

BHARAT SANCHAR NIGAM LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008.

	SCHEDULE	For the Year ended 31st March 2008 (Rs. in Lakh)	For the Year ended 31st March 2007 (Rs. in Lakh)
INCOME			
Income from Services	N	3,235,953	3,461,621
Other Income	O	569,387	509,890
		3,805,340	3,971,511
EXPENDITURE			
Employees' Remuneration and Benefits	P	880,891	730,897
Licence fee and Spectrum fee (Refer Note 13 on Schedule U)		315,213	331,169
Administrative, Operating and Other Expenses	Q	1,111,675	1,091,628
Financial Expenses	R	86,254	77,941
Depreciation	D	969,610	914,931
		3,363,643	3,146,566
Profit before Prior period items		441,697	824,945
Prior period items (Net)	S	3,458	-9,564
Profit before taxation		445,155	815,381
Current Tax		136,094	96,229
MAT Credit		-2,171	-19,470
Deferred Tax		6,448	-45,795
Fringe Benefit Tax		3,700	3,700
Wealth Tax		145	130
Profit for the year after taxation		300,939	780,587
Appropriation :			
Interim Dividends on Equity Share Capital		30,000	50,000
Proposed Dividends:			
- On Equity Share Capital		52,500	-
- On Preference Share Capital		67,500	67,500
Tax on Dividends		25,493	18,484
Transfer to General Reserve		60,188	156,117
Surplus carried to Balance Sheet		65,258	488,486
		300,939	780,587
Earnings Per Share (In Rs.)			
Basic earnings per equity share (Refer Note 18 on Schedule U)		4.44	14.03

Accounting Policies

T

Notes to Accounts

U

The Schedules referred to above, form an integral part of the Profit and Loss Account.

As per our report of even date
For **Thakur, Vaidyanath Aiyar & Co.**
Chartered Accountants

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

M.P.Thakur
Partner
M. No: 52473

Kuldeep Goyal
(Chairman and Managing Director)

S.D.Saxena
Director (Finance)

P.K.Purwar
Deputy Director General (Corporate Accounts)

Place : New Delhi
Date : 25th July, 2008

H.C.Pant
Company Secretary and General Manager (Legal)

BHARAT SANCHAR NIGAM LIMITED
BALANCE SHEET AS AT 31ST MARCH 2008.

	SCHEDULE	As at 31st March 2008 (Rs. in Lakh)	As at 31st March 2007 (Rs. in Lakh)
SOURCES OF FUNDS			
Shareholder's Funds			
Capital	A	1,250,000	1,250,000
Reserves and Surplus	B	7,562,825	7,444,802
Loan Funds			
Unsecured Loans	C	338,887	554,366
Deferred Tax Liability-Net (Refer Note 19.1 on Schedule U)		131,053	124,605
Total		<u>9,282,765</u>	<u>9,373,773</u>
APPLICATIONS OF FUNDS			
Fixed Assets			
Gross Block	D	12,457,823	11,864,901
Less: Depreciation		<u>6,987,974</u>	<u>6,071,511</u>
Net Block		5,469,849	5,793,390
Capital Work-in-Progress	E	266,562	256,860
Decommissioned Assets	F	<u>389</u>	<u>6,444</u>
		5,736,800	6,056,694
Investments	G	20,000	20,000
Current Assets, Loans and Advances			
Inventories	H	322,006	242,847
Sundry Debtors	I	546,551	558,066
Cash and Bank Balances	J	4,055,158	3,745,296
Other Current Asset - Accrued interest		137,687	114,148
Loans and Advances	K	<u>744,441</u>	<u>714,431</u>
		5,805,843	5,374,788
Less : Current Liabilities and Provisions			
Current Liabilities	L	1,739,788	1,667,919
Provisions	M	<u>606,321</u>	<u>514,858</u>
		2,346,109	2,182,777
Net Current Assets		3,459,734	3,192,011
Inter/Intra Circle Remittance (Refer Note 14 on Schedule U)		<u>66,231</u>	<u>105,068</u>
Total		<u>9,282,765</u>	<u>9,373,773</u>
Accounting Policies	T		
Notes to Accounts	U		

The Schedules referred to above, form an integral part of the Balance Sheet.

