

**GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA**

UNSTARRED QUESTION NO:2197
ANSWERED ON:07.08.2000
PROFIT OF VSNL
BASUDEB ACHARIA

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether Videsh Sanchar Nigam Limited's net profits fell down by 39 percent and stood at Rs. 799 crores for the year ended March 31, 2000;
- (b) if so, the details thereof;
- (c) whether the net profit came down on account of the writing down investments in ICO Global Communications(Holdings) Ltd. to the tune of Rs. 513 crores;
- (d) if so, the reasons therefor; and
- (e) the steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE FOR COMMUNICATIONS(SHRI TAPAN SIKDAR)

- (a) Yes, Sir. As per unaudited results of VSNL, the net profit was Rs. 799 crores for the year ended 31st March, 2000.
- (b) The operational net profit of VSNL for the year ended 31st March, 2000 is Rs. 1352 Crores as against the previous year's operational net profit of Rs. 1325 crores. However, because of the writing down of the investments made in ICO Global Communications by Rs. 512.76 crores the net profit came down to Rs. 840 crores for the year 1999-2000(as per audited accounts).
- (c) Yes, Sir.
- (d) & (e): VSNL had made business investments in ICO Global Communications to the extent of Rs. 517.94 crores between the years 1994-95 and 1998-99. ICO Global Communications, on 27th August 1999, filed voluntary petition under Chapter 11 protection from its creditors in the US Bankruptcy Court in Delaware. ICO also proposed restructuring plan to reduce the equity stake of the existing investors to about 1 percent. Accordingly, VSNL had written off the investments of Rs. 512.76 crores to show the present value of investment.