BHARAT SANCHAR NIGAM LIMITED

Statement of profit and loss

(All amounts in ₹ lacs, unless otherwise stated)

Particulars	Note	For the year ended 31st March 2017	For the year ended 31st 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 31st March 2017	For the year ended 31st 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 31st March 2017	For the year ended 31st 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 31st March 2016	19	-
Balance as at 31st March 2016		5,00,000
Changes in equity share capital during the year ended 31st March 2017	19	-
Balance as at 31st 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 1st 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 31st March 2016	40,21,118	2,90,075	2,00,000	51,36,517	98,318	97,46,028
Balance as at 1st 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 31st 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

Sd/-
Sujata Ray
Director (Finance)
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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.

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

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;

- 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 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 .

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.

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.

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.

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 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 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 assets

Recognition 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.

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 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 (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 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 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 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 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 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.

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 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 used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that 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.

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.

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 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	4,202	12,902	13,128
Buildings	7,98,247	3,750	841	8,01,156	3,87,185	35,714	14,578	4,08,321	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	53,93,112	12,83,060	12,63,109
Motor vehicle and launches	12,436	2,670	2,839	12,267	11,546	1,466	2,055	10,957	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	57,05,297	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	4,50,505	48,938	49,491
Towers and satellites	6,37,364	43,076	3,317	6,77,123	4,36,811	34,784	(3,509)	4,75,104	2,02,019	2,00,553
Office machinery and equipment	18,395	373	430	18,338	17,251	2,772	2,917	17,106	1,232	1,144
Electrical fittings	5,18,066	19,230	5,940	5,31,356	4,27,826	25,886	3,080	4,50,632	80,724	90,240
Furniture and fixtures	23,801	217	199	23,819	21,664	452	137	21,979	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	1,37,328	8,958	8,938
Computer-servers and networks	43,865	2,075	(57)	45,997	38,862	2,057	58	40,861	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**	**1,31,15,404**	**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)

Particulars	Gross block							Accumulated depreciation							Net block	
	As at 1 April 2015	Ind AS adjustments as at 1 April 2015	Adjsuted gross block as at 1 April 2015	Additions	Disposals/ adjustments	Ind AS adjustments during the year	As at 31 March 2016	As at 1 April 2015	Ind AS adjustments as at 1 April 2015	Adjsuted accumulated depreciation as at 1 April 2015	Additions	Disposals/ adjustments	Ind AS adjustments during the year	As at 31 March 2016	As at 31 March 2016	As at 1 April 2015
Free hold land	91,194	69,86,450	70,77,644	959	266	325	70,78,662	-	-	-	-	-	-	-	70,78,662	70,77,644
Lease hold land	18,144	-	18,144	16	684	(325)	17,151	4,263	-	4,263	(90)	-	(150)	4,023	13,128	13,881
Buildings	7,92,194	3,385	7,95,579	6,845	4,319	142	7,98,247	3,62,340	130	3,62,470	22,772	35	1,978	3,87,185	4,11,062	4,33,109
Apparatus and plants	63,96,299	(17,554)	63,78,745	2,02,698	1,02,396	(19,880)	64,59,167	49,10,277	2,578	49,12,855	3,65,652	81,899	(550)	51,96,058	12,63,109	14,65,890
Motor vehicle and launches	12,684	-	12,684	324	572	-	12,436	11,859	-	11,859	168	481	-	11,546	890	825
"Cables and lines and wires-telecom ducts, cables and optical fibre"	64,88,820	(67)	64,88,753	52,681	30,787	(569)	65,10,078	54,14,735	4,304	54,19,039	1,72,777	19,770	(434)	55,71,612	9,38,466	10,69,714
"General plant and machinery- other than continuous process plant "	5,13,573	-	5,13,573	6,833	7,631	(154)	5,12,621	4,63,235	-	4,63,235	7,143	7,323	75	4,63,130	49,491	50,338
Towers and satellites	6,09,776	(220)	6,09,556	16,931	1,164	12,041	6,37,364	3,89,177	4,589	3,93,766	37,181	235	6,099	4,36,811	2,00,553	2,15,790
Office machinery and equipment	18,684	-	18,684	163	452	-	18,395	17,330	-	17,330	342	421	-	17,251	1,144	1,354
Electrical fittings	5,08,324	-	5,08,324	14,137	4,026	(369)	5,18,066	3,93,789	-	3,93,789	37,774	3,767	30	4,27,826	90,240	1,14,535
Furniture and fixtures	23,606	-	23,606	300	105	-	23,801	20,899	-	20,899	795	30	-	21,664	2,137	2,707
Computer-end user devices	1,45,907	-	1,45,907	5,306	2,685	(6)	1,48,522	1,37,284	-	1,37,284	4,870	2,572	2	1,39,584	8,938	8,623
Computer-servers and networks	43,312	-	43,312	1,070	517	-	43,865	35,823	-	35,823	2,929	(110)	-	38,862	5,003	7,489
Decommissioned assets	95,279	-	95,279	48,659	48,437	-	95,501	-	-		-	-	-	-	**95,501**	**95,279**
Total	**1,57, 57,796**	**69,71,994**	**2,27,29,790**	**3,56,922**	**2,04,041**	**(8,795)**	**2,28,73,876**	**1,21,61,011**	**11,601**	**1,21,72,612**	**6,52,313**	**1,16,423**	**7,050**	**1,27,15,552**	1,01,58,324	1,05,57,178
Less : Provision for decommissioned assets															76,582	74,469
															1,00,81,742	1,04,82,709

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:

a) In some cases, the title deeds of land purchased/acquired on leasehold/freehold from various authorities, are in the process of being executed.

b) Leasehold land disclosed is based on the identification by thirty four circles (31 March 2016 thirty six circles, 1 April 2015 thirty one circles).

c) 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).

d) 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.

