

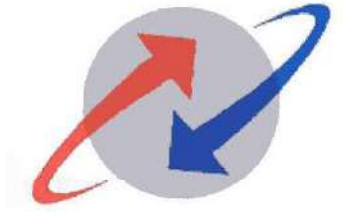
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भारत संचार निगम लिमिटेड

(भारत सरकार का उद्यम)

BHARAT SANCHAR NIGAM LIMITED

(A Govt. of India Enterprise)



परिमण्डल प्रमुखों का सम्मेलन प्रस्तुति

**Heads of Circles Conference
Presentations**

**(4 - 5 अगस्त 2022)
(4th - 5th August 2022)**

Office of PGM (Restg./WS&I)
BSNL Corporate Office
Bharat Sanchar Bhawan, Janpath
New Delhi-110001

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CMD



BSNL Heads of Circles Conference

Presentation by C M D BSNL

August 4th, 2022

1



- BSNL had an up-hill task of survival in past few years
- It was burdened with debt which depleted its competitive strength
- Product deficiency in its portfolio challenged its revenue generation
- With package of measures ALL issues have been squarely addressed
- Its balance sheet stands repaired. Prospects of network expansion are real
- We are geared up to deliver
- We profoundly thank our leaders Hon'ble Prime Minsiter & Hon'ble Minister of Communications



Agenda

- 1** BSNL plan: Implementation of revival measures
- 2** BSNL Commitment: Revenue Projections
- 3** Vertical wise business strategy
- 4** Long Term Plans: Implementing Government's Vision

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BSNL plan: Implementation of revival measures

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Schedule of Implementation (1/2)

Sr. No.	Revival Measures	Process / Schedule
1.	AGR settlement	DoT – Finalization of AGR amount Pursuance - DEA / Approvals of BSNL Board / EGM
2.	Preference Capital Re-issue	DIPAM - Increase in authorized Capital Total time – 3 months Challenges envisaged : None
3.	Debt Restructuring	Issue of Bonds- Post receipt of Sovereign Guarantee Total Time - 2 months
4.	Rural VGF	Duly audited Claims Submitted to DoT Amount required within 30 to 60 days At least 50% amount in next 30 days

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Schedule of Implementation (2/2)

Sr. No.	Revival Measures	Process / Schedule
5.	Spectrum allotment	<ul style="list-style-type: none"> • Allocation for service continuity • Allocation for 900/1800 MHz –in sync with release of funds for GST
6.	Merger of BBNL	<ul style="list-style-type: none"> • Functional reporting of BBNL field units into BSNL • O&M tender already awarded (13 Packages) • Strengthening of BBNL NoC for N/w monitoring • Engagement of consultants under process
7.	Deployment of ITS officers	<ul style="list-style-type: none"> • No of vacant Business Areas - 28 out of 158 • Mechanism of a screening committee to be implemented • Policy of 3 year deployment in BSNL on return from deputation
8.	MTNL issues	<ul style="list-style-type: none"> • Mobile services taken over- integration of Land Line initiated • Equipment Procurement is now integrated with BSNL tenders

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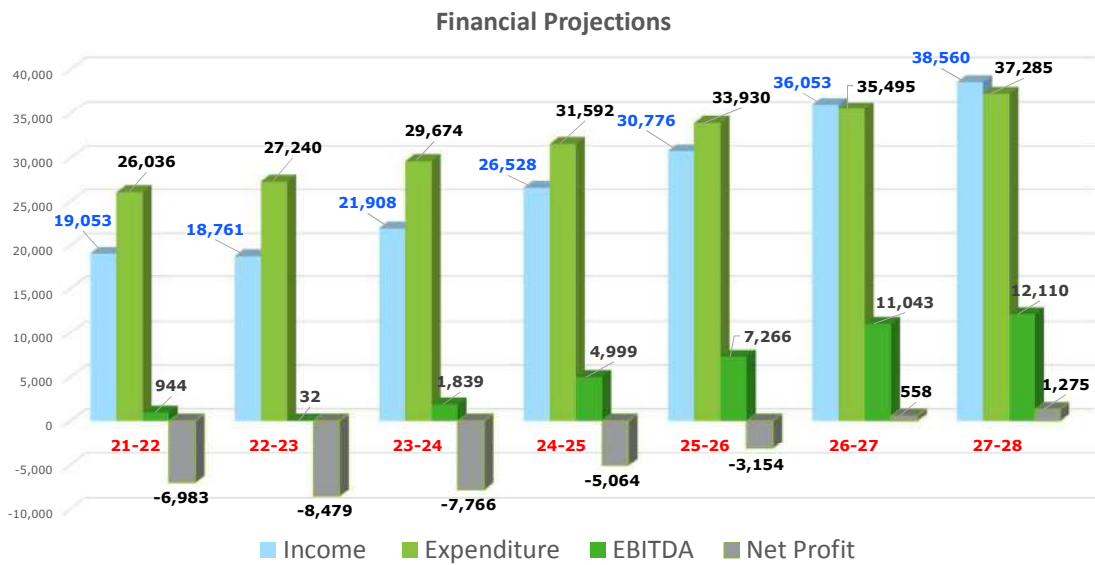


BSNL Commitment: Revenue Projections

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Projected P&L statement : Profitable in 2026-27

(Rs Cr)



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BSNL revival – Business Strategy (1 of 2)

Mobility Business

- Increase BSNL mobile market share (VLR based) from 6.43% (Mar 22) to 10% over next 5 years and 15% in ten years.
 - Rollout PAN India 4G network on indigenous Core with competitive pricing for mobile broadband
 - Create emphasis on Value Added Services & M2M services

Fixed Line Business

- Reach 5% Households with TV (one crore) with Fiber wire-line (FTTH)
 - Expand FTTH through partnership models with investments in access networks by partners.
 - Targeted marketing by strategic partnerships with equipment manufacturers & content providers (for triple play services)

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BSNL revival – Business Strategy (2/2)

Enterprise Business

- Target End to End solutions for BFSI sector/Startups/MSME sector
- Preferred partner of the Government for telecom Projects - timely execution with high security assurance in services delivery

