

# India Telecoms

## Sub-Marine Cable Disruptions; Expect Limited Financial Impact

- Cable woes continue.** RCOM today reported that its FALCON cable was cut between Dubai and Oman on Friday (February 1). The cause of FALCON disruption is not yet known. This comes just days after the FLAG and SMW-4 submarine cables were cut off Egypt's coast by a ship's anchor on January 30 (Wednesday). These cable cuts have impacted the customers of VSNL, RCOM and Bharti, which include Indian BPO and IT services companies, MNCs and telecom carriers (ISPs, other global carriers).
- Limited financial impact.** According to the companies, connectivity of most customers has already been restored under the pre-restoration agreement while other customers are signing up for ad-hoc restoration on alternate routes. The disrupted cables are expected to be repaired by February 15. Since SMW-4 is a consortium cable, the cost of cable repair may already be covered under the O&M charges paid by Bharti and VSNL (consortium members), in our view. However, RCOM will likely have to bear the repair cost for FLAG and FALCON cables.
- VSNL relatively better off versus Bharti and RCOM.** VSNL owns capacity on SMW-3 cable on the western route and on TICS (Chennai-Singapore) plus TGN (Japan-US) cables on the eastern route. Bharti is using its i2i cable (Chennai-Sing) in combination with short/long term IRUs across the Pacific to provide alternate route to its customers. RCOM does not own any cable that lands on India's east coast and has limited capacity on FLAG's eastern route (from Mumbai); RCOM is relying heavily on terrestrial routes across the middle east thanks to its FALCON landing partners. Accordingly, the cost of providing temporary restoration for RCOM may be higher compared to the cost incurred by rivals, VSNL and Bharti.

### India

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#### RCOM Flag Europe Asia (FEA) Cable



Source: FLAG (RCOM)

Table 1: Submarine cables landing in India

	Western route				Eastern route	
	SMW-3	SMW-4	FLAG	FALCON	TICS	i2i
VSNL	█	█	█	█	█	
Bharti		█				█
RCOM			█	█		

Source: Company data.

Disrupted cables

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