

BSNL looking at strategic foreign partner to reverse fortunes

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NEW DELHI: As it battles falling revenues and profits, state-run telecom major BSNL is contemplating inducting a foreign strategic partner, a move that will enable the company get a better valuation than from an IPO or disinvestment.

"A strategic partner will be a better option...provided the government is favourable to that idea," a source, working closely on the listing of the PSU and involved in negotiations with the employees' unions, said.

BSNL's valuation has been pegged at about 100 billion dollars and the PSU has a paid up capital of about Rs 5,000 crore (1.04 billion dollars), but any investor will be willing to pay top-money to be BSNL's strategic partner given its countrywide strong network.

BSNL had reported a revenue of Rs 38,000 crore and a net profit of Rs 3,000 crore in the last fiscal and this year the company has projected a dip in both, mainly due to lower average revenue per user (ARPU) and if the trend continues for few years the company's long term plans may suffer.

Asked why a foreign strategic partner should be favoured over listing and disinvestment, sources said "...because when they come they can have a say in the management and change the face and culture of the company."

There are many big foreign telecom operators, like AT&T, France Telecom and others, who are looking at entering the Indian market and these companies are in talks with some of the private service providers.