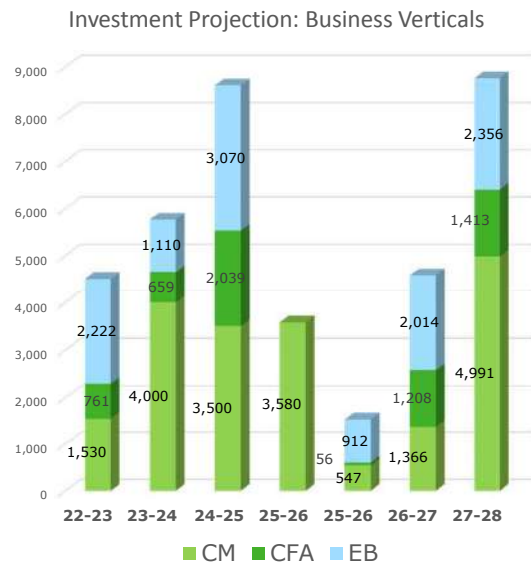
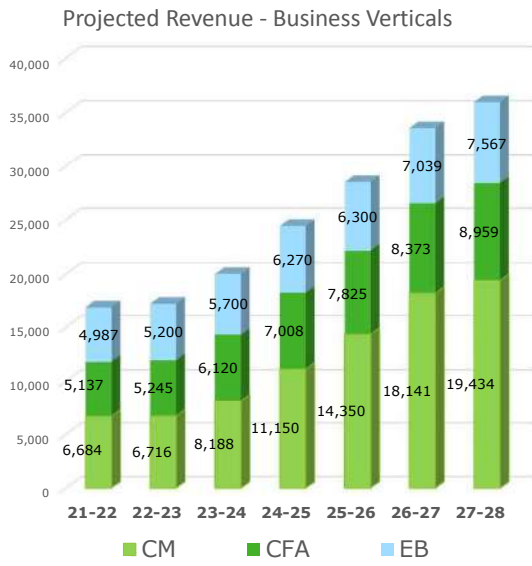
Monetization

- Current level of tenancy(15%) of Tower sites (68,000) to be increased to 25%
- Monetizing at least 25% of all built up space & land parcels (currently 6%)
- Working closely with DPE / NLMC for monetizing assets valued over Rs 100 crore

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Revenue Projections & Investment Requirements

(Rs cr)



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Vertical wise Business Strategy

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BSNL Strategy : Fixed line services

- Up-gradation & expansion of BNG/RPOP → Financial Bid stage
 - Planned completion → first lot before 31.03.2023
 - Dedicated Aggregation Node for each Business area → increase in Data throughput
- FTTH Growth → Procurement of OLTE → speedy penetration
 - Supplier eco system on GeM being actively created
- Centralized NoC → Network monitoring → PAN India based on IT systems (ONE Network)
- Focused sales channels for fixed line → seamless interface with BSNL IT Systems
- Sales incentives linked to business volumes & territory coverage → FTTH growth
- Government policy support → Facilitate FTTH roll out in Rural areas
 - Right of way → a critical cost and time component in service rollout
 - Access to Electricity poles will accelerate FTTH growth & BharatNet utilization

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BSNL Strategy : Mobile services

- Fast 4G Roll out PAN India → 100,000 sites (12 to 18 months)
 - PoC provisionally completed → order placed for 6000+6000 sites
- Battery & Power plant → Rs 200 crore orders issued → Rs 300 cr tendering under process
- Centralized view of all BTS (CNMS) → Super Critical, Critical, Important and Normal
- Sales Force Automation Solution (SFAS) → a mobile App launched → Improved customer delivery
- Quality customer acquisition → incentive for retention → commission on subsequent recharge
- To facilitate online recharges → various e-Distributors on-boarded
- Centralized CAF approval Centre established at Noida → minimize activation time.
- Digital Complaint Centre of WSCC established
 - handling Social media Complaints and
 - monitoring of operations of all call centers.

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BSNL Strategy : Enterprise services

• Major Projects

- Super Core Routers deployed → 101 number
- Planned deployment Super Edge Routers (190) → Replace MPLS Backbone (End of Life)
- MPLS-IP based Access and Aggregation (CPAN) → N/W capacity enhancement
- Optical Transport Network → high capacity access at DHQ level
- OF cable replacement → 15,000 Km planned → to improve network availability
- Geo-tagging (OFC ends/Exchange/towers/BB OLT) → quicker provisioning of Circuits
- Copper to OFC/Radio Frequency conversion → improved reliability
- Fault tracking & management IT Tool deployed → prompt fault management
- API integration with major Clients like SBI/UBI → real time reporting and tracking of faults
- New business clients and private sector business targets → broadbase the growth and revenue
- Connectivity provider → solution provider to enterprise

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BSNL revival : Bharat Net Utilization

- O&M tender finalized → survey work nearly completed → G P restoration started
- Nearly 1000 partners on-boarded → 197 OLT integrated
- To capture demand of Institutional customers portal launched → 1.15 lakh bulk demand registered nearly 10K feasibility ascertained → Demand Note issue in process
- Special tariff plan for Bharat Net utilization released
- Strategy planned on the basis of customer segments → Institutional / retail
- Detailed guidelines issued for the 4000 GP project
- Procurement process initiated for 2000 OLT and 100,000 ONT for Bharat Net
- Reliability, tariff & business case are still major challenges in utilization
- Proposal submitted for ILL provisioning at ALL OLT locations
- O&M partners reached out for provisioning of new FTTH on Revenue Share model

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BSNL : Government Projects Execution

- 4G Saturation
 - Mission-500 (from 27th July 2022 to 9th December 2023, Rs 26,314 Cr)
 - 24680 villages → (uncovered, new 4G)
 - 6279 villages → (up-gradation → 2G to 4G)
 - Tender document in finalization, Mapping of media with existing nodes
 - Support required land for new BTS & electricity connection from state
- 4G Up-gradation of 2343 LWE-I sites → extension of O&M → tender already floated
- Network For Spectrum
 - Launched in two Commands South → Western (8th April) Western (27th June)
 - Two commands planned in 60 days → Northern (31st Aug) Southern (30th Sep)
- Kochi- Lakshdweep Sub-marine cable project → on track as per planned time line (scheduled completion – 30th September 2023)

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Long Term Plans: Implementing Government's Vision

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Long Term implementation Plan – Stake holder’s discipline

