



**MEMORANDUM
OF
UNDERSTANDING**

Between

Department of Telecommunication

GOVT. OF INDIA

And

Bharat Sanchar Nigam Ltd.

For the Year 2013-14

MEMORANDUM OF UNDERSTANDING

PART-I

VISION / MISSION AND OBJECTIVES

VISION:

- a) Be the leading telecom service provider in India with global presence
- b) Create a customer focused organization with excellence in customer care, sales and marketing
- c) Leverage technology to provide affordable and innovative telecom services / products across customer segments

MISSION:

- a) Be the leading telecom service provider in India with global presence**
 - Generating value for all stakeholders – employees, shareholders, vendors & business associates
 - Maximizing return on existing assets with sustained focus on profitability
 - Becoming the most trusted, preferred and admired telecom brand
 - To explore International markets for Global presence
- b) Creating a customer focused organization with excellence in sales, marketing and customer care**
 - Developing a marketing and sales culture that is responsive to customer needs
 - Excellence in customer service-”friendly, reliable, time bound, convenient and courteous service”
- c) Leveraging technology to provide affordable and innovative products/services across customer segments**
 - Offering differentiated products/services tailored to different service segments
 - Providing reliable telecom services that are value for money
- d) Providing a conducive work environment with strong focus on performance**
 - Attracting talent and keeping them motivated
 - Enhancing employees skills and utilizing them effectively
 - Encouraging and rewarding individual and team/group performance
- e) Establishing efficient business processes enabled by IT**
 - Changing policies and processes to enable transparent, quick and efficient decision making
 - Building effective IT systems and tools

OBJECTIVES:

- To be the Leading Telecom Services provider by achieving higher rate of growth so as to become a profitable enterprise.
- To provide quality and reliable fixed telecom service to our customer and thereby increase customers confidence.
- To provide customer friendly mobile telephone service, with focus on Value added service and data services, of high quality and play a leading role as GSM operator in its area of operation.
- Strategy for:
 - I. Leveraging the human resources
 - II. Providing greater customer satisfaction
- Contribute towards:
 - I. Broadband customer's base in India as envisaged in National Telecom Policy 2012.
 - II. Providing broadband connectivity to 2.5 lakhs Village Panchayats as per Government policy
- To leverage the existing infrastructure of BSNL for facilitating implementation of other government programmes and initiatives particularly in the rural areas.
- To look for the opportunity of possible expansion of BSNL footprint globally by exploring international telecom developing markets such as Africa.

PART-II

EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF POWERS

- BSNL exercises various powers delegated under Mini-Ratna Category-I Enterprise as and when need arises.

PART-III										Dated: 19.03.2013		
Performance Evaluation Parameters and Target for MOU 2013-14												
S. No.	STATIC FINANCIAL PARAMETERS	UNIT	Nature of Parameter	Parameter weight	MOU 2013-14 Target					MOU 2012-13		
					Excellent	Very Good	Good	Fair	Poor	Target (Very Good)	Achmt. up to 31.12.2012	Anticipated achmt. during 2012-13
1	(a) Financial Performance Indicators											
	(i) Gross Margin / Gross Block	% age	Positive	2	2.03	1.93	1.83	1.74	1.65	2.25	0.33	0.43
	(ii) Net Profit / Net Worth	% age		10	-10.16	-10.69	-11.22	-11.79	-12.38	-9.18	-10.11	-13.95
	(iii) Gross Profit / Capital Employed	% age		10	-9.44	-9.94	-10.44	-10.96	-11.51	-9.15	-11.12	-15.92
	(b) Financial Indicator											
	(i) Gross Margin	(Rs. in Crores)	Positive	8	3,700	3,500	3,300	3,100	3,000	4,000	564	752
	(ii) Gross Sales	(Rs. in Crores)		4	31,500	30,000	28,500	27,000	25,500	31,061	18,702	24,936
	(c) Financial Returns-Labour Productivity and Total Factor Productivity.											
	(i) PBDIT / Total Employment	(in Rs.)	Positive	7	149,885	142,748	135,611	128,830	122,389	155,980	22,026	29,764
	(ii) Added Values / Gross Sales	% age		9	-6.99	-7.36	-7.73	-8.11	-8.52	-4.85	-19.77	-18.20
	Total Weightage			50								

Achievement on Static Parameters during the last five years

S. No.	STATIC FINANCIAL PARAMETERS	UNIT	Nature of Parameter	2007-08		2008-09		2009-10		2010-11		2011-12	
				MOU Target (VG)	Achmt.	MOU Target (VG)	Achmt.	MOU Target (VG)	Achmt.	MOU Target (VG)	Achmt.	MOU Target (VG)	Achmt.
1	(a) Financial Performance Indicators												
	(i) Gross Margin / Gross Block	% age	Positive	13.73	12.02	11.35	7.88	8.87	4.68	5.74	2.28	5.74	0.42
	(ii) Net Profit / Net Worth	% age		7.43	3.44	4.44	0.65	2.67	-2.08	-2.95	-7.67	-2.95	-11.7
	(iii) Gross Profit / Capital Employed	% age		8.86	5.89	7.16	2.16	4.94	-2.01	-0.85	-7.9	-0.85	-12.79
	(b) Financial Indicator												
	(i) Gross Margin	(Rs. in Crores)	Positive	17,500	14,976	16,494	10,424	13,365	7,516	10,670	3,801	10,670	706
	(ii) Gross Sales	(Rs. in Crores)		38,477	32,360	38,800	30,269	35,500	27,913	37,000	27,045	37,000	25,999
	(c) Financial Returns-Labour Productivity and Total Factor Productivity.												
	(i) PBDIT / Total Employment	(Rs.)	Positive	547,807	476,481	538,713	342,949	452,206	257,301	393,724	133,997	393,724	19,924
	(ii) Added Values / Gross Sales	% age		21.70	18.59	19.47	5.42	12.92	-2.97	5.37	-13.68	5.37	-22.76

PART III (Cont...2)

Dated:

19.03.2013

Performance Evaluation Parameters and Target for MOU 2013-14

S. No.	DYNAMIC PARAMETERS	UNIT	Nature of Parameter	Parameter weight	MOU 2013-14 Target					MOU 2012-13		
					Excellent	Very Good	Good	Fair	Poor	Target 2012-13 (Very Good)	Achmt. up to 31.12.2012	Anticipated achmt. during 2012-13
2	a) Quality:-											
	a1) QoS in Wireline Network											
	i) Fault Rate per 100 telephones/ month	% age	Negative	1.5	4.51	4.75	4.99	5.24	5.50	4.75	5.08	5.00
	ii) Call Completion Ratio in Local Network	% age	Positive	1.5	75	71	67.40	64.00	60.90	66.10	70.65	70.25
	a2) QoS in GSM Network											
	i) Call set up success rate (within own network)	%age	Positive	0.5	99.75	97	92.00	87.50	83.00	95	98	98
	ii) Call Drop Rate	%age	Negative	0.5	1.51	1.59	1.67	1.75	1.84	2.00	1.57	1.00
	iii) Worst affected BTSs due to downtime**	%age	Negative	1	1.90	2.00	2.10	2.21	2.32			
	iv) BTSs Accumulated downtime(Not available for service) **	%age	Negative	1	1.90	2.00	2.10	100	100			
	a3) QoS For Broadband**											
	i) Service Availability /uptime (for all users)	% age	Positive	1	100.00	99	94.05	89.35	84.88			
	ii) Network Latency											
	a) Local	msec.	Negative	0.5	85.50	90	94.50	99.23	104.19			
	b) International - Terrestrial	msec.	Negative	0.5	285	300	315	330.75	347.29			
	iii) Bandwidth Utilization	% age	Negative	0.5	85.50	90	94.50	99.23	100.00			
	b) Customer Satisfaction											
	i) Clearance of fault for wireline telephone											
	a) By Following Day	% age	Positive	0.5	94.50	90.00	85.50	81.23	77.16	90.00	77.12	81.00
	b) Within 3 Days in Urban areas**	% age		0.5	100	100	95.00	90.25	85.74			
	c) Within 5 Days in Rural & Hilly areas**	% age		0.5	100	100	95.00	90.25	85.74			
	ii) Resolution of Complaints of GSM**											
	a) Billing/Charging/Validity complaints(within 4 weeks)	% age	Positive	0.5	100.00	100	95.00	90.25	85.74			
	b) Period of applying credit/ Weiver/ Adjustment to customer account from the date	No of days		0.5	5	6	7	8	9			
	iii) B/B Fault Restoration**											
	a) By Following Day	% age	Positive	0.5	94.50	90	85.50	81.23	77.16			
	b) Within 3 Days	% age		0.5	100	100	95.00	90.25	85.74			
	iv) Broadband Billing complaints resolved within 4 Weeks	%	Positive	0.5	100	100	95.00	90.25	85.74			
	c) Human Resource Management											
	i) Risk management Training Courses for Senior Management Personnel	Nos.	Positive	2	53	50	47	45	43			
	ii) Executive Development Training Program	%age	Positive	1	10.50	10.00	9.50	9.00	8.50			
	iii) Skill Development Training for Non-Executives	% Age	Positive	1	10.50	10.00	9.50	9.00	8.50			
	iv) Quality training for Employees	Nos.	Positive	1	262	250	237	225	214			
	d) R & D activity		Positive	5	Detailed as Per Annexure A1 (Annexure XII)					Detailed as per Annexure A2		
	e) Capital Expenditure											
	i) Net addition in OF Cable	RKMs	Positive	1	21,000	20,000	19,000	18,050	17,148	30,000	3,937	30,000
	ii) Net addition in GSM capacity	No of Lines (Lakhs)	Positive	0.5	95	90	86	81	77	75	5.96	
	iii) Net addition in broadband capacity	No of Ports(Lakhs)	Positive	0.5	16.9	16.1	15.3	14.5	13.8	3.2	7.14	8.3
	iii) Migration of customers from Legacy wireline network to NGN **	Numbers in Lakhs	Positive	0.5	5.3	5	4.8	4.5	4.3			
	g) Network For Spectrum **	Rkm	Positive	2	42,000	40,000	38,000	36,100	34,295			
	h) National Optical Fiber Network to connect Panchayats **	Nos.	Positive	2	78,750	75,000	71,250	67,688	64,303			
	i) Globalization											
	i) Net addition in direct International Roaming agreements with operators in other countries	Nos.	Positive	1	13	12	11	11	10	18	7	18
	j) Sustainable Development activities		Positive	5	Detailed as Per Annexure B1 (Annexure XIII)					Detailed as Per Annexure B2		
	Total Weightage			35								

PART III (Contd...3)

Dated:

0 18.03.2013

Performance Evaluation Parameters and Target for MOU 2013-14

S. No.	SPECIFIC PARAMETERS	UNIT	Nature of Parameter	Parameter weight	MOU 2013-14 Target					MOU 2012-13		
					Excellent	Very Good	Good	Fair	Poor	Target (Very Good)	Achmt. up to 31.12.2012	Anticipated achmt. during 2012-13
3	Sector Specific											
	(a) Net addition in Telephone Connections											
	i) Net addition in Land Line w.r.t. connections as on 31/03/2013.	Nos in Lakhs	Positive	0.5	0.00	0.00	0.00	0.00	0.00	0.00	-14.30	-19.07
	ii) Net addition in Mobile w.r.t. connections as on 31/03/2013	Nos. in Lakhs	Positive	2	84	80	76	72.20	68.59	100.00	25.52	34
	iii) The No. of Circles where ERP is to be implemented with minimum 4 Territorial circles	Nos	Positive	0.5	10	9	8	7	6			
	(b) Net Addition in Broadband Connections (See Note 1)	Nos. in Lakhs	Positive	4	31.50	30.00	28.50	27.08	25.72			
	Total Weightage			7								
	Enterprise Specific											
	(c1) Accessibility of Call Center/Customer care	%age	Positive	1.5	100	98	93.10	88.45	84.02	98.00	98.53	99
	(c2) % of call answered by the operators (Voice to voice) within 60 seconds	%age	Positive	1.5	96.60	92	87.40	83.03	78.88	95.00	90.82	92
	(d) % age reduction in the provision for Obsolete Inventory as on 31.03.2012 after exclusion of current year provisions	% age	Positive	0.5	10.50	10	9.50	9.03	8.57	10.00	Available at end of FY 2012-13	
	(e) % age reduction in the amount of the unlinked debit & credit items in bank reconciliation as on 31.03.12 as reported in the Audit Report for the year 11-12	% age	Positive	0.5	99.75	95	90.25	85.74	81.45	95.00	95.65	95
	(f) Repair & Maintenance Expenditure: as % of Income	% age	Negative	0.5	2.50	3.10	3.26	3.42	3.59	5.00	3.89	3.10
	(g) Net Sundry debtors at the end the year as % age of Income	% age	Negative	1	19.00	20	21.00	22.05	23.15	20.00	Available at end of FY 12-13	
	(h) % age reduction in doubtful debts over the previous year	% age	Positive	0.5	5.25	5	4.75	4.51	4.29	5.00	Available at end of FY 12-13	
	(i) %age settlement of Arbitration cases	%age	Positive	0.5	53	50	48	45	43	50.00	Will be submitted at the end of year	
	(j) Settlement of C&AG Report Paras	% age	Positive	1	52.50	50	47.50	45.13	42.87	50	68.79	
	(k) Reduction in Statutory audit Paras	% age	Positive	0.5	31.50	30	28.50	27.08	25.72	30	Available to end of FY 12-13	
	Total Weightage			8								

Note: A

[1] Since all 2G customers have been enabled with 3G facility, it is not possible to quantify number of 3G customers. As such, the consolidated target for broadband has been agreed for MoU 2013-14.

Note: B

[1] Non-Compliance of Corporate Governance will also be penalized by way of negative marking and MOU Score will be increased in the following manner in accordance with DPE OM 18(8)/2005-GM dated 22nd June 2011.

Annual Score	Grading	Penalty marks	difference in score from "Excellent" grade
85% and above	Excellent	0	0
75%-84%	Very Good	0	0
60% -74%	Good	0.5	0.02
50% - 59%	Fair	0.5	0.02
Below 50%	Fair	1	0.04

If a CPSE fails to submit the Self evaluation report in the format enclosed with the OM, its grading will be treated as poor and score will be inflated accordingly.

[2] CPSEs have to give a certificate regarding Implementation of guidelines issued by DPE as per Om No DPE/14(38)/10-Fin Dated 28 June 2011 and also a certificate from their auditors /chartered Accountant in Practice. Non-compliance of DPE Guidelines determined on the basis of certificate submitted will be penalized up to 1 mark at the discretion of Task Force at the time of MOU Evaluation. (In other words, the MOU Ratings can be increased by 0.04)

PART-IV
COMMITMENT/ASSISTANCE FROM THE
DEPARTMENT OF TELECOMMUNICATION,
GOVT.OF INDIA

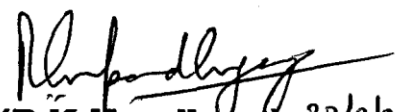
BSNL shall require support from Government in the following matters:

- i. Re-imbusement of deficit on account of commercially non-viable services:
 - a. Rural Wireline
- ii. Refund of upfront BWA spectrum License fee.
- iii. Center/State governments and PSUs should give priority to BSNL for their telecom service requirement.
- iv. Pension Contribution is collected on the maximum of the scale in IDA instead of on actual pay drawn which is contrary to the procedure followed in respect of CDA scales.
- v. Funding Support for VRS
- vi. No levy of charges towards additional spectrum, as recommended by TRAI.

PART-V

ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU

Performance of BSNL will be monitored quarterly and evaluated at the end of the year by DoT against the targets given as per MoU.


(R.K. Upadhyay) 22/3/2013

CHAIRMAN & MANAGING DIRECTOR

BSNL


(R. Chandrashekhar)

