

## REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2004-05

(In accordance with clause 49 of the listing agreement with Indian stock exchanges)

Corporate Governance deals with laws, practices and implicit rules that determine a Company's ability to take informed managerial decisions vis-a-vis its claimants - in particular, its shareholders, creditors, customers, the state and employees. It is about achievement of the corporate vision and goals through commitment to ethical business practices and values. It can be said to be a means to maximise the long-term shareholder value in a legal and ethical manner, ensuring fairness, courtesy and dignity in all transactions of the company.

### 1. CORPORATE GOVERNANCE PHILOSOPHY AND PRACTICE

VSNL has transformed itself from a fledgling government department, to a wholly owned government company, to its present status as an NYSE-listed, widely-held and professionally managed Company having its direct and indirect subsidiaries across the globe and adding new private and international shareholders along the way. That internal transformation was mirrored externally as India's telecom industry moved from a highly regulated and closed environment to an era of significantly enhanced competition and new emerging technologies. As an established international telecom company, VSNL has always held itself to high standards of accountability, auditing, disclosure and reporting.

Through these transformations, VSNL's corporate governance philosophy has been consistent and transparent. The Company believes that total business risk elimination is never possible but can be minimized by consistently developing and following the best practices of Corporate Governance. To this end, the Company focuses on developing and implementing higher standards of accountability to enable optimum returns to all stakeholders. The company is installing new state-of-the art systems including integrated financial accounting and budgeting systems and through a systematic process of training and development has increased the quality of its personnel.

Fairness in words, actions and deeds with all stakeholders are the pillars of corporate governance philosophy of the Company. Corporate Governance in substance rather than form is what the Company believes in and actively implements. To ensure this, a high level Corporate Governance Council has been formed to ensure that the best practices of Corporate Governance are adopted.

VSNL's operations and accounts are audited at three levels: an internal audit; a statutory audit by Indian accounting firms under Indian accounting requirements and their restatement by an internationally recognised accounting firm according to US GAAP. The Company communicates regularly with its shareholders through bulletins, presentations and meetings with analysts and investors.

### 2. BOARD OF DIRECTORS

The Company is managed exclusively by and under the directions of the Board. The composition of the Board is governed by the applicable laws and regulations as well as the Articles of Association of the Company. The powers delegated by the Board to the Managing Director and by the Managing Director to the sub-ordinate officers are documented in the Delegation of Powers (DoP). The DoP is revised periodically.

Nine out of Ten directors are non-executive directors, forming 90% of the total number of directors. VSNL has four independent directors and one executive director.

None of the directors hold directorships in more than the permissible number of companies under the applicable provisions. Similarly, none of the directors on the board's sub-committees hold membership of more than ten committees of boards, nor is any director a chairman of more than five committees of boards.

The names and categories of the directors on the board, their attendance at board meetings during the year and at the last annual general meeting, and the number of directorships and committee memberships held by them in other companies as of March 31, 2005 (with Directorships updated as of August 10, 2005) are given below:

Name	Category	Board Meetings during the tenure		Attendance at the last AGM (02.09.2004)	No. of Directorships in other Public Companies Including VSNL		No. of Committee Positions held in other Public Companies Including VSNL	
		Held	Attended		Chairman	Member	Chairman	Member
<b>Directors in Office</b>								
Mr. Subodh Bhargava [Chairman : w.e.f. 11 May 2005]	Independent Non Executive	8	8	Yes	2	9	3	8
Mr. N. Srinath	Not Independent Executive	8	7	Yes	NIL	3	NIL	NIL
Mr. Suresh Krishna	Independent Non Executive	8	3	No	6	3	2	3

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Name	Category	Board Meetings during the tenure		Attendance at the last AGM (02.09.2004)	No. of Directorships in other Public Companies Including VSNL		No. of Committee Positions held in other Public Companies Including VSNL	
		Held	Attended		Chairman	Member	Chairman	Member
<b>Directors in Office</b>								
Mr. Ishaat Hussain	Not Independent Non Executive	8	7	Yes	2	13	3	7
Mr. Kishore A. Chaukar	Not Independent Non Executive	8	8	Yes	NIL	13	4	4
Mr. Vivek .Singhal	Independent Non Executive	8	5	Yes	NIL	6	1	1
Dr. Ashok Jhunjhunwala	Independent Non Executive	8	8	Yes	NIL	8	NIL	8
Mr. F.A. Vandrevala	Not Independent Non Executive	8	8	Yes	2	13	NIL	2
Mr. Pankaj Agrawala <sup>1</sup>	Not Independent Non Executive	8	6	No	NIL	1	1	NIL
Dr. Mukund Rajan [w.e.f. 6-05-05].	Not Independent Non Executive	NIL	NIL	Not Applicable	NIL	2	NIL	NIL
<b>Directors served during the year</b>								
Mr. R.N. Tata [Ceased to be Director w.e.f 11-04- 05]	Not Independent Non Executive	8	6	Yes	12	2	NIL	8
Mr. S.K. Gupta [Ceased to be Director w.e.f. 1-10- 04]	Not Independent Executive	4	4	Yes	NIL	2	NIL	NIL
Mr. Rakesh Kumar <sup>1</sup> [Ceased to be Director w.e.f. 10-08-05]	Not Independent Non Executive	8	7	Yes	NIL	NIL	NIL	NIL