As per our report of even date
For **Thakur, Vaidyanath Aiyar & Co.**
Chartered Accountants

M.P.Thakur
Partner
M. No: 52473

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

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Place : New Delhi
Date : 25th July, 2008

H.C.Pant
Company Secretary and General Manager (Legal)

BHARAT SANCHAR NIGAM LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 st March 2008 (Rs. in Lakh)	As at 31 st March 2007 (Rs. in Lakh)
SCHEDULE A : CAPITAL (Refer Note 2.2 on Schedule U)		
Authorised		
10,000,000,000 (P. Y.: 10,000,000,000) Equity Shares of Rs. 10/- each	1,000,000	1,000,000
7,500,000,000 (P.Y.: 7,500,000,000) Preference Shares of Rs. 10/- each	750,000	750,000
	1,750,000	1,750,000
Issued, Subscribed and Paid Up		
5,000,000,000 (P. Y. : 5,000,000,000) Equity Shares of Rs 10/- each fully paid up	500,000	500,000
7,500,000,000 (P. Y. : 7,500,000,000) 9% Non- Cumulative Preference Shares of Rs 10/- each fully paid up	750,000	750,000
	1,250,000	1,250,000
Notes: Out of the above Equity shares 4,999,998,400 Equity shares of Rs. 10/- each (P.Y. : 4,999,998,400) and 7,500,000,000 Preference Shares of Rs. 10/- each P.Y. : 7,500,000,000) were allotted as fully paid up for consideration other than cash		
	As at 31 st March 2008 (Rs. in Lakh)	As at 31 st March 2007 (Rs. in Lakh)
SCHEDULE B : RESERVES AND SURPLUS		
Capital Reserves		
As per last Balance Sheet	4,046,428	
Add: Assets recognised	71	
Less: Liabilities identified & transferred to liabilities (Refer Note 2.2 on Schedule U)	<u>5,981</u>	4,046,428
General Reserves		
As per last Balance Sheet	404,595	
less: Utilised for Staff Gratuity Provision for earlier periods	1,513	
Add: Carried from P&L Account	<u>60,188</u>	404,595
Contingency Reserves	200,000	200,000
Surplus:		
Profit and Loss Account		
As per last Balance Sheet	2,793,779	
Add: Carried from P&L account	<u>65,258</u>	2,793,779
Total	7,562,825	7,444,802

BHARAT SANCHAR NIGAM LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31st March 2008 (Rs. in Lakh)	As at 31st March 2007 (Rs. in Lakh)
SCHEDULE C : UNSECURED LOANS		
Loan from Govt. of India (Non refundable & non interest bearing)	72,000	72,000
15 Year Government of India Loan (Refer Note 3 on Schedule U)	-	300,000
Interest accrued and due on the above Govt. loan (Refer Note 3 on Schedule U)	266,830	182,309
Deferred Payment Liabilities	57	57
Total	338,887	554,366

Note :

1. Deferred payment liabilities represent arrangement mainly with cable suppliers with interest ranging from 12% to 15% p.a. payable over a period of 5 to 7 years.
2. Amount of deferred payment liability was due for payment in earlier years, however, since the party has filed a civil suit in the court, neither interest has been provided for, nor payment has been made.