SECRETARY, DOT &

CHAIRMAN TELECOM COMMISSION

22 MAR 2013

Annexure VIII											
Sub:- Income-Expenditure Statement (as on 31st March)											
Sl. No.	Particulars	Unit	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13			
			Actual Achmt	Actual Achmt	Actual Achmt	Actual Achmt	Actual Achmt	MOU Target 2012-13 (Very Good)	Achmt 31.12.2012	Expected Annual Achmt 2012-13	Proposed target for 2013-14 (Very Good)
1	Total Income	Rs in crore	38,053	35,812	32,045	29,688	27,934	31,561	19,305	25,740	30,967
2	Gross Sales	Rs in crore	32,360	30,269	27,913	27,045	25999	31,061	18,702	24,936	30,000
3	Less : Excise duties & others	Rs in crore	-	-							
4	Net sales / Operating Income	Rs in crore	32,360	30,269	27,913	27,045	25999	31,061	18,702	24,936	30,000
5	Accretion / Depletion to finished stocks to WIP	Rs in crore	-	-		-		0			
6	Other Income	Rs in crore	5,694	5,543	4,132	2,643	1935	500	603	804	967
7	Total Expenditure	Rs in crore	33,636	34,354	34,078	36,002	36,586	37,647	25,868	34,490	37,035
8	Raw material / Purchase of products for resale	Rs in crore	-	-	-	-	-				
9	Manufacturing Expenses/ Direct Expenses/operational Expenses	Rs in crore	9,510	9,598	8,168	7,896	8009	8,540	5,253	7,004	7,705
10	Power, Fuel & Water etc.	Rs in crore	1,607	1,780	2,031	2,228	2285	2,500	1,662	2,216	2,438
11	Salaries & Wages	Rs in crore	8,809	11,363	13,455	13,791	13406	14,044	10,306	13,741	15,095
12	Other Expenses (LF&SC)	Rs in crore	3,152	2,646	876	1,972	3528	2,477	1,520	2,027	2,229
13	Gross Margin (PBDIT)	Rs in crore	14,976	10,424	7,516	3,801	706	4,000	564	752	3,500
14	Depreciation	Rs in crore	9,696	8,523	9,197	9,725	9174	9,040	6,881	9,175	9,175
15	Gross Profit (Operating Income) / PBIT	Rs in crore	5,280	1,901	-1,681	-5,924	-8,468	-5,040	-6,317	-8,422	-5,675
16	Profit / Loss on sale of assets	Rs in crore									
17	Prior Period Adjustments	Rs in crore	35	-186	-165	-265	-168	0	27	36	36
18	Extraordinary Items (Net)	Rs in crore	-	-	-	-	0	0			0
19	Interest (expenses)	Rs in crore	863	443	352	390	184	1,046	246	328	393
20	Provision for Tax (including Deferred Tax)	Rs in crore	1,442	697	-375	-195	30	0			
21	Net Profit	Rs in crore	3,009	575	-1,823	-6,384	-8,851	-6,086	-6,536	-8,714	-6,032
22	Dividend Paid	Rs in crore	1,500	0	0	0	0	0	0	0	0
23	Tax on dividend	Rs in crore	255	0	0	0	0	0	0	0	0
24	Retained profits	Rs in crore	1,254	575	-1,823	-6,384	-8,851	-6,086	-6,536	-8,714	-6,032
25	Return to capital @ 10%	Rs in crore	8,957	8,785	8,345	7,500	7023	5,766	4,261	5,289	5,707
26	Added Value (13-25)	Rs in crore	6,017	1,639	-829	-3,699	-6,317	-1,767	-3,697	-4,537	-2,207
27	No. of Employees	Nos	308,086	299,840	292,100	281,635	267906	256,414	256,089	252,760	245,174
28	Average No. of Employees	Nos.	314,296	303,963	295,970	286,868	269454	262,160	261,998	260,333	248,967

Annexure VIII (Contd.....2)											
Sub- Balance Sheet Data (as on 31st March)											
Sl. No.	Particulars	Unit	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13			
			Actual Achmt	Actual Achmt	Actual Achmt	Actual Achmt	Actual Achmt	MOU Target 2012-13 (Very Good)	Achmt 31.12.2012	Expected Annual Achmt 2012-13	Proposed target for 2013-14 (Very Good)
1	Sources of Fund										
1.1	<i>Shareholders Fund (a+b+c)</i>	<i>Rs.in crore</i>	88,128	88,634	86,476	80,069	71,171	65,084	64,635	62,457	56,425
	a. Paid up capital	<i>Rs.in crore</i>	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
	b. Shares Application Money	<i>Rs.in crore</i>	-	-							
	c. Reserves & Surplus	<i>Rs.in crore</i>	75,628	76,134	73,976	67,569	58,671	52,584	52,135	49,957	43,925
1.2	Long Term Loans(Non Current liabilities)	<i>Rs.in crore</i>	3,389	3,414	1,534	1,846	11,526	2,080	3420	3420	11,540
1.3	Deferred Tax Liability	<i>Rs.in crore</i>	1,311	645	124		0				0
	Total (1.1+1.2+1.3)	<i>Rs.in crore</i>	92,828	92,692	88,133	81,914	82,697	67,164	68,055	65,877	67,965
2	Application of Funds	<i>Rs.in crore</i>									
2.1	Gross Block (Tangible /Intangible Assets)	<i>Rs.in crore</i>	124,578	132,243	160,470	167,044	169,611	175,911	171,536	175,020	181,458
2.2	Less: Depreciation	<i>Rs.in crore</i>	69,880	77,922	86,589	95,450	103,496	112,536	110,290	112,670	121,845
2.3	Net Block	<i>Rs.in crore</i>	54,698	54,321	73,880	71,594	66,115	63,375	61,246	62,349	59,612
2.4	Capital Work-in-Progress	<i>Rs.in crore</i>	2,666	4,929	5,965	5,195	4,301	5,500	3,053	4,300	3,098
2.5	Investments (Non Current Investment)	<i>Rs.in crore</i>	200	200	200	5,501	6,014	6,214	6,014	6,014	6,634
2.6	Current Assets (a)	<i>Rs.in crore</i>	50,614	48,300	41,002	12,779	22,677	19,063	30,111	31,868	20,530
2.7	Loans & advances (b)	<i>Rs.in crore</i>	7,444	9,449	13,970	13,519	669	7,886	1,779	1,800	5,329
2.8	Total Current Assets (2.6+2.7) (c)	<i>Rs.in crore</i>	58,058	57,749	54,972	26,298	23,345	26,949	31,890	33,668	25,859
2.9	Current Liabilities (d)	<i>Rs.in crore</i>	23,461	25,666	48,352	28,393	19,294	32,660	36,317	43,123	28,394
2.10	Net Current Assets (e) (c-d)	<i>Rs.in crore</i>	34,597	32,083	6,619	-2,095	4,052	-5,711	-4,427	-9,455	-2,535
2.1	Deferred Revenue expenditure	<i>Rs.in crore</i>	-	-	-			0			
2.1	Deferred Tax Assets	<i>Rs.in crore</i>	-	-	-	92	62	0	62	62	30
2.1	Profit & Loss account (Dr.)	<i>Rs.in crore</i>	-	-	-						
	Total (2.3 to 2.5 and 2.10, 2.14 & 2.15)	<i>Rs.in crore</i>	92,828	92,692	88,133	81,914	82,697	71,152	68,055	65,877	67,965
2.1	Decommissioned assets	<i>Rs.in crore</i>	4	46	79	100	917	372	894	1394	0
2.2	Inter/ Intra Circle remittance	<i>Rs.in crore</i>	662	1,113	1,389	1,527	1236	1402	1213	1213	1126
Note: Balance sheet for Proposed target for 2013-14 (Very Good) redrafted as per revised Schedule VI (as in BSNLAnnual report 2011-12).											

