

Annual Report 2016-17



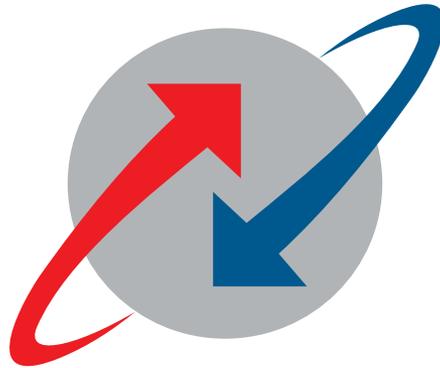
BSNL is always there with the speed of your life



We will be there soon...
...to serve the Nation



Bharat Sanchar Nigam Limited



17th ANNUAL REPORT

For the Financial Year ended 31.3.2017

BHARAT SANCHAR NIGAM LIMITED



Bharat Sanchar Nigam Limited

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BOARD OF DIRECTORS



Shri Anupam Shrivastava
Chairman and Managing Director



Shri N.K. Gupta
Director (CFA)
[Upto 31.05.2017]



Smt. Sujata Ray
Director (HRD)



Shri N.K. Mehta
Director(E)



Shri R.K. Mittal
Director (CM)



Shri N. Sivasailam
Government Director



Smt. Padma Iyer Kaul
Government Director



Ms. K. Sujatha Rao
Director
[WEF 30.01.2017]



Dr. Santosh R. Dastane
Director
[WEF 30.01.2017]



Shri V.V. Bhat
Director
[WEF 08.09.2017]



Prof. Jasbir Singh
Director
[WEF 08.09.2017]

H.C.Pant

Company Secretary & CGM(Legal)

Corporate Identity Number: U74899DL2000GOI107739

Registered and Corporate Office
Bharat Sanchar Bhawan, H.C.Mathur Lane, Janpath, New Delhi-110 001
Website: www.bsnl.co.in

Statutory Auditors

M/s ANDROSS & CO., A-101, GIA, Wazirpur, New Delhi-110 052.

Cost Auditors

Balwinder & Associates, Cost Accountants, F-125 Phase VIII B Indl Area Mohali,
Punjab-160071

Secretarial Auditors

M/s VAP & Associates, Company Secretaries, 387, First Floor, Shakti Khand-3,
Indirapuram, Ghaziabad-201010, U.P.

Bankers

State Bank of India, Punjab National Bank, Corporation Bank, ICICI Bank, Union Bank of India, Canara Bank, INDUSIND Bank, YES Bank, Central Bank of India, Allahabad Bank, United Bank of India, Syndicate Bank, Oriental Bank of Commerce, Bank of India, J&K Bank, Bank of Maharashtra

Depository

National Securities Depository Limited, 4th Floor A Wing, Trade World, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400013.

Registrar and Transfer Agent:

Indus Portfolio Private Limited, G-65 Bali Nagar, New Delhi-110015. Phone: 011-47671214/ Fax 011-25449863



OUR BUSINESS

<p>Mobile Services</p> <p>GSM :- 2G, GSM 3G</p> <p>CDMA :- Mobile, CDMA Fixed and CDMA Data Card Services</p>	<p>Broadband Services</p> <p>Landline Broadband</p> <p>3G Mobile Broadband</p> <p>GSM Wi-Fi</p> <p>WiMAX Broadband</p> <p>Dial up Internet (DIAS)</p> <p>Fiber Broadband(FTTH)</p> <p>CDMA Broadband :- EVDO Prepaid, EVDO Postpaid, EVDO Router.</p>
<p>Enterprise Business</p> <p>Enterprise Voice and Mobility:- EPABX, Voice VPN, ISDN/PRI/BRI, Centrex, 2G/3G Mobile, Blackberry services</p> <p>Internet Data Centre Services:- IDC Overview, Managed Colocation services, Managed/Hosting Services, Managed IT Services, Cloud Services(PCaaS)</p> <p>Enterprise Data Services:- Leased Circuit(DLC), MPLS VPN, Internet Leased Line, VSAT, VPN Services (Over BB, CDMA/3G)</p> <p>Enterprise Broadband:- Wi-Max, Wi-Fi, EVDO, DSL Broadband/FTTH Broadband</p> <p>Managed Services:- Managed Network Services(MNS), Managed Global Audio Conferencing, Managed SaaS(Mail), Internet Data Centre</p> <p>Other Enterprise Services:- Web Colocation, Fleet Tracking, Video Conferencing(VC), Video Surveillance, Web Hosting, USOF Project and host of other innovative Enterprise Business Solution Services</p>	<p>Landline Services</p> <p>Telephone Lines, FLPP B-fone, Phone plus services</p> <p>Intelligent Network Services:- Universal ITC, UAN service, Toll free numbers/services, VPN service, Televoting services</p> <p>BSNL PCO:- FLPP-PCO</p> <p>PRI/BRI/Dial-up Internet:- Dial up internet, ISDN PRI, ISDN BRI</p>

VISION AND MISSION

VISION:

- Be the leading telecom service provider.
- Be a customer focused organization with excellence in customer care and marketing.
- Leverage technology to provide affordable and innovative telecom services/products across customer segments.

MISSION:

Be the leading telecom service provider.

- Becoming the most trusted, preferred and admired telecom brand
- Providing reliable telecom services that are value for money
- Generating value for all stakeholders – employees, shareholders, vendors & business associates
- Excellence in customer service -friendly, reliable, time bound, convenient and courteous service
- Offering differentiated products/services tailored to different service segments
- Developing a marketing culture that is responsive to customer needs
- Maximizing return on existing assets with sustained focus on profitability

OBJECTIVES:

- To increase sales revenue with focus on subscriber retention & acquisition by way of strengthening marketing, quality of service and customer delivery
- Accelerate the pace of expansion of mobile & data services with up-gradation of technology
- Adopt policies and processes to enable transparent, quick and efficient decision making.
- Developing marketing team with attitude towards customer care
- To improve customer care by reducing fault rate, upgrading Customer service and introducing convergent billing
- Providing a conducive work environment with strong focus on performance to enhance customer delight towards BSNL services
- Leverage data services to increase BSNL's customer's base & revenues by providing higher bandwidths capabilities for wire line and wireless broadband customers



- To strengthen company's finances by gainful utilization of its assets through sharing / monetization of existing infrastructure like land, building and sharing of passive infrastructure like towers etc.
- Creating Wi-Fi Hot Spots and replacing Legacy wire line exchanges by Next Generation Network.
- Expanding the reach of fiber network near to the customer premises particularly in apartment complexes through FTTH in order to meet the bandwidth requirement for both data & video applications
- To leverage the existing infrastructure of BSNL thereby contributing towards nation building by facilitating the execution of government programmes and initiatives viz. National Optical Fiber Network (NOFN), Network for Spectrum (NFS), and Smart City concept
- To improve productivity by training and skill development and rationalization of manpower
- Developing knowledge pool exposed to latest technological advancements
- To explore opportunities in international telecom in developing markets
- To become preferred service provider to the Government for reliable and secure service Network and to serve National security interests



Hon'ble MOS (Communications) Shri Manoj Sinha, inaugurating the BSNL Mobikwik Wallet

CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

Ladies and Gentlemen,

It gives me immense pleasure to welcome you all on behalf of the Board of Directors, in the 17th Annual General Meeting of Your Company. The Company's Annual Financial Statements for the year 2016-17, along with the Board's and Auditors' Report have been circulated amongst the Members.

ECONOMY

The global economy was a mixed bag during FY 2016-17. The Indian economy is expected to grow upwards in comparison to the previous years. The biggest ever reform 'one nation one tax – GST' is expected to create a national level market and, had already started showing increased compliances and governance in all sectors.

PERFORMANCE HIGHLIGHTS 2016-17

Your Company sustained the momentum of growth registered in the year 2015-16, as a result, it registered a growth in the income under operations. While the Income from services is **Rs. 28403.73 Crores [Previous year Rs. 28380.86 Crores]**, other income is **Rs. 3129.71 Crores [Previous year Rs. 4030.46 Crores]**. The company incurred a loss of **Rs. 4793.21 Crores [Previous year Rs. 4859.16 Crores]**. There was 0.08 % increase in Income from services in comparison to previous year. There was 2.71 % decrease in the total Income in comparison with the previous year. Previous

years figures have been recast due to Ind AS implementation.

The Employee benefit expenses and, Office & Administration expense remained major contributory to the expenses, which have shown an increase of 2.25% of and decrease of 0.02%, respectively.

MARKET SHARE

Telecommunications Services has emerged as one of the key drivers of the country's economy. Though the customer driven competitive market resulted in low ARPU, Your Company was able to sustain its market share in terms of subscribers.

At all India level, Your Company's Landline Market Share stood at 56.15% and the Mobile Segment at 9.97%.

BSNL IN NATION BUILDING

Being the successor and assigns of erstwhile Central Government Departments of Telecom Services (DTS) and Telecom Operations (DTO), Your Company is actively partnering the Government in all its endeavors, be it assistance during natural calamities or building communication network at remote, inaccessible areas or in other specific areas.

DIGITAL INDIA INTIATIVES AND IMPLEMENTATION OF GOVT. PROJECTS

Your Company, being the largest pan-India Central Public Sector telecom service



provider is actively engaged in the nation building exercise with the Government of India in Bharat Net, Network for Spectrum, Development of communication networks of NE Region etc.

INFORMATION TECHNOLOGY

Understanding the implications of the cyber security breach and its fall out on the operations, Your Company has laid down a Security Framework i.e. BSNL Information Security Policy 2015.

ADDITIONAL REVENUE STREAMS

For quite some time, Your Directors have been exploring various avenues to augment the revenue of the Company. Some of the areas are as follows:- Smart city projects , Wi-fi enabled service in universities and colleges, Internet of Things, Agreements with Virtual Network Operators etc.

MAKE IN INDIA

Your Company is fully committed to the efforts of the Hon'ble Prime Minister in reviving and developing manufacturing sector of the Country through 'Make in India' initiative. To support the manufacturing sector especially Micro, Small and Medium Enterprises, Company's procurement policy has put in place a mechanism to source certain supplies from these sectors.

SKILL DEVELOPMENT – SUPPORT IN NATION BUILDING

Training under National Skill Development Scheme

In order to fulfil the expectation of the Government in Skill India, the training centres have been registered in NSDC portal to provide skill based training / infrastructure as envisaged under the Pradhan Mantri Kaushal Vikas Yojana.

SWACHH BHARAT ABHIYAN

Your Company has fully imbedded the concept of Swachh Bharat into its business philosophy also. The abhyans have now become a regular activity at all the business premises of the Company at regular intervals.

PRESENCE IN SOCIAL MEDIA

To give impetus to customer relationships management, to increase social accountability and analyse the social performance and generate reports of engagements, Your Company is using the IT Tools very effectively. Your Company's official facebook page is www.facebook.com/bsnlcorporate and its twitter handle is <https://twitter.com/BSNLCorporate>

SERVICE WITH A SMILE

To meet the new challenges and serve the customers more effectively, employees of Your Company across the country took a pledge to give Service With A Smile (SWAS).

OUTLOOK AND FUTURE STRATEGY

India has been witnessing a steady economic growth over the past few years, and in the future, it is expected to continue. The key factor behind this inclusive growth has been the initiatives driving the infrastructure development across sectors, especially

telecom related.

Robust telecom infra being an integral part and key driver of economy, it has a major role to play in the Smart City and Digital India projects. Thus, there is a greater opportunity for the future expansion of Telecom Tower Infra.

To tap this business opportunity, as part of the restructuring and revival schemes initiated, Your Company proposed for hiving off the mobile tower infra assets into a separate wholly owned subsidiary.

The Union Cabinet, in its meeting held on 12.9.2017 had approved the proposal for formation of a wholly owned subsidiary company for hiving off the tower infra assets of the CM vertical, which has been communicated by the Administrative Ministry D/o Telecommunications through its Directive for further action. The implementation of the Directives is underway.

CORPORATE SOCIAL RESPONSIBILITY

Being a service providing Company, the “CSR activities form part of the core ethics of Your Company”. Owing to losses being incurred by the company since the year 2009-10, no specific amount could be earmarked for CSR activities. The Company has constituted the Corporate Social Responsibility Committee of the Board.

CORPORATE GOVERNANCE

Being the successor and assigns of central government departments, Your Company is committed to good corporate governance as

laid down in the relevant statutes.

OUR HUMAN CAPITAL

Considering the immense value of the highly skilled employees, the HR and Welfare policies of the organization revolve around their complete development. Training and development of human resource is an important process of the organization. To update the knowledge, skill sets of the workforce from time to time and for achieving the overall objective of the organization, Company has framed its Training Policy 2017-2020.

Your Company also has an array of Staff Welfare Schemes and Programmes such as Scholarships, Book Awards, Sports and cultural meets, Assistance to the wards of the employees in the hours of need etc., to name a few.

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude and acknowledge the assistance, support and guidance extended time to time by the Ministry of Communications, Department of Telecommunications and Ministries and Departments of the Govt. of India, Regulatory Authorities, Local Bodies and the State Governments.

The inspiration, guidance and support I drew all through this period from other distinguished Members on the Board needs a special mention. I express my sincere thanks to all of them.

We also put on record our sincere thanks to

all our esteemed customers, associates, suppliers and service providers for their continued support.

And, finally, I would like to place on record our appreciation and sincere thanks to the “Team BSNL”, for their immense contribution in our forward march.

Thank you,

Jai Hind !

(ANUPAM SHRIVASTAVA)
CHAIRMAN AND MANAGING DIRECTOR



Hon'ble MOS (Communications) Shri Manoj Sinha, at the function for launch of BSNL Speed Pay Wallet Service

BOARD'S REPORT

Dear Members

Your Directors present the 17th Annual Report of your company, alongwith the Audited Statement of Accounts, both Statutory and Secretarial Auditors' Report and Comments and Review of the Comptroller and Auditor General of India, on the Accounts for the financial year ended March 31, 2017. The Financial statements have been prepared as per the prescribed Format under Schedule III to the Companies Act 2013 and in accordance with Ind AS. The transition date for implementation of Ind AS was 01.04.2015.

FINANCIAL PERFORMANCE

The financial performance for fiscal 2016-17 is summarized as below:

S. No	Particulars		2016-17 [Rs. in Crores]
1	Income from services	1	28,403.73
2	Other Income	2	3,129.71
3	Expenditure [Excluding Interest and depreciation]	3	29,849.44
4	Profit before interest, depreciation and tax [EBIDTA]	4 = 1 + 2 - 3	1,684.00
5	Depreciation	5	6,330.42
6	Interest	6	146.79
7	Profit/(Loss) before prior period adjustment	7 = 4 - (5 + 6)	(4,793.21)
8	Prior period adjustments	8	
9	Profit/loss before tax	9 = 7 + 8	(4,793.21)
10	Provision for deferred tax	10	-
	Tax Provision for the year		-
	Tax Provision for the earlier years		-
	Wealth tax		-
11	Net Profit/Loss for the year	11 = 9 + 10	(4,793.21)



LOAN AND INVESTMENT BY THE COMPANY

No new investments were made by Your Company during the period under review.

DIVIDENDS

In view of the losses suffered by the Company, Your Directors do not recommend any dividend for the year.

BORROWINGS DURING FY 2016-17

Opening balance of borrowings stood at Rs. 7882.8150 crores as on 1.4.2016. During the year under review, the company borrowed Rs. 1671.3198 crore and repaid an amount of Rs. 6382.8150 crore. The loan balance as on 31.3.2017 stood at Rs. 3813.0786 Crore.

CREDIT RATING

Your Company has been assigned the highest Credit Rating AAA(SO) [Triple A Structured Obligation] by M/s CARE Ratings for Company's Long Term Bank Facility of Rs.8000 Crores. The rating signifies that instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

DEMAT FACILITY TO THE SHAREHOLDERS

The Government of India, Ministry of Communications, Department of Telecommunications, have directed for dematerialization of shares of shares of BSNL held in paper mode. Accordingly, Your Company has obtained International Security Identification Number (ISIN) for both the Equity and Preference Shares of the Company to enable the Government to dematerialize the shares. International Security Identity Number(ISIN) from NSDL has been obtained for both the Equity and Preference Shares of the Company, which are as follows:- (a) Equity Shares – INE103D01018; and (b) Preference Shares – INE103D04012.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review, Your Company achieved highest revenue from operations since Financial Year 2009-10.

During the year 2016-17 the company incurred a **loss of Rs. 4793.21 Crores [Previous year Rs. 4859.16 Crores]**. While the Income from services is **Rs. 28403.73 Crores [Previous year Rs. 28380.86 Crores]**, other income is **RS. 3129.71 Crores [Previous year Rs. 4030.46 Crores]**.

There was 0.08 % increase in Income from services in comparison to previous year. There

was 2.71 % decrease in the total Income in comparison with the previous year. Previous years figures have been recast due to Ind AS implementation.

PHYSICAL PERFORMANCE

Your Company, despite operating in a very highly competitive and consumer driven market with pressure on earnings was able to sustain its market share in terms of subscribers in mobile segment.

The status of MoU Targets and Net Achievements in respect of physical performance during the year 2016-17 is as follows:-

Sl. No	Item	Unit	MoU Target for 16-17) EXCELLENT	Status as on 31.3.2016	Status as on 31.3.2017	Net achievement during 2016-17
1	Total Telephone connection	Lakh Conn		1,015.86	1,150.88	135.03
1(a)	Wireline	"		147.62	136.89	-10.73
1(b)	WLL	"		14.03	9.61	-4.42
1(c)	Mobile(HLR)	40	854.20	1,004.38	150.18	
1(d)	Mobile(VLR)	"		641.93	697.29	55.37
2	Total switching capacity	Lakh Lines		1,365.32	1,417.10	51.78
2(a)	Wireline	"		369.87	360.65	-9.23
2(b)	WLL	"		82.09	69.31	-12.77
2(C)	Mobile	"		913.36	987.14	73.78
3	VPT	Nos		5,77,097	2,40,880	0
4(a)	Broadband Wireline	Lakh cons	12	98.57	98.43	-0.14
4(b)	FTTH	Nos		78,182	1,24,358	46,176
4(c)	Leased Line	Nos		9,765	12,712	2,947
4(d)	Wi-Fi	Nos		3.41	2.97	2.97
4(e)	EVDO connection	Nos		78,339	55,634	-22,705



Sl. No	Item	Unit	MoU Target for 16-17) EXCELLENT	Status as on 31.3.2016	Status as on 31.3.2017	Net achievement during 2016-17
4(f)	Wimax connection	Nos		1,12,570	63,041	-49,529
4(g)	3G	Lakh Cons		104.07	116.93	12.87
5	OF Cable	Route Kms		7,61,778	7,87,760	25,981

Note: 1. The achievements in GSM VLR connections is based on VLR data as on the last working day of the month. **2.** 3G connection figure is the no. of unique data subscribers that have been active during the month. There is no service as 2G or 3 G. It is only the bearer which is 2G or 3G and all the services are accessed via these two different bearers. **3.** As per TRAI letter No. 1-1/2016-BB & OA dated 16.5.2016, one Wi-Fi Hotspot be reported as one subscriber / connection. The figure shown is the Wi-Fi unique users.

MEMORANDUM OF UNDERSTANDING [MoU] WITH THE DEPARTMENT OF TELECOM

In compliance with the guidelines for “MoU Signing and Monitoring Mechanism” issued by the Department of Public Enterprises, Government of India, Your Company has been signing the MoU with the Department of Telecommunications since 2004-05.

Physical targets and achievements made by the Company with respect to MoU 2015-16 and 2016-17 is as follows:-

Sl. NO	Item	Unit of Measurement	2015-16		2016-17	
			Target	Achievement	Target Excellent	Achievement
1	Addition in GSM capacity	In Lakh Lines	60	53.58		73.78
2	GSM Mobile Connections	In Lakhs	50(VLR)	72.19	40	150.18
3	Broadband connections	In Lakhs	25	14.54	12	12.50
4	Addition in OFC in network	RKms	15,000	16,433		25,981
5	Replacement of legacy wireline network to NGN	In lakhs	5	6.19	16.0	17.20
6	Net Addition in Wi-Ffi Hotspots(No of Hotspots)	Nos	250	2,503	-	-

Sl. NO	Item	Unit of Measurement	2015-16		2016-17	
			Target	Achievement	Target Excellent	Achievement
7	Net Addition in Wi-Fi Hotspots (No. of Cities)	Nos	25	180	–	–
8	Net addition in leased out tower sites to other operators	Nos	2,000	1713	–	2,477
9	Net addition in customer service centres	Nos	500	550	–	–

MARKET SHARE

A glimpse of the market share of the products is as follows:-

Service / Product	As on 31.3.2017	As on 31.3.2016	As on 31.3.2015
Landline	56.15	58.63	61.80
Broadband(ADSL)	54.71	58.60	64.18
GSM	9.97	9.66	9.20
WLL	1.75	0.93	1.27

SERVICES AND PLANS

CONSUMER FIXED ACCESS

LAND LINE AND BROADBAND SERVICES

Total capacity of 1 Mn line equipment has been commissioned in Phase I Class 5 IMS based New Generation Network (NGN). The implementation of Phase II is under progress.

This upgradation is expected to reduce operational issues related to maintenance of wireline network by making the core network concentrated and will also enable delivery of various value added services, such as personalized ring back tone (PRBT), Instant Messaging etc.

Augmentation of broadband network for meeting data growth

Company is in the process of Commissioning of MPLS-TP based Next Generation Packet Aggregation Network (MNG-PAN).

Setup of Network Monitoring System(NMS)

Commissioning of the Broadband Network Management System covering BB 2.2, Multiplay & FTTH network is at advanced stage.

GSPS Gateway operating licence

After renewal of licence, LEA testing has been completed and the GSPS gateway is functional. Tariff plan and call charges have been finalized and approved. Migration of existing GSPS customers is in progress.

Wi-fi Hot Spots

Your Company is planning to install 35000 Hotspots in the coming years. 1583 hotspots have so far been installed out of which 542 are commissioned. In addition, on revenue share model, the company has installed 5869 Wi-Fi Hotspots across 2710 locations in the country.

Super Express Highway

A super express highway of 200 GBPS bandwidth is planned with Next Generation Optical Transport Network (NG-OTN) to be deployed in 47 important cities including the State Capitals. The work in 45 cities has already been completed and rest is under execution stage.



Hon'ble MOS (Communications) Shri Manoj Sinha inaugurating the NG – OTN on 14.7.2017

MOBILE SEGMENT

GSM segment of the Company, is one of the most preferred brand of the country. Total income of the CM Vertical during 2016-17 rose to Rs.13,926.62 Crores, in comparison with Rs.13620.46 crores during 2015-16. There was an absolute change of Rs. 666.16 Crores i.e. 5% growth, having 9.97 % market share, despite cut throat competition and the aggressive pricing of competitors.

Your Company has successfully completed the Phase VII GSM Project and commissioned the planned capacity. 10,921 (3G) BTSs & 14,210 (2G) BTSs have been commissioned so far. This will improve 2G and 3G network coverage and data capability of 3G network.

In the Phase VII+ GSM project, 11987 3G BTSs & 7622 2G BTSs have been commissioned in North, South and East Zones.

Phase VIII GSM expansion plans aims to:-

To strengthen the signal network, induction and integration of Wi-Fi Hotspot , LTE(4G) with existing GSM/UMTS network;

Strengthening of Data Network; and

Focus on enhancing 2G & 3G network.

Phase VIII.4 GSM Project will bring operational efficiency in the Company's Network while providing for data centric nodes/equipment required to cater ever growing need of data.

Focus has been laid on increasing the usage and ARPU in low revenue clusters through differential tariff packages and special sales and distribution efforts.

VSAT Networks upgradation

For meeting future requirements, it is planned to use GSAT-11 for VSAT services, for which Hub stations are planned in coordination with ISRO at Bangalore, Ahmedabad, Ranchi and Ghaziabad.

Upgradation of Satellite bandwidth at A & N and Lakshadweep Islands

Bandwidth in Andaman and Nicobar has been enhanced to 1056 Mbps and inter-island OFC work for 321 Kms has been commenced. Similarly, at Lakshadweep Islands, the bandwidth enhanced from 102 Mbps to 318 Mbps. This will add further boost to the connectivity.

Strategy for Rolling out 4G

Presently, the Company is not having any separate spectrum for rollout of 4G network; and, the licensor has already been addressed for allocation of spectrum. Therefore, 4G service across



all the Company's Circles will be launched by utilizing available spectrum of 3G i.e. 2100 MHz by using combination of 2G + 4G in such cities / pockets where: 3G network is not so good; 4G services (like hand sets, dongle etc.) are expected to be in good numbers and; there is potential for revenue generation. Emphasis may also be given in covering major rail routes, national highways and state highways with 4G services.

Wi-Fi Hotspots and 4G services may be planned in a manner to make them complementary to each other, so that BSNL is able to offer hi-speed data service to its subscribers on large scale.

Spectrum Management

As part of the GSM Backbone, 6 GHz systems are to be closed and 7 GHz systems to be planned. It is also proposed to migrate VSATS - which are being used for backhaul of GSM – to mini links. Plans are afoot got proper maintenance of GSM BTSs.

SATELLITE BASED SERVICE

For providing satellite based service, Your Company has installed a Gateway at ALTTC Ghaziabad in collaboration with INMARSAT which in turn is integrated to MSC Meerut. The Programme was inaugurated by the Hon'ble MoC(S) on 24th May 2017. This will revolutionalise the Disaster Management and Health Care Services and take to them to the next level.

Company offers both post paid and prepaid Mobile Satellite based services.

While the service will be extended in Phase 1 to Govt. organisations, Disaster agencies, Railways, Para Military Services, Fisheries and Defence Services.

In the Second Phase, it will be opened to the general public and corporates.

Company has already received demand for more than 2000 connections and it is expected the business of more than 10,000 connections in a year.

ENTERPRISE BUSINESS

Enterprise segment of the Company has been steadily witnessing an upward trend in business and revenue mop up. During the year under review, against a Target of Rs.3798 Crores, an achievement of Rs.5184 Crore was made, leading to an increase of 26.3% growth.

Keeping in view the high revenue potentials of this segment, all round efforts are underway to strengthen the set up to attract more customers and serve them better. 3 exclusive agents for EB Marketing have been engaged at EBCC Bangalore.

Following service assurance tools have been put in place for the Enterprise customers:-

New Dashboard for MPLS NOC – BMAC

L2 / L3 : Portal for handling MPLS complaints – to give best support to EB customers

Speed tester hosted at MPLS NOC and the results are encouraging

VT PRO: MPLS NOC developed tool which will enable the operators to test the links using a web interface without actually having a telnet session.

With the declaration of the year 2017 as the “Enterprise Business Year”, greater focus is laid on revenue growth, specially through Leased Line Commissioning. To speed up, Mission 30K3M has been launched with very close monitoring.

Next Generation Optical Transport Network(NG-OTN)

NG OTN is planned to cover 59 Nodes in 47 cities, to be implemented in two phases.

As part of New OFC installation and O & M practices, there are plans to introduce 48F OFC in long distance network. In addition, introduction of Electronic Route Markers and Route Locators and Fibre Management Systems are on the anvil.

Enterprise Hosted Email

Your Company has entered into an agreement with M/s DATA Infosys Limited, Jaipur on



CMD Welcoming Smt. Aruna Sundararajan Secretary DoT at the HOCC Conference held in Dec 2017



17.5.2017, for providing Hosted Email Services to be offered to the Indian Customers of the Enterprise segment primarily, Govt. Organizations, PSUs, MSEs, NGOs & Other Corporates, at approved tariffs.

VALUE ADDED SERVICES

Presently, the market is under hyper competition with the entry of new private players, due to which there is intense pressure on pricing and revenue from voice and data. In this scenario, VAS is the only Product Differentiator which can be used to increase ARPU and customer retention.

To augment the revenue stream, following innovative schemes have been launched in this segment:-

Mobile Vallet service "MOBICASH"

Ditto TV Mobile Service

TOPUP to enable purchasing of digital content

Call Enhancement Services under progress

Online Education Services with ProbitPlus under progress

Premium Games with Disney (India) under progress.

CUSTOMER CARE

Conscious of the dictum customer is the king, the customer grievance redressal mechanism has been strengthened. Apart from posting of dedicated officers, the Company has also been launching special campaigns such as, 'Ghar Wapsi' to arrest the disconnections. Special campaigns are also held at public places to convince the customers to port to the Company. The newly launched 'Twitter Seva Tickets' in the social media also aims to address the customer grievance redressal.

MEASURES TO IMPROVE OPERATIONAL PARAMETERS

To further strengthen the consumer grievance redressal in a speedy way, following measures have been put in place:-

Fault booked upto 1600 hours is handed over to the PM the same day;

Faults not related to cable fault or laying U/G cable should be rectified within 24 hours;

Rehabilitation activity to be carried out regularly;

If any fault is booked 3 or more times in a month, it should be inspected by the Company Executives and analysed with corrective measures.

DIGITAL INDIA INTIATIVES AND IMPLEMENTATION OF GOVT. PROJECTS

Your Company, being the largest pan-India Central Public Sector telecom service provider is

actively engaged in the nation building exercise with the Government of India. The following key projects of the Government are under implementation:-

(i) Bharat Net:- As part of this ambitious Digital India plan, Your Company is implementing the target of laying of OF cable for 70,000 Gram Panchayats across the country, of which, 26,000 Gram Panchayats have already been covered.

(ii) Network for Spectrum (NFS):- Your Company is laying the OF Cable for defense network. 10,000 RKMs of OFC has already been laid across the country.

(iii) Left Wing Extremism affected areas(LWE):- As part of Government of India initiative to provide connectivity to the LWE affected areas, 655 BTSs have already been installed at the strategic locations of LWE areas out of the proposed 1836 BTSs.

(iv) Development of communication networks of NE Region:- To ensure a comprehensive telecom transmission network development in the North Eastern Region of the Country, Your Company is laying 3218 KMs of OF Cable.

BSNL IN SMART CITY PROJECTS

Your Company is actively partnering with various Government Bodies as part of its commitment to be a part of the Prime Minister's vision of Digital India and Smart Cities. Your Company already working on the following Smart City Projects:-

Bhagalpur Smart City Limited
Dharamshala Smart City Limited
Hubli Smart City Limited
Hazaribagh Smart City Limited
Rajkot Smart City Limited
Indore Smart City Limited
Jabalpur Smart City Limited
Ahmedabad Smart City Limited.

ADDITIONAL REVENUE STREAMS

The Company has been exploring various avenues to augment the revenue of the Company. Some of the areas are as follows:- Smart city projects , Wi-fi enabled service in universities and colleges, Internet of Things, Agreements with Virtual Network Operators.

e-SBM Platform for Solid Waste Management

Your Company has signed a Memorandum of Understanding with the Union Ministry of Urban Development for providing ICT based eSBM Platform for Solid Waste Management in Urban Local Bodies (ULBs). This programme envisages:- Monitoring of Fleet Status by GPS; MIS for



Waste Collection and Transportation, Real time SMS Delivery for Vehicle Breakdown and Maintenance and Citizen Complaint Management System and its Redressal through SMS.

Smart Toilets Online Feedback to Municipal Authorities

Union Ministry of Urban Development had already offered following eight States to your Company under this programme:- Bihar, Chattisgarh, Himachal Pradesh, Jharkhand, Madhya Pradesh, Punjab, Uttar Pradesh and Uttarakhand.

O & M Agreement with M/s BBNL

Your Company has entered into an O & M agreement with M/s Bharat Broadband Networks Limited(BBNL) a CPSE under the aegis of the Administrative Ministry i.e. Department of Telecommunications. The agreement provides for (i) O & M of incremental optical fiber; (ii) leveraging of BharatNet under Revenue Share arrangement; and (iii) OLT Space and Infrastructure Charges.

COMPUTERISATION AND IT

Information Security System In The Company

The Govt. of India, Ministry of Communications, Department of Telecommunication has accorded top priority to this area. Understanding the implications of the cyber security breach and its fall out on the operations, Your Company has laid down a Security Framework, salient features of which are:-

BSNL Information Security Policy 2015 had been issued to all concerned. Circles and the Data Centres have been given directions to implement the same. To oversee the implementation, following Security Structure had been laid down:-

Information Security Steering Committee has been nominated at Corporate Office with the nomination of GM (CIT) as the Chief Information Security Officer(CISO)

Unit heads of Mobile, CFA, BB, Core Network Operations at Corporate Office are nominated as Information Security Managers(ISMs).

In the Circles DGM level officers are nominated as Information Security Officer(ISOs)

In addition to the above, a detailed programme is being chalked out to train staff on the Security related issues through Certification Training Programme to be conducted by ALTTC Ghaziabad and Workshops at field units.

Wi-Fi Solution – My BSNL App

This solution of the Company enables its mobile subscribers to gain seamless access to wi-fi

data whenever traveling abroad without the need to enter and remember any passwords.

BSNL Swift

This is an Aadhaar based service offered by the Company for instant enrollment of existing BSNL customers for registering their Aadhaar /UID. It provides fast re-verification processes with secured OTP verification code to the mobile number of the subscriber.

TELECOM FACTORIES

The telecom factories of your Company located at Kolkatta, Gopalpur, Kharagpur, Jabalpur, Richhai, Bhilai and Mumbai are in-house manufacturing units engaged in production of various telecom products. These factories clocked the output of Rs. 467.14 crores in the year under review. A target of Rs.581 crores has been set for the year 2017-18. Total strength of the employees of the factories stood at 1628 as on 31.3.2017.

OPERATION SAMUDRA MANTHAN(OSM)

Operation Samudra Manthan (OSM) was launched with the objective of Audit of Inventory, assets, WIP as per record vis-à-vis those physically available. As part of the OSM, with the issuance of revised guidelines, the process has accelerated the various OSM activities and helped the circles/units in achieving the expected results. The Circles/Units have been requested to review the surplus inventories to identify the unusable/non-moving items and their immediate utilization/disposal. The OSM disposal status at a glance:-

Sl. No	Financial Year	Target (Rs. In Lakhs)	Amount Realised (Rs. In Lakhs)
1	2015-16	15,133.48	15,133.48
2	2016-17	26,910.53	21,414.31
3	2017-18	30,132.00	12,164.00*

*for 1.4.2017 to 30.10.2017.

PROJECT VASUNDHARA – FAIR VALUATION OF LAND

Pursuant to the provisions of Section 133 of the Companies Act, 2013, the Company is required to prepare its Annual Financial Statements in accordance with newly introduced Indian Accounting Standards known as 'Ind AS'.

These standards provide multiple policy choices which can be exercised only once. In exercising this policy choice, the Company has opted to fair value certain parcels of free hold land as at



transition date. This option was explored because, in short span of time going for complete valuation of all the free hold land parcels appeared unfeasible. However, this will be taken up in a phased manner in future.

Getting the remaining freehold land parcels fair-valued had twin benefits viz. completion of asset register and the complete valuation, which will help company in raising resources to meet its large CAPEX requirements for 5G etc., or monetization of assets.

SOCIAL MEDIA MANAGEMENT BY THE COMPANY

To give impetus to customer relationships management, to increase social accountability and analyse the social performance and generate reports of engagements, Your Company is using the IT Tools very effectively. Your Company's official facebook page is www.facebook.com/bsnlcorporate and its twitter handle is <https://twitter.com/BSNLCorporate>.

Chairman and Managing Director and the CGMs held 7 and 11 no. of Twitter Town Halls (Live Twitter Chat) in the year under review.

The Twitter Seva Ticket is an important tool in customer grievance redressal mechanism. With the active participation of all the Executives of the Company in the social media and use of the twitter seva ticket, the customer service had gained prominence.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Industrial Relations

Industrial relations have remained cordial during the year under review.

CORPORATE RESTRUCTURING PLANS

Subsidiary For Tower Infra Assets

The Union Cabinet, in its meeting held on 12.9.2017 had approved the proposal for formation of a wholly owned subsidiary company for hiving off the tower infra assets which has been communicated by the Administrative Ministry D/o Telecommunications through its Directive for further action. The implementation of the Directives is underway.

TRAINING

Training of Employees

Training and development of human resource is an important process of the organization. To update the knowledge, skill sets of the workforce from time to time and for achieving the overall objective of the organization, Company has framed its Training Policy 2017-2020.

Training policy of BSNL was reviewed based on the study conducted by IIM Bangalore. Based on their recommendation, HRD steering committees were constituted at all circles and corporate office to identify training requirements to all cadres at all levels.

Later, the Company was restructured in to various verticals / business units and accordingly trainings were targeted under the Project Shikar. Apart from sensitising the units heads of the need of in-service training for the growth, the role of training coordinators in circles/field units were also clearly defined.

Further, on-line Training desk was created with an objective to sensitize the training centers to meet the training requirements of employees of BSNL based on their demand. E-learning and Digital Library have been created to enable the individuals to learn.

Training of the Directors

The Training Policy aims at providing orientation & training programs to be offered to the Board of Directors of the Company. It aims at building leadership qualities and providing a platform to share share the knowledge, skills and experience gained to and by the directors. Wherever required, such training programmes are also conducted under the aegis of SCOPE, IIM etc.

Training to Students and external professionals as part of Pradhan Mantri Kaushal Vikas Yojana

As part of technical exposure to students, the Company's training centres have developed course modules for vocational training / on-line certification courses as per the need of Engineering Institutions. The faculty of training centres is also engaged in imparting technical / finance / HR related trainings to delegates from APT / ITU /CTO / ASEAN .

In order to fulfil the expectation of the Government in Skill India, the training centres have been registered in NSDC portal to provide skill based training / infrastructure as envisaged under the Pradhan Mantri Kushal Vikas Yojana.

RESERVATION POLICIES OF THE CENTRAL GOVERNMENT

Government policies with regard to reservations for various categories of employees in the matters of recruitments and promotions are being followed.

A glimpse of representation of Scheduled Caste, Scheduled Tribe, OBC, Ex-Servicemen, Divyaang employees as on 31.3.2017

Group	Total No. of Employees	Scheduled Caste	Scheduled Tribe	OBC	Ex-Servicemen
Executive	45,354	7,652	2,395	6,802	164
Non-Executive	1,51,094	28,842	8,173	14,108	168
Total	1,96,448	36,494	10,568	20,910	332

Category	Executive	Non-Executive	Total
Blindness of low vision	4	33	37
Hearing Impairment	17	8	25
Locomotor Disability or Cerebral Palsy	304	525	829

BENEFITS TO FEMALE EMPLOYEES AND PERSONS WITH DISABILITIES

Apart from the maternity leave of 180 days Child Care leave as per the provisions of DoP & T instructions on the subject is available for all the women employees. Special allowance for child care for women employees with disabilities @ Rs.1000/- per month per child maximum for two children till the child attains two years is being granted.

Double the rates of transport allowance for eligible Divyaang employees is being granted.

As far as possible, subject to administrative constraints, Divyang employees are posted near their native places within the region.

COMPLAINTS COMMITTEE FOR REDRESSAL OF SEXUAL HARASSMENT AT WORK PLACES

Pursuant to the provisions of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act 2013 and in compliance with the guidelines of the Government on the subject, your Company has established an Internal Complaints Committee (ICC) at the Corporate Office and at Circle/SSA level to redress complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed off during the year 2016-17:-

No. of complaints received – **12**

No. of complaints disposed of – **10**

RIGHT TO INFORMATION

In line with the directions contained in the Right to Information Act 2005, Your Company has nominated CPIOs for respective branch at the Corporate Office as well as the field units of the Company for providing information to citizens. The details of the CPIOs is posted in the website of the company at www.bsnl.co.in

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

The Government's guidelines on the implementation of the official language policy is followed scrupulously. Your Company has a full fledged official language Wing.

Unicode software has been installed in all the computers to encourage increased use of Hindi in official work and employees are also trained to use Unicode software. OL Wing carries out inspection of Circles. Skill development workshops are held frequently for sharpening the skills of employees.

COMPLIANCES

All the Senior Management Personnel including key managerial personnel handling different verticals/units have been delegated with administrative and financial powers thereto, are responsible to ensure adherence to all the applicable laws, rules, guidelines etc., and ensure implementation of the enterprise risk management policy of the company as a routine, while taking or processing the detail for decision or approval by the competent authority(ies). The Company Secretary ensures the compliance of all the applicable provisions of the Companies Act and other applicable corporate laws.

Being the successor and assigns of the erstwhile Departments of Telecom Services and Telecom Operations with vast geographical spread, the BSNL follows the existing system. Accordingly, all the litigations before the Hon'ble Courts/Tribunals/Arbitrators are handled by the respective verticals and units under their control with the help of Advocates.

No significant and material orders passed by the Hon'ble Courts/tribunals/Regulators that would impact the going concern status of the Company and its future operations were reported by any of the units.

CORPORATE GOVERNANCE

Adopting highest standards of transparency, accountability, ethical business practices and compliance and implementation of applicable laws in letter and spirit, commitment to the ideals of the government for social responsibility etc., are fully embedded to the core business policy of the Company.

The Guidelines on Corporate Governance for the Unlisted CPSEs laid down by the Department



of Public Enterprises are being implemented by the Company with effect from the year 2008-09. Meanwhile, the Corporate Governance Norms on constitution of Audit Committee, Nomination and Remuneration Committee, Induction of Independent Directors, Whistle Blower Policy, ERM Policy etc., and other compliances have been enshrined in the Companies Act 2013 itself therefore are applicable to your company.

All the Members of the Board; and the Senior Management Personnel of the Company have affirmed compliance with the Company's Codes of Conduct for the Members of the Board and the Senior Management Personnel, respectively.

Management Discussion and Analysis Report , Report on Corporate Governance, together with the Secretarial Audit Report in Form MR-3 and Certificate on compliance of CG Norms forms part of this Report. Quarterly progress reports on the implementation of CG Norms for the unlisted CPSEs issued by the DPE are being sent regularly to the Administrative Ministry.

The Secretarial Auditors M/s VAP & Associates, Company Secretaries have, pursuant to the provisions of Section 204 of the Companies Act 2013 and in pursuance of CG Norms for the unlisted CPSEs issued by the D/o Public Enterprises, issued the Compliance Certificates, which forms part of this report.

MEETINGS OF THE BOARD

The Board of Directors of your Company met 08 times during the financial year 2016-17. Details of the attendance of directors etc., form part of the Corporate Governance Report which is a part of this Report. [Refer to the Chapter on Board Meetings held, Attendance of Directors etc.]

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility Committee

Pursuant to the provisions contained in the Section 135 of the Companies Act 2013 and Rules thereunder, the Company has constituted the Corporate Social Responsibility Committee (CSR Committee) of the Board. The Committee comprise (i) Smt. Padma Iyer Kaul Govt. Director (ii) Smt. Sujata Ray Director(HRD) and (iii) Shri N.K. Gupta, Director(CFA). Secretary of the Company as the Secretary of the Committee.

Consequent upon the appointment of Non official Independent Directors on the Board of Directors of the Company, the Board of Directors of the Company, in their 175th meeting held on 30.3.2017 re-constituted the Committee. The Committee comprise Smt. Sujata Ray Director(HRD) & (F), Shri N.K. Mehta Director(E) and Ms.K. Sujatha Rao Director as Members. The re-constituted Committee is yet to meet and elect the Chairman.

Secretary of the Company acts as Secretary of the Committee and Director (HRD) is the Regular Invitee. Terms of Reference, Roles and Responsibilities of the Committee are as per the provisions of Section 135 and other applicable provisions of the Companies Act 2013, Rules thereunder and the Guidelines, Instructions, Exemption Notifications, Orders etc. if any, to be/ being issued by the Government of India time to time and remain in force for the time being.

The Company, being wholly owned Government Company has been taking up various CSR initiatives even prior to coming into force of the provisions of the Act of 2013. The Company had its own CSR Policy. Process of aligning the same with the CSR Policy requirements under the Companies Act 2013 is underway. Owing to losses being incurred by the company since the year 2009-10, no specific amount could be earmarked for CSR activities. However, the Company, continued its engagement with social obligations to bridge the digital divide and connecting India.

SWACHH BHARAT ABHYAN

This campaign of the Government of India was actively pursued by the Company, by organising compaigns in the premises of the Company, all through the year at various places.



On 2.10.2017, Shri Anupam Shrivastava CMD BSNL addressing the Staff on the occasion of Gandhi Jayanti



NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD

Being a wholly owned Government Company, all powers for the appointments, terms and conditions and remuneration etc., of the Directors, the Chairman and Managing Director and the Whole Time Functional Directors vest with the President of India. Pursuant to the Govt. of India, Ministry of Corporate Affairs Notification No.1/2/2014-CL.V, dated 5.6.2015, provisions contained sub-sections (2)(3) and (4) of the Section 178 of the Act of 2013 are only applicable to the Company with regard to appointment and remuneration of senior management and other employees.

As regards policy on remuneration of Senior Managerial Personnel and other employees of the Company, their pay structure, allowances and other benefits are governed by relevant Govt. of India DPE Guidelines.

To comply with the provisions contained Section 178 of the Companies Act 2013, the Board of Directors, in their 162nd meeting held on Tuesday, the 7th day of April 2015 constituted the Nomination and Remuneration Committee of the Board by re-constituting the existing Remuneration Committee of the Board.

Thereafter, time to time, consequent upon the cessation of Directorships or induction of Directors, the Committee was re-constituted. The Committee, in its 9th Meeting held on 29.8.2017 elected Dr. Santosh R. Dastane Director, as Chairman of the Committee.

The present composition of the Committee is as follows:-

- [1] Dr. Santosh R. Dastane Director, Chairman
- [2] Ms. Kanuru Sujatha Rao, Director, Member
- [3] Mrs. Padma Iyer Kaul, DDG(LFA) DoT and Govt. Director, Member
- [4] Shri V.V. Bhat, Director, Member
- [5] Prof. Jasbir Singh, Director, Member

Secretary of the Company acts as the Secretary of the Committee and the Director(HRD) is the Regular Invitee. Terms of Reference, Roles and Responsibilities of the Committee are as per the provisions of Section 178 and other applicable provisions of the Companies Act 2013, Rules thereunder and the Guidelines, Instructions, Exemption Notifications, Orders etc. if any, to be/ being issued by the Government of India time to time and remain in force for the time being.

AUDIT COMMITTEE OF THE BOARD

To comply with the provisions contained Section 178 of the Companies Act 2013 and other applicable provisions, pending appointment of Non official Part Time (Independent) Directors, the Board of Directors, in their 164th meeting held on 28.8.2015 re-constituted the Audit

Committee of the Board comprising both the Government Directors and Director(HRD) as Members.

Thereafter, time to time, consequent upon the cessation of Directorships or induction of Directors, the Committee was re-constituted. The Committee, in its 66th Meeting held on 29.8.2017 elected Ms. K. Sujatha Rao Director, as Chairman of the Committee.

The present composition of the Committee is as follows:-

[1] Ms. Kanuru Sujatha Rao, Director, Chairperson

[2] Dr. Santosh R.Dastane Director, Member

[3] Mrs. Padma Iyer Kaul, Director, Member

[4] Shri V.V.Bhat, Director, Member.

[5] Prof. Jasbir Singh, Director, Member

Secretary of the Company acts as the Secretary of the Committee and the Director(Fin) is the Regular Invitee. The Terms of Reference of the Committee are as prescribed under Section 177 and other applicable provisions of the Companies Act 2013 & Rules thereunder and the Guidelines, Instructions, Exemption Notifications, Orders etc. if any, to be/being issued by the Government of India time to time and remain in force for the time being.

DETAILS OF THE BOARD COMMITTEE MEMBERSHIPS AND CHAIRMANSHIPS OF THE DIRECTORS

The details of Memberships of the Committees and Chairmanship of the Committees held across the companies is available in the Report on Corporate Governance forming part of this Report.

VIGIL MECHANISM

In compliance of CVC / DPE Guidelines, BSNL already has a full fledged Vigilance Mechanism, headed by an independent CVO.

Pursuant to the mandate of the DPE's MoU Task Force mandating for establishing a Whistle Blower mechanism; and, in compliance with the provisions of the Companies Act 2013, the Company has also put in place a Whistle Blower Policy. Same has been circulated widely and posted in the intranet portal as well as corporate website of the company. Under this mechanism, protected disclosure can be made by the whistle blower to the Chairman of the Audit Committee.

Particulars of the Vigilance mechanism under CVC compliance are posted in the company's website at www.bsnl.co.in at 'contact us'. Further, BSNL has also entered into an agreement



with the Transparency International to ensure transparency in tendering process. Further, apart from the Audit by the C&AG of India, Statutory and Branch Audits, Amenability to the Writ Jurisdiction of the Court, Govt's Rules and Regulations, BSNL has its own Conduct, Disciplinary and Appeal Rules covering all the classes of employees including the Functional Directors. The Members of the Board and Sr.Management Personnel are also governed by the Code of Conduct laid down in accordance with the CG Norms.



Hon'ble MOS (Communications) Shri Manoj Sinha, during the launch of Book Healing the Future, authored by Shri Deepak Kashyap, CVO BSNL

RISK MANAGEMENT

BSNL, by virtue of being the successor of erstwhile Central Government Departments of the Telecom Services (DTO) and Telecom Operations (DTO) already had a codified set up with inbuilt mechanism to foresee the potential risks and methods to arrest, control, ignore and/or respond to the risks. However, as mandated by the Department of Public Enterprises through Guidelines on Corporate Governance Norms for the Un-Listed CPSEs - further revised and made mandatory for the CPSEs vide No.18(8)/2005-GM, dated the 14th May 2010 – Company has laid down an Enterprise Risk Management Policy.

For managing the affairs of the Company, the Board of Directors of the Company has delegated its powers to the Management Committee of the Board (MCB), the CMD and the Functional

Directors and Below Board Functionaries, viz., the Executive Directors/CGMs/PGMs/GMs/TDMs/DGMs etc., as the case be. Considering the size and geographical spread of the organization vis-à-vis the delegation of powers made to the business heads and unit heads – who carry out the task of undertaking the risk management as a part of the normal business practice by integrating and aligning the same with corporate and operational objectives - the Business Heads in the Corporate Office; CGMs/PGMs/GMs and Other Unit Heads of the field units were designated as the Risk Management Administrators [RMAs].

With a view to continuously train and develop the employees in the risk management techniques segment, Risk Management Training Courses specially designed for the Senior Management Personnel who function as the Risk Management Administrators are being organized at the Training Centres of the Company.

Establishing Risk Monitoring Centres being one of the Dynamic Parameters, for “Overseeing the mechanism of Enterprise Risk Management Mechanism”, inter-alia, the periodical review of risk assessment and minimization procedures, submission of recommendations / reports to the Executive Management and the Audit Committee of the Board, a ERM Committee comprising of all the Executive Directors was constituted with Executive Director(Corporate Affairs) as Convenor.

In addition to already existing Risk Management Policy which mandates the Risk Management Administrators for ensuring efficient litigation management and compliance of all applicable provisions of the laws, as directed by the Administrative Ministry, detailed instructions have been issued to all concerned to ensure and comply with the provisions of the NLP-2010. Accordingly, the Unit Heads of the Corporate Office and GM/DGM in-charge of Administration in the field units are the Nodal Officers for respective unit for overall policy implementation, who will be assisted by the “Officer-in-charge of litigation”, is responsible for litigation administration and management of respective unit.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Your Company is engaged in service provisioning sector. The guidelines on the subject are not applicable to it. However, as a responsible corporate citizen, your Company is fully concerned and committed as regards its responsibility for Environmental Protection. Therefore, all required measures for Energy Conservation and Use of Alternate Renewable Energy Resources are being taken at all levels.

Energy conservation measures have been implemented. Saving of Rs. 164 cr during 2016-17 has been achieved against the target of Rs.100 Cr .

Guidelines for Green Technology initiatives have been implemented. Electric service connection at 250 non electrified BTS sites have been obtained. Roof top SPV Systems have been planned for reduction of Carbon Foot Print.



Installation of 100 Nos. 5 Kwp solar photo voltaic systems (SPV) at BTS sites in Kerala 2.55 MWp grid connected SPV systems at various Telephone Exchange Buildings in Madhya Pradesh has been taken up.

PROCUREMENT FROM MEDIUM AND SMALL ENTERPRISES

In line with the Govt. of India's Public Procurement Policy for Micro and Small Enterprises(MSEs) order, 2012, Company's Procurement Manual had been amended and instructions exist for procurement from MSEs.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earned:- Rs.2891 Lakhs

Used:- RS.4408 Lakhs

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Being the successor of erstwhile Central Government Departments of Telecom Services and Telecom Operations, your company has a well defined and planned internal control systems and procedures commensurate with its size and operations. Internal checks are routinely carried out by the internal audit teams all over the country. Internal audit wing of the Company is headed by a Principal General Manager(PGM) level officer.

Apart from its own Internal Audit machinery, Your Company, being the Central Public Sector Enterprise, is subject to the Resident Audit Office scheme of the Director General of P & T Audit under the aegis of C & AG of India, CVC Mechanism with independent CVO and the Guidelines of the Department of Public Enterprises.

DETAILS RELATING TO DEPOSITS COVERED UNDER CHAPTER V OF THE ACT

The Company neither invited nor accepted Deposits from the public which are covered under the Chapter V of the Companies Act 2013.

RELATED PARTY DISCLOSURES

The company has not entered into any material financial or commercial transactions with the Key Managerial Personnel, the Directors or the Management or their relatives or the companies and firms etc., in which they are either directly or through their relatives interested as Directors and/or Partners except with the certain PSUs, where the Directors are Directors without the required shareholdings.

The Company has obtained disclosures from all the Directors in this regard, which were noted by the Board.

EXTRACTS OF ANNUAL RETURN

Information required to be disclosed pursuant to Section 134(3)(a) of the Companies Act 2013 with respect to details being part of the extracts of the Annual Return, in Form MGT-9 forms part of the Report (**Annexure-1**).

DIRECTORS RESPONSIBILITY STATEMENT

To the best of knowledge and belief, and in terms of information and explanation offered and records submitted, the Directors of the Company pursuant to the provisions of Section 134 (3) (c) of the Companies Act, 2013 hereby confirm:

- (a) that in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) that the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of Companies Act 1956 and 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- (f) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DISCLOSURES AND DECLARATION BY THE DIRECTORS

The Company has complied with the provisions contained in Section 164 of the Companies Act 2013. None of the Directors of your Company is disqualified as per provision of Section 164 of the Companies Act 2013. Pursuant to the Govt. of India, Ministry of Corporate Affairs Notification No.1/2/2014-CL.V, dated 5.6.2015, the provisions contained in sub-section (2) of Section 164 are not applicable to BSNL being a wholly owned Government Company.

STATEMENT ON DECLARATION GIVEN BY THE INDEPENDENT DIRECTORS

Pursuant to the provisions contained sub-section (7) of the Section 149, the Non official (Independent) Directors of the Company made declaration that they meet the criteria of independence as provided in sub-section (6) of the Companies Act 2013 which was noted by the Board of Directors.



SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

No meeting of the Non-official (Independent) directors took place during the year under review.

MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES

Your Company being a Government Company, is exempted to furnish information under Section 197 of the Companies Act 2013 vide Notification dated 5.6.2015 issued by the Govt. of India, Ministry of Corporate Affairs. Further, being a wholly owned Government Company, the appointments, terms and conditions and remuneration of the Chairman and Managing Director and Whole Time Functional Directors are governed by the orders of the Govt. of India Department of Public Enterprises.

As regards policy on remuneration of Senior Managerial Personnel and other employees of the Company, their pay structure, allowances and other benefits are governed by relevant Govt. of India DPE Guidelines.

COMPANY'S POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

Size of the Board

Being a Government Company, the power to appoint or remove a Director vest with the President of India. The Article of Association provides that the minimum strength of the Board shall not be less than three (03) and the maximum at fifteen (15).

Composition of the Board

The Board comprise of 12 Directors, of which 6 [including the CMD] are whole time Directors; 2 Government Nominee Directors and 4 Non-official Part Time (Independent) Directors. Thus, the Board has the optimum mix of 50% Whole-time and 50% part-time Directors.

Representation of Woman on the Board

Smt. Sujata Ray, a whole time director i.e., Director(HRD); Smt. Padma Iyer Kaul DDG[LFA] DoT M/o Communications Govt. of India & Govt. Nominee Director; and, Ms. K. Sujatha Rao Non official Independent Director, are the women Directors on the Board of Your Company.

Formal Annual Evaluation

Pursuant to Govt. of India, Ministry of Corporate Affairs Notification No. 1/2/2014-CL.V, dated 5.6.2015, the provisions of the Companies Act 2013 contained in Section 134(3)(b) relating to the Evaluation of Directors are not applicable to BSNL.

The Govt. of India, through the Administrative Ministry appoints the CMD, the Whole Time Functional Directors, Government Nominee Directors and the Non official (Independent)

Directors on the Board of Directors of the Company.

Terms and conditions of Appointment of CMD and Whole Time Directors and their Remuneration is determined by the Govt. of India; and, their evaluation is being done by the appropriate mechanisms as laid down by the Govt. of India time to time.

CHANGES THAT TOOK PLACE IN BOARD OF DIRECTORS AND KMPs

Appointments

- Govt. of India, Ministry of Communications, Department of Telecommunications vide Order No.5-3/2016-PSA, dated 30.01.2017, in terms of the powers vested in the President of India vide Article No.111 (iii) of the Articles of Association of the Company appointed Ms. Kanuru Sujatha Rao, holding DIN: 07129022 and Dr. Santosh R. Dastane holding DIN: 07761985 as Non official Independent Directors on the Board of Directors of the Company for a period of three years or until further orders, on the terms and conditions as set out in the aforesaid Govt. of India, Ministry of Communications, D/o Telecommunications Order dated 30.01.2017.
- Govt. of India, Ministry of Communications, Department of Telecommunications vide Order No. No.E-5-5/2017-PSA, dated 8.9.2017, in terms of the powers vested in the President of India vide Article No.111 (iii) of the Articles of Association of the Company appointed Shri V. Venkateshwara Bhat [DIN: 00259832] and Prof. Jasbir Singh [DIN: 07954620] as Non official Independent Directors on the Board of Directors of the Company for a period of three years or until further orders, on the terms and conditions as set out in the aforesaid Govt. of India, Ministry of Communications, D/o Telecommunications Order dated 08.09.2017.

Cessation of Directorships

- Consequent upon the Government of India, Ministry of Communications, D/o Telecommunications Order No. 1-9/2016-PSA, dated 30.5.2017 Shri N.K. Gupta Director(CFA) ceased to be Director w.e.f. 1.6.2017 consequent upon completion of his tenure on 31.5.2017(A/N). The Board place its deep appreciation of the services rendered by Shri N.K. Gupta during his association with the Company.
- Government of India, Ministry of Communications, D/o Telecommunications, vide Order No.1-2/2015-PSA dated 21.10.2015 entrusted the Additional Charge of the post of Director(F) to Ms.S.T. RAY (Smt. Sujata Ray) Director(HRD) with immediate effect, for a period upto 29.2.2016, or till the appointment of a regular incumbent to the post, or until further orders, whichever is the earliest; and, vide further orders, extended the same time to time. The present extension is upto 28.2.2018.
- Government of India, Ministry of Communications, D/o Telecommunications, vide Order No 1-9/2016-PSA dated 30.5.2017, entrusted the additional charge of the post of



office of Director(CFA) to Shri N.K.Mehta Director (Enterprise) for a period of 3 months wef 1.6.2017 (F/N) or till the appointment of a regular incumbent or until further orders, whichever is the earliest. During the period holding of additional charge as Director(CFA) Shri N.K. Mehta Director(Enterprise) will not be entitled to any additional remuneration, and, vide further orders, extended the same time to time. The present extension is upto 28.2.2018.

Consequent upon the conclusion of the entrustment of said additional charges, until receipt of further orders from the Govt. of India, Ministry of Communications D/o Telecommunication, the charges vested in the CMD.

STATUTORY AUDITORS

M/s ANDROS & Co., Chartered Accountants, New Delhi were appointed as Statutory Auditors of the Company by the Comptroller & Auditor General of India. In addition to the Statutory Auditors 48 Branch Auditors were also appointed for the year 2016-17. The Report of the Statutory Auditors and the comments of the Comptroller and Auditor General of India, along with replies of the Management thereto forms part of this Report.

COST AUDITORS

Your Board has appointed M/s Vijendra Sharma & Co., Cost Accountants Firm Registration No.00180 as Cost Auditor of the Company for conducting the Cost Audit and Accounting Separation Report (ASR) Audit for the financial year 2017-18. Further pursuant to the provisions of Section 148 of the Companies Act 2013 and Rule 14(a) of the Companies (Audit and Auditors) Rules 2014, as recommended by the Audit Committee, Your Board has approved the remuneration of Rs. 3,99,000/-[Rupees Three Lakh Ninety-Nine Thousand only] plus applicable taxes as Audit Fee to the Cost Auditor, subject to ratification of the same by the Members in the ensuing Annual General Meeting.

The Cost Audit Report for the year 2015-16 was filed with the MCA, Registrar of Companies on 14.12.2016.

SECRETARIAL AUDITORS

Pursuant to the provisions contained in Section 204 of the Companies Act 2013 and Rules thereunder, your Directors appointed M/s VAP & Associates, Company Secretaries [COP No.13901] the Secretarial Auditor of the Company for conducting the Secretarial Audit for the year 2016-17. The Secretarial Auditor submitted their Report in Form MR-3, which forms part of this report.

GENERAL

Your Directors state that there is no disclosure or reporting required in respect of following,

as no transactions under these provisions were reported / took place during the year under review:-

- (i) The Company is neither a subsidiary nor has subsidiaries, joint-ventures or associate companies during the year;
- (ii) Details relating to Deposits covered under Chapter V of the Act;
- (iii) Section 43 – Relating to Issue of Equity Shares with differential rights;
- (iv) Section 54 – Relating to Issue of Sweat Equity shares;
- (v) Section 62 – Employees Stock Option Scheme;
- (vi) Proviso to Section 67(3) – Details of voting rights not exercised directly by the employees in respect of shares to which the scheme for provision of money for purchase of subscription for shares by employees or by trustees for the benefit of employees, as per the Rule;
- (vii) Section 131 – Reasons for revision of financial statement and Board Report
- (ix) Section 188 – Contract with the related parties.



Smt.Aruna Sundararajan Secretary, D/o Telecommunications, with the Board Members during the World Telecom Day celebrations on 17.5.2017



ACKNOWLEDGEMENTS

Your Directors would like to place on record their sincere appreciation and gratitude to the Government of India Ministry of Communications and IT, D/o Telecommunications and other Ministries/Departments, subscribers of Company's telecom services, the stakeholders, and bankers and to all the State Governments, Local Bodies and Regulatory authorities for their continued cooperation and invaluable support.

Your Directors express their deep appreciation for the hard work and dedicated efforts put in by the employees at all levels and look forward to their continued contribution in achieving the mission and objective of the Company.

For and on behalf of the Board of Directors,

Sd/-

**[ANUPAM SHRIVASTAVA]
CHAIRMAN AND MANAGING DIRECTOR**

Place: New Delhi
Dated: 21.12.2017

DECLARATION BY THE CHAIRMAN AND MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE CODE OF CONDUCT BY THE BOARD MEMBERS AND THE SENIOR MANAGEMENT PERSONNEL OF THE COMPANY DURING THE FINANCIAL YEAR 2016-17

I, Anupam Shrivastava, Chairman and Managing Director **Bharat Sanchar Nigam Limited**, do hereby declare that all the Members of the Board and the Senior Management Personnel of the Company have affirmed their compliance to the Code of “Conduct for Board Members and the Senior Management Personnel” during 2016-17.

Sd/-
[ANUPAM SHRIVASTAVA]
CHAIRMAN AND MANAGING DIRECTOR

Place: New Delhi
Dated: 22.11.2017

FORM MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2017

[Pursuant to section 92(3) of the Companies Act 2013 and Rule 12(1) of the Companies (Management and Administration) Rules 2014]

I. REGISTRATION AND OTHER DETAILS

(i)	CIN	U74899DL2000GOI107739
(ii)	Registration Date	15th September 2000
(iii)	Name of the Company	Bharat Sanchar Nigam Limited
(iv)	Category/Sub-category of the Company	Wholly Owned Government Company
(v)	Address of the Registered office and contact details	Bharat Sanchar Bhawan, Harish Chandra Mathur Lane, Janpath, New Delhi-110001. H.C.Pant, CS & CGM(L) / PH; 23353395 / Fax: 23353389 / Mail: hcpant@bsnl.co.in
(vi)	Whether listed company	Un-Listed
(VII)	Name, Address and Contact details of Registrar and Transfer Agent, if any	INDUS PORTFOLIO PRIVATE LIMITED, SHRI BHARAT BHUSHAN MANAGER-SHR, G-65, BALI NAGAR, NEW DELHI-110015. PHONE 011-47671214/47671217 FAX 25449863

II. PRINCIPAL ACTIVITIES OF THE COMPANY

All the business activities contributing 10% of the total turnover of the company shall be stated:

Sl. No	Name and Description of main products/services	NIC code of the Product/ Service	% of total turnover of the company
1	Basic services	Not available	34
2	Cellular services	Not available	47
3	Broadband services	Not available	19

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN/GLN	Holding/subsidiary/ Associate	% of shares held	Section
NOT APPLICABLE					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
A.Promoters									
(1) Indian									
(g) Individual/HUF	-	-	-	-	-	-	-	-	-
(h) Central Govt.	-	Equity: 500,00,00,000 Preference: 750,00,00,000	Equity 500,00,00,000 Preference: 750,00,00,000	100%	-	Equity: 500,00,00,000 Preference: 750,00,00,000	Equity: 500,00,00,000 Preference: 750,00,00,000	100%	
(i) State Govt(s)	-	-	-	-	-	-	-	-	-
(j) Bodies Corp	-	-	-	-	-	-	-	-	-
(k) Banks/FI	-	-	-	-	-	-	-	-	-
(l) Any other...	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	-	Equity: 500,00,00,000 Preference: 750,00,00,000	Equity: 500,00,00,000 Preference: 750,00,00,000	100%	-	Equity: 500,00,00,000 Preference: 750,00,00,000	Equity: 500,00,00,000 Preference: 750,00,00,000	100%	
(2) Foreign									
(a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b) Other- Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
(e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total(A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1) + (a)(2)		Equity: 5,00,00,00,000 Preference: 7,50,00,00,000	Equity: 5,00,00,00,000 Preference: 7,50,00,00,000	100%	-	Equity: 5,00,00,00,000 Preference: 7,50,00,00,000	Equity: 5,00,00,00,000 Preference: 7,50,00,00,000	100%	
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks/FI	-	-	-	-	-	-	-	-	-
©Central Govt.	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total(B)(1)	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
(a) Bodies Corp	-	-	-	-	-	-	-	-	-
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + B(2)	-	-	-	-	-	-	-	-	-
C.Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C)	-	-	-	-	-	-	-	-	-

(ii) Shareholding of Promoters

Sl. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	The President of India and Nominees of President of India	Equity: 5,00,00,00,000 Preference: 7,50,00,00,000	100%	NIL	Equity: 5,00,00,00,000 Preference: 7,50,00,00,000	100%	NIL	NIL



(iii) Change in Promoters' shareholding (please specify, if there is no change

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the company
	At the beginning of the year	Equity: 5,00,00,00,000 Preference: 7,50,00,00,000	100%	Equity: 5,00,00,00,000 Preference: 7,50,00,00,000	100%
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus /sweat equity etc.)	There is no change in the promoters shareholding holding during the year 2016-17.			
	At the End of the Year	Equity: 5,00,00,00,000 Preference: 7,50,00,00,000		Equity: 5,00,00,00,000 Preference: 7,50,00,00,000	

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters, and Holders of GDRs and ADRs):

Sl. No	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus /sweat equity etc.)	NIL	NIL	NIL	NIL
	At the end of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) *Shareholding of Directors and Key Managerial Personnel:*

Sl. No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus /sweat equity etc.)	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
[Amounts in Crores of Rupees]				
Indebtedness at the beginning of the financial year				
(i) Principal Amount	5,046.1035	2,836.7115	0.0000	7,882.8150
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total (i) + (ii) + (iii)	5,046.1035	2,836.7115	0	7,882.8150
C. Change in Indebtedness during the financial year				
Addition	1,716.9520	596.1266	0	2,313.0786
Reduction	3,546.1035	2,836.7115	0	6,382.8150
Net Change	-1,829.1515	-2,240.5849	0	-4,069.7364
Indebtedness at the end of the financial year				
(i) Principal Amount	3,216.9520	596.1266	0	3,813.0786
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total (i) + (ii) + (iii)	3,216.9520	596.1266	0	3,813.0786

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Chairman and Managing Director and Whole Time Directors

Sl. No	Particulars of Remuneration						Total
		Shri Anupam Shrivastava, CMD	Shri N.K. Gupta Director(CFA) [Upto 31.5.2017]	Smt. Sujata Ray Director (HRD)	Shri N.K. Mehta Director(E)	Shri R.K. Mittal Director(CM)	In Rs.
1	Gross Salary	[Amount in Rupees]					
	(a)Salary as per provisions contained in Section 17(1) of the Income Tax Act 1961	30,42,236	33,65,301	28,92,985	28,81,187	28,90,448	1,48,07,737
	(b)Value of Perquisites u/s 17(2) Income-Tax Act 1961	77,500	76,000	76,000	76,000	76,000	3,81,500
	©Profits in lieu of salary under Section 17(3) of Income Tax Act 1961	-	-	-	-	-	-
2	Stock option	-	-	-	-	-	-
3	Swat Equity	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-
	-as % of profit	-	-	-	-	-	-
	-others, specify	-	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-	-
	Total (A)	31,19,736	34,41,301	2,968,985	29,57,187	29,66,448	1,51,89,237
	Ceiling as per the Act						

B. Remuneration to other Directors:

Sl. No	Particulars of Remuneration	Shri N.Sivasailam Govt. Director	Smt.Padma Iyer Kaul Govt. Director	Ms.K.Sujatha Rao Non official Independent Dir [Wef 30.1.2017]	Dr.S.R.Dastane Non official Independent Dir [Wef 30.1.2017]	Total amount
[In Rs.]						
	3.Independent Directors					
	-Fee for attending Board Committee meetings	-	-	10,000	10,000	20,000
	-Commission	-	-	-	-	-
	-Others, please specify	-	-	-	-	-
	Total(1)			10,000	10,000	20,000
	4.Other Non Executive Directors	-	-	NIL	NIL	NIL
	-Fee for attending Board Committee meetings	-	-	NIL	NIL	NIL
	-Commission	-	-	NIL	NIL	NIL
	-Others, please specify	-	-	NIL	NIL	NIL
	Total(2)	-	-	-	-	-
	Total(B) = (1 + 2)	-	-	10,000	10,000	20,000
	Total Managerial Remuneration	-	-	10,000	10,000	20,000
	Overall Ceiling as per the Act	<p>Rule 4 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 provides for maximum of Rs.1,00,000/- per meeting.</p> <p>The Board of Directors, in their 112th meeting held on 2.7.2008, pursuant to the provisions contained in Article No.115 of the AoA of the Company, fixed the sitting fee as Rs. 10,000/- per meeting of the Board or Committees thereof.</p> <p>Being a wholly owned Govt. Company, provisions of Section 197 relating to managerial remuneration are fully exempt to the Company, pursuant to Govt. of India, Ministry of Corporate Affairs Notification GSR 463(E), dated 5.6.2015.</p>				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No	Particulars of Remuneration	Shri H.C.Pant, Company Secretary & C GM(L)	-	-	-	-	Total Amount
[Amount in Rupees]							
1	Gross Salary						
	(a)Salary as per provisions contained in Section 17(1) of the Income Tax Act 1961	25,39,798	-	-	-	-	25,39,798
	(b)Value of Perquisites u/s 17(2) Income-Tax Act 1961	-	-	-	-	-	
	©Profits in lieu of salary under Section 17(3) of Income Tax Act 1961	-	-	-	-	-	-
2	Stock option	-	-	-	-	-	-
3	Swat Equity	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	-as % of profit	-	-	-	-	-	-
	-others, specify	-	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-	-
	Total	25,39,798	-	-	-	-	25,39,798

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICER IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Sd/-

[ANUPAM SHRIVASTAVA]
CHAIRMAN AND MANAGING DIRECTOR



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

The global downtrend in economy did not touch the economic space of the country, owing to the special economic initiatives and reforms of the Government. The Indian economy is forecast to grow upwards in comparison to the previous years, in terms of IMF Survey Reports. The biggest ever reform 'one nation one tax – GST' is expected to create a national level market and, had already started showing increased compliances and governance in all sectors.