<sup>1</sup> Nominee director of the Government of India.

## Notes :

- None of the directors is related to any other director.
- None of the directors has any business relationship with the company.
- None of the directors received any loans and advances from the company during the year.
- The information as required under annexure I to clause 49 is being made available to the board.
- The company did not have any pecuniary relationship or transactions with non-executive directors during 2004-05.
- The detailed resume of each director is published in a separate section in the annual report.
- The gap between two board meetings did not exceed four months. The dates on which the 8 board meetings were held are as follows:

2 April 2004	22 June 2004	30 July 2004	2 September 2004
26 October 2004	17 December 2004	7 January 2005	17 January 2005

## 3. AUDIT COMMITTEE

The audit committee of the board was first constituted on December 15, 1998. It was subsequently reconstituted

several times in accordance with the changing legal and other requirements. The present audit committee consists of five members. The Chairman of the committee is

Mr. Subodh Bhargava, an independent director, who earlier served as the Chairman and Managing Director of Eicher Motors and has necessary and sufficient financial and accounting background.

The other members of the committee are Mr. Ishaat Hussain, Director (Finance), Tata Sons Limited, Mr. Vivek Singhal, Chairman, Electronic & Software Export Corporation, Dr. Ashok Jhunjunwala, Professor, Electrical Engineering Department, IIT Madras, and Head, Telecommunications and Computer Networks (TeNeT) Group and Mr. Pankaj Agrawala, government nominee director. Mr. Satish Ranade, Company Secretary and VP (Legal) is the audit committee's Secretary.

At the Annual General Meeting held on September 2, 2004, the Chairman of the Audit Committee, Mr. Subodh Bhargava was present. During the last financial year, the Audit Committee held six meetings.

The audit committee has adequate powers and detailed terms of reference to play an effective role as required under the provisions of the Companies Act, 1956 and clause 49 of VSNL's listing agreement with the stock exchanges.

#### Attendance at the Audit Committee Meetings

Name	No. of Audit Committee Meetings during 2004-05	
	Held	Attended
Subodh Bhargava	6	6
Mr. Vivek Singhal	6	4
Mr. Ishaat Hussain	6	5
Dr. Ashok Jhunjunwala	6	6
Mr. Pankaj Agrawala	6	4

#### 4. REMUNERATION COMMITTEE

The Remuneration Committee consists of three members. The Chairman of the Committee is Mr. Suresh Krishna, Independent Director who is the Chairman and Managing Director of Sundram Fasteners Limited. The other members are Mr. Subodh Bhargava and Mr. Kishor Chaukar. Mr. Kishor Chaukar joined the Remuneration Committee on 9 June 2005. Mr Ratan Tata ceased to be a member of the Committee w.e.f. the date of his resignation. Mr. Satish Ranade, Company Secretary and VP (Legal) is the Remuneration Committee's Convenor. One meeting of the Remuneration Committee was held on June 9, 2005.

The details of remuneration to the whole-time directors during the year 2004-05 is as follows:

(Amount in Rs.)

Name	Salary	Perquisites & Allowances	Commission*
Mr. S.K. Gupta**	1,246,615	449,520	800,000
Mr. N. Srinath	2,609,873	942,000	1,700,000
<b>Total</b>	<b>3,856,488</b>	<b>1,391,520</b>	<b>2,500,000</b>

\* Commission payable will be paid only after the date of the Annual general Meeting.

\*\* The term of Mr. S.K. Gupta expired w.e.f. 1 October 2004.

1. An agreement was entered into with Mr. S.K. Gupta as managing director for a period from February 13, 2002 valid till September 30, 2002. Thereafter Mr. S.K. Gupta was reappointed as the MD of the Company on deputation to VSNL from Tata Services Limited for a period of up to two years with effect from 1 October 2002. Accordingly, a new agreement was signed under the applicable provisions of the Companies Act, 1956. This agreement was valid up to 30 September 2004.
2. Either party, giving the other party six months' notice or the company paying six months' salary in lieu thereof, may terminate the agreements with the whole-time directors.
3. Severance fees for Mr. S.K. Gupta and Mr. N. Srinath under the contracts is NIL.
4. The Renumeration Committee decided to re-designate Mr. Srinath as Executive Director for the remaining period of his term. This re-designation is to be effective from April 1, 2005 on execution of the propose Deed of Amendment to the Agreement dated June 12, 2002 executed with Mr. Srinath. This may be treated as an intimation under section 302 of the Companies Act, 1956.
5. The company pays sitting fees of Rs.5,000 for every board and committee meeting to all non-executive directors, except the nominee directors of Government of India.