Annexure VIII (Contd.....3)											
Sub:- Management Ratios (as on 31st March)											
Sl. No.	Particulars	Unit	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13			Proposed target for 2013-14 (Very Good)
			Actual Achmt	Actual Achmt	Actual Achmt	Actual Achmt	Actual Achmt	MOU Target 2012-13 (Very Good)	Achmt 31.12.2012	Expected Annual Achmt 2012-13	
1	Net Worth	Rs.in crore	88,128	88,634	86,476	80,069	71,171	65,084	64,635	62,457	56,425
2	Capital Employed	Rs.in crore	89,296	86,404	80,500	69,499	70,229	57,664	56,819	52,894	57,077
3	Gross Margin / Gross Block	%	12.02%	7.88%	4.68%	2.28%	0.42%	2.27%	0.33%	0.43%	1.93%
4	Net Profit / Net worth	%	3.44%	0.65%	-2.08%	-7.97%	-12.44%	-9.35%	-10.11%	-13.95%	-10.69%
5	Gross Profit / Capital employed	%	5.89%	2.16%	-2.01%	-8.52%	-12.06%	-8.74%	-11.12%	-15.92%	-9.94%
6	PBDIT / Total Employment	Rs.	476,481	342,949	257,301	134,972	26,346	155,980	22,026	29,764	142,748
7	Added Value / Gross Sales	%	18.59%	5.42%	-2.97%	-13.68%	-24.30%	-5.69%	-19.77%	-18.20%	-7.36%

		Annexure (Contd.....4)
		19.03.2013
BHARAT SANCHAR NIGAM LIMITED		
BALANCE SHEET AS AT 31.03.2014 (Projected)		
		As at 31.03.2014 (Rs. In Crs)
I	EQUITY & LIABILITIES	
	Shareholder's funds	
	Share Capital	12500
	Reserves & Surplus	43925
		56425
	Non Current liabilities	
	Long term borrowings	980
	Other long term liabilities	4060
	Long term provisions	6500
		11540
	Current Liabilities	
	Short term borrowings	5720
	trade payables	13174
	Other Current liabilities	7000
	Short term provisions	2500
		28394
	TOTAL	96359
II	ASSETS	
	Non Current Assets	
	Fixed Assets	
	- Tangible Assets	45295
	- Intangible Assets	14292
	- Capital Work in progress	3098
	- Intangible Assets under development	25
		62710
	Non Current Investments	6014
	Deferred tax Assets (net)	30
	Long term loans & Advances	620
		6664
	Total Non Current Assets	69374
	Current Assets	
	Inventories	4090
	Trade receivables	4550
	Cash & Bank balances	2160
	Short term loans & advances	5329
	Other Current Assets	9730
		25859
III	Intra/Inter Circle Remittances	1126
	TOTAL	96359

Annexure VIII (Contd....5)													19.03.2013	
Cash Flow statement for 2012-13														
Sl. No.	Details	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
1	Corpus at beginning	1,214	1,113	1,119	983	852	1,613	988	512	664	680	485	362	
1.1	<i>Loan (2012-13) opening</i>	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,717	1,776	1,957	
2	Exceptional collection (A)	0	0	0	0	1,050	0	140	270	0	110	0	0	1,570
3	Collections from Circles (B)	2,285	2,545	2,485	2,525	2,379	2,267	2,524	2,309	2,437	2,483	2,308	2,828	29,608
4	Gross Collection (A+B)	2,285	2,545	2,485	2,525	3,430	2,267	2,664	2,579	2,437	2,593	2,308	2,828	31,179
5	Interest Revenue	8	6	6	5	4	6	4	1	1	1	1	1	43
6	Interest Expense	11	11	12	12	12	12	12	12	12	12	15	15	148
7	Opex	2,373	2,373	2,308	2,532	2,426	2,446	2,839	2,395	2,403	2,778	2,408	3,342	30,624
8	Capex	9	161	307	117	236	440	292	22	403	59	190	500	2,735
9	<i>Loan availed in 2012-13</i>	0	0							396	59	618	1,247	2,321
11	Repayment of loan	0	0								0	437	884	
10	Corpus at end of month	1,113	1,119	983	852	1,613	988	512	664	680	485	362	-303	Deficit
10.1	<i>Loan (2012-13) closing</i>	1320	1320	1320	1320	1320	1320	1320	1320	1717	1776	1957	2320	
Notes:														
1 Actuals taken upto 28.02.2013														
2 Collections for March 2013 has been projected based on the trends of 2011-12.														
3 Opex for March 2013, has been projected based on the trends of 2011-12.														
4 Capex for March 2013, has been projected based on the trends of 2011-12.														

Annexure VIII (Contd....6)														
Estimated Cash Flow statement for 2013-14														
19.03.2013														
Sl. No.	Details	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
1	Corpus at beginning	-303	-573	-1,743	-2,763	-3,783	-4,803	-5,823	-6,843	-7,863	-9,279	-10,357	-11,987	
2	Loan Opening	2,320	2,320	2,320	2,320	2,320	2,320	2,320	2,320	2,320	1,924	1,865	1,247	
3	Exceptional collection (A)	900	0	150	150	150	150	150	150	150	150	150	150	2,400
4	Collections from Circles (B)	2,505	2,505	2,505	2,505	2,505	2,505	2,505	2,505	2,505	2,505	2,505	2,512	30,067
5	Gross Collection (A+B)	3,405	2,505	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,662	32,467
6	Interest Revenue	1	1	1	1	1	1	1	1	1	1	1	1	12
7	Interest Expense	15	15	15	15	15	15	15	15	15	13	13	10	171
8	Opex	3,195	3,195	3,195	3,195	3,195	3,195	3,195	3,195	3,195	3,195	3,190	3,195	38,335
9	Capex	466	466	466	466	466	466	466	466	466	466	466	472	5,598
10	Loan closing	2,320	2,320	2,320	2,320	2,320	2,320	2,320	2,320	1,924	1,865	1,247	0	
11	Repayment of loan	0	0	0	0	0	0	0	0	396	59	618	1,247	2,320
12	Corpus at end of month	-573	-1,743	-2,763	-3,783	-4,803	-5,823	-6,843	-7,863	-9,279	-10,357	-11,987	-14,248	
Notes:														
1. Collections from circles/Exceptional collection/Opex/Capex figure are based on MOU 2013-14 (Provisional)														
2. Short Term Loan (STL) availed in 2012-13 has been shown as repaid on due dates.														
3. No STL has been taken into account for 2013-14														

Annexure XII (Annexure A1)

Performance Target Setting Cum Evaluation Template of BSNL for MOU 2013-14 - R&D

1. CPSE, while submitting self- evaluation report to DPE, will not fill up score allotted for each Table and the Total Score, as the same will be awarded by the Task Force at the time of performance evaluation of the MoU.