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

(All amounts in Rs. lacs, unless otherwise stated)

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 2017	As at 31 March 2016
Intangible assets										
Entry license fees	8,46,261	-	-	8,46,261	59,016	59,062	-	1,18,078	7,28,183	7,87,245
Computer softwares	24,343	12,453	815	35,981	4,942	4,218	-	9,160	26,821	19,401
Total	**8,70,604**	**12,453**	**815**	**8,82,242**	**63,958**	**63,280**	**-**	**1,27,238**	**7,55,004**	**8,06,646**

	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 31 March 2016	As at 1 April 2015
Intangible assets										
Entry license fees	8,46,261	-	-	846,261	-	59,016	-	59,016	7,87,245	8,46,261
Computer softwares	16,922	7,531	110	24,343	-	4,942	-	4,942	19,401	16,922
Total	**8,63,183**	**7,531**	**110**	**8,70,604**	**-**	**63,958**	**-**	**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.

Bharat Sanchar Nigam Limited
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(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 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
	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	20,000	20,000	20,000
(A Government of India owned Company) [refer note below]			
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 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 31 March 2017	As at 31 March 2016	As at 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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Notes to the financial statements for the year ended 31st March 2017

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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.

Bharat Sanchar Nigam Limited
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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(All amounts in ₹ lacs, unless otherwise stated)

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 yea	-	-
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

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

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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.

(All amounts in ₹ lacs, unless otherwise stated)

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 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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(All amounts in ₹ lacs, unless otherwise stated)

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:

1 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.

2 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

1: The entire amount has been repaid in the previous years.

2: 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.

3 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

1. License and spectrum fee for the year ended 31 March 2017 is INR 231,086 lakh (31 March 2016 INR 228,538 lakh).

2. 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%	-

(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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	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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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**

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

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

(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.

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 continuining 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.

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,

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

"Other recoverable from DoT, after netting off the claim payables to them, INR 182,736 lakh (31 March 2016 INR 266,571 lakh, 1 April 2015 INR 617,499 lakh), included in other non-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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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)

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

(All amounts in ₹ lacs, unless otherwise stated)

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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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 Applellate 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

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 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**

(All amounts in ₹ lacs, unless otherwise stated)

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**
		(479,321)		(485,916)
Profit/ (loss) before tax	30.90%	(148,110)	30.90%	(150,148)
Effective tax rate *	0%		0%	

* 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

(All amounts in ₹ lacs, unless otherwise stated)

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	284,533	(207,049)	(233,749)	(284,533)
	1,226,510	**1,161,950**	**1,018,634**	**207,049**	**233,749**	**284,533**	**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

(All amounts in ₹ lacs, unless otherwise stated)

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
A	**3,296,551**	**(116,667)**	**580,470**	**3,760,356**	**(68,820)**	**277,752**	**3,969,286**
Deferred tax liabilities							
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 Gross amount	As at 31 March 2017 Unrecognised tax effect	As at 31 March 2016 Gross amount	As at 31 March 2016 Unrecognised tax effect	As at 1 April 2015 Gross amount	As at 1 April 2015 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).

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 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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	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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	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	28,438	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	8,28,914	1,043	829,957
(iii) Other financial liabilities	12	6,52,894	87,950	7,40,843
Other current liabilities		3,67,390	-	3,67,390
Provisions	5	60,486	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	31,37,194	69,44,548	1,00,81,742
Capital work-in-progress	12	3,06,828	3,60,219	6,67,047
Intangible assets		8,06,645	0	8,06,646
Financial assets -				
(i) Investments		-	-	-

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

(All amounts in ₹ lacs, unless otherwise stated)

(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:

		For the year ended 31 March 2016		
	Note	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**

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

(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 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
i) 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, 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

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 comparitive 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 transition adjustments. Refer reconciliation of total equity as at 31 March 2016 and 1 April 2015 as given above for details.

(All amounts in ₹ lacs, unless otherwise stated)

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	908,947	-	-	-
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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(All amounts in ₹ lacs, unless otherwise stated)

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

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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**

* 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.

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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**

Bharat Sanchar Nigam Limited
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	-	-	-	685,060
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 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.

(All amounts in ₹ lacs, unless otherwise stated)

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**

(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.

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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.

(All amounts in ₹ lacs, unless otherwise stated)

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 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

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	- 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	- 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:

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

(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