#### 5. INVESTOR GRIEVANCE COMMITTEE

The committee consists of three members. The Chairman of the Committee is Mr. Kishor A. Chaukar who is the Managing Director of Tata Industries Limited. The other members are Dr. Ashok Jhunjunwala, Professor, Electrical Engineering Department, IIT Madras, and Head, Telecommunications and Computer Networks (TeNeT) Group, Chennai and Mr. Pankaj Agrawala, nominee Director of the Government. Mr. Satish Ranade, Company Secretary and VP (Legal) is the Investor Grievance Committee's secretary. During the last financial year, the Committee held three meetings. All the meetings were attended by all the members.

The details of grievances received from the shareholders during the year and their status on March 31, 2005 is given below:

Sr. No.	Nature of Complaints	No. of Complaints	
		Received	Pending
1.	SEBI/Stock Exchange Complaint	7	Nil
2.	Direct/Miscellaneous/ Other Complaint	192	Nil
<b>TOTAL</b>		<b>199</b>	<b>Nil</b>

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This committee has been delegated the powers to approve the issue of Duplicate Share Certificates and approve transfer/transmission of shares exceeding 500 shares per folio. The Registrar and Transfer Agents have been authorised to issue Duplicate Share Certificates and approve transfer/transmission up to a maximum of 500 shares per folio, limited only to routine day-to-day work. As the shares of the company are under compulsory dematerialized trading for all investors, this delegation is considered adequate. All the shares received for transfer till March 31, 2005 have been duly processed.

### 6. ETHICS AND COMPLIANCE COMMITTEE

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Board of Directors of the Company adopted the "VSNL Code Of Conduct For Prevention of Insider Trading and Code of Corporate Disclosure Practices" to be followed by "Directors," "Designated Employees," "Designated Persons" and "Insiders". The code is based on the principle that Directors, Designated Employees, Designated Persons and Insiders should not have undue advantage over other shareholders, in their personal security transactions, due to their possible advance knowledge of Price Sensitive Information. The code, therefore, seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the Company to enable them to take informed investment decisions with regard to the Company's securities.

In terms of the said code, an Ethics and Compliance Committee was constituted in 2003. The present committee consists of three members. The Chairman of the committee is Mr. Kishor A. Chaukar, who is the Managing Director of Tata Industries Limited, Dr. Ashok Jhunjunwala, Professor, Electrical Engineering Department, IIT Madras, and Head, Telecommunications and Computer Networks (TeNeT) Group, Chennai and Mr. Pankaj Agrawala, government nominee director are the members. Mr. Satish Ranade, Company Secretary and VP (Legal) is the convener of the Committee.

Three meetings of the committee were held during the year 2004-05. All the members were attended by all the members.

### 7. COMMITTEE OF THE BOARD

VSNL Board at its 137th Meeting held on December 1, 2003 had advised that it was necessary to ensure focus on new projects and initiatives that were necessary to increase the revenue and profitability of the Company. The Board then felt it advisable to appoint a Committee of the Board to go

through the detailed plans and make recommendations to the Board. Accordingly a Committee of the Board was formed ("Committee of the Board") to go through the detailed plans of the projects undertaken and make recommendations to the Board.

During the year Mr. S.K. Gupta who was member of the Committee of the Board ceased to be Director and therefore ceased to be member of the Committee of the Board. Mr. Ratan Tata resigned from the Board on April 11, 2005 and hence ceased to be member of the Committee w.e.f. that date.

The committee now consists of four members. The Chairman of the Committee is Mr. Subodh Bhargava. The other members are Mr. Kishor A. Chaukar, Dr. Ashok Jhunjunwala and Mr. F.A. Vandrevala. Mr. Satish Ranade, Company Secretary and VP (Legal) acts as the Secretary of the Committee.

During the last financial year, the Committee held 6 meetings.

