



## VIDESH SANCHAR NIGAM LIMITED

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

### A. UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2007

(Rs. in crores)

	Particulars	For the quarter ended December 31,		For the nine months ended December 31,		For the year ended March 31
		2007	2006	2007	2006	2007
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
1	Revenues from Telecommunication Services	1,040.74	1,065.65	3,021.07	2957.61	4,041.83
2	Other Income	72.78	46.60	153.16	116.30	202.74
3	<b>Total Income (1 + 2)</b>	<b>1,113.52</b>	<b>1,112.25</b>	<b>3,174.23</b>	<b>3,073.91</b>	<b>4,244.57</b>
4	Expenditure					
	a. Network Costs	624.29	583.05	1,877.67	1,635.85	2,204.47
	b. Operating and Other Expenses	192.71	132.20	504.51	440.97	663.07
	c. Salaries and Related Costs	70.21	72.89	204.00	190.06	243.69
	d. Depreciation and Amortisation	101.94	91.63	294.28	286.57	391.33
	<b>e. Total Expenditure (4a to 4d)</b>	<b>989.15</b>	<b>879.77</b>	<b>2,880.46</b>	<b>2,553.45</b>	<b>3,502.56</b>
5	Interest (net)	(7.06)	0.72	(13.08)	4.14	2.53
6	<b>Profit before taxes and exceptional items (3 - 4e + 5)</b>	<b>117.31</b>	<b>233.20</b>	<b>280.69</b>	<b>524.60</b>	<b>744.54</b>
7	Exceptional Items:					
	a. Expenditure on Voluntary Retirement Scheme/Voluntary Separation Scheme	-	20.19	-	20.19	23.86
	b. Fixed Assets written off	-	-	11.70	-	8.05
	c. Revision in Pricing Arrangements (refer note 2)	103.57	-	-	-	-
8	<b>Profit Before Taxes (6 - 7)</b>	<b>13.74</b>	<b>213.01</b>	<b>268.99</b>	<b>504.41</b>	<b>712.63</b>
9	Tax Expense	4.22	70.73	93.89	167.11	244.07
10	<b>Net Profit (8 - 9)</b>	<b>9.52</b>	<b>142.28</b>	<b>175.10</b>	<b>337.30</b>	<b>468.56</b>
11	Paid up Equity Share Capital (Face value of Rs.10 per share)	285.00	285.00	285.00	285.00	285.00
12	Reserves excluding revaluation reserve	-	-	-	-	5,865.59
13	Earnings per Share (EPS)					
	a. Basic and diluted earnings per share before exceptional items (Rs.) (not annualised)	2.73	5.46	6.41	12.30	17.18
	b. Basic and diluted earnings per share after exceptional items (Rs.) (not annualised)	0.33	4.99	6.14	11.84	16.44
14	Aggregate of public shareholding					
	a. Number of shares	48,269,458	49,681,638	48,269,458	49,681,638	50,119,540
	b. Percentage of shareholding	16.94	17.43	16.94	17.43	17.59

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**B. SEGMENT INFORMATION:**

(Rs. in crores)

Particulars	For the quarter ended December 31,		For the nine months ended December 31,		For the year ended March 31
	2007	2006	2007	2006	2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
<b>Revenues from Telecommunication Services</b>					
Wholesale Voice	521.27	602.20	1,526.81	1,642.62	2,216.86
Enterprise and Carrier Data	407.15	343.76	1,109.39	989.19	1,380.66
Others	112.32	119.69	384.87	325.80	444.31
<b>Total</b>	<b>1,040.74</b>	<b>1,065.65</b>	<b>3,021.07</b>	<b>2,957.61</b>	<b>4,041.83</b>
<b>Segment result</b>					
Wholesale Voice	(16.45)	105.10	(63.15)	290.44	423.03
Enterprise and Carrier Data	368.98	289.85	981.74	811.14	1,134.11
Others	43.79	50.47	178.83	117.01	146.67
<b>Total</b>	<b>396.32</b>	<b>445.42</b>	<b>1,097.42</b>	<b>1,218.59</b>	<b>1,703.81</b>
Less:					
(i) Interest (net)	(7.06)	0.72	(13.08)	4.14	2.53
(ii) Other Unallocable Expense (net)	(271.95)	(212.94)	(803.65)	(698.13)	(961.80)
<b>Profit before taxes and exceptional items</b>	<b>117.31</b>	<b>233.20</b>	<b>280.69</b>	<b>524.60</b>	<b>744.54</b>
Exceptional expenses	103.57	20.19	11.70	20.19	31.91
<b>Profit before taxes</b>	<b>13.74</b>	<b>213.01</b>	<b>268.99</b>	<b>504.41</b>	<b>712.63</b>
Tax Expense	4.22	70.73	93.89	167.11	244.07
<b>Net Profit</b>	<b>9.52</b>	<b>142.28</b>	<b>175.10</b>	<b>337.30</b>	<b>468.56</b>

**Notes to Segments:**

The Company's reportable segments are Wholesale Voice, Enterprise and Carrier Data and Others.

Revenues 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 license fee are allocated on the basis of usage. Segment result is segment revenues less segment expenses. Certain costs, including depreciation which are not allocable to segments have been classified as "Other Unallocable Expense (net)".

Telecommunication services are provided utilizing the Company's assets which do not generally make a distinction between the types of services. As a result, 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.

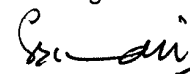
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Notes:

1. The above results for the quarter and nine months ended December 31, 2007 have been subjected to a limited review by the statutory auditors, recommended by the audit committee and were taken on record and approved by the Board of Directors of the Company at their meeting held on January 27, 2008.
2. Based on a periodic review of the Company's business delivery model, the Company's pricing arrangements were revised with effect from April 1, 2007 and a net charge of Rs 103.57 crores relating to the period upto September 30, 2007 has been recorded in the results for the quarter ended December 31, 2007.
3. Other Income for the quarter and nine months ended December 31, 2007 includes reimbursement due towards NLD licence fees Rs 27.16 crores relating to earlier years.
4. The Board of Directors of the Company in their meeting held on March 14, 2007 had approved a Scheme of Arrangement ("Scheme") to hive off its Retail Business Undertaking to its wholly owned subsidiary, VSNL Internet Services Ltd. (formerly DIL Internet Limited). In continuation of this process, as per the order dated June 15, 2007 of the Honorable High Court of Judicature at Bombay the Company had convened a meeting of its Equity shareholders and unsecured creditors on August 2, 2007. Equity shareholders and creditors have approved the scheme unanimously. Matter is pending before the High Court for further directions.
5. The previous period's figures have been regrouped and reclassified wherever necessary to make them comparable with the current period's figures.
6. Investor Complaint status:

Outstanding as on October 1, 2007	Total received during the quarter ended December 31, 2007	Total resolved during the quarter ended December 31, 2007	Outstanding as on December 31, 2007
Nil	1	1	Nil

For Videsh Sanchar Nigam Limited



N. SRINATH  
MANAGING DIRECTOR &  
CHIEF EXECUTIVE OFFICER

Place : Mumbai.  
Date : January 27, 2008