- Organizational re-orientation
 - A motivated work force is a core essentiality to achieve any target
 - A scheme of quantifiable targets and measurement metric for individuals / groups
 - Organizational units as a whole to be jointly & severally responsible for targets
 - Recognition for achievers → identification of laggards
 - Inculcation of culture of quality consciousness and meritocracy → Karma Yogi
- Organizational re-structuring & re-formatting
 - right skilling the work force for adoption of new technology → IT based processes
 - supplement skill deficit through out sourcing in short term
- Ticker based monitoring of targets
 - Regular monitoring of physical progress of all projects, network elements and KPI
 - Regular review of challenges and calibration of resources & time lines

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Organizational Transformation

- The organizational mind set to be completely transformed
 - Equitable responsibility across the chain of command
 - Ownership of the organization at all levels
 - Transformation to be pervasive → from highest to lowest levels
- Inculcation of Business orientation in the organization
 - Resources to be deployed appropriately & wisely
 - Customer needs & expectations to be the center of focus
 - Revenue, profitability and market share shall be the drivers
- Costs of failures
 - organizational culture should be sensitive to costs of failure
 - highest standards in Customer care & service delivery to be non-negotiable
- Sensitization of organization to the call of “Perform or Perish - BSNL”

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Commitment

- BSNL has a strong BRAND presence in the market despite challenges
- Source of BRAND strength → long customer association → ownership of Government
- BSNL with its PAN India presence is committed to
 - Become a self sustainable & profitable CPSE
 - Customer delivery in a focussed manner
 - Be the implementation vehicle for objectives of the Government in telecom sector
 - Become a positive participant in interplay of competitive forces in the sector
- It is a TEAM WORK & we are committed to deliver



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Long Term implementation Plan – evolution of technology

- Updation of Business Plans
 - Periodic review of assumptions and impact analysis of variations
 - Monitoring of emerging trends in technology to ride the growth by right timing
 - Vendor development with Government policy support for indigenization of resources
 - Identification of conflicts with evolving policies and re working the response
- New avenues for incremental growth
 - keen monitoring of consumption trends with professional assistance
 - identification of emerging new business models for monetizing assets
- Sustained enhancement in market share
 - maximizing revenue opportunity in niche Government business
 - identification of financially capable partners for expansion opportunities
 - capitalize on strength of presence across India to diversify in sector related activities

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Long Term implementation Plan – Sustainable asset monetization

- Monetization of assets which are akin to natural monopolies
 - Overlapping assets created by various stakeholders in the sector
 - Normalization of assets & investment to create a harmonized asset base
 - Potential of state sponsored transmission networks to be explored
 - Active exploration of resource sharing of network elements
- Alignment of business interests with other CPSEs in the sector
 - exploring non-compete agreements
 - Normalizing cost and tariff disparities for sustainability
- Alternate options for monetization
 - land assets could be earmarked for setting up manufacturing facilities for the sector
 - Office/exchanges offered for setting up micro & mini data centers for EDGE computing
 - partnership with construction companies for redevelopment of buildings

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Financial Implication

Sr No	Item	Cash/Non Cash	22-23	23-24	24-25	25-26	Total Rs. Cr
BSNL							
1	Capex	Cash	4,513	5,769	8,609	3,580	22,471
2	Spectrum Cost	Non Cash	38,130				38,130
3	GST for spectrum		6,863				6,863
4	Preference Shares	Non Cash	7,500				7,500
5	AGR Dues	Non Cash	28,060				28,060
6	GST on AGR Dues		5,344				5,344
7	Sovereign Guarantee	Non Cash	8,446	6,522	7,860	0	22,828
8	Rural Support	Cash	13,789				13,789
9	Sub-total for BSNL		112,645	12,291	16,469	3,580	144,985
MTNL							
10	Grant for merger	Cash	1,600				1,600
11	Sovereign Guarantee	Non Cash	10,910	6,661			17,571
12	Sub-total for MTNL		12,510	6,661			19,171
13	Grand Total		125,155	18,952	16,469	3,580	164,156
13 (a)	Non-Cash support		99,150	13,182	7,860	0	120,192
13 (b)	Cash support		26,006	5,769	8,609	3,580	43,964

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Current Proposal - Conclusions

- BSNL to attain sustainability due to following measures:
 - **4G launch** – gain market share - positive revenue impact- Indigenous technology stack
 - **FTTH** - revenue increase - high speed broadband adoption & digital economy growth
 - **Cash support for capex** and VGF – mitigate potential debt burden/ pending liabilities.
 - **Settlement of AGR** through equity for 5 years will ensure financial self sufficiency.
- Current proposal a logical corollary to earlier package to protect and grow the Government Capital invested in BSNL / BBNL:
 - **Ability of BSNL to service/ repay debt** and to undertake capex in the network.
 - **Capital structure** - comparable with private telcos after proposed equity infusion
 - **BBNL & BSNL merger**- unified entity for Bharat-Net utilization & digital inclusion in rural areas

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Additional resources : Impact of previous package & Financials

Financial Implication of proposed revival plan							(Rs crore)
Item	Cash/ Non Cash	22-23	23-24	24-25	25-26	Total	
BSNL							
1	Capex	Cash	4,513	5,769	8,609	3,580	22,471
2	Spectrum Cost	Non Cash	44,993				44,993
3	Preference Shares	Non Cash	7,500				7,500
4	AGR Dues	Non Cash	33,404				33,404
5	Sovereign Guarantee	Non Cash	8,446	6,522	7,860	0	22,828
6	Rural Support	Cash	13,789				13,789
7	Sub-total for BSNL		1,12,645	12,291	16,469	3,580	1,44,985
MTNL							
8	Grant for merger	Cash	1,600				1,600
9	Sovereign Guarantee	Non Cash	10,910	6,661			17,571
10	Sub-total for MTNL		12,510	6,661			19,171
11	Total for BSNL + MTNL		1,25,155	18,952	16,469	3,580	1,64,156
With these revival measures, BSNL is expected to become profitable by FY 2026-27							27