#### Attendance at the Committee of the Board Meetings

Name	No. of Committee of the Board Meetings during 2004-05	
	Held during the tenure	Attended
Mr. Subodh Bhargava	6	4
Mr. Kishor A. Chaukar	6	6
Dr. Ashok Jhunjunwala	6	5
Mr. F.A. Vandrevala	6	5
Mr. R. N. Tata [Ceased to be Director w.e.f 11-04-05]	6	6
Mr. S.K. Gupta [Ceased to be Director w.e.f. 1-10-04]	4	2

## 8. GENERAL BODY MEETINGS

The location and time at the last four general body meetings are as follows:

Meeting Date	Location, Description and Type of Resolutions	Voting
2 September 2004	The 18 <sup>th</sup> Annual General Meeting was held at 1100 hours at Birla Matushri Sabhagar, New Marine Lines, Mumbai 400020. There were Six resolutions (1 special and 5 ordinary).	All the resolutions were put to vote by show of hands and were carried unanimously.
2 April 2004	An Extraordinary General Meeting was held at 1500 hours at Birla Matushri Sabhagar, New Marine Lines, Mumbai 400020. There were two resolutions, both of which were Special.	Both the resolutions were put to vote by show of hands and were carried unanimously.
2 September 2003	The 17 <sup>th</sup> Annual General Meeting was held at 1100 hours at Birla Matushri Sabhagar, New Marine Lines, Mumbai 400020. There were ten resolutions (2 special and 8 ordinary).	All the resolutions were put to vote by show of hands and were carried unanimously.
20 August 2002	The 16 <sup>th</sup> Annual General Meeting was held at 1100 hours at Birla Matushri Sabhagar, New Marine Lines, Mumbai – 400020. There were 14 resolutions (3 special 11 ordinary). Out of three special resolutions one was passed through Postal Ballot result of which was declared at the AGM.	All the resolutions were put to vote by show of hands. Thirteen resolutions were carried out unanimously and one through Postal Ballot was passed with the requisite majority.

## 9. DISCLOSURES

There were no significant related-party transactions of the company with its promoters, directors or management, their subsidiaries or relatives that may have potential conflict with the interest of the company at large. Note number B.14 of the Notes on Accounts may also be referred to in this respect. No non-compliance notice has been issued and no penalties or strictures have been imposed on the company by SEBI, any stock exchange or any statutory authority on any matter related to capital markets during the last three years.

## 10. SECRETARIAL AUDIT

A qualified practicing Company Secretary carried out quarterly secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audits confirm that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

## 11. REGULATORY AUDIT

Though not required under any statutory obligations but in the interest of better Corporate Governance and

benchmarking, VSNL is undergoing a voluntary Regulatory Audit. The Audit is being carried out by M/s. Ernst and Young Pvt. Ltd., an independent external agency.

## 12. MEANS OF COMMUNICATION

VSNL's quarterly results are published in the Indian Express and Loksatta among others, and are also hosted on VSNL's website: [www.vsnl.com](http://www.vsnl.com). The company's press releases, details of significant developments and investor updates are also made available on the website. VSNL's website has recently been revamped to make it more user friendly. The company generally holds a press conference/investors' meet after the half-yearly results are taken on record by the board relating to the period ending September 30th and March 31st every year.

The management discussion and analysis forms part of the directors' report and is included in the annual report for the year 2004-05. Segmental information may be referred to in Note number B.13 of the Notes on Accounts.

## 13. SHAREHOLDER INFORMATION

### DATE AND VENUE OF THE AGM

The nineteenth annual general meeting of Videsh Sanchar Nigam Limited will be held at 1100 hours on September 14, 2005,

at Birla Matushri Sabhagar, New Marine Lines, Mumbai – 400020.

#### **FINANCIAL CALENDAR**

Fiscal year ending : March 31, 2005  
Annual General Meeting : September 14, 2005

#### **KEY FINANCIAL REPORTING DATES FOR THE FINANCIAL YEAR 2005-06**

First quarter ending : On July 28, 2005  
June 30, 2005  
Second quarter ending : On or before October 31, 2005  
Sept 30, 2005  
Third quarter ending : On or before January 31, 2006  
Dec. 31, 2005  
Fourth quarter ending : On or before April 30, 2006 or if  
March 31, 2006 audited, on or before  
June 30, 2006.

#### **BOOK CLOSURE DATES FOR THE PURPOSE OF DIVIDEND**

VSNL's register of members and share transfer books will remain closed from September 1, 2005 to September 14, 2005 (both days inclusive), to determine the entitlement of shareholders to receive the final dividend as may be declared for the year ended March 31, 2005.

#### **DIVIDEND PAYMENT**

Dividend on equity shares as recommended by the directors for the year ended March 31, 2005, when declared at the meeting, will be paid on or after September 19, 2005:

(i) to those shareholders whose names appear on the company's register of members, after giving effect to all valid share transfers in physical form lodged with Registrar & Transfer Agents (R&T Agent) of the company, on or before Wednesday August 31, 2005.