Table 1- Mandatory Parameter- Total R& D Expenditure as a percentage of PAT								
		Unit	Weightage	Performance Target(2013-14)				
				Excellent	V. Good	Good	Fair	Poor
(1)	(2)	(3)	(4)	(5)	(6)	(6)	(8)	
1	Total R&D Expenditure as % of PAT (Please refer para 3.8(i) of the Guideline). See Note (a)	Rs Crores	0		Please see note 1			

Total Score for this Table	0
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Score allotted by the Task Force	
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Note 1: The target is defined as a %age of Profit After Tax (PAT). BSNL has posted a loss of Rs 8851 Cr in 2011-12. Accordingly it is proposed to allot zero weightage to R&D expenditure. However, BSNL is committed to R&D base on its business requirement under tie-up with IIT Kanpur as a part of BITCOE (Bharat Sanchar Nigam Limited and IIT Kanpur Centre of excellence.

Table 2 - Projects chosen by CPSE								
<p>At the time of draft MoU : Every year, CPSEs shall submit R&D projects (Maharatna & Navratna -Five Projects, Miniratna- I&II and other CPSEs below– Three Projects along with one most important / vital/key Performance Indicator to Task Force at the time of draft MoU. The Task Force will approve the same or add any other R&D projects alongwith performance indicator(s).</p> <p>At the time of MoU Evaluation : The verification of achievement in respect of approved performance indicator (s) and evaluation / rating of each R&D project will be done by Independent Expert/Research Advisory Committee of CPSE. Such evaluation / rating will be considered / accepted by Task Force during evaluation for allotting MoU score on R&D.</p>								
Performance Target (2013-14)								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
S. No.	Projects Chosen (Annexure -I)	Performance Indicator (Annexure-II)	Weightage	Excellent	V. Good	Good	Fair	Poor
2.1	Testing and finalization of the network optimization tool beyond 3G	Time Lines	2	31.12.13	31.01.14	28.02.14	31.03.14	Beyond 31.03.14
2.2	Study on Hybrid Sources for powering Base Stations	Time lines	2	31.12.13	31.01.14	28.02.14	31.03.14	Beyond 31.03.14
2.3	Signal Processing Assisted Network Monitoring	Time Lines	1	31.12.13	31.01.14	28.02.14	31.03.14	Beyond 31.03.14

Total Score for this Table	5
Score allotted by the Task Force	
Total Score on R&D	5
Total allotted Score for both Tables	

AnnexureXII (Annexure A2)**R&D - Performance Evaluation Report of BSNL for MOU 2012-13**

1. CPSE, while submitting self- evaluation report to DPE, will not fill up score allotted for each Table and the Total Score, as the same will be awarded by the Task Force at the time of performance evaluation of the MoU.

Table 1- Mandatory Parameter- Total R& D Expenditure as a percentage of PAT									
		Unit	Weightage	Performance Target					Achievement (Q.E. 31/12/2012)
				Excellent	V. Good	Good	Fair	Poor	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Total R&D Expenditure as % of PAT (Please refer para 3.8(i) of the Guideline). See Note (a)	Rs Crores	2.5	5.25	5	4.75	4.51	4.29	In Progress

Total Score for this Table	2.5
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Score allotted by the Task Force	
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Note (a): The target is defined as a %age of Profit After Tax (PAT). BSNL has posted a loss of Rs 6384 Cr in 2010-11. In the year 2010-11, the target under R&D budget was fixed at Rs 5 Crores for V.Good Rating. For the Year 2012-13 also, BSNL has proposed a VG Target of R&D budget of Rs 5 Crores which was accepted by the Task Force members in the meeting held on 20.01.2012.

Table 2 - Projects chosen by CPSE									
At the time of draft MoU : Every year, CPSEs shall submit R&D projects (Maharatna & Navratna -Five Projects, Miniratna- I&II and other CPSEs below– Three Projects along with one most important / vital/key Performance Indicator to Task Force at the time of draft MoU. The Task Force will approve the same or add any other R&D projects alongwith performance indicator(s).									
At the time of MoU Evaluation : The verification of achievement in respect of approved performance indicator (s) and evaluation / rating of each R&D project will be done by Independent Expert/Research Advisory Committee of CPSE. Such evaluation / rating will be considered / accepted by Task Force during evaluation for allotting MoU score on R&D.									
				Target Value					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
S. No.	Projects Chosen (Annexure -I)	Performance Indicator (Annexure-II)	Weightage	Excellent	V. Good	Good	Fair	Poor	Achievement (Q.E. 31/12/2012)
2.1	Intelligent Optimization tool for Cellular Network	Time Lines	1	31.12.2012	28.02.2013	31.03.2013			First version of software developed by IIT-Kanpur team
2.2	Development of Agropedia	Time lines	1	31.12.2012	28.02.2013	31.03.2013			Agropedia Service is functional at servers in IIT-K
2.3	Multistage IPM in MDF for protection cards	Time Lines	0.5	31.12.2012	28.02.2013	31.03.2013			Project Under progress. (Prototype submitted to QA Circle for testing)

Total Score for this Table	2.5
Score allotted by the Task Force	
Total Score on R&D	5
Total allotted Score for both Tables	

Note: BSNL has shortlisted various projects under Telecom Centre of Excellence (TCOE) in coordination with IIT-Kanpur. Three projects have been selected under R&D for MOU 2012-13 which was agreed by the Task Force Members in the meeting held on 20.01.2012.