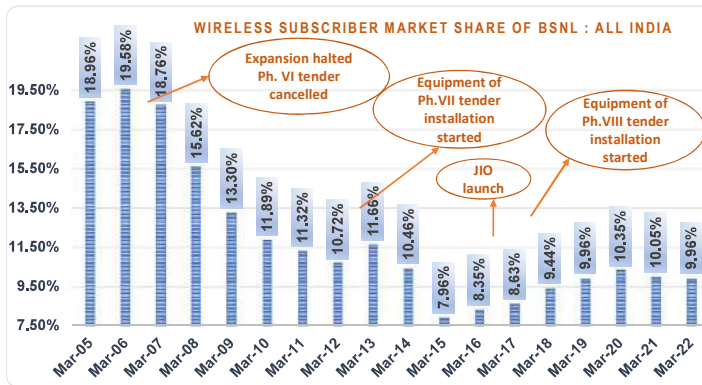
BSNL revival – Strategy (1/3-original)							
<ul style="list-style-type: none"> Increase BSNL mobile <u>market share</u> (VLR based) from 6.43% (Mar 22) to 10% over next 5 years and 15% in ten years. <ul style="list-style-type: none"> ➤ Rollout PAN India 4G network on indigenous Core with <u>competitive pricing</u> for mobile broadband ➤ Create emphasis on bulk SMS & M2M services 							
Particulars	Actuals	Projected Revenues					
		21-22	22-23	23-24	24-25	25-26	26-27
CONSUMER MOBILITY (CM)							
Customer base (In Cr.)	6	6	6.1	7.6	8.5	9.2	9.5
ARPU (Rs per month)	77	78	96	109	126	149	156
Income (Rs crore)	5,521	5,616	7,014	9,900	12,850	16,491	17,784
							28

BSNL revival - Strategy (Consumer Mobility - Market Share)

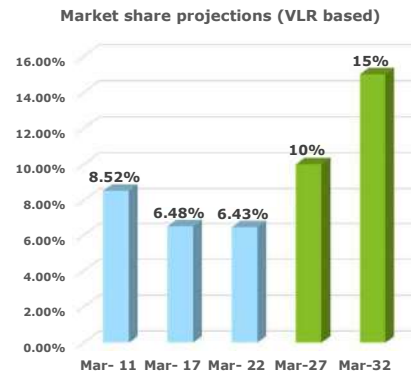
(1 of 3)

- Increase BSNL mobile market share from 6.43% (Mar 22) to 10% over next 5 years and 15% in ten years.

Market Share – Past Trend



Market Share – Projections



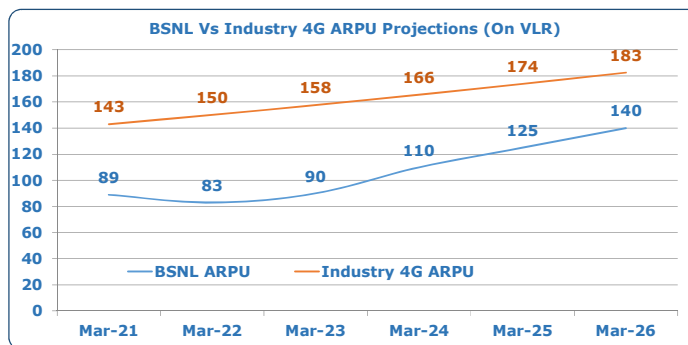
BSNL has the potential to increase market share if 4G network coverage is increased. It will also benefit in the form of lower churn and higher subscriber retention.

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BSNL revival - Strategy (Consumer Mobility –ARPU)

(2 of 3)

Rollout PAN India 4G network on indigenous Core with competitive pricing for mobile broadband



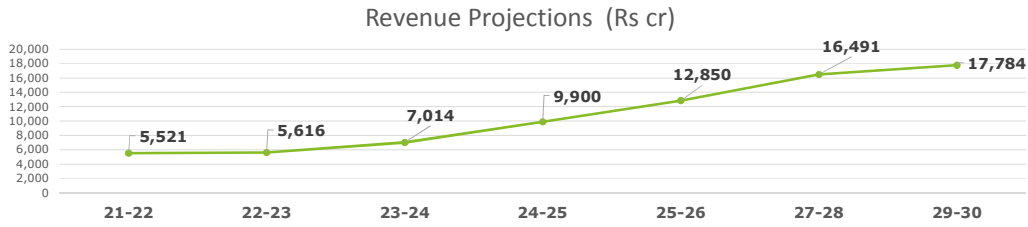
Month	BSNL ARPU	Industry 4G ARPU
Mar-21	89	143
Mar-22	83	150
Mar-23	90	158
Mar-24	110	166
Mar-25	125	174
Mar-26	140	183

4G deployment will help BSNL in increasing ARPU. Even if BSNL's ARPU remains below the industry 4G ARPU, still it will be sufficient for sustainability

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BSNL revival - Strategy (Consumer Mobility – Impact)

(3 of 3)



Particulars	Actuals	Projected Revenues					
	21-22	22-23	23-24	24-25	25-26	26-27	27-28
CONSUMER MOBILITY (CM)							
Customer base (In Cr.)	6	6	6.1	7.6	8.5	9.2	9.5
ARPU (Rs per month)	77	78	96	109	126	149	156
Income (Rs crore)	5,521	5,616	7,014	9,900	12,850	16,491	17,784

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BSNL revival - Strategy (2 of 3- Original)

- Reach 5% Households with TV (one crore) with Fiber wire-line (FTTH)
 - Expand FTTH through partnership models with investments in access networks by partners.
 - Targeted marketing by strategic partnerships with equipment manufacturers & content providers (for triple play services)

Particulars	Actuals	Projected Revenues					
	21-22	22-23	23-24	24-25	25-26	26-27	27-28
Customer Base (lakhs)	22	39	55	73	90	101	113
ARPU (Rs per month)	576	555	535	506	483	499	499
FTTH Revenue (Rs crore)	1,590	2,387	3,417	4,254	4,916	6,048	6,766

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BSNL revival - Strategy (Consumer Fixed Access - Market Share)

(1/2)

- Reach 5% Households with TV (one crore) with Fiber wire-line (FTTH)
 - Expand FTTH through partnership models with investments in access networks by partners.
 - Targeted marketing by strategic partnerships with equipment manufacturers & content providers (for triple play services)

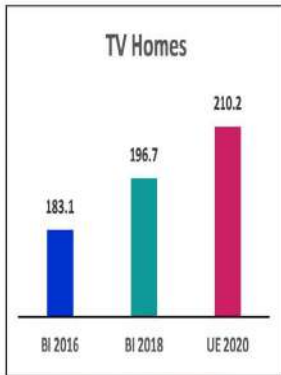


Figure 2. TV Households in India (in Millions)