(ii) in respect of shares held in electronic form, to those "deemed members" whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as at the end of business on Wednesday, August 31, 2005.

#### **BANK DETAILS**

In order to provide protection against fraudulent encashment of dividend warrants, members are requested to provide, if they have not already provided, their bank account numbers, bank account type and names and addresses of bank branches, quoting folio numbers, to the R&T agents (in case of physical shareholding) to enable them to incorporate the same on the dividend warrants. In case

of dematerialised holding the bank account details should be intimated and updated with the shareholder's Depository Participant.

#### **LISTING ON STOCK EXCHANGES IN INDIA AND LISTING FEES**

The company's shares are listed on the stock exchanges at Mumbai (BSE) and National Stock Exchange (NSE) in India. Annual listing fees as due to each of the above stock exchanges for 2005-2006 have been paid.

#### **LISTING ON STOCK EXCHANGE OUTSIDE INDIA**

The Company's ADRs are listed on the New York Stock Exchange (NYSE) and have been traded on the NYSE since August 15, 2000. The annual listing fee payable to the NYSE is being paid regularly.

#### **DEPOSITORY BANK FOR ADR HOLDERS**

The Bank of New York, 101, Barclays Street, 22<sup>nd</sup> Floor West, New York, NY 10286, Telephone: +1 (212) 815 8365, Facsimile: +1 (212) 571 3050

**Local Address** : The Bank of New York, Express Towers, 12th Floor, Nariman Point, Mumbai 400 021, Telephone: (022) 2204 4941/43, Facsimile: (022) 2204 4942.

#### **CUSTODIAN FOR THE DEPOSITORY IN INDIA**

ICICI Bank Limited, Securities Markets Services, 1<sup>st</sup> Floor, Empire Complex, 414 Senapati Bapat Mrg, Lower Parel, Mumbai – 400013. Telephone: 91-22-5667 2030 Facsimile: 91-22-5667 2779/40.

#### **STOCK CODE**

Bombay Stock Exchange : 500483  
National Stock Exchange : VSNL  
New York Stock Exchange : VSL  
ISIN No. for equity shares : INE151A01013  
ISIN No. for ADRs : US92659G6008  
CUSIP No. for ADRs : 92659G600

#### **Reuters Codes**

VSNL.BO (BSE)  
VSNL.NS (NSE)  
VSNLq.L (LSE).

#### **SHARE TRANSFER SYSTEM**

Share transfers in physical form can be lodged with M/s. Sharepro Services, the R&T agents of VSNL. The transfers are normally processed within 15 days from the date of receipt if the documents are complete in all respects. The Investor Grievances Committee is empowered to approve the share transfers beyond 500 shares per folio. Upto 500 shares per folio the R&T Agents have been empowered to approve the share transfer.

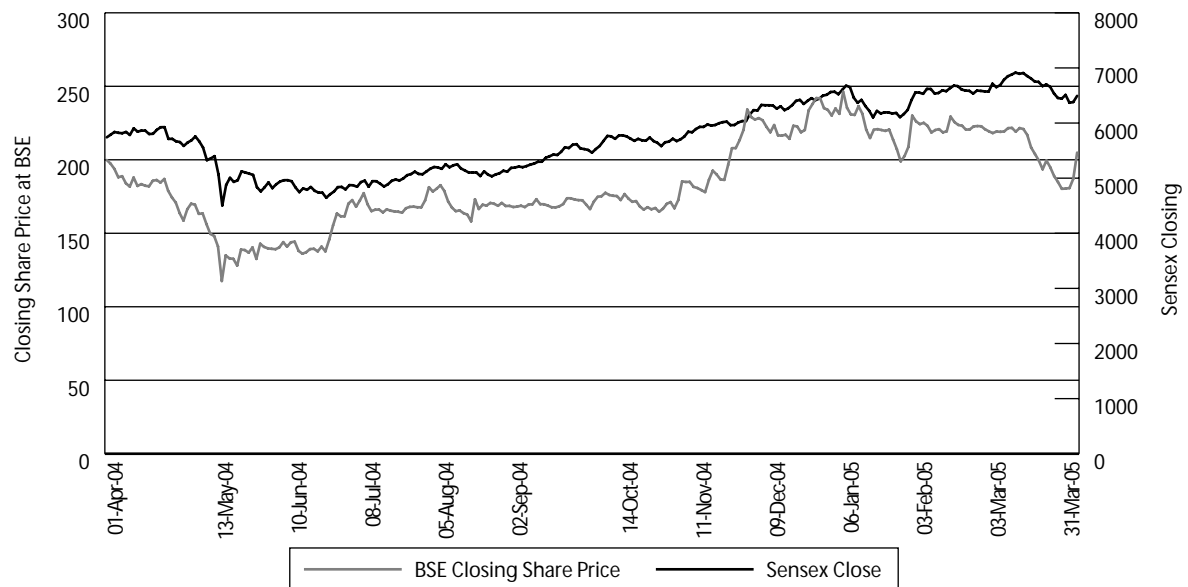
## STOCK MARKET DATA RELATING TO SHARES LISTED IN INDIA