Bold Reforms in Foreign Direct Investment and various other campaigns and programmes aligned with the reforms such as Make in India, Skill India etc., have already put the Indian economy in fast track growth mode.

MAJOR REGULATORY DEVELOPMENTS/CHALLENGES

STRENGTHS / OPPORTUNITIES/WEAKNESS/THREATS

OUTLOOK

The country is the fourth largest app economy in the world. There is a strong possibility of consumer growth in Indian telecom segment because of the Government enabled easy access to business in various sectors. Together with this, the fair and proactive regulatory framework of the regulator has ensured availability and extension of telecom services to all the consumers across the country at affordable prices. The deregulation of Foreign Direct Investment (FDI) norms has made the sector one of the fastest growing and a top five employment opportunity generator in the country.

The Governments efforts for broadband penetration in rural areas presents a positive growth story for the sector which will generate huge employment opportunities.

International Data Corporation (IDC) predicts India to overtake US as the second-largest smartphone market globally by 2017 and to maintain high growth rate over the next few years as people switch to smartphones and gradually upgrade to 4G.

RISKS AND CONCERNS

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Being the successor of erstwhile Central Government Departments of Telecom Services and Telecom Operations, your company has a well defined and planned internal control systems and procedures commensurate with its size and operations. Internal checks are routinely carried out by the internal audit teams all over the country. Internal audit wing of the Company is headed by a Senior Management level officer.

Apart from its own Internal Audit machinery, Your Company is subject to the Resident Audit Office scheme of the Director General of P & T Audit under the aegis of C & AG of India, CVC Mechanism with independent CVO and the Guidelines of the Department of Public Enterprises. In addition, for each financial year, the Statutory and Branch Auditors are appointed by the C & AG of India.

In accordance with the Guidelines on Corporate Governance Norms issued by the Department of Public Enterprises, the Audit Committee of the Board had discussions with the Internal Audit Teams and reviewed the Internal Audit Paras.

Further, pursuant to the directions of the Government of India, Ministry of Corporate Affairs for Cost Audit of the Telecommunication Companies by the Cost Accountants, your Company has appointed Cost Auditors.

Pursuant to the mandate of the Companies Act 2013, the appointments of Internal Auditors and the Secretarial Auditor for the year 2016-17 were made by the Board of Directors consequent upon related provisions of the Act coming into force.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year 2016-17 the company incurred a **loss of Rs. 4,793.21 Crores [Previous year Rs. 4,859.16 Crores]**. While the Income from services is **Rs. 28,403.73 Crores [Previous year Rs. 28380.86 Crores]**, other income is **RS. 3,129.71 Crores [Previous year Rs. 4,030.46 Crores]**.

There was 0.08 % increase in Income from services in comparison to previous year. There was 2.71 % decrease in the total Income in comparison with the previous year. Previous years figures have been recast due to Ind AS implementation.

The Employee benefit expenses and, Office & Administration expense remained major contributory to the expenses, which have shown an increase of 2.25% of and decrease of 0.02 %, respectively.

ENVIRONMENTAL PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION, RENEWABLE ENERGY DEVELOPMENTS, FOREIGN EXCHANGE CONSERVATIONS

BSNL is a telecom service providing Company. As a responsible corporate citizen, the Company is fully concerned and committed as regards its responsibility for Environmental Protection. Therefore, all required measures for Energy Conservation and Use of Alternate Renewable Energy Resources are being taken at all levels.

As per Company's Energy Policy 2010, the energy efficient product are being used regularly. The implementation of Energy conservation measures is constantly being monitored.

Energy conservation measures have been implemented. Saving of Rs. 164 cr during 2016-17



has been achieved against the target of Rs. 100 Cr .

Guidelines for Green Technology initiatives have been implemented. Electric service connection at 250 non electrified BTS sites have been obtained. Roof top SPV Systems have been planned for reduction of Carbon Foot Print.

Installation of 100 Nos. 5 Kwp solar photo voltaic systems (SPV) at BTS sites in Kerala 2.55 MWp grid connected SPV systems at various Telephone Exchange Buildings in Madhya Pradesh has been taken up.

CAUTIONERY STATEMENT

These discussions are forward looking within the meaning of the applicable laws and regulations. Actual performance may deviate or vary from the explicit or implicit expectations.

REPORT ON CORPORATE GOVERNANCE

The set of guidelines and principles aiming for value addition to the stakeholders by infusing a value system is the Corporate Governance. The Company, by virtue of its being the successor and assigns of erstwhile Central Government Departments of Telecom Services (DTS) and Telecom Operations (DTO), is a forerunner in the segment of having put in place a sound mechanism for Corporate Governance.

Being a leading pan-India Public Sector telecom service provider to the nation, BSNL is committed to adopting the globally accepted best corporate governance norms practices.

With highly institutionalized system aiming for transparency, disclosures and internal control, BSNL has already been complying with most of the codified norms, viz.-

- Composition of the Board;
- Complete conformity with Board procedure, specially, the Secretarial Standards laid down by the Institute of Company Secretaries of India;
- Clear cut demarcation of powers with Delegation of Financial and Administrative Powers to the Management Committee of the Board, CMD and the Functional Directors, and below Board-level executives;
- Conduct, Discipline and Appeal Rules for all the Employees and reporting systems;
- Code of Conduct for the Members of the Board and annual affirmation to the Code by the Members of the Code;
- Code of Conduct for the Senior Management Personnel of the Company and annual affirmation to the Code by the Senior Management Personnel;
- Disclosures by the Directors to the Board of Directors and filing of requisite forms evidencing the taking note of the disclosures by the Board with the appropriate authorities;
- The Company constituted the Audit Committee, Nomination & Remuneration Committee and the Corporate Social Responsibility (CSR) Committees, pursuant to the provisions of the Companies Act 2013. Consequent upon the appointment of Non official Independent Directors, the Company has re-constituted the Audit Committee, which comprise all the Four Independent Directors and One Govt. Director. It is headed by Independent Director and Director(F) is a Regular Invitee. Similarly the Nomination and Remuneration Committee also comprise all the Four Independent Directors and One Govt. Director, Director(HRD) as Regular Invitee. It is headed by Independent Director. The CSR Committee comprise One Independent Director and Two Functional Directors.
- Enterprise Risk Management Policy of the Company;



- Appointment of Statutory and Branch Auditors by the C & AG of India;
- Appointment of Cost Auditors;
- Appointment of Secretarial Auditor;
- Appointment of Internal Auditors;
- Certification of compliance of Corporate Governance Norms by an outside practicing professional;
- Audit jurisdiction of the DG P & T's Resident Audit Office scheme,
- Dedicated Internal Audit Set up;
- Amenability with the Guidelines of Central Vigilance Commission;
- Outside independent personnel as CVO;
- Dedicated and full-fledged Vigilance set up across the units of the country;
- Whistle blower policy in vogue;
- Compliance of the Orders and Guidelines of the Government of India - Department of Public Enterprises, Administrative Ministry and host of other compliances.

BOARD OF DIRECTORS

Size of the Board

Being a wholly owned Government Company, the provisions of the Companies Act 2013 relating to appointment, remuneration, evaluation etc., of the Directors are not applicable to your Company. The power to appoint or remove a Director vest with the President of India. The Article of Association provides that the minimum strength of the Board shall not be less than three (03) and the maximum at fifteen (15).

Composition of the Board

The Board comprise of 12 Directors, of which 6 [including the CMD] are whole time Directors; 2 Government Nominee Directors and 4 Non-official Part Time Directors. Thus, the Board has the optimum mix of 50% Whole-time and 50% part-time Directors. The composition is as per the Corporate Governance Norms for the unlisted CPSEs, laid down by the Department of Public Enterprises.

The details of the composition of the Board of Directors is as follows:-

Whole-Time Directors [06 including CMD]

Chairman and Managing Director

Shri Anupam Shrivastava w.e.f. 15.1.2015.

Director(Enterprise)

Shri N.K. Mehta Wef 1.8.2015

Director(CFA)

Shri N.K. Gupta [Wef 1.6.2012 to 30.5.2017]

Shri N.K. Mehta [Wef 1.6.2017 onwards, Addl Charge entrusted by the Gol MoC DoT.]

Director(HRD)

Smt. Sujata Ray [wef 8.7.2015.]

Director(Finance)

Smt. Sujata Ray [Wef 21.10.2015 onwards, Addl Charge entrusted by the Gol MoC DoT]

Director(CM)

Shri R.K.Mittal [Wef 4.11.2015]

However, consequent upon conclusion of respective extension order(s) and pending receipt of further orders from the Gol MoC DoT, the additional charge(s) of the posts so entrusted vested in the CMD.

Government Nominee Directors [02]

1. Smt. Padma Iyer Kaul DDG[LFA] in DoT [Wef 18.9.2015]
2. Shri N. Sivasailam Additional Secretary(T) in DoT [Wef 21.10.2015]

Non-official Part-Time Directors [04]

1. Ms. K. Sujatha Rao Director [Wef 30.1.2017]
2. Dr. Santosh R. Dastane Director [Wef 30.1.2017]
3. Prof. Jasbir Singh Director [Wef 8.9.2017]
4. Shri V.V. Bhat Director [Wef 8.9.2017]

Woman Representatives on the Board

The Company has Three Women Representatives on its Board viz. Smt.Sujata Ray a Whole time Director, i.e. Director(HRD), Smt. Padma Iyer Kaul DDG(LFA) in M/ o Communications, D/o Telecommunications Govt. of India & Government Nominee Director and Ms.K.Sujatha Rao Non official Independent Director.

BRIEF PROFILE OF THE DIRECTORS

Shri Anupam Shrivastava CMD [Wef 15.1.2015] [DIN: 06590535] :- Shri Anupam Shrivastava is a 1981 batch of Indian Telecom Service (ITS) Officer who has around three decades of experience in the field of telecommunications. He is BE (Electronics & Communications) and is also MBA (Mktg.). He has taken telecommunication trainings in India & Japan. Prior to his present assignment as CMD, Shri Shrivastava joined BSNL Corporate Office as Director (CM) on 1st May, 2013 and is responsible for the growth of mobile business of GSM / CDMA



/ WIMAX in BSNL, including all activities related to Sales & Marketing, VAS, Tariff finalization & revenue. As Zonal Director for North Zone he is responsible for monitoring growth and maintenance of Telecom Network in 8 Circles. Prior to this assignment, Shri Shrivastava had held the post of Sr. GM, Ajmer TD where he gave special attention to Sales & Marketing of telecom products in the SSA which resulted in physical growth of connections in all segments and increased revenue for the SSA. Ajmer SSA was chosen for the pilot project for NOFN which was successfully completed ahead of target. His contributions in providing quality service to BSNL customers have been widely acknowledged and he strived to achieve benchmarks prescribed by TRAI / BSNL C.O. for various service parameters. Shri Shrivastava also worked as GM Jodhpur SSA and during his stint there he gave record number of mobile and landline connections with special emphasis on data and broadband business. He also has experience of working as GM (BB) in Rajasthan Telecom Circle with additional charge of Marketing and Enterprise Business. Shri Shrivastava also has overseas working experience in Zimbabwe where he was posted in Harare while representing TCIL as Task Force Leader to upgrade their telecom services. Due to his hard work and coordination skills the fault rate was drastically curtailed which was well appreciated by PTC Zimbabwe and TCIL management. He was associated with 6th G-15 Summit in Harare in 1996. Shri Shrivastava has delivered lectures extensively in different institutions both in India and abroad including many universities and management colleges. He also organized many seminars and skill up-gradation courses at many places. A firm believer in team work, Shri Shrivastava always sets examples by himself and uses latest technological applications to promote and inculcate team work amongst his subordinates and maintain synergy with superiors in BSNL management.

Shri N.K. Gupta Director(CFA) [DIN: 01140881] [Upto 31.5.2017] :- Shri Naresh Kumar Gupta took over as Director CFA in BSNL on 1st June 2012. Shri Gupta is B.E. from Delhi College of Engineering (DCE), in Electronics and Communications. He joined the Department of Telecommunications, Government of India through Indian Telecommunications Services (ITS) Group A 1978 batch. Since then he has worked in various capacities in different units of DoT/TEC/BSNL/MTNL and has versatile experience covering almost all the fields in telecommunications including installation, operations, development and management of telecom networks, sales and marketing and financial management etc. Before joining as Director (CFA) on the BSNL Board, N K Gupta was working as Chief General Manager Punjab Telecom Circle in BSNL and prior to that he was heading the Information Technology division for CFA business unit of BSNL. He in the capacity of DDG (I) TEC was instrumental in framing specifications and Network architecture against which BSNL and MTNL have implemented their broadband Networks. He has represented DoT in many committees of TRAI, DIT, and also in various Inter-Ministerial Committees like committee on preparing encryption policy, E-Commerce and Information Security working Group. He has widely travelled abroad and represented India in number of UN & ITU meetings including World Summit on Information Society in Geneva and other important assignments. He was an active member of Apex Committee involved in the planning and execution of NIB-II of BSNL and also framing the

specification for ERP implementation in BSNL which is currently in progress. He was deeply involved in Pan-India Roll out of zonal OSS and BSS for Wire-line and Broadband segment which helped BSNL to changeover from decentralized 334 SSA level systems to 4 zonal data centres with implementation of world class COTS applications. N K Gupta is also instrumental in conceptualizing BSNL entry in to the Data Center (IDC) Services business for opening up a new revenue stream by leveraging BSNL's existing infrastructure with an innovative revenue share model. Presently BSNL is in the process of acquiring IDC business. As Director (CFA) BSNL, he is mainly responsible for improving the Systems and Methods to achieve optimal performance and maximum utilization of BSNL's extensive country-wide Infrastructure and network. He is also responsible for achieving business interests of the Company by way of high customer satisfaction and timely provision of quality services in BSNL CFA segment. He is also responsible for induction & adoption of new technologies and committed to provide state-of-the-art modern and world class telecom services in the highly competitive environment. On completion of the tenure of appointment on 31.5.2017, Shri Gupta relinquished the Charge of office wef A/N of 31.5.2017.

Smt. Sujata Ray Director(HRD) [DIN: 07240022] [Wef 8.7.2015]:- Smt.Ray has taken over as Director(HRD) of BSNL on 8.7.2015. A post graduate from Calcutta University, she belongs to the 1982 batch of the Indian P&T Accounts and Finance Service, having over 32 years of experience in the field of telecom finance.

Prior to her present assignment, Smt. Ray was Executive Director (Finance) in the Company since April 2014. She has rich and varied experience encompassing postings in the Department of Telecommunications both in the Ministry as well as in MTNL and BSNL, the two major PSUs. While serving in various capacities as General Manager and Principal General Manager, she has acquired rich experience in Corporate Accounts, Budgeting and Corporate Finance. She is also a strong proponent of the Integrated Finance approach having functioned as IFA for more than a decade in various territorial maintenance and project Circles of the Company. In fact, as Executive Director, Smt. Ray performed the role of rendering financial advice to the Functional Directors inclusive of financial appraisal of various projects and significant procurement issues.

While heading the Finance Wing of the Company, she demonstrated strong leadership qualities in guiding and motivating small and large functional teams to achieve the ascribed business goals. Smt. Ray has also substantial experience in handling HR and personnel issues over the past few years. She has headed or actively participated in key Committees relating to important HR matters of BSNL. Having been a keen member of the Steering Committee for implementing ERP in the Company, she is actively involved in formulation of HR plan of BSNL which is an integral part of its revival plan.

She is a firm believer in the power of positive thinking and the strength of soft skills in her new role of developing the vast human resources of the Company. Smt.Ray is a voracious reader and has received extensive training in India and abroad.



Shri N.K. Mehta Director(Enterprise) [DIN: 07247767] [Wef 1.8.2015]:- Shri Mehta, an Indian Telecommunication Service officer of 1981 batch joined as Director(Enterprise) BSNL on 01.08.2015. He is a Bachelor of Engineering with Honours in Electronics & Communication and MBA in HR. He has more than three decades of rich and diversified experience in Telecom Management, Network Operations, Project Management, Business Development, Human Resource Management and Development.

Before joining BSNL as Director(E), he was working as Executive Director(IT) with additional charge of ED (CA) in BSNL. As ED(IT) he successfully rolled out ERP system in BSNL, improved the productivity within organization through BPR. As ED(CA) has handled Regulatory Affairs, Material Management, Corporate Planning, IT Security Policy etc.

While working on an overseas assignment as Area Manager with TCIL in Kingdom of Saudi Arabia, he was responsible for planning and execution and provisioning of Telecom Services in Alhasa & Riyadh city and execution of a Turnkey Telecom Network Project in 17 cities in KSA. As DGM, Area Manager and GM in MTNL, he was responsible for planning, O & M of Telecom Network, Sales and Marketing of Telecom Services, CRM, Human Resource Management and development and Financial Management. As GM(Trg) in MTNL, he successfully transformed an obscure inhouse training centre into a centre of excellence and a profit centre. Served as GM(EB) & later on as CGM (EB) in MTNL from November 2010 to April 2014.

As Director(E) BSNL, he is responsible for formulating and implementing policies for sustainable growth of the Enterprise and wholesale Business and Managing core-Network. Enterprise customers include small, medium and large corporate, Central/State Government Departments and Public Sector Undertakings. The wholesale business covers India and International Carriers and Internet Service Providers. All deals pertaining to the ILD and NLD network falls within his jurisdiction. His core network responsibilities include procurement, installation, commissioning and O & M of all transmission equipment as well as planning, installation, maintenance and management of all MPLS core network.

As head of these business, he is responsible for the creation of innovative and affordable products, superior sales, marketing and customer service and excellence in network operations.

Shri R.K. Mittal Director(CM) [DIN 07334039] [Wef 4.11.2015]:- Rakesh Kumar Mittal, an officer of Indian Telecommunications Service 1981 batch, is a Graduate in Electrical (Electronics) Engineering from Delhi College of Engineering. He assumed the charge of the Consumer Mobility Vertical on 4.11.2015. Prior to the current assignment, he was General Manager in MTNL Delhi. At MTNL he was in charge of MM, IT & Tech/Plg in Corporate office. He started his career in Department of Telecommunications and held various positions in the field formation. He has been responsible for procurement of ADSL2+ and 3G technologies for the 1st time in India by any of the operator. He attended various training programmes in India and abroad.

SHRI N. SIVASAILAM [DIN: 00131008] GOVT. DIRECTOR [Wef 21.10.2015]:- Shri N. Sivasailam is an officer of the 1985 batch of the Indian Administrative Service allotted to Karnataka Cadre. He graduated in Mechanical Engineering from University of Delhi. He did his Post Graduate studies at the Faculty Management Studies, University of Delhi and at the London School of Economics in Business Administration and Social Policy & Planning in Business Administration and Social Policy & Planning in Developing Countries respectively. He also has a Post Graduate Diploma in Intellectual Property Rights Law (IPRL) from the National Law School of India University, Bangalore. His last assignment in cadre was at the Department of Public Enterprises, Government of Karnataka where he served in the position of Additional Chief Secretary. He has served in the Departments of Health & Family Welfare and Forest, Ecology & Environment Departments of the Govt. of Karnataka as Principal Secretary.

He has served Bangalore Metro Rail Corporation Ltd, the Karnataka State Beverages Corporation Limited and Rajiv Gandhi Rural Housing Corporation Ltd. as Managing Director, in earlier stints in the Cadre besides serving an assignment as Secretary in the Rural Development & Panchayat Raj Department of the State Government.

In his earlier stint with the Central Government, he served as Deputy Secretary (AIS) in the M/o Personnel, Public Grievances and Pensions. Presently, he is serving as Special Secretary (Telecom) and is also ex-officio Secretary of the Telecom Commission in the Government of India.

He has been a Member of National Award Winning Teams in Panchayat Raj Administration and E-governance applications.

Smt. Padma Iyer Kaul Government Director [DIN: 07303737] [Wef 18.9.2015]:- An officer of Indian P & T Accounts and Finance Service, at present, she is Deputy Director General in the D/o Telecommunications, handling the responsibility of Licence Finance Assessments. She is a post graduate of Delhi University.

Ms. K.Sujatha Rao Director [DIN: 07129022] [Wef 30.1.2017]:- Ms Sujatha Rao, is a former Union Secretary of the Ministry of Health and Family Welfare, Government of India. She belonged to the Andhra Pradesh cadre. During her tenure she held several posts such as Commissioner Education, Commissioner of the Municipal Corporation, Hyderabad, Secretary in the departments of Finance, Health, Education and so on.

Ms. Rao served in the boards of the Global Fund for HIV/AIDS, TB and Malaria (GFATM) 2007-09; WHO and UNAIDS. She was a member of the Global Advisory Panel of the Bill & Melinda Gates Foundation; Founding member of the Public Health Foundation of India; Member of the Advisory Board of the Ministerial Leadership Program of the Harvard School of Public Health and member of the High Level Panel on Global Risk Framework of the National Academy of Sciences, USA.



A MPA from Harvard University, USA 1991-92, she was a Takemi Fellow at the Harvard School of Public Health 2001-2002 and Gro Harlem Brundtland Senior Leadership Fellow at HSPH in 2012. She is author of the book entitled “DO We Care? India’s Health System” – published by Oxford University Press.

Dr. Santosh R. Dastane Director [DIN: 00761985] [Wef 30.1.2017]:- Dr. Dastane, M.A. Ph.D (Economics) has vast teaching, research and consultancy experience of over 40 years. Presently, he is Director, Research & Dean, Institute of Business Management, Pune. He M.A. Ph.D (Economics). His area of specialisation are Research Methodology, Managerial Economics and Industrial Economics.

He is an approved research guide of University of Pune, Tilak Maharashtra Vidyapeeth (Deemed University), Bharati Vidyapeeth (Deemed University), Symbiosis International University (Deemed University) and “Emeritus Scholar” of Bharati Vidyapeeth Deemed University. He has guided 27 students for PhD and 19 students for M.Phil. Presently, he is guiding 1 student for M.Phil and 3 students for PhD. He also guided one candidate for post doctoral research.

He has authored 27 books in Economics/Finance/Banking; Translated 4 books into Marathi, contributed numerous articles, book reviews, research papers etc. Contributed 22 articles to Mrathi Vishwakosha (Encyclopedia). Acting as Coordinator for Economics for Vishwakosha.

He was Controller of Examinations of University of Pune for 5 years. He was associated with examinations of UPSC, MPSC, Indian Institute of Banking & Finance and RBI in various capacities. He is also Member-Board of Studies in Economics, Bharati Vidyapeeth Deemed University and Symbiosis International University, Pune. He is Life Member of Indian Economic Association, Modern Education Society Pune.

Shri V.V. Bhat Director [DIN: 00259832] [Wef 8.9.2017]:- Shri.V.V.Bhat joined the Indian Administrative Service (AGUMUT cadre) in 1976, after his post graduation in Economics from the University of Mysore. Subsequently he studied Management (MBA) and Development Economics (Cambridge University). He has worked in different capacities in the North East, Andaman and Nicobar Islands, Pondicherry, Goa and NCT of Delhi. He has also worked in the Ministry of Education, Ministry of Finance and Department of Space in Government of India. He has been a Director on the different Public Sector Banks and Public Sector Undertakings, in addition to being Chairman of Pondicherry Textile Corporation and Delhi Industries and Infrastructure Development Corporation. He retired from the post of Secretary to the Government of India and Member [Finance] in Space Commission, Atomic Energy Commission and Earth Commission. He is interested in economics, development studies, management, environment, Ayurveda, Indian knowledge systems, history of science and science and technology applications for development.

Prof. Jasbir Singh Director [DIN: 07954620] [Wef 8.9.2017]:- Prof. Jasbir Singh, Professor of Economics is serving in the University of Jammu, Jammu and Kashmir, India. He is M.A., M.Phil., PhD in Economics. Formally, Head, Department of Economics, University of Jammu, Jammu has 25 years teaching experience. His field of specialization is Political Economy of Development, Human Development and Gender Economics. He has been teaching Macro Economics, Classical Political Economy and Indian Economic Policy at the post graduate level. He has to his credit 6 books published. He has completed six research Projects. At present he is Hon. Director, Centre for Study of Social Exclusion and Inclusive Policy, University of Jammu, Jammu.

He has attended and presented research papers in 95 conferences and seminars within and outside the country. For academic interactions he has been invited to Geneva, Italy, Venice, Malaysia, Istanbul-Turkey, China, Srilanka and Poland. He has published about 49 research papers in journals of national and international repute. He has supervised 9 Ph. D scholars and 8 more scholars are working on their Ph.D thesis with him and 18 M.Phil students had already completed their research thesis under his supervision. He has attended 22 workshops, chaired 20 technical sessions in conferences and delivered about 107 extension lectures.

He is member of 13 academic organizations/ associations. At present he is Vice President of World Centre for Women Studies since 2015-18. He has also been Vice-President, The Indian Society of Agricultural Economics, Mumbai in 2010-2012; Joint Secretary, The Indian Econometrics Society, New Delhi in 2010-11; Member of the Executive Committee, The Indian Society of Labour Economics, New Delhi in 2009-11; Member of the Executive Committee, North West Indian Sociology Association, Chandigarh-2017-2020; Local Organizing Secretary, 46th Annual Conference of The Indian Econometric Society, 2010; Local Organizing Secretary, 70th Annual Conference of the Indian Society of Agricultural Economics, 2010. Alongwith his teaching he conducts workshops and personality development programmes for students at the college and the university levels.

Appointment and Tenure of the Directors

In terms of Article No.111 of the Articles of Association, the Directors are appointed by the President of India.

Functional Directors are appointed for a period/tenure of five years from the date of assumption of charge, or till the date of superannuation or until further orders of the President of India, whichever is the earliest. The salary and allowances are determined by the President of India.

The Government Nominee Directors are appointed by the President of India from amongst the officials of the Government of India. Such nominee Director ceases to be a Director on his superannuation from Government Service or transfer from the respective Ministry/Department.

Non-official Independent Directors are appointed by the President of India for a period of three years from the date of assumption of charge. The appointment of the Non-official Independent



Directors shall be at the pleasure of the President of India and other terms and conditions as may be deemed fit by the President of India from time to time in accordance with the Memorandum and Articles of Association of the Company.

BOARD COMMITTEE MEETINGS AND PROCEDURES

Institutionalised Decision Making Process

With the aim of completely institutionalising the process of corporate governance and decision making by the Board of Directors, the Company has, well defined process of placing vital and sufficient information before the Board and/or committee(s) thereof.

The Board of Directors have voluntarily constituted a standing committee for the purposes of general management and administration of business affairs of the Company named as "Management Committee of the Board(MCB), comprising of the CMD and all the Functional Directors as Members and the Company Secretary as the Secretary, and have delegated powers of general management of company's business affairs to it. The Board of Directors have also delegated some of their powers to the CMD, Functional Directors, EDs and Senior Management Personnel of the Company.

The Statutory standing Committees, viz., (a) the Audit Committee of the Board in accordance with the provisions of Section 177 of the Companies Act 2013; and, (b) the Nomination and Remuneration Committee of the Board in terms of Section 178 of the Companies Act 2013; and (c) the Corporate Social Responsibility(CSR) Committee pursuant to the provisions of the Section 135 of the Companies Act 2013 and Rules thereunder; and (d) Voluntary Standing Committee on Appellate & Review matters under BSNL CDA Rules 2006 have also been constituted by the Company.

In addition, as and when need arises, Board constitutes Committee of Directors.

Role of the Company Secretary in overall Governance Process

The Company Secretary ensures that the Board procedures are followed and regularly reviewed. The Company Secretary endeavors that all the relevant information and documents are made available to the Directors by the different nodal units to facilitate an effective decision making in their meetings. Being the interface between the Board and the Executive Management, all the Senior Management Personnel of the Company take advice and services of the Company Secretary.

The Company Secretary is also the interface between the management and the regulatory authorities for governance matters.

Guidelines for the Board/Committee Meetings

Details guidelines have been laid down by the Company secretariat especially with reference to preparation and submission of Agenda Notes, Circulation of decisions thereto etc. These are reiterated from time to time. These guidelines are in conformity with the Secretarial Standards prescribed by the Institute of Company Secretaries of India (ICSI) New Delhi, in terms of Section 118(10) of the Companies Act 2013.

The Agenda papers are prepared by the respective units under Business verticals headed by PGM/Sr. GM/GM as the case be at corporate office, after considering complete technical, commercial, legal and financial aspects. After getting approval of the concerned ED/Functional Director/CMD/MCB as the case be, in accordance with the delegation of Administrative and Financial Powers, the agenda papers are sent to the Company Secretariat for circulation amongst the Members of the Board / Committee(s) thereof as the case be.

Observance of the Secretarial Standards issued by the Institute of the Company Secretaries of India

The Institute of Company Secretaries of India(ICSI) has, evolved and laid down the best corporate practices in the form of Secretarial Standards. The Company has been adhering to the Standards relating to Board Meetings, General Meetings, Payment of Dividend, Maintenance of Records and Registers, Minutes of the Meetings, Passing of Resolution by Circulation, affixing of Common Seal, Board's Report etc.

Code of Conduct for the Members of the Board and the Senior Management Personnel

In addition to the Company's Conduct, Disciplinary and Appeal Rules, in line with the corporate governance norms, the Board of Directors of the Company have laid down a "Code of Conduct for the Members of the Board". All the Members have affirmed compliance with the said code.

Similarly, In addition to the Company's Conduct, Disciplinary and Appeal Rules, in line with the corporate governance norms, the Board of Directors of the Company have laid down a "Code of Conduct for the Senior Management Personnel of the Company". All the Senior Management Personnel have affirmed compliance with the said code.

Scheduling of Board/Committee Meetings and Submission of Agenda Items for the Board/Committee meetings.

The meetings of the Board/Committee thereof are convened, keeping in view the statutory provisions and the convenience of the Members, with sufficient advance planning. The Agenda Notes are, generally sent minimum seven days in advance to facilitate meaningful and informed discussions;



Wherever required, voluminous documents/documents of confidential nature are tabled at the meeting, with the approval of the meeting;

The Board also discusses sensitive and urgent business proposals, without formal agenda note, depending on urgency and case to case basis;

Wherever required, the Senior Management Personnel of the Company are called to make presentations before the Board/Committee on specific agenda notes.

The Meetings of the Board/Committee are generally held at the Registered office of the Company at Delhi. Whenever required, meetings are also held outside the headquarters.

Recording of Minutes of the Board/Committee meetings

Minutes of the proceedings of the Board of Directors and the Committees of the Board are recorded. The minutes are circulated amongst the Members of the Board/Committee(s) for their comments in a given time frame. The comments if any, received are discussed in the next meeting of the Board/Committee, while confirming the minutes. All the minutes duly signed/ initialed by the Chairman are entered into the Minutes Book. The unit heads submit Action Taken Report on the decisions of the previous meetings.

COMPLIANCES

All the Senior Management Personnel including key managerial personnel handling different verticals/units have been delegated with administrative and financial powers thereto, are responsible to ensure adherence to all the applicable laws, rules, guidelines etc., and ensures implementation of the enterprise risk management policy of the company as a routine, while taking or processing the detail for decision or approval by the competent authority(ies). The Company Secretary ensures the compliance of all the applicable provisions of the Companies Act and other applicable corporate laws.

Being the successor and assigns of the erstwhile Departments of Telecom Services and Telecom Operations with vast geographical spread, the BSNL follows the existing system. Accordingly, all the litigations before the hon'ble Courts/Tribunals/Arbitrators are handled by the respective verticals and units under their control with the help of Advocates. Significant litigation if any, are reported by concerned vertical/unit to the management.

INFORMATION PLACED BEFORE THE BOARD OF DIRECTORS

Subject to the provisions of the Companies Act, Memorandum and Articles of Association of the Company, and the directives, guidelines of the Government on the subject, the Board of Directors have delegated all general powers of managing the company's affairs to the Management Committee of the Board comprising CMD and the Functional Directors; EDs;

and, the Senior Management Personnel of the Company. The Minutes of the Meetings of the Management Committee of the Board are placed before the Board in its immediately following meetings. In addition, information on following items is invariably placed before the Board of Directors:-

- (1) BUDGET (a) Annual Budget Estimates and revised budget estimates for capital expenditure; **(b)** Annual Budget Estimates and revised budget estimates for revenue account for operational expenditure; and **(c)** Budget requirements for five year plans.
- (2) PLANS (a) Annual Plans; (b) Five Year Plans; (c) Manpower Plans; (d) Corporate Plans; and (e) Resource Mobilisation Plans.
- (3) ACQUISITIONS Acquiring shares, stocks, securities etc., of other Companies or Undertakings other than in Government guaranteed securities for short term and in duly registered employees consumer co-operative societies.
- (4) STRATEGIC DECISIONS (a) Agreement involving foreign collaboration proposed to be entered into by the Company irrespective of the consideration involved; (b) Strategic Investments/decision and acquisition of shares/controlling stake/debentures/bonds of other companies; and Decision with regard to formation of joint ventures, subsidiary companies and restructuring of organization.
- (5) PERSONNEL (a) Creation of posts of the level of Executive Director; (b) Formulation of any changes in wage structure and scales of pay of employees of the company; (c) Policy matters relating to allowances of the employees such as HRA, Performance Related Pay, Bonus etc.
- (6) ACCOUNTS Acceptance of periodical profit and loss accounts; and Declaration of Dividend.
- (7) Investment of the surplus funds of the company in acquisition of controlling stake/shares/debentures/bonds in other companies.
- (8). All issues that are reserved for exclusive consideration by the Board of Directors by the Companies Act ; and, the Memorandum and Articles of Association of the Company.
- (9) COMPLIANCE REPORTINGS UNDER THE CORPORATE GOVERNANCE NORMS

NUMBER OF BOARD MEETINGS HELD DURING 2016-17; ATTENDANCE OF DIRECTORS IN THE BOARD MEETINGS & 16TH ANNUAL GENERAL MEETING HELD ON 23.11.2016.

TOTAL BOARD MEETINGS HELD IN 2016-17: 08

Name and Designation	No. of Board Meetings Attended out of 8 Meetings	Attended the last AGM held on 23.11.2016	Directorships in other Companies	Remarks
Shri Anupam Shrivastava CMD	8	Present	NIL	Appointed as CMD and joined wef 15.1.15.
Shri N.K.Gupta Director(CFA) [Upto 31.5.2017]	7	Present	NIL	Tenure of apptt ended on 31.5.17 and as such relinquished the charge wef A/N of 31.5.17.
Smt.Sujata Ray, Director(HRD) & (F) [Adl Chg of Dir(F) Wef 21.10.15]	8	Present	NIL	-
Shri N.K.Mehta Director(Enterprise) & (CFA) [Addl chge of Dir(CFA) wef 1.6.2017]	8	Present	NIL	-
Shri R.K.Mittal Director(CM)	7	Present	NIL	-
Shri N.Sivasailam, Govt. Director	3	-	1	-
Smt.Padma Iyer Kaul Govt. Director	5	Present	NIL	-
Ms.K.Sujatha Rao Non official Independent Director	1	NA	1@	Appointed by the Gol MoC DoT wef 30.1.2017
Dr.Santosh R.Dastane Non official Independent Director	1	NA	NIL	-do-

Name and Designation	No. of Board Meetings Attended out of 8 Meetings	Attended the last AGM held on 23.11.2016	Directorships in other Companies	Remarks
Shri V.V.Bhat Non official Independent Director	NIL	NA	NIL	Appointed by the Gol MoC DoT wef 8.9.2017
Prof.Jasbir Singh Non official Independent Director	NIL	NA	NIL	Appointed by the Gol MoC DoT wef 8.9.2017

Note:-The disclosure of the Directorships are based on the disclosures received from the Directors.

@ Director in Prithvi Asset Reconstruction and Securitisation company limited.

The Chairman Nomination and Remuneration Committee and Audit Committee of the Board was not present in the 16th Annual General Meeting of the Company held on 23.11.2016, as he was away on tour in connection with Govt. of India assignments. However, the remaining members of the Committee were present in the meeting.

DETAILS OF NUMBER OF COMMITTEE MEMBERSHIPS AND CHAIRMANSHIPS OF DIRECTORS

Name and Designation	Details of Memberships of Board Committee		Details of Chairmanships of Board Committee	
	Name of Company	Name of Committee	Name of Company	Name of Committee
Shri Anupam Shrivastava CMD	BSNL	Nomination and Remuneration Committee of the Board.	-	-
Shri N.K.Gupta Director(CFA) [Upto 31.5.2017]	BSNL	Corporate Social Responsibility Committee of the Board	NIL	NIL
Smt. Sujata Ray, Director (HRD)	BSNL	Corporate Social Responsibility Committee of the Board	-	-
	BSNL	Committee on Appellate & Review matters under BSNL CDA Rules 2006		
Shri N.K. Mehta Dir(E) & (CFM)	BSNL	Corporate Social Responsibility Committee of the Board	-	-

Name and Designation	Details of Memberships of Board Committee		Details of Chairmanships of Board Committee	
	Name of Company	Name of Committee	Name of Company	Name of Committee
Shri R.K.Mittal Director(CM)	-	-	-	-
Shri N.Sivasailam, Govt. Director	-	-	BSNL	Audit Committee
	-	-	BSNL	Nom. & Rem. Committee of the Board
Smt. Padma Iyer Kaul Govt. Director	BSNL	Audit Committee of the Board	-	-
	BSNL	Nom. & Rem. Committee of the Board	-	-
	BSNL	Committee on Appellate & Review matters under BSNL CDA Rules 2006.	-	-
Ms. K. Sujatha Rao Non official Independent Director [Wef 30.1.2017]	BSNL	Corporate Social Responsibility Committee of the Board	BSNL	Audit Committee of the Board
	BSNL	Nomination and Remuneration Committee of the Board		
Dr. Santosh R.Dastane Non official Independent Director [Wef 30.1.2017]	BSNL	Audit Committee of the Board	BSNL	Nomination and Remuneration Committee of the Board
Shri V.V.Bhat Non official Independent Director [wef 8.9.2017]	-	-	-	-
Prof. Jasbir Singh Non official Independent Director [wef 8.9.2017]	-	-	-	-

Note:- The disclosure of the Memberships/Chairmanships are based on the disclosures received from the Directors.

By virtue of holding the Additional Charges as were entrusted by the Govt. of India, M/o Communications, D/o Telecom and further extended time to time, the Whole Time Directors were members of the Committees during relevant periods.

BOARD COMMITTEES

The Company has the following Committees of the Board.

VOLUNTARY COMMITTEES

The Management Committee of the Board (MC of the Board)

The Board of Directors of the Company, in their 118th meeting held on Thursday, the 26th day of February 2009, in supercession of all the extant instructions on the aforesaid subject, have, voluntarily constituted a Standing Committee of the Board, named, "Management Committee of the Board [MC of the Board], ***comprising the Chairman and Managing Director [CMD] as the Chairman, and the Functional Directors as Members, with the Company Secretary as the Secretary of the Committee.***

Further, the Board of Directors of the Company have also delegated to the aforesaid standing committee the powers for the management and administration of the business of the Company. **The powers of the Board, in respect of the matters for which approval of the Board of Directors is statutorily required; or , the powers, which cannot be delegated; or, the matters, where, prior approval of the Government is necessary, have not been delegated.**

Committee on Appellate & Review matters under BSNL Conduct, Discipline and Appeal Rules 2006

To consider and decide all the appeal / review cases for and on behalf of the Board of Directors, wherever the Board is indicated as Appellate and Reviewing Authority in the CDA Rules 2006 of the Company, the Board of Directors, in their 135th meeting held on 26.8.2011, constituted a Standing Committee of the Board known as Committee on Appellate & Review matters under BSNL Conduct, Discipline and Appeal Rules 2006, comprising of Director(HR) and One Government Director and the Company Secretary as Secretary of the Committee. The minutes of each of the meetings of the Committee shall be submitted to the Board in the immediately following meeting of the Board.

At present, the committee comprise Smt. Padma Iyer Kaul and Smt. Sujata Ray Director(HRD).

STATUTORY COMMITTEES

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE OF THE BOARD

Pursuant to the provisions contained in the Section 135 of the Companies Act 2013 and Rules thereunder, the Company has constituted the Corporate Social Responsibility Committee (CSR Committee) of the Board. The Committee comprise (i) Smt. Padma Iyer Kaul Govt. Director (ii) Smt. Sujata Ray Director(HRD) and (iii) Shri N.K. Gupta, Director(CFA). Secretary of the Company as the Secretary of the Committee.



Consequent upon the appointment of non official independent directors on the Board of Directors of the Company, the Board, in its 175th meeting held on 30.3.2017 re-constituted the Committee, which now comprise (i) Smt.Sujata Ray Director(HRD) & (F), (ii) Shri N.K. Mehta Director(Enterprise) and Ms.K. Sujatha Rao Director, as Members. The reconstituted committee is yet meet to elect Chairman.

The Terms of Reference of the Committee are as prescribed under Section 135 and other applicable provisions of the Companies Act 2013 & Rules thereunder and the Guidelines, Instructions, Exemption Notifications, Orders etc. if any, to be/being issued by the Government of India time to time and remain in force for the time being.

NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD

Being a wholly owned Government Company, all powers for the appointments, terms and conditions and remuneration etc., of the Directors, the Chairman and Managing Director and the Whole Time Functional Directors vest with the President of India. Pursuant to the Govt. of India, Ministry of Corporate Affairs Notification No.1/2/2014-CL.V, dated 5.6.2015, provisions contained sub-sections (2)(3) and (4) of the Section 178 of the Act of 2013 are only applicable to the Company with regard to appointment and remuneration of senior management and other employees.

As regards policy on remuneration of Senior Managerial Personnel and other employees of the Company, their pay structure, allowances and other benefits are governed by relevant Govt. of India DPE Guidelines.

To comply with the provisions contained Section 178 of the Companies Act 2013, the Board of Directors, in their 162nd meeting held on Tuesday, the 7th day of April 2015 constituted the Nomination and Remuneration Committee of the Board by re-constituting the existing Remuneration Committee of the Board.

Thereafter, consequent upon the cessation of Directorships of Non official (Independent) Part Time Directors, pending appointment of Non official Part Time / Independent Directors, to comply with the provisions of the Act, Your Directors, in their 164th meeting held on 28.8.2015 re-constituted the Committee, comprising both the Government Directors and the CMD as Members and the Director(HRD) as Regular Invitee. Secretary of the Company acts as the Secretary of the Committee. The Committee, elected Shri N. Sivasailam Govt. Director as Chairman of the Committee.

Consequent upon the appointment of Non official Independent Directors on the Board of Directors of the Company, the Board of Directors of the Company, in their 175th meeting held on 30.3.2017 re-constituted the Committee. The Committee comprised Ms.K.Sujatha Rao and Dr. Santosh R.Dastane Directors and Shri N.Sivasailam AS(T) DoT and Govt. Director as Members.

The Board in its 177th Meeting of the Board of Directors held on 29.8.2017, reconstituted the Committee by inducting Smt.Padma Iyer Kaul Govt. Director in place of Shri N. Sivasailam Govt. Director. The Committee comprised Ms.K. Sujatha Rao and Dr. Santosh R. Dastane Directors and Smt. Padma Iyer Kaul DDG(LFA) DoT and Govt. Director as Members.

The Committee, in its 9th Meeting held on 29.8.2017 elected Dr. Santosh R. Dastane Director, as Chairman of the Committee.

Thereafter, the Board inducted Shri V. Venkateshwara Bhat and Prof. Jasbir Singh Non official Independent Directors in the Committee. Present composition of the Committee is as follows:-

- [1] Dr. Santosh R. Dastane Director, Chairman
- [2] Ms. Kanuru Sujatha Rao, Director, Member
- [3] Mrs. Padma Iyer Kaul, Director, Member
- [4] Shri V.V.Bhat, Director, Member.
- [5] Prof. Jasbir Singh, Director, Member

Terms of Reference, Roles and Responsibilities of the Committee are as per the provisions of Section 178 and other applicable provisions of the Companies Act 2013, Rules thereunder and the Guidelines, Instructions, Exemption Notifications, Orders etc. if any, to be/being issued by the Government of India time to time and remain in force for the time being.

AUDIT COMMITTEE OF THE BOARD

Pursuant to the provisions contained in the Section 177 and other applicable provisions if any, of the Companies Act 2013 pending appointment of Non official Part Time (Independent) Directors, Your Directors, in their 164th meeting held on 28.8.2015 re- constituted the Audit Committee of the Board comprising both the Government Directors and Director(HRD) as Members. Secretary of the Company acts as the Secretary of the Committee. Director(Finance) is regular invitee. The Committee, in its 60th meeting held on 17.11.2015 elected Shri N. Sivasailam Govt. Director as Chairman of the Committee.

Consequent upon the appointment of Non official Independent Directors on the Board of Directors of the Company, the Board of Directors of the Company, in their 175th meeting held on 30.3.2017 re-constituted the Committee. The Committee comprised Ms.K.Sujatha Rao and Dr.Santosh R.Dastane Directors and Shri N.Sivasailam AS(T) DoT and Govt. Director as Members. The Board, in its 177th Meeting of the Board of Directors held on 29.8.2017, reconstituted the Committee by inducting Smt.Padma Iyer Kaul Govt. Director in place of Shri N.Sivasailam Govt. Director. The Committee comprised Ms.K.Sujatha Rao and Dr.Santosh R.Dastane Directors and Smt.Padma Iyer Kaul DDG(LFA) DoT and Govt. Director as Members. The Committee, in its 66th Meeting held on 29.8.2017 elected Ms.K.Suhjatha Rao Director, as Chairman of the Committee.



Thereafter, the Board inducted Shri V. Venkateshwara Bhat and Prof. Jasbir Singh Non official Independent Directors in the Committee. Present composition of the Committee is as follows:-

- [1] Ms. Kanuru Sujatha Rao, Director, Chairperson
- [2] Dr. Santosh R.Dastane Director, Member
- [3] Mrs. Padma Iyer Kaul, Director, Member
- [4] Shri V.V.Bhat, Director, Member.
- [5] Prof.Jasbir Singh, Director, Member

The Terms of Reference of the Committee are as prescribed under Section 177 and other applicable provisions of the Companies Act 2013 & Rules thereunder and the Guidelines, Instructions, Exemption Notifications, Orders etc. if any, to be/being issued by the Government of India time to time and remain in force for the time being.

NUMBER OF MEETINGS HELD DURING 2016-17 AND ATTENDANCE

NO. OF MEETINGS HELD: 04

Name and Designation	No. of meetings attended out of 4 meetings	Remarks
Shri N. Sivasailam AS(T) DoT Govt. Director Chairman	3	Upto 29.8.2017
Smt. Padma Iyer Kaul DDG(FA) DoT Govt. Director Member	3	
Smt. Sujata Ray Director(HRD) & (F) Member	4	Upto 30.3.2017
Ms. K. Sujatha Rao Non official Independent Director Chairperson	NA	Wef 30.3.2017
Dr. Santosh R.Dastane Non official Independent Director Member	NA	Wef 30.3.2017

DISCLOSURES

FUNCTIONAL DIRECTORS

BSNL being a Government Company, and in terms of Article No.111 of the Articles of Association of the Company, the remuneration payable to the Directors is determined by the President of India.

The salary and other perks paid to the Key Managerial Personnel [a] Whole Time Functional Directors; [b] other than whole time directors during the year under review is as follows:-

Name	Desgn.	Salary incl. DA	Other Benefits & Perks	Contribution in CPF & Other Funds	Total
Shri Anupam Shrivastava CMD	CMD	27,64,373	77,500	2,77,863	31,19,736
Shri N.K.Gupta [Upto 31.5.2017]	Dir(CFA)	30,39,622	76,000	2,87,770	34,03,392
Smt. Sujata Ray	Director (HRD)	25,90,728	76,000	2,72,821	29,39,549
Shri N.K.Mehta	Director(E)	25,52,342	76,000	2,38,814	28,67,156
Shri R.K.Mittal	Director (CM)	25,20,425	76,000	2,62,979	28,59,404
Shri H.C.Pant	Co. Secy & CGM(Legal)	22,74,871	-	2,64,927	25,39,798
TOTAL		1,57,42,361	3,81,500	16,05,174	1,77,29,035

GOVERNMENT NOMINEE DIRECTORS

The Government Nominee Directors are not paid any remuneration.

NON-OFFICIAL PART-TIME DIRECTORS

Non-official Part-Time Directors are paid a sitting fee at the rate of Rs.10,000/-[Rupees Ten Thousand only] for attending each meeting of the Board or Committee thereof in addition to TA/DA to outstation Directors.

There were no other pecuniary relationships or transactions of the Non-official Part-Time Directors vis-à-vis the Company.

SHAREHOLDINGS BY THE DIRECTORS AND STOCK OPTIONS

Being a hundred percent Government Owned Company, the shares are held by the President of India through Ministry of Communications and IT, Department of Telecommunications. The Directors are not required to hold any qualification shares.

The company has not issued any stock options to its Directors/Employees.

MATERIAL CONTRACTS/RELATED PARTY TRANSACTIONS

The company has not entered into any material financial or commercial transactions with the

Directors or the Management or their relatives or the companies and firms etc., in which they are either directly or through their relatives interested as Directors and/or Partners.

LIST OF PRESIDENTIAL DIRECTIVES ISSUED IN THE PAST THREE YEARS

Sl. No	Year of Issue	Subject	Status of Implementation
1	2014-15	NIL	NIL
2	2015-16	NIL	NIL
3	2016-17	NIL	NIL

ANNUAL GENERAL MEETINGS

Venue, Date and Time, where the previous three Annual General Meetings of the Company were held, including the details of the 17th Annual General Meeting are as follows:-

Meeting and Date	Time	Venue	Details of Special Resolutions passed in the AGMs
14 th AGM, 29.09.2014	12.30 P.M.,	Regd & Corp. office, Board Room, 3 rd floor, Bharat Sanchar Bhawan, H.C.Mathur Lane, Janpath, New Delhi-110 001.	-
15 th AGM, 17.11.2015	12.30 P.M.	Regd & Corp. office, Board Room, 3 rd floor, Bharat Sanchar Bhawan, H.C. Mathur Lane, Janpath, New Delhi-110 001.	-
16 th AGM, 23.11.2016	01.00 P.M.	Regd & Corp. office, Board Room, 3 rd floor, Bharat Sanchar Bhawan, H.C.Mathur Lane, Janpath, New Delhi-110 001.	-
17 th AGM, 21.12.2017	04.00 P.M.	Regd & Corp. office, Board Room, 3 rd floor, Bharat Sanchar Bhawan, H.C.Mathur Lane, Janpath, New Delhi-110 001.	-

MEANS OF COMMUNICATIONS

Annual financial statements, New releases, etc., are put in the company's website as well as in the intranet portal of the company.

Website:- The company's website www.bsnl.co.in is a user friendly site, containing all the latest developments.

Annual Report

Annual Report of the Company containing inter-alia, Audited Accounts, Directors Report, Auditors Report and replies of management thereto, Comments and Review of the C & AG of India are circulated amongst all the Members and others entitled thereto. As enunciated in the Companies Act and also laid before the Houses of the Parliament.

TRAINING OF DIRECTORS

The Company is managed by the Sectoral Experts/Specialists having domain knowledge and expertise of the core sector, which is "Telecom Services Management". Being a Telecom Service Provider, BSNL is also Member of various National and International level Telecom / Technology related forums.

Non-official Part-Time Directors, being men of public eminence and proven expertise, bring their own value addition to the management of the company. Still, they are also nominated for various national level seminars, workshops, training programmes as per their convenience.

VIGIL MECHANISM

In compliance of CVC / DPE Guidelines, BSNL already has a full fledged Vigilance Mechanism, headed by an independent CVO.

Pursuant to the mandate of the DPE's MoU Task Force mandating for establishing a Whistle Blower mechanism; and, in compliance with the provisions of the Companies Act 2013, the Company has also put in place a Whistle Blower Policy. Same has been circulated widely and posted in the intranet portal as well as the corporate website of the Company. Under this mechanism, protected disclosure can be made by the whistle blower to the Chairman of the Audit Committee.

Particulars of the Vigilance mechanism under CVC compliance are posted in the company's website at www.bsnl.co.in at 'contact us'. Further, BSNL has also entered into an agreement with the Transparency International to ensure transparency in tendering process. Further, apart from the Audit by the C&AG of India, Statutory and Branch Audits, Amenability to the Writ Jurisdiction of the Court, Gol's Rules and Regulations, BSNL has its own Conduct, Disciplinary and Appeal Rules covering all the classes of employees including the Functional Directors. The Members of the Board and Sr. Management Personnel are also governed by the Code of Conduct laid down in accordance with the CG Norms.

RISK MANAGEMENT

BSNL, by virtue of being the successor of erstwhile Central Government Departments of the Telecom Services (DTO) and Telecom Operations (DTO) already had a codified set up with

inbuilt mechanism to foresee the potential risks and methods to arrest, control, ignore and/or respond to the risks. However, as mandated by the Department of Public Enterprises through Guidelines on Corporate Governance Norms for the Un-Listed CPSEs - further revised and made mandatory for the CPSEs vide No. 18(8)/2005-GM, dated the 14th May 2010 – Company has laid down a Enterprise Risk Management Policy.

For managing the affairs of the Company, the Board of Directors of the Company has delegated its powers to the Management Committee of the Board (MCB), the CMD and the Functional Directors and Below Board Functionaries, viz., the Executive Directors/CGMs/PGMs/GMs/TDMs/DGMs etc., as the case be. Considering the size and geographical spread of the organization vis-à-vis the delegation of powers made to the business heads and unit heads – who carry out the task of undertaking the risk management as a part of the normal business practice by integrating and aligning the same with corporate and operational objectives - the Business Heads in the Corporate Office; CGMs/PGMs/GMs and Other Unit Heads of the field units were designated as the Risk Management Administrators [RMAs].

With a view to continuously train and develop the employees in the risk management techniques segment, Risk Management Training Courses specially designed for the Senior Management Personnel who function as the Risk Management Administrators are being organized at the Training Centres of the Company.

Establishing Risk Monitoring Centres being one of the Dynamic Parameters, for “Overseeing the mechanism of Enterprise Risk Management Mechanism”, inter-alia, the periodical review of risk assessment and minimization procedures, submission of recommendations / reports to the Executive Management and the Audit Committee of the Board, a ERM Committee comprising of all the Executive Directors has been constituted with Executive Director (Corporate Affairs) as Convenor.

In addition to already existing Risk Management Policy which mandates the Risk Management Administrators for ensuring efficient litigation management and compliance of all applicable provisions of the laws, as directed by the Administrative Ministry, detailed instructions have been issued to all concerned to ensure and comply with the provisions of the NLP-2010. Accordingly, the Unit Heads of the Corporate Office and GM/DGM in-charge of Administration in the field units are the Nodal Officers for respective unit for overall policy implementation, who will be assisted by the “Officer-in-charge of litigation”, who shall be responsible for litigation administration and management of respective unit.

Pursuant to the provisions contained in Section 204 of the Companies Act 2013 and Rules thereunder, your Board appointed **M/s VAP & Associates, Company Secretaries [COP No. 13901]** the Secretarial Auditor of the Company for conducting the Secretarial Audit for the year 2016-17.

The Secretarial Audit Report in Form MR-3 forms part of this Report.

CERTIFICATE OF COMPLIANCE OF CORPORATE GOVERNANCE NORMS

Your Company has obtained certificate from the Secretarial Auditor M/s VAP & Associates Company Secretaries, regarding compliance of conditions of corporate governance as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises 2007 and revised further vide No. 18(8)/2005-GM, dated 14.5.2010 issued by the Department of Public Enterprises, which forms part of this Report.

FEE TO STATUTORY AUDITORS

Remuneration paid to the Statutory Auditors during the year 2016-17 was Rs. 32 Lakhs (exclusive of service tax and cess wherever applicable). It includes Statutory Audit Fee, Certification Charges, Reimbursement of Expenses and Other services.



VAP & ASSOCIATES

Company Secretaries



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THE CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE NORMS

To
The Members,
M/s Bharat Sanchar Nigam Limited,
New Delhi.

We have examined the relevant books, records and statements in connection with compliance of the conditions of Corporate Governance by M/s Bharat Sanchar Nigam Limited ("the Company") for the financial year ended on 31st March, 2017, as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010 issued by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India.

The compliance of the conditions of the Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance as laid down in the above said guidelines. Our Certification is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has substantially complied with the conditions of Corporate Governance Norms as stipulated in the abovementioned DPE Guidelines. The appointment of two Independent Directors were made by Department of Telecommunications, Government of India, on 30th January, 2017 and other two Independent Directors were appointed on 8th September, 2017. After appointment of Independent Directors on the Board of the Company, the Audit Committee and Nomination & Remuneration Committee were re-constituted on 30th March, 2017 in order to induct and appoint Independent Directors as member of the Committees.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of the effectiveness with which the management has conducted the affairs of the Company.

For VAP & Associates
Company Secretaries

Sd/--
Parul Jain
Proprietor

Place: Ghaziabad
Date: 30.11.2017

CP No. 13901
M. No. F8323

VAP & ASSOCIATES

Company Secretaries



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SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2017

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To

**The Members,
Bharat Sanchar Nigam Limited,
Bharat Sanchar Bhawan,
Harish Chandra Mathur Lane,
Janpath, New Delhi – 110001.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bharat Sanchar Nigam Limited (CIN U74899DL2000GOI107739)** (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

- A. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
- B. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:
- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not Applicable to the Company during the Audit period as there were no Foreign Direct Investments, Overseas Direct Investments in the Company and no External Commercial Borrowings were made by the company);**
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company during the Audit Period)**

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- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not Applicable to the Company during the Audit Period)**
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)**
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014; **(Not Applicable to the Company during the Audit Period)**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable to the Company during the Audit Period)**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the Audit Period) and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **(Not Applicable to the Company during the Audit Period)**
- (vi) The other laws as may be applicable specifically to the Company are: Having regard to the compliance system prevailing in the Company, on the basis of presentation/ certificates made by the heads of the Departments, and the compliance certificates made by the heads of the Departments submitted to the Secretarial and Legal Department of the Company, we report that the Company has substantially complied with the provisions of those Acts that are applicable to company including Department of Public Enterprises (DPE) Guidelines on Corporate Governance, The Indian Telegraph Act, 1885, The Indian Wireless Telegraphy Act, 1933, The Telecom Regulatory Authority of India Act, 1997, The Information Technology Act, 2000, other laws related to maintenance of Factories, Laws related to Human resources including Employees Provident Fund Act, Employees State Insurance Act.
- C. We have also examined compliance with the applicable clauses of the following:
- I. Secretarial Standards with regard to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
 - II. Listing Agreements entered into by the Company with Stock Exchange(s). **(not applicable to the Company during the audit period).**
- D. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. The Company, being a Government of India owned enterprise, all the Director level appointments are made by the Government of India. Pending the appointment of the Non official Independent Directors, the Board had re-constituted

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the Audit Committee in August 2015 comprising both the Govt. Directors and Director(HRD), Director(F) was the regular invitee. Similarly, the Board also re-constituted the Nomination and Remuneration Committee of the Board in April 2015 comprising both the Government Directors and the CMD and Director(HRD) was regular invitee. The appointment of two Independent Directors were made by Department of Telecommunications, Government of India, on 30th January, 2017 and other two Independent Directors were appointed on 8th September, 2017. After appointment of Independent Directors on the Board of the Company, the Audit Committee and Nomination & Remuneration Committee were re-constituted on 30th March, 2017 in order to induct and appoint Independent Directors as member of the Committees. No meeting of the Independent directors took place during the year under review.

We further report that

- I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and the appointment of two Independent Directors were done on 30th January, 2017 and other two Independent Directors were appointed on 8th September, 2017. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - II. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - III. All decisions at Board Meetings and Committee Meetings are carried out by majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.
- E. We further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

For **VAP & Associates**
Company Secretaries

Sd/-

Parul Jain
Proprietor

CP No. 13901

M. No. F8323

Place: Ghaziabad

Date: 30.11.2017



VAP & ASSOCIATES

Company Secretaries



387, First Floor, Shakti Khand-3
Indrapuram, Ghaziabad-201010, U.P.
Tel. 91-0120-4272409
M:+91-9910091070, 9711670085
E-mail: vapassociatescs@gmail.com

Annexure – 'A'

To
The Members,
Bharat Sanchar Nigam Limited,
Bharat Sanchar Bhawan,
Harish Chandra Mathur Lane,
Janpath, New Delhi – 110001.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial record. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have relied on the Internal Auditors Report for the period under review; hence we have verified the correctness and appropriateness of Statutory / Legal Compliances on sample basis.
4. We have relied on the Statutory Auditors Report for the period under review; hence we have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. The qualifications/observations mentioned in their report also forming part of this report.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
6. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted practices in India, we have neither come across any instance of fraud on or by the Company, nor the Company has noticed and reported any such case during the year and accordingly the Company has not informed us of any such case.

For VAP & Associates
Company Secretaries

Sd/-

Parul Jain
Proprietor

CP No. 13901
M. No. F8323

Place: Ghaziabad
Date: 30.11.2017

BHARAT SANCHAR NIGAM LIMITED**Balance sheet***(All amounts in ₹ lacs, unless otherwise stated)*

Particulars	Note	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3(i)	1,00,15,696	1,00,81,742	1,04,82,709
Capital work-in-progress	3(ii)	6,49,235	6,67,047	6,43,223
Intangible assets	4	7,55,004	8,06,646	8,63,183
Financial assets				
(i) Investments	5	-	-	-
(ii) Loans	6	870	1,414	2,469
(iii) Other financial assets	7	28,785	29,007	2,89,491
Deferred tax assets (net)	8	-	-	-
Other non-current assets	9	65,422	69,651	22,357
Total non-current assets		1,15,15,012	1,16,55,507	1,23,03,432
Current assets				
Inventories	10	20,473	19,129	19,378
Financial assets				
(i) Investments	11	20,000	20,000	20,000
(ii) Trade receivables	12	3,09,881	2,61,551	2,32,674
(iii) Cash and cash equivalents	13	3,38,737	1,02,572	1,21,478
(iv) Bank balances other than (iii) above	14	126	-	-
(v) Loans	15	445	731	1,057
(vi) Other financial assets	16	7,22,212	10,04,268	9,08,947
Current tax assets (net)	17	38,669	5,42,981	5,08,450
Other current assets	18	1,38,285	2,06,647	1,86,808
Total current assets		15,88,828	21,57,879	19,98,792
Total assets		1,31,03,840	1,38,13,386	1,43,02,224
EQUITY AND LIABILITIES				
Equity				
Equity share capital	19	5,00,000	5,00,000	5,00,000
Other equity	20	92,67,424	97,46,028	1,02,33,480
Total equity		97,67,424	1,02,46,028	1,07,33,480
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	21	10,62,657	12,48,972	7,55,619
(ii) Other financial liabilities	22	1,38,770	92,964	62,272
Provisions	23	95,099	79,754	90,542
Other non-current liabilities	24	1,02,842	24,533	28,497
Total non-current liabilities		13,99,368	14,46,223	9,36,930



BHARAT SANCHAR NIGAM LIMITED

Balance sheet

(All amounts in ₹ lacs, unless otherwise stated)

Particulars	Note	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
Current liabilities				
Financial liabilities				
(i) Borrowings	25	59,613	2,83,672	6,32,871
(ii) Trade payables	26	5,92,993	6,85,060	8,29,957
(iii) Other financial liabilities	27	7,91,388	7,00,056	74,0,843
Other current liabilities	28	4,92,259	4,28,327	3,67,390
Provisions	29	795	24,020	60,753
Total current liabilities		19,37,048	21,21,135	26,31,814
Total liabilities		33,36,416	35,67,358	35,68,744
Total equity and liabilities		1,31,03,840	1,38,13,386	1,43,02,224

This is the balance sheet referred to in our report of even date.