BHARAT SANCHAR NIGAM LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31st March 2008 (Rs. in Lakh)	As at 31st March 2007 (Rs. in Lakh)
SCHEDULE E: CAPITAL WORK-IN-PROGRESS (Refer Note 2.1 & 5 on Schedule U)		
Land	101	1
Buildings	16,465	20,336
Apparatus and Plants	86,454	89,162
Cables	99,541	106,361
Subscriber Installations	4,581	3,988
Lines and Wires	1,725	2,583
Electrical Fittings and Appliances	15,024	16,315
Computers	16,340	270
Masts and Aerials	27,701	20,170
Installation Test Equipments	828	489
Office Machinery and Equipments	73	156
Furniture and fittings	57	90
Motor Vehicle and Launches	-	10
Overheads awaiting allocation on the above components	966	1,175
	269,856	261,106
Less: Provision for Impairment in pending projects etc.	3,294	4,246
Total	266,562	256,860

	As at 31st March 2008 (Rs. in Lakh)	As at 31st March 2007 (Rs. in Lakh)
SCHEDULE F: DECOMMISSIONED ASSETS		
Decommissioned Assets	52,681	36,089
Less : Provision for diminution in the value of decommissioned assets	52,292	29,645
Total	389	6,444

	As at 31st March 2008 (Rs. in Lakh)	As at 31st March 2007 (Rs. in Lakh)
SCHEDULE G : INVESTMENTS (At cost)		
(Long Term , Unquoted, Non-trade)		
20,000,000 (P. Y. 20,000,000) 7% Redeemable Cumulative Preference Shares of Rs. 100/- each Fully Paid in ITI Limited (A Government of India owned company).	20,000	20,000
Total	20,000	20,000

BHARAT SANCHAR NIGAM LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31st March 2008 (Rs. in Lakh)	As at 31st March 2007 (Rs. in Lakh)
SCHEDULE H : INVENTORIES		
(Refer item 7 of Schedule T and Note 6 on Schedule U)		
Building materials	344	466
Lines and Wires	14,696	16,354
Cables	132,359	106,839
Apparatus and Plants	120,566	83,342
Telephone and Telex Instruments	19,257	19,268
Telegraph and Telex Spares	150	149
Broad Band Equipments	10,218	1,168
Satellite Based Broadband Equipments	414	227
Raw material (at Factory)	12,572	11,108
Finished goods (at Factory)	952	1,078
Finished Stock (at various Circles)	15,348	15,932
Stores	20,189	13,016
Excess/(Short) in Inventory Account	150	2,186
	<hr/>	<hr/>
	347,215	271,133
Less: Provision for obsolete inventory/short inventory	25,209	28,286
	<hr/>	<hr/>
Total	322,006	242,847
	<hr/>	<hr/>
	As at 31st March 2008 (Rs. in Lakh)	As at 31st March 2007 (Rs. in Lakh)
SCHEDULE I : SUNDRY DEBTORS		
(Refer Note 7 on Schedule U)		
Debtors	762,157	767,664
Less: Provision for Doubtful debts (Refer accounting policy 2 (a) of Schedule T)	427,771	447,033
	<hr/>	<hr/>
	334,386	320,631
Accrued Revenue (Bills not raised)	212,165	237,435
	<hr/>	<hr/>
Total	546,551	558,066
	<hr/>	<hr/>
	As at 31st March 2008 (Rs. in Lakh)	As at 31st March 2007 (Rs. in Lakh)
SCHEDULE J : CASH AND BANK BALANCES		
(Refer Note 10 on Schedule U)		
Cash and Cheques in hand	2,569	2,704
Balances with Scheduled banks		
- Current Account	147,508	147,251
- Deposit Account	3,905,081	3,595,341
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Total	4,055,158	3,745,296
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BHARAT SANCHAR NIGAM LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31st March 2008 (Rs. in Lakh)	As at 31st March 2007 (Rs. in Lakh)
SCHEDULE : K - LOANS AND ADVANCES		
(Refer Note 8 on Schedule U)		
Unsecured, considered good unless otherwise stated)		
Advances recoverable in Cash or in kind or for value to be received	135,497	196,971
Capital Advance	26,079	33,584
Amount recoverable from DoT on Current Account	96,946	95,954
Claims recoverable from other Government departments	8,339	10,649
Claims recoverable from other Government companies	247,290	202,268
Claims recoverable from U.S.O. Administrator	36,772	64,920
Claims recoverable from others	9,141	11,924
Claims recoverable towards defence telecom projects (Net of advances)	54,262	8,327
Advance Income Tax	178,779	143,968
(Net of provision for tax Rs. 568331 Lakh (P.Y. Rs. 432,233 lakh)		
Advance Fringe Benefit Tax	3,698	2,655
(Net of provision for FBT Rs. 11500 lakh (P.Y. Rs. 7,800 lakh)		
MAT credit receivable	21,641	19,470
Excise Duty, Cenvat & Service Tax Recoverable	49,243	29,088
Sales Tax Recoverable	7,887	6,164
	875,574	825,942
Less: Provision for doubtful items	131,133	111,511
Total	744,441	714,431