Monthly high and low quotations and volume of shares traded at BSE & NSE and ADRs traded at NYSE for 2004-2005 are:

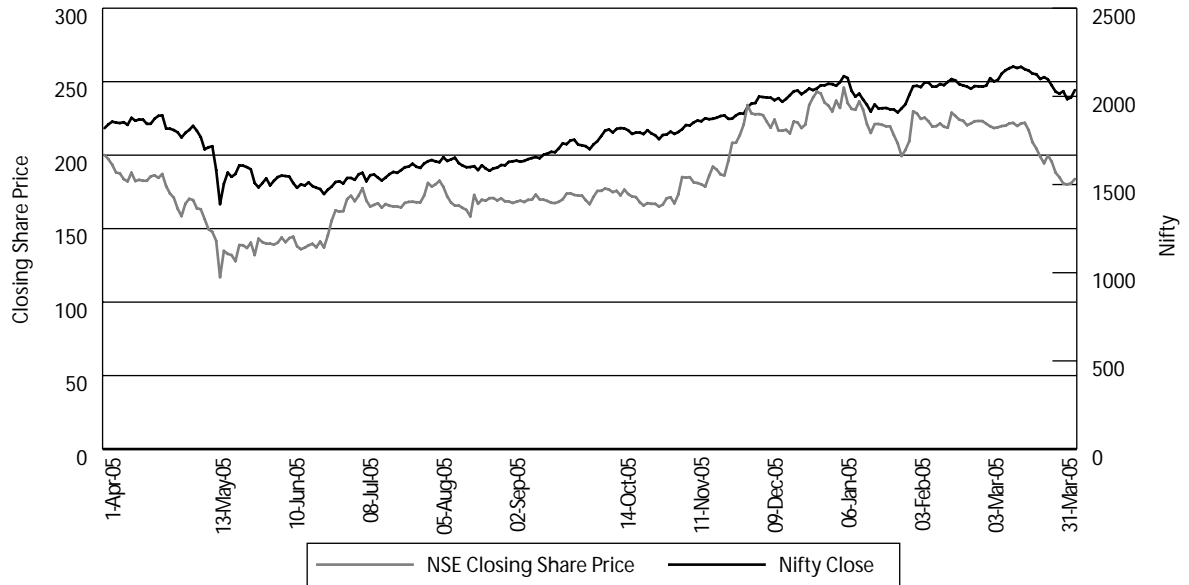
Month	BSE Share Price (Rs.)			NSE Share Price (Rs.)			NYSE ADR Price (USD)		
	High	Low	Volume	High	Low	Volume	High	Low	Volume
Apr'04	210.00	163.00	1146150	209.90	162.40	3080242	9.39	6.85	2978900
May'04	174.00	115.00	1680231	173.00	110.05	4320306	7.32	5.46	3117700
Jun'04	165.40	131.00	1193140	165.00	123.80	3491084	7.50	6.05	3017200
Jul'04	188.00	161.70	1129181	188.85	155.00	3897142	7.97	7.10	1893000
Aug'04	186.00	157.10	1489748	195.00	157.00	4711592	8.24	6.80	1676900
Sep'04	177.75	166.00	923869	177.50	166.00	2682432	7.62	7.10	799800
Oct'04	181.10	163.00	670846	181.10	163.30	1789844	7.68	7.05	1731800
Nov'04	238.00	166.50	3365296	237.90	166.15	7994054	10.32	7.55	4927300
Dec'04	247.90	210.00	2484888	249.00	211.25	6860993	10.71	9.15	3033800
Jan'05	252.60	198.00	2349496	252.00	198.00	5587598	11.15	9.11	2022900
Feb'05	246.00	216.05	2024462	247.00	215.05	5807975	10.30	9.72	1302900
Mar'05	227.40	175.70	1992857	226.95	175.80	4933919	10.04	7.83	1668100
<b>Total</b>	<b>20450164</b>			<b>55157181</b>			<b>28170300</b>		
Percentage of volume traded on BSE & NSE to shares available in Indian Market								150.51%**	

\*\* Out of the total 285 million outstanding shares, the number of shares available in Indian markets, as of March 31, 2005, has been considered to be 50231258 only, which has been arrived at after deducting 128250000 shares held by the strategic partner M/s. Panatone Finvest Limited, 74446885 shares held by the Government of India and 32069134 shares as underlying shares for ADRs.