The accompanying notes are an integral part of these financial statements 1 to 54

In terms of our report attached

For **Andros & Co.**
Chartered Accountants
Firm Registration No. : 008976N

Sd-
Shashi Garg
Partner
Membership No. : 086492

Place: New Delhi
Date: 12.10.2017

For and on behalf of **Bharat Sanchar Nigam Limited**

Sd-
Anupam Shrivastava
Chairman and Managing Director
DIN: 06590535

Sd-
Sujata Ray
Director (Finance)
DIN: 07240022

Sd-
P.D. Chirania
General Manager (Corporate Accounts)

Sd-
H.C. Pant
Company Secretary and Chief General Manager (Legal)
M.No. F- 2584

BHARAT SANCHAR NIGAM LIMITED**Statement of profit and loss***(All amounts in ₹ lacs, unless otherwise stated)*

Particulars	Note	For the year ended 31 st March 2017	For the year ended 31 st March 2016
Revenue			
Revenue from operations	30	28,40,373	28,38,086
Other income	31	3,12,971	4,03,046
Total revenue (I)		31,53,344	32,41,132
Expenses			
License and spectrum fee	37	2,31,086	2,28,538
Employee benefits expense	32	15,71,545	15,36,915
Finance costs	33	14,679	58,487
Depreciation and amortisation expense	34	6,33,042	7,20,560
Other expenses	35	11,82,313	11,82,548
Total expenses (II)		36,32,665	37,27,048
Loss before tax (I - II = III)		(4,79,321)	(4,85,916)
Tax expense: (IV)			
Deferred tax credit	8	-	-
Loss for the year (III - IV = V)		(4,79,321)	(4,85,916)
Other comprehensive income (VI)			
Items that will not be reclassified the statement of profit and loss			
Remeasurement of post employment benefit obligation (net of tax)		717	(1,536)
Total other comprehensive income/ (expense) for the year, net of taxes (VI)		717	(1,536)
Total comprehensive income/ (expense) for the year (V + VI = VII)		(4,78,604)	(4,87,452)
Loss per equity share (INR)	43	(9.59)	(9.72)
Basic and diluted (nominal value of shares INR 10 each)			

This is the statement of profit and loss referred to in our report of even date.
The accompanying notes are an integral part of these financial statements 1 to 54

In terms of our report attached

For **Andros & Co.**
Chartered Accountants
Firm Registration No. : 008976N
Sd-
Shashi Garg
Partner
Membership No. : 086492

Place: New Delhi
Date: 12.10.2017

For and on behalf of **Bharat Sanchar Nigam Limited**

Sd-
Anupam Shrivastava
Chairman and Managing Director
DIN: 06590535

Sd-
Sujata Ray
Director (Finance)
DIN: 07240022

Sd-
P.D. Chirania
General Manager (Corporate Accounts)

Sd-
H.C. Pant
Company Secretary and Chief General Manager (Legal)
M.No. F- 2584



BHARAT SANCHAR NIGAM LIMITED

Cash flow statement for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

Particulars	For the year ended 31 st March 2017	For the year ended 31 st March 2016
A. Cash flows from operating activities		
Profit/ (loss) before tax	(4,79,321)	(4,85,916)
Adjustments for:		
Depreciation and amortisation expense	6,33,042	7,20,560
Finance costs	6,788	54,339
Unwinding of discount on decommissioning liabilities	7,891	4,148
Interest income	(50,350)	(1,50,530)
Profit on sale of property, plant and equipment (net)	(7,006)	(4,626)
Capitalisation of overheads	(63,913)	(24,821)
Write off and losses other than bad debts	21,511	22,074
Bad-debt provision other than services	547	567
Write off of unrecovered service tax	4,967	3,348
Bad-debt written off	37,047	70,334
Provision for doubtful debts and disputed bills	28,462	23,546
Excess liabilities written back no longer required	(1,95,062)	(1,99,999)
Grant in aid (net)	78,311	(3,964)
Operating cash flows before working capital changes	22,914	29,060
(Increase)/ Decrease in loans (current and non-current)	830	1,381
(Increase)/ Decrease in trade receivables	(1,13,839)	(1,22,757)
(Increase)/ Decrease in inventories	(1,344)	249
(Increase) / Decrease in other financial assets	1,24,400	3,23,174
(Increase) / Decrease in other assets	64,977	(19,103)
Increase/ (Decrease) in trade payables	(92,067)	(1,44,897)
Increase / (Decrease) in other financial liabilities	3,29,074	1,84,329
Increase/ (Decrease) in provisions	(17,356)	(64,618)
Increase / (Decrease) in other liabilities	36,907	19,848
Cash from operating activities	3,54,497	2,06,666
Wealth tax paid	-	(73)
Net income tax refund (paid)	504,312	(34,531)
Net cash generated from operating activities (A)	858,809	172,062
B. Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,83,766)	(3,86,331)
Proceeds from sale of property, plant and equipment	66,583	92,354
Interest received	208,117	7,556
Proceeds from / (investment in) deposits with banks	(17)	63
Net cash generated used in investing activities (B)	(2,09,083)	(2,86,357)

BHARAT SANCHAR NIGAM LIMITED**Cash flow statement for the year ended 31st March 2017***(All amounts in ₹ lacs, unless otherwise stated)*

Particulars	For the year ended 31 st March 2017	For the year ended 31 st March 2016
C. Cash flows from financing activities		
Interest paid	(6,550)	(54,400)
Repayment of borrowings (net)	(2,83,672)	(3,49,199)
Proceeds from/ (Repayment) of loans	(1,82,951)	4,98,988
Net cash generated from/ (used in) financing activities (C)	(4,73,173)	95,389
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	176,553	(18,907)
Cash and cash equivalents at the beginning of the year	1,02,571	1,21,478
Cash and cash equivalents at the end of the year	2,79,124	1,02,571
Components of cash and cash equivalents:		
Balances with banks in current account including sweep-in-deposit	2,70,104	99,514
Deposits with original maturity of less than three months	63,300	-
Cheques on hand	2,182	776
Cash on hand	3,151	2,282
Bank overdraft	(59,613)	-
Total cash and cash equivalents (Note 13)	2,79,124	1,02,572

Notes:

- a) In the absence of adequate data regarding assets appearing in the disposals/ adjustments column of note no. 3 of property, plant and equipment, all deletions (except amount transferred as decommissioned assets) have been assumed to be cash sales.
- b) In the absence of adequate details regarding unreconciled inter circle remittances with the subsidiary records, all the 'intra/ inter circle remittances' have been treated as part of working capital changes.

The accompanying notes are an integral part of these financial statements 1 to 54

In terms of our report attached

For **Andros & Co.**
Chartered Accountants
Firm Registration No. : 008976N

Sd/-
Shashi Garg
Partner
Membership No. : 086492

Place: New Delhi
Date: 12.10.2017

For and on behalf of **Bharat Sanchar Nigam Limited**

Sd/-
Anupam Shrivastava
Chairman and Managing Director
DIN: 06590535

Sd/-
Sujata Ray
Director (Finance)
DIN: 07240022

Sd/-
P.D. Chirania
General Manager (Corporate Accounts)

Sd/-
H.C. Pant
Company Secretary and Chief General Manager (Legal)
M.No. F- 2584

BHARAT SANCHAR NIGAM LIMITED
Statement of Changes in Equity for the year ended 31st March 2017
(All amounts in ₹ lacs, unless otherwise stated)
a. Equity share capital

Particulars	Note	Amount
Balance as at 1 April 2015		5,00,000
Changes in equity share capital during the year ended 31 st March 2016	19	-
Balance as at 31 st March 2016		5,00,000
Changes in equity share capital during the year ended 31 st March 2017	19	-
Balance as at 31 st March 2017		5,00,000

b. Other equity

Particulars	Reserves and surplus					Total
	Capital reserve	General reserve	Contingency reserve	Retained earnings	Capital contribution from shareholder	
Balance as at 1 st April 2015 (refer note 51)	40,21,118	2,90,075	2,00,000	56,23,969	98,318	1,02,33,480
Loss for the year	-	-	-	(4,85,916)	-	(4,85,916)
Other comprehensive income/ (expense) for the year	-	-	-	(1,536)	-	(1,536)
Balance as at 31 st March 2016	40,21,118	2,90,075	2,00,000	51,36,517	98,318	97,46,028
Balance as at 1 st April 2016	40,21,118	2,90,075	2,00,000	51,36,517	98,318	97,46,028
Loss for the year	-	-	-	(4,79,321)	-	(4,79,321)
Contingency reserve transferred to general reserve	-	2,00,000	(2,00,000)	-	-	-
Other comprehensive income/ (expense) for the year	-	-	-	717	-	717
Balance as at 31 st March 2017	40,21,118	4,90,075	-	46,57,913	98,318	9,267,424

The accompanying notes are an integral part of these financial statements 1 to 54
In terms of our report attached

For **Andros & Co.**
Chartered Accountants
Firm Registration No. : 008976N

Sd/-
Shashi Garg
Partner
Membership No. : 086492

Place: New Delhi
Date: 12.10.2017

For and on behalf of **Bharat Sanchar Nigam Limited**

Sd/-
Anupam Shrivastava
Chairman and Managing Director
DIN: 06590535

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Sujata Ray
Director (Finance)
DIN: 07240022

Sd/-
P.D. Chirania
General Manager (Corporate Accounts)

Sd/-
H.C. Pant
Company Secretary and Chief General Manager (Legal)
M.No. F- 2584

BHARAT SANCHAR NIGAM LIMITED**Notes forming part of the financial statements for the year ended 31st March 2017***(All amounts in ₹ lacs, unless otherwise stated)***1. Corporate information**

Bharat Sanchar Nigam Limited (the 'Company' or 'BSNL') is a Public Sector Company fully owned by the Government of India and was formed on 15 September 2000 in pursuance to the Telecom Policy 1999, to take over the ongoing business of the Department of Telecom Services (DTS) and Department of Telecom Operations (DTO) from 1st October 2000 (CIN: U74899DL2000GOI107739). The Company has been incorporated under the erstwhile Companies Act, 1956 with its registered corporate office in New Delhi.

2.1. Basis of preparation**a) Statement of compliance**

The Company has adopted Indian Accounting Standards (Ind AS) with effect from 1st April 2016, with transition date of 1st April 2015, pursuant to notification issued by Ministry of Corporate Affairs dated 16 February 2015, notifying the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, the financial statements comply with Ind AS as prescribed under section 133 of the Companies Act, 2013 (the "Act"), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, relevant provisions of the Act and other accounting principles generally accepted in India.

The financials statement upto and for the year ended 31st March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended), as notified under section 133 of the Act and other relevant provision of the Act ("Previous GAAP").

The financial statements for the year ended 31 March 2017 are the first financial statements of the Company prepared under Ind AS. Certain of the Company's Ind AS accounting policies used in the opening balance sheet differed from its Previous GAAP policies applied as at 31st March 2015, and accordingly adjustments were made to restate the opening balances as per Ind AS. The resulting adjustments arose from events and transactions before the date of transition to Ind AS. Therefore, as required by Ind AS 101, those adjustments were recognized directly through retained earnings as at 1st April 2015.

An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is included in Note 51.



BHARAT SANCHAR NIGAM LIMITED

Notes forming part of the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

The financial statements were authorised for issue by the Company’s Board of Directors on 12 October 2017.

b) Functional and presentation currency

The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be Indian Rupees (INR). The financial statements are presented in INR which is Company’s functional and presentational currency.

c) Basis of measurement

The financial statements have been prepared on going concern basis under the historical cost convention except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligation
Decommissioned assets	Lower of net carrying cost and net realisable value

d) Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 2.2 (n) - whether the Company acts as a principal rather than as an agent in a transaction

Note 2.2 (p) - leases: whether an arrangement contains a lease

Note 2.2 (p) - lease classification

BHARAT SANCHAR NIGAM LIMITED**Notes forming part of the financial statements for the year ended 31st March 2017***(All amounts in ₹ lacs, unless otherwise stated)*

Note 2.2 (d) and 52- classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March, 2018 is included in the following notes:

Note 2.2 (k) and 39- measurement of defined benefit obligations and plan assets: key actuarial assumptions

Note 2.2 (g) - measurement of useful lives and residual values to property, plant and equipment

Note 2.2 (h) - measurement of useful lives of intangible assets

Note 2.2 (g) and 54- measurement of fair value of freehold land as at transition date

Note 2.2 (l), 2.2 (m) and 47 and 48 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

Note 2.2 (c) and 52 - fair value measurement of investment in preference shares

Note 2.2 (r) - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used

2.2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening Ind AS Balance Sheet as at 1 April 2015 for the purposes of the transition to Ind AS.

a) Current and non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;

BHARAT SANCHAR NIGAM LIMITED**Notes forming part of the financial statements for the year ended 31st March 2017**

(All amounts in ₹ lacs, unless otherwise stated)

- It is expected to be realised within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or
- The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of financial liabilities some part of which may be non-current. All other liabilities are classified as non-current.

Deferred tax assets are classified as non-current assets.

Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle being a period of 12 months for the purpose of classification of assets and liabilities as current and non-current.

b) Foreign currency transactions and translations

Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency of the Company at the exchange rates at the dates of the transactions or at an average rates if the average rate approximates the actual rate at the date of the transaction.

Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on the reporting date. Gains/ (losses) arising on account of realisation/settlement of foreign exchange transactions

BHARAT SANCHAR NIGAM LIMITED**Notes forming part of the financial statements for the year ended 31st March 2017***(All amounts in ₹ lacs, unless otherwise stated)*

and on translation of monetary foreign currency assets and liabilities are recognised in the statement of profit and loss.

c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either –

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to/ by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole-

Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair values of financial instruments at each reporting date are disclosed in Note 52 and 54 .



BHARAT SANCHAR NIGAM LIMITED

Notes forming part of the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Recognition and initial measurement

All financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification and subsequent measurement

Classification

For the purpose of subsequent measurement, the Company classifies financial assets in following categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)

A financial asset being 'debt instrument' is measured at the amortised cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset being equity instrument is measured at FVTPL.

All financial assets not classified as measured at amortised cost are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI (Fair value through Other Comprehensive Income) as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

BHARAT SANCHAR NIGAM LIMITED**Notes forming part of the financial statements for the year ended 31st March 2017***(All amounts in ₹ lacs, unless otherwise stated)***Subsequent measurement**

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment are recognised in the statement of profit and loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in the statement of profit and loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any gain or loss on derecognition is recognised in the statement of profit and loss.

Impairment

The Company recognizes loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowance computed using ECL model, is recognised as an impairment gain or loss in the statement of profit and loss.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.



BHARAT SANCHAR NIGAM LIMITED

Notes forming part of the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

ii. Financial liabilities

Recognition and initial measurement

All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the liability.

Classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost.

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

iii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

e) Equity share capital

Proceeds from issuance of ordinary shares are recognised as equity share capital in equity. Incremental costs directly attributable to the issuance of new equity shares are recognized as a deduction from equity, net of any tax effects.

BHARAT SANCHAR NIGAM LIMITED**Notes forming part of the financial statements for the year ended 31st March 2017***(All amounts in ₹ lacs, unless otherwise stated)***f) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

g) Property, plant and equipment**Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

- i. Assets are capitalised to the extent completion certificates have been obtained, wherever applicable.
- ii. Apparatus and plants principally consisting of telephone exchanges, transmission equipment and air conditioning plants etc. are capitalised as and when an exchange is commissioned.
- iii. Cables are capitalised as and when ready for connection to the main system.
- iv. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and



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Notes forming part of the financial statements for the year ended 31st March 2017

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loss within other gains/(losses).

- v. Spares parts costing above INR 200,000 per unit and which meets the definition of property, plant and equipment are capitalised.

Capital work-in-progress includes assets under construction and cost attributable to construction of assets not ready for use before the year end.

Transition to Ind AS

On transition to Ind AS, the Company has elected to selectively fair value its freehold land. The Company has considered the fair value as deemed cost at the transition date, viz., 1 April 2015.

All other remaining property, plant and equipment are carried at cost which is recomputed retrospectively as per Indian Accounting Standard 16 (Property, plant and equipment).

Subsequent expenditure

Subsequent expenditure are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

- i. Depreciation on property, plant and equipment has been provided as per guidance set out in Schedule II of the Companies Act, 2013 on written down value (WDV) method except in respect of the assets mentioned in (ii) and (iii) below.
- ii. Assets costing up to INR 5,000 are depreciated fully in the year of purchase. Similarly, partition works and paintings costing up to INR 200,000 are depreciated fully in the year of construction/ acquisition.
- iii. The depreciation on machinery and tools used both for project and maintenance work is charged to the statement of profit and loss instead of capitalization.
- iv. All telephone exchange buildings, administrative offices and captive

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- consumption assembling premises/workshops are considered as building (other than factory building). Accordingly, depreciation is charged uniformly.
- v. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.
 - vi. Depreciation method, useful lives and residual values are reviewed at each reporting period end.

Decommissioned assets

Assets, which are impaired by disuse, damage or obsolescence, are segregated from the concerned assets category and shown as 'Decommissioned Assets' and provision is made for the loss, if any, due to the difference between their net carrying cost and the net realisable value.

h) Intangible assetsRecognition and measurement

Intangible assets are recognised if it is probable that the future economic benefits attributable to the assets will flow to the enterprise and cost of the asset can be measured reliably in accordance with the notified Indian Accounting Standard – 38 on 'Intangible Assets'.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015, measured as per the Previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.



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Amortisation

- a) Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.
- b) The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.
- c) Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.
 - 1) License fee
 - i. Acquired licenses, including one time spectrum fee for telecom service operations, are initially recognised at cost.
 - ii. The revenue-share fee on licenses and spectrum is computed as per the licensing agreement and is expensed as incurred.
 - iii. Amortisation is recognised in the statement of profit and loss on a straight-line basis over the unexpired period of the license commencing from the date when the related network is available for intended use.

Intangible assets such as entry license fee, onetime Spectrum fee for telecom service operations are amortised over the license period (i.e. 20 years) and standalone computer software applications are amortised over the license period on (subject to maximum 10 years) straight line method.

2) Computer software

Costs associated with maintaining software programs are recognised as an expense as incurred.

i) Inventories

Inventory is valued at the lower of cost and net realizable value. Cost is determined on weighted average method.

Inventory costs include purchase price, freight inward and transit insurance charges. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs

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necessary to make the sale.

The Company provides for obsolete and slow-moving inventory based on management estimates of the usability of inventory.

j) Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

k) Employee benefits**i. Short-term obligations**

All employee benefits payable / available within twelve months of rendering the service such as salaries, wages and bonus etc., are classified as short-term employee benefits and are recognised in the statement of profit and loss in the period in which the employee renders the related service.

ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefits expense in the statement of profit and loss in the periods during which the related services are rendered by employees. The Company makes specified contributions towards the following schemes:

Pension Contribution (including gratuity)

The employees of DoT who have opted for absorption / absorbed in the Company and the employees on deemed deputation from Government are eligible for pension, which is a defined contribution plan. The Company makes monthly contribution



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(including liability on account of gratuity) at the applicable rates as per Government Pension Rules, 1972 and Fundamental Rules and Supplementary Rules (FR & SR), to the Government who administers the same. These contributions are expensed in the statement of profit and loss as and when incurred.

Employees' provident fund

All directly recruited employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan. Both employee and employer make monthly contribution to the plan at a predetermined rate of employee's basic salary and dearness allowance. These contributions to provident fund are administered by the provident fund commissioner. Employer's Contribution to provident fund is expensed in the statement of profit and loss as and when incurred.

Contribution for leave salary

For employees on deemed deputation from Government, leave salary contribution is paid by the Company to DoT/ Government for the deputation period in accordance with FR115 (b) of FR&SR Part I. Consequently, the leave salary payable for those on deputation/ deployment during the period of leave rests with the Government. Further, any leave encashment after quitting service is the responsibility of the Government. These contributions are expensed in the statement of profit and loss as and when incurred.

iii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Gratuity

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan) covering all directly recruited eligible employees. In accordance with the payment of Gratuity Act, 1972, the Gratuity plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment.

The calculation of defined benefit obligation is performed annually by a qualified actuary separately for each plan using the projected unit credit method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined

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benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit, are recognised immediately in the balance sheet a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

Other benefits including post-employment medical care

Medical reimbursements and other personal claim bills of existing/retired employees are accounted for on actual basis in respect of bills received till the cut off period in the accounts at the concerned primary units as per the prescribed limits.

iv. **Other long term employment obligations**

The liabilities for compensated absences and half pay leaves are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service.

They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method, calculation for which is performed annually by a qualified actuary.

The liability is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of liability is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related liabilities.

Remeasurements as a result of experience adjustments and changes in actuarial



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assumptions are recognised in the statement of profit and loss.

l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period., If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning liability

The Company records a provision for decommissioning costs for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to that at the inception of lease.

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is recognised in the income statement as a finance cost.

The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs are added to or deducted from the cost of the asset.

m) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Information on contingent liabilities is disclosed in the notes to the financial

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statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable net of discounts, VAT or service tax.

The Company assesses its revenue arrangements against specific criteria, i.e., whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent.

Service revenues

Revenue from services includes amount invoiced for fixed monthly charges, usage charges, messaging services, internet services, bandwidth services, roaming charges, activation fees, processing fees, connection fees and fees for value added services (VAS). Service revenues also includes revenue associated with access and interconnection for usage of the telephone network of other operators for local, domestic long distance and international calls.

Revenue from services are recognised when services are rendered and are stated net of discounts and taxes. Prepaid revenue from Subscriber Identity Modules (SIMs) recharge coupons of mobile, prepaid calling cards and prepaid internet connection cards are treated as income of the year in which the payment is received since the extent of use of these cards within the financial year cannot be ascertained.

Processing fees, activation fees and connection fees are recognised as income in the year in which the payment is received.

Installation charges received from subscribers at the time of new connection are recognised as income in the first year of the billing.

Un-billed revenues from the billing date to the end of the year are recorded as accrued revenue during the period in which the services are provided.

In terms of the arrangement between Department of Telecommunications ('DoT') and the Company, the charges for telecommunication services and other infrastructural services provided by the Company to DoT are neither billed nor accounted for.

The claims receivable on account of provision of infrastructure, operation and



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maintenance of Village Public Telephones (VPTs) and Rural Household Connections (RDELs) etc. and operational sustainability of rural wire line network from Universal Service Obligation (USO) fund are accounted for as other operating income.

Wherever there is uncertainty in realisation of income, such as claims on Government departments and local authorities etc., these are recognised on realisation basis.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. Otherwise, contract revenue is recognised only to the extent of contract costs incurred and centage that are likely to be recoverable.

Contract costs are recognised as expenses as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in the statement of profit or loss.

Equipment sales

Revenue from equipment sales are recognised when the significant risks and rewards of ownership are transferred to the buyer.

Multiple element arrangements

In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. Deliverables are considered separate units of accounting if the following two conditions are met:

- a. the deliverable has value to the customer on a stand-alone basis; and
- b. there is evidence of the fair value of the item.

Total consideration related to the multiple element arrangements is allocated among the different components based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables).

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future

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cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

Other income by way of interest on loans to employees, security deposit with Government departments and local authorities, being not material, are accounted for on collection basis.

Other income

Sale proceeds of scrap arising from maintenance and project works are taken into other non-operating income in the year of sale.

Liquidated damages received as compensation for loss of revenue arising as a consequence of contract delays are recognised in the statement of profit and loss on accrual basis wherever there is certainty of realisation. However, liquidated damages recovered in relation to efficiency and as a result of delays by the supplier are deducted from the relevant cost.

In case liquidated damages are related to efficiency and performance of the asset:

Liquidated damages are reduced from the cost of the related asset or relevant expense.

In case liquidated damages linked to loss of revenue:

Liquidated damages are recognised as income if the contract specifies that liquidated damages will be recoverable as compensation for loss of revenue arising from contract delays, and the basis of calculation is clearly related to income lost.

o) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in other liabilities as deferred income and are credited to the statement of profit and loss in proportion to the depreciation expense over the expected lives of the related assets and presented within other income.



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p) Leases

i. Determining whether an arrangement contains a lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of an arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

ii. Where the Company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leased assets are depreciated on WDV method over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated on WDV method over the shorter of the estimated useful life of the asset or the lease term.

iii. Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease income

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from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Balance Sheet based on their nature.

q) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds.

Borrowing costs (for general and specific borrowings) directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time (qualifying assets) to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

r) Income tax

Income tax expense comprises current and deferred tax. It is recognised in statement of profit and loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts



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used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Minimum Alternative Tax ('MAT') expense under the provisions of the Income-tax Act, 1961 is recognised as an asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is written down to reflect the amount that is reasonably certain to be set off in future years against the future income tax liability.

s) Earnings per share

The Company presents basic and diluted earnings/ (loss) per share (EPS) data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

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Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

t) Prior period items

Items of income or expenditure exceeding INR 5,00,000 are considered for being treated as prior period items.

u) Segment reporting

Information reported to the Board of Directors who is chief operating decision maker (CODM) for the purposes of resources allocation and assessment of segment performance focuses on the types of services provided. The Board of Directors of the Company have chosen to organise the Company around the different services being provided. Operating segments have been aggregated based on similar risk and reward and on fulfilment of other aggregation criteria.

CODM has identified primary segment which consists of 'Basic', 'Cellular' and 'Broad Band' services. The manufacturing activities have not been treated as a separate segment since such activities are essentially carried on as support service to other segments mainly for captive consumption.

The following specific accounting policies have been followed for segment reporting:

- i. Segment revenue includes service income and other income directly identifiable with/ allocable to the segment.
- ii. Income/ expense, which relates to the Company, as a whole and not allocable to individual business segment is included in "Un-allocable income/expense respectively".
- iii. Expenses that are directly identifiable with/allocable to segments are considered for determining segment results.
- iv. Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.



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v) Recent accounting pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows.' The amendments are applicable to the Company from 1 April 1 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Notes to the financial statements for the year ended 31st March 2017
(All amounts in Rs. lacs, unless otherwise stated)

3. Property, plant and equipment

(i) Tangible assets

Particulars	Gross block			Accumulated depreciation			Net block		
	As at 1 April 2016	Additions	Disposals/ adjustments	As at 31 March 2017	As at 1 April 2016	Additions	Disposals/ adjustments	As at 31 March 2017	As at 31 March 2016
Free hold land	70,78,662	504	307	70,78,859	-	-	-	70,78,859	70,78,662
Lease hold land	17,151	162	209	17,104	4,023	2,134	1,955	12,902	13,128
Buildings	7,98,247	3,750	841	8,01,156	3,87,185	35,714	14,578	3,92,835	4,11,062
Apparatus and plants	64,59,167	3,75,201	1,58,196	66,76,172	51,96,058	3,08,723	1,11,669	12,83,060	12,63,109
Motor vehicle and launches	12,436	2,670	2,839	12,267	11,546	1,466	2,055	1,310	890
"Cables and lines and wires-telecom ducts, cables and optical fibre"	65,10,078	95,648	22,811	65,82,915	55,71,612	1,39,567	5,882	8,77,618	9,38,466
"General plant and machinery- other than continuous process plant"	5,12,621	8,225	21,403	4,99,443	4,63,130	13,463	26,088	48,938	49,491
Towers and satellites	6,37,364	43,076	3,317	6,77,123	4,36,811	34,784	(3,509)	2,02,019	2,00,553
Office machinery and equipment	18,395	373	430	18,338	17,251	2,772	2,917	1,232	1,144
Electrical fittings	5,18,066	19,230	5,940	5,31,356	4,27,826	25,886	3,080	80,724	90,240
Furniture and fixtures	23,801	217	199	23,819	21,664	452	137	1,840	2,137
Computer-end user devices	1,48,522	3,072	5,308	1,46,286	1,39,584	2,744	5,000	8,958	8,938
Computer-servers and networks	43,865	2,075	(57)	45,997	38,862	2,057	58	5,136	5,003
Decommissioned assets	95,501	-	6,929	88,572	-	-	-	88,572	95,501
Total	2,28,73,876	5,54,203	2,28,672	2,31,99,407	1,27,15,552	5,69,762	1,69,910	1,00,84,003	1,01,58,324
Less : Provision for decommissioned assets								68,307	76,582
								1,00,15,696	1,00,81,742

Bhart Sanchar Nigam United**Notes to the financial statements for the year ended 31st March 2017***(All amounts in Rs. lacs, unless otherwise stated)***(ii) Capital work-in-progress**

Particulars	As at 1 April 2016	Additions during the year	Disposals/ adjustments	As at 31 March 2017
Capital work-in-progress	3,10,090	-	69,865	2,40,225
Capital work-in-progress in store	3,89,571	46,935	-	4,36,506
Less: Provision for capital work-in-progress	3,417	-	584	2,833
Less: Provision for capital work-in-progress in store	29,197	-	4,534	24,663
Total	6,67,047	46,935	64,747	6,49,235

Particulars	As at 1 April 2015	Ind AS adjustments as at 1 April 2015	Adjusted Ind AS amount as at 1 April 2015	Additions during the year	Ind AS adjustments	Disposals/ adjustments	As at 31 March 2016
Capital work-in-progress	3,31,727	-	3,31,727	2,31,376	(155)	2,52,858	3,10,090
Capital work-in-progress in store	-	3,48,422	3,48,422	-	41,149	-	3,89,571
Less: Provision for capital work-in-progress	3,813	-	3,813	-	-	396	3,417
Less: Provision for capital work-in-progress in store	-	33,113	33,113	-	(3,916)	-	29,197
Total	3,27,914	3,15,309	6,43,223	2,31,376	44,910	2,52,462	6,67,047

Notes:

- In some cases, the title deeds of land purchased/acquired on leasehold/freehold from various authorities, are in the process of being executed.
- Leasehold land disclosed is based on the identification by thirty four circles (31 March 2016 thirty six circles, 1 April 2015 thirty one circles).
- Addition to property, plant and equipment include assets identified and taken over/ (written back) by the Company in the current year, pertaining to the assets being taken over from DoT as on 1 October 2000 INR 159 lakh (31 March 2016 INR (6) lakh, 1 April 2015 INR(417) lakh).
- Additions in gross block include INR 63,914 lakh (31 March 2016 INR 24,821 lakh, 1 April 2015 INR 37,020 lakh) of employee remuneration and directly attributable administrative expenses capitalised during the year.



Bhart Sanchar Nigam United
Notes to the financial statements for the year ended 31st March 2017
(All amounts in Rs. lacs, unless otherwise stated)

- e) The current year depreciation charged to statement of profit and loss excludes INR 244 lakh (31 March 2016 INR 651 lakh, 1 April 2015 INR 739 lakh) which has been capitalised into the cost of assets under construction.
- f) For details of assets pledged/ hypothecated as securities, refer note 21.
- g) Decommissioned assets is disclosed at written down value. Provision is made for diminution in the value of decommissioned assets.
- h) Physical verification of capital work-in-progress in store has been conducted by the management [except four circles (31 March 2016 three circles, 1 April 2015 nine circles)] during the year and is reconciled with the detailed records for capital work-in-progress in store. Wherever the difference is found the same is provided for. Further, in five circles (31 March 2016 three circles, 1 April 2015 eleven circles) difference between the subsidiary ledger and the general ledger is identified and provided for in the current financial year.
- i) Refer to note 48 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- j) The Company has elected Ind AS 101 exemption and has elected to measure an item of its property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its cost at that date. Accordingly, the Company has elected to selectively fair value its freehold land. All other remaining property, plant and equipment are carried at cost which is recomputed retrospectively as per principles of Indian Accounting Standard 16 (Property, plant and equipment). Refer note 51 and 54.
- k) The Company has acquired certain leasehold lands under finance lease arrangements on a lease term for 30 to 99 years. The gross and net carrying amounts of leasehold land acquired under finance lease and included in above are as follows:

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Gross block	17,104	17,151	18,144
Accumulated depreciation	4,202	4,023	4,263
Net block	12,902	13,128	13,881

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Notes to the financial statements for the year ended 31st March 2017
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4. Intangible assets

Particulars	Gross block			Accumulated amortisation			Net block		
	As at 1 April 2016	Additions	Disposals/ adjustments	As at 31 March 2017	As at 1 April 2016	Additions	Disposals/ adjustments	As at 31 March 2017	As at 31 March 2016
Intangible assets									
Entry license fees	8,46,261	-	-	8,46,261	59,016	59,062	-	7,28,183	7,87,245
Computer softwares	24,343	12,453	815	35,981	4,942	4,218	-	26,821	19,401
Total	8,70,604	12,453	815	8,82,242	63,958	63,280	-	7,55,004	8,06,646

Particulars	Deemed cost as at 1 April 2015	Additions	Disposals/ adjustments	As at 31 March 2016	As at 1 April 2015	Additions	Disposals/ adjustments	As at 31 March 2016	As at 1 April 2015
	Intangible assets								
Entry license fees	8,46,261	-	-	846,261	-	59,016	-	7,87,245	8,46,261
Computer softwares	16,922	7,531	110	24,343	-	4,942	-	19,401	16,922
Total	8,63,183	7,531	110	8,70,604	-	63,958	-	806,646	8,63,183

Notes:

- a) The Company has elected Ind AS 101 exemption and continue with the carrying value for all of intangible assets as its deemed cost as at the date of transition.
b) Information regarding gross block and accumulated amortisation under previous GAAP as on 31 March 2015 are as under :

Particulars	Gross block as at 1 April 2015	Accumulated amortisation as at 1 April 2015	Net block as at 1 April 2015
Entry license fees	1,180,087	3,33,826	8,46,261
Computer softwares	45,359	28,437	16,922
Total	1,225,446	3,62,263	8,63,183

Bharat Sanchar Nigam Limited
Notes to the financial statements for the year ended 31st March 2017
(All amounts in ₹ lacs, unless otherwise stated)
5. Non-current financial assets - Investment

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Investment at fair value through profit and loss account			
Unquoted investment			
1 (31 March 2016: 1, 1 April 2015: 1) equity share of INR 10 each fully paid up of Bharat Broadband Nigam Limited	-	-	-
	-	-	-
Aggregated book value of unquoted investment	-	-	-

6. Non-current financial assets - Loans

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured, considered good			
Loans to employees (refer note below)	844	1,369	1,856
Unsecured, considered good			
Loans to employees	26	45	613
	870	1,414	2,469

Note : Assets (eg- house, vehicle, etc) are hypothecated against the loans to employees.

7. Other non-current financial assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured, considered good			
Security deposits	27,805	28,070	29,407
Amount recoverable from DoT for other recoverables	-	-	259,085
Call detail record based claims recoverable	153	-	-
Earmarked deposits with banks* (including bank guarantee, margin money, etc)	827	937	999
	28,785	29,007	289,491

* These earmarked deposits are for the purpose of securing various bank guarantee provided by the banks.

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Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

8. Deferred tax assets (net)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred tax assets			
Loss allowance for trade receivables	1,08,598	1,19,471	1,35,840
Loss allowance for other assets	62,047	60,839	59,781
Carry forward tax losses including unabsorbed depreciation	10,11,639	9,25,814	7,46,448
Provision for compensated absences	297	5,828	26,896
Provision for half pay leaves	1,551	1,425	768
Provision for gratuity	728	1,382	463
Provision for decommissioned assets, wage revision, etc.	21,107	23,664	23,011
Provision for obsolete inventory and capital work-in-progress	8,856	10,188	11,166
Disallowances under Section 43B of Income Tax Act, 1961	11,687	13,339	14,261
	12,26,510	11,61,950	10,18,634
Deferred tax liabilities	2,07,049	2,33,749	2,84,533
Difference in book written down value and tax written down value of property, plant and equipment			
	2,07,049	2,33,749	2,84,533
Net deferred tax assets	10,19,461	9,28,201	7,34,101
Net deferred tax assets recognised	-	-	-

*In the absence of reasonable certainty of future taxable profits, the Company has not recognised deferred tax assets (net) for the above periods. (Refer note 50)

9. Other non-current assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured, considered good			
Capital advances [Net of provisions INR 2,39,72 lakh]	59,128	66,743	18,712



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(All amounts in ₹ lacs, unless otherwise stated)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(31 March 2016: INR 2,39,72 lakh, 1 April 2015: INR 2,39,72 lakh)]			
Advances to contractors	6,294	2,908	3,645
	65,422	69,651	22,357

10. Inventories

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Building materials	3	3	2
Raw material and scrap (at factory)	9,152	8,100	17,354
Finished goods and work in progress (at factory)	10,780	9,429	1,302
Finished stock (at various circles)	450	1,366	108
Other stores	272	434	802
	20,657	19,332	19,568
Less: Provision for obsolete inventory/short inventory	184	203	190
Total inventories at the lower of cost and net realisable value*	20,473	19,129	19,378

*For further details, refer note 3 (ii).

11. Current financial assets - Investment

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Investment at fair value through profit and loss account			
Unquoted investment			
20,000,000 (31 March 2016: 20,000,000, 1 April 2015: 20,000,000) 7% redeemable cumulative preference shares of INR 100 each fully paid in Indian Telephone Industries (ITI) Limited (A Government of India owned Company) [refer note below]	20,000	20,000	20,000
Aggregated book value of unquoted investment	20,000	20,000	20,000

Note :

All the five installments of INR 4,000 lakh each are overdue for redemption of 7% redeemable cumulative preference shares in respect of investment in ITI Limited at the end of the year

Bharat Sanchar Nigam Limited
Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

and no dividend has been received till date. ITI Limited will redeem preference shares to the Company immediately on release of financial assistance by the Government of India to ITI Limited as a part of revival package. Accordingly, the Company believes that the fair value of the investment is equal to the book value.

12. Current financial assets - Trade receivables

Particulars	As at	As at	As at
	31 March 2017	31 March 2016	1 April 2015
Trade receivables	8,09,762	7,69,958	7,50,633
Less : Advance income booked but not collected	1,48,430	1,21,771	78,347
	6,61,332	6,48,187	6,72,286
Less : Loss allowance for trade receivables	3,51,451	3,86,636	4,39,612
	3,09,881	2,61,551	2,32,674

The Company's exposure to credit and currency risks are disclosed in Note 52.

Note :

- (a) In seven circles (31 March 2016 twenty two circles, 1 April 2015 twenty two circles), there is a difference in the closing balance of trade receivables between the subsidiary ledger and the general ledger. To the extent identified, the net difference between general ledger and subsidiary ledger balances is INR 1,678 lakh (31 March 2016 INR 25,541 lakh, 1 April 2015 INR 22,393 lakh). The management is in the process of reconciling these differences.
- (b) The classification of the trade receivables as secured, unsecured/considered good and considered doubtful, to the extent available as per subsidiary ledger is as follows:

Particulars

Secured, considered good	-	-	-
Unsecured, considered good	4,57,685	3,61,378	3,11,701
Doubtful	3,50,399	3,83,003	4,16,524
	8,08,084	7,44,381	7,28,225



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(All amounts in ₹ lacs, unless otherwise stated)

13. Cash and cash equivalents

Balances with banks

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
In current account including sweep-in-deposit	2,70,104	99,514	1,09,514
Deposits with original maturity of less than three months	63,300	-	-
Cheques on hand	2,182	776	8,266
Cash on hand	3,151	2,282	3,698
	3,38,737	1,02,572	1,21,478

For the purpose of statement of cash flows, Cash and cash equivalents comprise of the following:

Cash and cash equivalents as per balance sheet	3,38,737	1,02,572	1,21,478
Bank overdraft (refer note 25)	(59,613)	-	-
	2,79,124	1,02,572	1,21,478

Note :

- (a) In eight circles (31 March 2016 thirteen circles, 1 April 2015 seven circles), unlinked credit items and in six circles (31 March 2016 eleven circles, 1 April 2015 six circles) unlinked debit items are appearing in the bank reconciliation statement as at 31 March 2017. Out of these eight circles have identified unlinked credit items amounting to INR 548 lakh (31 March 2016 INR 1,040 lakh, 1 April 2015 INR 404 lakh) and six circles have identified unlinked debit items amounting to INR 333 lakh (31 March 2016 INR 694 lakh, 1 April 2015 INR 76 lakh). The management is in the process of reconciling all such items in due course.
- (b) Bank balances in one circle (31 March 2016 three circles, 1 April 2015 two circles) includes cheques in hand pending to be deposited in bank as on 31 March 2017.

14. Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
“Bank deposits with original maturity of more than three months but upto twelve months* (including bank” guarantee, margin money, etc)	126	-	-
	126	-	-

* These earmarked deposits are for the purpose of securing various bank guarantee provided by the banks.

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Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

15. Current financial assets - Loans

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured, considered good			
Loans to employees (refer note (b) below)	415	685	984
Unsecured but considered good			
Loans to employees	30	46	73
	445	731	1,057

Note :

- (a) In one circle (31 March 2016 two circles, 1 April 2015 two circles), it has been noticed that there are differences in the subsidiary ledger of loans and advances with those appearing in general ledger. The management is in the process of reconciling the differences of current assets.
- (b) Assets (eg- house, vehicle, etc) are hypothecated against the loans to employees.

16. Other current financial assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured, considered good			
Security deposits	8,517	5,897	3,014
Amount due from customers for construction contracts, others	22,705	21,386	29,991
Accrued revenue	1,16,947	2,11,693	1,24,275
Amount recoverable from DoT			
For employees on deputation	1,891	1,781	2,518
For defense telecom network project (net)	31,017	-	-
Other recoverable (refer note 41)	2,20,052	2,93,051	4,09,279
Amount recoverable from Bharat Broadband Nigam Limited (net)	-	25,288	53,699
Amount recoverable from			
Government departments	3,352	3,497	3,705
Government companies	1,71,081	1,68,456	1,69,956

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Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Claims recoverable from others	31,498	18,797	20,870
Operating lease charges recoverable	-	-	1,084
Sales tax recoverable from customers	8	3	6
Service tax recoverable from customers	1,06,014	85,109	82,692
Interest accrued			
- on bank deposits	406	169	155
- on loans	60	60	15
- on excess payment of income tax	10	1,58,016	-
Call detail record based claims recoverable	8,654	11,065	7,688
Doubtful			
Amount recoverable from			
Government companies	2,00,800	1,96,899	1,93,467
	9,23,012	12,01,157	11,02,414
Less: Loss allowance for assets	200,800	1,96,889	1,93,467
	7,22,212	10,04,268	9,08,947

17. Current tax assets (net)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Advance income-tax	32,771	5,37,083	5,02,552
[Net of provision for tax INR 717,196 lakh (31 March 2016: INR 717,196 lakh, 1 April 2015: INR 717,196 lakh)]			
Advance fringe benefit tax	5,898	5,898	5,898
	38,669	5,42,981	5,08,450

Bharat Sanchar Nigam Limited
Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

18. Other current assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured, considered good			
Prepaid expenses	1,781	1,738	4,998
Balances with excise and other tax authorities	65,706	54,198	62,025
Advances to contractors	67,207	87,768	58,605
Advances to employees	3,577	5,228	3,775
Other advances	14	117	96
Intra/inter circle remittances	-	57,598	57,309
	1,38,285	2,06,647	1,86,808

Note :

- (a) Cenvat on account of service tax, excise duty and custom duty on capital goods and inputs is under reconciliation in some circles.
- (b) Refer note 45 for details of advances to related parties.

19. Share capital

	Number of shares	Amount
Authorised		
i. Equity shares of INR 10 each		
Outstanding at the 1 April 2015	10,000,000,000	1,000,000
Increase during the year	-	-
Outstanding at the 31 March 2016	10,000,000,000	1,000,000
Increase during the year	-	-
Outstanding at the 31 March 2017	10,000,000,000	1,000,000
ii. 9% non-cumulative preference shares of INR 10 each*		
Outstanding at the 1 April 2015	7,500,000,000	750,000
Increase during the year	-	-
Outstanding at the 31 March 2016	7,500,000,000	750,000
Increase during the year	-	-
Outstanding at the 31 March 2017	7,500,000,000	750,000

* Refer note 21



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Issued, subscribed and fully paid up	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Equity shares of INR each	5,000,000,000	500,000	5,000,000,000	500,000	5,000,000,000	500,000
	5,000,000,000	500,000	5,000,000,000	500,000	5,000,000,000	500,000

a. Terms and rights attached to equity shares

The Company has only one class of shares referred to as equity shares each having a par value of INR 10 per share

Vote of members: Every member present on person and being a holder of equity share shall have one vote and every person either as a general proxy on behalf of a holder of equity share, shall have one vote or upon a poll, every member shall have one vote for every share held by him. On poll, the voting rights of holder of equity share shall be as specified in Section 47 of the Companies Act, 2013.

b. Reconciliation of number of shares outstanding at the beginning and end of the year :

	Number of shares	Amount
Outstanding at the 1 April 2015	5,000,000,000	500,000
Equity shares issued during the year in consideration for cash	-	-
Outstanding at the 31 March 2016	5,000,000,000	500,000
Equity shares issued during the year in consideration for cash	-	-
Outstanding at the 31 March 2017	5,000,000,000	500,000

c. Shareholders holding more than 5% shares in the company *

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
The Central Government of India	4,999,999,993	99.99%	4,999,999,993	99.99%	4,999,998,400	99.99%

* The above information is furnished as per the shareholder's register as at the year end.

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Notes to the financial statements for the year ended 31st March 2017

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- d. No shares have been issued for consideration other than cash pursuant to contract or allotted as fully paid bonus shares in the current reporting year and in the last five years immediately preceding the current reporting year. Further, there are no buy backs of any class of shares during the current reporting year and in the last five years immediately preceding the current reporting year.
- e. Division of profit : The profit of the Company, subject to any special rights relating thereto created or authorised to be created by the articles subject to the provisions of the articles and also subject to the provisions of Section 123 of the Companies Act, 2013 and, regarding transfer of the amount to reserve of the Company, shall be divisible among the members with the approval of the President of India, in the proportion of the amount of capital paid or credited as paid-up on the shares held by them respectively.

20. Other equity

	As at 31 March 2017	As at 31 March 2016
a. Capital reserve		
Balance at the beginning of the year	40,21,118	40,21,118
Add:	-	-
Balance at the end of the year	40,21,118	40,21,118
b. General reserve		
Balance at the beginning of the year	2,90,075	2,90,075
Add: Contingency reserve transferred to general reserve	2,00,000	-
Less: Depreciation charged directly to reserves as per Companies Act, 2013	-	-
Balance at the end of the year	4,90,075	2,90,075
c. Contingency reserve		
Balance at the beginning of the year	2,00,000	2,00,000
Less: Contingency reserve transferred to general reserve	(2,00,000)	-
Additions during the year	-	-
Balance at the end of the year	-	2,00,000

Note:

The contingency reserve was created in the financial year 2003-04 by appropriation of profits to meet various contingencies that may arise in future, based on the decision made by the



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board of directors.

d. Retained earnings

Balance at the beginning of the year	51,36,517	56,23,969
Add: Loss for the year	(4,79,321)	(4,85,916)
Items of other comprehensive income/ (expense) recognised directly in retained earnings		
Remeasurement of post employment benefit obligation, net of tax	717	(1,536)
Balance at the end of the year	46,57,913	51,36,517

e. Capital contribution from shareholder

Balance at the beginning of the year	98,318	98,318
Add:	-	-
Balance at the end of the year	98,318	98,318
Total other equity	92,67,424	97,46,028

Nature and purpose of reserve

i. Capital reserve

The capital reserve is created out of the difference between the total value of the assets taken over and the long term identified liabilities and the capital structure, as on 1 October 2000 as communicated by DoT. For details, refer note 36.

ii. General reserve

Profits earned by the company are transferred to General reserve at each year end.

iii. Contingency reserve

The contingency reserve was created in the financial year 2003-04 by appropriation of profits to meet various contingencies that may arise in future, based on the decision made by the board of directors.

iv. Capital contribution from shareholder

During the year ended 31 March 2015, the loan from the Government of India amounting to INR 98,318 lakhs was waived off vide letter no.1-43/2008-B, dated 11 April 2014 and the same was taken to the capital reserve created at the time of formation of the Company.

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21. Non-current financial liabilities - Borrowings

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured loans			
Term loans from banks (refer note A below)	3,21,657	5,04,608	5,619
Less: Current maturities of non current borrowings	(9,000)	(5,636)	-
	3,12,657	4,98,972	5,619
7,500,000,000 (31 March 2016: 7,500,000,000, 1 April 2015: 7,500,000,000)			
9% non-cumulative preference shares of INR 10 each	7,50,000	7,50,000	7,50,000
	10,62,657	12,48,972	7,55,619

Refer note 45 for details of loans from related parties.

Information about Company's exposure to interest rate and liquidity risks is included in Note 52.

A. Terms and repayment schedule of secured loans

- (i) The term loan from the Union Bank of India carries an interest @ bank base rate ('BBR') per annum with monthly rests, is repayable in quarterly instalments which would commence after 2 years from the date of receipt of the first disbursement i.e. 31 March 2015. The aforementioned term loan is secured by pari-passu charge on all fixed assets of the Company other than land and building (both present and future). Outstanding amount as at 31 March 2017 is INR 356,00 lakh (31 March 2016 INR 136,095 lakh, 1 April 2015 INR 2,810 lakh).
- (ii) The term loan from the Syndicate Bank carries an interest @ BBR per annum with monthly rests, is repayable in quarterly instalments which would commence after 2 years from the date of receipt of the first disbursement i.e. 31 March 2015. The aforementioned term loan is secured by pari-passu charge on all fixed assets of the Company other than land and building (both present and future). Outstanding amount as at 31 March 2017 is INR Nil lakh (31 March 2016 INR 87,865 lakh, 1 April 2015 INR 2,809 lakh).
- (iii) The term loan from the United Bank of India carries an interest @ BBR per annum with



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monthly rests, is repayable in quarterly instalments which would commence after 2 years from the date of receipt of the first disbursement i.e. 7 September 2015. The aforementioned term loan is secured by pari-passu charge on all fixed assets of the Company other than land and building (both present and future). Outstanding amount as at 31 March 2017 is INR 69,984 lakh (31 March 2016 INR 70,000 lakh, 1 April 2015 Nil).

- (iv) The term loan from the State Bank of India carries an interest @ BBR plus spread of 0.25% (fixed) per annum with monthly rests, is repayable in quarterly instalments which would commence after 2 years from the date of receipt of the first disbursement i.e. 22 March 2016. The aforementioned term loan is secured by pari-passu charge on all fixed assets of the Company other than land and building (both present and future). Outstanding amount as at 31 March 2017 is INR 33,095 lakh (31 March 2016 INR 35,650 lakh, 1 April 2015 Nil).
- (v) The term loan from the Bank of Maharashtra carries an interest @ BBR per annum with monthly rests, is repayable in quarterly instalments which would commence after 2 years from the date of receipt of the first disbursement i.e. 30 December 2015. The aforementioned term loan is secured by pari-passu charge on all fixed assets of the Company other than land and building (both present and future). Outstanding amount as at 31 March 2017 is INR Nil lakh (31 March 2016 INR 25,000 lakh, 1 April 2015 Nil).
- (vi) The term loan from the Punjab National Bank carries an interest @ BBR per annum with monthly rests, is repayable in quarterly instalments which would commence after 2 years from the date of receipt of the first disbursement i.e. 9 November 2015. The aforementioned term loan is secured by pari-passu charge on all fixed assets of the Company other than land and building (both present and future). Outstanding amount as at 31 March 2017 is INR 116,495 lakh (31 March 2016 INR 100,000 lakh, 1 April 2015 Nil).
- (vii) The term loan from the Jammu and Kashmir Bank carries an interest @ BBR per annum with monthly rests, is repayable in quarterly instalments which would commence after 2 years from the date of receipt of the first disbursement i.e. 27 November 2015. The aforementioned term loan is secured by pari-passu charge on all fixed assets of the Company other than land and building (both present and future). Outstanding amount as at 31 March 2017 is INR 66,483 lakh (31 March 2016 INR 50,000 lakh, 1 April 2015 Nil).

B. 9% non-cumulative preference shares

During the financial year 2000-01, 7,500,000,000 preference shares were issued to Central

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Government of India as fully paid with a par value of INR 10 per share. The preference shares are mandatorily redeemable at par after twenty years from the date of issue of such shares and the Company is obliged to pay holders of these shares dividends at the rate of 9% of the par amount per annum, subject to availability of distributable profits.

Vote of members: The holder of preference share have a right to vote on resolution placed before the Company which directly affects the rights attached to their preference shares and subject to aforesaid, the holders of preference shares shall in respect of such capital be entitled to vote on every resolution placed before the Company at a meeting if the dividend due on such capital or any part of such dividend remains unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting and where the holders of any preference shares have a right to vote as aforesaid on any resolution every such member personally present shall have one vote and on a poll his voting right in respect of such preference share bears to the total paid up equity capital of the Company.

22. Other non-current financial liabilities

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deposits from customers and others			
Security deposits	1,38,770	92,964	62,272
	1,38,770	92,964	62,272

The Company's exposure to liquidity risks related to above financial liabilities is disclosed in Note 52.

23. Non-current provisions

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Gratuity (refer note 39)	2,338	-	-
Compensated absences (refer note 39)	889	-	28,438
Half pay leaves (refer note 39)	4,624	4,236	2,219
Decommissioning liabilities	87,248	75,518	59,885
	95,099	79,754	90,542



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24. Other non-current liabilities

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred government grant	102,842	24,533	28,497
	102,842	24,533	28,497

Note :

- (a) Since financial year 2005-06, an amount of INR 61,437 lakh (INR 17,000 lakh for wireline and INR 44,437 lakh for wireless services) has been received from Department of Information Technology (DIT) for providing wireline and wireless connectivity to 41,500 common service centres.
- (b) During the financial year 2016-17, the Company has received grants related to LWE project for construction of property, plant and equipment.

25. Current financial liabilities - Borrowings

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Loan repayable on demand			
Unsecured loan			
Loan from banks (refer note (a) below)	-	2,83,672	6,32,871
Bank overdraft	59,613	-	-
	59,613	2,83,672	6,32,871

Refer note 45 for details of loans from related parties.

Information about Company's exposure to interest rate and liquidity risks is included in Note 52.

Note:

- (a) Short term borrowings comprise of the following :
- (i) Amount of INR Nil lakh (31 March 2016 INR 8,672 lakh, 1 April 2015 INR 183,829 lakh) from the State Bank of India carries an interest rate @ BBR per annum with monthly rests.

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- (ii) Amount of INR Nil lakh (31 March 2016 INR 225,000 lakh, 1 April 2015 Nil) from the State Bank of India carries an interest rate @ BBR plus 0.09% per annum with monthly rests.
- (iii) Amount of INR Nil lakh (31 March 2016 INR 50,000 lakh, 1 April 2015 Nil) from the State Bank of India carries an interest rate @ BBR plus 0.15% per annum with monthly rests.
- (iv) Amount of INR Nil lakh (31 March 2016 Nil, 1 April 2015 INR 20,000 lakh) from the United Bank of India carries an interest @ BBR per annum with monthly rests.
- (v) Amount of INR Nil lakh (31 March 2016 Nil, 1 April 2015 INR 155,448 lakh) from the Union Bank of India carries an interest @ BBR per annum with monthly rests.
- (vi) Amount of INR Nil lakh (31 March 2016 Nil, 1 April 2015 INR 273,593 lakh) from the State Bank of India carries an interest @BBR plus 0.10% per annum with monthly rests.

26. Current financial liabilities - Trade payables

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total outstanding dues of micro small and medium enterprises	458	268	41
Total outstanding dues other than Micro small and medium enterprises:			
Others	4,66,088	5,60,415	7,12,193
Claims payable to Mahanagar Telephone Nigam Limited (MTNL) [refer note (b) below]	1,11,872	1,06,748	1,01,659
Claims payable on interconnection usage charges (IUC)	14, 575	17,629	16,064
	5,92,993	6,85,060	8,29,957

The Company's exposure to currency and liquidity risks related to trade payable is disclosed in Note 52.

Note:

- (a) Forty eight circles (31 March 2016 thirty two, 1 April 2015 thirty one) of the Company have identified Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The required information in terms of section 22 of MSMED Act to the extent available in respect of thirty two circles (previous year thirty one circles) are given below :



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Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Principal amount remaining unpaid to any supplier as at the end of the accounting year	458	268	41
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	Nil	Nil	Nil
The amount of interest paid in terms of Section 16 of Micro, Small, Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil	Nil
The amount of interest due and payable for the period of delay (which have been paid but beyond the appointed during the year) but without adding the interest specified under Micro, Small, Medium Enterprises Development Act, 2006	Nil	Nil	1
The amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil	Nil
“The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small, Medium Enterprises Development Act, 2006”	Nil	Nil	Nil

(b) The net claim receivable/payable as on 31 March 2017 from MTNL is subject to confirmation and reconciliation.

27. Other current financial liabilities

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Interest accrued but not due on bank loan	-	238	299
Current maturities of borrowings	9,000	5,636	-
After connection deposits	2,36,394	2,39,123	2,82,205
Deposits from customers and others	1,44,602	1,43,392	99,186
Claims payable to			
DoT	37,316	26,480	50,865
Other government departments	1,954	1,943	8,839

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Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
License fee, spectrum charges and transponder charges payable	1,43,363	49,394	48,390
Other payables towards			
Employees	15,580	10,350	13,128
Subscribers	24,623	26,711	24,622
Construction account	19,669	18,998	38,152
Services and others	158,887	177,791	175,157
	7,91,388	7,00,056	7,40,843

The Company's exposure to currency and liquidity risks related to above financial liabilities is disclosed in Note 52.

28. Other current liabilities

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred government grant (refer note 24)	95	-	-
Advances received from customers	1,91,856	1,59,518	1,44,784
Advances received for defense telecom network project (net)	-	64,036	7,702
Advances received for Network Optical Fiber Network (NOFN) project	1,05,379	-	-
Income received in advance against service	1,20,957	1,25,576	1,50,417
Statutory dues			
Tax deducted at source	21,432	31,679	14,833
Service tax (net)	29,325	32,560	40,365
Employees' provident fund	5,285	8,618	4,355
Employees state insurance	3	-	-
Professional tax	263	383	361
Work contract tax and building and other construction workers welfare cess	2,945	1,607	1,069
Payable for revised wages	-	-	9
Leave encashment of retired employees	5,699	4,350	3,495
Intra/inter circle remittances	9,020	-	-
	4,92,259	4,28,327	3,67,390



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29. Short-term provisions

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits :			
Gratuity (refer note 39)	17	4,471	1,497
Compensated absences (refer note 39)	72	18,862	58,603
Half pay leaves (refer note 39)	394	375	268
Provision for others :			
Wealth tax	312	312	385
	795	24,020	60,753

30. Revenue from operations

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from sale of services		
Telephones (other than Wireless in Local Loop (WLL))	4,22,931	4,68,021
Cellular	11,36,330	11,17,370
Wireless in local loop (WLL)	6,855	11,227
Broad band services	5,40,482	5,33,614
Leased lines	2,77,428	2,25,639
Lease income from passive infrastructure	49,621	33,781
Interconnection usage charges (IUC) from other service providers	2,38,626	2,24,706
Other services	-	1,263
	26,72,273	26,15,621
Other operating revenue		
Revenue from construction contracts	4,433	6,242
Sale to third party sales from telecom factories	28,822	-
Profit from manufacturing activities of factories [refer note (a) and (b) below note 35]	-	6,724
Other operating income (refer notes (a) and (b) below)	1,29,486	2,03,564
Other	5,359	5,935
	1,68,100	2,22,465
	28,40,373	28,38,086

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Note :

- (a) (i) Other operating income represents subsidies from Universal Service Obligation Fund and DoT.
- (ii) During the current year, the Company has booked income of INR 61,889 lakh (31 March 2016 INR 52,993 lakh) on certain projects namely, LWE project, NOFN project and Defence Project.
- (iii) During the current year, the Company has booked income of INR Nil lakh (31 March 2016 INR 16,916 lakh) on account of compensation received from DOT for surrender of CDMA spectrum(carriers).
- (b) Telephones disconnected due to non-payment are considered to be working for a period of 30 days from the date of disconnection of outgoing facility. During this period, the incoming facility is provided and fixed monthly charges are billed.

31. Other income

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest income on		
Financial assets at amortised cost:		
Deposits with banks	9,713	3,862
Loans	2,457	3,817
Income tax refund	38,180	1,42,851
	50,350	1,50,530
Other non-operating income		
Profit on sale of property, plant and equipment (net)	7,006	4,626
Income from liquidated damages	2,174	2,890
Excess liabilities written back no longer required	1,95,062	1,99,999
Rent on staff quarters	4,442	3,739
Foreign exchange fluctuation loss (net)	755	-
Sale of scrap	3,260	4,300
Others including sale of publications, forms, waste paper, etc.	49,922	36,962
	2,62,621	2,52,516
	3,12,971	4,03,046



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32. Employee benefits expense

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries, wages, allowance and other benefits	13,83,082	13,78,348
Expenses related to compensated absences[refer note (a) below]	60,045	4,257
Contribution towards pension	1,03,332	1,03,452
Contribution towards superannuation	4,968	-
Contribution towards employees provident fund	25,693	24,238
Contribution towards employees state insurance	13	-
Expense related to post-employment defined benefit plans (refer note 39)	3,074	2,932
Contribution towards leave salary	1,567	595
Half pay leaves	407	2,124
Medical expenses	45,075	41,527
Staff welfare expenses [refer note (b) below]	1,902	1,044
	16,29,158	15,58,517
Less : Allocated to capital work-in-progress and others	57,613	21,602
	15,71,545	15,36,915

Note :

- (a) Leave encashment of INR 77,800 lakh (31 March 2016 INR 72,320 lakh) has been paid by the Company considering the unfunded position of the related fund out of which INR 17,900 lakh (31 March 2016 INR 68,179 lakh) has been adjusted in the fund.
- (b) During the year, the Company has paid INR 1,010 lakh (31 March 2016 Nil) to Staff Welfare Board and INR Nil lakh (31 March 2016 INR 100 lakh) to Sports and Cultural Board for promoting welfare activities at various circles.

33. Finance costs

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest expense on		
Financial liabilities at amortised cost:		
Subscribers' deposit	3	18

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Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Loan	5,294	53,896
Others	1,491	425
Unwinding of discount on decommissioning liabilities	7,891	4,148
	14,679	58,487

34. Depreciation and amortisation expense

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Depreciation on property, plant and equipment	5,69,762	6,56,597
Amortisation on intangible assets	63,280	63,963
	6,33,042	7,20,560

35. Other expenses

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Rent	39,144	37,154
Lease charges	4,297	576
Rates and taxes	6,239	5,336
Power and fuel	267,283	2,70,800
Insurance	269	194
Bank charges	260	208
Repairs and maintenance on:		
Buildings	24,658	32,847
Plant and machinery	89,197	1,00,904
Cables	38,396	37,950
Others	16,790	16,636
Professional and consultancy charges	4,755	2,672
Payment to auditors (refer note 46)	365	359
Printing and stationery	5,954	5,760
Commission on franchise services	69,668	59,217
Advertisement	1,034	1,022
Business promotion and marketing expenses	17,226	10,996



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Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Travelling expenses	7,098	6,381
Postage and courier charges	5,192	6,117
Security services	33,897	30,802
Vehicle running expenses (including hired vehicles)	27,439	27,063
Interconnection usage charges (IUC) to other service providers	1,64,245	1,82,753
Lease expense on passive infrastructure	87,739	83,547
Expenditure on services, goods and other expenses [refer note (c)]	1,50,995	1,37,606
Expenditure on LWE operation	11,437	126
Penalty for customer application form (CAF) verification	344	594
Write off and losses (other than bad debts)	21,511	22,074
Bad debt provision other than services	547	567
Bad debt written off	37,047	70,334
Loss allowance for trade receivables and disputed bills	28,462	23,546
Write off of unrecovered service tax	4,967	3,348
Foreign exchange fluctuation loss (net)	-	1,669
Loss from manufacturing activities of factories [refer note (a) and (b)]	17,442	-
Expenditure on construction contracts	4,158	5,949
Hiring charges of machinery lines	483	636
Payment of financial disincentive to Telecom Regulatory Authority of India	76	24
	11,88,614	11,85,767
Less : Allocated to capital project works and others	6,301	3,219
	11,82,313	11,82,548

Note :

(a) Telecom factories manufacturing account :

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Cost of material consumed	52,311	44,737
Direct expenses	7,837	6,199
Change in inventory	(24,370)	(9,030)

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Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Total (A)	35,778	41,906
Internal transfer (B)	18,336	48,630
Profit/ (loss) from manufacturing activities	(17,442)	6,724

- (b) Production of goods by the Company is for captive consumption. Prices for transfer of stock from telecom factories to circles for self- consumption are predetermined. The predetermined rates include direct cost including overhead allocation at a fixed rate. This practice has resulted in loss of INR 17,442 lakh (31 March 2016 profit of INR 6,724 lakh) for the year ended 31 March 2017 arising out of such transfer. The said amount has been netted off against the administrative expenses in the statement of profit and loss for the year since it is not possible to identify the individual items of stores, which have been capitalised or expensed off.
- (c) Consumption of store and spare parts for the years ended 31 March 2017 is INR 11,368 lakh (31 March 2016 INR 9,688 lakh) included in expenditure on services and other expenses.

36. Assets and liabilities taken over from Dot

- 1 In pursuance of the Memorandum of Understanding (MOU), dated 30 September 2000 executed between Government of India and the Company, all assets and liabilities in respect of business carried on by Department of Telecom Services (DTS) and Department of Telecom Operations (DTO) were transferred to the Company with effect from 1 October 2000 at a provisional value of INR 6,300,000 lakh and up to the current financial year the Company has identified net assets of INR 6,325,201 lakh (31 March 2016 INR 6,325,041 lakh, 1 April 2015 INR 6,326,718 lakh) against it.

During the current financial year, based on physical verification of property, plant and equipment and inventory and reconciliation of various heads of assets and liabilities in the subsidiary and general ledgers, the management has found some facts which has resulted in increase/ decrease in the following assets and liabilities taken over as on 1 October 2000 amounting to net increase in the assets of INR 160 lakh (31 March 2016: net decrease by INR 1,677 lakh, 1 April 2015: net decrease by INR 434 lakh).



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Particulars	Up to 31 March 2016	Additions/ (Deletions) during the year	Up to 31 March 2017
Assets			
Property, plant and equipment	54,06,416	159	54,06,575
Capital work-in-progress	6,90,353	-	6,90,353
Trade receivables	6,83,196	-	6,83,196
Advance to contractors	39,448	-	39,448
Deposit with electricity boards /others	2,184	-	2,184
Total- A	68,21,597	159	68,21,756
Liabilities			
Customer deposits	3,95,418	-	3,95,418
Earnest money deposits	12,078	-	12,078
Security deposits from contractors /suppliers	28,994	-	28,994
Working expense liability as on 01 October 2000	43,473	(1)	43,472
Contractors bills payable as on 01 October 2000	16,593	-	16,593
Total-B	4,96,556	(1)	4,96,555
Net assets taken over by the Company (A-B)	63,25,041	160	63,25,201

Particulars	Up to 31 March 2015	Additions/ (Deletions) during the year	Up to 31 March 2016
Assets			
Property, plant and equipment	54,06,422	(6)	54,06,416
Capital work-in-progress	6,90,353	-	690,353
Trade receivables	6,83,196	-	683,196
Advance to contractors	39,448	-	39,448
Deposit with electricity boards /others	2,184	-	2,184
Total- A	68,21,603	(6)	68,21,597
Liabilities			
Customer deposits	3,93,704	1,714	395,418
Earnest money deposits	12,116	(38)	12,078
Security deposits from contractors /suppliers	28,999	(5)	28,994
Working expense liability as on 01 October 2000	43,473	-	43,473
Contractors bills payable as on 01 October 2000	16,593	-	16,593

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Particulars	Up to 31 March 2015	Additions/ (Deletions) during the year	Up to 31 March 2016
Total-B	494,885	1,671	496,556
Net assets taken over by the Company (A-B)	6,326,718	(1,677)	6,325,041

Note:

- The net assets and the contingent liabilities transferred to the Company as on 1 October 2000 are subject to confirmation by DoT as regard to their value.
- The capital structure for the Company concurred by the Ministry of Finance and conveyed by the Department of Telecommunications vide their U.O. No. 1-2/2000-B (Pt.) dated 13 December 2001 has been treated as consideration for transferring the above stated assets and liabilities is as follows:

Particulars	As at 1 October 2000 (as on 31 March 2016)	Additions/ (Deletions) during the year ended 31 March 2017	Total structure as at 1 October 2000 (as on 31 March 2017)
Equity	5,00,000	-	5,00,000
9% Non-cumulative preference shares	7,50,000	-	7,50,000
15 year Government loan (interest at prevalent Government lending rate)	7,50,000	-	7,50,000
Loan from MTNL [Note 1]	3,05,600	-	3,05,600
Capital reserves – DoT [Note 2]	40,21,118	-	40,21,118
Adjustment made to statement of profit and loss	(1,677)	160	(1,517)
Total	63,25,041	160	63,25,201

Particulars	As at 1 October 2000 (as on 31 March 2015)	Additions/ (Deletions) during the year ended 31 March 2016	Total structure as at 1 October 2000 (as on 31 March 2016)
Equity	5,00,000	-	5,00,000
9% Non-cumulative preference shares	7,50,000	-	7,50,000
15 year Government loan (interest at prevalent Government lending rate)	7,50,000	-	7,50,000
Loan from MTNL [note 1]	3,05,600	-	3,05,600

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Particulars	As at 1 October 2000 (as on 31 March 2015)	Additions/ (Deletions) during the year ended 31 March 2016	Total structure as at 1 October 2000 (as on 31 March 2016)
Capital reserves – DoT [note 2]	40,21,118	-	40,21,118
Adjustment made to statement of profit and loss	-	(1,677)	(1,677)
Total	63,26,718	(1,677)	63,25,041

Note

- The entire amount has been repaid in the previous years.
- Represents the difference between the total value of the assets taken over and the long term identified liabilities and the capital structure, as on 1 October 2000 as communicated by DoT.
- In pursuance of clause 13 of agreement of transfer executed between the Government of India and the Company dated 30 September 2000 all costs, charges and expenses including stamp duties, registration charges, transfer duties, any other taxes, levies, duties or charges relating to or in connection with completion of transfer of assets and liabilities shall be borne by the Government of India.

37. License fee and spectrum fee

- License and spectrum fee for the year ended 31 March 2017 is INR 231,086 lakh (31 March 2016 INR 228,538 lakh).
- During the financial year ended 31 March 2016, the formula for distribution of the revenue between various components for CMTS Services has been changed. The formula adopted during financial year 2016-17 is as per the following percentage:

Service	Basic	CMTS	NLD	ILD	ISP
Leased circuits	30.00%	-	70.00%	-	-
Basic services	70.72%	-	17.58%	11.70%	-
CMTS services	-	65.44%	21.33%	1.23%	12.00%

Previous Year

Service	Basic	CMTS	NLD	ILD	ISP
Leased circuits	30.00%	-	70.00%	-	-
Basic services	70.72%	-	17.58%	11.70%	-

Bharat Sanchar Nigam Limited
Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

Service	Basic	CMTS	NLD	ILD	ISP
CMTS services					
From April 2015 to December 2015	-	67.73%	21.75%	1.22%	9.30%
From January 2016 to March 2016	-	65.44%	21.33%	1.23%	12.00%

- 3 Other income consists of interest accrued on income tax refund. From the financial year 2000-01 to financial year 2010-11, the company has paid excess income tax on the demands raised by Income Tax department. Company has contested the demand with Income Tax authorities and has got refund order of income tax in the previous financial year. In the opinion of the management license fee is not payable on interest accrued on income tax refund as this is not forming the part of investing activities of the Company.

38. Specified bank notes

As per MCA notification G.S.R. 308(E) dated 30 March 2017 on the details of specified bank notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per notification is given below:

Particulars	SBNs	Other denomination notes	Total
Closing cash on hand as on 8 November 2016	903	168	1,071
(+) Permitted receipts	30,366	48,737	79,103
(-) Permitted payments	26	260	286
(-) Amount deposited in banks	31,237	47,832	79,069
Closing cash on hand as on 30 December 2016	6	813	819

39. Employee benefit

During the year, the Company has recognized following amounts in the statement of profit and loss :

i) Defined contribution plans

Contribution to defined contribution plan i.e. employer's contribution to provident fund, employees state insurance, pension contribution and superannuation contribution to the Government of India for the year is charged to statement of profit and loss. These amounts are shown as under:

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Notes to the financial statements for the year ended 31st March 2017
(All amounts in ₹ lacs, unless otherwise stated)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Employer's contribution to provident fund	25,693	24,238
Pension contribution to the Government of India	1,03,332	1,03,452
Superannuation contribution to Life Insurance Corporation of India	4,968	-
Employer's contribution to employees state insurance	13	-
	1,34,006	1,27,690

ii) Defined benefit plans

The following table sets out the status of the assets and liabilities recognised in the Company's financial statements as at balance sheet date relating to the defined employee benefit plans:

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Net defined benefit asset	-	-	-
Total employee benefit assets	-	-	-
Net defined benefit liability			
Liability for gratuity	2,355	4,471	1,497
Liability for leave encashment	961	18,861	87,041
Liability for half pay leaves	5,018	4,611	2,487
Total employee benefit liabilities	8,334	27,943	91,025
Non-current	7,851	4,236	30,657
Current	483	23,708	60,368
	8,334	27,944	91,025

A. Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

The employees' gratuity fund scheme administered by the Company employees gratuity fund trust through fund manager namely Life Insurance Corporation (LIC) of India, is a defined benefit plan. The present value of obligation is determined on actuarial valuation done by LIC using projected unit credit method to arrive the final obligation.