	As at 31st March 2008 (Rs. in Lakh)	As at 31st March 2007 (Rs. in Lakh)
SCHEDULE : L - CURRENT LIABILITIES		
Sundry Creditors	606,327	597,419
(including Rs. 5864 lacs dues to MSME'S) (P.Y. not ascertained)		
(Refer note no. 25 (d) on Schedule U)		
Advances received from Customers and others	32,802	24,176
Deposits from Customers and others	582,676	613,555
Income received in advance against services	48,569	39,027
Claims payable to DoT	37,610	48,521
Claims payable to departments of Govt. of India	19,176	12,469
Claims payable to Government companies	79,094	68,584
Licence Fee, Spectrum charges and Transponder charges payable	4,662	40,644
(Refer Note 13 on Schedule U)		
Excise Duty payable	141	3
Payable for revised wages	121,318	18,930
Salary & Incentive payable to employees	83,679	84,692
Payable to SAARC Countries (Refer Note 12.3 & 12.4 on Schedule U)	251	569
Liabilities for services	63,730	62,649
Liabilities for Construction account	1,128	-
Claims Payable for USO Tower	80	-
Other Provisions for expenses	41,780	37,154
Other liabilities	13,524	16,252
Interest accrued but not due on Deposits	3,241	3,275
Total	1,739,788	1,667,919

BHARAT SANCHAR NIGAM LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31st March 2008 (Rs. in Lakh)	As at 31st March 2007 (Rs. in Lakh)
SCHEDULE : M - PROVISIONS		
Provision for Wealth Tax	415	413
Provision for Tax on Dividend	20,395	11,472
Proposed Dividend	120,000	67,500
Provision for phased out assets	-	10,523
Provision for Leave Encashment	461,007	422,839
Provision for Gratuity liability (Refer Note 11.3 on Schedule U)	4,504	2,111
Total	606,321	514,858

BHARAT SANCHAR NIGAM LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	For the Year ended 31st March 2008 (Rs. in Lakh)	For the Year ended 31st March 2007 (Rs. in Lakh)
SCHEDULE : N - INCOME FROM SERVICES		
Telephones (other than WLL)	1,266,837	1,660,499
Cellular	1,057,889	926,463
Wireless in Local Loop (WLL)	61,796	56,805
Income from Broad Band Services	91,596	51,384
Circuits	75,732	51,268
Value Added Services	53,881	41,364
Installation / Reconnection Charges	40,924	32,812
Surcharge on delayed payments	16,759	19,857
Telegraph & Telex	1,836	1,896
Receipt from other operators	565,562	614,619
Other Services	3,141	4,654
Total	3,235,953	3,461,621

	For the Year ended 31st March 2008 (Rs. in Lakh)	For the Year ended 31st March 2007 (Rs. in Lakh)
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SCHEDULE : O - OTHER INCOME

Reimbursement for VPT & R-DEL from Universal Service Fund	46,721	171,915
Interest		
- On deposits in Banks *	400,428	278,849
- Others	2,895	2,275
Profit on sale of Assets	2,002	800
Liquidated Damages	13,026	17,773
Excess provision written back	80,829	21,676
Rent of Staff Quarters	1,247	1,236
Sale of Scrap	5,405	4,233
Others including sale of Directories, Publications, Forms, Waste Paper etc.	16,177	11,080
Foreign Exchange Fluctuation Gain/(Loss) (Net)	657	53
Total	569,387	509,890