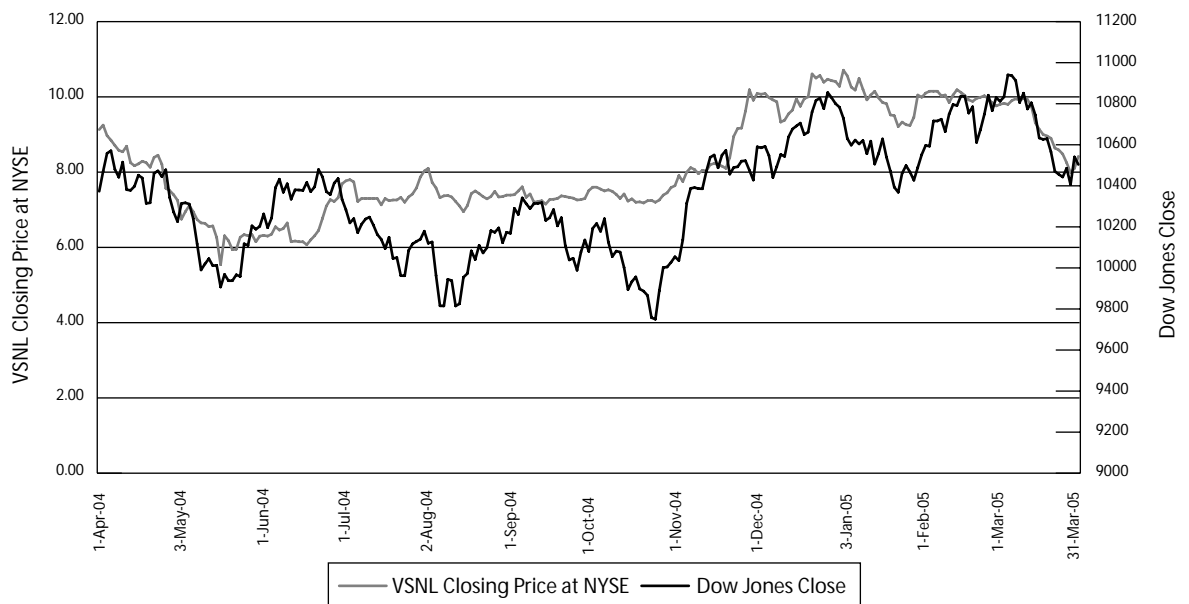
### Closing Price at BSE V/S Sensex Close



**VSNL Closing Share Price at NSE V/S Nifty Close**



**Closing Price at NYSE V/S DOW Index**



#### DISTRIBUTION OF SHAREHOLDING

	Number of Shareholders	
	31.03.2005	31.03.2004
Number of ordinary shares held		
1 to 500	59450	62020
501 to 1000	1751	1568
1001 to 10000	2154	2171
Over 10000	115	75
Total	63470	65834

#### CATEGORIES OF SHAREHOLDERS AS OF 31 MARCH

Category	Number of		Voting Strength Shareholders		Number of Shares Held (Percentage)	
	2005	2004	2005	2004	2005	2004
Panatone Finvest Limited	2	2	45.00	45.00	128250000	128250000
Central Government including Nominees of President of India	1	1	26.12	26.12	74446885	74446885
Tata Sons Limited	2	2	1.58	1.58	4494497	4494497
Tata Investment Corporation Ltd.	2	2	0.02	0.02	56000	56000
Indian Public Financial Institutions	47	29	9.13	9.44	26010736	26909110
Indian nationalised banks	9	7	0.16	0.02	466485	67030
Foreign Financial Institutions	34	23	2.35	1.01	6699052	2891817
Foreign companies (shares held by The Bank of New York as depository for ADRs)	2	2	11.25	12.91	32069134	36799554
Non-resident individuals / Overseas Corporate Bodies	393	267	0.06	0.04	178508	134855
Other Indian Bodies Corporate	1418	1410	0.72	0.40	2045892	1064783
Others	61559	64088	3.61	3.46	10280576	9883234
In transit demat shares	1	1	0.00	0.00	2235	2235
Total	63470	65834	100	100	285000000	285000000

#### Dematerialisation of Shares and Liquidity

Approx 99.88% of the company's share capital available in the market is dematerialised as on March 31, 2005. The company's shares are regularly traded on the Stock Exchange Mumbai and the National Stock Exchange, as is evident from the table containing stock market data.

#### Outstanding ADRs

32069134 ADRs (each representing two ordinary share of the company) are outstanding as of March 31, 2005. In respect of these ADRs, the option to convert into shares is alive.