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Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

a) Reconciliation of the net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Reconciliation of present value of defined benefit obligation

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balance at the beginning of the year	57,304	48,932	43,950
Benefits paid	(590)	(392)	(385)
Current service cost	3,313	3,313	3,400
Interest cost	4,585	3,915	3,516
Remeasurements (gains)/ losses recognised in other comprehensive income			
Actuarial (gain)/ loss	(717)	1,536	(1,549)
Balance at the end of the year	63,895	57,304	48,932

Reconciliation of the present value of plan assets

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balance at the beginning of the year	52,833	47,435	37,515
Contributions during the year	4,471	1,497	6,435
Expected return on plan assets	4,826	4,293	3,870
Benefits paid	(590)	(392)	(385)
Balance at the end of the year	61,540	52,833	47,435
Net defined benefit liability (asset)	2,355	4,471	1,497

b) Defined benefits / expenses for gratuity recognised for the year

Expense recognised in the statement of profit and loss

	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	3,313	3,313
Interest cost	4,585	3,915
Expected return on plan assets	(4,826)	(4,293)
	3,072	2,935

Bharat Sanchar Nigam Limited
Notes to the financial statements for the year ended 31st March 2017
(All amounts in ₹ lacs, unless otherwise stated)
Remeasurements recognised in other comprehensive income

	For the year ended 31 March 2017	For the year ended 31 March 2016
Actuarial (gain)/ loss on defined benefit obligation	(717)	1,536
	(717)	1,536

c) Plan assets

i. Gratuity fund investment details (Fund manager wise, to the extent funded) are as below:

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Life Insurance Corporation of India	61,540	52,833	47,435
	61,540	52,833	47,435

The plan assets of the Company are managed by Life Insurance Corporation of India through a trust managed by the Company in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan. The categories of plan assets as a percentage of total plan assets is based on information provided by Life Insurance Corporation of India with respect to its investment pattern for group gratuity fund for investments managed in total for several other companies. Information on categories of plan assets as at 31 March 2017, 31 March 2016 and 1 April 2015 has not been provided by Life Insurance Corporation of India.

ii. Expected contributions to post-employment benefit plans for the year ending 31 March 2017 are INR 2,355 lakh (31 March 2016 INR 4,471 lakh).

d) The expected maturity analysis of the obligation

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Within the next 12 Months (next annual reporting period)	530	979	323
Between 1 and 2 years	335	736	239
Between 2 and 5 years	1,836	2,188	1,023
Beyond 5 years	61,194	53,401	47,347
Total	63,895	57,304	48,932

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(All amounts in ₹ lacs, unless otherwise stated)

The weighted average duration of the defined benefit obligation is 10 years (31 March 2016: 9.77 years, 1 April 2015: 8.58 years).

e) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Discount rate	8%	8%	8%
Expected rate of increase in compensation levels	7%	7%	7%
Expected average remaining working lives of employees (years)	21	22.43	23.27
Mortality table	LIC (2006-08) Ultimate	LIC (2006-08) Ultimate	LIC (2006-08) Ultimate

f) Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(5,331)	6,150	(4,842)	5,391
Expected rate of increase in compensation levels (0.50% movement)	6,180	(5,609)	5,417	(4,904)
Withdrawal rate as per mortality table (10% movement)	5,843	6,999	579	544

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

B. Compensated absences

Compensated absences is also a defined benefit plan. The liability towards compensated absences has been determined through actuarial valuation using projected unit credit method. The present value of obligation is determined on actuarial valuation done by LIC using projected unit credit method to arrive the final obligation.



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Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

a) Reconciliation of the net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Reconciliation of present value of defined benefit obligation

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balance at the beginning of the year	8,52,428	8,51,781	8,41,499
Benefits paid	(77,800)	(72,320)	(66,737)
Current service cost	11,130	11,130	8,399
Interest cost	68,195	68,143	67,320
Remeasurements (gains)/ losses recognised in other comprehensive income			
Actuarial (gain)/ loss	54,762	(6,306)	1,300
Balance at the end of the year	9,08,715	8,52,428	8,51,781

Reconciliation of the present value of plan assets

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balance at the beginning of the year	8,33,567	7,64,740	6,98,074
Contributions during the year			
Expected return on plan assets	74,187	68,827	66,666
Benefits paid			
Balance at the end of the year	9,07,754	8,33,567	7,64,740
Net defined benefit liability (asset)	961	18,861	87,041

b) Defined benefits / expenses for compensated absences recognised for the year

Expense recognised in the statement of profit and loss

	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	11,130	11,130
Interest cost	68,195	68,143
Expected return on plan assets	(74,187)	(68,827)
Actuarial (gain)/ loss on defined benefit obligation	54,762	(6,306)
	59,900	4,140

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(All amounts in ₹ lacs, unless otherwise stated)

c) Plan assets

- i. Compensated absences fund investment details (Fund manager wise, to the extent funded) are as below:

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Life Insurance Corporation of India	9,07,754	8,33,567	7,64,740
	9,07,754	8,33,567	7,64,740

The plan assets of the Company are managed by Life Insurance Corporation of India with respect to its compensated absences plan. Information of plan assets as at 31 March 2017, 31 March 2016 and 1 April 2015 has not been provided by Life Insurance Corporation of India.

- ii. Expected contributions to post-employment benefit plans for the year ending 31 March 2017 are INR 961 lakh (31 March 2016 INR 18,862 lakh).

d) The expected maturity analysis of the obligation

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Within the next 12 Months (next annual reporting period)	72,272	67,796	94,353
Between 1 and 2 years	83,629	78,449	59,776
Between 2 and 5 years	2,60,360	2,44,232	2,25,736
Beyond 5 years	4,92,454	461,951	4,71,916
Total	9,08,715	8,52,428	8,51,781

The weighted average duration of the defined benefit obligation is 26 years (31 March 2016: 27.08 years, 1 April 2015: 23.57 years).

e) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):



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	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Discount rate	8%	8%	8%
Expected rate of increase in compensation levels	7%	7%	7%
Expected average remaining working lives of employees (years)	9	9.77	9.21
Mortality table	LIC (2006-08) Ultimate	LIC (2006-08) Ultimate	LIC (2006-08) Ultimate

f) Sensivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(2,725)	2,556	(31,342)	33,418
Expected rate of increase in compensation levels (0.50% movement)	2,229	(1,964)	80,582	(72,955)
Withdrawal rate as per mortality table (10% movement)	9,178	(8,633)	8,610	(8,098)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

C. Risk exposure

“Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

a) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yeilds; if plan assets underperform this yeild, this willl create a deficit. Most of the plan asset investments are in fixed income securities with high grades and in government securities.

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These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Company intends to maintain the above investment mix in the continuing years.

b) Changes in discount rate

A decrease in discount rate will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

c) Inflation risks

In the plans, the payment are not linked to the inflation so this is a less material risk.

d) Life expectancy

The plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

"The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Company's ALM objective is to match assets to the obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company uses derivatives to manage some of its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets."

C. Half pay leaves

Half pay leaves is also a defined benefit plan. The liability towards half pay leaves has been determined through actuarial valuation using projected unit credit method. The present value of obligation is determined on actuarial valuation done by LIC using projected unit credit method to arrive the final obligation.



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Notes to the financial statements for the year ended 31st March 2017

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40. Property, plant and equipment / depreciation and amortization/ capital work-in-progress

- 1 “Property, plant and equipment taken over from DoT as on 01 October 2000 are based on physical verification conducted by the management. The value of property, plant and equipment taken over including capital work-in-progress has been determined by the management using the original cost of the asset (wherever available) or alternatively the value arrived at by applying Strategic Business Plan (“SBP”) rates, which is based on technical assessment, as reduced by the depreciation up to 30 September 2000 on straight line basis at the rates prescribed by DoT. Capital assets acquired by the Company after 1 October 2000 are valued at the cost including all direct charges incurred up to the time of installation or put to use. The transfer values, as indicated above, in respect of assets transferred from DoT on 1 October 2000 have been treated as its original cost and depreciation has been provided on written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956 till financial year 2013-14 without reassessing the remaining useful life of such assets as on that date. Depreciation has been provided at the rates as stated above for all the assets acquired after 1 October 2000 except in the case of Subscribers Installations which are depreciated over the useful life of 5 years on written down value method. However, with the enactment of Companies Act, 2013 the depreciation has been provided as per the provisions of schedule II of the Companies Act, 2013 for financial year 2014-15 onwards for all assets including Subscribers Installations. For 3G & BWA Spectrum the amount paid to Govt. of India for acquiring these assets is being amortized over a period of 20 years.”
- 2 The lease period of a few leasehold lands on which buildings are constructed, have not been renewed / or the renewals are under dispute. Since expected terms, conditions and rentals for renewal/ surrender are not ascertainable, no provision has been made for the surrender value / written down value of the buildings’.
- 3 Pending transfer of the immovable property in the name of the Company, documents in respect of certain land and buildings acquired during the period are under legal process/ execution. Further in respect of assets taken over from DoT, formalities for vesting the assets in favour of the Company, wherever necessary/ applicable are under process.
- 4 Capital work-in-progress, inter alia, includes balances pending capitalization for long periods of time owing to pending analysis of status, value and obtaining of commissioning certificates in respect of four circles (31 March 2016 seventeen circles, 1 April 2015 nineteen circles). The amount ascertained in respect of two circles (31 March 2016 four circles, 1 April 2015 seven circles) is INR 13,056 lakh (31 March 2016 INR 24,057 lakh,

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1 April 2015 INR 54,234 lakh circles). Consequently, depreciation has also not been charged on the same.

- 5 Directly attributable establishment and administration expenses incurred in units where project work is also undertaken are allocated to capital and revenue mainly on actual man-month basis.
- 6 In Nil circle (31 March 2016 one circle, 1 April 2015 one circle), there is difference between the capital work in progress subsidiary ledger and general control ledger.

41. DoT balances

“OtherrecoverablefromDoT,afternettingofftheclaimpayabletothem,INR182,736lakh(31 March2016INR266,571lakh,1April2015INR617,499lakh),includedinothernon-current financial assets and other current financial assets. This balance is subject to confirmation, reconciliation and consequential adjustment. There is no practice of getting confirmation of such balances with Government department due to huge number of transactions. Further, there is no agreement between the Company and DoT for interest recoverable/ payable on outstanding amounts of DoT. Hence, no accrual for interest has been made on the amount payable to/recoverable from DoT.”

42. Inter/ intra circle remittance

There are certain expenses (both capital and revenue) which are incurred by one circle on behalf of other. These expenses are parked in Inter/ Intra-Circle Remittances account. As on 31 March 2017, there was balance of INR (9,020) lakh (31 March 2016 INR 57,598 lakh, 1 April 2015 INR 57,309 lakh) in Inter/Intra-Circle Remittances account. This amount pertains mainly to assets and liabilities, and marginally to expenditure and revenue. The depreciation is not claimed in case of assets and expenses are not taken to statement of profit and loss pending reconciliation. The reconciliation is done on continuous basis throughout the year and proper effect is taken in the books of accounts for reconciled amounts.

43. Earnings/ (loss) per share

Basic and diluted earnings/ (loss) per share

Basic and diluted earnings/ (loss) per share is calculated by dividing the profit/ (loss) during the year attributable to equity shareholders of the Company by the weighted number of equity shares outstanding during the year.



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(All amounts in ₹ lacs, unless otherwise stated)

Particulars	Unit	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit/ (loss) after tax attributable to equity shareholders	(INR in lakh)	(4,79,321)	(4,85,916)
Weighted average number of equity shares outstanding during the year	(in number)	5,000,000,000	5,000,000,000
Nominal value per share	INR	10	10
Basic and diluted earnings/ (loss) per share	INR	(9.59)	(9.72)

44. Segment information

A. Description of segments and principal activities

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments operating results are reviewed regularly by the Board of directors of the Company, which is defined as chief operating decision maker ('CODM') to make decisions about resources to be allocated to the segments and assess their performance.

For management purposes, the business is organized into business segments namely basic, cellular and broadband based on its products and services identified.

B. Information about reportable segments

Year ended 31 March 2017

Particulars	Business Segments			Unallocable	Total
	Basic	Cellular	Broadband		
Revenue					
Revenue from operations	8,55,296	14,54,678	5,30,399	-	28,40,373
Other income	1,96,073	59,313	4,468	2,767	262,621
Net segment revenue	10,51,369	15,13,991	5,34,867	2,767	31,02,994
Segment results					
Operating profit/(loss) before interest, depreciation and taxes	(10,51,313)	7,41,222	4,80,491	(52,350)	1,18,050
Depreciation and amortisation	(2,90,941)	(3,20,064)	(21,530)	(507)	(6,33,042)

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Particulars	Business Segments			Unallocable	Total
	Basic	Cellular	Broadband		
Interest income	41,827	316	18	8,189	50,350
Interest expenses	(1,934)	(7,383)	(68)	(5,294)	(14,679)
Profit/(loss) before tax	(13,02,361)	4,14,091	4,58,911	(49,962)	(4,79,321)
Deferred tax	-	-	-	-	-
Profit/(loss) after tax	(13,02,361)	4,14,091	4,58,911	(49,962)	(4,79,321)
Other information					
Segment assets	90,65,082	30,98,184	1,64,185	776,389	1,31,03,840
Segment liabilities	21,02,099	3,22,489	9,808	9,02,020	33,36,416
Capital expenditure during the year	65,446	20,771	2,353	4,65,632	5,54,202
Non cash expense other than depreciation	69,512	28,805	2,203	2,007	1,02,527

Year ended 31 March 2016

Particulars	Business Segments			Unallocable	Total
	Basic	Cellular	Broadband		
Revenue					
Revenue from operations	9,59,452	13,53,278	5,24,861	495	28,38,086
Other income	2,00,389	47,989	3,888	250	252,516
Net segment revenue	11,59,841	14,01,267	5,28,749	745	30,90,602
Segment results					
Operating profit/(loss) before interest, depreciation and taxes	(9,47,155)	6,58,336	4,77,136	(45,716)	142,601
Depreciation and amortisation	(3,45,431)	(3,49,712)	(24,859)	(558)	(7,20,560)
Interest income	149,761	359	24	386	150,530
Interest expenses	(1,264)	(3,289)	(40)	(53,894)	(58,487)
Profit/(loss) before tax	(11,44,089)	3,05,694	4,52,261	(99,782)	(4,85,916)
Deferred tax	-	-	-	-	-
Profit/(loss) after tax	(11,44,089)	3,05,694	4,52,261	(99,782)	(4,85,916)
Other information					
Segment assets	93,62,657	32,86,906	1,39,590	10,24,233	13,813,386
Segment liabilities	20,60,900	2,95,854	6,050	12,04,554	35,67,358

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Particulars	Business Segments			Unallocable	Total
	Basic	Cellular	Broadband		
Capital expenditure during the year	(1,82,797)	4,26,913	48,558	64,246	3,56,920
Non cash expense other than depreciation	1,03,538	22,180	375	1	1,26,094

Year ended 1 April 2015

Particulars	Business Segments			Unallocable	Total
	Basic	Cellular	Broadband		
Segment assets	98,11,573	28,33,741	2,39,511	14,17,399	1,43,02,224
Segment liabilities	5,11,916	5,19,573	41,419	24,95,836	35,68,744
Capital expenditure during the year	(1,18,215)	2,76,781	(18,503)	(13)	1,40,050
Non cash expense other than depreciation	66,896	17,106	216	244	84,462

C. Reconciliations of information on reportable segments to Ind AS measures

	For the year ended 31 March 2017	For the year ended 31 March 2016
i) Revenues		
Total revenue for reportable segments	31,00,227	30,89,857
Revenue for unallocable	2,767	745
Total revenue	31,02,994	30,90,602

	“ For the year ended 31 March 2017 “	“ For the year ended 31 March 2016 “
ii) Profit before tax		
Total profit before tax for reportable segments	(4,29,359)	(3,86,134)
Profit before tax for unallocable	(49,962)	(99,782)
Profit before tax as per statement of profit and loss	(4,79,321)	(4,85,916)

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(All amounts in ₹ lacs, unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
iii) Assets			
Total assets for reportable segments	1,23,27,451	1,27,89,153	1,28,84,825
Assets for unallocable	7,76,389	10,24,233	14,17,399
Total assets as per the balance sheet	1,31,03,840	1,38,13,386	1,43,02,224

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
iv) Liabilities			
Total liabilities for reportable segments	24,34,396	23,62,804	10,72,908
Liabilities for unallocable	9,02,020	12,04,554	24,95,836
Total liabilities as per the balance sheet	33,36,416	35,67,358	35,68,744

D. Geographic information

The Company caters only to the Indian market representing a singular economic environment with similar risks and returns and further there are no reportable geographical segments.

E. Information about major customers

For the year ended 31 March 2017 and 31 March 2016, revenue from any customer is not more than 10 percent of the Companies total revenue.

45. Related party transactions

a) List of related parties

i. Key Management Personnel

Designation	Name of incumbent	Remarks
Chairman and Managing Director ('CMD')	Shri Anupam Shrivastava	From 15 January 2015
Director (Finance)	Shri Anupam Shrivastava CMD	From 15 January 2015 to 21 October 2015
	Smt. Sujata Ray	From 21 October 2015
Director (Enterprise)	Shri Awadh Narayan Rai	From 19 September 2011 to 31 July 2015
	Shri Narender Kumar Mehta	From 1 August 2015
Director (Consumer Fixed Access)	Shri Naresh Kumar Gupta	From 01 June 2012



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Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

Designation	Name of incumbent	Remarks
Director (Consumer Mobility)	Shri Awadh Narayan Rai	From 14 May 2015 to 31 July 2015
	Shri Narender Kumar Mehta	From 1 August 2015 to 31 October 2015
	Shri Rakesh Kumar Mittal	From 4 November 2015
Director (Human Resource)	Shri Awadh Narayan Rai	From 19 June 2012 to 8 July 2015
	Smt. Sujata Ray	From 8 July 2015
Government Director	Smt. Darshana Momaya Dabral	From 29 September 2014 to 18 September 2015
	Smt. Padma Iyer Kaul	From 18 September 2015
	Ms. Rita Amitabh Teaotia	From 04 September 2012 to 29 July 2015
	Smt. Aruna Sundararajan	From 29 July 2015 to 21 October 2015
	Shri N. Sivasailam	From 21 October 2015
Non-official part-time Director	Prof. N. Balakrishnan	From 17 July 2012 to 16 July 2015
	Shri Ajai Vikram Singh	From 17 July 2012 to 16 July 2015
	Ms. K. Sujatha Rao	From 30 January 2017
	Dr. Santosh R. Dastane	From 30 January 2017
Company Secretary and Chief General Manager (Legal)	Shri Hem Chandra Pant	From 28 November 2000

ii. Entities under the control of the same Government

The Company is a Central Public Sector Undertaking (CPSU) controlled directly or indirectly by Central Government. Pursuant to paragraph 25 and 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. The Company has applied the exemption available for government related entities and have made limited disclosures in the financial statements. Such entities with which the Company has significant transactions include but not limited to Department of Telecom ('DoT'), Department of Posts, Mahanagar Telephone Nigam Limited, Indian Telephone Industries, Indian Oil Corporation Limited, Bharat Petroleum Corporation Limited, Union bank of India, Syndicate bank, United bank of India, State bank of India, Bank of Maharashtra, Punjab and National Bank.

iii. Post employment benefit plans

BSNL Employees Gratuity Fund Trust

BSNL Employees Superannuation Pension Fund Trust

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(All amounts in ₹ lacs, unless otherwise stated)

b) Transactions with the related parties are as follows:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
A. Compensation to Key Management Personnel		
- Short term employee benefits		
Payment of salaries and allowances		
Shri Anupam Shrivastava	30	26
Smt. Sujata Ray	29	19
Shri Naresh Kumar Gupta	34	26
Shri Narender Kumar Mehta	29	15
Shri Rakesh Kumar Mittal	29	11
Shri Awadh Narayan Rai	-	10
Shri Hem Chandra Pant	23	24
	174	131
Perquisites		
Shri Anupam Shrivastava		1
Smt. Sujata Ray		1
Shri Naresh Kumar Gupta		1
Shri Rakesh Kumar Mittal		1
Shri Narender Kumar Mehta		1
Shri Awadh Narayan Rai	-	0*
	5	4
Sitting fee		
Prof. N Balakrishnan	0.1	0.5
Shri Ajai Vikram Singh	0.1	0.5
	0.2	1
- Post employment benefits		
Shri Anupam Shrivastava	8	7
Smt. Sujata Ray	1	1



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Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Shri Naresh Kumar Gupta	9	7
Shri Narender Kumar Mehta	8	7
Shri Rakesh Kumar Mittal	1	-
Shri Hem Chandra Pant	8	7
	35	29
- Other long term benefits		
Shri Anupam Shrivastava	21	19
Smt. Sujata Ray	5	5
Shri Naresh Kumar Gupta	21	19
Shri Narender Kumar Mehta	6	6
Shri Rakesh Kumar Mittal	4	3
Shri Hem Chandra Pant	18	17
	76	69
B. Advances given to Key Management Personnel *		
Opening balance	6	3
Extended during the year	16	21
Total	22	24
Repayment of advance	19	18
Closing balance	3	6
C. Contribution made during the year to post employment benefit plans		
- BSNL Employees Gratuity Fund Trust	4,471	1,497
D. Transactions with the related parties under the control of the same government		
i. Revenue from sale of services		
DoT	34,966	23,687
Central government and central PSU's	3,41,754	3,22,279

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Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	3,76,720	3,45,966
ii. Employee benefits expense		
DoT		
Contribution towards leave salary	1,567	595
Contribution towards pension	1,03,332	1,03,452
	1,04,899	1,04,047
Central government and central PSU's		
Contribution towards employees provident fund	25,693	24,238
iii. License and spectrum fee		
DoT	2,31,086	2,28,538
iv. Other expenses		
Central government and central PSU's		
Expenditure on capital item	19,018	30,046
Power and fuel	49,371	54,934
Repairs and maintenance	76,313	66,353
Others	9,435	10,249
	1,54,137	1,61,582

* These advances are in the normal course of business.

c) Outstanding balances with related parties are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
A. Key Management Personnel			
Shri Anupam Shrivastava	1	5	2
Shri Rakesh Kumar Mittal	2	2	-
Shri Rakesh Kumar Upadhyay	-	-	1



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Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	3	7	3
B. Post employment benefit plans			
Amount recoverable from BSNL Employees Gratuity Fund Trust	767	589	392
C. Related parties under the control of the same government			
i. Non-current borrowings (including current maturities)			
Term loans from banks			
Union bank of India	35,600	1,36,095	2,810
Syndicate bank	-	87,865	2,809
United bank of India	69,984	70,000	-
State bank of India	33,095	35,650	-
Bank of Maharashtra	-	25,000	-
Punjab and National bank	116,495	100,000	-
	2,55,174	4,54,610	5,619
9% non-cumulative preference shares of INR 10 each			
The Central Government of India	75,00,000	75,00,000	75,00,000
ii. Current borrowings			
Loan from banks			
Union bank of India	-	-	1,55,448
United bank of India	-	-	20,000
State bank of India	-	2,83,672	4,57,422
	-	2,83,672	6,32,870
iii. Other non-current financial assets			
Amount recoverable from DoT for other recoverables	-	-	2,59,085
iv. Other current financial assets			
Amount recoverable from DoT			

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(All amounts in ₹ lacs, unless otherwise stated)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
For employees on deputation	1,891	1,781	2,518
For defense telecom network project (net)	31,017	-	-
Other recoverable	2,20,052	2,93,051	4,09,279
	2,52,960	2,94,832	4,11,797
v. Other current financial liabilities			
Claims payable to DoT	37,316	26,480	50,865
vi. Other current liabilities			
DoT			
Advance received for Defense telecom network project (net)	-	64,036	7,702
vii. Amount receivable (net)			
Central government and central PSU's	65,587	11,524	7,797

d) Terms and conditions of transactions with the related parties

Transactions with the related parties are made on normal commercial terms and conditions and at market rates.

46. Auditor's remuneration (statutory/branch auditors)

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Statutory Auditor	Branch Auditor	Statutory Auditor	Branch Auditor
Statutory audit fee	15	299	15	272
Certification charges	2	24	2	26
Reimbursement of expenses	2	10	2	15
Others	13	-	27	-
Total (A)	32	333	46	313
Other services	-	-	-	-
Tax audit fee	-	27	-	28
Total (B)	-	27	-	28
Total (A + B)	32	360	46	341

Note: Fees are exclusive of service tax and cess wherever applicable.

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47. Provisions

Particulars	Wealth tax	Contingencies	Decommissioning liabilities *	Total
Balance as at 1 April 2016	312	1,568	75,518	77,398
Provisions made during the year	-	126	11,730	11,856
Provisions used during the year	-	-	-	-
Provisions reversed during the year	-	(110)	-	(110)
Balance as at 31 March 2017	312	1,584	87,248	89,144

Particulars	Wealth tax	Contingencies	Decommissioning liabilities *	Total
Balance as at 1 April 2015	385	1,572	59,885	61,842
Provisions made during the year	-	75	15,681	15,756
Provisions used during the year	(73)	(20)	(48)	(141)
Provisions reversed during the year	-	(59)	-	(59)
Balance as at 31 March 2016	312	1,568	75,518	77,398

* The Company records a provision for decommissioning costs for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to that at the inception of lease. The Company is committed to decommissioning the site as a result of the construction of the towers, buildings and other assets.

48. Contingent liabilities and commitments
A. Contingent liabilities

Claims against the company not acknowledged as debts are as follows:

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
TR billing	40	48	42	50	114	56
Enhanced sales tax in lieu of C/D forms	6	412	7	466	21	2,395
On account of service tax disputed	148	58,091	145	45,891	94	33,292

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Sales tax disputed	105	9,582	108	18,257	63	12,925
Central excise claims	21	2,120	18	1,820	18	1,820
License fee and spectrum fee [note 1]	2	7,29,016	2	7,29,016	2	9,25,917
Others [note 2]	329	38,838	310	1,78,812	392	1,94,513
Total	651	8,38,107	632	9,74,312	704	11,70,918

Note 1: Demand raised by DoT amounting to:

- i) Amount of INR 691,186 lakh (31 March 2016 INR 691,186 lakh, 1 April 2015 INR 691,186 lakh) on account of one time spectrum charges for Global System for Mobile(GSM) spectrum held by the Company, the matter is sub-judice by other operators and the amount is not finally crystallized.
- ii) Amount of INR 37,830 lakh (31 March 2016: on account of provisional assessment of license fee for the year 2012-13: INR 37,830 lakh, 1 April 2015: 2007-08 to 2012-13: INR 234,731 lakh) on account of provisional assessment of License fee for the year 2012-13.

Note 2: The contingent liability in connection to Nil cases (31 March 2016 9 cases included under the head 'Others' in the above table is not ascertainable). Certain claims of MTNL on various accounts are under reconciliation and confirmation. Pending such reconciliation, the estimate of these outflows could not be ascertained.

- i) Claims pending in court related to Land acquisition, TR billing, Service tax, Central Excise and Sales tax, Arbitration cases and others.

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
No. of cases	9,444	9,666	13,700
Amount	8,78,643	9,30,064	9,13,251

- ii) Demands raised by the Income-tax departments not acknowledged as debt are as follows:

The Income-tax assessments u/s 143(3) of Income-tax Act 1961 have been completed up to Assessment Year 2014-15 i.e. Financial Year 2013-14 and the disputed demand outstanding up to Assessment Year 2014-15 is of INR 16,819 lakh based on the decision of the Appellate Authority which is related with Assessment Year 2009-10. The demand is presently under litigation in ITAT, New Delhi.

- iii) Liability on account of bank guarantees given by the Company



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Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	With cash margin	Without cash margin	With cash margin	Without cash margin	With cash margin	Without cash margin
No. of cases	32	426	23	464	37	437
Amount	1,027	11,214	1,141	10,468	1,264	8,221

- iv) As per Office Memorandum (OM) dated 19 November 2009, pension contribution was payable on the actual pay drawn as on 1 January 2007 (being the date of implementation of second pay commission for IDA). Whereas the Company was paying pension contribution on maximum of the scale as advised by DoT, from 1 December 2011 the management had decided to change the method of payment of pension contribution from maximum pay scale to actual pay drawn as per the office memorandum dated 19 November 2009. Although the matter is still under pursuance with DoT, meanwhile, the management has once again decided to pay the pension contribution on maximum of the pay scale from 1 October 2014 onwards. The actual difference between these two methods of pension contribution payment up to 31 March 2017 is INR 59,453 lakh (31 March 2016 INR 64,399 lakh, 1 April 2015 INR 77,571 lakh).

B. Commitments

a) Capital commitments

- i. The estimated amounts of contracts remaining to be executed on capital account and not provided for in relation to execution of works and purchase of equipment are INR 81,691 lakh (as on 31 March 2016 INR 79,927 lakh and 1 April 2015 INR 83,403 lakh).
- ii. In two circles (31 March 2016 two circles, 1 April 2015 seven circles) the estimated amount of contract remaining to be executed on capital account has not been ascertained.

b) Other commitments

The amount of other commitments amounting to INR 7,931 lakh (31 March 2016 INR 18,442 lakh, 1 April 2015 INR 5,640 lakh) ascertained in two circles (31 March three circles, 1 April 2015 one circle).

49. Leases

A. Operating lease commitments — Company as lessee

- a) The Company has taken vehicles for senior executives under operating leases, which expire between the period ranging from April 2017 to March 2022 (31 March 2016 April

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2015 to November 2019, 1 April 2015 April 2014 to May 2018).

Lease payments amounting to INR 2,600 lakh (31 March 2016 INR 77 lakh) are included in rent expense in the statement of profit and loss during the current year.

Future minimum lease payments

At 31 March the future minimum lease payments to be made under non-cancellable operating leases are as follows

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not later than one year (excluding service tax)	1,000	57	66
Later than one year and not later than five years (excluding service tax)	105	105	153
Later than five years (excluding service tax)	29	-	-
Total	1,134	162	219

- b) The Company has entered into various agreements with other telecom operators wherein the Company acquires a right to use passive infrastructure of other operators. The escalation clause includes escalation ranging from 0 to 25% and includes option of renewal from 1 to 15 years and there is no restrictions imposed by lease arrangements.

Lease payments amounting to INR 87,739 lakh (31 March 2016 INR 83,547 lakh) are included in lease expense on passive infrastructure in the statement of profit and loss during the current year.

Future minimum lease payments

At 31 March the future minimum lease payments to be made under non-cancellable operating leases are as follows:

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not later than one year (excluding service tax)	55,293	39,126	34,244
Later than one year and not later than five years (excluding service tax)	1,82,013	1,64,054	1,52,071
Later than five years (excluding service tax)	81,158	82,924	1,06,699
Total	3,18,464	2,86,104	2,93,014

B. Operating lease commitments — Company as lessor

The Company has entered into various agreements with other telecom operators wherein



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the Company agrees to shares its own passive infrastructure with other operators. The escalation clause includes escalation ranging from 0 to 25% and includes option of renewal from 1 to 15 years and there is no restrictions imposed by lease arrangements.

Lease receipts amounting to INR 49,621 lakh (31 March 2016 INR 33,781 lakh) are included in Lease income on passive infrastructure in the statement of profit and loss during the current year.

Future minimum lease payments

At 31 March the future minimum lease payments under non-cancellable operating leases are receivable as follows:

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not later than one year (excluding service tax)	21,457	15,860	21,616
Later than one year and not later than five years (excluding service tax)	93,887	73,579	1,12,644
Later than five years (excluding service tax)	52,480	45,934	51,627
Total	1,67,824	1,35,373	1,85,887

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50. Income tax

A. Amounts recognised in statement of profit and loss

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Current income tax	-	-
Current year*	-	-
Deferred tax	-	-
Income tax expense reported in the statement of profit and loss	-	-

*The provision for income-tax for the current year has not been made since the Company is not having any taxable income either under normal provision of Income Tax Act, 1961 or special provision under section 115JB (Minimum Alternate Tax) of the Income Tax Act, 1961.

B. Amounts recognised in other comprehensive Income/ (expense)

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Income tax	-	-
Remeasurement of post employment benefit obligation	-	-
Income tax charges to other comprehensive income	-	-



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C. Reconciliation of effective tax rate

Reconciliation of tax expense and the accounting profit/ (loss) multiplied by India's domestic tax rate for the year ended 31 March 2017 and 31 March 2016:

	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Rate (%)	Amount	Rate (%)	Amount
Profit/ (loss) before tax	30.90%	(479,321)	30.90%	(485,916)
Effective tax rate *	0%	(148,110)	0%	(150,148)

* In the absence of reasonable certainty of future taxable profits, the Company has not recognised deferred tax asset (net) for the above periods, hence the effective tax rate is 0%.

D. Deferred tax assets/ liabilities

Particulars	Deferred tax assets			(Deferred tax liabilities)			Net deferred tax assets liabilities		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Loss allowance for trade receivables	108,598	119,471	135,840	-	-	-	108,598	119,471	135,840
Loss allowance for other assets	62,047	60,839	59,781	-	-	-	62,047	60,839	59,781
Carry forward tax losses including unabsorbed depreciation	1,011,639	925,814	746,448	-	-	-	1,011,639	925,814	746,448
Provision for compensated absences	297	5,828	26,896	-	-	-	297	5,828	26,896
Provision for half pay leaves	1,551	1,425	768	-	-	-	1,551	1,425	768
Provision for gratuity	728	1,382	463	-	-	-	728	1,382	463

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Provision for decommissioned assets, wage revision, etc.	21,107	23,664	23,011	-	-	21,107	23,664	23,011
Provision for obsolete inventory and capital work in progress	8,856	10,188	11,166	-	-	8,856	10,188	11,166
Disallowances under section 43B of Income Tax Act, 1961	11,687	13,339	14,261	-	-	11,687	13,339	14,261
Difference in book written down value and tax written down value of property, plant and equipment	-	-	-	207,049	233,749	(207,049)	(233,749)	(284,533)
	1,226,510	1,161,950	1,018,634	207,049	233,749	1,019,461	928,201	734,101
Net deferred tax assets						1,019,461	928,201	734,101
Net deferred tax assets recognised						-	-	-

Deferred tax assets are recognised to the extent of deferred tax liabilities. In the absence of reasonable certainty of future taxable profits, the Company has not recognised deferred tax asset (net) for the above periods.

E. Movement of temporary differences

Particulars	As at 1 April 2015	Unrecognised temporary differences	Unrecognised tax losses *	As at 31 March 2016	Unrecognised temporary differences	Unrecognised tax losses	As at 31 March 2017
Loss allowance for trade receivables	439,612	(52,974)	-	386,638	(35,188)	-	351,450
Loss allowance for other assets	193,466	3,424	-	196,890	3,909	-	200,799
Carry forward tax losses including unabsorbed depreciation	2,415,691	-	580,470	2,996,161	-	277,752	3,273,912
Provision for compensated absences	87,042	(68,181)	-	18,861	(17,900)	-	961
Provision for half pay leaves	2,485	2,126	-	4,612	407	-	5,019
Provision for gratuity	1,498	2,974	-	4,472	(2,117)	-	2,356



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Provision for decommissioned assets, wage revision, etc.	74,469	2,113	-	76,583	(8,276)	-	68,307
Provision for obsolete inventory and capital work in progress	36,136	(3,165)	-	32,971	(4,311)	-	28,660
Disallowances under section 43B of Income Tax Act, 1961	46,152	(2,984)	-	43,168	(5,346)	-	37,822
Deferred tax liabilities	A 3,296,551	(116,667)	580,470	3,760,356	(68,820)	277,752	3,969,286
Difference in book written down value and tax written down value of property, plant and equipment	920,819	(164,350)	-	756,469	(86,408)	-	670,061
B	920,819	(164,350)	-	756,469	(86,408)	-	670,061
Net deferred tax	2,375,732	47,683	580,470	3,003,887	17,588	277,752	3,299,225

F. Tax losses and tax credits for which no deferred tax asset was recognised expire as follows:

Expire Year	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect *
Business Loss						
2009-10	79,376	24,527	79,376	24,527	79,376	24,527
2010-11	428,690	132,465	428,690	132,465	428,690	132,465
2011-12	9,885	3,054	9,885	3,054	9,885	3,054
2012-13	5,590	1,727	5,590	1,727	5,590	1,727
2013-14	-	-	-	-	-	-
2014-15	26,983	8,338	26,983	8,338	-	-
Unabsorbed depreciation						
Never expire	2,723,389	841,527	2,445,637	755,702	1,892,150	584,674
	3,273,912	1,011,639	2,996,161	925,814	2,415,691	746,448

* The Company has recognised tax effect on unabsorbed depreciation amounting to INR Nil lakh (31 March 2016 INR Nil lakh, 1 April 2015 INR 12,347 lakh).

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51. Explanation of transition to Ind AS

As stated in note 2.1 (a), these are the Company's first financial statements prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

For periods up to and including the year ended 31 March 2016, the Company has prepared its financial statements in accordance with "Previous GAAP", including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The effective date for Company's Ind AS opening balance sheet is 1 April, 2015 (the date of transition to Ind AS).

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for periods ending on or after 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies.

"This note explains the principal adjustments made by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016. According to Ind AS 101, the first Ind AS financial statements must use recognition and measurement principles that are based on standards and interpretations that are effective for the financial year ending on 31 March 2017. These accounting principles and measurement principles must be applied retrospectively to the date of transition to Ind AS and for all periods presented within the first Ind AS financial statements.

Any resulting differences between carrying amounts of assets and liabilities according to Ind AS 101 as of 1 April 2015 compared with those presented in the Previous GAAP Balance Sheet as of 31 March 2015, were recognised in equity within the Ind AS Balance Sheet."

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous GAAP to Ind AS.

Transition elections

Explanation of the Ind AS 101 exceptions and exemptions to the full retrospective application of Ind AS applied by the Company. In the Ind AS opening Balance Sheet as at 1 April 2015, the carrying amounts of assets and liabilities from the Previous GAAP as at 31 March 2015 are generally recognized and measured according to Ind AS in effect

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for the financial year ended as on 31 March 2017. For certain individual cases, however, Ind AS 101 provides for optional exemptions to the general principles of retrospective application of Ind AS. The Company has made use of the following exemptions in preparing its Ind AS opening Balance Sheet:

a) Ind AS optional exemptions:

(i) “Property, plant and equipment”

Ind AS 101 permits a first-time adopter to elect to measure an item of its property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its cost at that date. Accordingly, the Company has elected to selectively fair value its freehold land and all other remaining property, plant and equipment are carried at cost which is recomputed retrospectively as per principles of Indian Accounting Standard 16 (Property, plant and equipment).

(ii) Intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure all intangible assets at their Previous GAAP carrying values.

(iii) Determining whether an arrangement contains a lease

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected not to be material. The Company has elected to apply this exemption for such contracts/arrangements.

(iv) Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. Accordingly, the Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

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b) Ind AS mandatory exceptions:

(i) Estimates

“An entity’s estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company has made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Previous GAAP:

- a) Investment in preference shares carried at FVTPL
- b) Determination of the discounted value for financial instruments carried at amortised cost
- c) Impairment of financial assets based on expected credit loss model”

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B. Reconciliations between previous GAAP and Ind AS:

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Previous GAAP to Ind AS.

(i) Reconciliation of equity as at 1 April 2015:

	As at 1 April 2015			
	Note	Amount as per previous GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	1,2	35,22,315	69,60,394	1,04,82,709
Capital work-in-progress	12	3,27,914	3,15,309	6,43,223
Intangible assets		8,63,183	-	8,63,183



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(All amounts in ₹ lacs, unless otherwise stated)

				As at 1 April 2015		
	Note	Amount as per previous GAAP*	Effects of transition to Ind AS	Amount as per Ind AS		
Financial assets						
(i) Investments		-	-	-		
(ii) Loans		2,469	-	2,469		
(iii) Other financial assets		2,89,491	-	2,89,491		
Deferred tax assets (net)	7	84,706	(84,706)	-		
Other non-current assets		22,357	-	22,357		
Total non-current assets		51,12,435	71,90,997	1,23,03,432		
Current assets						
Inventories	12	3,34,687	(3,15,309)	19,378		
Financial assets						
(i) Investments		20,000	-	20,000		
(ii) Trade receivables	12	2,32,659	15	2,32,674		
(iii) Cash and cash equivalents		1,21,478	-	121,478		
(iv) Loans		1,057	-	1,057		
(v) Other financial assets	12	9,06,250	2,697	9,08,947		
Current tax assets (net)		5,08,450	-	5,08,450		
Other current assets		1,86,808	-	186,808		
Total current assets		23,11,389	(3,12,597)	19,98,792		
Total assets		74,23,824	68,78,400	1,43,02,224		
EQUITY AND LIABILITIES						
Equity						
Equity share capital	3	12,50,000	(7,50,000)	5,00,000		
Other equity	1,2,5,7,12	35,06,443	67,27,036	1,02,33,480		
Total equity		47,56,443	59,77,036	1,07,33,480		
Liabilities						
Non-current liabilities						
Financial liabilities						
(i) Borrowings	3	5,619	7,50,000	7,55,619		

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Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

As at 1 April 2015			
Note	Amount as per previous GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
(ii) Other financial liabilities	62,272	-	62,272
Provisions	2,5,12	62,104	90,542
Other non-current liabilities	28,497	-	28,497
Total non-current liabilities	1,24,826	8,12,104	9,36,930
Current liabilities			
Financial liabilities			
(i) Borrowings	6,32,871	-	6,32,871
(ii) Trade payables	12	1,043	829,957
(iii) Other financial liabilities	12	87,950	7,40,843
Other current liabilities	3,67,390	-	3,67,390
Provisions	5	267	60,753
Total current liabilities	25,42,555	89,260	26,31,814
Total liabilities	26,67,381	9,01,364	35,68,744
Total equity and liabilities	74,23,824	68,78,401	1,43,02,224

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

(ii) Reconciliation of equity as at 31 March 2016:

AS at 31 March 2016			
Note	Amount as per previous GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	1,2	69,44,548	1,00,81,742
Capital work-in-progress	12	3,60,219	6,67,047
Intangible assets	8,06,645	0	8,06,646
Financial assets -			
(i) Investments	-	-	-



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(ii) Loans		1,414	0	1,414
(iii) Other financial assets		29,007	(0)	29,007
Deferred tax assets (net)	7	1,13,645	(1,13,645)	-
Other non-current assets		69,651	(0)	69,651
Total non-current assets		4 4,64,384	71,91,122	1,16,55,507
Current assets				
Inventories	12	3,79,516	(3,60,387)	19,129
Financial assets				
(i) Investments		20,000	(0)	20,000
(ii) Trade receivables	12	2,61,506	46	2,61,551
(iii) Cash and cash equivalents		1,02,572	(0)	1,02,572
(iv) Loans		731	-	731
(v) Other financial assets	12	10,32,483	(28,216)	10,04,268
Current tax assets (net)		5,42,981	(0)	5,42,981
Other current assets		2,06,647	0	2,06,647
Total current assets		25,46,436	(3,88,557)	21,57,879
Total assets		70,10,820	68,02,565	1,38,13,386
EQUITY AND LIABILITIES				
Equity				
Equity share capital	3	12,50,000	(7,50,000)	5,00,000
Other equity	1,2,5,7,12	31,16,774	66,29,254	97,46,028
Total equity		43,66,774	58,79,254	1,02,46,028
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	3	4,98,972	7,50,000	12,48,972
(ii) Other financial liabilities		92,964	-	92,964
Provisions	2,5,12	-	79,754	79,754
Other non-current liabilities		24,533	0	24,533
Total non-current liabilities		6,16,469	8,29,754	14,46,223

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Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

Current liabilities				
Financial liabilities				
(i) Borrowings		2,83,672	-	2,83,672
(ii) Trade payables	12	6,82,370	2,690	6,85,060
(iii) Other financial liabilities	12	6,32,047	68,010	7,00,056
Other current liabilities	12	4,05,843	22,484	4,28,327
Provisions	5	23,645	375	24,020
Total current liabilities		20,27,577	93,559	21,21,135
Total liabilities		26,44,046	9,23,313	35,67,358
Total equity and liabilities				
		70,10,820	68,02,568	1,38,13,386

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

(iii) Reconciliation of total comprehensive income for the year ended 31 March 2016:

	Note	For the year ended 31 March 2016		
		Amount as per previous GAAP*	Effects of transition to Ind AS	"Amount as per Ind AS"
Revenue				
Revenue from operations	6,9,10,12	28,44,942	(6,857)	28,38,086
Other income	1,12	4,46,929	(43,882)	4,03,046
Total revenue (I)		32,91,871	(50,739)	32,41,132
Expenses				
License and spectrum fee		2,28,538	0	2,28,538
Employee benefits expense	4,5,8,12	15,38,650	(1,735)	15,36,915
Finance costs	2	54,339	4,148	58,487
Depreciation and amortisation expense	1,2,12	7,13,511	7,049	7,20,560
Other expenses	6,9,10,12	11,39,234	43,314	11,82,548
Prior period items (net)	12	34,528	(34,528)	-
Total expenses (II)		37,08,800	18,249	37,27,048



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Loss before tax (I - II = III)		(4,16,929)	(68,988)	(4,85,916)
Tax expense: (IV)				
Deferred tax credit	7	(28,939)	28,939	-
Loss for the year (III - IV = V)		(3,87,990)	(97,927)	(4,85,916)
Other comprehensive income (VI)				
Items that will not be reclassified the statement of profit and loss				
Remeasurement of post employment benefit obligation (net of tax)	4,8	-	(1,536)	(1,536)
Total other comprehensive income/ (expense) for the year, net of taxes (VI)			(1,536)	(1,536)
Total comprehensive income/ (expense) for the year (V + VI = VII)		(3,87,990)	(99,463)	(4,87,452)

**The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.*

(iv) Reconciliation of total equity as at 31 March 2016 and 1 April 2015

Particulars	Notes	As at 31 March 2016	As at 1 April 2015
Total equity (shareholder's funds) as per Previous GAAP		43,66,774	47,56,443
Adjustments:			
Fair valuation of selective property, plant and equipment	1	69,86,450	69,86,450
Adjustment to remaining property, plant and equipment (net of depreciation)	1,2	(57,739)	(26,056)
Recognition of decommissioning liabilities	2	(64,034)	(59,885)
Recognition of provision for half pay leaves	5	(4,611)	(2,487)
Preference shares reclassified to financial liability	3	(7,50,000)	(7,50,000)
Other adjustments	12	(1,17,167)	(86,279)
Deferred tax asset written off	7	(1,13,645)	(84,706)
Total adjustments		58,79,254	59,77,037
Total equity as per Ind AS		1,02,46,028	1,07,33,480

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(v) Reconciliation of total comprehensive income/ (expense) for the year ended 31 March 2016

Particulars	Notes	For the year ended 31 March 2016
Loss after tax as per Previous GAAP		(3,87,990)
Unwinding of discount on provisions	2	(4,148)
Adjustment to remaining property, plant and equipment	1,2	(31,684)
Recognition of provision for half pay leaves	5	(2,124)
Other adjustments	12	(32,567)
Remeasurement of post employment benefit obligations	4,8	1,536
		(68,987)
Deferred tax asset written off	7	(28,939)
Total adjustments		(97,926)
Profit after tax as per Ind AS		(4,85,916)
Other comprehensive income	4,8	(1,536)
Total comprehensive income as per Ind AS		(4,87,452)

(vi) Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2016

There were no material differences between the statement of cash flows presented under Ind AS and the Previous GAAP except due to various re-classification adjustments recorded under Ind AS and difference in the definition of cash and cash equivalents under these two GAAPs.

C. Notes to the reconciliations:

1. Property, plant and equipment

“Under Previous GAAP cost of property, plant and equipment is recorded at historical cost, however under Ind AS, the Company has measured selective freehold land at fair value as at date of transition. Hence at the date of transition to Ind AS, an increase of INR 6,986,449 lakh was recognised in property, plant and equipment. This amount has been recognised against retained earnings.

For all the remaining property, plant and equipment, the Company has retrospectively

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computed cost as per Ind AS 16. The Company has capitalised the borrowing cost and liquidated damages retrospectively as per Ind AS 16 to the cost of property, plant and equipment. Accordingly at the date of transition to Ind AS, a decrease of INR 26,056 lakh (31 March 2016: INR 57,739 lakh) was recognised in property, plant and equipment net of accumulated depreciation. This amount has been recognised against retained earnings.”

2. Decommissioning liabilities

“Under Previous GAAP, no provision for decommissioning liability was recorded by the Company. However, under Ind AS, the provision for decommissioning liability is initially measured at the present value of expected cost to settle the obligation. The Company accordingly has recognized the adjustment to the cost of property, plant and equipment and the consequent depreciation and finance cost. Hence, for the year ended on 31 March 2016, the loss is increased by the following:

- i) amount of adjustment on account of depreciation due to decommissioning liabilities
- ii) amount of adjustment on account of unwinding of discount on decommissioning liabilities

The corresponding impact on the date of transition has been recognised in equity.”

3. Preference shares

Under Previous GAAP, preference shares were recorded as share capital. Under Ind AS, 9% non-cumulative preference shares needs to be assess whether the same is a liability or equity. Accordingly, the Company has classified 9% non-cumulative preference shares amounting to INR 750,000 lakh as non current financial liability which has resulted in the reclassification of preference shares from equity to liability.

4. Employee benefits: Remeasurement of post employment benefit plans

Under Ind AS, remeasurements i.e. actuarial gains and losses on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under Previous GAAP these were forming part of the statement of profit and loss for the year. As a result. loss for the year ended 31 March 2016 is decreased by INR 1,536 lakh and is reclassified to other comprehensive income. There is no impact on the total equity as at 31 March 2016.

5. Provision for half pay leaves

Under Previous GAAP, the Company has not recognised the cost of half pay leaves,

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however, under Ind AS, the half pay leaves which the Company provides to its employees are a defined benefit plan and accordingly Company has recorded the liability as at 1 April 2015. These liabilities have been actuarially determined. The impact of INR 2,487 has been recorded in the retained earnings as at 31 April 2015 and impact of INR 2,124 has been recorded in the statements of profit and loss for the year ended 31 March 2016.

6. Gross accounting in case of construction contracts

Under previous GAAP, construction revenue and construction expenses are netted off for disclosure in profit and loss account. Under Ind AS, since BSNL is acting as a principal, construction revenue and expense is to be disclosed in profit and loss account on gross basis. As a result of this change, revenue from operations amounting for the year ended 31 March 2016 has been increased with a corresponding increase in other expenses. There is no impact on the total equity as at 31 March 2016.

7. Deferred tax

“Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. In addition, the various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in reserve and surplus or a separate component of equity. In absence of reasonable certainty, the Company has not recognised deferred tax assets under Ind AS. Accordingly, the Company has reversed INR 84,706 lakh on the date of transition (i.e. 1 April 2015). The profit and total equity for the year ended 31 March 2016 is decreased by INR 28,939 lakh.”

8. Other comprehensive Income

Under previous GAAP, there was no requirement to disclose any item of statement of profit and loss in other comprehensive income. However as per requirement of Ind AS certain items of profit or loss are to be reclassified to other comprehensive income. Consequent to this, the Company has reclassified remeasurement of defined benefit plans from the statement of profit and loss to other comprehensive income.

9. Reimbursement of energy charges

Under previous GAAP, reimbursement for energy charges in case of passive infrastructure leased out to other telecom operators was deducted from the expenditure. Under Ind

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AS, since BSNL has the primary responsibility for provision of uninterrupted supply of electricity / diesel in all such arrangements, therefore, BSNL is acting as a principal for energy charges. As a result of this change, revenue from operations for the year ended 31 March 2016 has been increased with a corresponding increase in other expenses. There is no impact on the total equity as at 31 March 2016.

10. Discount netted from revenue

Under previous GAAP, the Company recorded certain discount under other expenses. Under Ind AS, revenue is to be measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity. As a result of this change, revenue from operations for the year ended 31 March 2016 has been reduced with a corresponding decrease in other expenses. There is no impact on the total equity as at 31 March 2016.

11. Debt forgiven reclassified to other equity

During financial year 2013-14, the loan from the Government of India amounting to INR 98,318 lakh was waived off and adjusted against capital reserve under previous GAAP. Under Ind AS, since the shareholder has forgiven the debt, it is likely that the Government has acted in the capacity of a shareholder and therefore the forgiveness of debt should be treated as a capital transaction. Accordingly, the debt forgiven has been reclassified to other equity as on transition date amounting to INR 98,318 lakh. This has resulted in decrease in capital reserve amounting to INR 98,318 lakh and corresponding increase in other equity amounting to INR 98,318 lakh as on transition date.

12. Other adjustments

“Other adjustments comprise of prior period adjustments and other adjustments amounting to INR 117,166 lakh as at 31 March 2016 (1 April 2015 INR 86,280 lakh) for transactions that were identified in the year ended 31 March 2016 or 31 March 2017 but pertains to earlier periods and accordingly the financial statements have been restated for such earlier periods.

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred, the opening balances of assets, liabilities and equity for the earliest period presented are restated.”

13. Other equity

Retained earnings as at 1 April 2015 has been adjusted consequent to the above Ind AS

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transition adjustments. Refer reconciliation of total equity as at 31 March 2016 and 1 April 2015 as given above for details.

52. Financial instruments – Fair values and risk management

A. Financial instruments – by category and fair values hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

i. As on 1 April 2015

Particulars	Carrying value			Fair value measurement using			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3
Financial assets							
Non-current							
Investments	-	-	-	-	-	-	-
Loans*	-	-	2,469	2,469	-	-	2,469
Other financial assets*	-	-	2,89,491	2,89,491	-	-	289,491
Current							
Investments*	20,000	-	-	20,000	-	-	-
Trade receivables*	-	-	2,32,674	2,32,674	-	-	-
Cash and cash equivalents*	-	-	1,21,478	1,21,478	-	-	-
Balances other than cash and cash equivalents*	-	-	-	-	-	-	-
Loans*	-	-	1,057	1,057	-	-	-
Other financial assets*	-	-	9,08,947	9,08,947	-	-	-
Total	20,000	-	15,56,115	15,76,115			
Financial liabilities							
Non-current							
Borrowings#	-	-	7,55,619	7,55,619	-	-	7,55,619
Other financial liabilities*	-	-	62,272	62,272	-	-	62,272
Current							
Borrowings#	-	-	6,32,871	6,32,871	-	-	-
Trade payables*	-	-	8,29,957	8,29,957	-	-	-
Other current financial liabilities*	-	-	7,40,843	7,40,843	-	-	-
Total	-	-	30,21,563	30,21,563			



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ii. As on 31 March 2016

Particulars	Carrying value				Fair value measurement using		
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3
Financial assets							
Non-current							
Investments	-	-	-	-	-	-	-
Loans*	-	-	1,414	1,414	-	-	1,414
Other financial assets*	-	-	29,007	29,007	-	-	29,007
Current							
Investments*	20,000	-	-	20,000	-	-	-
Trade receivables*	-	-	2,61,551	2,61,551	-	-	-
Cash and cash equivalents*	-	-	1,02,572	1,02,572	-	-	-
Balances other than cash and cash equivalents*	-	-	-	-	-	-	-
Loans*	-	-	731	731	-	-	-
Other financial assets*	-	-	10,04,268	10,04,268	-	-	-
Total	20,000	-	13,99,542	14,19,542			
Financial liabilities							
Non-current							
Borrowings#	-	-	12,48,972	12,48,972	-	-	12,48,972
Other financial liabilities*	-	-	92,964	92,964	-	-	92,964
Current							
Borrowings#	-	-	2,83,672	2,83,672	-	-	-
Trade payables*	-	-	6,85,060	6,85,060	-	-	-
Other current financial liabilities*	-	-	7,00,056	7,00,056	-	-	-
Total	-	-	30,10,724	30,10,724			

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iii. As on 31 March 2017

Particulars	Carrying value				Fair value measurement using		
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3
Financial assets							
Non-current							
Investments	-	-	-	-	-	-	-
Loans*	-	-	870	870	-	-	870
Other financial assets*	-	-	28,785	28,785	-	-	28,785
Current							
Investments*	20,000	-	-	20,000	-	-	-
Trade receivables*	-	-	3,09,881	3,09,881	-	-	-
Cash and cash equivalents*	-	-	3,38,737	3,38,737	-	-	-
Balances other than cash and cash equivalents*	-	-	126	126	-	-	-
Loans*	-	-	445	445	-	-	-
Other financial assets*	-	-	7,22,212	7,22,212	-	-	-
Total	20,000	-	14,01,056	14,21,056			
Financial liabilities							
Non-current							
Borrowings#	-	-	10,62,657	10,62,657	-	-	10,62,657
Other financial liabilities*	-	-	138,770	138,770	-	-	1,38,770
Current							
Borrowings#	-	-	59,613	59,613	-	-	-
Trade payables*	-	-	5,92,993	5,92,993	-	-	-
Other current financial liabilities*	-	-	7,91,388	7,91,388	-	-	-
Total	-	-	26,45,421	26,45,421			

The Company's borrowings have been contracted at floating rates of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value.

* The carrying amounts of trade receivables, trade payables, cash and cash equivalents, investment bank balances other than cash and cash equivalents and other financial assets and liabilities, approximates the fair values, due to their short-term nature. The other non-current financial assets represents bank deposits (due for maturity after twelve months from the reporting date) and security deposits given to various parties, and other non-current financial liabilities, the carrying value of which approximates the fair values as on the reporting date.



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There have been no transfers between Level 1, Level 2 and Level 3 for the years ended 31 March 2017 and 31 March 2016.

Valuation technique used to determine fair value

Specific valuation techniques used to value non current financial assets and liabilities for whom the fair values have been determined based on present values and the appropriate discount rates of the Company at each balance sheet date. The discount rate is based on the weighted average cost of borrowings of the Company at each balance sheet date.

Valuation processes

The Company has an established control framework with respect to the measurements of the fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements and reports to Senior Management. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk - Foreign exchange
- Market risk - Interest rate

Risk management framework

“BSNL, by virtue of being the successor of erstwhile Central Government Departments of the Telecom Services (DTS) and Telecom Operations (DTO) already had a codified set up with inbuilt mechanism to foresee the potential risks and methods to arrest, control, ignore and/or respond to the risks. However, as mandated by the Department of Public Enterprises through Guidelines on Corporate Governance Norms for the Un-Listed CPSEs - further revised and made mandatory for the CPSEs vide No.18(8)/2005-GM, dated the 14 May 2010 – Company has laid down a Enterprise Risk Management (ERM) Policy.

“The Company’s board of directors has overall responsibility for the establishment and oversight of the Company’s risk management framework.

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As per ERM policy of the Company, the Company has constituted an ERM committee, with the overall objective of oversight, development and implementation of a risk identification and management process and the review and reporting of the same.

The board of directors has authorized Management Committee of the Board (MCB), the CMD and the Functional Directors and below Board functionaries, viz., the Executive Directors/ CGMs/ PGMs/ GMs/ TDMs/ DGMs etc., as the case be, to establish the processes, who ensures that executive management controls risks through the mechanism of properly defined framework.

Considering the size and geographical spread of the organization vis-a-vis the delegation of powers made to the business heads and unit heads – who carry out the task of undertaking the risk management as a part of the normal business practice by integrating and aligning the same with corporate and operational objectives - the Business Heads in the Corporate Office; CGMs/ PGMs/ GMs and other unit heads of the field units were designated as the Risk Management Administrators (RMAs).

.The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the Functional Directors/ Business Heads periodically to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations."

i. Credit risk

The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Investments	20,000	20,000	20,000
Trade receivables	3,09,881	2,61,551	2,32,674
Loans	1,314	2,145	3,526
Cash and cash equivalents	3,38,737	1,02,572	1,21,478
Other financial assets	7,50,998	10,33,275	11,98,438

Bharat Sanchar Nigam Limited
Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of customers to which the Company grants credit terms in the normal course of business.

“The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade receivable and other financial assets. The management uses a simplified approach (i.e. based on lifetime ECL) for the purpose of impairment loss allowance, the company estimates amounts based on the business environment in which the Company operates, and management considers that the trade receivables are in default (credit impaired) when counterparty fails to make payments for receivable more than 2 years past due. However the Company based upon historical experience determine an impairment allowance for loss on receivables.

Majority of trade receivables are from domestic customers, which are fragmented and are not concentrated to individual customers. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.”

The Company’s exposure to credit risk for trade receivables is as follows:

Particulars	Gross carrying amount		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
1-90 days past due *	1,16,428	1,20,123	93,550
91 to 180 days past due	2,07,792	1,56,630	1,00,155
180 days to 2 years past due	1,95,557	1,59,327	1,95,086
More than 2 years past due #	2,88,307	3,08,301	3,39,435
	8,08,084	7,44,381	7,28,225

Bharat Sanchar Nigam Limited
Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

- * The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour.
- # The Company based upon past trends determine an impairment allowance for loss on receivables outstanding for more than two years past due.
- # Receivables more than two years past due primarily comprises receivables from government departments and PSU's, which are fully realisable on historical payment behaviour and hence no loss allowance has been recognised. Impairment allowance has already been recognised on specific credit risk factor.

Movement in the loss allowance in respect of trade receivables

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Balance at the beginning of the year	3,86,636	4,39,612
Impairment loss recognised during the year	35,539	154,201
Amount written off	(70,724)	(2,07,177)
Balance at the end of the year	3,51,451	3,86,636

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that its liquidity position, including total cash and cash equivalent and bank balances other than cash and cash equivalent of INR 338,864 lakh as at 31 March 2017 (31 March 2016 INR 102,572 lakh, 1 April 2015 INR 121,478 lakh), anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Company believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

Bharat Sanchar Nigam Limited
Notes to the financial statements for the year ended 31st March 2017
(All amounts in ₹ lacs, unless otherwise stated)

The Company's liquidity management process as monitored by management, includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining rolling forecasts of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

a. Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31 March 2017	As at 31 March 2016"	As at 31 March 2015
From banks	4,48,304	3,00,450	1,94,380

b. Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

As at 1 April 2015	Carrying amount	Contractual cash flows					
		6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Non-current borrowings							
Term loans from banks	5,619	-	-	-	5,619	-	5,619
9% non-cumulative redeemable preference shares	7,50,000	-	-	-	-	750,000	750,000
Other non current financial liabilities	62,272	-	-	35,732	19,700	6,840	62,272
Current borrowings - Loans from banks	6,32,871	5,449	6,27,422	-	-	-	6,32,871
Trade payables	8,29,957	6,08,494	2,21,463	-	-	-	8,29,957
Other current financial liabilities	7,40,843	7,16,121	24,723	-	-	-	7,40,843
Total	30,21,562	13,30,064	8,73,608	35,732	25,319	7,56,840	30,21,562

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Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

As at 31 March 2016	Carrying amount	Contractual cash flows					Total
		6 months or less	6-12 months	1-2 years	2-5 years	"More than 5 years"	
Non-current borrowings							
Term loans from banks	4,98,972	-	-	1,39,753	2,55,842	1,03,377	4,98,972
9% non-cumulative redeemable preference shares	7,50,000	-	-	-	7,50,000	-	7,50,000
Other non current financial liabilities	92,964	-	-	53,294	34,809	4,860	92,964
Current borrowings - Loans from banks	2,83,672	-	2,83,672	-	-	-	2,83,672
Trade payables	6,85,060	6,34,866	50,194	-	-	-	6,85,060
Other current financial liabilities	7,00,056	6,13,615	86,441	-	-	-	7,00,056
Total	30,10,724	12,48,481	4,20,307	1,93,047	10,40,651	1,08,237	30,10,724

As at 31 March 2017	Carrying amount	Contractual cash flows					Total
		6 months or less	6-12 months	1-2 years	2-5 years	"More than 5 years"	
Non-current borrowings							
Term loans from banks	3,12,657	-	-	75,062	177,995	59,600	3,12,657
9% non-cumulative redeemable preference shares	7,50,000	-	-	-	750,000	-	7,50,000
Other non current financial liabilities	1,38,770	-	-	96,293	32,713	9,764	1,38,770
Current borrowings - Loans from banks	59,613	59,613	-	-	-	-	59,613
Trade payables	5,92,993	5,21,126	71,867	-	-	-	5,92,993
Other current financial liabilities	791,388	7,06,718	84,670	-	-	-	7,91,388
Total	26,45,421	12,87,456	1,56,537	1,71,355	9,60,708	69,364	26,45,421

iii. Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation

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in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Company's operating, investing and financing activities.

Exposure to currency risk

The summary of quantitative data about the Company's exposure to currency risk, as expressed in Indian Rupees, as at 31 March 2017, 31 March 2016 and 1 April 2015 are as below:

Particulars	As at 31 March 2017						
	USD	EURO	GBP	CHF	AUD	JPY	NPR
Financial assets							
Trade receivables	2,086	137	2	11	2	2	652
	2,086	137	2	11	2	2	652
Financial liabilities							
Trade payables	4,026	46	35	-	4	-	297
	4,026	46	35	-	4	-	297

Particulars	As at 31 March 2016						
	USD	EURO	GBP	CHF	AUD	JPY	NPR
Financial assets							
Trade receivables	1,688	82	1	-	-	2	652
	1,688	82	1	-	-	2	652
Financial liabilities							
Trade payables	2,011	41	31	2	1	1	298
	2,011	41	31	2	1	1	298

Particulars	As at 1 April 2015						
	USD	EURO	GBP	CHF	AUD	JPY	NPR
Financial assets							
Trade receivables	2,019	94	-	-	-	7	652
	2,019	94	-	-	-	7	652
Financial liabilities							
Trade payables	3,482	31	53	5	12	-	298
	3,482	31	53	5	12	-	298

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Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

Sensitivity analysis

“A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant”

Particulars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
1% depreciation / appreciation in Indian Rupees against following foreign currencies: For the year ended 31 March 2017				
USD	19.40	(19.40)	19.40	(19.40)
EUR	(0.91)	0.91	(0.91)	0.91
GBP	0.32	(0.32)	0.32	(0.32)
CHF	(0.11)	0.11	(0.11)	0.11
AUD	0.02	(0.02)	0.02	(0.02)
JPY	(0.02)	0.02	(0.02)	0.02
NPR	(3.55)	3.55	(3.55)	3.55
Total	15.16	(15.16)	15.16	(15.16)
For the year ended 31 March 2016				
USD	3.23	(3.23)	3.23	(3.23)
EUR	(0.41)	0.41	(0.41)	0.41
GBP	0.31	(0.31)	0.31	(0.31)
CHF	0.02	(0.02)	0.02	(0.02)
AUD	0.00	(0.00)	0.00	(0.00)
JPY	0.01	0.01	(0.01)	0.01
NPR	(3.54)	3.54	(3.54)	3.54
Total	(0.40)	0.40	(0.40)	0.40

USD: United States Dollar, EUR: Euro, GBP: Great British Pound, CHF: Swiss Franc, AUD: Australian Dollar, JPY: Japanese Yen, NPR: Nepalese Rupees

iii. Market risk

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

Bharat Sanchar Nigam Limited
Notes to the financial statements for the year ended 31st March 2017
(All amounts in ₹ lacs, unless otherwise stated)
Exposure to interest rate risk

The Company's interest rate risk arises majorly from the term loans from banks carrying floating rate of interest. These obligations exposes the Company to cash flow interest rate risk. The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Variable-rate instruments	As at 31 March 2017	"As at 31 March 2016	As at 1 April 2015
Term loans from banks (Non current)	3,12,657	4,98,972	5,619
Term loans from banks (Current)	-	2,83,672	6,32,871
Current maturities of borrowings	9,000	5,636	-
Total	3,21,657	7,88,280	6,38,490

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points (bps) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or loss		Equity, net of tax	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
Interest on term loans from banks				
For the year ended 31 March 2017	53	(53)	53	(53)
For the year ended 31 March 2016	539	(539)	539	(539)

53. Capital Management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

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To maintain or adjust the capital structure, the Company may return capital to shareholders, raise new debt or issue new shares.

The Company monitors capital on the basis of the debt to capital ratio, which is calculated as interest-bearing debts divided by total capital (equity attributable to owners of the parent plus interest-bearing debts).

Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Borrowings	3,72,270	7,82,644	6,38,490
9% non-cumulative redeemable preference shares	7,50,000	7,50,000	7,50,000
Less : Cash and cash equivalent	(3,38,737)	(1,02,572)	(1,21,478)
Adjusted net debt (A)	7,83,533	14,30,072	12,67,012
Total equity (B)	97,67,424	1,02,46,028	1,07,33,480
Adjusted net debt to adjusted equity ratio (A/B)	8.02%	13.96%	11.80%

54. Fair valuation of freehold land

The Company regards the fair value of the freehold land on selective basis as at transition date as its deemed cost (refer note 51). The fair value measurement as at 1 April 2015 was performed by independent valuers not related to the Company. The independent valuers are registered valuers and have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The Company have measured freehold land on selective basis at fair value as at the date of transition to Ind AS.

