



VIDESH SANCHAR NIGAM LIMITED

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

A. AUDITED FINANCIAL RESULTS (INDIAN GAAP) FOR THE YEAR ENDED MARCH 31, 2007

(Rs. In crores)

	Particulars	For the nine months ended December 31,	For the quarter ended March 31,		For the year ended March 31,	
		2006	2007	2006	2007	2006
		(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)
1	Revenues from Telecommunication Services	2,957.61	1,084.22	959.49	4,041.83	3,780.95
2	Other Income	116.30	86.44	67.38	202.74	189.85
3	Interest Income	7.90	1.54	2.31	9.44	38.93
4	Total Income	3,081.81	1,172.20	1,029.22	4,254.01	4,009.73
5	Total Expenditure	2,266.88	844.35	727.67	3,111.23	2,894.20
	a. Network Costs	1,635.85	568.62	500.38	2,204.47	2,095.87
	b. Operating and Other Expenses	440.97	222.10	169.47	663.07	589.27
	c. Salaries and Related Costs	190.06	53.63	57.82	243.69	209.06
6	Interest Expense	3.76	3.15	1.58	6.91	1.80
7	Depreciation and Amortisation	286.57	104.76	102.29	391.33	359.38
8	Profit before taxes and exceptional items (1+2+3)-(5+6+7)	524.60	219.94	197.68	744.54	754.35
9	Exceptional Items:					
	a. Expenditure on Voluntary Retirement Scheme/Voluntary Separation Scheme	20.19	3.67	-	23.86	-
	b. Provision for recoverable pension obligation	-	-	6.42	-	6.42
	c. Assets written off	-	8.05	61.21	8.05	61.21
10	Profit Before Tax (8+9)	504.41	208.22	130.05	712.63	686.72
11	Provision for Taxation	167.11	76.96	18.57	244.07	207.18
	a. Current Tax	167.25	62.72	42.87	229.97	227.53
	b. Deferred Tax expense/(benefit)	(2.77)	11.17	(25.38)	8.40	(24.59)
	c. Fringe Benefit Tax	2.63	3.07	1.08	5.70	4.24
12	Net Profit (10-11)	337.30	131.26	111.48	468.56	479.54
13	Paid up Equity Share Capital (Face value of Rs.10 per share)	285	285	285	285	285
14	Reserves excluding revaluation reserve				5,865.59	5,570.36
15	Basic and diluted earnings per share before exceptional items (Rs.)	12.30	4.88	5.48	17.18	18.40
16	Basic and diluted earnings per share including exceptional items (Rs.)	11.84	4.61	3.91	16.44	16.83
17	Aggregate of public shareholding					
	a. Number of shares	49,681,638	50,119,540	64,796,640	50,119,540	64,796,640
	b. Percentage of shareholding	17.43	17.59	22.74	17.59	22.74

B. SEGMENTS INFORMATION:

Business Segments:

(Rs. in crores)

Particulars	For the nine months ended December 31,	For the quarter ended March 31,		For the year ended March 31,	
	2006 (unaudited)	2007 (unaudited)	2006 (unaudited)	2007 (audited)	2006 (audited)
Revenues from Telecommunication Services					
Wholesale Voice	1,642.62	574.24	540.88	2,216.86	2,162.66
Enterprise & Carrier Data	989.19	391.47	310.87	1,380.66	1,261.80
Others	325.80	118.51	107.74	444.31	356.49
Total	2,957.61	1,084.22	959.49	4,041.83	3,780.95
Segment result					
Wholesale Voice	290.44	132.59	173.83	423.03	460.00
Enterprise & Carrier Data	811.14	322.97	243.66	1,134.11	1,025.86
Others	117.01	29.66	22.00	146.67	86.21
Total	1,218.59	485.22	439.49	1,703.81	1,572.07
Unallocable expense (net)	(693.99)	(265.28)	(241.81)	(959.27)	(817.72)
Profit before tax and exceptional items	524.60	219.94	197.68	744.54	754.35
Exceptional items	(20.19)	(11.72)	(67.63)	(31.91)	(67.63)
Profit before tax	504.41	208.22	130.05	712.63	686.72
Provision for tax	167.11	76.96	18.57	244.07	207.18
Profit after tax	337.30	131.26	111.48	468.56	479.54

Notes to Segments:

The Company's reportable segments are Wholesale Voice, Enterprise and Carrier Data and Others. The composition of the reportable segments is as follows:

Wholesale Voice: includes International and National Voice services.

Enterprise and Carrier Data: includes corporate data transmission services like International Private Leased Circuit (IPLC), Frame Relay, Internet Leased Line (ILL) and National Private Leased Circuit (NPLC).

Others: includes Internet, Telex, Telegraph, TV up-linking, Transponder Lease and Other services.

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 licence fee are allocated on the basis of usage. Segment result is segment revenues less segment expenses. Certain costs, including depreciation which is not allocable to segments have been classified as "unallocable expense".