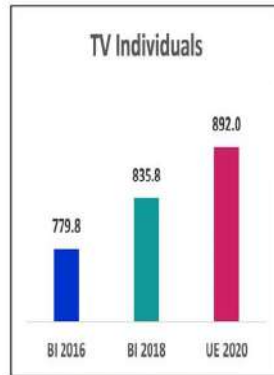
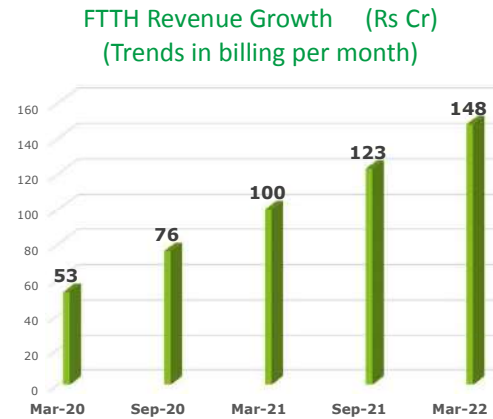


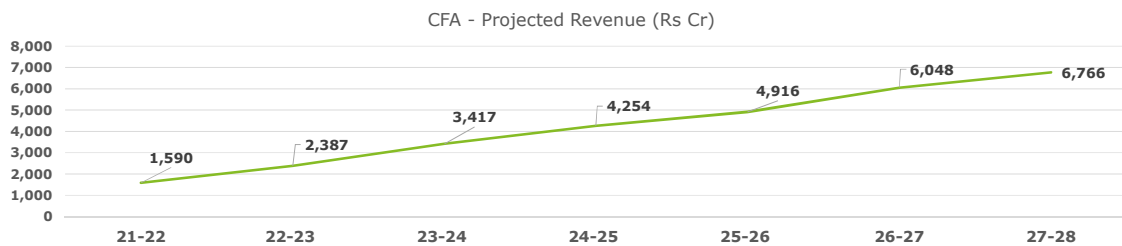
Figure 3. TV Individuals in India (in Millions)



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BSNL revival - Strategy (Consumer Fixed Access -Impact)

(2/2)



Particulars	Actuals	Projected Revenues					
	21-22	22-23	23-24	24-25	25-26	26-27	27-28
Customer Base (lakhs)	22	39	55	73	90	101	113
ARPU (Rs per month)	576	555	535	506	483	499	499
FTTH Revenue (Rs crore)	1,590	2,387	3,417	4,254	4,916	6,048	6,766

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Strategy- Consumer Mobility (Value Added Services)

- VAS revenue to increase via two emerging business opportunities:
- **Bulk Push SMS / international SMS revenue (20% growth, 1 Cr+ every Hour**
- **M2M IoT revenue: Vehicle tracking, smart meters, smart city (Huge Potential)**
- BSNL has 68000 towers with 65% fiberized. Tenancy to be increased to 25%
- 13,500 leased out with revenue of Rs.1000 crores p.a. and is increasing.
- 5G to generate additional demand- opportunity to lease out fiberized sites.
- Govt. funded projects to add to BSNL's top-line (approximately 25,000 new towers to be added):
 - upgradation of LWE-1
 - Uncovered villages
 - 4G coverage project in Char-Dham Yatra,
 - Lakshadweep Island
 - Border Out-post (BOP)

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Vision for Customer Delivery Assurance : Mobile services

- Customer **self care mobile app**- pre-paid recharge, service complaints (booking and tracking), service upgrades (plan change etc.), bill information, plan profile information, bill payments, usage details view .
- **Mobile app** for distribution and retail chain (customer interfacing) for quick hassle free, paper-less on-boarding of new customers
- Strengthening the Franchisee-retailer chain – entered into agreement with CSC for rural
- Upgraded Call centers- provide omni-channel experience to register request, complaints from various modes including social media and e-mails and resolution of all customer requests/ grievances with feedback system.
- All the existing mobile towers with 4G services to provide customers with high speed wireless internet services and high uptime

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Vision for Customer Delivery Assurance : Fixed Line

- **IT enabled business processes** for BSNL customer, BSNL last mile (local entrepreneur) partner and BSNL workforce are being continually evolved based on market conditions.
- Customer **self service portal and mobile app** with features like service complaints (booking and tracking), service upgrades (plan change etc.), bill information , plan profile information , bill payments , and self test for FTTH services (like the optical power level , device connected on WiFi etc.) .
- FTTH partners are provided with **smart mobile app** which give complete visibility of customer profile, including all technical (real time parameters) and commercial details, so that customer complaints are addressed with minimum delay and maximum satisfaction.
- **Centralized monitoring of network health** (established one network center at each of the 158 Business Area) is done to proactively work on the network issues impacting customers. Customer data usage is the key parameter used in real-time troubleshooting of the network and customer issues.

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Initiatives taken to sustain FTTH Growth

- Though investment in growth of network has not been done in last few years, **inhouse tools have been developed to improve network optimization.** Network re-engineering done to ensure network traffic is able to grow with the customer growth.
- FTTH traffic grew from 405 PB in 19-20 to 1408 PB in 20-21 and to 3537 PB in 21-22.
- Caching capacity grew from 2040 Gbps in 20-21 to 3160 in 21-22 and peering capacity from 1857 Gbps in 20-21 to 2854 Gbps in 21-22.
- In the year 22-23, 250 new BNG nodes, 12,000 CPAN nodes, 300 OTN nodes and 190 core network routers to be added to support the **growth in network traffic** due to increase in customer base is sustained by network.
- As **demand for OTT bundling** with broadband is increasing, BSNL has added all major OTT providers to its portfolio to ensure customer satisfaction, and further traction in the market.