Fair value measurement of freehold land (non-financial asset) takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

a. Valuation team

The Company's valuation team has determined the policies and procedures for non-recurring fair value measurement of freehold land measured as at transition date. The valuation team comprises of the head of the civil wing, nodal civil wing offices in circles under the supervision of head of the respective circles and internal financial advisor's.

External valuers are involved for valuation of freehold land. Selection criteria include

Bharat Sanchar Nigam Limited
Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

market knowledge, reputation, independence and whether professional standards are maintained.

b. Valuation techniques

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Description of valuation techniques used by the Company are as below:

i. Market method

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied by the Company is the price per square metre (sqm).

ii. Income capitalisation method

Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return).

For the purpose of fair value disclosures, the Company has determined categories of freehold land on the basis of the nature, characteristics and risks of the freehold land and the level of the fair value hierarchy.

c. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's freehold land:

Particulars	Fair value as at 1 April 2015 *
Level 2	
Category A	5,340,671
Category B	840,259

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Notes to the financial statements for the year ended 31st March 2017

(All amounts in ₹ lacs, unless otherwise stated)

Particulars	Fair value as at 1 April 2015 *
Total (A)	61,80,929
Level 3	
Category A	6,75,949
Category B	1,95,611
Total (B)	8,71,560
Grand total (A + B)	70,52,489

* Under Previous GAAP, carrying value of such freehold land as at 1 April 2015 is INR 66,040 lakh. Refer note 51.

In considering the level of disaggregation of the selective freehold land for the above disclosure, the Management have taken into account the nature, characteristics and risks attached to the selective freehold land. Accordingly, land parcels having similar nature, characteristics and risks have been clubbed under one category and each of the categories have been disclosed separately for the purpose of fair value disclosure.

d. The following table provides the fair value measurement hierarchy of the Company's freehold land:

Particulars	Risks
Category A	<ul style="list-style-type: none"> - No risk of encroachment - No restriction on use of land for telecom purpose - Restriction on sale of land with approval of Government of India
Category B	<ul style="list-style-type: none"> - Risk of encroachment - Restriction on use of land for telecom purpose - Restriction on sale of land with approval of Government of India

e. Level 2

The valuation techniques and the inputs used in the fair value measurement categorised within Level 2 of the fair value hierarchy as at 1 April 2015 are shown below:

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(All amounts in ₹ lacs, unless otherwise stated)

Particulars	Valuation technique	Observable inputs
Category A	Market Method	Guideline rate (Per sq. m.) Similar piece of land rate (Per sq. m.)
Category B	Market Method	Guideline rate (Per sq. m.) Similar piece of land rate (Per sq. m.)

f. Level 3

The significant unobservable inputs together with a quantitative information about those inputs used in the fair value measurement for selective freehold land categorised within Level 3 of the fair value hierarchy as at 1 April 2015 are shown below:

Particulars	Valuation technique	Significant unobservable inputs	Range
Category A	Income capitalisation method	Growth rate (in % p.a.)	3.73% - 17.53%
		Discount rate (in % p.a.)	0.42% - 15%
		Expected rate of return (in % p.a.)	3% - 8%
Category B	Income capitalisation method	Growth rate (in % p.a.)	4.97%
		Discount rate (in % p.a.)	14% - 14.5%
		Expected rate of return (in % p.a.)	4% - 14.5%

In terms of our report attached

For Andros & Co.

Chartered Accountants
 Firm Registration No. : 008976N

Sd/-

Shashi Garg

Partner

Membership No. : 086492

Place: New Delhi

Date: 12.10.2017

For and on behalf of **Bharat Sanchar Nigam Limited**

Sd/-

Anupam Shrivastava

Chairman and Managing Director

DIN: 06590535

Sd/-

Sujata Ray

Director (Finance)

DIN: 07240022

Sd/-

P.D. Chirania

General Manager (Corporate Accounts)

Sd/-

H.C. Pant

Company Secretary and Chief General Manager (Legal)

M.No. F- 2584

Independent Auditor's Report

To the Members of Bharat Sanchar Nigam Limited

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Bharat Sanchar Nigam Ltd ('BSNL' or 'the Company')**, which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information, in which are incorporated the returns for the year ended on that date audited by the branch (circle) auditors of the Company's circles at 49 circles, out of which 1 circle has been audited by us and remaining 48 circles are audited by respective circle auditors appointed under section 139 of the Companies Act, 2013 (the 'Act') by the Comptroller and Auditor General of India (C&AG).

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit, in which are incorporated the returns audited by 48 circle auditors.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



5. We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by other circle auditors in terms of their reports referred to in paragraph 41 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Ind AS financial statements

Basis for Qualified Opinion

Assets and Liabilities taken over from Department of Telecommunication ('DoT') and the amounts receivable and payable to DoT

8. As detailed in note 36 and 40.1 to the Ind AS financial statements, assets and liabilities (including contingent liabilities) taken over from DoT on 1 October 2000 have been verified and valued by the management based on internal calculations. These are subject to reconciliations and confirmation from DoT as regards to value and classification. The consequential impact on the Ind AS financial statements, if any, as a result of the same is presently not ascertainable. Audit Report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
9. As detailed in note 41 to the Ind AS financial statements, amounts due from and to DoT, included in current assets and current liabilities aggregating to Rs. 220,052 lakhs (31st March 2016 Rs 293,051 lakhs) and Rs. 37,316 lakhs (31st March 2016 Rs. 26,480 lakhs), are subject to confirmation, reconciliation and consequential adjustment. The impact of the adjustments, if any, on the Ind AS financial statements is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.

Ind AS Transition

10. (a) (i) As stated in Note No. 51 read with Note No. 54 with respect to freehold land the company has fair valued certain freehold lands resulting in upward valuation of Freehold lands by a sum of Rs. 69,86,449 lakhs, which is not in compliance of Ind AS- 101 “First Time Adoption of Indian Accounting Standards”. In addition to the above, circle auditors have reported as under on the Ind AS adoption:
- (ii) Auditors of 9 circles have reported that only certain land parcels out of the total parcels have been fair valued. 1 of the circle auditors has reported that freehold lands of the circle have been fair valued at a market valuation at Rs. 708,746 lakhs and expressed inability to ascertain and verify the basis for arriving at this valuation. Auditor of 2 circles have reported that information/ selection criteria for fair valuation was not made available.
 - (iii) Auditor of 1 circle has reported that for the fair valuation of freehold land parcels, different valuers have adopted different approaches, which are not in line with Ind AS guidelines.
 - (iv) Auditor of 1 circle has reported that in certain cases the fair value as recommended by certified valuer has not been accepted and the circle has valued the freehold lands on its own basis, thereby increasing the value of lands substantially.
 - (v) Auditor of 1 circle has reported that 163 land parcels, not appearing in the financial statements of the circle as on the transition date, have also been fair valued, thus resulting in the upward valuation by a sum of Rs 1202.78 crores.
 - (vi) Further the auditors of 2 circles have reported that the leasehold lands have also been considered as freehold land and hence fair valued, in violation of the principles laid down by the prescribed Ind AS, and further 2 circle auditor has reported that in the absence of relevant records, classification of land taken over from DoT has been considered as freehold and hence fair valued.
 - (vii) Auditors of 1 circle has reported that certain land parcels fair valued had restrictions on transferability/ sale and the auditor of 1 circle has reported that certain lands have been fair valued though the same are non-marketable.
 - (viii) Auditors of 2 circle have reported that freehold land parcels, which appear in the books of the company, whereon the title is still not in the name of the Company in the revenue records and has also been fair valued.
 - (ix) Auditors of 1 circle has reported that 2 land parcels have been compulsorily acquired in earlier years and such land parcels are still appearing in the books



of accounts of the circle and also have been fair valued to Rs. 568 lakhs.

- (x) Auditors of 6 circles have reported that Title deed of freehold land/ documents to support freehold land status/ certifying ownership of land/ mutation of title has not been done or partially done.
- (xi) Circle auditors have also reported as under:
 - i. Non-availability of title deeds of freehold lands and leasehold agreements;
 - ii. Pending transfer of documents in respect of certain land and building in the name of the company/ under legal process/ acquisition
 - iii. Non-availability of relevant records classifying the lands taken-over from DoT as freehold land.
 - iv. Segregation of land into leasehold and freehold land.

The consequential impact of adjustments, if any, on the Ind AS financial statements is presently not ascertainable.

- (b) Liquidated Damages have been apportioned in the ratio of 80:20 in Property Plant and Equipment and expenses respectively. Moreover Liquidated Damages determined on capex portion on all the assets has been apportioned amongst certain assets only viz. Building, Apparatus & Plants, Cables and Mast, Ariel. 9 circle auditors have reported that the basis of apportionment in the ratio of 80: 20 was not made available to them. 2 circle auditors have further reported that this ratio of 80: 20 is not consistent with the financial statements of the circles pertaining to earlier years. 1 circle auditor has reported that liquidated damages accounted for during the year and related to period prior to transition have been adjusted with retained earnings. The consequential impact of adjustments, if any, on the financial statements is presently not ascertainable.

- (c) For capitalization of borrowing cost, interest income on temporary investments, being FDR's, has not been determined for the eligible borrowing cost to be capitalized which is non-compliance of Ind AS 23 "Borrowing Costs". The consequential impact of adjustments, if any, on the financial statements is presently not ascertainable.

Further the auditors of 16 circles have reported that Borrowing Cost pursuant to applicable Ind AS has been capitalised based upon ATD/ communication/ excel sheet received from Head Office. These auditors have expressed their inability to verify the correctness of these borrowing costs for want of calculations/ details.

- (d) 3 circle auditors have reported that evidence for determining the Inventories to be recognised in Capital-Work-in-Progress in terms of Ind AS 16 "Property, Plant & Equipment" have not been provided to them for verification.

- (e) Assets and Liabilities assumed from DoT: As detailed in Note No. 36(2) the changes in the carrying amount of the assets identified and vested from DOT, in successive stages, being capital in nature, being not freely distributable as dividends, have been recognised by the company, in the Statement of Profit and Loss as other income and hence this change by the company to such assets and liabilities assumed from DOT is not in line with Ind AS 103 "Business Combinations" read with Ind AS 101 "First Time adoption of Indian accounting Standards". This has resulted in understatement of net loss for the year by Rs. 160 lakhs (previous year overstatement of loss by Rs. 1,677 lakhs).

Property, Plant and Equipment

11. As reported by auditors of 13 circles, Capital Work-in-Progress, inter alia, includes balances pending capitalization for long-periods of time owing to pending analysis of status, value and obtaining of commissioning certificates. The consequential impact on the capital work-in-progress, Property Plant and Equipment, depreciation and amortization and loss for the year, if any, is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
12. As reported by auditors of 7 circles, in the absence of information in respect of certain items of Property Plant and Equipment capitalized, particularly batteries, it could not be established whether assets capitalized were on account of replacement/ extension of an existing asset or additional acquisition of a new asset and hence the consequential impact of the same on the classification/ value of the respective asset, depreciation and amortization, expenses and loss for the year, if any, is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
13. As reported by auditors of 6 circles, the leasehold land as identified and valued by the respective circles have been incorporated in the books of accounts and amortised with effect from the date of formation of the Company. Hence, in respect of the lands still not identified and/ or duly incorporated in the books of accounts of the respective circles, the consequential impact on value of Property Plants and Equipment, depreciation and amortization and loss for the year, if any, is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
14. As detailed in note 40.2 to the financial statements, auditors of 5 circles have reported on the expired/ non-renewal of leases on lands on which the Company had constructed buildings and the fact that management has not made any provision for the surrender value/ written down value of the aforementioned buildings in the anticipation of the ultimate renewal of the leases, the consequential impact of adjustment on Property Plant



and Equipments, depreciation and amortization and loss for the year, if any, is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.

15. As stated in note 3(i) and 40.3 to the financial statements, Property Plant and Equipment, inter alia, includes land pertaining to 14 circles, purchased/ acquired on leasehold/ freehold basis through various authorities, the title deeds of which are yet to be executed in the name of the Company. The audit report in the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
16. The accounting policy of the Company as stated in note 2.1(c) to the financial statements with respect to the decommissioned assets has not been uniformly applied across all circles. In 5 circles, the decommissioned assets are not recorded at lower of the cost or net realisable value. While in 3 circles, the decommissioned assets have not been appropriately adjusted from the block of Property Plant and Equipment and depreciation and amortization is still being charged on such decommissioned assets. In the absence of sufficient details, we are unable to comment upon the impact of adjustment on the Property Plant and Equipment, current assets, depreciation and amortization and loss for the year, if any, arising out of the same. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
17. (i) As reported by auditors of 12 circles, the Company has not consistently adhered to capitalizing the overhead expenses specifically attributable to the capital work-in-progress but has recorded the same on estimated/ fixed percentage/ payment basis:
 - (ii) As reported by auditors of certain circles, the company capitalizes the assets on periodic basis instead of at the ready to use date; and
 - (iii) Accounting policies regarding capitalization, disposal, depreciation and amortization of Property Plants and Equipment are not uniformly applied in case of 10 circles.

The resultant Impact of the above non compliances with the standards on the value of Property Plant and Equipments, capital work-in-progress, depreciation and amortization and loss for the year, if any, are presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.

Current Assets and Current Liabilities

18. The company does not follow a system of obtaining confirmation and performing reconciliation of balances in respect of trade receivable, deposits with government departments/ companies (inter alia, including Mahanagar Telecom Nigam Limited and Bharat Broadband Network Limited), claims recoverable from/ payable to DoT (including license fees payable as detailed in note 48(A) of the Ind AS financial statements) or to/ from

other government departments/ authorities, subscriber/ customer deposit accounts, trade payable and claims payable. Due to non-availability of confirmation and reconciliations of the aforementioned account balances, we are unable to quantify the impact of the adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.

19. As reported by auditors of certain circles, there are unquantifiable differences between the general ledger/ trial and accounting records pertaining to loans and advances, current assets and current liabilities. The impact on the Ind AS financial statements, if any, owing to the aforementioned non-reconciliations is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
20. As reported by auditor of 9 circles, there are differences in the inventory records between stores ledger and general ledger/ trial balance, the impact of the same is currently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
21. As reported by auditor of 3 Circles, there has been non-adherence to the Company's policy of valuation of inventory on weighted average method as stated in note 2.2(i) to the Ind AS financial statements. Further, auditor of 1 circle has expressed his inability to give any opinion on method of valuation of inventory, due to lack of appropriate evidence. The impact of the adjustment, if any, on inventory, consumption and loss for the year is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect to this matter.

Inter/ Intra Circle Remittance Account

22. As detailed in note 42 to the Ind AS financial statements, the Inter-Circle/ Unit remittance balances amounting to Rs. 9020 lakhs (Credit) (previous year Rs. 57,598 lakhs (Debit)) are yet to be reconciled. Pending such reconciliations, the possible cumulative impact of the adjustments, if any, on assets and liabilities and the current and prior year(s) income and expenditure is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.

License Fee, Spectrum Charges, Inter Connect Usage Charges

23. (i) As stated in note 37.3 to the financial statements, the Company's license and spectrum, fees payable to DoT for the year ended 31 March 2017 amounts to Rs. 231,086 lacs (previous year Rs. 228,538 Lacs) and is calculated on the Adjusted Gross Revenue ('AGR') which is determined by the management by excluding the interest income on income-tax refund received during the year amounting to



Rs 38,180 lacs (Previous Year 142,851 lakhs). In our opinion, the license fees is understated by Rs. 3054.40 lakhs (Previous Year 12,641 lakhs) since such interest income has not been included in determination of AGR for computing the license fees. Had the aforesaid expenditure been accounted for, license and spectrum fees and loss for the year ended 31 March 2017 and current liabilities as at that date would have been higher by Rs. 3054.40 lakhs (Previous Year 12,641 lakhs) and the reserve and surplus as at that date would have been lower by the same amount. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect to this matter.

- (ii) As reported by auditor of 1 circle, interest received on security deposits is set off directly from the bills and the interest income is not ascertainable for recognizing liability of license fees, auditor of 3 circle has reported:
 - i) Income from NOFN project,
 - ii) Profit from Construction Contracts,
 - iii) Liquidated Damages recovered from contractors/ suppliers and reduced from relevant revenue expenditure, have not been included for the calculation of License and Spectrum Fees. Further, auditors of 6 circles have reported that revenue from NLD/ ILD is not based on actual usage of pulse and the license fees is based upon estimated basis. Consequential impact on the Ind AS financial statements, if any, as a result of the same is presently not ascertainable.
- (iii) Income recognized during the year and pertaining to the prior years and not booked in prior years, has been considered in the current year as Reserve and Surplus as per IND AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", however, such incomes have not been included in determination of AGR for computing the license fees. Consequential impact on the Ind AS financial statements, if any, as a result of the same is presently not ascertainable.

Revenue

- 24. As reported by auditors of 5 circles, the income from recharge coupons, prepaid calling cards, internet connection cards, sancharnet cards and stock of recharge coupons and prepaid calling cards are subject to reconciliations. In the absence of specific details, the impact of adjustment, if any, on Ind AS financial statements is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect to this matter.
- 25. One circle auditor has reported that Performance Bank Guarantee (PBG) of Rs. 2,496.01 Lakhs was en-cashed during the year and has been booked as income which is not in

line with accounting policy followed by the company. In absence of adequate details, consequential impact of the adjustments, if any, on the Ind AS financials is currently unascertainable.

26. As stated in note 2.2-(h) to the significant accounting policies, certain items of revenue are accounted for on cash basis instead of the accrual basis of recognition of revenue which is not in accordance with the generally accepted accounting principles in India. The impact of the adjustment, if any, in respect thereof on revenue, license fee, trade receivables and loss for the year is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.

Provisions and contingent liabilities

27. The provisions and the disclosures with regard to matters under litigations have been made based upon the management estimates. Based upon the report of auditors of 12 circles, sufficient and appropriate audit evidence for examining and verifying the quantum of contingent liabilities disclosed in note 48 to the Ind AS financial statements has not been obtained. In the absence of the adequate details and documents and pending the responses to our confirmation requests in respect of the litigations, the impact of adjustments/disclosure, if any, on the Ind AS financial statements is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
28. As reported by 9 circles, the circles have not made provision for the disallowance of subsidy claimed from Universal Service Obligation Fund ('USOF'). The impact of the adjustment, if any, in respect thereof on current assets and loss for the year is presently not ascertainable. Further the auditor of 1 circle has reported that the provision against amount recoverable as USOF claim withheld by DoT has been reversed without giving any justification. The consequential impact of adjustments, if any, on the Ind AS financial statements is presently not ascertainable.

Miscellaneous

29. The Company has not complied in respect of the following Ind AS notified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).
- i. As reported by auditors of 5 circles, the expenses, incomes, assets and liabilities are not properly disclosed under the reportable segments as per the Ind AS 108-"Operating Segments". In our opinion, the same does not give true and fair disclosure of the segment-wise operations of the Company as required by the aforementioned Ind AS. The audit report on the financial statements for the previous year ended 31



March 2016 was also qualified in respect of this matter.

- ii. The company has not carried out any techno-economic assessment during the year ended 31 March 2017 and hence identification of impairment loss and provision thereof, if any, has not been made. The same is not in accordance with the notified Ind AS 36 "Impairment of Assets". The consequential impact of adjustment, if any, on the Ind AS financial statements is currently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
- iii. The accounting for capital and revenue grant in accordance with the notified Ind AS 20 "Accounting for Government Grants and Disclosure of Government Assistance" is not followed consistently. In the absence of specific details, the consequential impact of adjustment, if any, on the Ind AS financial statements is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
- iv. The accounting policy as referred to in note 2k(iii) to the statements with respect to the liability on account of post-retirement medical benefits of employees including retired employees, a defined benefit plan, is recognized on actual basis in respect of bills received by the company instead of recognizing the liability for the same as the present value of the defined benefit obligation at the balance sheet date calculated on the basis of actuarial valuation in accordance with the notified Ind AS- 19 "Employee Benefits". The consequential impact of adjustment, if any, owing to this non-compliance on the Ind AS financial statements is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect to this matter.
- v. As reported by 2 circles, contract revenue and contract costs pertaining to construction contracts have not been accounted for in accordance with the notified Ind AS 11 "Construction Contracts". In the absence of specific details, the consequential impact of adjustment, if any, on the Ind AS financial statements is presently not ascertainable.
- vi. As detailed in Note No. 40(2) the company has certain leasehold land, the lease tenure of which in earlier year(s) and is not renewed in current year. Pending renewal of such lease, period and non-availability of sufficient information about the timeline by which it would be renewed, the classification of such land made by the company as finance lease is not in conformity with Ind AS 17 "Leases". 6 circle auditors have reported that certain provisions including disclosure requirements as per Ind AS 17 "Leases", have not been complied with. In the absence of specific details, the consequential impact of adjustments, if any, on the Ind AS financial statements is presently not ascertainable.

30. As stated in the note 2.1(t) of the financial statements, individual transactions of income/ expenditure exceeding Rs. 5 lacs, are considered for evaluation as prior-period items. The revenue and expenditure for the current year, inter alia, includes amount pertaining to prior period(s) as reported by auditors of 3 circles and 4 circles respectively. This is not in accordance with the Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The consequential impact of adjustments, if any, on the Ind AS financial statements is presently not ascertainable.
31. As reported by 16 circles and detailed in note 26 to the Ind AS financial statements, these circles have not identified units covered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act, 2006) and hence disclosures as required under the MSMED Act, 2006 is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
32. The disclosure requirements of the Schedule III, Division II of the Act have not been properly adhered to in the presentation and disclosure of Ind AS financial statements of the Company in respect of classification of assets/ liabilities into current and non-current and secured and unsecured, whether applicable; categorization of assets/ liabilities into appropriate captions; changes in inventory; related party; capital and other commitments and expenditure and earnings in foreign currency. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
33. As reported by auditors of 17 circles, compliances with regard to deposition, deduction, reconciliation of service tax, tax deducted at source and value added tax are pending to be made. In the absence of specific details, we are unable to comment on its consequential impact, if any, on the Ind AS financial statements. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
34. As detailed in notes (a) and (b) of the Cash Flow Statement, certain assumption have been made for the purpose of preparation of the Cash Flow Statement. In the absence of the appropriate details, we are presently unable to ascertain the impact, if any, on the adjustment/ disclosures in the Cash Flow Statement. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.
35. Certain subsequent events or circumstances may have occurred between the auditor's report date of the respective circles of the company and that of this audit report. Such events or circumstances could significantly affect the accompanying Ind AS financial statements or the related disclosures forming part of these Ind AS financial statements of the company. In the absence of sufficient appropriate audit evidence in respect of the



other circles, the impact of adjustments, if any, or disclosures to be included in these Ind AS financial statements of the company cannot be ascertained. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.

36. Auditor of 2 circles have reported that they have not been provided with adequate evidence for the verification of information pertaining to Specified Bank Notes.
37. The company has not complied with Ind AS 16 "Property, Plant and Equipment" by not attributing the dismantling costs to each part of an item of Property, Plant and Equipment with the cost that is significant in relation to the total cost of the item. Auditors of 6 circles have reported that value considered for Asset Retirement Obligation has been generated by internal department which is neither certified by any Certified Valuer, nor calculated in appropriate method and the same has been calculated on estimated basis. 1 circle auditor has reported that Asset Retirement Obligation has been recognised in the year succeeding the year of capitalization. The impact of the adjustment, if any, in respect thereof on asset, depreciation and loss for the year is presently not ascertainable.

Qualified Opinion

38. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other circle auditors on the Ind AS financial statements of the circles as noted below, except for the effects/ possible effects of the matters described in the Basis for Qualified Opinion paragraph, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the company as at 31st March 2017 and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

39. We draw attention to Note No 11 to the Ind AS financial statements of the company regarding investments in ITI Limited aggregating to Rs. 20,000 lakhs as at 31st March 2017. The management based on the factors mentioned in the said note believes that the diminution in the value of Investments is temporary in nature and hence no provision in respect of aforementioned amount has been made in the accompanying Ind AS financial statements. Our opinion is not qualified on respect of this matter.

Other Matters

40. The comparative financial information of the company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in

these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by predecessor auditor whose report for the year ended 31st March 2016 dated 9th September 2016 and subsequently 22nd September 2016 and for the year ended 31st March 2015 dated 18th September 2015 expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the company on transition to the Ind AS which have been audited by us.

41. We did not audit the financial statements of 48 circles included in the Ind AS financial statements of the company whose financial statements reflect total asset including intra/inter circle remittances of Rs. 7,624,280 lakhs as at 31st March 2017 and total revenues of Rs. 3,027,060 lakhs for the year ended on that date. The Ind AS financial statements of these circles have been audited by the circle auditors whose reports, except the audited Ind AS financial statements of 1 circle, have been provided to us by the management and our opinion in so far as it relates to the amounts and disclosures included in respect of these circles is based solely on the report of such circle auditors and the management.

Our opinion on the Ind AS financial statements and our report on the other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other circle auditors.

Report on Other Legal and Regulatory Requirements

42. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure I**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
43. As required by section 143(5) of the Act, we give in "**Annexure II**" a statement based on the directions issued and matters specified by the Comptroller and Auditor General of India.
44. Further to our comments in Annexure I and II, as required by section 143 (3) of the Act, and based on the Auditors report of the circles, we report that:
- a. We have sought and, except for the matters/ effects/ possible effects of the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. Except for the effects/ possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and reports of other auditors;



- c. The reports on the accounts of the circles of the company audited under section 143(8) of the Act by the Circle Auditors have been sent to us and have been properly dealt with by us in preparing this report.
- d. Except for the effects/ possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Ind AS financial statements dealt with this report are in agreement with the books of accounts.
- e. Except for the effects/ possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- f. Since, the company is a Government Company, section 164(2) of the Companies Act, 2013 regarding obtaining written representations from the directors of the Company, is not applicable to the company in terms of notification no. GSR-463(E), issued by Ministry of Corporate Affairs;
- g. The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph.
- h. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure-III**”; and
- i. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. Except for the possible effects of the matters described in paragraph 27 of the Basis of Qualified Opinion above, as detailed in Note 48 to the Ind AS Financial statements, the Company has disclosed the impact of pending litigations on its financial position.
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education & Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Except for the possible effects of the matters described in paragraph 36 of the Basis for Qualified Opinion above, information as detailed in Note

38 to the Ind AS Financial statements, based on audit procedures performed and the representations provided to us by the management and the reports of circle auditors, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

For ANDROS & CO
Chartered Accountants
Firm's Registration No.:008976N

Sd/-
(Shashi Garg)
Partner
Membership No.: 086492

Place: New Delhi

Date: 12th October 2017



Annexure I to the Independent Auditor's Report of even date to the members of Bharat Sanchar Nigam Ltd on the Ind AS financial statements for the year ended 31 March 2017

Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit and based on the comments in auditor's reports of all the circles and to the best of our knowledge and belief, we report that:

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (presently referred as Property, Plant and Equipment) except in case of 19 circles, where such records have not been appropriately maintained.
- (b) In case of 21 circles, the fixed assets (presently referred as Property, Plant and Equipment) have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets (presently referred as Property, Plant and Equipment) is reasonable having regard to the size of the Company and the nature of its assets.

Further, in case of 1 circle the fixed assets (presently referred as Property, Plant and Equipment) have been physically verified by the management during the year but in our opinion, the frequency of verification of the fixed assets (presently referred as Property, Plant and Equipment) is not reasonable having regard to the size of the Company and the nature of its assets.

In case of 11 circles, the fixed assets (presently referred as Property, Plant and Equipment) have not been physically verified by the management during the year and in case of 16 circles though the management has conducted physical verification of fixed assets (presently referred as Property, Plant and Equipment) but no documentary evidence was provided. Hence, in respect of the aforementioned 27 circles, we are unable to comment on the discrepancies, if any, which could have arisen on such verification.

- (c) 6 circles does not hold any immovable property (in the nature of 'Property Plant and Equipment) and accordingly the provisions of clause 3(i)(c) of the Order are not applicable in respect of these circles.

In case of 4 circles, the title deeds of all the immovable properties (which are included under the head fixed assets presently referred as Property Plant and Equipment) are held in the name of the Company.

In case of 12 circles, the title deeds of all the immovable properties (which are included under the head fixed assets presently referred as Property Plant and Equipment) are held in the name of the Company except for certain properties which were acquired or taken over from Department of Telecommunication (DoT), Government of India, in which case the transfer of title deeds in the name of the Company are still pending, out of which, 2 circles have provided details of the immovable properties which are not held in the name of the Company as detailed in Appendix I.

Further in case of 12 circles, the title deeds of all the immovable properties (which are included under the head fixed assets presently referred as Property Plant and Equipment) are held in the name of the Company except in case of certain properties.

In case of 3 circles, none of the title deeds of the immovable properties (which are included under the head fixed assets presently referred as Property Plant and Equipment) are held in the name of the Company. Further in case of 10 circles, in the absence of availability of proper details and title deeds, the auditors are unable to comment upon this clause of the order. One circle has not commented upon this clause of order.

- (ii) 8 circles do not have inventory. Accordingly, the provisions of clause 3(ii) of the order are not applicable in respect of these circles.

In case of 25 circles, in our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, out of which in case of 20 circles, no material discrepancies between physical verification and book records were noticed on physical verification, in 4 circles, material discrepancies noticed on physical verification have been properly dealt with in the books of accounts, and in case of 1 circle, material discrepancies noticed on such physical verification have not been properly dealt with in the books of accounts.

Further, in case of 7 circles, the inventory has not been physically verified by the management during the year and in case of 9 circles though the management has conducted physical verification of inventory but no documentary evidence was provided, therefore, we are unable to comment on the discrepancies which could have been arisen between physical inventory and book records. In our opinion, the frequency of verification of the inventory in respect of these circles is also not reasonable having regard to the size of the respective circles and nature of its assets.

- (iii) The company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnership (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transactions covered under Section 185 of the Act. However, in our opinion the Company has complied with the provision of Section 186 of the Act in respect of loans, investments, guarantees and security.



- (v) 49 circles have not accepted any deposit within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable in respect of these circles. Further in case of 1 circle, in the absence of adequate information, the respective auditor has not been able to comment upon this clause.
- (vi) We have been explained by the management that company has not yet maintained cost records as prescribed under sub-section (1) of section 148 of the Act in respect of Company's services.
- (vii) (a) 7 circles are regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory, as applicable, to the appropriate authorities, Further, 42 circles have generally been regular in depositing such tax dues. In case of 45 circles no undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable and undisputed amounts payable in respect thereof, which were outstanding at the year end for a period of more than six months from the date they became payable, in respect of 4 circles details have been given in Appendix II.

(b) Except for the possible effects of the matters described in Paragraph 27 under the Basis of Qualified Opinion paragraph, the impact of which is currently not ascertainable, in case of 13 circles, there are no dues in respect of income-tax, sales-tax, service-tax, duty of custom, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute, Further in case of 35 circles, the dues outstanding in respect of income-tax, sales-tax, duty of custom, duty of excise and value added tax on account of any dispute, have been detailed in Appendix III. Further in case of 1 circle, in the absence of adequate information, the respective auditor has not been able to comment upon this clause.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any bank. The Company has no loans or borrowings payable to a financial institutions or Government during the year. The Company did not have any outstanding debentures during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company did not raise the moneys by the way of initial public offer or further public offer (including debt instruments). The term loans were applied for the purpose for which the loans were raised.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit except in case of 1 circle. 4 circles have reported on frauds and theft in the Company amounting to Rs 99.9 lakhs.

- (xi) The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act, accordingly, provisions of clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company, accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company's transactions with its related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, and details of related party transactions have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Paragraph 3 of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with it covered under section 192 of the Act. Hence reporting under clause (xv) of Paragraph 3 of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For ANDROS & Co.
Chartered Accountants
Firm's Registration No.:008976N

Sd/-
(Shashi Garg)
Partner
Membership No.: 086492

Place: New Delhi

Date: 12th October 2017



Appendix-I

Appendix I to Annexure I to the Independent Auditor's Report of even date to the members of Bharat Sanchar Nigam Limited on the financial statements for the year ended 31 March 2017

Details as per clause (i)(c)

Kerala Circle

Bus Area	SSA	Whether Freehold/ leasehold	No of Cases	2016-17 GROSS BLOCK VALUE (in lakhs)	2016-17 NET BLOCK VALUE (in lakhs)
2201	Circle Office	Freehold	15	23.34381	23.34381
2202	Alappuzha	Freehold	16	4117.19469	4117.19469
2203	Calicut	Freehold	26	9262.0214	9262.0214
2204	Ernakulam	Freehold	82	58726.43836	58726.43836
2205	Kannur	Freehold	56	12951.07157	12951.07157
2206	Kollam	Freehold	14	8512.0209	8512.0209
2207	Kottayam	Freehold	44	21188.42934	21188.42934
2208	Malappuram	Freehold	14	4349.6406	4349.6406
2209	Palakkad	Freehold	26	6496.15377	6496.15377
2210	Pathanamthitta	Freehold	24	7218.46875	7218.46875
2211	Thrissur	Freehold	15	13031.57622	13031.57622
2212	Trivandrum	Freehold	24	29374.65192	29374.65192
2210	Pathanamthitta	Leasehold	5	1.28614	0
			361	175252.2975	175251.0113

Tamil Nadu

Whether Freehold/ leasehold	No of Cases	GROSS BLOCK/ NET BLOCK VALUE (Rs. In lakhs)
Freehold	149	132841.41

Note: The above information has been tabulated to the extent available from the respective circle auditor's report

Appendix-II

**Appendix II to Annexure I to the Independent Auditor's Report of even date to the members of
Bharat Sanchar Nigam Limited on the financial statements for the year ended 31 March 2017**

Details as per clause (vii) (a)

S. No.	Name of SSA	Name of the Statute	Nature of the dues	Gross amount	Amount Paid (fill date)	Balance amount not paid	Period to which it relates	Forum where dispute is pending
1	Andhra Pradesh	Mines and Minerals Act	Seignior age Fee payable	1.80	-	-	-	
2	Maharashtra Telecom Circle	Income Tax Act	TDS	69.94	-	-	-	
		Sales Tax Act	Sales Tax	12.08	-	-	-	
3	1064-NETF		Work Contract VAT & other construction worker welfare cess	6.31	-	-	-	
4	Uttar Pradesh (U.P) West	INCOME TAX ACT 1961	TDS ON PCO COMMISSION	60.14	42.00	18.14	2002-03	COMMISSIONER OF INCOME TAX (APPEAL)
		ENTRY TAX ACT	ENTRY TAX	34.78	-	34.78	2000-2005	HIGH COURT ALLAHABAD
		SALES TAX ACT	SALES TAX	1.22	-	1.22	2002-2003	TRADE TAX TRIBUNAL
		SALES TAX ACT	SALES TAX	1.83	-	1.83	2002-2003	JOINT COMMISSIONER APPEAL
		FINANCE ACT 1994	SERVICE TAX PENALTY	43.38	-	43.38	JUNE 2003-DEC 2003	CESTAT
		FINANCE ACT 1994	SERVICE TAX	26.28	-	26.28	OCT 2000 TO SEP 2001	CESTAT
		ARBITRATION ACT	CIVIL WORKS	22.53	-	22.53	2005-06	CE(C) BSNL NEW DELHI
		ARBITRATION ACT	CIVIL WORKS	2.49	-	2.49	DECEMBER' 2013	CE(C) BSNL NEW DELHI
		REGULARIZATION OF LABOUR	UNCERTAIN	-	-	-	2003-04	ALLAHABAD HIGH COURT



S. No.	Name of SSA	Name of the Statute	Nature of the dues	Gross amount	Amount Paid (till date)	Balance amount not paid	Period to which it relates	Forum where dispute is pending
		ARBITRATION ACT	CIVIL WORKS	-	-	-	2004	ALLAHABAD HIGH COURT
		ARBITRATION ACT	CIVIL WORKS	1.86	-	1.86	2008	DISTRICT JUDGE RUDRAPUR
		ARBITRATION ACT	CIVIL WORKS	38.17	-	38.17	2008	DISTRICT JUDGE MORADABAD
		ARBITRATION ACT	CIVIL WORKS	5.50	-	5.50	2013	DISTRICT JUDGE NAINITAL
		ARBITRATION ACT	CIVIL WORKS	5.50	-	5.50	2013	DISTRICT JUDGE NAINITAL
		ARBITRATION ACT	CIVIL WORKS	3.10	-	3.10	2013	DISTRICT JUDGE CHAMPAWAT
		ARBITRATION ACT	CIVIL WORKS	5.10	-	5.10	2011	HIGH COURT ALLAHABAD
		ENTRY TAX ACT	ENTRY TAX	24.52	-	24.52	2000-01, 2001-02	TRADE TAX AUTHORITY SAHARANPUR
		FINANCE ACT 1994	SERVICE TAX	-	-	-	AUG 2002 TO JAN 2003	CESTAT
		SECTION 2(1) FA 1994	SERVICE TAX	5.52	-	5.52	2015-16	ASSIT COMM CENTRAL EXCISE, RAMPUR
		RIGHT TO USE 10(b)	SALES TAX	0.08	-	0.08	1987-88	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.09	-	0.09	1988-89	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.09	-	0.09	1989-90	TRIBUNAL COURT TRADE TAX MORADABAD

S. No.	Name of SSA	Name of the Statute	Nature of the dues	Gross amount	Amount Paid (till date)	Balance amount not paid	Period to which it relates	Forum where dispute is pending
		RIGHT TO USE 10(b)	SALES TAX	0.10	-	0.10	1990-91	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.12	-	0.12	1991-92	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.13	-	0.13	1992-93	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.24	-	0.24	1993-94	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.26	-	0.26	1994-95	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.36	-	0.36	1995-96	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.24	-	0.24	1996-97	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.40	-	0.40	1997-98	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.45	-	0.45	1998-99	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.47	-	0.47	1999-2000	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.54	-	0.54	2000-01	TRIBUNAL COURT TRADE TAX MORADABAD



S. No.	Name of SSA	Name of the Statute	Nature of the dues	Gross amount	Amount Paid (till date)	Balance amount not paid	Period to which it relates	Forum where dispute is pending
		RIGHT TO USE 10(b)	SALES TAX	0.75	-	0.75	2001-02	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	2.19	-	2.19	2002-03	TRIBUNAL COURT TRADE TAX MORADABAD
		ENTRY TAX ACT	SALES TAX	1.09	-	1.09	2003-04	TRIBUNAL COURT TRADE TAX MORADABAD
		ENTRY TAX ACT	SALES TAX	6.62	-	6.62	JAN 2003 TO NOV 2003	COMMISSIONER OF EXCISE & SERVICE TAX
		ITAT 1961	TDS	18.90	-	18.90	2009-10	ITAT ND
		ITAT 1961	TDS	6.12	-	6.12	2010-11	ITAT ND
		ITAT 1961	PENALTY U/S 27C	15.75	-	15.75	2009-10	ITAT ND
		SALES TAX ACT	SALES TAX	50.31	20.00	30.31	99-00/01- 02/0304	HIGH COURT ALLAHABAD
		SALES TAX ACT	PENALTY	-	-	-	2009-10, 2011-12	COMMISSIONER APPEALS
		SALES TAX ACT	UPTT	-	-	-	2003-2005	ALLAHABAD HIGH COURT
		SALES TAX ACT	ENTRY TAX	-	-	-	1990-2005	ALLAHABAD HIGH COURT
		INCOME TAX ACT 1961	TDS ON PCO COMMISSION	30.58	-	30.58	2005-2006	INCOME TAX APPELLATE TRIBUNAL
		INCOME TAX ACT 1961	TDS ON PCO COMMISSION	16.19	-	16.19	2006-2007	INCOME TAX APPELLATE TRIBUNAL
		ENTRY TAX ACT	ENTRY TAX	13.08	-	13.08	2003-2004	ALLAHABAD HIGH COURT
		ENTRY TAX ACT	ENTRY TAX	19.28	-	19.28	2004-2005	ALLAHABAD HIGH COURT

S. No.	Name of SSA	Name of the Statute	Nature of the dues	Gross amount	Amount Paid (till date)	Balance amount not paid	Period to which it relates	Forum where dispute is pending
		SALES TAX ACT	SALES TAX	33.25	-	33.25	2003-2004	ALLAHABAD HIGH COURT
		SALES TAX ACT	SALES TAX	12.59	-	12.59	2004-2005	ALLAHABAD HIGH COURT
		UP ACT 2007	ENTRY TAX	4.70	-	4.70	2000-01/2001-02/2002-03	ALLAHABAD HIGH COURT
		UP ACT 2007	ENTRY TAX	5.44	-	5.44	2007-2008	ASST. COMMISSIONER TRADE TAX ETAWAH
		INCOME TAX ACT 1961	TDS ON RECHARGE COUPONS	22.17	-	22.17	A/Y 2008-2009	COMMISSIONER OF INCOME TAX AGRA
		INCOME TAX ACT 1961	PENALTY ON TDS	16.95	-	16.95	A/Y 2008-2009	COMMISSIONER OF INCOME TAX AGRA
		INCOME TAX ACT 1961	TDS ON RECHARGE COUPONS	10.56	-	10.56	A/Y 2009-2010	INCOME TAX APPELATE TRIBUNAL
		SALES TAX ACT	SALES TAX	87.83	6.50	81.33	2009-10	ALLAHABAD HIGH COURT
		INCOME TAX ACT 1961	TDS	20.66	5.17	15.49	2007-08 TO 2009-10	ITAT NEW DELHI
		INCOME TAX ACT 1961	TDS ON DISCOUNT AALLOWED ON CMTS PRODUCT	8.58	-	8.58	2008-2009	ITAT AGRA
		SALES TAX ACT	SALES TAX	0.60	-	0.60	2004-05	MEMBER TRIBUNAL TRADE TAX AGRA
		SALES TAX ACT	SALES TAX	0.30	-	0.30	2003-04	MEMBER TRIBUNAL TRADE TAX AGRA
		SALES TAX ACT	SALES TAX	2.10	-	2.10	2010-10	DY. COMMISSIONER COMMERCIAL TAX MAINPURI



S. No.	Name of SSA	Name of the Statute	Nature of the dues	Gross amount	Amount Paid (till date)	Balance amount not paid	Period to which it relates	Forum where dispute is pending
		SALES TAX ACT	SALES TAX	1.90	-	1.90	2009-10	DY. COMMISSIONER COMMERCIAL TAX MAINPURI
		SALES TAX ACT	SALES TAX	1.55	-	1.55	APPEAL NO. U/S 1/1/2008 TO 31/03/2008	DY. COMMISSIONER COMMERCIAL TAX MAINPURI
		SALES TAX ACT	SALES TAX	1.87	-	1.87	APPEAL NO U/S 1/04/2007 TO 31/12/2007	DY. COMMISSIONER COMMERCIAL TAX MAINPURI
		EPF ACT	EPF	1.39	-	1.39	2000-2013	EPFO AGRA
		INCOME TAX ACT 1961	TDS	1.08	-	1.08	APPEAL NO U/S 221/1 OF INCOME TAX ACT 1961 Dt. 29/10/2011 2006-07	ITO (TDS & SURVEY) ALIGARH
		SALES TAX ACT	SALES TAX	-	#VALUE!	-	1977-78 TO 2004-05	High Court Allahabad & TRADE TAX TRIBUNAL BAREILLY
		SALES TAX ACT	TRADE TAX	48.02	19.70	48.02	2003-2004	Appeal pending at Commissioner Agra
		SALES TAX ACT	TRADE TAX	3.12	-	3.12	2009-10	Appeal pending at Asstt Registrar, CESTAT, Allahabad
		FINANCE ACT 1994	SERVICE TAX	-	-	-	2005-06, 2006-07	CESTAT Allahabad
		CONTRACT ACT	CONTRACTUAL OBLIGATION	-	50.00	-	1997-98	HIGH COURT ALLAHABAD
		Finance act, 1994	CENVAT CREDIT	8.13	8.13	-		Astt. Comm, Meerut

S. No.	Name of SSA	Name of the Statute	Nature of the dues	Gross amount	Amount Paid (till date)	Balance amount not paid	Period to which it relates	Forum where dispute is pending
		ENTRY TAX ACT	ENTRY TAX	54.96	-	54.96	2005-06 & 2006-07	HIGH COURT ALLAHABAD
		ENTRY TAX ACT	ENTRY TAX	-	27.76	-	2007-08	JOINT COMMISSIONER APPEAL (TRADE TAX)
		ENTRY TAX ACT	SALES TAX	-	-	-	2005-06 & 2006-07	HIGH COURT ALLAHABAD
		ENTRY TAX ACT	SALES TAX	-	55.25	-	2007-08	JOINT COMMISSIONER APPEAL (TRADE TAX)
		ENTRY TAX ACT	ENTRY TAX	1.28	-	1.28	2003-04	ALLAHABAD HIGH COURT
		ENTRY TAX ACT	ENTRY TAX	16.81	-	16.81	2004-05	COMMERCIAL TAX TRIBUNAL GB NAGAR
		SALES TAX ACT	SALES TAX	60.47	-	60.47	1998-99 TO 2003-04	JOINT COMMISSIONER APPEAL
		SALES TAX ACT	W.C.T. PENALTY	-	-	-	2005-06 to 2008-09	DOUBLE BENCH OF TRIBUNAL COMMERCIAL TAX DEPTT MERRUT
				-	-	-		
		REGULARIZATION OF LABOUR	REGULARIZATION OF LABOUR	-	-	-	SINCE FORMATION OF BSNL	DELHI HIGH COURT
		SERVICE TAX DEPARTMENT	CENVAT CREDIT ON TOWER MATERIAL	-	-	-	2006-07 & 2007-08	CESTAT NEW DELHI
		SALES TAX ACT	SALES TAX	-	-	-	1999-2003	ALLAHABAD HIGH COURT
		FINANCE ACT 1994	SERVICE TAX	-	-	-	2009-2014	CESTAT New Delhi
		FINANCE ACT 1994	CENVAT CREDIT	-	-	-	Oct-2009 to Mar-2011	CESTAT, New Delhi



S. No.	Name of SSA	Name of the Statute	Nature of the dues	Gross amount	Amount Paid (till date)	Balance amount not paid	Period to which it relates	Forum where dispute is pending
		EPF DEPARTMENT	EPF AGAINST CONTRACT WORKS	46.76	-	46.76	2001-2012	Tribunal at New Delhi
		Trade Tax	Sales Tax for 13 Cases	-	-	-	2003-2008	Asstt. Comm./ High Court Allahabad
		FINANCE ACT 1994	CENVAT CREDIT	44.70	-	44.70	OCT 2010 TO DEC 2015	Commissioner Appeals Meerut
		FINANCE ACT 1994	CENVAT CREDIT	-	33.71	-	2009-2012	CESTAT Allahabad
		FINANCE ACT 1994	CENVAT CREDIT	-	-	-	APR 2012 TO NOV 2014	CESTAT Allahabad
		VAT ACT	VAT	93.83	-	93.83	2013-14	Commissioner Appeals Meerut
		VAT ACT	ENTRY TAX	-	-	-	2013-14	Commissioner Appeals Meerut
		VAT ACT	VAT	14.82	-	14.82	2007-08	Commissioner Appeals Meerut
		VAT ACT	ENTRY TAX	-	-	-	2010-11	Commissioner Appeals Meerut
		CST	CST	7.36	-	7.36	2013-14	Commissioner Appeals Meerut

Note: The above information has been tabulated to the extent available from the respective circle auditor's report

Appendix-III

**Appendix III to Annexure I to the Independent Auditor's Report of even date to the members of
Bharat Sanchar Nigam Limited on th financial statements for the year ended 31 March 2017**

Details as required per clause (vii)(b)

Statement of disputed dues

Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
1	1012-AP	APGST Act	Sales Tax	4420.88	0.00	2003-04	Supreme Court of India
			Sales Tax	4381.08	0.00	2003-04	Supreme Court of India
			Sales Tax	4271.12	0.00	2004-05	Supreme Court of India
			Sales Tax	5746.71	0.00	2005-06	Supreme Court of India
			Sales Tax	5046.98	0.00	2006-07	Supreme Court of India
			Sales Tax	4550.26	0.00	2007-08	Supreme Court of India
			Sales Tax	4265.37	0.00	2008-09	Supreme Court of India
			Sales Tax	4166.78	0.00	2009-10	Supreme Court of India
		Finance Act 1994- Service Tax	Irregular Availment of Cenvat Credit-CMTS	1075.98	0.00	2003-08	CESTAT, Hyderabad
			Irregular Availment of Cenvat Credit-Karimnagar	19.70	0.00	2006-08	CESTAT, Hyderabad
			Irregular Availment of Cenvat Credit-CMTS	94.92	0.00	2008-10	CESTAT, Hyderabad
			Irregular Availment of Cenvat Credit-CMTS	303.91	0.00	2010-11	CESTAT, Hyderabad
			Irregular Availment of Cenvat Credit-CMTS	282.97	0.00	2011-12	CESTAT, Hyderabad
			Irregular Availment of Cenvat Credit-CMTS	75.65	0.00	2012-13	CESTAT, Hyderabad
			Irregular Availment of Cenvat Credit-CMTS	127.34	0.00	2013-14	CESTAT, Hyderabad
			Irregular Availment of Cenvat Credit-CMTS	144.70	0.00	2012-15	CESTAT, Hyderabad
			Levy of ST on exempted services/PCOs-GNT	303.07	0.00	2005-06	CESTAT, Hyderabad
			Levy of ST on exempted services/PCOs-MBN	25.58	0.00	2012-13	Honourable AP High Court
			Levy of ST on exempted services/PCOs-WGL	36.93	0.00	2012-13	Honourable AP High Court
			Levy of ST on exempted services/PCOs-SKLM	40.05	0.00	2012-13	CESTAT, Hyderabad
			Levy of ST on exempted services/PCOs-VZM	6.08	0.00	2011-12	CESTAT, Hyderabad
			Levy of ST on exempted services/PCOs-RJMY	420.87	0.00	2001-17	CESTAT, Hyderabad



Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
			Levy of ST on exempted services/PCOs-VJW	270.26	0.00	2005-12	CESTAT, Hyderabad
			Levy of ST on exempted services/PCOs-ELR	267.47	0.00	2005-06	CESTAT, Hyderabad
			Levy of ST on exempted services/PCOs-KNL	68.92	0.00	2004-09	Commissioner Appeals
			Refund - RCM Transport	1.18	0.00	2013-14	Commissioner, Visakhapatnam
			Irregular Adjustment of ST-NLR	31.78	0.00	2006-07	CESTAT, Hyderabad
			Credit availed on irregular documents/ATDs and wrong availment of credit-TRP	1373.57	0.00	2005-10	CESTAT, Hyderabad
		Income Tax Act 1964	TDS not recovered on the discount allowed to franchiser	399.00	0.00	2008-09	High Court of A.P
			TDS not recovered on the discount allowed to franchiser	386.62	0.00	2009-10	High Court of A.P
			TDS not recovered on the discount allowed to franchiser	396.87	0.00	2010 -11	High Court of A.P
			Total	43002.60	0.00		
2	1013- Assam Telecom Circle	Finance Act-1994	Service Tax	334.00	0.00	Refer note below	
			Total	334.00	0.00		
3	1014- Bihar Telecom Circle	Bihar VAT Act 2005	VAT	83.25	10.08	2005-06	Tribunal
			VAT	26.86	3.75	2006-07	Tribunal
			VAT	489.69	350.37	2007-08	High Court
			VAT	43.39	8.00	2011-12	Commissioner
			VAT	14.11	8.00	2012-13	Commissioner
			VAT	115.53	6.00	2013-14	Commissioner
			VAT	137.09	3.00	2014-15	Commissioner
		Bihar Tax on Entry of Goods into local areas for Consumption, Use or Sale therein Act, 1993	Entry Tax	2.03	2.03	2010-11	JCCT Appeal
			Entry Tax	4.17	1.25	2007-08	DCCT
			Entry Tax	47.95	33.42	2008-09	DCCT
			Entry Tax	59.65	50.35	2009-10	JCCT Appeal
			Entry Tax	22.29	8.92	2011-12	JCCT Appeal
			Entry Tax	253.20	205.26	2008-09	High Court
			Entry Tax	45.00	39.66	2004-05	DCCT
			Entry Tax	9.45	9.45	2015-16	CTO

Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending	
			Entry Tax	5.00	1.71	2007-08	JCCT Appeal	
			Entry Tax	27.34	27.34	2008-09	JCCT Appeal	
		Central Sales Tax Act 1956	CST	15.45	6.99	2013-14	JCCT Appeal	
		Employees' Provident Funds & Miscellaneous Provisions Act, 1952	EPF	2.69	0.00	Mar 2002 to Jan 2005	Tribunal	
			EPF	18.93	17.34	1996 to 2002	APFC	
			EPF	12.01	12.01	5/2002 to 2/2004	APFC	
			EPF	3.36	4.95	2002 to 2013	APFC	
			EPF	17.24	4.56	1-4-1996 to 31-3-2010	APFC	
			EPF	24.23	20.59	1-4-1996 to 31-3-2010	High Court	
			EPF	106.69	106.69	1/10/2000 to 12/3/2010	High Court	
			EPF	0.78	0.71	May 2010 to July 2013	APFC	
			EPF	26.57	25.74	1-4-1996 to 31-3-2010	High Court	
			EPF	2.69	0.00	Mar 2002 to Jan 2005	Tribunal	
			EPF	0.21	0.00	1-4-2010 to 28-2-2014	APFC	
			EPF	0.05	0.00	1-4-2010 to 28-2-2014	APFC	
			Finance Act 2004	Service Tax	129.52	4.86	2007-08 to 2008-09	CESTAT
				Service Tax	363.05	75.56	2001-02 to 2005-06	CESTAT
		Service Tax		133.70	5.01	2008-09 to 2010-11	CESTAT	
		Service Tax		262.62	31.91	2002-06	CESTAT	
		Service Tax		66.65	12.89	2006-07	CESTAT	
		Service Tax		1.53	1.53	2013-14	Commissioner	
		Service Tax		1010.00	200.00	2003-04 to 2006-07	CESTAT	
		Service Tax		2593.16	173.96	2007-08 to 2009-10	CESTAT	
		Service Tax		60.53	5.00	2001-02 to 2005-06	CESTAT	
		Service Tax		171.39	3.73	2006-07 to 2010-11	CESTAT	
		Service Tax		110.07	5.00	2006-07, 2007-08 and 2008-09	CESTAT	
		Service Tax	3.09	3.09	2013-14	CESTAT		



Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
			Service Tax	4.22	4.22	2002-06	CESTAT
			Service Tax	14.92	0.34	2002-2007	Commissioner
			Service Tax	464.22	200.00	Oct 2000 to Sept 2004	High Court
			Service Tax	1255.52	300.00	2005-06 to 2007-08	CESTAT
			Service Tax	243.00	20.00	2006-07	CESTAT
			Service Tax	1241.00	150.00	ST No.01/ST/COM/2008	CESTAT
			Service Tax	63.00	15.00		Commissioner
			Service Tax	1.96	1.96	2010-11	Commr Appeal
			Service Tax	787.00	100.00	2001-02 to 2005-06	CESTAT
			Service Tax	26.51	0.00		CESTAT
			Service Tax	56.88	0.00	2006-2007	CESTAT
			Service Tax	588.00	0.00		CESTAT
			Service Tax	390.53	0.00		Commissioner
			Service Tax	697.00	0.00		Commissioner
			Service Tax	14.36	0.00		Commissioner
			Service Tax	25.61	0.00		Commissioner
			Service Tax	19.33	0.00	2007-08 & 2008-09	CESTAT
			Service Tax	5.34	0.00	2006-07 & 2007-08	CESTAT
			Service Tax	26.96	0.00	2005-06	CESTAT
			Service Tax	22.76	0.00	2002-03 to 2006-07	CESTAT
			Service Tax	46.84	0.00		Commissioner
			Service Tax	201.96	0.00	2002-03 to 2005-06	Commissioner
			Service Tax	354.16	0.00	2002-2007	Commissioner
			Service Tax	111.68	0.00		CESTAT
			Service Tax	32.03	0.00		Commr Appeal
			Service Tax	250.30	0.00	Oct 2000 to March 2003	High Court
			Service Tax	596.00	0.00		Commissioner

Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
			Service Tax	170.21	0.00		CESTAT
	Total			14233.51	2282.23		
4	1015- Chhattisgarh	Finance Act, 1994	Service Tax	62500.00	0.00	1994-2000	CESTAT, Delhi
			Service Tax	2950.00	0.00	2000-2004	
			Service Tax	4618.00	0.00	2004-2005	
			Service Tax	6712.00	0.00	2009-10	CESTAT, Delhi
			Service Tax	1407.00	0.00	2004-2007	CESTAT, Delhi
	Total			78187.00	0.00		
5	1017- Haryana	Finance Act, 1994	Service tax	22.59	1.98	2010-11 to 2014-15	Commissioner (Appeal)
			Service tax	114.52	0.00	2014-15	Commissioner (Tax Division)
			Service tax	679.25	0.00	2009-10 to 2013-14	Commissioner (Tax Division)
			Service tax	6.91	0.52	2013-14 to 2014-15	Commissioner (Appeal)
			Service tax	303.33	0.00	April, 2012 to January, 2013	CESTAT
			Service tax	93.99	0.00	2002-06	CESTAT
			Service tax	364.16	0.00	2208-09 to 2011-12	CESTAT
			Service tax	42.36	3.17	2007-08 to 2011-12	Commissioner (Appeal)
			Service tax	3.80	0.00	2009-10 to 2012-13	Commissioner (Appeal)
			Service tax	21.72	0.00	2005-06	CESTAT
			Service tax	141.29	0.00	2007-08	CESTAT
			Service tax	45.38	0.00	2004-5 to 2005-06	CESTAT
			Service tax	37.81	0.00	2004-5 to 2005-06	CESTAT
			Service tax	7.12	0.00	2007-08 to 2008-09	Deputy Commissioner
			Service tax	0.59	0.00	2004-5 to 2005-06	Deputy Commissioner
			Service tax	11.13	0.00	2004-5 to 2008-09	Deputy Commissioner
			Service tax	38.79	0.00	2004.05	Deputy Commissioner
			Service tax	2.54	0.00	-	Deputy Commissioner
	Total			1937.28	5.67		
6	1018- H.P	Income Tax Act, 1961	TDS	1.07	0.00		Appeal before commissioner



Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
		Central Excise and Service Tax	Service Tax	20.40	0.00		Commissioner appeal Chandigarh
		HP Excise and Taxation	Entry tax	23.29	0.00		Commissioner of HP excise and Taxation, Shimla
			Entry Tax	93.94	0.00		Appeal has been filed with Entry tax lying high court shimla
			Entry Tax	31.67	0.00		Deputy commissioner Excise and Taxation Department
	Total			170.37	0.00		
7	1020-Jharkhand	Finance Act, 1994	Service Tax	206.04	0.00	April, 2004 to March 2006.	CESTAT-Kolkata.
			Service Tax Penalty	206.04	0.00		CESTAT-Kolkata.
			Service Tax	42.79	0.00	October 2008 to March 2013	Commissioner (Appeal dismissed by Commissioner Appeal)
			Service Tax Penalty	42.79	0.00	October 2008 to March 2013	Commissioner (Appeal dismissed by Commissioner Appeal)
			Service Tax	1463.78	0.00	October 2003 to December 2003	Commissioner(Appeal), Ranchi
			Service Tax Penalty	1463.78	0.00	October 2003 to December 2003	Commissioner(Appeal), Ranchi
			Service Tax	163.13	0.00	2005-06	CESTAT Kolkata
			Service Tax Penalty	163.13	0.00	2005-06	CESTAT Kolkata
			Service Tax	19.63	0.00	2006-07	CESTAT Kolkata
			Service Tax Penalty	19.63	0.00	2006-07	CESTAT Kolkata
			Service Tax	325.56	0.00	April 2005- Nov 2006	CESTAT Kolkata
			Service Tax Penalty	325.56	0.00	April 2005- Nov 2006	CESTAT Kolkata
			Service Tax	590.12	0.00	2000-2005	Commissioner(Appeal), Ranchi
			Service Tax Penalty	590.12	0.00	2000-2005	Commissioner(Appeal), Ranchi
			Service Tax	119.07	0.00	December,2005 to August,2009	CESTAT Kolkata.
			Service Tax Penalty	119.07	0.00	December,2005 to August,2009	CESTAT Kolkata.
			Service Tax Interest	2.58	0.00	December,2005 to August,2009	CESTAT Kolkata.
			Service Tax	258.78	0.00	Oct,2003-March 2008	CESTAT Kolkata
			Service Tax	131.31	0.00	2005-06	CESTAT, Kolkata

Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
			Service Tax Penalty	131.31	0.00	2005-06	CESTAT, Kolkata
			Service Tax	257.66	0.00	2001-06	CESTAT, Kolkata
			Service Tax Penalty	145.03	0.00	2001-06	CESTAT, Kolkata
			Service Tax	1673.97	0.00	Oct., 2003 to Sep., 2008	CESTAT Kolkata
			Service Tax	55.39	0.00	October, 2008 to March, 2010	Commissioner, Ranchi
			Service Tax Penalty	8.13	0.00	October, 2008 to March, 2010	Commissioner, Ranchi
			Service Tax Penalty	131.31	0.00	October, 2008 to March, 2010	Commissioner, Ranchi
			EPF Liability	347.44	0.00	June 2002 to December 2011	Jharkhand High Court, Ranchi
			Total	9003.15	0.00		
8	1024- Maharashtra	Finance Act 1994, Service Tax	Interest on Short Payment	22.18	0.00	2005-2006	CESTAT, Mumbai
			Interest on delay in payment of Tax	1.78	0.00	2005	CESTAT, Mumbai
			Service Tax Claim	54.19	0.00	2008-2009	The High Court Mumbai, Panjim Bench
			Short payment of S.Tax Sec.73	219.46	0.00	1998-99 to 2001	CESTAT, Mumbai
			Interest on Short Payment Sec.75	0.61	0.00	2002-2003	CESTAT, Mumbai
			Interest on Short Payment Sec.75	7.97	0.00	1998-1999	CESTAT, Mumbai
			Interest & Penalty	25.36	0.00	2009-2010	CESTAT, Mumbai
			Short payment of Service Tax	47.13	0.00	2004-2005	CESTAT, Mumbai
			Interest on delay in payment of Tax	38.37	0.00	2002	Commissioner of Excise & Service Tax, Ratnagiri.
			Interest on delay in payment of Tax	9.26	0.00	2002	CBEC, New Delhi
			Non levy of Service Tax on CCB/PCO	346.36	0.00	1999-2006	CBEC, New Delhi
			Wrong availment of CENVAT	127.42	0.00	Dec.2005 to Mar-2010	Under Appeal with CESTAT, Mumbai
			Wrong availment of CENVAT	47.20	0.00	2010 to 2011	Under Appeal with CESTAT, Mumbai
			Wrong availment of CENVAT	75.59	0.00	2011 to 2012	Under Appeal with CESTAT, Mumbai
			Wrong availment of CENVAT	160.74	0.00	2012 to 2013	Under Appeal with CESTAT, Mumbai
			Service Tax on Taitkal Deposits	6.91	0.00	2009-2010	Appeal against O-i-O with Commissioner(Appeals-II), Mumbai-12



Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
			Wrong availment of CENVAT	30.88	0.00	2009-2010	Appeal against O-i-O with Commissioner(Appeals-II), Mumbai-12
			Wrong availment of CENVAT	42.52	0.00	2004 to 2009	Under Appeal with CESTAT, Mumbai
			Wrong availment of CENVAT	33.61	0.00	2004 to 2009	Under Appeal with CESTAT, Mumbai
			Wrong availment of CENVAT	86.70	0.00	2004 to 2009	Under Appeal with CESTAT, Mumbai
			Wrong availment of CENVAT	674.17	0.00	2013 to 2014	Under Appeal with CESTAT, Mumbai
			Wrong availment of CENVAT	29.56	0.00	2007-2010	Under Appeal with CESTAT, Mumbai
			Wrong availment of CENVAT on EPBT	129.71	0.00	2004-2009	Under Appeal with CESTAT, Mumbai
			Wrong availment of CENVAT on EPBT	56.43	0.00	2006-2009	Under Appeal with CESTAT, Mumbai
				2274.12	0.00		
9	1027- Odisha	Pending court cases on account of TR billing	TR Bill	0.13	Nil	2008-2017	VARIOUS LOWER COURTS
		Service Taxes	Service Tax	19.26	2.50	1993-2017	CESTAT, KOLKATA
		Sales Tax	Sales Tax	Nil	NA	NA	NA
		Consumer Dispute	Consumer Dispute	0.75	Nil	2015-2017	DCDRF
		Ovat	Consumer Dispute	0.48	Nil	2015-2017	SCRDC
		Arbitration Case	VAT	Nil	NA	NA	NA
		Telecom Revenue	TR Revenue	0.28	Nil	2013-2017	Arbitrator
				7.00	Nil	1993-2017	TDSAT, New Delhi
				27.90	2.50		
10	1029- Rajasthan Telecom Circle	VAT	Demands of VAT on deemed rental of Rs. 15.00 Crores for FY 2011-12	1500.00	0.00	2011-12	Asstt Commissioner, Commercial Taxes
		Service Tax	Demand of Service Tax of Rs. 1,07,46,516.00/- on Service mobile connection to BSNL executives during Oct-11 to Dec-15	107.47	0.00	2011-15	Joint Commissioner of Service Tax
			Demand of Service Tax on Lease Circuits. Rs. 13,79,375.00/- advance deposit of Service Tax in June-2007 before filing of appeal before commissioner (Appeal)	13.79	0.00	01.10.2001 to 31.10.2004	Commissioner Appeals
			The assessee has not paid Service Tax on the income booked in their books of accounts in respect of issuance of monthly Advice Debit Notes up on M/s CMTS Jaipur.	1307.30	0.00	2009-10, 2010-11, 2011-12, 2012-13 & 2013-14 (Up to Sept-2014)	Hon'ble Cental Excise and Service Tax Appellate Tribunal, New Delhi.
			Service Taxnot paid on the income booked in their books of accounts in respect of issuance of monthly Advice Debit Notes up on M/s CMTS Jaipur.	31.60	0.00	2013-14 (Oct-13 ,Nov-13)	Joint Commissioner , Cernaltal Excise Commissionerate, Jaipur

Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
			Demand of Service Tax on Liquidated Damages Rs. 20,80,120.00/- and 7.5% of it deposited as advance deposit of Service Tax in May-2017 before filing of appeal before commissioner (Appeal)	20.80	0.00	July-2012 to March-2015	Commissioner Appeals
			Demand of Service Tax in respect of legal services received from the advocates, Rs.62,972,00/- and 7.5% of it deposited as advance deposit of Service Tax in May-2017 before filing of appeal before commissioner (Appeal)	0.63	0.00	July-2012 to March-2015	Commissioner Appeals
			Assessee has not paid service tax on Infrastructure charges, Port charges etc. under "Business Support Services".	11.00	0.00	Feb 2007 to May 2007	Hon'ble Cental Excise and Service Tax Appellate Tribunal, New Delhi.
			CENVAT amounting Rs.129932128 availed by Circle CMTS wing for whole Rajasthan, but Excise Department has alleged wrong availment beyond the Registered premises	1299.32	0.00	From Oct-2006 to March-2008	CESTAT, New Delhi
			Wrong availment of CENVAT credit as alleged by Excise Department	284.66	0.00	Period from Oct-2008 to Sept-2009	CESTAT, New Delhi
			Excise department alleged for wrong availment of CENVAT Credit of Tower material	64.65	0.00	Period from March-2005 to Oct-2005	CESTAT, New Delhi
			Excise department alleged for wrong availment of CENVAT Credit of whole amount in same financial year of capital goods	345.51	0.00	Period from April-2009 to Sept-2009	CESTAT, New Delhi
			Excise department alleged for wrong availment of CENVAT Credit of whole amount in same financial year of capital goods	219.41	0.00	Period from Jul-2009 to Sept-2009	CESTAT, New Delhi
			Excise department alleged for wrong availment of CENVAT Credit amount.	801.83	0.00	2008-2009	CESTAT, New Delhi
			Excise department alleged for Non payment of Service tax on venty number charges on Sale Sim cards	1.65	0.00	01-10-2001 TO 31-12-2006	CESTAT, New Delhi
			Wrong availment of Service tax credit as alleged by Excise Department	4.84	0.00	Jul-2010 to Oct-2012	Commissioner Central Excise (Appeal-II), Jaipur
			SERVICE TAX PAID BY BSNL DURING THE PERIOD 01-04-2008 TO 28-02-2009 ON THE BASIS OF RATE OF SERVICE TAX APPLICABLE ON THE DATE OF ISSUE OF THE BILLS WHERE AS EXCISE DEPT DEMANDED SERVICE TAX ON THE RATE APPLICABLE DURING THE PERIOD OF DISPUTE	7.56	0.00	01-04-2008 TO 28-02-2009	CESTAT, New Delhi
			WRONGLY AVAILED CENVAT CREDIT DURING THE PERIOD MARCH-2012 TO JUNE-2013 ON IMPROPER DOCUMENTS AND ON IN ELIGIBLE SERVICES	6.95	0.00	MARCH-2012 TO JUNE-2013	JOINT COMMISSIONER CENTRAL EXCISE COMMISSIONERATE, JAIPUR
			Non payment of service tax under RCM on legal service	0.66	0.00	July 12 to sept. 14	Assistant commissioner service tax division Alwar
			Non payment of service tax under RCM on legal service	0.06	0.00	April 15 to sept. 15	Suptd. Service tax division Alwar
			Non payment of service tax under RCM on legal service	0.13	0.00	Oct.14 to Mar.15	Assistant commissioner service tax division Alwar
			Disallow the cenvat credit availed on parts of tower	18.57	0.00	Dec.2007	Commissioner (Appeals) Jaipur
			Entry Tax	36.01	0.00	Jan 10 to Dec. 14	CTO Alwar pending supreme court ND
		SALES TAX					



Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
		Service Tax	Cenvat input utilization on renta-cab	0.38	0.00	May 2013 to Sept-2015	Assistant commissioner Audit central excise and service Tax Jaipur
		ENTRY TAX	REGARDING REFUND OF ENTRY TAX	9.67	0.00	2005-06 TO2007-08	SUPREME COURT NEW DELHI
		Service Tax	(i) Amtt equal to cenvate availed on capital goods sale of scrap. Rs. 240839 (ii) Sr.Tax not paid on payment of legal fee to Advocate Rs. 16439	2.57	0.00	01.04.2014 TO 31.03.2015	ASSTT. COMMISSIONER, SERVICE TAX DIVISION-II, CENTRAL EXCISE DEPARTMENT, VIDHADHAR NAGARJAIPUR
			1.WRONG AVAILMENT CENVAT ON RENT A CAB. POST OFFICE COMMISSION AND CLIMODEM SOLD 2. NOT PAID SERVICE TAX ON ADVOCATE BILL AND FREE LL/BB SERVICE PROVIDED TO EMPLOYEE	6.83	0.00	APRIL 2011 TO SEPT 2015	ASSISTANT COMMISSIONER ,AUDIT CIRCLE CENTRAL EXCISE & INCOME TAX, UDAIPUR
			Cenvat disallowed of ATD's of CTSD	987.75	0.00	Oct.2005 to Sept.2006	CESTAT New Delhi
			Interest on wrong avallment of Cenvat	123.19	0.00	4/7/2009	CESTAT New Delhi
			Interest on wrong avallment of Cenvat	169.03	0.00	March 2011 to Sept.2011	CESTAT New Delhi
			This office availed CENVAT for service tax paid under RCM on vehicle services. Service tax audit team objected. Then this office reversed CENVAT availed but later on department imposed penalty and non payment of service tax under	2.19	0.00	JULY 2012 TO SEPT 2014	COMMISSIONER (APPEALS)-I
			I None payment of duty on sale of scrap of capital goods (used batteries) which cenvat credit Availed II Cenvat credit not reversed on sale of Modem sold to their customers during the period 2012-13 to 2013-14 iii none payment of Legal consultancy service during the period 2012-13 to 2013-14 IV None payment of Interest on delayed payment of service tax during the period May 2012	11.51	0.00	Aug-2012 to Sept 2015	Asstt Commissioner(Audit) jodhpur now at Sikar vide IAR/1005/M-2/JDR/2015-16/223 dt. 3.02.2017
			The assessee was availing Cenvate credit of service tax paid on repair, maintenance and operation services provided at various telephone Exchanges situated out side the jurisdiction of the assessee i.e the Nagaur, Barmer & Jaisalmer Districts. As such the cenvate credit of service tax paid amounting 742926/- paid on taxable services over the period from 10-09-2004 to 06-08-2008 which were not used by assessee as input service in relation to output services provided by the assessee, hence the the cenvat of service tax paid on taxable service not used as input servicesfor providing output service appears to be inadmissible to the assessee.	7.43	0.00	10-09-2004 to 06-08-2008	CESTAT
			Assesse availed credit of Rs. 1273135/- respectively on capital goods on the basis of ATDs issued by CTSD during April 2006 to Sept 2006 ATDs issued by the CTSD are not valid documents as per Rule 9(i)of the cenvat credit rule-2004	12.73	0.00	01-04-2006 to 30-09-2005	CESTAT
			Availed Cenvat credit Rs. 1294584/- on capital goods during April 2005 to December 2008. cenvat credit already reverse, appeal against waive of interest and penalty of same amount in CESTAT ND (High Court)	12.95	0.00	01-04-2005 to 31-1-2-2008	CESTAT
			Availed Cenvat on Tower Material & Part thereof during 12-01-2006 to 31-03-2009 Rs. 548717/-; Appeal as pe decision of CCE Hyderabad in favour of bsnl	5.49	0.00	12-01-2006 to 31-03-2007	CESTAT

Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
			Appeal for Rs. 118826/- Refund of Excess deposit Service tax against OI/18/2013-RST dated 28-11-2013	1.19	0.00	Audist-2012 to November-2012	CCE II Jaipur
			Appeal for Rs. 80436 against 49 ST/2015 Dated 20-11-2015 Assistant Commissioner Service Tax Division Jodhpur July 2012 to Sept 2013 Non Payment of RCM On legal Services	0.80	0.00	01-07-2012 to 31-03-2014	Commissioner (Appeal) Service Tax Division Jaipur
			Appeal for Rs. 104537 against 46 ST/2015 Assistant Commissioner Service Tax Division Jodhpur July 2012 to March 2014 Wrongly availment of Cenvate credit for payment of RCM as Rent a Cab	1.05	0.00	01-07-2012 to 30-09-2013	Commissioner (Appeal) Service Tax Division Jaipur
			Appeal for Rs. 101600 against April 2014 to Sept 2015 Non Payment of RCM On legal Services	1.02	0.00	01-04-2014 to 30-09-2015	Commissioner (Appeal) Service Tax Division Jaipur
			Appeal for Rs. 222427 against April 2014 to Sept 2015 Wrongly availment of Cenvate credit for payment of RCM as Rent a Cab	2.22	0.00	01-04-2014 to 30-09-2015	Commissioner (Appeal) Service Tax Division Jaipur
			Short Payment of Service Tax as ABF period Aug. 2011 & Sept 2011 Rs. 35932	0.36	0.00	01-08-2011 TO 30-09-2011	CESTAT
			Cenvat Credit on Tower and Parts thereof in respect of Capital Goods in the month of November-2008 and utilized the credit in the month of Feb-2009	13.15	0.00	01.10.2008 to 31.03.2009	CESTAT New Delhi
			Regarding CENVAT Credit of Tower material	38.65	0.00	10.09.2004 to 31.03.2008	CESTAT New Delhi
			Cenvat Credit of Rs. 6,28,024/- Disallowed under Rule 14 of CCR, 2004.	6.28	0.00	April 2006 to Sep 2006	Hon'ble Commissioner, Central Excise, Jaipur-II
			Cenvat Credit against Tower Material as Capital Goods of Rs. 23,75,327/- + Rs. 21,104/- plus interest	23.96	0.00	10.09.2004 to 22.04.2008	CESTAT New Delhi
			Short payment of Service Tax	9.86	0.00	April 2009 to Feb 2011	Additional Commissioner, Central Excise & Service Tax, Central Excise Commissionerate, NCR Building, Jaipur-II
			Cenvat credit against Capital goods transferred to other SSA of 9,68,410/- ur 15 of CCR, 2004 read with section 78 of the Finance Act, 1994	9.68	0.00	10.09.2004 to 31.03.2008	Hon'ble Commissioner(Appeals-II) Customs and Central Excise, Jaipur
			Short payment of Service Tax	6.25	0.00	10.09.2004 to 31.03.2008	Superintendent, Service Tax, Range-V, B.P. Tank ke samne, Jaisalmer
		EPF	The belated remittance of PF dues of 15 employees recruited under compassionate ground attracted interest under Section 7Q of 37/6940/- and damages under section 14 B of Rs. 867816/- (Total of Rs. 1244756) of the EPF and MP Act, 1952.	12.45	0.00	2000-2001 to 2006-2007	Provident Fund Appellate Tribunal New Delhi
			Amount of Rs. 1725197 appropriated by the Assistant Provident Fund Commissioner Kota Rajasthan vide impugned order dated 20.04.2012	17.25	0.00	2007 to 2012	Provident Fund Appellate Tribunal New Delhi
		ENTRY TAX	Entry Tax Matter	63.60	0.00	2014-15	Supreme Court New Delhi
		Service Tax	Regarding wrongly taken & utilization of CENVAT credit	62.56	0.00	Oct 2006 to March 2008	Addl Commissioner Central Excises Jodhpur



Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
			Regarding wrongly taken & utilization of CENVAT credit	11.39	0.00	April 2008 to March 2009	Addl Commissioner Central Excises Jodhpur
			Regarding wrongly taken & utilization of CENVAT credit	17.71	0.00	April 2009 to Sep 2009	Addl Commissioner Central Excises Jodhpur
			Regarding wrongly taken & utilization of CENVAT credit	31.97	0.00	Oct 2010 to Sep 2011	Addl Commissioner Central Excises Commissioner JP
			Regarding wrongly taken & utilization of CENVAT credit	7.32	0.00	2010-11 to 2014-15	Addl Commissioner Central Excises Bikaner
			wrongly availed cenvat credit on tower material	0.36	0.00	APR,08 To MAR, 09	Commissioner, Cental excise, Jaipur
			wrongly availed cenvat credit on tower material	67.22	0.00	APR,08 To MAR, 09	Commissioner, Cental excise, Jaipur
			Wrongly availed cenvat credit on goods received on ATD	52.51	0.00	OCT,06 To MAR,07	Commissioner, Cental excise, Jaipur
			Wrongly availed cenvat credit on goods received on ATD	68.87	0.00	APR,07 To SEP,07	Commissioner, Cental excise, Jaipur
			Disallowance of cenvat credit prior to registration	22.83	0.00	APR, 05 To NOV, 06	CESTAT New Delhi
			Non payment of service tax on a/c of legal & consultancy service	0.08	0.00	JAN, 14 To FEB, 15	Asst. Commissioner Udaipur
			Availed and utilized in admissible input service in r/o service tax paid by post office	4.91	0.00	NOV, 11 To SEP, 15	Asst. Commissioner Udaipur
			Short payment of ST for concessional BB & mobile to employee	9.08	0.00	OCT, 11 To SEP, 15	Asst. Commissioner Udaipur
			Cenvat availed on Modem for Internet service	1.33	0.00	APR,08 To MAR, 09	Commissioner, Cental excise, Jaipur
			50% credit to be availed same year and balance next year	2.92	0.00	FEB, 06 To FEB, 07	Commissioner, Cental excise, Jaipur
			Credit availed on duty paid on TTH Tower	0.19	0.00	APR, 07 To MAR, 08	Commissioner, Cental excise, Jaipur
			Credit availed on goods transfer from other unit	11.60	0.00	APR, 07 To MAR, 08	Commissioner, Cental excise, Jaipur
			wrongly availed Cenvat credit	16.70	0.00	1.3.2010 to 31.3.2012	COMMISSIONER OF CENTRAL EXCISE (APPEAL) Jaipur
			Penalty for Demand Outstanding	9.09	0.00	1.3.2010 to 07.04.2011	COMMISSIONER OF CENTRAL EXCISE (APPEAL) Jaipur
			Total	8042.54	0.00		
11	1033- Ultrakhand	Ultrakhand Trade Tax Act, 1948	Trade Tax	5.37	0.00	2004-05	Joint Commissioner (Appeal) Tax, Dehradun
			Trade Tax	14.33	0.00	2006-07	Joint Commissioner (Appeal) Tax, Dehradun
			Trade Tax	28.28	0.00	2007-08	Joint Commissioner (Appeal) Tax, Dehradun
			Trade Tax	1270.00	0.00	2008-09	Assistant Commissioner, Tax, Rishikesh
		Finance Act, 1994	Service Tax	80.00	0.00	2004-05 to 2006-07	Asst. Commissioner, Service Tax, Meerut
			Service Tax	66.98	0.00	2007-08	CESTAT, New Delhi.
			CESTAT	293.76	0.00	2007-08	CESTAT, New Delhi.

Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
		Uttarakhand Trade Tax Act, 1948	Trade Tax	11.97	0.00	2000-01	Assistant Commissioner Trade tax, Haridwar
			Trade Tax	37.50	0.00	2006-07	Assistant Commissioner Trade tax, Haridwar
			Trade Tax	25.00	0.00	2007-08	Assistant Commissioner Trade tax, Haridwar
			Trade Tax	25.00	0.00	2008-09	Assistant Commissioner Trade tax, Haridwar
			Trade Tax	25.00	0.00	2009-10	Assistant Commissioner Trade tax, Haridwar
			Trade Tax	13.50	0.00	2010-11	Assistant Commissioner Trade tax, Haridwar
			Trade Tax	0.70	0.00	2012-13	Assistant Commissioner Trade tax, Haridwar
			Trade Tax	1.42	0.00	2014-15	Assistant Commissioner Trade Tax, Haldwani
			Trade Tax	1.92	0.00	2015-16	Assistant Commissioner Trade Tax, Haldwani
	Total			1900.72	0.00		
12	1034- West Bengal	Service Tax Act	Service Tax	0.69	0.00	2010-11	Commissioner of Service Tax
			Service Tax	1655.66	0.00	2011-12	Commissioner of Service Tax
			Service Tax	615.10	0.00	2012-13	Commissioner of Service Tax
			Service Tax	3.64	0.00	2013-14	Commissioner of Service Tax
			Interest	6.73	0.00	2010-11 to 2013-14	Commissioner of Service Tax
			Service Tax	3.15	0.00	2014-15	Appeal filing before CESTAT is under process KSH SSA against the demand
			Penalty under service tax	0.30	0.00	2014-15	Appeal filing before CESTAT is under process KSH SSA against the demand
		VAT	VAT	343.16	0.00	2014-15	Deputy Commissioner
			Interest & Penalty on VAT	178.90	0.00	2014-15	Deputy Commissioner
		WB Entry Tax	Entry Tax	39.11	0.00	2015-16	Commissioner of Sales Tax
			Entry Tax	39.65	0.00	2014-15	Commissioner of Sales Tax
			Entry Tax	250.36	0.00	2013-14	Commissioner of Sales Tax
			Entry Tax	50.74	0.00	2016-17	Stay Petition
			Entry Tax	20.35	0.00	2014-15	Stay Petition
	Total			3207.54	0.00		
13	1050- ETR	W.B.Sales Department Tax	Sales Tax	31.20	0.00	2006-07	Case pending at Sales Tax Tribunal
			Sales Tax	11.27	0.00	2007-08	Case pending at Sales Tax Tribunal



Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
			Sales Tax	0.73	0.00	2010-11	Case pending at Sales Tax Tribunal
	Total			43.20	0.00		
14	1051- WTR	Finance Act- 1994	Service Tax	1294.00	0.00	June 2007-Sep 2008	
	Total			1294.00	0.00		
15	1052- NTR	Central Excise Act, 1944	State Excise duty	37.28	0.00	2015-16	High Court
	Total		Service Tax	5393.15	0.00	2009-10	Appellate Authority
				5430.43	0.00		
16	1053- STR	Service Tax Act and Rules	Service tax	409.00	0.00	June 2007 to September 2009	Hon'ble Customs Excise and Service Tax Appellate Tribunal, Chennai.
	Total		Service tax	3229.29	0.00	June 2007 to October 2009	Hon'ble Customs Excise and Service Tax Appellate Tribunal, Bengaluru
				3638.29	0.00		
17	1061- WTP	Octroi and Entry Tax	Entry Tax	295.00	0.00		
	Total			295.00	0.00		
18	1062- NTP	Delhi Sales Tax Act	Demand Against the Company	0.50	0.00	2001-02	Additional Commissioner II, New Delhi
		Central Sales Tax Act	Demand Against the Company	22.67	0.00	2001-02	Additional Commissioner II, New Delhi
		U P Sales Tax	Demand Against the Company	26.39	0.00	2012-13	Commissioner (Appeal) – Trade Tax, Lucknow
	Total			49.56	0.00		
19	1070- Mumbai	Department of Sales Tax	Tax, Penalty & Interest	15.94	0.00	1989-1990	Deputy Commissioner of Sales Tax
		Department of Sales Tax	Tax, Penalty & Interest	257.74	0.00	1993-1994	Maharashtra Sales Tribunal
		Department of Sales Tax	Tax, Penalty & Interest	59.16	0.00	1993-1994	Maharashtra Sales Tribunal
		Department of Sales Tax	Tax, Penalty & Interest	81.74	0.00	2004-2005	Deputy Commissioner of Sales Tax (Appeal)
		Department of Sales Tax	Tax, Penalty & Interest	57.16	0.00	2004-2003	Deputy Commissioner of Sales Tax (Appeal)
		Department of Sales Tax	Tax, Penalty & Interest	12.51	0.00	2003-2006	Deputy Commissioner of Sales Tax (Appeal)
		Department of Sales Tax	Tax, Penalty & Interest	306.11	0.00	2005-2006	Deputy Commissioner of Sales Tax (Appeal)

Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
		Department of Sales Tax	Tax, Penalty & Interest	28.53	0.00	2006-2007	Joint Commissioner Appeal II
		Department of Sales Tax	Tax, Penalty & Interest	882.58	0.00	2006-2007	Joint Commissioner Appeal II
		Department of Sales Tax	Tax, Penalty & Interest	28.32	0.00	2007-2008	Joint Commissioner Appeal II
		Department of Sales Tax	Tax, Penalty & Interest	82.07	0.00	2010-2011	Deputy Commissioner of Sales Tax (Appeal)
		Department of Sales Tax	Tax, Penalty & Interest	1847.40	0.00	2007-2008	Deputy Commissioner of Sales Tax (Appeal)
		Department of Sales Tax	Tax, Penalty & Interest	308.34	0.00	2009-2010	Joint Commissioner Appeal II
		Central Board of Excise and Custom	Tax, Penalty & Interest	75.25	0.00	Feb.2008 to July 2008	Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	98.28	0.00	Aug-2008 to Mar. 2009	Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	62.82	0.00	Apr..2009 to Dec. 2009	Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	63.44	0.00	Jan2010 to Sept 2010	Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	49.60	0.00	Oct 2010 to July 2011	Addl. Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	39.44	0.00	Aug 2011 to Mar 12	Joint Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	600.75	0.00	April 2006 to Sept 2010	Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	83.57	0.00	Oct 2010 to Aug 2011	Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	42.76	0.00	Sep 2011 to Mar 12	Joint Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	46.56	0.00	2013-2014	Addl. Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	132.86	0.00	Apr.2007 to Jan 2008	CESTAT MUMBAI-II
		Central Board of Excise and Custom	Tax, Penalty & Interest	131.15	0.00	2010-2011	CESTAT MUMBAI
		Central Board of Excise and Custom	Tax, Penalty & Interest	149.87	0.00	Apr.2012 to Jan. 2013	Joint Commissioner (Central Excise, Mumbai)



Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
		Central Board of Excise and Custom	Tax, Penalty & Interest	134.87	0.00	Feb.2013 to Dec. 2013	Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	0.28	0.00	Oct 2012 to Sep. 2013	Addl. Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	106.25	0.00	Jan 2014 to Sep 2014	Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	13.42	0.00	13* April 2013	Oy. Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	0.41	0.00	22th September 2014	Commissioner (Central Excise, Mumbai)
		Central Board of Excise and Custom	Tax, Penalty & Interest	2.43	0.00	June 2013 to Oct 2014	CESTAT, Mumbai
		Central Board of Excise and Custom	Tax, Penalty & Interest	2.30	0.00	Nov 2010 to Aug 2015	CESTAT, Mumbai
		Central Board of Excise and Custom	Tax, Penalty & Interest	97.69	0.00	14 Oct. to March 2015	Commissioner (Appeal) Mumbai
		Central Board of Excise and Custom	Tax, Penalty & Interest	202.41	0.00	Apr-2015 to Dec. 2015	Pr. Commissioner (Central Excise, Mumbai)
	Total			6104.01	0.00		
20	1072- Kolkata	Central excise Act 1944	Excise Duty	418.56	0.00	2007-2008 To 2010-11	Appellate authority, alipore TF
		Central excise	Excise Duty	263.13	0.00	2012-2013 To 2014-15	Comm.Central excise, Alipore TF
		Central excise	Excise Duty	2.84	0.00	2015-2016	Comm. Of Appel, Alipore TF
		Central excise	Excise Duty	255.43	0.00	2008-2009 To 2016-17	Appellate authority, Gopalpur TF
		West Bengal VAT Act	VAT	13.82	0.00	2012-2013 To 2013-14	Comm. Of sales Tax, KGP, TF
		Central Sales Tax Act	CST	120.78	0.00	2013-2014	Comm. Of sales Tax, KGP, TF
	Total			1074.56	0.00		
21	1094-QA	Income Tax Act	TDS	1.62	0.00		
	Total			1.62	0.00		
22	1095-store	CBEC	Excise Duty	2.71	0.00	1998	High Court
		CBEC	Excise Duty	16.26	0.00	1996	High Court
		CST	Sales Tax	3.16	0.00	2001	High Court
	Total			22.13	0.00		

Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
23	1026- NE II			68.12	0.00	Not available	CESTAT
				121.87	0.00	Not available	CESTAT
	Total			189.99	0.00		
24	1023- Madhya Pradesh	Service Tax, Central Excise, Sales Tax, Entry Tax, Provident Fund		3376.00	1732.00	2006-17	
	Total			3376.00	1732.00		
25	1032- UP West	INCOME TAX ACT 1961	TDS ON PCO COMMISSION	60.14	2.00	2002-03	COMMISSIONER OF INCOME TAX (APPEAL)
		ENTRY TAX ACT	ENTRY TAX	34.78	0.00	2000-2005	HIGH COURT ALLAHABAD
		SALES TAX ACT	SALES TAX	1.22	0.00	2002-2003	TRADE TAX TRIBUNAL
		SALES TAX ACT	SALES TAX	1.83	0.00	2002-2003	JOINT COMMISSIONER APPEAL
		FINANCE ACT 1994	SERVICE TAX PENALTY	43.38	0.00	JUNE 2003-DEC 2003	CESTAT
		FINANCE ACT 1994	SERVICE TAX	26.28	0.00	OCT 2000 TO SEP 2001	CESTAT
		ARBITRATION ACT	CIVIL WORKS	22.53	0.00	2005-06	CE(C) BSNL NEW DELHI
		ARBITRATION ACT	CIVIL WORKS	2.49	0.00	DECEMBER 2013	CE(C) BSNL NEW DELHI
		REGULARIZATION OF LABOUR	UNCERTAIN	#VALUE!	0.00	2003-04	ALLAHABAD HIGH COURT
		ARBITRATION ACT	CIVIL WORKS	#VALUE!	0.00	2004	ALLAHABAD HIGH COURT
		ARBITRATION ACT	CIVIL WORKS	1.86	0.00	2008	DISTRICT JUDGE RUDRAPUR
		ARBITRATION ACT	CIVIL WORKS	38.17	0.00	2008	DISTRICT JUDGE MORADABAD
		ARBITRATION ACT	CIVIL WORKS	5.50	0.00	2013	DISTRICT JUDGE NAINITAL
		ARBITRATION ACT	CIVIL WORKS	5.50	0.00	2013	DISTRICT JUDGE NAINITAL
		ARBITRATION ACT	CIVIL WORKS	3.10	0.00	2013	DISTRICT JUDGE CHAMPAWAT
		ARBITRATION ACT	CIVIL WORKS	5.10	0.00	2011	HIGH COURT ALLAHABAD
		ENTRY TAX ACT	ENTRY TAX	24.52	0.00	2000-01, 2001-02	TRADE TAX AUTHORITY SAHARANPUR
		FINANCE ACT 1994	SERVICE TAX	124.64	0.00	AUG 2002 TO JAN 2003	CESTAT
		SECTION 2(1) FA 1994	SERVICE TAX	5.52	0.00	2015-16	ASSIT COMM CENTRAL EXCISE, RAMPUR
		RIGHT TO USE 10(b)	SALES TAX	0.08	0.00	1987-88	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.09	0.00	1988-89	TRIBUNAL COURT TRADE TAX MORADABAD



Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
		RIGHT TO USE 10(b)	SALES TAX	0.09	0.00	1989-90	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.10	0.00	1990-91	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.12	0.00	1991-92	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.13	0.00	1992-93	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.24	0.00	1993-94	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.26	0.00	1994-95	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.36	0.00	1995-96	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.24	0.00	1996-97	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.40	0.00	1997-98	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.45	0.00	1998-99	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.47	0.00	1999-2000	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.54	0.00	2000-01	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	0.75	0.00	2001-02	TRIBUNAL COURT TRADE TAX MORADABAD
		RIGHT TO USE 10(b)	SALES TAX	2.19	0.00	2002-03	TRIBUNAL COURT TRADE TAX MORADABAD
		ENTRY TAX ACT	SALES TAX	1.09	0.00	2003-04	TRIBUNAL COURT TRADE TAX MORADABAD
		ENTRY TAX ACT	SALES TAX	6.62	0.00	JAN 2003 TO NOV 2003	COMMISSIONER OF EXCISE & SERVICE TAX
		ITAT 1961	TDS	18.90	0.00	2009-10	ITAT ND
		ITAT 1961	TDS	6.12	0.00	2010-11	ITAT ND
		ITAT 1961	PENALTY U/S 27C	15.75	0.00	2009-10	ITAT ND
		SALES TAX ACT	SALES TAX	50.31	20.00	99-00/01-02/0304	HIGH COURT ALLAHABAD
		SALES TAX ACT	PENALTY	266.63	0.00	2009-10, 2011-12	COMMISSIONER APPEALS
		SALES TAX ACT	UPTT	162.11	0.00	2003-2005	ALLAHABAD HIGH COURT
		SALES TAX ACT	ENTRY TAX	108.45	0.00	1990-2005	ALLAHABAD HIGH COURT
		INCOME TAX ACT 1961	TDS ON PCO COMMISSION	30.58	0.00	2005-2006	INCOME TAX APPELLATE TRIBUNAL
		INCOME TAX ACT 1961	TDS ON PCO COMMISSION	16.19	0.00	2006-2007	INCOME TAX APPELLATE TRIBUNAL
		ENTRY TAX ACT	ENTRY TAX	13.08	0.00	2003-2004	ALLAHABAD HIGH COURT
		ENTRY TAX ACT	ENTRY TAX	19.28	0.00	2004-2005	ALLAHABAD HIGH COURT

Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
		SALES TAX ACT	SALES TAX	33.25	0.00	2003-2004	ALLAHABAD HIGH COURT
		SALES TAX ACT	SALES TAX	12.59	0.00	2004-2005	ALLAHABAD HIGH COURT
		UP ACT 2007	ENTRY TAX	4.70	0.00	2000-01/2001-02/2002-03	ALLAHABAD HIGH COURT
		UP ACT 2007	ENTRY TAX	5.44	0.00	2007-2008	ASST. COMMISSIONER TRADE TAX ETAWAH
		INCOME TAX ACT 1961	TDS ON RECHARGE COUPONS	22.17	0.00	AY 2008-2009	COMMISSIONER OF INCOME TAX AGRA
		INCOME TAX ACT 1961	PENALTY ON TDS	16.95	0.00	AY 2008-2009	COMMISSIONER OF INCOME TAX AGRA
		INCOME TAX ACT 1961	TDS ON RECHARGE COUPONS	10.56	0.00	AY 2009-2010	INCOME TAX APPELLATE TRIBUNAL
		SALES TAX ACT	SALES TAX	87.83	6.50	2009-10	ALLAHABAD HIGH COURT
		INCOME TAX ACT 1961	TDS	20.66	5.17	2007-08 TO 2009-10	ITAT NEW DELHI
		INCOME TAX ACT 1961	TDS ON DISCOUNT ALLOWED ON CMTS PRODUCT	8.58	0.00	2008-2009	ITAT AGRA
		SALES TAX ACT	SALES TAX	0.60	0.00	2004-05	MEMBER TRIBUNAL TRADE TAX AGRA
		SALES TAX ACT	SALES TAX	0.30	0.00	2003-04	MEMBER TRIBUNAL TRADE TAX AGRA
		SALES TAX ACT	SALES TAX	2.10	0.00	2010-10	DY. COMMISSIONER COMMERCIAL TAX MAINPURI
		SALES TAX ACT	SALES TAX	1.90	0.00	2009-10	DY. COMMISSIONER COMMERCIAL TAX MAINPURI
		SALES TAX ACT	SALES TAX	1.55	0.00	APPEAL NO. U/S 11/2008 TO 31/03/2008	DY. COMMISSIONER COMMERCIAL TAX MAINPURI
		SALES TAX ACT	SALES TAX	1.87	0.00	APPEAL NO U/S 1/04/2007 TO 31/12/2007	DY. COMMISSIONER COMMERCIAL TAX MAINPURI
		EPF ACT	EPF	1.39	0.00	2000-2013	EPFO AGRA
		INCOME TAX ACT 1961	TDS	1.08	0.00	APPEAL NO U/S 221/1 OF INCOME TAX ACT 1961 Dt: 29/10/2011 2006-07	ITO (TDS & SURVEY) ALIGARH
		SALES TAX ACT	SALES TAX	123.89	0.00	1977-78 TO 2004-05	High Court Allahabad & TRADE TAX TRIBUNAL BAREILLY
		SALES TAX ACT	TRADE TAX	48.02	19.70	2003-2004	Appeal pending at Commissioner Agra
		SALES TAX ACT	TRADE TAX	3.12	0.00	2009-10	Appeal pending at Asstt Registrar, CESTAT, Allahabad
		FINANCE ACT 1994	SERVICE TAX	1200.00	0.00	2005-06, 2006-07	CESTAT Allahabad
		CONTRACT ACT	CONTRACTUAL OBLIGATION	167.15	50.00	1997-98	HIGH COURT ALLAHABAD



Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
		Finance act, 1994	CENVAT CREDIT	8.13	8.13		Astt. Comm, Meerut
		ENTRY TAX ACT	ENTRY TAX	54.96	0.00	2005-06 & 2006-07	HIGH COURT ALLAHABAD
		ENTRY TAX ACT	ENTRY TAX	138.82	27.76	2007-08	JOINT COMMISSIONER APPEAL (TRADE TAX)
		ENTRY TAX ACT	SALES TAX	736.82	40.21	2005-06 & 2006-07	HIGH COURT ALLAHABAD
		ENTRY TAX ACT	SALES TAX	276.25	55.25	2007-08	JOINT COMMISSIONER APPEAL (TRADE TAX)
		ENTRY TAX ACT	ENTRY TAX	1.28	0.00	2003-04	ALLAHABAD HIGH COURT
		ENTRY TAX ACT	ENTRY TAX	16.81	0.00	2004-05	COMMERCIAL TAX TRIBUNAL GB NAGAR
		SALES TAX ACT	SALES TAX	60.47	0.00	1998-99 TO 2003-04	JOINT COMMISSIONER APPEAL
		SALES TAX ACT	W.C.T. PENALTY	1543.28	0.00	2005-06 to 2008-09	DOUBLE BENCH OF TRIBUNAL COMMERCIAL TAX DEPTT MERRUT
	Total			5740.69	234.70		
26	1026- NE I	Service Tax	Service Tax and Penalty	31.71	0.00	F.Y 2012-13	WB CESTAT, Kolkata
			Service Tax and Penalty	41.54	0.00	N.A	NE-J, East Khasi Hills, CESTAT Shillong
			Service Tax and Penalty	26.49	0.00	N.A	NE-J, East Khasi Hills, CESTAT Shillong
			Service Tax and Penalty	14.22	0.00	F.Y 2008	CESTAT Kolkata
			Service Tax and Penalty	15.12	0.00	N.A	CESTAT Kolkata
	Total			129.08	0.00		
27	1021-Karnataka Circle	Finance Act	Cenvat credit on CTSD	100.14	0.00	Apr-11 to Mar-12	CESTAT
			Erroneous Utilisation of Cenvat Credit	1.54	0.00	2007-08	CESTAT
			Cenvat Credit on coin boxes & interest & penalty on the same	19.32	0.00	2005-2006	Additional Commissioner, Service Tax, Bangalore
		Income Tax Act, 1961	Income Tax on commission of PCO	24.65	0.00	2005-06	Income Tax Appellate Tribunal Bangalore Bench,
			Income Tax on commission of PCO	20.93	0.00	2006-07	Income Tax Appellate Tribunal Bangalore Bench,
			Income Tax on commission of PCO	2.77	0.00	2007-08	Income Tax Appellate Tribunal Bangalore Bench,
		Finance Act	Service Tax on PCO Commission	15.80	0.00	2008-09	CESTAT, Bangalore
			Service Tax on PCO Commission	4.75	0.00	2009-10	CESTAT, Bangalore
			Interest in delayed payment of Service Tax	0.40	0.00	2000-01	CESTAT, Bangalore
		Professional Tax	Davanagere has assessed profession tax towards CSC's od Davanagere SSA	Particulars not available	0.00	2016-17	High Court Bengaluru

Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
		Finance Act	Service Tax on IUC charges	19.85	0.00	2007-08	CESTAT, Bangalore
		Professional Tax	Professional Tax vs GMTD Hubli WP 66220/2009	33.08	0.00	2009	High Court Dharwad
		Commercial Tax	Commercial Tax vs GMTD Bellary	Particulars not available	0.00	2011	High Court Dharwad
		Finance Act	Service Tax	7.31	0.00	2006-07	Commissioner Central Excise
			Service Tax	3.07	0.00	2008-09	Commissioner Central Excise
			Service Tax	7.31	0.00	2006-08	Commissioner Appeals-II Bangalore
			Service Tax	8.49	0.00	2008-11	Commissioner Appeals-II Bangalore
			Service Tax	58.35	0.00	2008-10	Commissioner Appeals-II Bangalore
		Sales Tax	Sales Tax & Interest	132.28	0.00	2013-14	Karnataka, Appellate Tribunal, BG
		EPF Act	EPF and interest	34.10	0.00	2013-14	EPF at New Delhi
		Finance Act	1. Adjustment of Excess paid Service Tax in subsequent months 2008-09	24.60	0.00	2008-09	Commissioner of Central Excise (Appeals), Mangalore
			Against Arbitr. Award pertains to service tax claim of interest. MS Vikas Ent. Mysore	4.52	0.00	2015-16	Civil court MYS
			Refund of Service Tax to BSNL	21.98	0.00	16/07/2001 to 31/03/2005	CESTAT, BG
			Refund of Service Tax to BSNL	11.64	0.00	Apr-2005 to Sep-2005	CESTAT, BG
			Service Tax	17.32	0.00	Jan-2008 to June-2009	CESTAT, BG
			Service Tax	4.86	0.00	July-2009 to March-2010	CESTAT, BG
		EPF Act	Appeal before EPFAT, New Delhi against orders of EPF authorities Tumkur under Section 14B	14.56	0.00	2014	EPFAT
			WP against order of EPF under Section 7Q proceedings for interest	11.52	0.00	2014	High Court, Karnataka, Bangalore
		Property Tax	Property Tax on Towers	11.55	0.00	01/01/2009 to 31/12/2009	Karnataka High Court
		Finance Act	Cenvat on Towers-on Angles, Channels, Beams, etc	439.76	0.00	01/07/2008 to 31/03/2009	CESTAT
			Cenvat on Towers-on Angles, Channels, Beams, etc	21.53	0.00	01/11/2007 to 30/06/2008	CESTAT
			Cenvat on Towers-on Angles, Channels, Beams, etc	105.94	0.00	10/09/2004 to 30/09/2006	CESTAT
			Cenvat on Towers-on Angles, Channels, Beams, etc	150.28	0.00	01/08/2007 to 31/10/2007	CESTAT
			Cenvat on Towers-on Angles, Channels, Beams, etc	503.70	0.00	Apr-2009 to Mar-2010	CESTAT
			Cenvat on Towers-on Angles, Channels, Beams, etc	93.92	0.00	Apr-2010 to Mar 2011	CESTAT
			Cenvat on Towers-on Angles, Channels, Beams, etc	78.12	0.00	April 2011 to Mar 2012	CESTAT



Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
			CENVAT on vehicle hiring	0.80	0.00	April 2010 to March 2012	Commissioner, Service Tax
			Rounding off S. Tax	63.15	0.00	Oct 2008 to March 2010	CESTAT
		Income Tax Act, 1961	Taxation	Particulars not available	0.00	2011	Supreme Court
	Total			2073.91	0.00		
28	10.3.5-Kolkata Telephones	Service Tax under Finance Act 1994	Service Tax	3103.00	0.00	July, 1994 to September, 1998	CESTAT/ Commissioner of Central Excise-I
			Service Tax	149.99	0.00	October, 2000 to September, 2003	CESTAT
			Service Tax	1326.06	0.00	2003-04 to 2004-05	CESTAT
			Service Tax	758.92	0.00	2005-06 and 2007-08	CESTAT
			Service Tax	357.87	0.00	2009-10 to 2012-13	CESTAT
			Service Tax	521.16	0.00	April 2010 to July 2014	CESTAT
			Service Tax	71.48	0.00	2013-14	CESTAT
	Total			6288.48	0.00		
29	1022-Kerala	Service Tax	Credit availed by BSNL, disallowed by Service Tax Audit	87.29	0.00	Apr 2005-Sep 2005	CESTAT Bangalore
			Short payment of Service Tax as per ST Authorities Audit report	27.43	0.00	Oct 2002-Feb 2005	CESTAT Bangalore
			Short payment of Service Tax as per ST Authorities Audit report	36.63	0.00	Apr 2005-Mar 2006	CESTAT Bangalore
			Short payment of Service Tax and credit availed by BSNL disallowed by Service Tax Audit	44.72	0.00	Apr 2005-Sep 2006	CESTAT Bangalore
			Credit availed by BSNL, disallowed by Service Tax Audit	8.97	0.00	Apr 2006-Mar 2008	CESTAT Bangalore
			Credit availed by BSNL, disallowed by Service Tax Audit	47.06	0.00	2013-14	Commissioner Appeals
		Sales Tax	Sales Tax on Scrap Sale & Profit on sale of Assets	353.17	0.00	2003-04	High court of Kerala
		Service Tax	Ineligible Cenvat Credit	0.82	0.00	2014-15	Commissioner Appeals service tax
			Non payment of Service Tax on legal services	0.37	0.00	2014-15	Commissioner Appeals service tax
			Ineligible Cenvat Credit	13.54	0.00	2006-07	Initiated to file appeals at CESTAT
			Ineligible Cenvat Credit	42.87	0.00	2006-09	Circle office
			Book Keeping charges on OYT deposit	2.22	0.00	2004-08	Commissioner Appeals
			Ineligible Cenvat Credit	73.75	0.00	2011-12	Commissioner Appeals

Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
			Refund of excess payment finalised through provisional assessment	6.00	0.00	Oct 2004-Mar 2005 and May 2005	Appeal filed to CESTAT Bangalore on 08.04.2015
			Non payment of ST on amount collected by PCO operator from the public but not remitted to BSNL	21.56	0.00	Apr 2011-June 2012	Appeal filed to CESTAT Bangalore on 27.04.2017
			Non payment of ST on amount collected by PCO operator from the public but not remitted to BSNL	3.60	0.00	July 2012-Sept 2012	Appeal filed to CESTAT Bangalore on 27.04.2017
			Non payment of ST on amount collected by PCO operator from the public but not remitted to BSNL	6.93	0.00	Oct 2012-March 2013	Appeal filed to CESTAT Bangalore on 27.04.2017
			Non payment of ST on amount collected by PCO operator from the public but not remitted to BSNL	9.65	0.00	Apr 2013-March 2014	Appeal filed to CESTAT Bangalore on 27.04.2017
			Availment of CENVAT credit on rent a cab service and non payment of ST on legal charges	7.83	0.00	Apr 2013-Sept 2014	Appeal filed before commissioner (Appeals) Cochin
			Short payment of Service tax by not including the commission paid to PCOs in the taxable value	5.84	0.00	Apr 2014-Nov 2014	Pending at Addl Commissioner Service Tax Kannur
			Disallowance of Cenvat credit	86.80	0.00	2005-06	CESTAT Bangalore
			Short levy	49.24	0.00	2010-11	Commr Appeals Cochin
			Short levy	61.69	0.00	2011-12	CESTAT Bangalore
			Short levy	1.90	0.00	2013-14	Commr Appeals Cochin
		Sales Tax	Dispute regarding VAT on BB modem given in rental basis	3.17	0.00	2009-10	Commissioner Appeals Kollam
		Service Tax	ST payable on discount/ commission to PCO holders I	137.14	0.00	July 2008-Sept 2011	CESTAT Bangalore
			Rent a Cab Service	5.88	0.00	Dec 2013-Sept 2014	Commissioner of central excise and customs Calicut Division
			Rent a Cab Service	4.90	0.00	Oct 2014 to Sept 2015	Commissioner of central excise and customs Calicut Division
			Rent a Cab Manpower & Sale of scrap	8.95	0.00	Jan 2013 to Nov 2013	Assistant Commissioner of central excise and customs and service tax Calicut Division
			Man Power service	13.15	0.00	July 2012 to Sept 2012	Assistant Commissioner of central excise and customs and service tax Calicut Division
			Service Tax and penalty for PCO Commission	69.52	0.00	01/06/2008 to 30/09/2009	CESTAT Bangalore
			Ineligible Cenvat Credit utilisation	21.83	0.00	2013-2016	Commissioner of Appeals
			Total	1264.41	0.00		
30	Gujarat	Finance Act 1994 (Service Tax)	Interest and Penalty	129.00	0.00	1997-98 to 2000-01	Gujarat High Court
		Bombay Stamp Act 1958	Stamp duty and penalty on application forms	471.65	117.91	-2007	Gujarat High Court



Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
		Finance Act 1994 (Service Tax)	Cenvat disallowed and Interest and Penalty	472.33	0.00	(April 2010-Dec 2010)	Gujarat High Court
			Cenvat disallowed under Cenvat Credit Rules , 2004 and interest and penalty on the same	258.44	0.00	(Jan 2012-Dec 2012)	CESTAT Ahmedabad
			Cenvat disallowed under Cenvat Credit Rules , 2004 and interest and penalty on the same	489.30	0.00	(Jan 2011-Dec 2011)	CESTAT Ahmedabad
			Cenvat disallowed under Cenvat Credit Rules , 2004 and interest and penalty on the same	149.74	0.00	FY 2009-10 to 2011-12	CESTAT Ahmedabad
		Income Tax Act 1961	TDS on Discount given to prepaid distributor u/s 201(1)/201(1A)	8.07	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)-XXI, Ahmedabad
		Finance Act 1994 (Service Tax)	Cenvat disallowed and Interest and Penalty	119.18	0.00	Oct 05 to Mar 07	CESTAT Ahmedabad
		Income Tax Act 1961	TDS on Discount given to prepaid distributor u/s 201(1)/201(1A)	16.28	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)
			TDS on Discount given to prepaid distributor u/s 201(1)/201(1A)	9.63	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)
			TDS on Discount given to prepaid distributor u/s 201(1)/201(1A)	9.28	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)
			TDS on Discount given to prepaid distributor u/s 201(1)/201(1A)	4.30	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)
		Finance Act (Service Tax) and Cenvat Credit Rules 2004	Violation of Rule 4(2)(a) of Cenvat Credit Rules, 2004 by utilisation of 100% Cenvat credit on capital goods	275.66	0.00	2009-10 to 2011-12	CESTAT Ahmedabad
		Income Tax Act 1961	TDS on Discount given to prepaid distributor u/s 201(1)/201(1A)	6.28	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)
			TDS on Discount given to prepaid distributor u/s 201(1)/201(1A)	8.47	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)-XXI
			TDS on Discount given to prepaid distributor u/s 201(1)/201(1A)	5.34	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)-XXI
			TDS on Discount given to prepaid distributor u/s 201(1)/201(1A)	15.10	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)
			TDS on Discount given to prepaid distributor u/s 201(1)/201(1A)	1.64	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)-XXI, Ahmedabad
			Penalty on TDS on discount given to prepaid distributors u/s 271C	4.32	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)-XXI
			Penalty on TDS on discount given to prepaid distributors u/s 271C	4.19	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)-XXI, Ahmedabad
			Penalty on TDS on discount given to prepaid distributors u/s 271C	8.30	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)

Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
			Penalty on TDS on discount given to prepaid distributors u/s 271C	0.84	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)-XXI, Ahmedabad
			Penalty on TDS on discount given to prepaid distributors u/s 271C	2.19	0.00	AY 2009-10	Commissioner of Income Tax (Appeal)
		Finance Act 1994 (Service Tax)	Cenvat disallowed and Interest and Penalty	26.86	0.00	Apr 2014 to Mar 2015	Commissioner (Appeals) Central Excise, Ahmedabad
			Cenvat disallowed and Interest and Penalty	5.07	0.00	FY 2012-13 to 2015-16	Commissioner (Appeals) Central Excise, Ahmedabad
			Voluntary Compliance Encouragement Scheme	15.52	0.00	FY 2010-11 to 2011-12	CESTAT Ahmedabad
			Cenvat disallowed and Interest and Penalty	7.28	0.00	April 2011 to June 2012	Commissioner (Appeals) Central Excise, Rajkot
			Cenvat disallowed and Interest and Penalty	80.22	0.00	FY 2006-07 to 2012-13	Gujarat High Court
			Cenvat disallowed and Interest and Penalty	4.28	0.00	FY 2013-14 TO 2014-15	CESTAT Ahmedabad
			Interest on late payment of Service Tax	15.51	0.00	April 2011 to September 2011	CESTAT Ahmedabad
			Short Payment of Service Tax	165.00	0.00	FY 2001-02 to 2003-04	CESTAT Ahmedabad
			Service Tax on non reversal of proportionate CENVAT Credit on Free Services supplied to Employees	32.55	0.00	FY 2009-10 to 2013-14	Commissioner (Appeals) Central Excise, Surat
			Cenvat disallowed and Interest and Penalty	155.87	0.00	FY 2009-10 to 2013-14	CESTAT Ahmedabad
			Short Payment of Service Tax	210.83	0.00	April 2009 to September 2009	CESTAT Ahmedabad
			Service Tax on non reversal of proportionate CENVAT Credit on Free Services supplied to Employees	15.05	0.00	FY 2009-10 to 2013-14	Commissioner (Appeals) Central Excise, Surat
			Reverse charge on security services	8.33	0.00	FY 2012-13 to 2013-14	Commissioner (Appeals) Central Excise, Surat
			Total	3211.90	117.91		
31	Tamil Nadu	Finance Act 1994 (Service Tax)	Service TAX	1,940.82	0.00	2016-17	CCE & ST Trichy
			Service TAX	300.02	0.00	2016-17	CESTAT/CHENNAI
			Service TAX	6.51	0.00	2016-17	CESTAT/CHENNAI
			Service TAX	46.55	0.00	2016-17	CESTAT/CHENNAI
			Service TAX	193.37	0.00	2016-17	CESTAT/CHENNAI
			Service TAX	42.44	0.00	2016-17	CESTAT/CHENNAI
			Service TAX	159.92	0.00	2016-17	CESTAT/CHENNAI
			Service TAX	133.51	0.00	2016-17	CESTAT/CHENNAI
			Service TAX	264.61	0.00	2016-17	CESTAT/CHENNAI



Serial Number	Circle Name	Name of statute	Name of Dues	Amount(in lakhs)	Amount paid (in lakhs)	Period to which amount relates	Forum where disputes are pending
			Service TAX	115.86	0.00	2016-17	CESTAT/CHENNAI
			Service TAX	354.22	0.00	2016-17	CESTAT/CHENNAI
			Service TAX	415.15	0.00	2016-17	CESTAT/CHENNAI
			Service TAX	89.25	0.00	2016-17	CESTAT/CHENNAI
			Service TAX	*see below	0.00	2016-17	CESTAT/CHENNAI
			Service TAX	42.27	0.00	2016-17	CESTAT/CHENNAI
			Service TAX	4,104.50	0.00	2016-17	CESTAT/CHENNAI
	Total			8,208.99	0.00		
32	Andaman & Nicobar	Central Excise Act, 1944	Service Tax	698.75468	0.00	2003-2007	CESTAT
			Service Tax	138.46322	0.00	2007-2011	CESTAT
	Total			837.2179	0.00		
33	Telecom Stores	Central Excise Act, 1944	Excise Duty	2.71	0.00	1998	High Court
			Excise Duty	16.26	0.00	1996	High Court
			Sales Tax	3.16	0.00	2001	High Court
	Total			22.13	0.00		

* 3017 VELLORE SSA THE Cestat case was decided in favour of BSNL vide order no: 40672/2016 dtd 26.4.2016

In addition to above details following circles have provided the below mentioned details

Tamil Nadu

COIMBATORE SSA

BSNL won one case, ST23/2007 and the amount involved is 15,65,758. Scanned Copy is attached and email has been sent on 29.7.17
New Case ST/40114/2017 appeal filed by BSNL against CENTRAL EXCISE, Legal Case amounting to Rs. 10693/-

Annexure- 2 (c)

Shedule VI REQUIREMENTS

2. Contingent Liabilities other than those mentioned at Sl. No. 1 of Annexure I
On Account of service tax disputed

Sl. No	Name of SSA	2016-17		2015-16	
		No. of cases	Amount Rs.	No. of cases	Amount Rs.
3009	MADURAI	2	8193075	2	8,193,075
3011	PONDICHERRY	1	1630214	1	1,630,214
3012	SALEM	3	7905512	3	7,905,512
3015	TIRUNELVELI	3	8922364	3	8,922,364
3017	VELLORE	1	1615627	NIL	NIL
3018	VIRDHUNAGAR	1	100835		
		11	28367627	9	26651165

Annexure- 2 (D)

Shedule VI REQUIREMENTS

2. Contingent Liabilities other than those mentioned at Sl. No. 1 of Annexure I
D On account of Sale tax disputed

Sl. No	Name of SSA	2016-17		2015-16	
		No. of cases	Amount Rs.	No. of cases	Amount Rs.
3001	Circle Office	1	2021738	1	2,021,738
3011	PONDICHERRY	1	691111	1	691,111
		2	2712849	2	2712849

**Schedule VI REQUIREMENTS****2. Contingent Liabilities other than those mentioned at Sl. No. 1 above
E. On account of Custom tax disputed**

Sl. No	Name of SSA	2016-17		2015-16		
		No. of cases	Amount Rs.	No. of cases	Amount Rs.	
		NIL				

Schedule VI REQUIREMENTS**2. Contingent Liabilities other than those mentioned at Sl. No. 1 above
E. On account of Central Excise Claims**

Sl. No	Name of SSA	2016-17		2015-16		
		No. of cases	Amount Rs.	No. of cases	Amount Rs.	
		NIL				

Punjab

1. Contingent Liability on account of pending court cases against Land acquisition, TR Billing cases not acknowledged as Debt:

Sr. No	Description	2016-17		2015-16	
		No. of cases	Amount Rs.	No. of cases	Amount Rs.
A	Pending court cases on account of land acquisition	5	2,466,543	3	4,907,100
B	Pending court cases on account of TR Billing	195	6,632,714	292	9,578,698
C	Pending court cases on account of Service Tax, Central Excise, Sales Tax	19	252,212,718	18	245,650,596
D	Pending Court cases- others	52	12,807,024	52	21,453,230

E	Arbitration cases	1	18,522,675	4	63,889
	Total	272	292641674	369	281653513

2. Contingent Liabilities other than those mentioned at SL. 1 above

Sr. No	Description	2016-17		2015-16	
		No. of cases	Amount Rs.	No. of cases	Amount Rs.
A	Not acknowledgement as debt on account of TR Billing	-	-	-	-
B	On account of Enhanced Sales Tax in lieu C/D Forms	-	-	-	-
C	On account of Service Tax Disputed	2.00	2,406,143.00	2.00	2,406,143.00
D	On account of Sales Tax Disputed	-	-	-	-
E	On account of Customs duty Disputed	-	-	-	-
F	On account of Central Excise Claims	-	-	-	-
G	Others	-	-	-	-
		2.00	2,406,143.00	2.00	2,406,143.00

Chennai

		2016-17		2015-16	
		No. of cases	Amount	No. of cases	Amount
A	Pending court cases on account of land acquisition	Nil	Nil	1	67,99,880
B	Pending court cases on account of Income Tax	3	1,05,70,091	2	37,12,535
C	Pending court cases on account of Service Tax, Central Excise, Sales Tax	6	3,72,14,442	6	5,31,43,156
D	Pending court cases on account of TR billing	1	9,71,20,000	-	-
E	Pending court cases- others	-	-	-	-
F	Arbitration Cases	Nil	Nil	Nil	Nil

Note: The above information has been tabulated to the extent available from the respective circle auditor's report



Annexure II to the Independent Auditor’s Report of even date to the members of Bharat Sanchar Nigam Limited on the Ind AS financial statements for the year ended 31 March 2017

DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013 ISSUED BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA TO THE STATUTORY/ CIRCLE AUDITORS OF BHARAT SANCHAR NIGAM LIMITED FOR CONDUCTING AUDIT OF ACCOUNTS FOR THE YEAR 2016-17

Sl. N.	Questions	Auditor’s Comment
(1)	Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	<p>As reported by the auditors of the following circles, the Company has clear title, lease deeds for freehold and leasehold respectively:</p> <ol style="list-style-type: none"> 1. Eastern Telecom Project (ETP) 2. Southern Telecom Project (STP) <p>The following circle has reported that the Company does not have clear title/lease deeds and they are unable to comment on the area of freehold and leasehold land for which the aforementioned deeds are not available:</p> <p>Chhattisgarh</p> <p>The following circles have annexed details of freehold and leasehold land for which title/lease deeds are not available or for which mutation is in process: (Refer Appendix-A)</p> <ol style="list-style-type: none"> 1. Haryana 2. Himachal Pradesh 3. Kerala 4. Rajasthan 5. Tamil Nadu 6. Uttarakhand 7. Chennai Telephones 8. Northern Telecom Project (NTP) 9. Inspection Circle 10. Punjab <p>The auditors of the following circles have reported that the Company does not have any leasehold/ freehold</p>

		<p>land and hence the question is not applicable to the following circles:</p> <ol style="list-style-type: none"> 1. NFS 2. Broadband Network 3. NCES Telecom Unit 4. North East Task Force 5. Information Technology Project Circle 6. Receipt & Payment and Budget Banking Finance Unit ('R&P and BBF unit') <p>The auditor of Telecom Factory Mumbai circle has stated that this direction is not applicable to the Company for the current year as the Company has not been selected for disinvestment.</p> <p>The auditors of the following circles were unable to comment on the title of freehold and leasehold land in the absence of requisite documents:</p> <ol style="list-style-type: none"> 1. Gujarat 2. Jharkhand 3. Uttar Pradesh (UP) West 4. Eastern Telecom Region 5. Western Telecom Region 6. Northern Telecom Region <p>For the remaining circles, please find below circle wise responses as provided by the respective circle auditors:</p> <p>ANDHRA PRADESH</p> <p>As per the information and explanation provided to us by the management, the Circle has lands measuring 32,34,674 sqm (for 1667 lands) of which lands measuring 31,69,747 sqm (for 1648 lands) are freehold lands and lands admeasuring 64,927 sqm (for 19 lands) are leasehold lands. Regarding Freehold Lands measuring to 31,69,747 sqm (for 1648 lands), lands inherited from DOT are measuring to 28,35,489 sqm (for 1134 lands) and lands acquired are measuring</p>
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	<p>to 3,34,258 sqm (for 514 lands). Out of the total DOT lands area of 28,35,489 sqm (for 1134 lands), DOT has given approval for mutation of lands measuring 19,38,795 sqm (for 682 lands), and the circle has got the mutation process completed to the extent of 12,36,456 sqm of land area (for 511 lands) and title deeds are available for these 511 lands. Mutation process is not completed for the remaining area of 7,02,339 sqm (for 171 lands). Out of 682 lands permitted for mutation, 11 lands are under joint occupation with the Department of posts. In respect of these 11 lands, 4 lands are bifurcated and mutated in the name of BSNL, and 7 lands are not yet bifurcated. Pending the identification process by joint survey to confirm the larger area of occupancy between Department of Telecommunication and Department of Post and consequent acquiring of immovable property and its title deeds by one of the parties holding larger occupancy, no title deeds are held by the Circle in respect of these 7 lands under joint occupancy. Out of the total lands admeasuring to 3,34,258 sqm (for 514 lands) acquired by the Circle, title deeds are available for lands admeasuring 2,37,470 sqm (for 333 lands) and title deeds are not available for lands admeasuring 96,788 sqm (for 181 lands). Regarding leasehold lands, the Circle has take lands admeasuring to 64,927 sqm (for 19 lands) on lease of which lands admeasuring 58,251 sqm (for 15 lands) are under the lease hold rights of DOT and lands admeasuring 6,676 sqm (for 4 lands) are under the lease hold rights of the Circle. For lands under the lease hold rights of DOT, lease deeds in the name of DOT are available for lands admeasuring 41,798 sqm (in respect of 9 lands) and not available for lands admeasuring 16,273.5 sqm (in respect of 6 lands). For lands under the lease hold rights of the Circle, lease deeds are available for all the 4 lands admeasuring 6676 sqm.</p> <p>ASSAM</p> <p>As per written representation provided by office of Chief Engineer, Civil, BSNL Assam Circle, there are</p>
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	<p>281 land holdings of total area 562992.99 square meters, of which mutation is done for 6 nos. of lands having an area of 2565.59 square meters are not held in the name of the circle.</p> <p>BIHAR</p> <p>The maximum parcels of lands were transferred to BSNL by DOT at the time of incorporation which is under possession of BSNL. The acquisition of title deeds of these lands is under process. For lands purchased & taken on lease by BSNL the title deeds is available. Sale deeds of 21 lands parcels are available with units.</p> <p>JAMMU & KASHMIR</p> <p>Title deeds/letters of allotment of various lands reflected under Property, plant and equipment have not been produced to us. We are unable to verify correctness of classification between freehold and leasehold land in absence of such records. As informed to us, title of some of these lands is yet to be transferred in the name of the Company. It has been reported to us that at Leh BA, all documents pertaining to land have been lost in the flash floods in 2010.</p> <p>KARNATAKA</p> <p>The total number of land available in Karnataka Circle is 1,147, out of which 1,029 lands are for which the revenue records are available. For 118 lands revenue records are not available. (The same has been replied under main head VI ASSETS INCLUDING INVENTORY under para 17 page no 11 of respective circle auditor's report)</p> <p>MAHARASHTRA</p> <p>We have been informed that the Maharashtra circle has been showing land under two categories i.e. under leasehold and freehold and total approximate area is</p>
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54,96,406.59 sq. meters comprising of 1729 plots. Out of such plots, mutation in the name of BSNL is still pending for approximately 36,25,537.34 sq. meters (830 plots). likewise in the case of freehold land out of total area 30,36,465.09 sq. meters (728 plots), the mutation in the name of BSNL is pending for 397 plots. We have also been informed that there are approximately 17 Plots having 63,836,51 sq. meters are which are under dispute. There are 251 vacant plots of approx area 4,86,108.9 sq. meters, for which mutation, has not been done in teh name of BSNL. As reported to us, we have been informed that there is no practice of physical verification of the fixed assets, however, in the year 2013, a joint verification was done with the DoT and on the basis, they have noted that there is encroachment on 3812.95 sq. meters.

ODISHA

The Circle has clear title / lease deeds for 70 (seventy) numbers of freehold land and 199 (one hundred ninety nine) numbers of leasehold land. There are 1 (one) freehold land at Sambalpur area measuring Ac. 01.27 and 19 (nineteen) numbers of leasehold land throughout the state of Odisha measuring 77956.00 Sq. meters in respect of which the title / lease deeds are expired/ not executed.

KOLKATA TELEPHONES

In respect of title/ lease deeds of Immovable properties, it is observed that all the immovable properties are in the possession of the Company. However in respect to certain immovable properties acquired or taken over from Department of Telecommunication (DOT), Government of India, transfer of title deeds of the said properties in the name of the Company are still pending as same are under legal process/execution.

SOUTHERN TELECOM REGION

On the basis of our examination/ test check of books

		<p>and records and according to the information and explanations given to us, the BSNL- STR are in the process of transferring the title deeds in respect of 54 lands.</p> <p>WESTERN TELECOM PROJECT</p> <p>Title deed relating to land were not produced for verification and in the absence of relevant documents, the tenure of land as freehold/ leasehold could not be verified by us except following; W.T.P, Nagpur has changed and handed over its office Premises located at 2nd and 3rd floor. Microwave Bldg, CTO Compound, Nagpur to O/o Principal General Manager Telecom "0" miles, Bagpur vide letter no. DGM/TP/ EMA/ NP/ W-18/ ASSETS/ 93 dated 20/12/2011 in favour of Department of Tele Communication but the same building still exist in Balance Sheet of BSNL WTP</p> <p>TELECOM FACTORY JABALPUR</p> <p>During the year under review it has been observed Telecom Factory Jabalpur having three units, one at Bhilai another at Ricchai and Wright Town. Bhilai and Ricchai land are taken on lease and lease Deed of both the units are proper. As far as Wright Town is concerned the land taken over from DOT as on 1st October 2000. total area as per the management informed was 71.75 acre transferred from DOT out of which 48.85 acre oa land has been transferred to the name of BSNL and 22.9 acre of land remains with DGP&T. title deed of 48.85 acre is presently in name of BSNL.</p> <p>TELECOM FACTORY KOLKATA</p> <p>The title deed of free hold land of Alipur Telecom Factory (780 lakhs) and Gopalpur Telecom factory (17.5 acres) were not available for our verification. Photo copy of lease dedd is available for a sum of Rs. 6.50 lacs only in respect of Kharagpur Telecom</p>
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factory out of total lease hold land of Rs. 15.25 lacs approx as on 31st March 2017. the land of Gopalpur Telecom factory is within the jurisdiction of West Bengal Telecom circle.

BRBRAITT

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name DOT. And as explain by the management procedure to transfer of immovable property in the name of BSNL in under process.

TELECOM STORES

In the books of the Circle following assets are appearing:-

- a) Freehold Building constructed on the Lease hold Land acquired from KOPT, Tax on the above is paid to KOPT along with the Lease Rental since there is no separate Mutation of the property in the name of the Circle.
- b) Lease hold Land acquired from Kolkata Port Trust (KOPT).

On which Lease Rental is paid to KOPT. The Lease was for 30 year ending on 1993 after which no fresh Lease Deed has been executed in spite of several reminders and follow up by the Circle.

