



# VIDESH SANCHAR NIGAM LIMITED

REGD. OFFICE: VIDESH SANCHAR BHAVAN, M.G. ROAD, MUMBAI-400001.

## UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2005

(Rs. in millions)

	Particulars	For the quarter ended December 31,		For the nine months ended December 31,		Year ended March 31,
		2005	2004	2005	2004	2005
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
1.	Net Sales/ Income from operations	9,775	8,405	28,215	24,244	33,030
2.	Other Income	437	217	1,045	751	1,074
3.	Interest on Income Tax Refunds	543	-	543	-	-
4.	<b>Total Income</b>	<b>10,755</b>	<b>8,622</b>	<b>29,803</b>	<b>24,995</b>	<b>34,104</b>
5.	Total Expenditure	7,724	6,708	21,785	18,573	25,339
	a. Network Cost	5,597	5,257	15,955	14,968	20,031
	b. Operating and Other Expenses	1,600	1,094	4,318	2,552	3,895
	c. Salaries and Related Costs	527	357	1,512	1,053	1,413
6.	Depreciation	882	583	2,571	1,698	2,439
7.	Prior Period Adjustments	(81)	-	(120)	-	-
8.	<b>Profit before taxes and exceptional items (1+2+3)-(5+6+7)</b>	<b>2,230</b>	<b>1,331</b>	<b>5,567</b>	<b>4,724</b>	<b>6,326</b>
9.	Exceptional Items:					
	a. Profit from sale of long-term investment, net of licence fee	-	578	-	578	4,687
	b. Provision for recoverable pension obligation	-	-	-	-	(473)
10.	Profit Before Tax (8+9)	2,230	1,909	5,567	5,302	10,540
11.	Provision for Taxation	729	486	1,886	1,730	2,976
	Current Tax	651	227	1,846	1,158	2,050
	Deferred Tax	66	259	8	572	926
	Fringe Benefit Tax	12	-	32	-	-
12.	<b>Net Profit (10-11)</b>	<b>1,501</b>	<b>1,423</b>	<b>3,681</b>	<b>3,572</b>	<b>7,564</b>
13.	Paid up Equity Share Capital (Face value of Rs.10 per share)	2,850	2,850	2,850	2,850	2,850
14.	Reserves excluding revaluation reserve					52,370
15.	Basic and diluted earnings per share including exceptional items (Rs.)	5.27	4.99	12.92	12.53	26.54
16.	Basic and diluted earnings per share before exceptional items (Rs.)					14.34
17.	Aggregate of non-promoter shareholding					
	a. Number of shares	82,928,761	77,752,618	82,928,761	77,752,618	77,752,618
	b. Percentage of shareholding	29.10	27.28	29.10	27.28	27.28

Segment Information:

Business Segments:

Particulars	(Rs. in millions)				
	For the quarter ended December 31,		For the nine months ended December 31,		Year ended March 31,
	2005 (unaudited)	2004 (unaudited)	2005 (unaudited)	2004 (unaudited)	2005 (audited)
<b>Segment Revenue</b>					
Telephony & related services	9,647	8,251	27,824	23,752	32,400
Other Services	128	154	391	492	630
<b>Total</b>	<b>9,775</b>	<b>8,405</b>	<b>28,215</b>	<b>24,244</b>	<b>33,030</b>
<b>Segment result</b>					
Telephony & related services	4,388	3,176	12,704	9,359	13,196
Other Services	(60)	(2)	(206)	17	(58)
<b>Total</b>	<b>4,328</b>	<b>3,174</b>	<b>12,498</b>	<b>9,376</b>	<b>13,138</b>
Unallocable expense	3,159	2,060	8,639	5,403	7,886
Unallocable income	980	217	1,588	751	1,074
Unallocable expense (net)	(2,179)	(1,843)	(7,051)	(4,652)	(6,812)
Prior Period Adjustments	81	-	120	-	-
<b>Profit before tax and exceptional items</b>	<b>2,230</b>	<b>1,331</b>	<b>5,567</b>	<b>4,724</b>	<b>6,326</b>
Exceptional items	-	578	-	578	4,214
<b>Profit before tax</b>	<b>2,230</b>	<b>1,909</b>	<b>5,567</b>	<b>5,302</b>	<b>10,540</b>
Tax	729	486	1,886	1,730	2,976
<b>Profit after tax</b>	<b>1,501</b>	<b>1,423</b>	<b>3,681</b>	<b>3,572</b>	<b>7,564</b>

**Notes on Segment Information:**

The Company's reportable segments are "Telephony and related services" and "Other services". Telephony and related services include international and national voice and data services and internet. Transponder lease, television uplinking, gateway packet switching services and video conferencing facilities are reported under "other services".

- (i) Revenue and expenses, which are directly identifiable to segments, are attributed to the relevant segment. Expenses on rent of satellite channels and landlines, and royalty and licence fee on revenues from operations are allocated based on usage. Certain expenses such as staff costs, operating and other expenses and depreciation are not allocable to segments and consequently have been classified as "unallocable expense".
- (ii) Fixed assets are used interchangeably between segments. In the absence of a meaningful basis to allocate assets and liabilities between segments, no allocation has been made.

Notes:

1. The above results were reviewed by the Audit Committee and approved for taking on record by the Board of Directors of the Company at their meeting held on January 31, 2006.
2. The financial results for the quarter and nine months ended December 31, 2005 have been subjected to a limited review by the statutory auditors of the Company.
3. Prior period adjustments represent reversals of revenues of Rs. 67 million and network costs of Rs.187 million relating to prior years that have been reversed in the nine month period ended December 31, 2005.
4. The Company completed the acquisition of the Tata Power Broadband Company Limited during the quarter.
5. Figures for the previous period have been regrouped where necessary.
6. Investor Complaint status:

Outstanding as on October 1, 2005	Total received during the quarter ended December 31, 2005	Total resolved during the quarter ended December 31, 2005	Outstanding as on December 31, 2005
Nil	6	6	Nil

For Videsh Sanchar Nigam Limited

N. SRINATH  
EXECUTIVE DIRECTOR

Place : Mumbai  
Date : January 31, 2006