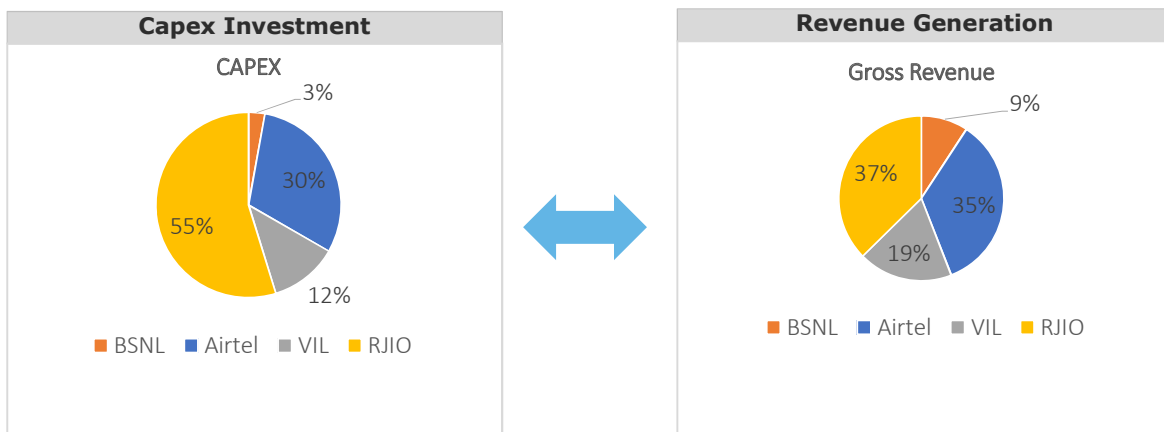
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Key Areas of Competence: Other Revenue Generating Activities

- Large OFC network – 8.64 lakh k.m. leveraged for Enterprise & FTTH segment
- Huge clientele in BFSI segment (SBI – 19229, Canara Bank 9192, PNB – 9130, UBI – 8027, DoP – 7784).
- Deep rural presence with 18,190 rural exchanges
- Large network with rural presence makes it suited for Government initiative for digital delivery for initiatives in Panchayati Raj, e-health, e-education, Rural Post offices and various schemes of state government.
- 67,412 towers with 66% fiberized. Huge opportunity of leasing when industry begins 5G deployments.
- Large Built Up space – 1.08 lakh square meter, 25% can be leased.

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BSNL Capex Investment vs. Revenue Generation



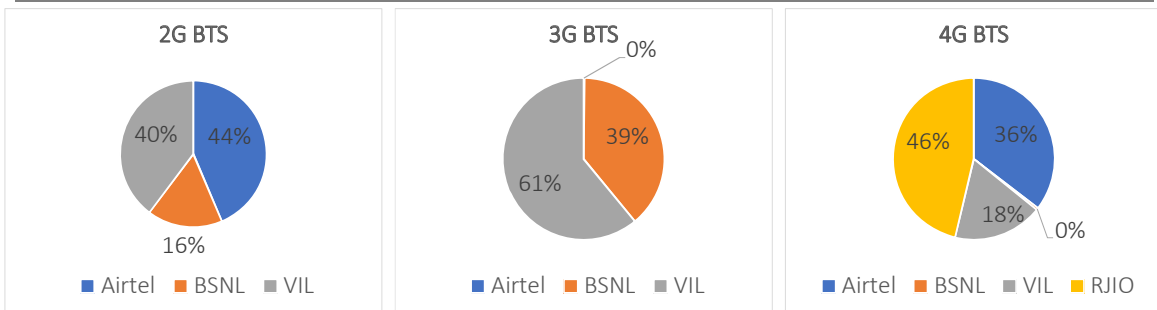
- BSNL **Capex investment 3%** but overall **revenue generation 9%**
- Other operators, RJIO, Airtel investing high Capex
- BSNL to **invest more Capex** for increasing the **revenue generation**

Gross Revenue

BSNL – Rs 19,051 Crore
 Airtel – Rs 72,065 Crore
 RJIO – Rs 77,204 Crore

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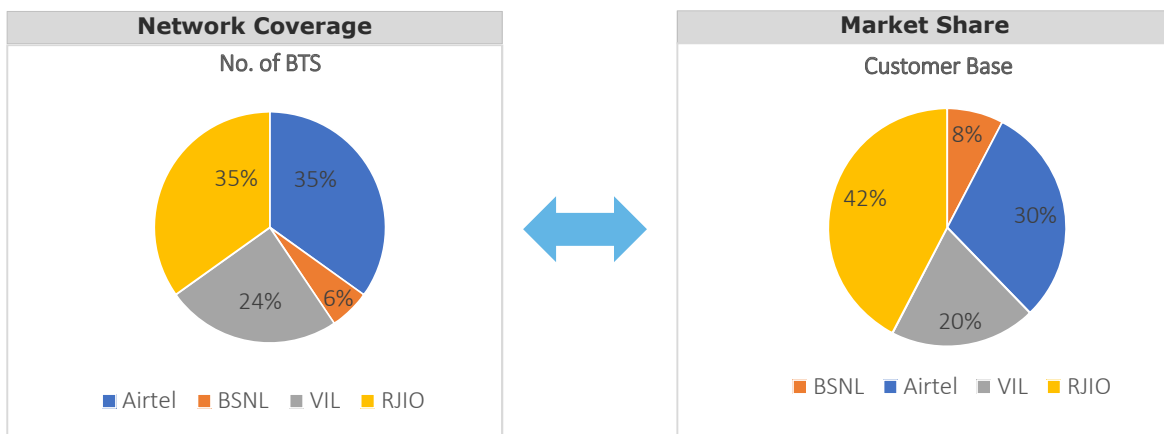
BSNL Network coverage vis-à-vis Industry



- BSNL has **maximum 3G towers (BTS)** for providing services to his customers
- Other operators i.e. Airtel, RJIO and Vodafone have **4G towers** in majority and **BSNL has less than 1% share**
- BSNL to invest **Capex to create more 4G towers (BTS)** for enhanced 4G network coverage

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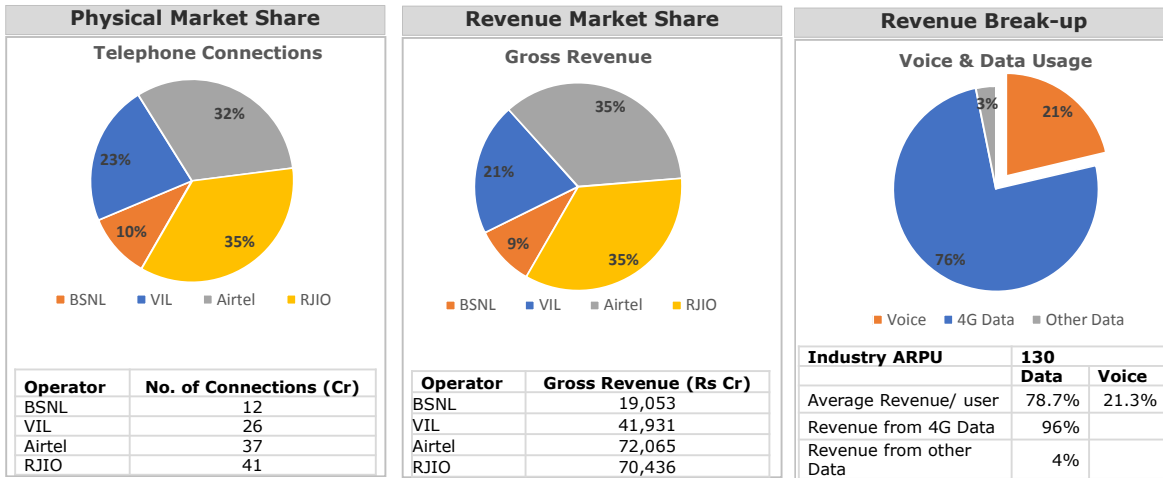
BSNL Network Coverage vs. Market Share