Annexure XIII (Annexure B1)**SD Performance Target Setting Cum Evaluation Template of BSNL for MOU 2013-14**

1. To be filled and submitted by each CPSE to the task Force prior to Annual target setting as well as prior to Performance Evaluation of MOU.
2. As per the new guidelines on Corporate Social Responsibility and Sustainability, BSNL has not taken projects of CSR. However, BSNL is committed towards development of society through its various schemes focusing on growth.
3. As regards Sustainable Development portion of new guidelines, BSNL has included the following non expenditure activities.

Projects chosen by BSNL

SI. No.	Dynamic Parameters for CSR & Sustainability for FY 2013-14	Unit	Weightage	Excellent	V. Good	Good	Fair	Poor
			(In %age)	1	2	3	4	5
1	i) The degree of involvement of the employees and the top management in internalizing the CSR and Sustainability agenda within the organization.							
	a) Conducting Energy Core group meeting	Number	0.5	210	200	190	180	172
	b) Training of Employee on energy conservation	Number	0.5	210	200	190	180	172
2	The efforts made and the success achieved in the engagement of key stakeholders through adoption of a good corporate communication strategy							
	a) The formulation of a corporate communication strategy.	Month	0.5	Nov. 2013	Dec. 2013	Jan. 2014	Feb. 2014	Mar. 2014
	b) The number of meetings / consultations held with key stakeholders.	Number	0.5	4	3	2	1	-

3	The adoption of sustainability reporting and disclosure procedures and practices. This would be determined by the publication of annual reports on CSR and Sustainability and frequently updated display of information in this regard on the company's website.							
	a) Publication of annual reports on CSR and Sustainability		0.5	Yes	-	-	-	No
	b) Quarterly updating of information on Company's website		0.5	Yes	-	-	-	No
4	The degree of success in implementing the CSR and Sustainability projects they undertake during the year.							
	a) Energy conservation with 100 % efficiency (Refer Table- 1)	Rs in Crores	1.5	79	75	71	68	64
5	The effectiveness of the two-tier organizational structure in the process of planning, implementing and monitoring the CSR activities.							
	a) The frequency of meetings held by the Board level committee and by the Group of officers headed by the nodal officer.	Number/Quarter	0.5	3	2	1	-	-
Total			5					

Table 1

CSR & Sustainability projects		
SI.No	PARTICULARS	SUSTAINABILTY (weightage 1.5)
a)	Name of the project	Energy conservation with 100% efficiency *
b)	Date of start of the project	1-April- 2013
c)	Annual target planned for the year	Rs 75 Crores
d)	Budgetary allocation for the planned annual targets	<p>It's a non expenditure activity on account of the following points</p> <ol style="list-style-type: none"> 1. The free cooling system with the payback period of approx. five months will reduce the energy consumption and thus overall saving in energy charges. 2. Provision of 5 star rated air conditioners with payback period of approx. 9 months by replacing the existing life expired/energy inefficient air conditioner will reduce the energy consumption and thus overall saving in energy charges. 3. Use of Energy efficient products and adopting various no cost & low cost measures with payback period less than one year will also reduce the energy charges.
e)	Name of the agency for baseline survey / need assessment	ELECTRICAL FIELD UNITS of BSNL
f)	Name of the agency for implementation of the activity / project	ELECTRICAL FIELD UNITS of BSNL
g)	Name of the agency selected for monitoring activity / project	ELECTRICAL FIELD UNITS of BSNL

h)	The involvement of the CPSE in any or all these activities to be specified	Yes
i)	Date of completion of the activities / projects planned for the year	31-Mar-2014
j)	The name of the agency engaged for evaluation of the completed project / activity during the year	ELECTRICAL WING, BSNL C.O. New Delhi
k)	Report of the evaluating agency	Yes, Shall be provided at the time of Evaluation by Electrical Wing, BSNL Corporate Office New Delhi.
l)	The social impact assessment report, if any, in cases of activities / projects completed during the year	Clean Environment and Energy Conservation

Note: * The cost difference of energy charges between current and previous year and the percentage (%) for energy efficiency implies the ratio of the amount achieved through by energy conservation and the target fixed for energy conservation for FY 2013-14.

(Annexure XIII) Annexure – B2

SD - Performance Evaluation Report of BSNL for MOU 2012-13

CPSE, while submitting self-evaluation report to DPE, will not fill up score allotted for each table and the total score, as the same will be awarded by the Task force at the time of performance evaluation of the MoU.

S.No.	Activity	
1	Whether Specific SD Plan and Budget passed by Board or its Designated Committee	Yes / No No. and Date of Board Resolution
	1	2
		Yes. The plan has been approved by Ministry of New and Renewable Energy, Govt of India

Table 1. SD Committee details ()			
Board level Designated Committee Name	Chairman of Board level Designated Committee	Number of regular meetings held	Key decisions during the year
1	2	3	4
No such committee has been constituted in BSNL.			
Total Score for this Table			0.5
Score allotted by the Task Force			

Table 2 Total SD Expenditure as a percentage of PAT			
*Target Value as % of PAT (on a five-point scale: Para 6.5.2 of Guidelines)	Total expenditure (Current FY) (Rs lakhs)	Profit after tax (Previous FY) (Rs lakhs)	Actual Expenditure (For Q.E. 31/12/2012)
1	2	3	4
See Note (a) below	1211 (See Note (b) below)	See Note 2	-
Total Score for this Table			0.5
Score allotted by the Task Force			

*** Note: - The projected annual expenditure as % of the PAT for the performance year will be considered as target for the year.**

Note (a): The target is defined as a %age of Profit After Tax (PAT) which is not directly applicable as BSNL has posted loss of Rs 6384 Cr in 2010-11. A total of 55 BTS sites are planned to be solar powered in 2011-12 as per MOU 2011-12. The SD project has been undertaken based on the subsidy received from DOT / MNRE. The detail of subsidy received along with cost to BSNL is given below.