ALTTC

The land on which the ALTTC building is situated along with the building itself is not in the name of BSNL, although the consideration for acquiring the land from Department of Telecom was paid to them but the title was not transferred in the name of BSNL because the title is still in the name of CPWD (which had sold the land to Deptt. of Telecom). Total area of

	<p>land which was acquired from DOT was 81 acres as at 01.10.2000. The said land was then in the name of CPWD (erstwhile owner, who had retransferred the land to DOT) and is still as it is, in the records of Ghaziabad revenue records/ Tehsil.</p> <p>NE-II</p> <p>As per the information provided to us, pending transfer of the immovable property in the name of the Company, documents in respect of some land & buildings acquired during the period are under legal process/ execution. Further in respect of assets taken over from DOT, formalities for vesting the assets in favour of the Company wherever necessary/ applicable are under process. Further some of the assets acquired by the company in the financial year 2008-09, received by Nagaland SSA from DOT having aggregate value of Rs. 79.14 lacs (PY Rs. 79.14 lacs) have not yet been verified from original lease records.</p> <p>MADHYA PRADESH TELECOM</p> <p>On the basis of our examination books and records and according to the information and explanation given to us, the BSNL Madhya Pradesh is in the process of transferring the title deeds in respect of Lands. Mutation for 321 no. (Area 1025022 Sq.Mts) of lands have been carried out till 31.03.2017 in the name of BSNL and the balance 497 nos. of lands were under target for mutation as on 31.03.2017. The total area of Free hold land and Lease hold and (Mutated and Under mutation) of the MP circle was 3283252 Sq.Mtrs. Out of which the 71 Lease hold lands for 168599 Sq.Mts for which the lease deed are in the name of BSNL / DOT. 39 Nos of Lease hold lands for Area 106470 Sq.Mtr are having clear title deeds in name of BSNL and 32 nos for Area 622129 Sq.Mtr not mutated in name of BSNL.</p>
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	<p>ANDAMAN & NICOBAR</p> <p>The Title Deed of Freehold land held by BSNL are being processed for Mutation form DOT to BSNL. There is a Mismatch between total area of land as per land register and land documents and the same is not duly reconciled.</p> <p>QUALITY ASSURANCE</p> <p>Lands and Buildings transferred by DOT to the time of formation of BSNL, like staff quarters and vacant Lease Land in respect of which the deed for transfer from DOT to the BSNL is pending execution.</p> <p>NATFM</p> <p>The title deeds of the land allocated to the NATFAM circle of the company admeasuring 33,681.46 Sq. meters valued Rs. 210,36,76.629 (previous year Rs. 85,516) are held in the name of Department of Telecommunications.</p> <p>UTTAR PRADESH (UP) EAST</p> <p>The circle UP (East) holds title deeds for a number of free hold. Lease hold lands. But since the title deeds for free hold and lease hold lands are not matched with financial records hence we are unable to comment whether the company has clear title/ lease deeds for all free hold and lease hold land respectively and if not for which assets Circle do not hold clear title deeds.</p> <p>WEST BENGAL</p> <p>As stated in Para 1(C) of Annexure-"A" of the Independent Auditors' Report and as per the information provided by the various Business Areas of the Circle, out of 38 Nos of Leasehold land, "Asset Master" created for only 3 Nos of Leasehold land in the ERP system Further out of 38 Nos of Leasehold land, lease agreement for 36 Nos admeasuring</p>
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		<p>160289 Sq. Mtrs could not be produced to us for our verification. Similarly title deeds for 169 Nos of Freehold land also was not produced to us for our verification. Business Area wise details of leasehold land and freehold land has been furnished in Appendix-A.</p> <p>NORTH EAST-I</p> <p>As informed to us, the Circle has no clear title deeds in the name of the Company for freehold lands and leasehold lands, except for one freehold land and few leasehold lands. However, copies of original title/ lease deeds of above said freehold and few leasehold land were not made available to us for our verification, hence we are unable to comment on clarity on even such title/ lease deeds of lands. List of freehold/ leasehold lands provided by the Circle is attached herewith as 'Appendix-A' in absence of full details, the same has not been verified by us.</p>
(2)	<p>Whether there are any cases of waiver/ write off of debts/ loans/ interest etc., if yes, the reasons therefore and the amount involved.</p>	<p>As reported by the auditors of the following circles, there were no cases of waiver/write off of debts/loans/ interest etc.:</p> <ol style="list-style-type: none"> 1. Jammu & Kashmir 2. Maharashtra 3. Eastern Telecom Region 4. Western Telecom Region 5. Northern Telecom Region 6. Southern Telecom Region 7. Eastern Telecom Project 8. Northern Telecom Project 9. NFS 10. Telecom Factory Mumbai 11. Telecom Factory Jabalpur 12. BRBRAITT 13. Broadband Network 14. NCES Telecom Circle 15. Inspection Circle



	<ol style="list-style-type: none">16. Quality Assurance17. North East Task Force18. ALTTC19. Southern Telecom Project20. Western Telecom Project21. Telecom Factory Kolkata22. NATFM Training Institute23. Telecom Store24. Information Technology Project Centre25. Receipt & Payment and Budget Banking Finance Unit ('R&P and BBF unit') <p>In the under mentioned circles, there have been certain write offs of debts/loans/interest etc., details of which are furnished in Appendix-B :</p> <ol style="list-style-type: none">1. Andhra Pradesh2. Assam3. Bihar4. Chhattisgarh Telecom Circle5. Gujarat6. Haryana7. Himachal Pradesh8. Jharkhand9. Kerala10. Odisha11. Punjab12. Tamil Nadu13. Uttar Pradesh (UP) West14. Uttarakhand15. West Bengal16. Kolkata Telephones17. Chennai Telephones18. Uttar Pradesh (UP) East19. North East-I20. Madhya Pradesh Telecom21. NE-II
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		<p>22. Andaman & Nicobar</p> <p>Further, as reported by the auditor of Karnataka circle there is no procedure for waiver of debt in the nature of telephone dues and or the interest on the same.</p> <p>As reported by Rajasthan Circle, in the year under consideration the circle has written off the debts and also made a provision against bad and doubtful debts. These debts have been provided as per the company policy i.e. all outstanding debtors for more than 2 years are provided for.</p>
(3)	Whether the proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Govt. or other authorities	<p>As reported by circle auditors, the circles have not received any assets as gift/grant(s) from the Government or other authorities except as stated for the circles below:</p> <p>1. Andhra Pradesh Telecom Circle</p> <p>In respect of lands received as gift or donation, proper records are not being maintained and the number, value, ownership thereof are subject to reconciliation as qualified in paragraphs 19 & 20 of the circle's audit report.</p> <p>The circle has been maintaining proper records in respect of assets created (under Left Wing Extremists project) out of grants received from Government.</p> <p>2. Odisha Circle</p> <p>The Circle has received government grants amounting to Rs.109,15.57 lakhs/- towards LWE Capital Grant during the Financial Year 2016-17.</p> <p>3. UP (West)</p> <p>Proper records are maintained with respect to Grant received from USOF.</p> <p>4. West Bengal Telecom</p> <p>As per the information and explanation provided to us</p>



	<p>by the management, the Circle has not received any assets as gifts from Government or other authorities. However, as per letter of DGPI(CA-III) BSNL Corp Office(letter no 500-31/2014- 15/CA I/BSNL/4 dated 10.01.20 17) Capital Grant under LWE Project of 5,885.34 Lakhs for construction of 96 Towers have been received by the Circle. Further as per the perception of the Circle and not checked by us, the Circle has maintained proper records in respect of inventories lying with contractors.</p> <p>5. Chhattisgarh Telecom Circle</p> <p>In absence of records and documents at the Circle we are not in a position to comment on assets received as gift from Govt. or other authorities are properly maintained or not.</p> <p>6. Assam Telecom Circle</p> <p>Assets received as gift from Govt. or other authorities however, there is scope of further improvement in the record keeping.</p> <p>As reported by auditors of the following circles, proper records are maintained for inventory lying with the third parties:</p> <ol style="list-style-type: none">1. Jammu & Kashmir2. Kerala Telecom3. Punjab Telecom4. Telecom Factory Jabalpur <p>As reported by the auditors of following circles, proper records are not maintained for inventory lying with the third parties.</p> <ol style="list-style-type: none">1. Bihar Telecom Circle2. Northern Telecom Project <p>As reported by the circle auditors of the under mentioned circles, no inventory is lying with the third parties:</p>
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		<ol style="list-style-type: none"> 1. Haryana Telecom 2. Himachal Pradesh 3. Jharkhand Telecom 4. Karnataka Telecom 5. Maharashtra Telecom 6. Rajasthan Telecom 7. Tamil Nadu Telecom Circle 8. Uttrakhand Telecom 9. Kolkata Telephones 10. Eastern Telecom Region 11. Western Telecom Region 12. Southern Telecom Region 13. Eastern Telecom Project 14. NFS 15. Telecom Factory Kolkata 16. NATFM 17. Broadband Network 18. NCNGN Telecom Circle 19. Telecom Store 20. Information Technology Project Circle (ITPC) 21. North East- 1 Telecom 22. ALTTC 23. NE-II 24. Madhya Pradesh Telecom 25. Andaman & Nicobar 26. Receipt & Payment and Budget Banking Finance Unit ('R&P and BBF unit') 27. Chennai Telephone <p>Following circles' auditors have reported that the respective circles do not have any inventory and hence the question is not applicable to them:</p> <ol style="list-style-type: none"> 1. Western Telecom Projects 2. Telecom Factory Mumbai 3. BRBRAITT 4. Inspection Circle 5. Quality Assurance
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	<p>For the remaining circles, please find below circle wise responses as provided by the respective circle auditors:</p> <p>1. Assam telecom Circle</p> <p>As per the information and explanation provided by the Circle and checks done by us we found that records are maintained for inventories lying with third parties</p> <p>2. Chhattisgarh Telecom</p> <p>It is observed in the Circle that Inventory/ Capital Goods are issued to the Contractors for maintenance/ assets for installation purpose at various project sites. No site wise list has been provided to us for our verification. So we are unable to comment whether records are maintained for inventories lying with third parties.</p> <p>3. Gujarat Telecom</p> <p>Proper records are maintained for inventories lying with third parties. However in cases of material issued to contractors against execution of project of directly charged to CWIP a/c code and no entry recorded in the a/c code and no physical verification, reports are made available to us. It is explained to us that appropriate bank guarantee is obtained as per the bank terms of the contract. As per the information and explanation given to us no items are received as gift from Govt. and other authorities during the year.</p> <p>4. Northern Telecom Region</p> <p>As per the information and explanation provided to us by the management, the Circle has not received any assets as gifts from Government or other authorities. However, as per letter of DGPI(CA-III) BSNL Corp Office (letter no 500-31/2014- 15/CA I/BSNL/4 dated 10.01.2017) Capital Grant under LWE Project of</p>
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		<p>5885.34 Lakh for construction of 96 Towers have been received by the Circle. Further as per the perception of the Circle and not checked by us, the Circle has maintained proper records in respect of inventories lying with contractors.</p> <p>5. UP (East)</p> <p>System of accounting and management of inventories in most of the Bas/SSAs is not in commensurate with the size and nature of the inventory dir to non-maintenance of Bin cards, non- maintenance of Price Store ledgers on perpetual basis which are generally compiled at the quarter or year end, non adherence with procedure for return of stores issued to the contractors/ suppliers and lying at sites, lack of proper system for identification of obsolete/ discarded/ non-moving/ unserviceable inventory, lack of periodical reconciliation of inventory in price stores ledgers with financial records etc.... However, the circle has to converge to Ind AS. Accordingly entire inventory, except inventory for construction works pertaining to NOFN, has been classified as Capital Work, in Progress. While reclassifying the inventory as Capital Work In Progress no segregation has been done between inventory meant for Capital Purposes and Consumable inventory.</p> <p>6. Southern Telecom Project</p> <p>It has been observed that the management is maintaining records of inventory with the third parties only in physical format, however no records of stock as on a particular day is available in SAP. B. the company has not received any assets as gifts from the Government of other authorities during the year.</p> <p>7. North East Task Force</p> <p>As explained, the circle has not received any assets as gift/ grant(s) from the government or other authorities which we could not verify for lack of any document.</p>
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		<p>Though there is no inventory as such, but is having construction materials as inventory. system of accounting and management of inventories is not commensurate with the size and nature of the inventory due to non- maintenance of Bin cards, non-maintenance of Price Store Ledger on perpetual basis which are generally compiled at the quarter or year end, non-adherence with procedure for stores issued to the contractors/ suppliers and lying at sites, lack of proper system for identification of obsolete/ discarded/ non-moving/ unserviceable inventory, lack of periodical reconciliation of inventory in price store ledgers with financial records etc.</p> <p>No proper record is maintained for inventory lying with third parties & no accounting is done in respect of inventory lying with Third party on year end & no confirmation has been received from Third Parties in respect of the same</p>
(4)	<p>Amount of revenue share (license fees and spectrum usage charges) appearing in the financial statements should be thoroughly checked.</p>	<p>As reported by the auditors of following circles provisions for license fee are not applicable to the respective circles:</p> <ol style="list-style-type: none">1. Telecom Stores2. BRBRAITT <p>Separate details as per Appendix-C is attached in respect of the following circles:</p> <ol style="list-style-type: none">1. Odisha2. North East-II <p>For the remaining circles, please find below circle wise responses as provided by the respective circle auditors:</p> <p>1. ANDHRA PRADESH</p> <p>We have verified the Revenue share (License fee, USO Levy and Spectrum Usage Charges) disclosed vide Note No. LF to the Ind AS financial statements</p>

	<p>and found it to be understated by Rs.704.36 Lakhs (Previous Year - Rs. 371.11 Lakhs).</p> <p>2. HARYANA</p> <p>Revenue share (License fee and Spectrum Usage Charges) appearing in the Ind AS financial statements have been correctly stated except for Liquidated Damages recovered from the contractors/ suppliers, which have been reduced from the relevant asset cost and relevant revenue expenditure. In our opinion, the same should be booked as revenue income..</p> <p>3. JHARKHAND</p> <p>The AGR is calculated by separate software provided by HO. In which the data is captured from SAP. The data captured has been checked by us but the calculation of AGR has been done by the software.</p> <p>4. KERALA</p> <p>Amount of Revenue share (License fee and Spectrum Usage Charges) appearing in the Ind AS Financial Statements was been thoroughly checked for its correctness, subject to our qualifications in paragraph 19 and 20 under “Basis for qualified opinion” of the respective circles’ report.</p> <p>5. MAHARASHTRA</p> <p>Amount of Revenue Share (License Fee & Spectrum Charges) appearing in the Ind AS financial Statements has been thoroughly checked and it is seen that in the current year income booked for NOFN project against overhead charges recoverable form. BBNL has not been considered in calculation of License Fee payable to DoT</p> <p>6. NORTHERN TELECOM PROJECT</p> <p>In respect of amount of revenue share (License fee</p>
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	<p>and Spectrum Usage Charges) needful has been done please refer to PARA D(1) of our independent auditor report of the respective circle.</p> <p>7. NORTH EAST-I</p> <p>Amount of Revenue share (Licensing fee and Spectrum Usage Charges) appearing in the Ind AS financial statements have been verified and found correct subject to our comments on para 4.30 of respective circle's Auditors Report.</p> <p>8. ANDAMAN & NICOBAR</p> <p>License fees on basic service and Spectrum Charges on WLL & Cellular mobile service have been calculated provisionally as per BSNL corporate instruction. The said expenditures were booked in the accounts of ANT circle will be payable Centrally by CO, ND . Out of the Total VSAT revenue booked for the FY2016-17 was Rs. 7916386/-, an amount, Ts. 7614861/- for the earlier period was booked during the FY2016-17. Thus only Rs. 301525/- was booked as 16-17 was Rs. 128.93 lacs. Thus revenue for the period 16-17 was not properly booked. As a consequence License fee was also short booked. Due to unavailability of proper record and reconciliation between advance billing and revenue booking the quantum of short booking of Revenue and License fee was not ascertained.</p> <p>Following circles have not reported in respect of the matter:</p> <ol style="list-style-type: none">1. Bihar2. Chhattisgarh3. Gujarat4. Himachal Pradesh5. Jammu & Kashmir6. Punjab7. Uttar Pradesh (UP) West8. Uttarakhand
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		<ol style="list-style-type: none"> 9. West Bengal 10. Kolkata Telephone 11. ETR 12. NTR 13. ETP 14. NFS 15. Telecom Factory Kolkata 16. NATFM 17. Broadband Network 18. NCES 19. Inspection Circle 20. Quality Assurance 21. Uttar Pradesh (East) 22. ALTTC Ghaziabad 23. Southern Telecom Project <p>Following circles have reported the correctness of revenue share appearing in the Ind AS financial statements:</p> <ol style="list-style-type: none"> 1. Assam 2. Karnataka 3. Tamil Nadu 4. Western Telecom Region 5. Western Telecom Project 6. Telecom Factory Jabalpur 7. Information Technology Project Circle 8. North East Task Force 9. Receipts & Payments and Budget Banking Finance Unit ('R&P and BBF unit') <p>In respect of the following circles, a separate report is provided by the respective circle auditors :</p> <ol style="list-style-type: none"> 1. Rajasthan (separate report attached) 2. Chennai Telephones <p>(i) We have obtained all the information and explanations, which to the best of our knowledge.</p>
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		<p>and belief were necessary for the purposes of our audit</p> <p>(ii) In our view the Chennai Telephones has an adequate internal control system. In relation to the revenues which is commensurate with its size and the nature of its business. The system, in our opinion, provides reasonable assurance that there is no unrecovered revenue/</p> <p>(iii) As per Ind AS requirements Prior adjustments and Liquidated Damages relating to capital and maintenance works are not considered as Revenue in the current year.</p> <p>(iv) In our opinion and to the best of our knowledge and belief and according to the explanations given to us, the Statement has been prepared in accordance with the norms/ guidelines contained in the said License agreement in this behalf and gives a true and fair view of the revenue and License fee payable for the year ended 31.03.2017.</p> <p>3. Southern Telecom Region</p> <p>(i) We have verified the statement of Revenue and License fees for the four quarters and the cumulative total for the year 2016-17 of M/s BSNL, STR Chennai, with the relevant figure from the trial balances as on 31st March 2017 and the reconciliation statement for the financial year 2016-17 generated from the software. We have been further informed that Adjusted Gross Revenue reflecting in the Statement of Revenue and License fee is system generated.</p> <p>(ii) In our view, the company has an adequate internal control system in relation to revenues which commensurate with its size and the nature of its business. The system, in our opinion, provides reasonable assurance that there is no unrecorded revenue.</p>
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		<p>(iii) No amounts payable in respect of sales tax, service tax or PSTN/ toll / roaming charges were outstanding at the last date of the year ending 31.03.2017 for a period of more than two months from the date they became payable as per the certificate received from the M/s BSNL, STR Chennai.</p> <p>(iv) In our opinion and to the best of our knowledge and belief and according to the explanations given to us, the Statement has been prepared in accordance with the norms/ guidelines contained in the said License/ Permission in this behalf and gives a true and fair view on the Revenue and License Fee payable for the period computed based on the aforesaid guidelines.</p> <p>4. Telecom Factory Mumbai</p> <p>(i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.</p> <p>(ii) In our view, the circle has an adequate internal control system in relation to revenues which is commensurate with its size and nature of the business. The system, in our opinion provides reasonable assurance that there is no unrecorded revenue and that all revenue is recorded in the proper account and in the proper period.</p> <p>(iii) We have informed that No undisputed amounts payable in respect of Sales Tax or PSTN/ Roaming charges were outstanding at the last day of the year for a period of more than two months from the date they became payable.</p> <p>(iv) As per the information and explanation given to us, the statement has been prepared in accordance with the circulars and internal</p>
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		<p>communication for the License Agreement in this behalf and given a true and fair view of the revenue and license fee payable for the period computed on the basis of aforesaid guidelines, subject to non provision of interest income on advances to employees and rebate receivable for speed post services from the Indian Post and Telegraph Department which are accounted on 'Cash Basis'.</p> <p>5. Madhya Pradesh Telecom</p> <p>(i) We have obtained all the information and explanation which to the best of our knowledge and belief where necessary for the purpose of our certification.</p> <p>(ii) The Statement of revenue and license fees in the agreement with the book of accounts subject to the fact that misclassification of accounting of various revenue heads.</p> <p>(iii) In our opinion and to the best of our information and according to then explanation given to us, the said statement haven been prepared in accordance with norms and guidelines in the said license agreement and the same are certified to be true and correct.</p>
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For ANDROS & Co.
Chartered Accountants
Firm's Registration No.:008976N

Sd/-
(Shashi Garg)
Partner
Membership No.: 086492

Place: New Delhi

Date: 12th October 2017

We have examined the attached statement of Revenue and License fees of Rajasthan Telecom circle of Bharat Sanchar Nigam Limited for the year 2016-17 annexed at Annexure I & Annexure II showing Revenue of Basic and cellular Mobile services respectively.

We understand that the aforesaid statements are to be furnished to the Central Government for assessment of the License fees payable by the BSNL to the Government in terms of License Agreement signed between the BSNL and the Department of telecommunications and as per decision of Hon'ble Supreme court dated 11-10-2011 conveyed by corporate office circular no. CA-274-AGR etc dated 11-01-2012.

We draw attention that:-

1. We have not examined the said License agreement and related instruction with regard to classification of the revenue under NLD/ILD services etc for Basic & Cellular Services revenue and the same has been taken on the basis of corporate office circular no.500-87/LF/CA-III/BSNL Co. dated 11-04-2011 & Circular No. 500-87/2013-14/CA-V/LF (I) dated 10-07-2014 & U.O. No. 16-6/2010- T&C-CM dated 09/05/2014.
2. The License fees for the year 2016-17 are arrived on the basis of audited data of revenue complied.
3. Further circle has updated the expenditure data in respect of charges passed to the other service providers at item no B.1 of Annexure -1 and Annexure -2 based on periodical payment statement instead of amount reflected in the respective yearly Trial Balance.

Subject to Para 1 to 3 above and our observations given in Annexure -A attached herewith, we report that:-

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our verification.
2. In our view, the circle has an adequate internal control system in relation to revenue which is commensurate with its size and nature of its business'
3. The system, in our opinion, provides reasonable assurance that there is no unrecorded revenue and that all revenue is recorded in the proper amount and proper period, except otherwise stated.

In our opinion and to the best of our knowledge and belief and according to explanations given to us and subject to our observations referred above and in annexure -A attached herewith, the statements have been prepared in accordance with norms and guidelines prescribed by the corporate office vide letter no 500-87/2004-05/CA-IV/BSNL dated 24.02.2005 read with clarification vide letter dated 19.05.2005, 20.04.2006, 25.05.2006, 26.07.2006, 29.08.2006 and 24.04.2007 and letter no F.no 39- 2/2004 R7C (Pt-V) dated 20.01.2009 and No. 500-87/LF/CA-III/BSNL Co dated 11.04.2011, Circular No.500-87/2015-16/CA-V/LF (I) dated 16-03-

2016 & U.O. No. 16-6/2010-(T&C-CM)/116 and U.O. No. 16-6/2010-(T&C-CM)/117 dated 03/03 /2016, Circular no CA 274 dtd 11/01/2012 and circular no CA 274 A and gives true and fair view of the Revenue and License fees payable for the year 2016-17.

Referred to in our report on the statement of Revenue and License fees of Rajasthan Telecom circle of Bharat Sanchar Nigam Limited for the year 2016-17.

Our observations with regard to calculation of License fees and spectrum charges are as under:-

A. Basic

1. The revenue as disclosed in Annexure -I pertaining to Basic services have been allocated as follows as per circular No. 500-87 LF- CA-III/BSNL Co. dated 11-04-2011 issued by corporate Accounts section

1.	Basic service Revenue	@70.72% of Aggregate Gross Revenue
2.	National Long Distance Revenue	@17.58% of Aggregate Gross Revenue
3.	International Long Distance Revenue	@11.7% of Aggregate Gross Revenue

2. We have observed that the Income/expenses of IUC are considered in the basic services only and same are not segregated in NLD/ILD.
3. Revenue from Leased line services has been allocated to Basic services & ration of 30:70 as prescribed by the H.Q vide letter dated 11.04.2011.
4. Income from STD/PCO and on sale of Sanchar net cards, Web phone Cards, India Telephone cards and FLPP are accounted for net of "Discount/Commission". The "Discount/commission" which was earlier accounted as expenditure is now treated as "Trade Discount" and accordingly is deducted from Revenue.
5. License fees and spectrum Charges have been arrived on various services on the adjusted gross revenue taking in to consideration that Rajasthan Telecom declared in "B" category vide letter no 13-1/2003 BS -II Vol. IV dated 19/01/2004 by Department of Telecommunications, Government of India corporate Office Circular No 500-87/2012-13/CA-IV/LF(misc) dated 03/10/2012, as follows:-

Nature of Revenue	License Fee Rate	USOF Levy Rate
Basic License Fees	3%	5%
NLD License Fees	3%	5%
V-SAT License Fees	3%	5%
Internet Telephony License Fees	3%	5%
ILD License Fees	3%	5%
Other Internet services	Exempted	Exempted

B.CELLULAR MOBILE SERVICES

6. The revenue as disclosed in Annexure -II pertaining to Cellular Mobile services, in respect of Post paid and Pre paid Subscribers have been allocated as follow as per Circular No. 500- 87/2015-16/CA-V/LF (I) dated 16-03-2016 & U.O. No. 16-6/2010-(T&C-CM/116 and U.O. No. 16-6/2010-(T&C-CM)/117 dated 03/03/2016 issued by corporate Accounts section

1.	CMTS service Revenue	@65.44% of Aggregate Gross Revenue
2.	National Lons Distance Revenue	@21.33% of Aggregate Gross Revenue
3.	International Long Distance Revenue	@1.23% of Aggregate Gross Revenue
4.	Internet/ Data Usase (ISP)	@12.00% of Aggregate Gross Revenue

7. We have observed that the income/expenditure of IUC is considered in the CMTS services only, and the same are not segregated in NLD/ILD.
8. Income on sale of Recharge Coupons is accounted for net of "Discount/Commission". The "Discount/commission" which was in earlier accounted as expenditure is now treated as 'Trade Discount" and accordingly is deducted from Revenue. Free talk time and additional talk time provided on sale of SIM cards and recharge coupon is not accounted for as Income and actual receipt from the subscribers is only recognized as revenue.
9. License fees and USO Levy have been arrived on various services on the adjusted gross revenue taking in to consideration that Rajasthan Telecom declared in "B" category vide letter no 13-1/2003 BS-II Vol. IV dated 19/01/2004 by Department of Telecommunications, Government of India & corporate Office Circular No 500-87/2012-13/CA-IV/LF(misc) dated 03/10/2012, as follows:-

Nature of Revenue	License Fees Rate	USOF Levy Rate
CMTS License Fees	3%	5%
NLD License Fees	3%	5%
ILD License Fees	3%	5%

C. Other

10. Total amount of License fees of Basic services has been allocated to USOF levy vide letter No 10-3/200-BS-II of Department of Telecommunication ,Government of India dated 09.04.2001 and letter no I-6/2002/1 F (Pt.) (Vol.II) dated 23.11.2004 at 5% of Total Adjusted Gross Revenue.
11. Spectrum charges has been calculated @3% of MSC based CDMA services and Non MSC based CDMA services, @ 4% on DSPT services and @1% on WIMAX services. Relevant circular has not been made available to us.



12. Spectrum charges has been calculated @5.35% for CMTS services of Total adjusted Gross revenue, net of ILD and NLD as per corporate office letter No. 500-87/CA-III/LF/BSNL dated 11.05.10 & letter No 500-87/2007-08/CA-IV/ BSNL dated 19.11.07.
13. BSNL H.Q. guidelines do not prescribe following incomes for License fees purpose:-
 - a) Excess provision written back.
 - b) Receipt from USO Fund as Subsidy
 - c) Income from Pure internet services.
14. The income for the purpose of calculation of AGR is taken on the basis of the income accounted for by the units under different accounting codes in their respective Trial Balances after incorporating the accrued income recognized at respective accounting unit. Any misclassification of income and the effect thereof on, if any on License fee is unascertained.
15. As explained to us, Revenue with respect to International calls are accounted for at NTR circle and accordingly License fees is payable by that circle only.
16. Revenues in respect of interest income from private telecom operators for delayed payment of various charges are accounted for on cash basis as per accounting policy of the company and hence are not considered on accrual basis for the purpose of calculation of License fees payable'
17. The exchange-wise reconciliation of outgoing metered calls and billed calls have not been done in most of the units of the circle .Consequently the completeness of the bills raised vis- a- vis metered calls is not verifiable.
18. Income relating to post paid subscribers of Post paid subscribers, CDMA services and Basic services in most of the SSA's have been taken on the basis of sub ledger generated through centralized software at Chandigarh We have not verified the completeness and correctness of the income booked on the basis of above sub ledgers and have relied on these sub ledgers for the purpose of verification for the revenue from Post paid cards. Any consequential impact of the same of the license fees cannot be commented upon.
19. No billings are made for reciprocal services provided between BSNL, MTNL, DOP and DOT. Hence the same could not be included in Revenue for the purpose of calculation of License fees payable.
20. During the year, unrealized balance of trade receivable and subscriber deposit are taken in to other income and considered in aggregate gross revenue of current year for license fee calculation. In the absence of complete details, we are unable to comment on year wise breakup for which it pertains.
21. As explained to us, interest on outstanding Balances of DOT is not accounted for on accrual basis and hence the same could not be included in Revenue for the purpose of calculation of License fees payable.

**Annexure II to the Independent Auditor's Report of even date to the members of
Bharat Sanchar Nigam Limited on the financial statements for the year ended 31 March 2017**

APPENDIX A

Circle name
Himachal Pradesh

Sl. No.	Name of BA	Name of Plot to be Mutated	Remarks	Cost of Land/ Building
1	SOL	MW, KASALI CANT	P&T Jt. Name/Army (not clear)	809,770
2	DMA	T.E., TEL.XGE CHAMBA	Mutation in progress	30,000
3	SML	BSNL COMPLEX, DOWN DALE, BELOW BUS STAND SHIMLA	Jt. Property CPWD (not clear)	1,327,000
4	SML	VACANT, RADIO STATION JATOG CANTT	P&T/Army (not clear)	-
5	SML	T.E. BLDG. COMPLEX MASHOBRA	P&T Jt. Occupied (Not clear)	1,000,000
6	SOL	T.E. KASALI CANTT	P&T Jt. Occupied (Not clear)	2,920,511
7	DMA	ADMN. COMPLEX, DTO/CSC DHARAMSHALA	In P&T name & Jt. Occupied (Not clear)	6,462
8	DMA	BSNL COMPLEX, TE (RSU) DHARAMSHALA	In P&T name & Jt. Occupied (Not clear)	142,007
9	DMA	ADMN. COMPLEX, DTO/CSC PALAMPUR	Jt. Name P&T (Not clear)	418,514
10	SOL	POSTAL COLONY, SOLAN	P&T Jt. Occupied (Not clear)	655,080
11	DMA	T.E., TEL. XGE, DALHOUSIE	Jt. Name of P&T (Not clear)	386,513
12	SOL	H.B. COLONY, PARWANOO	Mutation in progress	49,956,593
13	SML	T.E. BLDG. COMPLEX CHOPAL	Forest land (Not Clear)	6,181,000
14	HMR	TE BLDG. COMPLEX HAMIRPUR	P&T Jt. Name(Not Clear)	10,725,000
15	MND	TE COMPLEX, SERI BAZAR MANDI	P&T Jt. Name(Not Clear)	3,822,470
16	HMR	BSNL COMPLEX UNA	Mutation in progress	4,800,000
17	SOL	TE SECTOR-I, SEC-1 PARWANOO	Mutation in progress	129,134
18	SOL	TE, VILL PATTI MELOG	P&T Jt. Occupied (Not clear)	1,981,387
19	MND	TE COMPLEX, THE MALL MANALI	Mutation in progress	8,791,044



Sl. No.	Name of BA	Name of Plot to be Mutated	Remarks	Cost of Land/ Building
20	DMA	BSNL COMPLEX, TEL.XGE NAGROTA	Govt. Lease (Not clear)	784,040
21	SOL	S.Q., SAPROON SOLAN	Mutation in progress	5,857,983
22	DMA	TE, MW STATION DEOGA	Forest land (Not Clear)	-
23	SML	TE BLDG. COMPLEX, NICHAR	Mutation in progress	441,000
24	DMA	MW, MW STATION KANGRA	In HP Govt Name (Not clear)	20,000
25	MND	BSNL COMPLEX, UDAIPUR	Forest lease (Not Clear)	9,762,869
26	HMR	BSNL COMPLEX, GHUMARWIN	Mutation in progress	1
27	SML	TE BLDG. COMPLEX KHARA PATHAR	Forest land (Not Clear)	98,000
28	SML	M/W COMPLEX, MAHASU PEAK	Forest land (Not Clear)	279,000
29	SOL	TE, VILL-SANGRAH	Mutation in progress	818,269
			Total	112,143,647

Circle name
Rajasthan

Sl.No	No. of Cases	Particulars	Gross Block as on 31-03-2017	Net Block as on 31-03-2017
1	36	Free Hold	50,003	50,003
2	51	Lease Hold	1,866	1,574
Total	87		51,869	51,577

Circle name
Uttarakhand

(i) In following cases, value mentioned in fixed assets register is not reconciled with value mentioned in the land documents:

Sl. No.	Name of SSA	No of cases	Gross/Net Block as on 31st March 2016
1	Almora	1	18000
2	Dehradun	1	29,74,350
	Total	2	29,92,350

(ii) In following cases, Oate mentioned in the land documents is not reconciled with date mentioned in fixed assets register:

Sl. No.	Name of SSA	No of cases	Gross/Net Block as on 31st March 2016
1	Almora	6	2,79,63,000
2	Dehradun	9	2,47,83,707
3	Hridwar	6	2,54,11,193
4	Haldwani	5	84,60,971
5	Srinagar	3	11,67,150
6	New Tehri	2	1,86,300
	Total	31	879,72,321

(iii) In following cases, date is not available or not visible in the land documents and hence not reconcile d with date mentioned in fixed assets register:-

Sl. No.	Name of SSA	No of cases	Gross/Net Block as on 31st March 2016
1	Dehradun	2	1,00,87,327
2	Srinagar	5	1,11,14,525
	Total	7	2,12,01,852

(iv) In following cases, value of lands are not available in the land documents and hence not reconciled with value mentioned in fixed assets register:-

Sl. No.	Name of SSA	No of cases	Gross/Net Block as on 31st March 2016
1	Almora	2	5,36,000
2	Dehradun	1	9,44,827
3	Srinagar	3	57,90,200
4	Tehri	2	1,86,300
	Total	8	74,57,327



i) C

(c) In following cases, Land documents are not available with Circle hence we are unable to comment on title of these lands:-

Sl. No.	Name of SSA	No of cases	Gross Block as on 31st March 2016
1	Almora	8	16,42,917
2	Dehradun	4	2,06,49,100
3	Haldwani	11	2,82,17,562
4	Haridwar	2	12,15,459
5	New Tehri	3	31,56,125
6	Srinagar	6	17,93,125
	Total	34	5,66,74,288

Circle name
Chennai Telecom

Leased sites of Chennai Telephones 2017

Sl. No.	Asset	Address	Area in Sqm	Lease hold/freem hold sites
1	IRUNKATTUKOTTAI	P.B.4, SIPCOT INDUSTRIAL PARK, IRUNGATTUKOTTAI, PENNALUR POST, SRIPERAMBUDUR TALUK, KANCHIPURAM DISTRICT	4046	Lease hold
2	IRUNKATTUKOTTAI Addl	P.B.4, SIPCOT INDUSTRIAL PARK, IRUNGATTUKOTTAI, PENNALUR POST, SRIPERAMBUDUR TALUK, KANCHIPURAM DISTRICT	2023	Lease hold
3	SIRUSERI I T PARK	PLOT NO.F-11, SIPCOT INFORMATION TECHNOLOGY PARK, PUDUR POST, SIRUSERY, KANCHIPURAM DISTRICT	4046	Lease hold
4	SRIPERUMBUDUR I T PARK	PLOT NO.469	2874	Lease hold
5	GUMMIDIPONNDI	PLOT NO.49, F 55, SIPCOT INDUSTRIAL COMPLEX, GUMMIDIPONNDI, TIRUVALLUVAR DISTRICT	3602	Lease hold
6	GUMMIDIPONNDI	PLOT NO.49, F 55, SIPCOT INDUSTRIAL COMPLEX, GUMMIDIPONNDI, TIRUVALLUVAR DISTRICT	4047	Lease hold
	Total		20638	

(i) b) NO RECORD cases of BSNL Chennai Telephones (as on 01.06.2017) Out of 15 cases 3 major lands mutation completed.

Sl. No	Company Name	District	Compound	Address	Year of acquisition of land	Area of Land (in Sq. Meter)	Location as per Revenue Records
1	BSNL	KANCHIPURAM	CHROME PET	179, GST ROAD,	1-Apr-57	850	179 GST ROAD
2	BSNL	KANCHIPURAM	MW	PADALAM MICROWAVE STATION, BOODUR, NEAR TO MADURANTAKAM, KANCHIPURAM DISTRICT	1-Apr-47	3000	Microwave bldg
3	BSNL	CHENNAI	KALMANDAPAM	NO.21-A, G.A. ROAD, KALMANDAPAM, CHENNAI.	1-Apr-56	3111	RS NO 2093/9
4	BSNL	CHENNAI	KALLIKUPPAM	BSNL QUARTERS COMPLEX, MEENAMBEDU, AMBATTUR, CHENNAI.	1-Apr-96	62604	S NO 782, 784, 785, 786 and 222/1 VILL KORATTUR
5	BSNL	CHENNAI	DTO	12, GIRI ROAD, T. NAGAR, CHENNAI.	1-Apr-47	443	25 GIRI ROAD T NAGAR
6	BSNL	CHENNAI	DTO	NO. 68, KANDASAMY ROAD, PERIAR NAGAR, PERIYAR NAGAR, CHENNAI	1-Apr-88	322	PERIYAR NAGAR
7	BSNL	CHENNAI	MAMBALAM	NO.652, ANNA SALAI, NANDANAM, CHENNAI.	1-Apr-56	4595	PLOT NO 57,59,60 CIT NAGAR SCHEME
8	BSNL	CHENNAI	MYLAPORE	NO.58/166, LUZ CHURCH ROAD, MYLAPORE, CHENNAI.	1-Apr-47	1469	RS NO 4230/77 and 4230/78 MYLAPORE
9	BSNL	CHENNAI	MILLARS ROAD	89, MILLERS ROAD, CHENNAI.	2-Jan-06	1376	3101/3
10	BSNL	CHENNAI	JJR NAGAR	NO.45, V.M. STREET, CHENNAI.	1-Apr-62	21181	90/45 VM STREET ROYAPETTAI
11	BSNL	CHENNAI	VC ROAD	NO.7, DR.P.C.CHERIYAN CRESENT ROAD, EGMORE, CHENNAI.	1-Apr-43	6799	1633-A



Sl. No	Company Name	District	Compound	Address	Year of acquisition of land	Area of Land (in Sq. Meter)	Location as per Revenue Records
12	BSNL	TIRUVALLUR	MW	SURAVARIKANDIGAI MICROWAVE TOWER, GUMMIDIPOONDI TALUK, TAMIL NADU	1-Apr-47	2023	Suravarikandigai MW
13	BSNL	TIRUVALLUR	MW	PATTABIRAMPURAM, THIRUTANI MICROWAVE BUILDING, CHENNAI THIRUTANI ROAD, THIRUTANI	1-Apr-47	2023	Thirutani MW
14	BSNL	CHENNAI	DTO	2ND LINE BEACH ROAD, CHENNAI	01 Apr 1868	2500	2nd line beach road
15	BSNL	CHENNAI	ANNA ROAD	11, DAMS ROAD, CHENNAI.	1-Apr-45	5666	10 DAMS ROAD

(i) c)

Area statement of land (where mutation completed)

Sl. No.	Asset	Address	Area in Sqm	Free hold/ lease hold	Mutation completed
1	AGASTHIYAR NAGAR TE	7TH STREET, AGASTHIYAR NAGAR CHENNAI-600049	487	Free hold	Mutation completed
2	Chennai, TamilNadu	OLD TELEPHONE EXCHANGE, PERIYAR STREET, (OLD BIG CAR STREET), CHENGALPET.	491	Free hold	Mutation completed
3	PERIYAR NAGAR TOWER	NO 68 KANDASAMY ROAD PERIYAR NAGAR CHENNAI-600082	520	Free hold	Mutation completed
4	Chennai, TamilNadu	No.4, 6th Cross Street, Mylapore, Chennai-600004	661	Free hold	Mutation completed
5	Chennai, TamilNadu	No.1, 2nd Main Road, CIT Colony, Mylapore, Chennai-600004	1212	Free hold	Mutation completed
6	KUMANANCHAVADI TE	MOUNT POONAMALLEE ROAD, KUMANANCHAVADI, CHENNAI-600056	1618	Free hold	Mutation completed

Sl. No.	Asset	Address	Area in Sqm	Free hold/ lease hold	Mutation completed
7	THAMBUSAMY QTRS	NO 15 THAMBUSAMY ROAD KILPAUK CHENNAI-600010	2007	Free hold	Mutation completed
8	Chennai, TamilNadu	Telephone Exchange, Old Mahabalipuram road, Opp. to Police Station, Kelambakkam.	2674	Free hold	Mutation completed
9	Chennai, TamilNadu	Microwave Station, Bazaar, Padappai.	3441	Free hold	Mutation completed
10	ANNA NAGAR TE	E-5, ANNANAGAR EAST CHENNAI-600102	4060	Free hold	Mutation completed
11	Chennai, TamilNadu	No.20, Haddows Road, telephone Exchange Building, Chennai -600034.	5337	Free hold	Mutation completed
12	AVADI TE	MTH ROAD, AVADI, CHENNAI-600054	6677	Free hold	Mutation completed
13	Chennai, TamilNadu	No.7, Dr.P.V.Cherian Crescent Road, Officers Staff Qtrs. Egmore , Chennai -600008.	6801	Free hold	Mutation completed
14	POONAMALLE TE	NO1, MOUNT POONAMALLEE BY PASS ROAD, POONAMALLE, CHENNAI-600056	6840	Free hold	Mutation completed
15	Chennai, TamilNadu	RED HILLS T.E.,S NO 132/3B VILLAGE PADIANALLUR, TIRUVALLUR DISTRICT	7082	Free hold	Mutation completed
16	Chennai, TamilNadu	Thayir Sahib Street, Dinrose Telephone Exchange , Chennai -600002	8013	Free hold	Mutation completed
17	Chennai, TamilNadu	NEW TELEPHONE EXCHANGE, GUNTUR, CHENGALPET	10122	Free hold	Mutation completed
18	TAYLORS ROAD	Dr B.R AMBEDKAR STAFF QTRS NO 54, TAYLORS ROAD KILPAUK CHENNAI 600010	16837	Free hold	Mutation completed
19	Chennai, TamilNadu	No.45, V.M. Street, BSNL Staff Quarters ,Royapettah, Chennai -600014.	21181	Free hold	Mutation completed
20	KALLIKUPPAM	RED HILLS ROAD,MEENAMBEDU,AMBATTUR, CHENNAI-600053	62604	Free hold	Mutation completed
	Total		168665		



(i) d)

Area statement of land of Chennai Telephones 2017

Sl. No	Asset	Address	Area in Sqm	Free hold/ lease hold	Mutation status	Mutated Area	No record cases
1	Chennai,TamilNadu	BSNL Tower site, Moovor village, Poondi.	202	Free hold			
2	Chennai,Tamil Nadu	PERIYAR NAGAR DTO, PERIYAR NAGAR	321.55	Free hold			1 321.55
3	Chennai, Tamil Nadu	Telephone Exchange, Thoppu street, Podathurpet.	400	Free hold			
4	Chennai, Tamil Nadu	Telephone Exchange site, Behind VAO office, Gunipalayam.	409	Free hold			
5	Chennai,Tamil Nadu	No.12, GiriRoad, DTO Building,Chennai-600017.	443	Free hold			2 443
6	Chennai,Tamil Nadu	Telephone Exchange, V.P.Koil street, Uthiremerur.	445	Free hold			
7	AGASTHIYAR NAGAR TE	7TH STREET, AGASTHIYAR NAGAR CHENNAI-600049	487	Free hold	Mutation completed 1	487	
8	Chennai, Tamil Nadu	Telephone Exchange, MMDA colony, Arumbakkam, Chennai-600106.	489	Free hold			
9	Chennai, Tamil Nadu	OLD TELEPHONE EXCHANGE, PERIYAR STREET, (OLD BIG CAR STREET), CHENGALPET.	491	Free hold	Mutation completed 2	491	
10	PERIYAR NAGAR TOWER	NO 68 KANDASAMY ROAD PERIYAR NAGAR CHENNAI-600082	520	Free hold	Mutation completed 3	520	
11	Chennai,TamilNadu	Telephone Exchange, Chivada village, N N Kandigai.	520	Free hold			
12	Chennai,TamilNadu	Telephone Exchange, Maduravoyal, Chennai-6000095.	634	Free hold			
13	Chennai,TamilNadu	No.4, 6th Cross Street, Mylapore, Chennai-600004	661	Free hold	Mutation completed 4	661	

Sl. No	Asset	Address	Area in Sqm	Free hold/ lease hold	Mutation status	Mutated Area	No record cases
14	Chennai, TamilNadu	Telephone Exchange, Gothumai kollai street, Thirukazhukundram.	688	Free hold			
15	Chennai, TamilNadu	Telephone Exchange site, Near Panchayat office, Medavakkam, Chennai-600100.	700	Free hold			
16	Chennai, TamilNadu	SATHANGADU DTO, NEAR IRON AND STEEL MARKET SATHANGADU VILLAG E, MATHAVARAM TALUK, TIRUVALLUR DISTRICT	729	Free hold			
17	Chennai, TamilNadu	Telephone Exchange, No.36, Reddy street, Uthukottai.	840	Free hold			
18	Chennai, TamilNadu	Old Telephone Exchange cum Quarters compound, G.S.T. road, Chromepet, Chennai-600044.	850	Free hold			3 850
19	Chennai, TamilNadu	PONNERI T.E., 465/6B CAR STREET, PONNERI TIRUVALLUR DISTRICT	853	Free hold			
20	Chennai, TamilNadu	DTO COM[POUND, MARAMALAI ADIGALAR SALAI, MARAMALAI NAGAR.	888	Free hold			
21	Chennai, TamilNadu	TELEPHONE EXCHANGE, AKKAYA NAIDU ROAD, THIRUTHANI.	891	Free hold			
22	Chennai, TamilNadu	DTO compound, Koyambedu market, Koyambedu, Chennai-600107.	900	Free hold			
23	TIRUMAZHISAI LTM NAGAR	RAVICHANDRAN STREET, L&T NAGAR. TIRUMAZHISAI, CHENNAI-600023	933	Free hold			



Sl. No	Asset	Address	Area in Sqm	Free hold/ lease hold	Mutation status	Mutated Area	No record cases
24	Chennai,TamilNadu	Telephone Exchange, No. 4, Sivan Koil street, Sriperumbudur.	959	Free hold			
25	MADAVARAM DTO	PLOT NO P2 MMDA PLOT MBTT CHENNAI-6000060	1040	Free hold			
26	CGM OFFICE	NO 78 PURASAWALKAM HIGH ROAD CHENNAI-600010	1115	Free hold			
27	Chennai,TamilNadu	No.1, 2nd Main Road, CIT Colony, Mylapore, Chennai-600004	1212	Free hold	Mutation completed 5	1212	
28	MOGAPPAIR EAST TE	CHURCH ROAD, MOGAPPAIR EAST, CHENNAI-600037	1304	Free hold			
29	Chennai,TamilNadu	PCM stores, Building, T.V.K. Industrial Estate, Guindu-600032.	1336	Free hold			
30	Chennai,TamilNadu	No.71, Lattice Bridge Road, Thiruvanniyur BSNL Staff Quarters , Chennai-600041.	1338	Free hold			
31	MILLERS ROAD ADMIN BLDG	NO 89,MILLERS ROAD CHENNAI -600010	1376	Free hold			4 1376
32	Chennai,TamilNadu	No.58/166, Luz Church Road, Mylapore TE Building , Chennai -600004.	1469	Free hold			5 1469
33	Chennai,TamilNadu	BSNL site, Koyambedu market, Koyambedu, Chennai-600107.	1470	Free hold			
34	KUMANANCHAVADI TE	MOUNT POONAMALLEE ROAD, KUMANANCHAVADI, CHENNAI-600056	1618	Free hold	Mutation completed 6	1618	
35	Chennai,TamilNadu	No.1, Ranjit Road, Inspection Quarters & RSU ,Kotturpuram, Chennai-600085.	1750	Free hold			

Sl. No	Asset	Address	Area in Sqm	Free hold/ lease hold	Mutation status	Mutated Area	No record cases
36	Chennai,TamilNadu	NO.6/1, 2nd Main Road, CIT Nagar, Nandanam, Chennai-600035.	1784	Free hold			
37	Chennai,TamilNadu	Telephone Exchange, Kannigaiper.	2000	Free hold			
38	THAMBUSAMY QTRS	NO 15 THAMBUSAMY ROAD KILPAUK CHENNAI-600010	2007	Free hold	Mutation completed 7	2007	
39	MANALI TE	475,KAMARAJAR SALAI , MANALI CHENNAI-600060	2023	Free hold			
40	Chennai,TamilNadu	Administrative (GM South) Building, T.V.K. Industrial Estate, Guindy, Chennai-600032.	2023	Free hold			
41	Chennai,TamilNadu	Microwave Station, Chennai road, Pattabirama puran, Thiruthani.	2023	Free hold			6 2023
42	Chennai,TamilNadu	S U R A V A R I K A N D I G A I M W , S I R U P U L A L P E T T A I V I L L A G E , O N S A T H I Y A V E D U R O A D , G U M M I P O O N D I T A L U K	2023	Free hold			7 2023
43	Chennai,TamilNadu	R.K. Mutt Road, Mandaveli, Chennai -600028.	2174	Free hold			
44	Chennai,TamilNadu	Microwave Station, Sriperumbudur.	2499	Free hold			
45	CTO	2ND LINE BEACH ROAD, CHENNAI-600001	2500	Free hold			8 2500
46	Chennai,TamilNadu	Telephone Exchange, J.N. road, Ashok Nagar, Chennai-600083.	2528	Free hold			
47	Chennai,TamilNadu	Telephone Exchange, Old Mahabalipuram road, Opp. to Police Station, Kelambakkam.	2674	Free hold	Mutation completed 8	2674	
48	Chennai,TamilNadu	Telephone Exchange, Jinna nagar, Loop road, Acharapakkam.	2711	Free hold			



Sl. No	Asset	Address	Area in Sqm	Free hold/ lease hold	Mutation status	Mutated Area	No record cases
49	Chennai,TamilNadu	Telephone Exchange, J.N. road, Near Post Office, Thiruvallur-602001..	2849	Free hold			
50	Chennai,TamilNadu	Telephone Exchange, J.N. road, Near Post Office, Thiruvallur-602001..	2874	Free hold			
51	Chennai,TamilNadu	M/W compound, Near Collectorate, Kancheepuram-631501.	2954	Free hold			
52	Chennai,TamilNadu	Microwave Station, No. 15, Koot road, Nelvoy.	3000	Free hold			
53	Chennai,TamilNadu	Microwave Station, Boodur, Padalam.	3000	Free hold			9 3000
54	KALMANDAPAM TE	NO 21 A, GA ROAD KALMANDAPAM CHENNAI-600021	3111	Free hold			10 3111
55	Chennai,TamilNadu	Telephone Exchange cum Quarters compound, TNHB colony, Velacheri, Chennai-600042.	3350	Free hold			
56	Chennai,TamilNadu	Microwave Station, Bazaar, Padappai.	3441	Free hold	Mutation completed 9	3441	
57	Chennai,TamilNadu	Telephone Exchange, J.N. road, K.K. Nagar, Chennai-600078.	3599	Free hold			
58	Chennai,TamilNadu	Microwave Station, Naduveerampattu main road, Near Somangalam, Puduchery.	3643	Free hold			
59	Chennai,TamilNadu	Old Telephone Exchange, Gandhi road, Near Taluk Office, Kancheepuram-631501.	3684	Free hold			
60	Chennai,TamilNadu	TELEPHONE EXCHANGE, MARAIMALAI ADIGALAR SALAI, MARAIMALAI NAGAR.	3723	Free hold			

Sl. No	Asset	Address	Area in Sqm	Free hold/ lease hold	Mutation status	Mutated Area	No record cases
61	AMBATTUR DTO	PLOT NO 24,MTH ROAD AMBATTUR INDUSTRIAL ESTATE,AMBATTUR CHENNAI-600058	3725	Free hold			
62	Chennai,TamilNadu	TELEPHONE EXCHANGE, NO. 100-G.S.T.ROAD, MADHURANTAGAM.	3728	Free hold			
63	Chennai,TamilNadu	New Telephone Exchange, Vanikar street, Kancheepuram-631501.	3948	Free hold			
64	Chennai,TamilNadu	Telephone Exchange cum Quarters compound, S.V.Patel road, Near Raj Bhawan, Guindy, Chennai-600032.	3988	Free hold			
65	Chennai,TamilNadu	Telephone Exchange, Koyambedu market, Koyambedu, Chennai-600107.	4022	Free hold			
66	Chennai,TamilNadu	Elcot Industrial Estate, Phase-I, Seevaram Village, Perungudi Telephone Exchange Building, Chennai-600096.	4039	Free hold			
67	Chennai,TamilNadu	Telephone Exchange, Pallipet road, R.K.Pet, Ammaiarkuppam.	4046	Free hold			
68	Chennai,TamilNadu	Telephone Exchange, DP No. AC-15, SIDCO Industrial Estate, Thirumudivakkam.	4046	Free hold			
69	ANNA NAGAR TE	E-5, ANNANAGAR EAST CHENNAI-600102	4060	Free hold	Mutation completed 10	4060	
70	MADAVARAM TRUCK TERMINAL	PONNIAMMAN MEDU MADAVARM CHENNAI	4133	Free hold			
71	Chennai,TamilNadu	No.652, Anna Salai, Nandamam, Chennai-600035.	4194	Free hold			11 4194



Sl. No	Asset	Address	Area in Sqm	Free hold/ lease hold	Mutation status	Mutated Area	No record cases
72	HARBOUR TE	NO7,JAFFER SYRANG STREET CHENNAI	4216	Free hold			
73	Chennai,TamilNadu	New Telephone Exchange, G.S.T. road, Chromepet, Chennai-600044.	4330	Free hold			
74	Chennai,TamilNadu	Telephone Exchange, Nall road, Kollachery, Kundrathur.	4452	Free hold			
75	Chennai,TamilNadu	Telephone Exchange, Ganga nagar, Kodambakkam, Chennai-600024	4459	Free hold			
76	Chennai,TamilNadu	No.164/238, R.K.Nagar Telephone Exchange Building ,R.K.Mutt Road, Mandaveli, Chennai-600028.	4484	Free hold			
77	TIRUMAZHISAI TE	1ST CROSS STREET, SIDCO INDUSTRIAL ESTATE,TIRUMAZHISAI ,CHENNAI-602107	4491	Free hold			
78	Chennai,TamilNadu	No.42, Dr. Muthulakshmi Salai, Adyar Telephone Exchange Building,, Chennai-600020.	4692	Free hold			
79	Chennai,TamilNadu	Telephone Exchange, Mamallapuram.	5020	Free hold			
80	Chennai,TamilNadu	No.20, Haddows Road, telephone Exchange Building ,Chennai -600034.	5337	Free hold	Mutation completed 11	5337	
81	Chennai,TamilNadu	Telephone Exchange, Sholingur road, Pallipet.	5450	Free hold			
82	Chennai,TamilNadu	Telephone Exchange cum DTTC, M.E.S. road, Tambaram, Chennai-600059.	5664	Free hold			
83	Chennai,TamilNadu	No.10 , Dams Road , Anna Road Telephone Exchange , Chennai - 600002	5666	Free hold			12 5666

Sl. No	Asset	Address	Area in Sqm	Free hold/ lease hold	Mutation status	Mutated Area	No record cases
84	MADAVARAM TE	NO 201 MADAVARAM HIGH ROAD SEMBIUM CHENNAI-600011	6595	Free hold			
85	AVADI TE	MTH ROAD, AVADI, CHENNAI-600054	6677	Free hold	Mutation completed 12	6677	
86	PANEER NAGAR TE	PANEER NAGR CHENNAI-600037	6800	Free hold			13 6800
87	Chennai, TamilNadu	N0.7, Dr.P.V.Cherian Crescent Road, Officers Staff Qtrs. Egmore , Chennai -600008.	6801	Free hold	Mutation completed 13	6801	
88	POONAMALLE TE	NO1, MOUNT POONAMALLEE BY PASS ROAD, POONAMALLE, CHENNAI-600056	6840	Free hold	Mutation completed 14	6840	
89	Chennai, TamilNadu	RED HILLS T.E.,S NO 132/3B VILLAGE PADIALLUR, TIRUVALLUR DISTRICT	7082	Free hold	Mutation completed 15	7082	
90	KELLYS TE	NO 22 KELLYS ROAD CHENNAI-600010	7129	Free hold			
91	AMBATTUR TE	PLOT NO 24, MTH ROAD AMBATTUR CHENNAI-600098	7527	Free hold			
92	ENNORE TE	404, TIRUVOTTIYUR HIGH ROAD ENNORE CHENNAI	7891	Free hold			
93	Chennai, TamilNadu	Thayir Sahib Street, Dinrose Telephone Exchange , Chennai -600002	8013	Free hold	Mutation completed 16	8013	
94	Chennai, TamilNadu	Telephone Exchange cum Stores, Tambaram Sanatorium, TNHB colony (near MEPZ), Tambaram, Chennai-600059.	8092	Free hold			
95	Chennai, TamilNadu	NEW TELEPHONE EXCHANGE, GUNTUR, CHENGALPET	10122	Free hold	Mutation completed 17	10122	



Sl. No	Asset	Address	Area in Sqm	Free hold/ lease hold	Mutation status	Mutated Area	No record cases
96	FLOWER BAZAAR	TELEPHONE HOUSE NSC BOSE ROAD CHENNAI-600001	11372	Free hold			
97	Chennai,TamilNadu	Telephone Exchange cum Quarters compound, G.S.T. road,t. Thomas Mount, Chennai-600016.	13341	Free hold			
98	Chennai,TamilNadu	MANALI NEW TOWN ,SECTOR I, PHASE I, NO 336 PT, 1, 4 , 8 , 339 PT 2,8 VILLAGE EDAYANCHAVADI, TIRUVALLUR DISTRICT	13515	Free hold			
99	TAYLORS ROAD	Dr B.R AMBEDKAR STAFF QTRS NO 54,TAYLORS ROAD KILPAUK CHENNAI 600010	16837	Free hold	Mutation completed 18	16837	
100	Chennai,TamilNadu	No.45, V.M. Street,BSNL Staff Quarters ,Royapettah, Chennai -600014.	21181	Free hold	Mutation completed 19	21181	
101	KALLIKUPPAM	RED HILLS ROAD,MEENAMBEDU,AMBATTUR, CHENNAI-600053	62604	Free hold	Mutation completed 20	62604	
102	Chennai,TamilNadu	RTTC, NO.1-INDUSTRIAL AREA II (CMDA), MARAIMALAI NAGAR.	98790	Free hold			
103	ANNA NAGAR S/QTRS	11 TH MAIN ROAD , ANNA NAGAR CHENNAI-600040	101292	Free hold			
104	PERAMBUR S/QTRS	NO 26 SHANTHI NAGAR AA ROAD, VYSAR NAGAR CHENNAI	120283	Free hold			
105	ENNORE WIRELESS LAND	ENNORE WIRELESS STATION, TIRUVOTTIYUR HIGH ROAD CHENNAI-600019	124198	Free hold			
		Total Freehold area	873650.55			168665	33776.55

Sl. No	Asset	Location	Address	Area in Sqm	Free hold/ lease hold	Mutation status	Mutated Area	No record cases
		Leased Area		20638				
		Total Area		894288.55				
					Total FH Area	873650.55	873650.55	873650.55
			Mutation completed(FH)	168665		No record area	168665	33776.55
			Mutation in progress(FH)	704985.55		Record Available		839874.00

Circle name
NE-I

Sl. No	Location	SSA/ Unit Where Located	Free hold/ Lease hold	Address of the land	Measurement of the Free hold/ Lease hold lands not having Title/ Lease deeds	whether title deeds or lease deeds available or not	Remarks (Name to whom Title deeds or lease deeds available)
1	BANASHREE (LOWER)	Meghalaya	Free hold	Nongrim Nonthymmai	5378.00 Sq.m.	YES	DOT
2	WILLIAM NAGAR (S/Q COMP.)	Meghalaya	Free hold	Plot No. 48-794111	2676.00 Sq.m.	NO	DOT
3	WILLIAM NAGAR (T.E. COMP.)	Meghalaya	Free hold	Plot No. 16-794111	1338.00 Sq.m.	NO	DOT
4	WILLIAM NAGAR-V (MW COMP.)	Meghalaya	Free hold	Williamnagar- 794111	7417.00 Sq.m.	YES	DOT
5	IAITLEWLONG (UHF)	Meghalaya	Free hold	Mawklot village- 793009	3254.00 Sq.m.	YES	DOT
6	LAITLEWLONG (UHF)	Meghalaya	Free hold	Laitlewleng Village	4010.00 Sq.m.	NO	DOT
7	NONGPIUR ESS	Meghalaya	Free hold	Forest Land Compart	12348.00 Sq.m.	YES	DOT
8	DADENGIRI (T.E.)	Meghalaya	Free hold	Dadengiri- 794104	523.00 Sq.m.	NO	DOT
9	BAGAMARA (SATELLITE COMPOUND)	Meghalaya	Free hold	Plot No- 794102	1200.00 Sq.m.	YES	DOT
10	BARAKUL(MW)	Meghalaya	Free hold	Plot No 8, Barakul, BO	780.00 Sq.m.	NO	DOT



Circle name
Haryana

Freehold Land

Sl. No.	Business Area	Location	Area (in Sq. Metre)	in Lakhs	as per financial statement
1	Ambala	TE compound	7300.00	0.00	137.08
2	Faridabad	TE Compound Sector 23	12138.00	0.05	4624.81
3	Faridabad	P & T Colony - NH 2	4825.00	0.03	2626.31
4	Faridabad	Telecome/ BSNL Plot F-49 & 49A	441.90	0.00	312.69
5	Faridabad	Telecome/ BSNL Plot F-27	187.20	0.00	132.46
6	Faridabad	BSNL Plot F-21A & 22A	478.79	0.00	338.79
7	Faridabad	TE Compound Nehru Ground	1883.00	0.02	1844.84
8	Faridabad	TE compound - Palwal	2514.00	0.01	821.11
9	Gurgaon	DLF, Phase - II	3586.00	0.05	4684.73
10	Gurgaon	Sector 18	11975.60	0.09	9125.86
11	Jind	TE compound - Julana	4552.56	0.00	4.00
12	Jind	HUDA Complex Jind	2520.00	0.01	831.60
13	Karnal	Panipat Co axial	1107.00	0.00	166.05
14	Karnal	DTO, BLDG compound - Panipat	1200.00	0.00	0.00
15	Karnal	P & T Colony, G. T. Road, Panipat	237.78	0.00	9.94
16	Karnal	Shahbad	4047.00	0.00	262.99
17	Karnal	Samalkha HSIDC	4939.10	0.00	345.74
18	Karnal	Sanchar Kunj Model Town - Panipat	10455.00	0.03	2509.20
19	Karnal	Nilokheri	105.69	0.01	596.75
					No Land

Sl. No.	Business Area	Location	Area (in Sq. Metre)	in Lakhs	as per financial statement
20	Karnal	Panipat Sukhdev Nagar	3921.00	0.03	2823.12
21	Rohtak	TE Compound - Charkhidadri	4046.00	0.01	1063.69
22	Rohtak	Sanchar Kunj - Bhiwani	1900.00	0.00	294.50
23	Rohtak	TE Compound - Tosham	2508.00	0.00	100.32
24	Sonipat	Kundli Exchange Compound	4000.00	0.01	1040.00
25	Sonipat	Murthal Exchange Compound	3000.00	0.00	270.00
Total			93868.62	0.35	34966.59

Leasehold Land

Sl. No.	Business Area	Location	Area (in Sq. Metre)	₹	₹ as per financial statement	
1	Ambala	CGM office compound	10731.70	1	1	Lease
2	Ambala	GPO complex	1000.00	1	1	Lease
3	Ambala	P & T Colony	4880.25	1	1	Lease
Total			16611.95	3	3	

Circle name
Inspection Circle

Gross block			Depreciation					
Opening Balance as on 01/04/2016	Addition during 2016-17	Deduction during 2016-17	Closing balance as on 31/03/2017	Amortization during 2016-17	Adjustments/ deduction during 2016-17	Closing Balance as on 31/03/2017	Closing Balance as on 31/03/2016	Closing Balance as on 31/03/2017
497,280.00	Nil	Nil	497,280.00	Nil	Nil	497,280.00	-	-



Circle name
Northern Telecom Project

Sl. No.	Address	Amount	Nature of land
1	Jodhpur	1,11,000/-	Freehold
2	Jodhpur	27,770/-	Freehold
3	Jodhpur	53,800/-	Freehold
4	Allahabad	1/-	Freehold
5	Gajraula, Agra	2,59,422/-	Leasehold

Circle name
West Bengal

Status of Title deeds of Land acquired by BSNL

Sl. No.	Business Area	Total	Title deeds received	Title deeds not received
1	Kolkata	49	2	47
2	Circle Office	0	-	-
3	Kharagpur	27	-	27
4	Asansol	41	-	41
5	EZBC	-	-	-
6	Gangtok	14	-	14
7	Siliguri	66	-	66
8	Bankura	10	-	10
	Total	207	2	205

Area of the land for which "Title Deed" not available

Business Area	Business Area	No. of leaseshold land	Area in Sq. Mt	No. of freehold land
1	Kolkata	12	27,736	37
2	Circle Office	-	-	-
3	Kharagpur	12	64,557	15
4	Asansol	7	2,793	34
5	Gangtok	-	-	14
6	Siliguri	2	3,567	64
7	Bankura	5	24,476	5
	Total	38	123,129	169

Circle name

Tamil Nadu

Sl. No.	Business Area	Total No. of Land parcels	Area (in Sq. Meters)
Circle Office	Circle Office	1	21282
Coimbatore	Coimbatore	24	65388.32
Cuddalore	Cuddalore	5	20744.56
Dharmapuri	Dharmapuri	14	74475.86
Erode	Erode	7	16913
Karaikudi	Karaikudi	7	25682.79
Kumbakonam	Kumbakonam	8	18080.75
Madurai	Madurai	11	24559.78
Nilgiris	Nilgiris	10	16872.87
Pondichery	Pondichery	6	2667.13



Sl. No.	Business Area	Total No. of Land parcels	Area (in Sq. Meters)
	Salem	10	25107.79
	Thanjore	16	22802
	Tirunelveli	5	6556.36
	Trichy	15	26305.71
	Tuticorin	1	1000
	Vellore	6	66755.83
	Virudhunagar	3	7690.36
	Total	149	442885.11

Circle name
Kerala

Bus Area	SSA	Whether Freehold/ leasehold	No of Cases	2016-17 GROSS BLOCK VALUE	2016-17 NET BLOCK VALUE
2201	Circle Office	Freehold	15	2334381	2334381
2202	Alappuzha	Freehold	16	411719469	411719469
2203	Calicut	Freehold	26	926202140	926202140
2204	Ernakulam	Freehold	82	5872643836	5872643836
2205	Kannur	Freehold	56	1295107157	1295107157
2206	Kollam	Freehold	14	851202090	851202090
2207	Kottayam	Freehold	44	2118842934	2118842934
2208	Malappuram	Freehold	14	434964060	434964060
2209	Palakkad	Freehold	26	649615377	649615377
2210	Pathanamthitta	Freehold	24	721846875	721846875

Bus Area	SSA	Whether Freehold/ leasehold	No of Cases	2016-17 GROSS BLOCK VALUE	2016-17 NET BLOCK VALUE
2211	Thrissur	Freehold	15	1303157622	1303157622
2212	Trivandrum	Freehold	24	2937465192	2937465192
2210	Pathanamthitta	Leasehold	5	128614	0
			361	17525229747	17525101133

Note: The above information has been tabulated to the extent available from the respective circle auditor's report

Detail of Freehold/Leasehold for which title/lease deed is not in name of company

Sl. No.	Address	Freehold/ Leasehold	Area of Land	SSA
1	Telephone Bhawan BT	Freehold	2007	Bathinda
2	M/W Stn. BT	Freehold	5390	Bathinda
3	M/W Stn. Bhaini Bagha	Freehold	3383	Bathinda
4	T.E. Joga	Freehold	2091	Bathinda
5	T.E. Jhunir	Freehold	6600	Bathinda
6	T.E. Budhlada	Freehold	5919	Bathinda
7	T.E. Bhagta Nhai ka	Freehold	961	Bathinda
8	T.E. Sardulgarh	Freehold	1771	Bathinda
9	T.E. Sangat	Freehold	2116	Bathinda
10	P&T Colony Bathinda	Freehold	18795	Bathinda
11	T.E. Gole Diggi Bathinda	Freehold	1921	Bathinda
12	T.E. Carrier	Freehold	1324	Bathinda
13	Tax Building	Freehold	2919	Bathinda
14	T.E. Breata	Freehold	1879	Bathinda
15	Dasuya (TEB)Dasuya, Hoshairpur	Free Hold	2842	Hoshiarpur
16	GarhshankarGarhshankar, Hoshairpur	Free Hold	2184	Hoshiarpur
17	Old T/E Staff Quarters Nr. DAV Hoshiarpur City, Hoshiarpur	Free Hold	2024	Hoshiarpur
18	DeowalDeowal, Hoshairpur	Free Hold	4377	Hoshiarpur
19	SaleranSaleran, Hoshiarpur	Free Hold	7266	Hoshiarpur
20	Kandhala JattanKandhala Jattan, Hoshiarpur	Free Hold	5314	Hoshiarpur
21	Main Vakilan BazarHoshiarpur City, Hoshiarpur	Free Hold	3701	Hoshiarpur
22	Scheme No. 11Hoshiarpur City, Hoshiarpur	Free Hold	5479	Hoshiarpur
23	BalachaurBalachaur, Hoshairpur	Free Hold	987	Hoshiarpur

Sl. No.	Address	Freehold/ Leasehold	Area of Land	SSA
24	MukerianMukerian, Hoshairpur	Free Hold	3344	Hoshiarpur
25	Talwara T/E Bldg.Talwara, Hoshairpur	Lease Hold	929	Hoshiarpur
26	Talwara TowerTalwara, Hoshairpur	Lease Hold	325	Hoshiarpur
27	Talwara QuartersTalwara, Hoshairpur	Lease Hold	929	Hoshiarpur
28	Apra	Freehold	2024	Jalandhar
29	Banga	Freehold	4048	Jalandhar
30	Bhogpur	Freehold	595	Jalandhar
31	Bundala	Freehold	1569	Jalandhar
32	Goraya	Freehold	7366	Jalandhar
33	GPO	Freehold	8491	Jalandhar
34	Ind. Area	Freehold	836	Jalandhar
35	IA Focal Point	Leasehold	3178	Jalandhar
36	JP Nagar	Freehold	3912	Jalandhar
37	Jalandhar Cantt	Freehold	9061	Jalandhar
38	Kartarpur	Freehold	1190	Jalandhar
39	TE Kapurthala	Freehold	6157	Jalandhar
40	MW Kapurthala	Freehold	2572	Jalandhar
41	Leather Complex	Freehold	3346	Jalandhar
42	Model Town	Freehold	1507	Jalandhar
43	MTS Nagar	Freehold	8364	Jalandhar
44	Nakodar	Freehold	3920	Jalandhar
45	Nurmahal	Freehold	3283	Jalandhar
46	NWS	Freehold	8301	Jalandhar
47	P & T Housing Com	Freehold	Not Available	Jalandhar
48	Phagwara	Freehold	2334	Jalandhar
49	Phillour	Freehold	4023	Jalandhar
50	Rahon	Freehold	515	Jalandhar
51	Rurka Kalan	Freehold	544	Jalandhar
52	Shahkot	Freehold	3542	Jalandhar



Sl. No.	Address	Freehold/ Leasehold	Area of Land	SSA
53	Sultanpur Lodhi	Freehold	5124	Jalandhar
54	SSGC	Leasehold	4045	Jalandhar
55	Saraswati Vihar	Freehold	NA (Only Built Flats	Jalandhar
56	Guru Amar Dass	Freehold	NA (Only Built Flats	Jalandhar
57	Shaheed Bhagat Singh	Freehold	NA (Only Built Flats	Jalandhar
58	Parijian	Freehold	557	Jalandhar
59	Tibba	Freehold	4124	Jalandhar
60	Guru Gobind Singh Avenue	Freehold	6154	Jalandhar
61	Dugri	Freehold	7435	Ludhiana
62	Jail Complex	Freehold	836	Ludhiana
63	P&T Housing Compound, Ludhiana	Freehold	12665	Ludhiana
64	Raikot	Freehold	3778	Ludhiana
65	Macchiwara	Freehold	2091	Ludhiana
66	Dholewal	Freehold	3956	Ludhiana
67	TPT Nagar	Freehold	8096	Ludhiana
68	Sanchar Colony, D-Block, BRS Nagar	Freehold	21537	Ludhiana
69	E-Block, BRS Nagar	Freehold	2814	Ludhiana
70	SBS Nagar	Freehold	8097	Ludhiana
71	Rishi Balmik Nagar	Freehold	6022	Ludhiana
72	Microwave, Ludhiana	Freehold	3011	Ludhiana
73	New TE Compound, Khanna	Freehold	2875	Ludhiana
74	Doraha	Freehold	8130	Ludhiana
75	Gill	Freehold	2530	Ludhiana
76	Gurusar Sudhar	Freehold	2184	Ludhiana
77	Jassian	Freehold	3003	Ludhiana
78	Kohara	Freehold	2091	Ludhiana
79	Hambran	Freehold	1584	Ludhiana

Sl. No.	Address	Freehold/ Leasehold	Area of Land	SSA
80	Meharban	Freehold	2289	Ludhiana
81	Baddowal	Freehold	2788	Ludhiana
82	Payal	Freehold	1637	Ludhiana
83	Gujjarwal	Freehold	1071	Ludhiana
84	Dehlon	Freehold	1966	Ludhiana
85	Bassian	Freehold	2477	Ludhiana
86	Andloo	Freehold	2024	Ludhiana
87	Bahadurke	Freehold	2024	Ludhiana
88	Galib Kalan	Freehold	3359	Ludhiana
89	Jodhan	Freehold	2045	Ludhiana
90	GM OFFICE BUILDING ROOPNAGAR	Freehold	3382	Ropar
91	OCB EXCHANGE ROOPNAGAR	Freehold	6270	Ropar
92	TRA BUILDING ROOPNAGAR	COMBINED WITH POSTAL	YET TO BE DETERMINED	Ropar
93	Quarter near Govt. hospital Dhanaula	Freehold	535	Sangrur
94	Telephone Exchange Building Dhanuala	Freehold	2011	Sangrur
95	Main TE Bldg Compound Leela Bhawan Patiala	Freehold	11335	Patiala
96	TE & Qrts Compound at SST Nagar Patiala	Freehold	12145	Patiala
97	RLU Bldg Compund at Tripti Patiala	Freehold	1394	Patiala
98	Staff Qarters compund at 22 no. phatak P& T Colony PTA	Freehold	8096	Patiala
99	DET Office compund at old Baradari PTA	Freehold	375	Patiala
100	Staff Qrts compund at Urban estate patiala	Freehold	2023	Patiala



Sl. No.	Address	Freehold/ Leasehold	Area of Land	SSA
101	TE Building compound at urban sstate patiala	Freehold	2023	Patiala
102	Staff Qrts compound at Sahi Samadhan Patiala	Freehold	1693	Patiala
103	Store compound near bus stand nabha	Freehold	970	Patiala
104	OLD TE Compound near Ripudaman collage at Nabha	Freehold	622	Patiala
105	Main TE Bldg compound at Sirhind	Freehold	4048	Patiala
106	Old CTO Building compound at Sirhind	Freehold	89	Patiala
107	TE Bldgcompound at Samana	Freehold	4099	Patiala
108	TE compound at Patran	Freehold	3694	Patiala
109	Staff Quarters compound at Patran	Freehold	4173	Patiala
110	RLU Bldg Compound Sanaur	Freehold	1120	Patiala
111	RLU Bldg Compound Balbera	Freehold	2023	Patiala
112	RLU Bldg Compound Devigarh	Freehold	1290	Patiala
113	RLU Bldg Compound Bhadson	Freehold	3392	Patiala
114	RLU Bldg Compound Dhablan	Freehold	1764	Patiala
115	RLU Bldg Compound Badali Ala Singh	Freehold	1905.71	Patiala
116	RLU Bldg Compound Dakala	Freehold	2021	Patiala
117	RLU Bldg Compound Naina Khurd	Freehold	1973	Patiala
118	TE Bldg compound at Hansali Khera	Freehold	4143	Patiala
119	TE compound at Lalru	Freehold	3321	Patiala
120	TE and staff Qtrs compound at Banur	Freehold	1673	Patiala
121	TE Bldg Rajpura town	Freehold	1935	Patiala
122	BSNL SES Colony Rajpura	Freehold	5256	Patiala
123	M/W Bargari	Free hold	2,000	Ferozepur
124	TE Kotkapura	Free hold	4,478	Ferozepur
125	TE Faridkot	Free hold	4,048	Ferozepur

Sl. No.	Address	Freehold/ Leasehold	Area of Land	SSA
126	TE Jaitu	Free hold	1,672	Ferozepur
127	M/W Abohar	Free hold	3,896	Ferozepur
128	TE Ferozepur Cantt	Free hold	combined land with POSTAL	Ferozepur
129	M/W Moga	Free hold	4,048	Ferozepur
130	RSU Moga	Free hold	3,280	Ferozepur
131	TE Kotise khan	Free hold	1,979	Ferozepur
132	Kotkapura	Free hold	8,098	Ferozepur
133	TE Nihal Sing Wala	Free hold	2,024	Ferozepur
134	TE Lambi	Free hold	3,643	Ferozepur
135	Allowal	Free hold	In the name of BSNL	Pathankot
136	Dinanagar T.E.Building	Free hold	In the name of BSNL	Pathankot
137	Ghoman T.E.Building	Free hold	In the name of BSNL	Pathankot
138	Gurdaspur C-DOT Building	Free hold	2658	Pathankot
139	kahnuwan T.E Building	Free hold	In the name of BSNL	Pathankot
140	Pathankot Focal Point	Lease Hold	4182	Pathankot
141	Pathankot Main TE	Free hold	17281	Pathankot
142	Gurdaspur RSU Building	Free hold	8299	Pathankot
143	Batala Main TE Building	Free hold	11779	Pathankot
144	Batala old	Free hold	405	Pathankot
145	Qadin TE	Free hold	1499	Pathankot
146	Sri Hargobindpur TE	Free hold	1397	Pathankot
147	Fategarh Churian TE	Free hold	1360	Pathankot
148	Gazikot	Free hold	1108	Pathankot
149	Dhariwal TE	Free hold	1213	Pathankot
150	Batala Leak wala talab	Free hold	4104	Pathankot
151	Narot jaimal singh TE	Free hold	1254	Pathankot



Sl. No.	Address	Freehold/ Leasehold	Area of Land	SSA
152	Naryal TE	Free hold	1672	Pathankot
153	Dunera	Free hold	2300	Pathankot
154	Bhadwar	Free hold	2884	Pathankot
155	PKT Chakki Bank cly	Free hold	1815	Pathankot
156	Bhagowal TE	Free hold	1672	Pathankot
163	Jaura Singha TE	Free hold	2279	Pathankot
164	Gurdaspur co-axial building	Free hold	3340	Pathankot
165	Ranjit Avaneue	Free hold	3346	Amritsar
166	GRD Marg	Free hold	2969	Amritsar
167	Batala Road	Free hold	1874	Amritsar
168	Bhikhiwind	Free hold	2404	Amritsar
169	Khemkaran	Free hold	2458	Amritsar
170	Old TE Building	Free hold	5262	Amritsar
171	Katra Sher Singh	Free hold	5660	Amritsar
172	Rayya	Free hold	585	Amritsar
173	Chabahal	Free hold	1807	Amritsar
174	Trn New	Free hold	2703	Amritsar
175	Trn old	Free hold	1205	Amritsar
176	Mall Mandi	Free hold		Amritsar
177	P&T Colony	Free hold	2882	Amritsar
178	Chogawan	Free hold	1705	Amritsar
179	Butala (Rajpur)	Free hold	2408	Amritsar
180	Wadala Virum	Free hold	2024	Amritsar
181	Vachoyya	Free hold	2000	Amritsar
182	Sham Nagar	Free hold	2025	Amritsar
183	Sathiala	Free hold	1593	Amritsar
184	Mehlanwala	Free hold	1023	Amritsar
185	Bagga	Free hold	2449	Amritsar
186	Jagdev Kalan	Free hold	2404	Amritsar
187	Kathunangal	Free hold	1599	Amritsar

Sl. No.	Address	Freehold/ Leasehold	Area of Land	SSA
188	Chola Sahib	Free hold	1590	Amritsar
189	Jahangir	Free hold	1400	Amritsar
190	Jallalabad	Free hold	2026	Amritsar
191	Kot Budha	Free hold	2024	Amritsar
192	Harike	Free hold	1673	Amritsar
193	Bhalaipur	Free hold	1114	Amritsar
194	Majitha	Free hold	1271	Amritsar
195	Sarhali	Free hold	2051	Amritsar
196	Jethuwal	Free hold	1347	Amritsar



Annexure II to the Independent Auditor's Report on even date to the members of Bharat Sanchar Nigam Limited on the financial statements for the year ended 31 March 2017

Appendix-B

Circle Name	Write off with respect to							
	Debtors	Service Tax	Losses	Unrecorded Services	Earnest Money Deposit and Security Deposit	Other Bills	Telephone Bills	Other than Bad Debts
Andhra Pradesh	2227.25							
Assam			4.61					
Bihar	3124.17							
Chattisgarh	498.08							
Gujarat	1611.63							
Haryana	444.56							
Himachal Pradesh	214							
Jharkhand	1541.17							
Kerala	645.45							
Odisha	2127.62							
Punjab	884							
Tamil Nadu	804.56			83.78				
U.P. (West)	1843.56			4.57				2079.47
Uttarakhand	12.79							
West Bengal							330.05	
Kolkata Telephones		46.5			10261.76			
Chennai	603.13							

Circle Name	Write off with respect to							
	Debtors	Service Tax	Losses	Unrecorded Services	Earnest Money Deposit and Security Deposit	Other Bills	Telephone Bills	Other than Bad Debts
U.P. (East)	3040							
NE-I	561.65							
Madhya Pradesh Telecom	3008.13		65.05					
N.E-II	1726.61	2.26						
Andaman & Nicobar						137.51		
Total	24918.36	48.76	69.66	88.35	10261.76	0	330.05	2079.47

Note: The above information has been tabulated to the extent available from the respective circle auditor's report



Annexure II to the Independent Auditor's Report on even date to the members of Bharat Sanchar Nigam Limited on the financial statements for the year ended 31 March 2017

Odisha

	Licence Fees & USO Levy (Rs. In lakhs)	Spectrum Usage Charges (Rs in lakhs)	Total (Rs in lakhs)
Paid / Adjusted	2562.14	5163.17	7725.31
Booked to Expenses	4693.10	2591.92	7285.02
Excess / (Short) paid	2130.96	-2571.25	440.29

North East-II

SUMMARY FOR CALCULATION OF LICENSE FEE & SPECTRUM CHARGES ON REVENUES FOR THE YEAR 2016-17							
Sl. No	Details	MSR (Rs in lakhs)	NLD (Rs in lakhs)	ILD (Rs in lakhs)	SPECTRUM CHGS (3G+2G) (Rs in lakhs)	SPECTRUM CHGS (CDMA) (Rs in lakhs)	SPECTRUM CHGS(DATA) (Rs in lakhs)
1	Gross Revenue	7099.68	2215.34	127.75	7056.67	41.22	1246.32
	Less: Deduction Claimed	1.78	0.00	0.00	0.00	0.00	0.00
2	Net Revenue (AGR)	7097.89	2215.34	127.75	7056.67	41.22	1246.32
	License Fee	212.94	66.46	3.83	0.00	0.00	0.00
	USO Levy	354.89	110.77	6.39	0.00	0.00	0.00
3	Spectrum Charges	0.00	0.00	0.00	472.80	1.24	83.50
	Total License Fee & Spec Charges	567.83	177.23	10.22	472.80	1.24	83.50

SUMMARY FOR CALCULATION OF LICENSE FEE & SPECTRUM CHARGES ON REVENUES FOR THE YEAR 2016-17 (Basic)								
Sl. No	Details	BSR (Rs in lakhs)	NLD (Rs in lakhs)	ILD (Rs in lakhs)	V-SAT (Rs in lakhs)	Internet (Rs in lakhs)	SPECTRUM CHGS (DSPT) (Rs in lakhs)	SPECTRUM CHGS (WIMAX) (Rs in lakhs)
1	Gross Revenue	1299.15	703.31	184.75	0.00	3082.40	1.82	3.11
	Less: Deduction (Pure Internet Service)	0.00	0.00	0.00	0.00	3038.75	0.00	0.00
2	Net Revenue (AGR)	1299.15	703.31	184.75	0.00	43.64	1.82	3.11
	License Fee	38.97	21.10	5.54	0.00	1.31	0.00	0.00
	USO Levy	64.96	35.17	9.24	0.00	2.18	0.00	0.00
3	Spectrum Charges	0.00	0.00	0.00	0.00	0.00	0.07	0.03
	Total License Fee & Spec Charges	103.93	56.26	14.78	0.00	3.49	0.07	0.03

“Annexure III” to the Independent Auditor’s Report of even date to the members of Bharat Sanchar Nigam Ltd on Ind AS financial statements for the year ended March 31, 2017

Independent Auditor’s Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

- 1) In conjunction with our audit of Ind AS financial statements of Bharat Sanchar Nigam Ltd (the Company), comprising of 49 circles as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of 1 circle and IFCoFR of remaining 48 circles have been audited by the respective circle auditors appointed under section 139 of the Act.