- BSNL **network size 6%** (including 2G, 3G & 4G towers) but overall **customer base 9.96%**
- VIL, Airtel and RJIO having 55%, 77% & 100% of their network coverage through 4G towers (BTS)

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4G is the Revenue Driver



- **78.7% revenue** of mobile services generated from **Data** and **21.3% from Voice**
- Out of 78.7%; **96% revenue** is generated from **4G Data**
- * Source – TRAI subscription and AGR Reports

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Financial Implication of proposed revival plan

All figures in Rs. Crores

Sr No	Item	Cash/ Non Cash	2022-23	2023-24	2024-25	2025-26	Total
BSNL							
1	Capex	Cash	4513	5769	8609	3580	22471
2	Spectrum Cost (Excl. 4G*)	Non Cash	38130				38130
3	GST for spectrum (Excl. 4G*)						
3 (a)		CGST Non Cash	3431.5				3431.5
3 (b)		SGST Cash	3431.5				3431.5
4	Preference Shares	Non Cash	7500				7500
5	AGR Dues#	Non Cash	28060				28060
6	GST on AGR Dues#						
6 (a)		CGST Non Cash	2672				2672
6 (b)		SGST Cash	2672				2672
7	Sovereign Guarantee	Non Cash	8446	6522	7860	0	22828
8	Rural Support#	Cash	13789				13789
9	Sub-total for BSNL		112645	12291	16469	3580	144985
9 (a)	Cash Support for BSNL		24405.5	5769	8609	3580	42363.5
9 (b)	Non-Cash Support for BSNL		88239.5	6522	7860	0	102621.5
MTNL							
10	Grant for merger	Cash	1600				1600
11	Sovereign Guarantee	Non Cash	10910	6661			17571
12	Sub-total for MTNL		12510	6661			19171
12 (a)	Cash Support for MTNL		1600	0	0	0	1600
12 (b)	Non-Cash Support for MTNL		10910	6661	0	0	17571
13	Total for BSNL + MTNL		125155	18952	16469	3580	164156
13 (a)	Out of which Cash support [9 (a) + 12 (a)]		26006	5769	8609	3580	43964
13 (b)	and Non Cash support		99150	13183	7860	0	120193

With the help of these revival measures, BSNL is expected to become profitable by FY 2026-27

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Financial Implication of proposed revival plan

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Projections v/s Actuals – Cost optimized, Revenue delayed

All figures in Rs. Crores

Income	2020-21			2021-22		
	Projected	Actual	Difference	Projected	Actual	Difference
Total income excluding monetization	19,205	18,508	(-)697	22,602	19,053	(-)3,551
Land monetization	6,000	87	(-)5,913	8,000	121	(-)7,879

Shortfall in revenue caused by:

- Pendency of approvals from state governments for land monetization
- Impact of Rs 2,529 Cr on mobile revenue due to absence of 4G & abolition of Mobile Termination Charges
- Faster decline in Copper wireline revenue than growth in Fiber wire-line revenue

Expenditure	2020-21			2021-22		
	Projected	Actual	Difference	Projected	Actual	Difference
Staff Cost	7,175	6,679	(-)496	7,483	7,169	(-)314
Operational expenses	13,500	9,481	(-)4,019	12,900	9,499	(-)3,401

- **Employee Expenses** : Less than projections in FY 21 (7%) and FY22 (4%)
- **Operational Expenses**: Less than projections in FY 21 (30%) and FY22 (26%)
- **Shortfall in projected operational revenue is set off by optimization of expenditure**

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Assessment of demand for BSNL 4G

- 52% of 68.35 million active customers ALREADY have BSNL SIM in the 4G enabled slot of their handset.
- 42% customers have BSNL SIM in 2G enabled slot and 6% have it in 3G slot.
- Manufacturing of "2G ONLY" handsets is progressively stopped
- Majority of 42% customers with BSNL SIM in 2G slot to use BSNL 4G when available.
- With launch of 4G on indigenous core, and assured QoS, port in from other N/W expected
- BSNL expects 50% of its subscribers to use 4G, in line with Industry trends

Operator	Total subs (Mn)	Wireless Broadband subscribers (Mn)	%
Jio	403.99	403.99	100%
Airtel	360.33	210.75	58%
VIL	260.77	122.48	47%

Impact of delay in 4G roll out

- Current Business case of BSNL still holds good
- Revenue receipts on account of 4G postponed by ONE Year
- Capital Expenditure on CM of Rs 3580 crore shifts from FY 2024-25 to FY 2025-26
- BSNL remains EBITDA positive
- Registers profit in FY 2026-27, instead of current projections of 2025-26

Financial Projections : Calibrated for delay in roll out

Particulars	2021-22	2022-23	2022-23 NEW	2023-24	2023-24 NEW	2024-25	2024-25 NEW	2025-26	2025-26 NEW	2026-27	2026- 27NEW
Revenue from operations	16808	18134	17161	21970	20008	26378	24428	30746	28476	33621	33553
Land monetization (profit from Sale)		1000	400	1500	600	2000	800	3000	900	2000	1000
Other Income	2245	1200	1200	1300	1300	1300	1300	1400	1400	1500	1500
Total Income (a)	19053	20334	18761	24770	21908	29678	26528	35146	30776	37121	36053
Expenditure											
Employees Remuneration and Benefits	7169	7707	7707	7939	7939	8177	8177	8422	8422	8633	8633
Depreciation (x)	5308	6624	6024	7005	7005	7406	7406	7826	7826	8126	8126
License Fee and spectrum charges	1441	1306	1472	1582	1716	1899	2095	2214	2442	2421	2877
Admin, operating and Other Expenses	9499	10260	9550	10876	10414	11828	11257	12988	12646	13500	13500
Financial Expenses (y)	2617	2500	2488	2500	2600	2500	2657	2500	2594	2372	2359
Total Expenditure (b)	26034	28397	27240	29902	29674	31810	31592	33950	33930	35051	35495
EBITDA z= (a-b+x+y)	944	1061	32	4373	1839	7774	4999	11522	7266	12568	11043
Profit/ (Loss) (a-b)	-6981	-8063	-8479	-5132	-7766	-2132	-5064	1196	-3154	2070	558

4G project: deployment outlook

- Time lines expected for supply of e NodeBs (ordered Quantity : 6000 on 31st March 2022)

July-December 2022	3000
January 2023	1500
February 2023	1500
- Services shall be rolled out from December 2022 onwards, in limited areas.
- Limited impact on revenue in FY 2022-23.