* Includes TDS: Rs. 81445.97 lakh, P.Y. 1,579.62 lakh

BHARAT SANCHAR NIGAM LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	For the Year ended 31st March 2008 (Rs. in Lakh)	For the Year ended 31st March 2007 (Rs. in Lakh)
SCHEDULE : P - EMPLOYEES REMUNERATION AND BENEFITS		
Salaries, Wages, Incentives & Allowances	726,121	638,056
Leave Encashment (including provisions)	55,776	33,023
Pension Contribution (Refer Note 11 on schedule U)	82,115	53,185
Contribution to Employees' Provident Fund and Gratuity (incl. provisions)	7,166	5,471
Leave Salary Contribution	636	227
Medical Expenses	41,683	36,450
Staff Welfare Expenses	2,546	2,993
	<u>916,043</u>	<u>769,405</u>
Less: Allocated to Capital Work-in-Progress/W.I.P.	35,152	38,508
Total	<u>880,891</u>	<u>730,897</u>
	For the Year ended 31st March 2008 (Rs. in Lakh)	For the Year ended 31st March 2007 (Rs. in Lakh)
SCHEDULE : Q - ADMINISTRATIVE, OPERATING AND OTHER EXPENSES		
Rent	24,347	22,402
Rates and Taxes	5,667	5,019
Power and Fuel	160,661	152,250
Insurance	251	264
Repairs and Maintenance		
-Buildings	28,075	26,544
-Plant and Machinery	64,420	65,532
-Cables	37,557	32,352
- Others	4,024	4,838
Professional and Consultancy charges	3,503	3,181
Printing and Stationery	12,311	13,372
Lease Rent	772	538
Commission on Franchise Services	168,216	197,371
Transponder Charges	8,920	7,417
Bank charges	1,078	1,719
Advertisement	2,379	1,947
Travel Expenses	15,307	15,315
Postage & Courier Charges	10,831	12,854
Security Services	28,930	24,351
Vehicle Running Expenses (Including hired vehicles)	19,679	18,707
IUC payable to other service providers	315,589	268,494
W/off & Losses other than Bad debts	42,781	35,340
Bad-Debt Provision other than services	7,708	3,972
Expenditure on Services and other expenses	80,326	63,180
Bad-Debt actually written off	28,145	-
Provision for doubtful debts and disputed bills	47,899	123,904
Loss/(Profit) from Factories (Refer Note 6.2 on Schedule U)	(1,546)	(2,510)
Loss/(Profit) from Construction/Telecom services projects	(81)	(6)
	<u>1,117,749</u>	<u>1,098,347</u>
Less: Allocated to Capital Project Works/W.I.P.	6,074	6,719
Total	<u>1,111,675</u>	<u>1,091,628</u>

BHARAT SANCHAR NIGAM LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	For the Year ended 31st March 2008 (Rs. in Lakh)	For the Year ended 31st March 2007 (Rs. in Lakh)
SCHEDULE : R - FINANCIAL EXPENSES		
Interest on Government Loan	84,521	75,976
Interest on Subscribers Deposit	1,626	1,809
Interest-Others	107	156
Total	86,254	77,941

	For the Year ended 31st March 2008 (Rs. in Lakh)	For the Year ended 31st March 2007 (Rs. in Lakh)
SCHEDULE : S - PRIOR PERIOD ITEMS		
Income		
Income from Services	8,052	10,609
USO Subsidy	8425	0
Excess income booked earlier now reversed	(1,614)	(7,034)
Total	14,863	3,575
Expenditure		
Salaries and Staff Expenses	291	364
Rent, Rates & Taxes	193	184
Power and Fuel	23	23
Interconnect Usage Charges (IUC)	838	(1,137)
Other services	5,098	4,023
Depreciation (Refer note 4 of Schedule D)	5,106	8,288
Interest	175	25
Expenditure booked earlier now reversed		
Repairs	(319)	1,368
Total	11,405	13,139
Net	3,458	(9,564)