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### SHARE CAPITAL HISTORY

Details of share capital history since incorporation is as follows:

Dates	Particulars of Issue	Number of Shares	Total Number of Shares	Nominal Value of Shares (Rs.)
19.3.86	Allotted as Purchase consideration for assets & liabilities of OCS	126	126	126,000
1.4.86	Allotted as Purchase consideration for assets & liabilities of OCS	+599,874	600,000	600,000,000
March'91	Shares of Rs.1000/- each subdivided into shares of Rs.10/- each	NIL	60,000,000	600,000,000
06.02.92	Bonus of 1:3 issued to Government of India.	+20,000,000	80,000,000	800,000,000
Jan-Feb 92	12 million shares disinvested in favour of Indian Financial Institutions by GOI @ Rs.123/- per share	NIL	80,000,000	800,000,000
1994-95	2,382,529 Shares transferred to disinvested parties as bonus shares	NIL	80,000,000	800,000,000
27.03.97	VSNL raised its share capital by way of GDR Issue, and also GOI Divested 39 lakh shares in GDR markets@ US\$13.93 per GDR equivalent to Rs.1000 per share.	+12,165,000	92,165,000	921,650,000
04.04.97	VSNL raised its capital by way of GDR Issue Green Shoe option @ US\$13.93 per GDR equivalent to Rs.1000 per share.	+2,835,000	95,000,000	950,000,000
Feb. 1999	10 million shares divested by GOI in GDR markets @ US\$9.25 per GDR equivalent to Rs.786.25 per share.	NIL	95,000,000	950,000,000
May 1999	396,991 shares Divested by GOI by way of offer of shares to employees of VSNL @ Rs.294 per share locked in for a period of 3 years.	NIL	95,000,000	950,000,000
Sept'99	1 million shares Divested by GOI in domestic markets @ Rs.750 per share.	NIL	95,000,000	950,000,000
15.08.00	Listing of ADRs on New York Stock Exchange	NIL	95,000,000	950,000,000
24.11.00	Bonus shares in the ratio of 2:1.	+190,000,000	285,000,000	2,850,000,000
27.9.01	VSNL declares dividend @ 500% i.e. Rs.50/- per share at 15 AGM.	NIL	285,000,000	2,850,000,000
Jan. '02	VSNL pays special interim Dividend of 750% i.e. Rs.75/- per share	NIL	285,000,000	2,850,000,000
13.02.02	25% of VSNL Stake transferred to Tata Group's investment vehicle Panatone Finvest Ltd. Govt holdings reduced to 27.97% from 52.97%. VSNL ceases to be a Government of India Enterprise	NIL	285,000,000	2,850,000,000

Dates	Particulars of Issue	Number of Shares	Total Number of Shares	Nominal Value of Shares (Rs.)
21.02.2002	5264555 shares Divested by GOI by way of offer of shares to employees of VSNL @ Rs.47.85 per share locked in for a period of 1 year.	NIL	285,000,000	2,850,000,000
10.04.02	Open Offer by Panatone Finvest Limited in accordance with SEBI guidelines to acquire upto 57 million shares @ Rs.202/- per share	NIL	285,000,000	2,850,000,000
08.06.02	Open offer complete with Panatone holding total of 128249910 shares including 57 million shares as above.	NIL	285,000,000	2,850,000,000

#### Locations of Other Offices

Regional Offices : Mumbai, Chennai, Kolkata and New Delhi.

Branches : Ambattur, Arvi, Bangalore, Bhubaneswar, Chandigarh, Coimbatore, Dehradun, Ernakulam, Gandhinagar, Goa, Guwahati, Hyderabad, Indore, Jaipur, Jalandhar, Kanpur, Patna, Pondicherry, Pune, Thiruvananthapuram.

#### Address for Correspondence

##### Registered Office

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Mahatma Gandhi Road,  
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Fax : +9122 5639 5162  
Email : help@vsnl.com  
Website : [www.vsnl.in](http://www.vsnl.in)  
Website : [www.internet.vsnl.in](http://www.internet.vsnl.in)

##### Corporate Office

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Kashinath Dhuru Marg  
Prabhadevi Mumbai – 400 028.  
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##### Compliance Officer

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Company Secretary & Vice President (Legal)  
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##### Any shareholder complaints/queries may be addressed to:

##### Registrar and Transfer Agents

M/s. Sharepro Services (India) Pvt. Ltd.  
Unit : Videsh Sanchar Nigam Limited  
Satam Estate, 3rd Floor, Above Bank of Baroda,  
Chakala, Andheri (East), Mumbai - 400 099.  
Tel : (022) 2821 5168  
Fax : (022) 2837 5646  
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##### Any queries relating to financial statements of the Company may be addressed to:

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