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C. AUDITED CONSOLIDATED FINANCIAL RESULTS (INDIAN GAAP) FOR THE YEAR ENDED MARCH 31, 2007

(Rs. In crores)

	Particulars	For the year ended March 31, 2007	For the year ended March 31, 2006
		(audited)	(audited)
1	Revenues from Telecommunication Services	8,611.21	4,562.52
2	Other Income	238.25	203.20
3	Interest Income	7.14	31.75
4	Total Income	8,856.60	4,797.37
5	Total Expenditure	7,557.58	3,926.51
	a. Network Costs	5,242.78	2,580.66
	b. Operating and Other Expenses	1,448.59	966.20
	c. Salaries and Related Costs	866.21	379.65
6	Interest Expense	143.58	39.84
7	Depreciation, Amortization and Impairment	783.00	485.65
8	Profit before tax and exceptional items (1+2+3)-(5+6+7)	372.44	345.37
9	Exceptional Items:		
	a. Expenditure on Voluntary Retirement Scheme/Voluntary Separation Scheme	23.86	-
	b. Restructuring Costs	59.45	-
	c. Provision for recoverable pension obligation	-	6.42
	d. Assets written-off	8.05	61.21
10	Profit Before Tax (8-9)	281.08	277.74
11	Provision for Taxation	279.41	207.94
	a. Current Tax	255.88	228.26
	b. Deferred Tax expense/(benefit)	17.67	(24.59)
	c. Fringe Benefit Tax	5.86	4.27
12	Net Profit before Minority Interest (10-11)	1.67	69.80
13	Minority Interest -Share of Loss	13.73	-
14	Net Profit (12+13)	15.40	69.80
15	Paid up Equity Share Capital (Face value of Rs.10 per share)	285	285
16	Basic and diluted earning per share excluding exceptional items (Rs.)	2.89	4.02
17	Basic and diluted earning per share including exceptional items (Rs.)	0.54	2.45

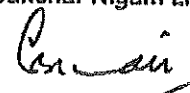
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Notes:

1. The standalone and the consolidated financial results of the Company for the year ended March 31, 2007 which have been audited by the statutory auditors have been reviewed by the audit committee of the Board and have been approved by the Board of Directors at its meeting held on May 26, 2007.
2. Consequent to the revised Accounting Standard 15 -"Employee Benefits" issued by the Institute of Chartered Accountants of India, becoming effective from April 1, 2006, the Company has reviewed and revised its accounting policy in respect of employee benefits. Consequent upon the change, profit before tax for the year ended March 31, 2007 is lower by Rs. 9.49 crores. In accordance with the transitional provision contained in the Accounting Standard, the net difference of Rs. 23.28 crores between the liability in respect of employee benefits existing on the date of adoption and the liability that would have been recognized at the same date under the previous accounting policy have been adjusted against the opening balance in the general reserve.
3. The Company introduced a Voluntary Retirement Scheme (VRS)/Voluntary Separation Scheme (VSS) which was open between November 29, 2006 and January 5, 2007. Termination benefits of Rs. 23.86 crores have been charged to Profit and Loss account in respect of employees whose VRS/VSS applications were accepted.
4. In the audited consolidated results:
 - a) Depreciation and Amortisation of Rs. 783.00 crores (2006: Rs. 485.65) includes amortisation of goodwill Rs. 82.84 crores (2006: Rs. 14.92 crores).
 - b) Restructuring costs of Rs. 59.45 crores (2006: Rs. nil) represents employee related expenses in the reorganisation of the business of certain subsidiaries.
5. The Board of Directors of the Company in its meeting held on March 14, 2007, have approved a Scheme of Arrangement ("Scheme") to hive-off its Retail Business Undertaking to its wholly owned subsidiary, DIL Internet Limited, with effect from March 1, 2007. The scheme is subject to obtaining necessary approvals, permission and sanctions including approval of the shareholders of the Company in accordance with the requirements of the Companies Act, 1956. The Company has received "No Objection" from the Bombay Stock Exchange Limited and National Stock Exchange of India Limited and has filed an application with the Honourable High Court of Judicature at Bombay seeking its permission for the said hive-off. Pending such approval no effect of the proposed hive off has been considered in these financial results.
6. The Board of Directors at its meeting held on May 26, 2007, proposed a dividend of Rs.4.50/- per equity share.
7. The consolidated profit and loss account for the year ended March 31, 2007 is not comparable with profit and loss account for the previous year as it includes the results of operations of Teleglobe and Tyco for the entire year as compared to 46 days and nine-months respectively in the previous year.
8. The previous year's figures have been regrouped and reclassified wherever necessary to make them comparable with the current period's figures.
9. Investor Complaint status:

Outstanding as on January 01, 2007	Total received during the quarter ended March 31, 2007	Total resolved during the quarter ended March 31, 2007	Outstanding as on March 31, 2007
Nil	2	2	Nil

For Videsh Sanchar Nigam Limited



N SRINATH
MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER

Place : Mumbai.
Date : May 26, 2007