Management’s Responsibility for Internal Financial Controls

- 2) The Company’s Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (“Guidance Note”) issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

- 3) Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting (IFCoFR) based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
- 4) Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the



assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

- 5) We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred in the 'Other Matters' paragraph below, are sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

- 6) A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with Ind AS. A Company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with Ind AS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Board of Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

- 7) Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

- 8) According to the information and explanations provided to us and based on the consideration of the reports of circle auditors, following material weaknesses have been identified during the course of audit as at March 31, 2017:

Revenue

- (i) As reported by auditors of 4 circles, in respect of income from Subscriber Identity Module (SIM's), prepaid recharge coupon of mobile and prepaid calling cards, the process around recognition of revenue there from needs to be strengthened as presently the circles have treated all receipts received during the year as income of current

financial year. The treatment is not in line with the Ind AS issued by ICAI which could potentially result in materially misstating the revenue by Company.

- (ii) As reported by auditors of 10 circles, there is inadequate control over booking of revenue and billing. System of monthly reconciliation of revenue as per monthly sub ledger generated through Call Detailed Records ('CDR') system with books of accounts is not in place which could potentially result in the Company materially misstating its revenue and trade receivables.
- (iii) As reported by auditors of 3 circles, invoices are generated in excess, individually or in the aggregate, of customer credit limits, which may give rise to situations where the ultimate collection is doubtful and revenue recognized not being in line with the revenue recognition criteria. This internal control issue could potentially result in the Company materially misstating the revenue and trade receivables.
- (iv) As reported by 1 auditor, circle did not have an appropriate internal control for accounting of income and debtors for Ku- band division. Billing is done manually and information exchanged from other divisions of the circle does not take place in a timely manner. All these could potentially result in the Company materially misstating its revenue and trade receivables.
- (v) As reported by 1 auditor, the income in respect of basic telephony services and in respect of post-paid accounts at Cellular Mobile Telephone Services ('CMTS') is accounted for on the basis of Amount Billed For ('ABF') received from the centralized system at the zonal billing centre based at Chandigarh, and the various balances of debtors including security deposits from customers are matched with the balances reported by the Chandigarh centre. We have not been provided with any system or technical audit report verifying the authenticity of the data generated by the system which could potentially result in the Company materially misstating its revenue and trade receivables.
- (vi) As reported by auditors of 3 circles, there is no defined process to recognize revenue arising out of construction contracts based on stage of completion. All these could potentially result in the Company materially misstating its revenue and trade receivables.
- (vii) As reported by auditors of 2 circles, controls with respect to recognition and adjustment of advance income need to be strengthened. This could potentially result in materially misstating its revenue and trade receivables.

Employee Benefits

- (viii) As reported by auditors of 5 circles, the internal control system in the circle in respect of control over recovery/ adjustment of advances given to the employees, namely medical advances, travelling and transfer advances appears to be inadequate. This could potentially result in the Company materially misstating the employee benefits



expenses and advances.

- (ix) As reported by 1 auditor, the circle needs to strengthen its internal control system over payroll processing with respect to calculation of compensation and tax deducted at source; leave data which may not be accurately and completely considered for payroll processing; recovery from employee advances may not be recorded in the correct period; where the employee is being transferred from another circle, the general ledger and actual data may differ and payroll might be reflected in the erstwhile circle salary schedule. In the absence of such controls, the Company may potentially materially misstate its employee benefit expenses in its financial statements

Cash and Bank Transactions

- (x) As reported by auditor of 1 circle, the circle does not have an appropriate internal control system over cash accepted at cash counters and customer service centers from the customer with regard to non/ short recordings or delay in recording of receipt by the cashier, which could potentially result in misappropriation of assets of the Company.
- (xi) As reported by auditors of 5 circles, the monitoring controls in respect of bank reconciliation statements needs to be strengthened which could potentially result in the Company materially misstating its cash and bank balances.
- (xii) As reported by 1 auditor, internal control around bank payments through bank file generation is prone to error/ fraud due to human intervention. This could potentially result in financial loss to the Company.

Fixed Assets

- (xiii) As reported by auditors of 9 circles, there is no regular programme for physical verification of fixed assets which could potentially result in the Company materially misstating its fixed assets in the financial statements of the Company.
- (xiv) As reported by auditors of 17 circles, the internal control system in respect of capitalization of capital work-in-progress which, inter-alia, include balances pending for long-periods of time with regard to status, value and non-availability of commissioning certificates could potentially result in the Company work-in-progress, fixed assets and depreciation in its books.
- (xv) As reported by auditors of 6 circles, an effective internal financial control may be evolved to ensure that there should not be any mismatch between fixed asset register and physical assets with respect to the make of the asset, serial number and location which could potentially result in the Company materially misstating the fixed assets.
- (xvi) As reported by auditors of 2 circles, the circles do not have a process of identification of obsolete/ damaged assets together with the timely detection of pilferage of moveable assets, if any, and this could be potentially result in the Company materially misstating

the fixed assets.

- (xvii) As reported by auditor of 3 circles, in the absence of a policy for identification of 'Insurance Spares' (spares specific for fixes assets), such spares have been kept in the stores without segregation from general store items. Since adequate internal financial control is not in existence at the circle, a possibility of pilferage of stores and spares items, especially small movable items, cannot be overruled and this could potentially result in the Company materially misstating its fixed assets and inventory for stores and spares in the financial statements.
- (xviii) As reported by auditors of 4 circles, there is no process to match the manual land records/ deeds with the land capitalized in the financial records which could potentially result in the Company materially misstating the fixed assets in the financial statements of the Company.
- (xix) As reported by auditors of 8 circles, the company does not have appropriate internal controls for providing provisions in respect of decommissioned assets on fair value basis which could potentially result in the Company materially misstating the fixed assets in the financial statements of Company.
- (xx) As reported by auditors of 5 circles, the internal control system for obtaining documents for immovable assets of the Company needs to be strengthened. This could potentially result in the company materially misstating the fixed assets in the financial statements.
- (xxi) As reported by auditor of 4 circles, the internal control system for impairment of assets needs to be strengthened. This could potentially result in material misstatement of fixed assets in the financial statements.
- (xxii) As reported by auditors of 2 circles, the internal control system for issuance for purchase orders and purchases of stores and capital items needs to be further strengthened. This could potentially result in the Company materially misstating the fixes assets and inventory.
- (xxiii) As reported by auditor of 6 circles, there are inadequate controls with respect to capitalisation of overheads, borrowing costs and closure of CWIP. This could potentially result in misstating the capital commitments, assets and expenses in the financials of the Company.

Inventory

- (xxiv) As reported by auditors of 2 circles, the internal control system need to be strengthened in respect of acquisition and maintenance of inventories and conducting physical verification thereof. This could potentially result in the Company materially misstating the inventory value in financial statements.
- (xxv) As reported by auditors of 7 circles, the absence of perpetual inventory count system at the circle, process of timely detection of slow moving, non-moving and obsolete



stock is not being appropriately done. This could potentially result in the Company materially misstating the inventory.

- (xxvi) As reported by auditors of 7 circles, the process of accounting and issue of inventory relating to National Optical Fibre Network (NOFN) project needs to be strengthened. This could potentially result in the Company materially misstating the inventory in books.
- (xxvii) As reported by auditors of 8 circles, receipt of materials may not be recorded promptly and in the appropriate period which could potentially result in material misstatement of inventory in financial statements of the Company.
- (xxviii) As reported by auditors of 4 circles, sale of scrap includes items of asset also but such assets are not identified and taken out from the respective assets which could potentially result in Company materially misstating the inventory and fixed assets.

Statutory Dues

- (xxix) As reported by auditors of 7 circles, the circle needs to improve the internal control system for reconciliation, timely payment and correct deduction of service tax and other statutory dues recoverable/ payable. This could potentially result in material misstatement of statutory dues.
- (xxx) As reported by auditors of 3 circles, various statutory dues have not been appropriately identified and are paid when demanded. This could potentially result in misstatement of statutory dues payable by the Company.

Enterprise Resource Planning (ERP)

- (xxxi) As reported by auditors of 3 circles, monitoring controls over programme change controls on transition from legacy system to Systems, Applications, Products (SAP) is not adequate. This could potentially result in material misstatement of various captions of the financial statements.
- (xxxii) As reported by auditors of 2 circles, internal control over integration between SAP and CDR software should be strengthened as this could potentially result in the Company materially misstating revenue and trade receivables.
- (xxxiii) As reported by auditors of 2 circles, manual intervention in ERP is possible and there is no control with respect to detection of such exceptional transactions. This could potentially result in material misstatement of various captions of the financial statements.

Current Assets and Liabilities

- (xxxiv) As reported by auditors of 11 circles, the Company did not have appropriate internal controls for reconciling and obtaining balance confirmation from sundry debtors,

sundry creditors and other parties. This could potentially result in Company materially misstating the debtors and creditors in the financial statements.

- (xxxv) As reported by auditors of 13 circles, the Company does not have adequate internal control over adjusting, timely and proper booking of liabilities. In various cases, the liabilities have escaped booking even in case of recurring expenditures and various expenses have been booked without adjusting the existing liability already booked against such expenses which could potentially result in Company materially misstating the current liabilities.
- (xxxvi) As reported by auditors of 6 circles, controls over process of reconciling unidentified vendors with various clearing accounts needs to be strengthened and control should be established to record expense only through vendor accounts. This could potentially result in material misstatement of current liabilities in the financial statements.
- (xxxvii) As reported by auditors of 5 circles, the circle is required to strengthen internal control system for maintenance of subsidiary records in relation to the deposit from customers (pre and post paid connections) as this could potentially materially misstate the current assets and liabilities of the company.
- (xxxviii) As reported by auditor of 1 Circle, process for classification of assets/ liabilities as current or non-current is weak. This could potentially result in Company materially misstating its assets and liabilities in the financial statements.
- (xxxix) As reported by auditor of 9 circles, the company needs to strengthen the process of obtaining balance confirmations/ reconciliations in respect of claims payable to and/ or receivable from Mahanagar Telephone Nigam Limited and Department of Telecommunication. This could potentially result in the Company materially misstating its current assets and liabilities.

Financial Reporting/ Closure Process

- (xl) As reported by auditors of 6 circles, the maker checker concept for voucher posting and authenticating in SAP needs to be strengthened which could potentially result in posting the entries in wrong heads/ wrong amounts/ duplicates posting/ posting of purchase orders without manual approval/ non-posting of manual credits/ debit notes etc and this could potentially materially misstate various captions in the financial statements

Reconciliation and Inter circle Remittance

- (xli) As reported by auditors of 8 circles, the Company did not have appropriate internal controls for reconciliations and confirmation of earnest money deposit, security deposit, sundry creditors and other deposits which could potentially result in the Company



materially misstating current assets and liabilities.

- (xlii) As reported by auditors of 6 circles, there is inappropriate control system for timely reconciliation of unreconciled inter-circle/ unit remittances. The unreconciled amounts largely pertain to lack of appropriate supporting documentation and requisite approvals. The unreconciled remittances could have a potential material impact on various captions of the financial statements of the circle.
- (xliii) As reported by auditors of 5 circles, the Company did not have appropriate internal controls for reconciliations between subsidiary and general ledger in respect of revenue items, debtors and deposits which could potentially result in the Company materially misstating the aforementioned captions in the financial statements.

Miscellaneous

- (xliv) As reported by auditors of 4 circles, the Company has not defined any risk control matrix identifying the key risk areas of particular SSA. This could result in weak checks and balances and ineffectiveness in operations as well.
- (xlv) There are inadequate controls for arriving at value for provision or showing contingent liability which could materially misstate the financials of the Company.
- 9) A 'material weakness' is deficiency or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of company's annual or interim financial statements will not be prevented or detected on timely basis.
- 10) In our opinion and based on the consideration of the reports of the circle auditors and read together with paragraph 12 below, except for the effects/ possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has, in all material respects, adequate internal financial controls financial reporting and such IFCoFR were operating effectively as at 31st March 2017, based on the IFCoFR criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.
- 11) The circle auditors have considered material weaknesses identified and reported above in determining nature, timing and extent of audit tests applied in the audit of the Ind AS financial statements of respective circles of the Company as at and for the year ended 31 March 2017 and these weakness have affected the opinion on the Ind AS financial statements of the Company and we have issued qualified opinion on the Ind AS financial statements.

Disclaimer

- 12) As reported by 4 circle auditors, the system of internal financial controls over financial reporting with regard to the Company were not made available to them to enable them

to determine if the Company/ Circle has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at 31 March, 2017. The respective circle auditors have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in the audit of the Ind AS financial statements of respective circles of the Company as at and for the year ended 31 March 2017 and the disclaimer did not affect their opinion on Ind AS financial statements of the circles.

Other Matters

- 13) We did not audit the Ind AS financial statements of 48 circles whose Ind AS financial statements reflect total assets (including intra/ inter circle remittances) of Rs. 76,24,280 Lakhs as at 31 March 2017 and total revenues of Rs. 30,27,060 Lakhs for the year ended on that date. These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Ind AS financial statements in so far as it amounts and disclosures included in respect of these 48 circles is based solely on the reports of other auditors.

For ANDROS & CO
Chartered Accountants
Firm's Registration No.: 008976N

Sd/-
(Shashi Garg)
Partner
Membership No.: 086492

Place: New Delhi

Date: 12th October 2017



The Management replies to Independent Auditor’s Report for the Financial Year 2016-17 are given below:

Audit Para	Management Reply
<i>Assets and Liabilities taken over from Department of Telecommunication (‘DoT’) and the amounts receivable and payable to DoT</i>	
<p>8. As detailed in note 36 and 40.1 to the Ind AS financial statements, assets and liabilities (including contingent liabilities) taken over from DoT on 1 October 2000 have been verified and valued by the management based on internal calculations. These are subject to reconciliations and confirmation from DoT as regards to value and classification. The consequential impact on the Ind AS financial statements, if any, as a result of the same is presently not ascertainable. Audit Report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>Noted. The value of net additional assets identified till date of balance sheet is less than 0.50% of the provisional amount on which assets were transferred to the Company as on 01.10.2000.</p>
<p>9. As detailed in note 41 to the Ind AS financial statements, amounts due from and to DoT, included in current assets and current liabilities aggregating to Rs. 220,052 lakhs (31st March 2016 Rs. 293,051 lakhs) and Rs. 37,316 lakhs (31st March 2016 Rs. 26,480 lakhs), are subject to confirmation, reconciliation and consequential adjustment. The impact of the adjustments, if any, on the Ind AS financial statements is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>Instructions has been issued to all BSNL Circles to provide the details of balances under account head related to claim recoverable from DOT to the Office of concerned CCAs for confirmation.</p>
<i>Ind AS Transition</i>	
<p>10. (a) (i) As stated in Note No. 51 read with Note No. 54 with respect to freehold land the company has fair valued certain freehold lands resulting in upward valuation of Freehold lands by a sum of Rs. 69,86,449 lakhs, which is not in</p>	<p>Para D5 of Ind AS 101 which provides the option to fair value the property, plant and equipment on the transition date states that an entity may elect to measure an item of property, plant and equipment at the date</p>

<p>compliance of Ind AS- 101 “First Time Adoption of Indian Accounting Standards”. In addition to the above, circle auditors have reported as under on the Ind AS adoption.</p>	<p>of transition to Ind ASs at its fair value and use that fair value as its deemed cost at that date.</p> <p>This para clearly states that the option to fair value items of property, plant and equipment is available for application to each individual item of property, plant and equipment.</p> <p>Use of fair valuation of selected individual items of property, plant and equipment as deemed cost is permissible under Ind AS as on transition date in accordance with Para D5 of Ind AS 101. Since this option is exercised, other items of property, plant and equipment have been carried at cost as per Ind AS 16.</p> <p>Accordingly, the fair value of selected parcels of freehold land on transition date is in compliance with Ind AS 101.</p>
<p>(ii) Auditors of 9 circles have reported that only certain land parcels out of the total parcels have been fair valued.</p> <p>1 of the circle auditors has reported that freehold lands of the circle have been fair valued at a market valuation at Rs. 708,746 lakhs and expressed inability to ascertain and verify the basis for arriving at this valuation.</p> <p>Auditor of 2 circles have reported that information/ selection criteria for fair valuation was not made available.</p>	<p>Out of 38 accounting circles where certain land parcels out of the total parcels have been fair valued, Auditors of 29 circles have not reported negative in this regard. For further details refer response to Para-10 (a) (i) above.</p> <p>Fair valuation under Project Vasundhara has been done through certified valuers who have submitted their duly signed Reports to concerned BSNL Circle. Market enquiry is an acceptable valuation technique. The valuer has also side-by-side, recorded the circle price and it would be seen that the two are not very different which lends a credibility to the fair value. Since, the fair valuation is performed by the certified, competent and independent valuers, hence their valuation report has been relied upon.</p>



	Management judgement has been exercised in selecting the land parcels for the purpose of fair valuation in accordance with Para D5 of Ind AS 101.
(iii) Auditor of 1 circle has reported that for the fair valuation of freehold land parcels, different valuers have adopted different approaches, which are not in line with Ind AS guidelines.	<p>The fair valuation techniques are given in Appendix B to the Ind AS 113.</p> <p>Accordingly, the Certified valuers have used different techniques / approaches, appropriate to value such freehold land on case to case basis and are in accordance with Ind AS.</p>
(iv) Auditor of 1 circle has reported that in certain cases the fair value as recommended by certified valuer has not been accepted and the circle has valued the freehold lands on its own basis, thereby increasing the value of lands substantially.	The total amount of over valuation is Rs. 7.78 crore. Considering the total amount of fair valuation of Rs. 69864 crore for the company, the over valuation reported is immaterial.
(v) Auditor of 1 circle has reported that 163 land parcels, not appearing in the financial statements of the circle as on the transition date, have also been fair valued, thus resulting in the upward valuation by a sum of Rs 1202.78 crores.	These 163 asset IDs have been created for administrative purposes only. These land parcels were already appearing in the financial statements as on the transition date. All these cases have been verified by civil wing and these land parcels are under possession and control of BSNL. Therefore fair valuation of the same is in order and has been fair valued in accordance with Ind AS 113.
(vi) Further the auditors of 2 circles have reported that the leasehold lands have also been considered as freehold land and hence fair valued, in violation of the principles laid down by the prescribed Ind AS, and further 2 circle auditor has reported that in the absence of relevant records, classification of land taken over from DoT has been considered as freehold and hence fair valued.	Concerned Circles have reported that such land parcels are freehold as per relevant records under possession of Civil wing. While accounting / updating the fair valuation of these cases it is found that these were recorded wrongly in asset registers as leasehold in the earlier years. Accordingly necessary accounting adjustment has been made before finalization of accounts. Therefore, there is no violation of IND AS.

	<p>Further two circles have reported that these land parcels taken over from DoT were shown as free hold in the books of accounts during legacy periods. No classification change has been made in the current year. Hence there is no violation of Ind AS.</p>
<p>(vii) Auditors of 1 circle has reported that certain land parcels fair valued had restrictions on transferability/ sale and the auditor of 1 circle has reported that certain lands have been fair valued though the same are non-marketable.</p>	<p>The Certified Registered Valuer has considered the restrictions on transferability/ sale and non-marketable while fair valuing the freehold land. Accordingly, the fair valuation report has been relied upon.</p>
<p>(viii) Auditors of 2 circle have reported that freehold land parcels, which appear in the books of the company, where on the title is still not in the name of the Company in the revenue records and has also been fair valued.</p>	<p>The land parcels are BSNL owned assets as demonstrated by:</p> <ul style="list-style-type: none"> – the transfer of the land by the Government to BSNL for consideration; – land parcels being used by BSNL in its business; – physical control of the land being with BSNL; – economic benefits from the usage of land flowing to and controlled by BSNL; and – the transfer of title deeds is only administrative in nature and is not complete only for administrative reasons, – Gazette Notification and Terms of MoU. <p>the land owned by BSNL should be considered like any other asset owned by BSNL and accordingly, the non-mutated land, land with no title deed and land which have restriction on sale or its use are fair valued. Further, the fair valuer's have considered these facts while arriving at the fair valuation of these land parcels.</p>



	Accordingly, the Company has given the fair valuation disclosure in note no. 54- fair valuation of freehold land to the financial statements for the year ended March 31, 2017 categorising the land parcels into various risk categories.
(ix) Auditors of 1 circle has reported that 2 land parcels have been compulsorily acquired in earlier years and such land parcels are still appearing in the books of accounts of the circle and also have been fair valued to Rs. 568 lakhs.	Compulsory acquisition of such land parcels are under process. Necessary accounting adjustment shall be made after completion of such process.
(x) Auditors of 6 circles have reported that Title deed of freehold land/ documents to support freehold land status/ certifying ownership of land/ mutation of title has not been done or partially done.	Same as Para-10 (a)(viii) above
(xi) (a) Circle auditors have also reported as under: i. Non-availability of title deeds of freehold lands and leasehold agreements; ii. Pending transfer of documents in respect of certain land and building in the name of the company/ under legal process/ acquisition iii. Non-availability of relevant records classifying the lands taken-over from DoT as freehold land. iv. Segregation of land into leasehold and freehold land. The consequential impact of adjustments, if any, on the Ind AS financial statements is presently not ascertainable.	Same as Para-10(a) (vi) & (viii) above
(b) Liquidated Damages have been apportioned in the ratio of 80:20 in Property Plant and Equipment and expenses respectively. Moreover Liquidated Damages determined on capex portion on all the assets has been apportioned amongst certain assets only viz. Building, Apparatus & Plants,	Based on the trend analysis of the past, the liquidated damages have been apportioned in the ratio of 80:20 in property, plant & equipment and expenses respectively and have been applied consistently across all circles

<p>Cables and Mast, Ariel. 9 circle auditors have reported that the basis of apportionment in the ratio of 80: 20 was not made available to them. 2 circle auditors have further reported that this ratio of 80: 20 is not consistent with the financial statements of the</p>	<p>.</p>
<p>circles pertaining to earlier years. 1 circle auditor has reported that liquidated damages accounted for during the year and related to period prior to transition have been adjusted with retained earnings. The consequential impact of adjustments, if any, on the financial statements is presently not ascertainable.</p>	
<p>(c) For capitalization of borrowing cost, interest income on temporary investments, being FDR's, has not been determined for the eligible borrowing cost to be capitalized which is non-compliance of Ind AS 23 "Borrowing Costs". The consequential impact of adjustments, if any, on the financial statements is presently not ascertainable. Further the auditors of 16 circles have reported that Borrowing Cost pursuant to applicable Ind AS has been capitalised based upon ATD/ communication/ excel sheet received from Head Office. These auditors have expressed their inability to verify the correctness of these borrowing costs for want of calculations/ details.</p>	<p>The interest income for the FY 2016-17 is immaterial in relation to the asset base of the Company.</p> <p>All the borrowings are taken by the Corporate Office centrally and the payment of interest thereon is also settled centrally. The borrowing cost is allocated to the circles in proportion to CAPEX fund transferred to the circles.</p>
<p>(d) 3 circle auditors have reported that evidence for determining the Inventories to be recognised in Capital-Work-in-Progress in terms of Ind AS 16 "Property, Plant & Equipment" have not been provided to them for verification.</p>	<p>Necessary Accounting Instructions as per Ind AS were available to BSNL Circles vide Circular No. 376 dated 23/06/2017.</p>
<p>(e) Assets and Liabilities assumed from DoT: As detailed in Note No. 36(2) the changes in the carrying amount of the assets identified and vested from DOT, in successive stages, being capital in nature, being not freely distributable as dividends, have been recognised by the company, in the Statement of Profit and Loss</p>	<p>The Company has opted not to apply Ind AS 103 retrospectively, therefore, capital reserve shall continue to be recorded at carrying amount as at the date of transition Further Ind AS 103 provides a period of 12 months from the date of business combination for adjustment of the changes.</p>



<p>as other income and hence this change by the company to such assets and liabilities assumed from DOT is not in line with Ind AS 103 “Business Combinations” read with Ind AS 101 “First Time adoption of Indian accounting Standards”. This</p>	<p>in measurement. Since the re-measurement period has expired, no adjustments as per Ind AS 103 can be made to capital reserve unless it is material. Accordingly the re-measurement</p>
<p>has resulted in understatement of net loss for the year by Rs. 160 lakhs (previous year overstatement of loss by Rs. 1,677 lakhs.</p>	<p>changes have been recorded through statement of profit and loss.</p>
<p><i>Property, Plant and Equipment</i></p>	
<p>11. As reported by auditors of 13 circles, Capital Work-in-Progress, inter alia, includes balances pending capitalization for long-periods of time owing to pending analysis of status, value and obtaining of commissioning certificates. The consequential impact on the capital work in- progress, Property Plant and Equipment, depreciation and amortization and loss for the year, if any, is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>CWIP includes turnkey project also, completion of which takes several years. As per company policy, capitalization is done on the basis of A/T /Completion Certificate issued by the concerned executing agencies.</p> <p>Based on Management estimate provision for impairment has been created for delayed projects pending capitalization wherever there were indicators of impairment.</p> <p>The Circles are being instructed to capitalize the works as and when completed and put to use and depreciation provided from that date.</p>
<p>12. As reported by auditors of 7 circles, in the absence of information in respect of certain items of Property Plant and Equipment capitalized, particularly batteries, it could not be established whether assets capitalized were on account of replacement/ extension of an existing asset or additional acquisition of a new asset and hence the consequential impact of the same on the classification/ value of the respective asset, depreciation and amortization, expenses and loss for the year, if any, is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>The concerned circles are being instructed to account for such types of transactions strictly as per accounting circulars/ instructions issued in this regard.</p>

<p>13. As reported by auditors of 6 circles, the leasehold land as identified and valued by the respective circles have been incorporated in the books of accounts and amortised with effect from the date of formation of the Company. Hence, in respect of the lands still not identified and/ or duly incorporated in the books of accounts of the respective circles, the consequential impact on value of Property Plants and Equipment, depreciation and amortization and loss for the year, if any, is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>Most of the land transferred to the Company was acquired by DOT prior to 01/10/2000.</p> <p>All leasehold/ freehold land which are known/ identified have been accounted for.</p>
<p>14. As detailed in note 40.2 to the financial statements, auditors of 5 circles have reported on the expired/ non-renewal of leases on lands on which the Company had constructed buildings and the fact that management has not made any provision for the surrender value/ written down value of the aforementioned buildings in the anticipation of the ultimate renewal of the leases, the consequential impact of adjustment on Property Plant and Equipments, depreciation and amortization and loss for the year, if any, is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>The concerned circles are being instructed to expedite the process of getting the lease of lands renewed.</p>
<p>15. As stated in note 3(i) and 40.3 to the financial statements, Property Plant and Equipment, inter alia, includes land pertaining to 14 circles, purchased/ acquired on leasehold/ freehold basis through various authorities, the title deeds of which are yet to be executed in the name of the Company. The audit report in the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>The company is in the process of executing the title deeds of the lands purchased / acquired, wherever required.</p>



<p>16. The accounting policy of the Company as stated in note 2.1(c) to the financial statements with respect to the decommissioned assets has not been uniformly applied across all circles. In 5 circles, the decommissioned assets are not recorded at lower of the cost or net realizable value. While in 3 circles, the decommissioned assets have not been appropriately adjusted from the block of Property Plant and Equipment and depreciation and amortization is still being charged on such decommissioned assets. In the absence of sufficient details, we are unable to comment upon the impact of adjustment on the Property Plant and Equipment, current assets, depreciation and amortization and loss for the year, if any, arising out of the same. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>The circles are being instructed to strictly adhere to the accounting instructions issued on the subject matter.</p>
<p>17. (i) As reported by auditors of 12 circles, the Company has not consistently adhered to capitalizing the overhead expenses specifically attributable to the capital work-in- progress but has recorded the same on estimated/ fixed percentage/ payment basis:</p> <p>(ii) As reported by auditors of certain circles, the company capitalizes the assets on periodic basis instead of at the ready to use date; and</p>	<p>Accounting policy of BSNL in this regard states that the cost includes directly related establishment and other expenses including employee remuneration and benefits, directly identifiable to the construction or creation of assets.</p> <p>As explained in note no. 31.6, the administrative and establishment expenses incurred in units where project work is also undertaken are allocated to capital and revenue mainly on actual basis and on “actual man-month spent” basis respectively.</p> <p>The concerned circles are being instructed to capitalize the works as and when completed and from the date of ready to use.</p>

<p>(iii) Accounting policies regarding capitalization, disposal, depreciation and amortization of Property Plants and Equipment are not uniformly applied in case of 10 circles.</p> <p>The resultant Impact of the above non compliances with the standards on the value of Property Plant and Equipments, capital work-in-progress, depreciation and amortization and loss for the year, if any, are presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>All BSNL Circles has gone live under ERP during F.Y. 2015-16 and since then depreciation is charged on monthly basis under ERP.</p> <p>However, the concerned circles are being instructed to strictly adhere on the accounting policies and instructions issued in this regard.</p>
<i>Current Assets and Current Liabilities</i>	
<p>18. The company does not follow a system of obtaining confirmation and performing reconciliation of balances in respect of trade receivable, deposits with government departments/ companies (inter alia, including Mahanagar Telecom Nigam Limited and Bharat Broadband Network Limited), claims recoverable from/ payable to DoT (including license fees payable as detailed in note 48(A) of the Ind AS financial statements) or to/ from other government departments/ authorities, subscriber/ customer deposit accounts, trade payable and claims payable. Due to non-availability of confirmation and reconciliations of the aforementioned account balances, we are unable to quantify the impact of the adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>As per Industry practice, taking confirmation for trade receivables and subscribers deposits from huge subscribers' base is neither practical nor possible.</p> <p>For balances due to or due from other parties i.e. DOT, DOP, other Govt. departments/ companies etc., circles are instructed again to carry out reconciliation at regular intervals.</p>
<p>19. As reported by auditors of certain circles, there are unquantifiable differences between the general ledger/ trial and accounting records pertaining to loans and advances, current assets and current</p>	<p>The concerned circles are being instructed to carry out the reconciliation and take necessary action to sort out the difference between the two sets of records</p>



<p>liabilities. The impact on the Ind AS financial statements, if any, owing to the aforementioned non-reconciliations is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>.</p>
<p>20. As reported by auditor of 9 circles, there are differences in the inventory records between stores ledger and general ledger/ trial balance, the impact of the same is currently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>Circles are being instructed to take appropriate action immediately.</p>
<p>21. As reported by auditor of 3 Circles, there has been non-adherence to the Company’s policy of valuation of inventory on weighted average method as stated in note 2.2(i) to the Ind AS financial statements. Further, auditor of 1 circle has expressed his inability to give any opinion on method of valuation of inventory, due to lack of appropriate evidence. The impact of the adjustment, if any, on inventory, consumption and loss for the year is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>Upon Implementation of ERP in all BSNL Circle, Inventories at the time of issue and closing balance are valued at weighted average method only.</p> <p>Perhaps Branch Auditors of concerned circles were not explained properly regarding above aspect.</p>
<p><i>Inter/ Intra Circle Remittance Account</i></p>	
<p>22. As detailed in note 42 to the Ind AS financial statements, the Inter-Circle/ Unit remittance balances amounting to Rs. 9020 lakhs(Credit) (previous year Rs. 57,598 lakhs (Debit)) are yet to be reconciled. Pending such reconciliations, the possible cumulative impact of the adjustments, if any, on assets and liabilities and the current and prior year(s) income and expenditure is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>Continuous effort to reconcile the remittance items and accounting of the same under relevant head are being done by the circles which has resulted in minimize the remittance items at Rs. 90.20 crore (Credit) at year ended on 31/03/2017. Circles are being further instructed to settle the pending remittance items immediately and to minimise it in current year</p>

License Fee, Spectrum Charges, Inter Connect Usage Charges

23. (i) As stated in note 37.3 to the financial statements, the Company's license and spectrum, fees payable to DoT for the year ended 31 March 2017 amounts to Rs. 231,086 lacs (previous year Rs. 228,538 Lacs) and is calculated on the Adjusted Gross Revenue ('AGR') which is determined by the management by excluding the interest income on income-tax refund received during the year amounting to Rs 38,180 lacs (Previous Year 142,851 lakhs). In our opinion, the license fees is understated by Rs. 3054.40 lakhs (Previous Year 12,641 lakhs)

since such interest income has not been included in determination of AGR for computing the license fees. Had the aforesaid expenditure been accounted for, license and spectrum fees and loss for the year ended 31 March 2017 and current liabilities as at that date would have been higher by Rs. 3054.40 lakhs (Previous Year 12,641 lakhs) and the reserve and surplus as at that date would have been lower by the same amount. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect to this matter.

BSNL is of the view that license fees are not payable on interest on income tax refund since it is not in the nature of interest on investment and demand raised by Income Tax Department was paid due to statutory obligation and to avoid hefty penalty.

The matter regarding exemption from payment of license fee on interest on income tax refund has been taken up with DOT.

(ii) As reported by auditor of 1 circle, interest received on security deposits is set off directly from the bills and the interest income is not ascertainable for recognizing liability of license fees, auditor of 3 circle has reported:

i) Income from NOFN project,

ii) Profit from Construction Contracts,

iii) Liquidated Damages recovered from contractors/ suppliers and reduced from relevant revenue expenditure, have not been included for the calculation of License and Spectrum Fees.

On verification, it has been noticed that Income from NOFN project / Profit from Construction Contracts / Liquidated Damages to the extent booked under the Head "Revenue" has been considered for calculation and payment of license and spectrum fees.

Further the license fees are paid on revenue share basis. The value of pulse is not constant and may also be NIL for certain tariff plans. Special tariff / validity



<p>Further, auditors of 6 circles have reported that revenue from NLD/ ILD is not based on actual usage of pulse and the license fees is based upon estimated basis. Consequential impact on the Ind AS financial statements, if any, as a result of the same is presently not ascertainable.</p>	<p>vouchers introduce another variable due to which pulse does not remain right factor for measuring revenue for purpose of calculating license fee. The license fee is now uniform across various services; hence the effect is not material.</p>
<p>(iii) Income recognized during the year and pertaining to the prior years and not booked in prior years, has been considered in the current year as Reserve and Surplus as per IND AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", however, such incomes have not been included in determination of AGR for computing the license fees. Consequential impact on the Ind AS financial statements, if any, as a result of the same is presently not ascertainable.</p>	<p>Based on past years trend analysis, the license fee payable on such prior period income is immaterial.</p>
<p>Revenue</p>	
<p>24. As reported by auditors of 5 circles, the income from recharge coupons, prepaid calling cards, internet connection cards, sancharnet cards and stock of recharge coupons and prepaid calling cards are subject to reconciliations. In the absence of specific details, the impact of adjustment, if any, on Ind AS financial statements is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect to this matter.</p>	<p>The concerned circles are being instructed to take necessary action in the matter.</p>
<p>25. One circle auditor has reported that Performance Bank Guarantee (PBG) of Rs. 2,496.01 Lakhs was en-cashed during the year and has been booked as income which is not in line with accounting policy followed by the company. In absence of adequate details,</p>	<p>The amount of performance bank guarantee booked as income is immaterial considering total revenue of Rs.31,533 crore.</p>

<p>consequential impact of the adjustments, if any, on the Ind AS financials is currently unascertainable.</p>	
<p>26. As stated in note 2.2-(h) to the significant accounting policies, certain items of revenue are accounted for on cash basis instead of the accrual basis of recognition of revenue which is not in accordance with the generally accepted accounting principles in India. The impact of the adjustment, if any, in respect thereof on revenue, license fee, trade receivables and loss for the year is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>Noted. Adequate disclosures are already given in the books of accounts of BSNL.</p>
<p><i>Provisions and contingent liabilities</i></p>	
<p>27. The provisions and the disclosures with regard to matters under litigations have been made based upon the management estimates. Based upon the report of auditors of 12 circles, sufficient and appropriate audit evidence for examining and verifying the quantum of contingent liabilities disclosed in note 48 to the Ind AS financial statements has not been obtained. In the absence of the adequate details and documents and pending the responses to our confirmation requests in respect of the litigations, the impact of adjustments/disclosure, if any, on the Ind AS financial statements is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter</p>	<p>Most of the circles had provided the details of litigation / claims lodged or defended and contacts of the Company's counsels to the auditors. At Corporate level also, the abovementioned details were given to auditors. The auditors had written letters to the Company's counsels. It appears that due to professional reasons some counsels did not respond. It may also be noted that many of the legal cases are on either outstanding dues or on service/ personnel matters involving issues of employee's career progression, inter-se seniority etc. For the cases having major implications known up to finalization of accounts, the details and contingent liabilities have already been shown in note to accounts. Moreover, the concerned circles are further advised to provide the adequate details to auditors.</p>



<p>28. As reported by 9 circles, the circles have not made provision for the disallowance of subsidy claimed from Universal Service Obligation Fund ('USOF'). The impact of the adjustment, if any, in respect thereof on current assets and loss for the year is presently not ascertainable. Further the auditor of 1 circle has reported that the provision against amount recoverable as USOF claim withheld by DoT has been reversed without giving any justification. The consequential impact of adjustments, if any, on the Ind AS financial statements is presently not ascertainable.</p>	<p>In most of the cases, claim of the BSNL has not been rejected but withheld by USO Fund Administrator for want of some technical aspects such as installation of solar power system/kiosks etc. Circles are taking up the matter with concerned CCA regularly and based on the best estimate, no provision has been considered necessary.</p> <p>Management estimate has been reassessed at every reporting date and necessary adjustment done.</p>
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Miscellaneous

<p>29. The Company has not complied in respect of the following Ind AS notified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).</p> <p>i. As reported by auditors of 5 circles, the expenses, incomes, assets and liabilities are not properly disclosed under the reportable segments as per the Ind AS 108- "Operating Segments". In our opinion, the same does not give true and fair disclosure of the segment-wise operations of the Company as required by the aforementioned Ind AS. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p> <p>ii. The company has not carried out any techno-economic assessment during the year ended 31 March 2017 and hence identification of impairment loss and provision thereof, if any, has not been made. The same is not in accordance with the notified Ind AS 36 "Impairment of Assets". The consequential impact of adjustment, if any, on the Ind AS financial statements is currently not ascertainable. The audit report on</p>	<p>Adequate disclosure has been made at Corporate office level.</p> <p>The operations of BSNL are of such a nature where assets are in use 24x7. As and when any asset is found non-repairable or non-functional or obsolete, the same is decommissioned and necessary provision is being created in books of accounts. This process is continuously followed throughout the year in each circle of BSNL.</p>
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the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.

iii. The accounting for capital and revenue grant in accordance with the notified Ind AS 20 “Accounting for Government Grants and Disclosure of Government Assistance” is not followed consistently. In the absence of specific details, the consequential impact of adjustment, if any, on the Ind AS financial statements is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.

iv. The accounting policy as referred to in note 2k(iii) to the statements with respect to the liability on account of post-retirement medical benefits of employees including retired employees, a defined benefit plan, is recognized on actual basis in respect of bills received by the company instead of recognizing the liability for the same as the present value of the defined benefit obligation at the balance sheet date calculated on the basis of actuarial valuation in accordance with the notified Ind AS– 19 “Employee Benefits”. The consequential impact of adjustment, if any, owing to this noncompliance on the Ind AS financial statements is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect to this matter.

v. As reported by 2 circles, contract revenue and contract have not been accounted for in accordance with the notified Ind AS 11 “Construction Contracts”. In the absence of specific details, the consequential impact of adjustment, if any on the Ind As financial statement is presently not ascertainable.

The Circles are being instructed to strictly adhere to the accounting policies and instructions issued in this regard.

As per the accounting policy as disclosed, claims for medical facility received from the employees of BSNL(including retirees) up to the cutoff date of finalization of annual accounts, are treated as liability of the Company for the said financial year.



<p>vi. As detailed in Note No. 40(2) the company has certain leasehold land, the lease tenure of which in earlier year(s) and is not renewed in current year. Pending renewal of such lease, period and non-availability of sufficient information about the timeline by which it would be renewed, the classification of such land made by the company as finance lease is not in conformity with Ind AS 17 "Leases". 6 circle auditors have reported that certain provisions including disclosure requirements as per Ind AS 17 "Leases", have not been complied with. In the absence of specific details, the consequential impact of adjustments, if any, on the Ind AS financial statements is presently not ascertainable.</p>	<p>The post employment medical care extended to its retired employees as per the present policy of BSNL is more like facilities ,which may be revised by the Management any time , depending upon the relevant factors prevailing at that time.</p> <p>Further vide Letter No. BSNL/Admn.I/14-15/09(pt.) dated 02/04/2014 option to choose CGHS facilities has been extended to retired employees of BSNL, who are in receipt of Central Civil Pension.</p> <p>Noted. The Circles are being instructed to strictly adhere to the disclosure requirements in this regard.</p>
<p>30. As stated in the note 2.1(t) of the financial statements, individual transactions of income/ expenditure exceeding Rs. 5 lacs, are considered for evaluation as prior-period items. The revenue and expenditure for the current year, inter alia, includes amount pertaining to prior period(s) as reported by auditors of 3 circles and 4 circles respectively. This is not in accordance with the Ind AS 8 "Accounting Policies, Changes in</p>	<p>Adequate disclosures are already given in the books of accounts of BSNL. The accounting policy of the company is made keeping in view the size of organization and volume of high denomination transactions. It may also be noted that many organization of such size in infrastructure industry are following similar policies.</p>

<p>Accounting Estimates and Errors". The consequential impact of adjustments, if any, on the Ind AS financial statements is presently not ascertainable.</p>	
<p>31. As reported by 16 circles and detailed in note 26 to the Ind AS financial statements, these circles have not identified units covered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act, 2006) and hence disclosures as required under the MSMED Act, 2006 is presently not ascertainable. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>Noted. The concerned circles are being instructed to take necessary action.</p>
<p>32. The disclosure requirements of the Schedule III, Division II of the Act have not been properly adhered to in the presentation and disclosure of Ind AS financial statements of the Company in respect of classification of assets/ liabilities into current and non-current and secured and unsecured, whether applicable; categorization of assets/ liabilities into appropriate captions; changes in inventory; related party; capital and other commitments and expenditure and earnings in foreign currency. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>The circles are being instructed to strictly adhere to the accounting instructions issued on the subject matter.</p>
<p>33. As reported by auditors of 17 circles, compliances with regard to deposition, deduction, reconciliation of service tax, tax deducted at source and value added tax are pending to be made. In the absence of specific details, we are unable to comment on its consequential impact, if any, on the Ind AS financial statements. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>The concerned circles are being instructed to make necessary compliances with regard to deposition, deduction, and reconciliation of service tax and other statutory dues.</p>



<p>34. As detailed in notes (a) and (b) of the Cash Flow Statement, certain assumption have been made for the purpose of preparation of the Cash Flow Statement. In the absence of the appropriate details, we are presently unable to ascertain the impact, if any, on the adjustment/ disclosures in the Cash Flow Statement. The audit report on the financial statements for the previous year ended 31 March 2016 was also qualified in respect of this matter.</p>	<p>Noted.</p>
<p>36. Auditor of 2 circles have reported that they have not been provided with adequate evidence for the verification of information pertaining to Specified Bank Notes.</p>	<p>Noted</p>
<p>37. The company has not complied with Ind AS 16 "Property, Plant and Equipment" by not attributing the dismantling costs to each part of an item of Property, Plant and Equipment with the cost that is significant in relation to the total cost of the item. Auditors of 6 circles have reported that value considered for Asset Retirement Obligation has been generated by internal department which is neither certified by any Certified Valuer, nor calculated in appropriate method and the same has been calculated on estimated basis. 1 circle auditor has reported that Asset Retirement Obligation has been recognised in the year succeeding the year of capitalization. The impact of the adjustment, if any, in respect thereof on asset, depreciation and loss for the year is presently not ascertainable.</p>	<p>Asset Retirement Obligation (ARO) is required to be discharged at the end of lease period by dismantling the complete Asset and not every part or component separately. Hence ARO has been created for complete Asset.</p> <p>ARO is based on the technical evaluation carried out by civil/electrical wing and is not required to be certified from external agencies /valuers.</p> <p>In respect of 1 circle, guiding principles for ARO has been noted for future compliance.</p>
<p><i>Emphasis of Matter</i></p>	
<p>39. We draw attention to Note No 11 to the Ind AS financial statements of the company regarding investments in ITI Limited aggregating to Rs. 20,000 lakhs as at 31st March 2017. The management based on the factors mentioned in</p>	<p>Due to substantive evidence regarding recovery of the amount, the management has not considered necessary to record the diminution in value of investment in preference shares of M/s ITI Ltd.</p>

<p>the said note believes that the diminution in the value of Investments is temporary in nature and hence no provision in respect of aforementioned amount has been made in the accompanying Ind AS financial statements. Our opinion is not qualified on respect of this matter.</p>	
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For and on behalf of the Board of Directors

Sd/-

(Anupam Shrivastava)
Chairman & Managing Director
BHARAT SANCHAR NIGAM LIMITED

Place : New Delhi

Date: 01.12.2017



No. Rep-PSU A/cs / F-147/BSNL/2016-17/Vol.III/715

**OFFICE OF THE
DIRECTOR GENERAL OF AUDIT, POST & TELECOMMUNICATIONS,
SHAM NATH MARG, (NEAR OLD SECRETARIAT), DELHI-110054**

Dated the 18.12.2017

To

**The Chairman and Managing Director,
Bharat Sanchar Nigam Limited,
Delhi.**

Subject:- Comments of the Comptroller & Auditor General of India under Section 143(6) (b) of the Companies Act 2013 on the accounts of BSNL for the year 31st March, 2017

Sir,

I am to forward herewith the comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act 2013 on the annual accounts of BSNL for the year ended 31st March 2017 for information and further necessary action.

Kindly acknowledge receipt.

Yours faithfully,

Sd/-
(P.K.TIWARI)
Director General of Audit (P & T)

Encl: As above

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF M/s. BHARAT SANCHAR NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2017

The preparation of financial statements of M/s Bharat Sanchar Nigam Limited, New Delhi for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory/Branch auditor/auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is/are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 12 October 2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of M/s Bharat Sanchar Nigam Limited, New Delhi for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Balance sheet

Assets

1. Property Plant and Equipment- ₹ 1,00,156.96 crore

The above includes ₹ 70788.59 crore being the value of freehold land. The book value of freehold as on 1 April 2015 (Date of transition to IND AS) was ₹ 911.94 crore. As disclosed in Note No. 51 A (a) (i), the Company elected to selectively fair value its freehold land. Accordingly, land with book value of ₹ 660.40 crore out of ₹ 911.94 crore as on 1 April 2015 was selected for revaluation and fair value measurement of this land as on that date was arrived at as ₹ 70524.89 crore. Audit analysed the land selected for revaluation and observed that in respect of land valued ₹ 513.71 crore out of land valued ₹ 660.40 crore selected for revaluation, the Company was not having title/documents or there were restrictions on sale/use. The Company disclosed in Note No. 54 (c) that in considering the level of disaggregation of the selective freehold land, the Management had taken into account the nature, characteristics and risks attached to the selective freehold land. It was further stated in Note 54 (e) that Market Method i.e. Guideline rate (similar piece of land rate) was considered for fair value measurement. Audit contends that adoption of market rate for land in respect of which either there was no title/documents or there were restrictions on sale/use was not in order as fair value had no relevance in such cases considering the fact that they were not marketable. Adoption of fair value for such land



resulted in overstatement of Property, Plant and Equipments as well as Retained Earnings by ₹ 42,769.43 crore (based on the fair value rates adopted by the Company). Further, as qualified by the Statutory Auditors in Para 10 of their Report to Shareholders, the correctness of rate adopted was not ascertainable due to non-furnishing of information, adoption of rate different from the one furnished by the certified valuer and different methods adopted by different valuers which were not consistent with IND AS guidelines.

B. Statement of profit and loss for the year

Income

Interest Income on Deposits with Banks (Note 31) - ₹ 97.13 crore

The Company was not having any spare funds. As per Schedule 24, an amount of ₹ 1028.42 crore was shown under Deferred Government Grants as on 31 March 2017 and it was stated that during the financial year 2016-17, the Company received grants related to LWE project for construction of property, plant and equipment. Thus, interest earned on deposit of grants should have been credited to grant account only. Accounting the same as income has resulted in overstatement of income, understatement of liabilities as well as loss for the year by ₹ 97.13 crore.

Expenses

Employees benefit expenses (Note 32) – ₹ 15,715.45 crore

The above head is understated by ₹ 594.53 crore due to charging of pension contribution of absorbed employees on the basis of actually drawn pay instead of on maximum pay. This also resulted in understatement of provision as well as accumulated loss by the same amount.

C. Notes forming part of financial statements

An amount of ₹ 34.73 crore being Customer Acquisition Form (CAF) being the penalty imposed by Telecom Enforcement, Resource and Monitoring (TERM) Cell of Department of Telecommunications(DoT) on Bihar Circle of the Company was neither disclosed as firm liability nor included in contingent liability.

Sd/-

P.K. TIWARI

Director General of Audit (P & T)

Place: Delhi

Date: 18.12.2017

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF M/s. BHARAT SANCHAR NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2017 AND REPLY THEREON BY BSNL MANAGEMENT

<p>A.1</p>	<p>Assets</p> <p>Property Plant and Equipment- Rs. 1,00,156.96 crore</p> <p>The above includes Rs. 70788.59 crore being the value of freehold land. The book value of freehold as on 1 April 2015 (Date of transition to IND AS) was Rs. 911.94 crore. As disclosed in Note No. 51 A (a) (i), the Company elected to selectively fair value its freehold land. Accordingly, land with book value of Rs.660.40 crore out of Rs. 911.94 crore as on 1 April 2015 was selected for revaluation and fair value measurement of this land as on that date was arrived at as Rs.70524.89 crore. Audit analysed the land selected for revaluation and observed that in respect of land valued Rs.513.71 crore out of land valued Rs.660.40 crore selected for revaluation, the Company was not having title/documents or there were restrictions on sale/use. The Company disclosed in Note No. 54 (c) that in considering the level of disaggregation of the selective freehold land, the Management had taken into account the nature, characteristics and risks attached to the selective freehold land. It was further stated in Note 54 (e) that Market Method i.e. Guideline rate (similar piece of land rate) was considered for fair value measurement.</p>	<p>Technical guidance</p> <p>‘Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards’ defines as asset as:</p> <p>Para 49</p> <p>Resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.</p> <p>Para 51</p> <p>In assessing whether an item meets the definition of an asset, liability or equity, attention needs to be given to its underlying substance and economic reality and not merely its legal form.</p> <p>Para 16</p> <p>The financial position of an entity is affected by the economic resources it controls, its financial structure, its liquidity and solvency, and its capacity to adapt to changes in the environment in which it operates. Information about the economic resources controlled by the entity and its capacity in the past to modify these resources is useful in predicting the ability of the entity to generate cash and cash equivalents in the future.</p> <p>Para 53</p> <p>The future economic benefit embodied in an asset is the potential to contribute, directly</p>
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<p>Audit contends that adoption of market rate for land in respect of which either there was no title/documents or there were restrictions on sale/use was not in order as fair value had no relevance in such cases considering the fact that they were not marketable. Adoption of fair value for such land resulted in overstatement of Property, Plant and Equipments as well as Retained Earnings by Rs.42,769.43 crore (based on the fair value rates adopted by the Company). Further, as qualified by the Statutory Auditors in Para 10 of their Report to Shareholders, the correctness of rate adopted was not ascertainable due to non-furnishing of information, adoption of rate different from the one furnished by the certified valuer and different methods adopted by different valuers which were not consistent with IND AS guidelines.</p>	<p>or indirectly, to the flow of cash and cash equivalents to the entity. The potential may be a productive one that is part of the operating activities of the entity. It may also take the form of convertibility into cash or cash equivalents or a capability to reduce cash outflows, such as when an alternative manufacturing process lowers the costs of production.</p> <p>Definition of control:</p> <p>An entity controls an asset if the entity has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits. The capacity of an entity to control the future economic benefits from an asset would normally stem from legal rights that are enforceable in a court of law. In the absence of legal rights, it is more difficult to demonstrate control. However, legal enforceability of a right is not a necessary condition for control because an entity may be able to control the future economic benefits in some other way.</p> <p>All the freehold land parcels fair valued, have already been transferred to the Company w.e.f. 1 October 2000 along with all liabilities thereon through a Gazette notification dated 23 January 2001 published in the Gazette of India, Part-I, dated 17 March 2001. Accordingly, all assets and liabilities have been taken into records of Company. The fair valuation has been done only for those freehold land parcels which are already in the book of accounts of the Company as asset as at transition date i.e. 1 April 2015. Accounts of the Company have been audited year after year since its formation. If there was no objection to taking all these assets into the</p>

	<p>books of account at respective book values, there can be no objection if book values of some land parcels are replaced by fair values in accordance with Ind AS. The mutation of various land parcels was started only in March-2012 since then status of mutation has been varying day after day. Mutation entails submission of application in prescribed form along with necessary documents to local revenue authority and final mutation takes a long time. Non-mutation or non-availability of title deed or restriction on sale or use of land does not mean that Company is not the owner of the land parcels nor does it put any bar on fair valuation of such land parcels.</p> <p>Freehold land recorded in Company's fixed asset register meet the definition of asset for the Company, since the land was transferred by DOT to the Company for consideration. This is clear from the letter issued by the Government of India transferring the land to the Company. The transfer of land has been audited by the statutory auditors in the past and has been disclosed in the audited financial statements as well.</p> <p>Further, the Company also physically controls the land as is evident from the fact that the land is used by the Company for its own business. The economic benefits from the usage of the land also flow to the Company since the land is being used in its business. Accordingly, the freehold land is Company's asset. This is further asserted by the fact that historically this land has been shown as Company's asset in audited financial statements.</p> <p>However, the administrative process of transferring the title deeds of these land parcels is not yet completes (non-mutated</p>
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	<p>land or land with no title deed) because of administrative reasons. This, however, does not impact the aspects of physical control being with the Company, land being used for the Company's business purposes and economic benefits from the ownership flowing to the Company and the process of transferring the land is only administrative.</p> <p>Considering the fact that, in substance, the land parcels are Company owned assets as demonstrated by:</p> <ul style="list-style-type: none">- the transfer of the land by the Government to Company for consideration;- land parcels being used by Company in its business;- physical control of the land being with Company;- economic benefits from the usage of land flowing to and controlled by Company; and- the transfer of title deeds is only administrative in nature and is not complete only for administrative reasons,- Gazette Notification no. 2-31/2000 and terms of MOU dated 30 September 2000. <p>the land owned by the Company should be considered like any other asset owned by Company and accordingly, the non-mutated land, land with no title deed and land which have restriction on sale or its use are fair valued. Further, the fair valuer's have considered these facts while arriving at the fair valuation of these land parcels. Accordingly, the Company has given the fair valuation disclosure in note no. 54- fair valuation of freehold land to the financial statements for the year ended 31 March 2017 categorising the land parcels into various risk categories.</p>
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		<p>As such there is no merit in the contention that valuation of said land parcels has resulted into over valuation by Rs.42,769.43 Cr.</p> <p>In relation to the query related to “adoption of rate different from the one furnished by the certified valuer”, only one circle branch auditor has raised the concern for adoption of the rate/ value different from the one furnished by the certified valuer. Further, the amount of the difference is immaterial.</p> <p>In relation to the query related to “different methods adopted by different valuers which were not consistent with Ind AS guidelines”, the various fair valuation techniques are given in Appendix B to the Ind AS 113 “Fair value measurement”.</p> <p>Accordingly, the Certified valuers have used different techniques / approaches, appropriate to value such freehold land on case to case basis as permitted in Ind AS 113.</p>
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B. Statement of Profit and loss for the Year

B.1	<p>Income</p> <p>Interest Income on Deposits with Banks (Note 31) - Rs.97.13 crore</p> <p>The Company was not having any spare funds. As per Schedule 24, an amount of Rs.1028.42 crore was shown under Deferred Government Grants as on 31 March 2017 and it was stated that during the financial year 2016-17, the Company received grants related to LWE project for construction of property, plant and equipment. Thus, interest earned on on deposit of grants should have been</p>	<p><i>Definition of Government Grant as per Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance:</i></p> <p><i>“Government Grants are Assistance by Government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of Government Assistance which cannot reasonably have a value placed upon them and transactions with Government which cannot be distinguished from the normal trading transactions of the entity.”</i></p>
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	<p>credited to grant account only. Accounting the same as income has resulted in overstatement of income, understatement of liabilities as well as loss for the year by Rs.97.13 crore.</p>	<p>As per the terms and conditions of the Grant Agreement, the principal amount was considered as the Grant amount. The Company did not, therefore, maintain separate Bank Account for such grant. Besides the advances against the grant were also received in instalments against the milestone achieved over the period of time . The interest income earned of Rs. 97.13 crore includes interest earned on cash flows generated from all the operating activities of the Company.</p> <p>Further, DOT has not paid any interest on delayed payments to the Company and the same has not been accrued.</p>
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C. Income/ Expenses

<p>C.1</p>	<p>Employees benefit expenses (Note 32) – Rs.15,715.45 crore</p> <p>The above head is understated by Rs.594.53 crore due to charging of pension contribution of absorbed employees on the basis of actually drawn pay instead of on maximum pay. This also resulted in understatement of provision as well as accumulated loss by the same amount.</p>	<p>The absorbed employees of the Company are paid pension under Rule 37A of CCS Pension Rules for whom pension contribution is payable as per the rates prescribed in FR. As per FR 116 the rate of pension contribution shall be such as the President may by General Order prescribe. Accordingly vide office memorandum dated 19/11/2009 issued by DOP&T, pension contribution shall be based on the existing basic pay of the post held by a Govt. Servant (Company’s employee are also Govt. Servant for the purpose of pension under Rule 37A) at the time of proceeding on foreign service or the upgraded pay during financial up gradation.</p> <p>As such the interpretation given by the administrative ministry does not conform to the statutory provisions. Hence, the case was taken up once again with the DoT. The Secretary Telecom vide minutes dated 19 April 2012 permitted the Company Management to remit pension contribution on the maximum</p>
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		<p>of the scale only for those employee who are due to retire within six months and for all others on actual basis.</p> <p>In this context, it is also mentioned that the stand of Company is confirmed by DOPT in its letter no. 6/1/2014-Estt. (Pay-II) dated 24 April 2014.</p> <p>The matter is under regular pursuance with DoT and Management has once again decided to pay the pension contribution on maximum of the pay scale from 1 October 2014 onwards to avoid hardship faced by the Company retirees on getting pension.</p> <p>However, the difference between Pension Contribution on Maximum of pay scale and pension contribution paid on actual pay is shown as contingent liability.</p>
D. Notes forming part of financial statements		
D.1	<p>An amount of Rs.34.73 crore being Customer Acquisition Form (CAF) being the penalty imposed by Telecom Enforcement, Resource and Monitoring (TERM) Cell of Department of Telecommunications (DoT) on Bihar Circle of the Company was neither disclosed as firm liability nor included in contingent liability.</p>	<p><i>As per Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets</i></p> <p>Para 14</p> <p><i>A provision shall be recognised when:</i></p> <p><i>(a) an entity has a present obligation (legal or constructive) as a result of a past event;</i></p> <p><i>(b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and</i></p> <p><i>(c) a reliable estimate can be made of the amount of the obligation.</i></p> <p><i>If these conditions are not met, no provision shall be recognised.</i></p> <p>Para 28</p> <p><i>A contingent liability is disclosed, as required by paragraph 86, unless the possibility of an outflow of resources embodying economic benefits is remote.</i></p>



		<p>Para 86</p> <p><i>Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable:</i></p> <p><i>(a) an estimate of its financial effect, measured under paragraphs 36–52;</i></p> <p><i>(b) an indication of the uncertainties relating to the amount or timing of any outflow; and</i></p> <p><i>(c) the possibility of any reimbursement.</i></p> <p><i>The Company's regulation cell is in process of getting this penalty waived off as the penalty imposed by TERM Cell is under dispute upon some of the items. The Company believes that this is unjustified penalty and the probability of an outflow of resources embodying economic benefits is very remote.</i></p> <p><i>Accordingly, the Company has not made any provision and/or disclosed any contingent liability for Rs. 34.73 crore due to remote probability.</i></p> <p style="text-align: right;">Sd/- (P.K.TIWARI) D.G. OF AUDIT(P&T)</p> <p style="text-align: right;">Sd/- (ANUPAM SHRIVASTAVA) CMD, BSNL</p> <p style="text-align: center;">Date : 18.12.2017</p> <p style="text-align: right;">Date : 21.12.2017</p>
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BHARAT SANCHAR NIGAM LIMITED

(A Govt. of India Enterprise)

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