All Cost in Rs Lakhs

SI No	No of Sites	Type	Cost per Site	Total Cost	Subsidy	Agency of Subsidy	Cost to BSNL
1	41	Solar	22.5	922.5	830.25	MNRE	92.25
2	14	Solar(10)/ Hybrid(4)		289	257	DOT	32
Total	55			1211.5	1087.25		124.25

Note (b): The previous figure of Rs. 1238 Lac was based upon the estimated cost of 55 Sites @ Rs. 22.5 Lac per site and Rs. 1211 Lac is based on the Awarded amount of 14 no. sites and estimated cost of 41 sites @ Rs. 22.5 lac per site.

Table 3 Projects Chosen by CPSE

Sr. No.	Schedule A / B	Project / activity (Please refer Annex-I)	Performance Indicator (Please Refer Annex- II and Para 6.5.3 of Guidelines)	Total expenditure on Project / Activity (Rs lakhs)	Durati on S / M / L	Target Set (on a five-point scale: Para 6.5.3 of Guidelines)	Target Achieved (For Q.E. 31/12/2012)
1	2	3	4	5	6	7	8
1	A	Energy Efficiency					
2	A	Energy Conservation					
3	A	Renewable energy usage (See Note 1 below)	No. of sites = 60	1350	S	(See Note 1 below)	75
4	A/B	Conducting Energy Core group meeting					
5	A/B	Training of Employee					
Total Score for this Table							2.5
Score allotted by the Task Force							
Score allotted by the Task Force							

Table 4- Evaluation of Projects

1. By Administrator USOF for USO sites
2. By officials of MNRE for Non-USO Sites

No. of projects evaluated by an Independent External Agency/ Expert/ Consultant, etc. (For Q.E. 31/12/2012) = 0

Total Score for this Table

0.5

Score allotted by the Task Force

Note 1. A total of 60 BTS sites (Very Good Target) are planned to be solar powered in 2012-13, as finalized in the negotiation meeting with Task force members on 20.01.2012. The Excellent target is 63 sites, Good target is 57 sites, Fair Target is 54 sites and Poor Target is 51 sites. The SD project has been undertaken based on the subsidy received from DOT / MNRE. The details of subsidy received along with cost to BSNL is given below.

All Cost in Rs Lakhs

Sl No	No of Sites	Type	Cost per Site	Total Cost	Subsidy	Agency of Subsidy	Cost to BSNL
1	60	Solar	22.5	1350	1215	MNRE	135

Table 5 - Publication of SD Performance Report

Activity	Yes / No	Mode of SD Report (If reported, whether a stand-alone SD Report or a part of Annual Report, etc.)
1	2	3
SD performance Report	Yes	Part of Annual Report
Total Score for this Table		0.5
Score allotted by the Task Force		

Total Score of all Tables	5
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Total allotted Score for all Tables	
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Annexure- D

Means for Measuring the Performance of Non-Financial Parameters:

The means for measuring the performance of Non-Financial Parameters along with source/origin of information is given below:

Sl.No.	Parameters which are to be measured	Means for measuring the achievement
2(a)	Quality:- Call Completion Rate	
	i) STD	Traffic Report generated from the respective exchange is fed in the MIS system by respective SSAs
	ii) Junction	
	iii) Local	
2(b)	Customer Satisfaction	
	i) Fault Rate per 100 Telephones / month	Data is taken from the respective FRS/Commercial system & fed in the MIS by respective SSAs
	ii) Clearance of fault on telephone	
	iii) Provision of services in area on demand	
2(c)	HRD Factor- Training of staff	HRM package as given in CTMS provides staff strength information.
2(d)	Project Implementation	
	i) Net Addition in Equipped Capacity Fixed(Wire line + WLL)	Monthly reports are received from respective SSA/Circles and compiled at Corporate office. CDMA WLL connections may be verified from respective B&CCCs.
	ii) Net Addition in Broadband Equipped Capacity	Monitored through NOC by BBNC. Data is provided on a monthly basis & is being cross verified with data obtained from various circles & is then consolidated.
2(e)	Capital Expenditure	
	iii) Net addition in OF Cable	Monthly reports are received from respective units and compiled at Corporate office.
	iv) Net addition in OFC System	
2(g)	Sustainable Development activities: Use of Solar Power Base Stations	Uploaded on Google.doc. on Google.com in the enclosed proforma.

2(h)	Compliance of Corporate Governance	
	(i) Submission of CG Norms Quarterly Returns to the Administrative Ministry on or before due date.	Photocopy of the Quarterly Report relating to respective Quarter, along with the forwarding letter.
	(ii) Holding of prescribed Minimum number of meetings of the Board & holding of the AGM within the prescribed limit.	Photocopy of the Quarterly Report relating to respective Quarter, along with the forwarding letter & Register of the Directors Attendance in the Board Meetings.
	(iii) Filing of Annual Financial Statements, Annual Returns & Other prescribed forms with RoC[MCA] on or before due date.	Vouchers showing evidence of filing of the respective reports/returns with the RoC & the copy of respective returns/reports.
3(a)	Net addition in Telephone Connections	
	(i) Wire line	Zero target.
	(ii) Mobile	Prepaid subscriber count report will be collected from IN on day to day basis & postpaid figure count will be taken from the offline billing server of Trichy Billing Centre. Total Net connections are arrived at by adding the respective counts & incorporating them in the MIS report.
3(b)	Net addition in Broadband Connections	
	(i) Broadband connections ADSL	Monitored through NOC by BBNC. Data is provided on a monthly basis & is being cross verified with data obtained from various circles & is then consolidated.
	(ii) Establishment of Data Centres	Manual.
	(iii) 3G & WiMax	Prepaid dump is based on IN status of the customer which is captured to the local system. Billing servers generate Postpaid dump & after combining the respective dumps the count is calculated. Measured/monitored through NOC Bangalore.

