect from 23 November, 1998 under Article 66D of the Articles of Association of the Company. Under Section 260 of the Companies Act, 1956 and under the said Article, Shri Rajneesh Gupta holds office only upto the date of forthcoming Annual General Meeting and therefore, Shri Gupta will cease to hold office on that date. Shri Gupta is eligible for re-appointment and the company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for re-appointment.

The Board commends this resolution.

None of the Directors other than Shri Rajneesh Gupta is concerned or interested in the above Resolution.

In respect of Item No. 5

Shri Vinoo Goyal was appointed as Director on the Board and also as Director (Development) with effect from 9 December, 1998 under Article 66E of the Articles of Association of the Company to fill the casual vacancy caused by the resignation of Shri R. K. Gupta. Under Section 262 of the Companies Act, 1956 and under the said Article, Shri Vinoo Goyal holds office only upto the date upto which Shri Gupta would have held the office. Shri Gupta would have retired at the forthcoming Annual General Meeting and therefore, Shri Goyal will cease to hold office on that date. Shri Goyal is eligible for re-appointment and the Company has, pursuant to Section 257 of the companies Act, 1956, received a notice in writing proposing his candidature for re-appointment.

The Board commends this resolution.

None of the Directors other than Shri Vinoo Goyal is concerned or interested in the above Resolution.

In respect of Item No. 6

Shri RSP Sinha was appointed as Additional Director on the Board and also as Director (Finance) with effect from 14 January, 1999 under Article 66D of the Articles of Association of the Company. Under Section

260 of the Companies Act, 1956 and under the said Article, Shri RSP Sinha holds office only upto the date of the forthcoming Annual General Meeting and therefore, Shri Sinha will cease to hold office on that date. Shri Sinha is eligible for re-appointment and the Company has, pursuant to section 257 of the companies Act, 1956, received a notice in writing proposing his candidature for re-appointment.

The Board commends this resolution.

None of the Directors other than Shri RSP Sinha is concerned or interested in the above Resolution.

In respect of Item No. 7

Shri Subodh Bhargava was appointed as Additional Director on the Board with effect from 15 December, 1998 under Article 66D of the Articles of Association of the Company. Under Section 260 of the Companies Act, 1956 and under the said Article, Shri Subodh Bhargava holds office only upto the date of the forthcoming Annual General Meeting and therefore, Shri Bhargava will cease to hold office on that date. Shri Bhargava is eligible for re-appointment and the company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for re-appointment.

The Board commends this resolution.

None of the Directors other than Shri Subodh Bhargava is concerned or interested in the above resolution.

In respect of Item No. 8

Shri Ashok Wadhwa was appointed as Additional Director on the Board with effect from 15 December, 1998 under Article 66D of the Articles of Association of the Company. Under Section 260 of the Companies Act, 1956 and under the said Article, Shri Ashok Wadhwa holds office only upto the date of the forthcoming Annual General Meeting and therefore, Shri Wadhwa will cease to hold office on that date. Shri Wadhwa is eligible for re-appointment and the company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for re-appointment.



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The Board commends this resolution.

None of the Directors other than Shri Ashok Wadhwa is concerned or interested in the above resolution.

In respect of Item No. 9

Shri NR Narayana Murthy was appointed as Additional Director on the Board with effect from 15 December, 1998 under Article 66D of the Articles of Association of the Company. Under Section 260 of the Companies Act, 1956 and under the said Article, Shri NR Narayana Murthy holds office only upto the date of the forthcoming Annual General Meeting and therefore, Shri Murthy will cease to hold office on that date. Shri Murthy is eligible for re-appointment and the company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for re-appointment.

The Board commends this resolution.

None of the Directors other than Shri NR Narayana Murthy is concerned or interested in the above resolution.

In respect of Item No. 10

Shri HP Wagle was appointed as Additional Director on the Board with effect from 15 December, 1998 under Article 66D of the Articles of Association of the Company. Under Section 260 of the Companies Act, 1956 and under the said Article, Shri HP Wagle holds office only upto the date of the forthcoming Annual General Meeting and therefore, Shri Wagle will cease to hold office on that date. Shri Wagle is eligible for re-appointment and the company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for re-appointment.

The Board commends this resolution.

None of the Directors other than Shri HP Wagle is concerned or interested in the above resolution.

In respect of Item No. 11

The company has been carrying on the business of International Telecommunication networks, systems and services. It now desires to carry on the business in the domestic telecommunication services in association or partnership with other national and international parties. It also desires to contest along with the other

bidders for the licences in respect of various telecommunication services either by acquiring itself or through a wholly or partly owned subsidiary or through a joint venture company. The company feels it to be advisable to amend the object clause as proposed in order to be in readiness to take on the challenges of emerging liberalised competitive telecom environment in the country. The company can carry on these new businesses which under existing circumstances may conveniently or advantageously be combined with the existing business of the Company. The consequential amendments in the other clauses of the Memorandum of Association of the Company also enable it to carry on its business more economically or more efficiently. Proposed amendments will enable the company to attain its main objects by new or improved means. The proposed amendments of the object clause of the Memorandum of Association of the Company thus satisfy the tests laid down under Section 17(1) of the Companies Act, 1956.

The Resolution is recommended for the approval of the members.

None of the directors of the Company is concerned or interested in the Resolution.

In respect of Item No. 12

In recent years, rapid technological improvement has enabled the company to launch a variety of specialised services such as dedicated high speed leased lines, packet switched data transmission services, E-Mail, electronic data interchange, Video conferencing and other value added services that typically involve transmission of data or video rather than voice traffic. The company's expansion into these areas is motivated by a desire to benefit from the migration of traffic to these modes and from the probable higher margins that can be earned on these value added services. The company expects this trend of rising demand to continue for these new services keeping in pace with the rapidly growing Indian Economy.

With the deregulation of value added services, especially the Internet related services expected very soon, it is imperative to provide a level playing field to all players, whether in the Private or Public sector, in order to attract and sustain private capital in value added telecom services. In this scenario, the