BHARAT SANCHAR NIGAM LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE D: FIXED ASSETS

(Refer Note 2.1 and 5 on Schedule U)

(Rs. in lakhs)

Particulars	Gross Block				Depreciation				Closing Balance at 31st March 2008	Closing Balance as at 31st March 2007
	Opening Balance as at 1st April 2007	Additions	Deletions	Closing Balance as at 31st March 2008	Opening Balance as at 1st April 2007	For the year (Refer note 4 & 7)	Deductions/ adjustments	Closing Balance as at 31st March 2008		
		During the year								
TANGIBLES										
Lands	115618	1696	834	116480	908	264	-346	1518	114962	114710
Buildings	662586	29452	1764	690274	159483	27095	101	186477	503797	503103
Apparatus & Plants	4446844	335420	79882	4702382	2242079	355892	38560	2559411	2142971	2204765
Motor Vehicle & Launches	15260	1186	666	15780	11194	1162	534	11822	3958	4066
Cables	5068422	191495	8294	5251623	2902560	346782	1843	3247499	2004124	2165862
Lines & Wires	550394	5163	10412	545145	309481	33539	6100	336920	208225	240913
Subscriber Installations	330451	50686	11898	369239	138010	141365	7747	271628	97611	192441
Installation Test Equipments	34280	5310	1545	38045	16798	2658	606	18850	19195	17482
Masts & Aerials	240608	49695	5316	284987	81478	27166	2114	106530	178457	159130
Office Machinery & Equipments	16958	1487	410	18035	7851	1449	241	9059	8976	9107
Electrical Fittings	252600	34362	611	286351	114576	24136	-85	138797	147554	138024
Furniture & Fixtures	16233	2282	70	18445	8790	1849	29	10610	7835	7443
Computers	97884	8039	2188	103735	75125	10202	1537	83790	19945	22759
INTANGIBLES										
Licence Fees	2500	0	0	2500	521	125	0	646	1854	1979
Softwares	14263	539	0	14802	2657	1760	0	4417	10385	11606
Total	11,864,901	716,812	123,890	12,457,823	6,071,511	975,444	58,981	6,987,974	5,469,849	5,793,390
Previous Year	11,169,203	814,209	118,511	11,864,901	5,150,354	924,113	2,956	6,071,511	5,793,390	6,018,849

Notes:-

1. In some cases, the title deeds of land purchased/acquired on leasehold/freehold from various authorities, are yet to be executed.
2. Land includes leasehold land to the extent identified by twenty five circles (P.Y.nine circles) amounting to Rs.13,619 lakh (P.Y. Rs.2,961 lakh).
3. Additions to the fixed assets include assets identified and taken over/reduced by the company in the current year, relating to DOT as on 01.10.2000 Rs.1,224 Lakh (P.Y. Rs.1,104 lakh)
4. The depreciation during the year includes Rs. 5,106 lakh (P.Y. Rs.8,288 lakh) relating to prior period and the same has been included as prior period adjustment in P&L A/c.
5. Additions in Gross Block include Rs. 41,226 Lakh (P.Y. Rs. 45,227 lakh) of establishment & administrative expenses capitalised.
6. Depreciation during the year includes Rs.NIL (P.Y. Rs. 6,798 lakh) for permanent impairment of Apparatus & Plants Rs.NIL (P.Y. Rs. 5,057 lakh), Subscriber Installations Rs.NIL (P.Y.Rs.1,684 lakh) and Installation Test Equipments Rs. NIL (P.Y.Rs.57 lakh).
7. Depreciation for the year includes Rs. 727 lakh (P.Y. Rs.893 lakh) which has been capitalised.