

**GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA**

UNSTARRED QUESTION NO:3703
ANSWERED ON:12.12.2001
VIDESH SANCHAR NIGAM LIMITED
VILAS BABURAO MUTTEMWAR

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the value of VSNL shares has been continuously dwindling during the past few months;
- (b) if so, the details thereof;
- (c) whether the value of the VSNL shares which was Rs. 3100 has now crashed to a very low level;
- (d) if so, the reasons therefor;
- (e) whether VSNL announced 500% dividend for the year ended March 31, 2001; and
- (f) whether there would be any impact on the value of its share;

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS (SHRI TAPAN SIKDAR)

(a) & (b): No, Sir. Value of shares of VSNL has been fluctuating during the past few months (July, 2001 to December, 2001) as given in the Annexure.

(c) & (d): The VSNL share reached a high of Rs. 3100 during February, 2000, when IT shares also reached high market price, as seen from BSE/NSE sensex. There had been decline in the share value of almost all the companies in the technology sector during March, 2000 onwards. It was a global phenomenon and Indian Capital market was also affected. Therefore, it would not be appropriate to take the peak value achieved in the share price in February, 2000 and compare with the current price.

In addition to the downward trend of the markets, in November, 2000, VSNL has issued two bonus shares for every share held resulting in ex-bonus price equivalent to one-third of the then existing share price.

(e) Yes, Sir.

(f) The stock exchanges balance the erosion of market capitalisation by reducing the share price by the amount of dividend paid on each share. Such erosion is considered to be temporary and does not effect the net worth of a performing company on a long term basis.

ANNEXURE

VSNL SHARE PRICE-MONTHLY HIGH LOW AT BSE & NSE.

Month BSE NSE
HIGH LOW HIGH LOW

July, 01	330.70	264.50	329.50	262.70
Aug, 01	290.95	263.20	390.35	263.85
Sep, 01	226.45	162.85	278.35	162.95
Oct, 01	236.60	210.60	237.20	210.25
Nov, 01	254.85	214.45	254.75	214.30
Dec, 01	232.10	227.05	232.75	227.25

+ Till date