Additional resources : Monetization

Revenue earned through monetization

	2019-20			2020-21			2021-22		
	BSNL	MTNL	Total	BSNL	MTNL	Total	BSNL	MTNL	Total
Tower	1005	56	1061	964	59	1023	1016	62	1078
Fibre	299	-	299	392	-	392	401		401
Sale/ROW land	7	-	7	117	-	117	21		21
Space Renting	143	344	485	165	360	525	218	337	555
TOTAL	1454	400	1852	1638	419	2057	1656	399	2055

Grand Total of monetization proceeds = Rs 5964 Cr

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Summary of BSNL lands under monetization

MODE OF MONETIZATION	TOTAL NO. OF PROPERTIES & VALUE	PROPERTIES FOR WHICH TA APPOINTED	PROPERTIES TAKEN TO AUCTION
By DIPAM/DPE PHASE-1	14 (8914 cr.)	11 (6284 cr.)	4 (671 cr.)
By DIPAM/DPE PHASE-2	7 (1617 cr.)	7 (1617 cr.)	0
By BSNL	52 (1167 cr.)	26 (662 cr.)	0 (consultants reports have been received for 18 properties)

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Summary of MTNL lands under monetization

Mode of Monetization	Total no. of Properties and Value	Properties for which TA appointed	Properties taken for auction	Remarks
DIPAM Ph-I	16 properties and 494 Quarters- Rs 6228 Cr value	5 Land parcel and 398 Quarters in Mumbai	1 Land parcel at Vasari hill and 20 no. of Oshiwara Quarters	For 378 Quarters in Mumbai IPC report submitted - under process in DIPAM. Mumbai 4 land parcel - reservation and designation.
DIPAM Ph-II	42 assets - Rs 11836 Cr value Connaught place land parcel submitted separately	TA appointed for CP plot	-	Ph-II properties - reservation and designation and DDA restrictions. CP plot report from TA awaited.

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Asset monetization

- Land monetization of CPSE taken up by DIPAM as nodal authority in 2020 as approved by Union Cabinet
- The nodal authority changed to DPE in April 2022
- As informed by DIPAM, DPE to take up Land Monetization with support of National Land Monetization Corporation (NLMC) – Not fully functional
- DPE has convened IMG meeting for initiation of monetization process very recently.

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Key challenges in asset monetization

- 1. Change of Land use-** Lands acquired/allotted for specific purpose- Telephone Exchange, Staff Colony - Value can be derived post change of land use as per master plan- private parties unwilling to invest till clarity on use.
- 2. Tamilnadu Govt.-** land acquired for particular purpose cannot be sold without prior approval of State Govt under Sec 44A of Land Acquisition Act
- 3. Reservations and designations-** High value – Can be realized post Removal of restrictions in the properties of Mumbai (both MTNL and BSNL)
- 4. DDA** - Delhi properties mostly leasehold from DDA under institutional category on perpetual basis- sharing of 50% unearned income with DDA.
- 5. Insufficient property papers-** Mutation of lands is pending for long time in various State Govt offices due to insufficient documents or Owner names vary such as P&T/ DoT/ Central Govt./ Government / Telegraph Deptt. etc.

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Efforts made by BSNL for Monetization

The monetization policy approved on 28.06.2021-

1. Detailed procedures and rules for various activities in the policy framed.
2. Circle level standing committees formed – co-ordinating with Consultants, land revenue authorities and submitting recommendations.
3. Empanelment of valuers - 72 IBBI registered valuers shortlisted based on turnover and experience.
4. Empanelment of consultants/ transaction advisors done and six agencies are empaneled.
5. An oversight committee has been formed to oversee the monetization process.
6. Instructions issued to all circles – to scrutinize 100% properties and shortlist which can be monetized. 1000 land parcels shortlisted for further scrutiny of property papers.
7. Valuers appointed for 95 properties. Bids for valuation of 28 more properties have invited.
8. Valuation of 52 properties (value Rs. 1167 cr) done and indicative value decided.
9. 26 properties (Total value Rs. 662 cr.), appointed transaction advisors submitted feasibility reports in June 2022. Process on for fixing reserve price and auction thereafter is in progress.
10. Bids for appointing transaction advisors for 35 more properties will be called shortly.

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Additional resources : HR issues / Manpower benchmarks

Manpower benchmarks

	BSNL	AIRTEL	JIO	VIL
Customer Base (Mn)	67.32	360.33	403.99	255.7
Total BTS (number)	1,55,590	9,48,677	9,48,135	6,66,995
Total Revenue (Mn INR)	1,90,525	7,20,647	7,04,360	4,19,311
On roll employees (numbers)	61,602	14,194		9,173
Contract Employees (numbers)	2,300	36,400		799
Feet on Street (numbers)	11,400	25,000		
Revenue Per employee	25,30,157	95,33,124		4,20,48,837

- Information on employee numbers including sales force of JIO is not available in their annual report.
- Number of sales force (Feet on Street) for VIL is not found mentioned in their annual report.

Current Retirement Profile of employees

As on	Number of employees		
	Executive	Non Executive	Total
30.04.2019	46229	118950	165179
01.10.2019	45508	109667	155175
01.02.2020	31076	39932	71008
31.03.2021	30748	38091	68839
30.04.2022	29237	32365	61602
31.03.2023	29085	31057	60142
31.03.2024	28904	29738	58642
31.03.2025	28698	28211	56909
31.03.2026	28465	26308	54773

Manpower issues

- Restructuring not be driven by objective of cost reduction, but to
 - reduce obsolescence in HR
 - Infuse technologically and managerially capable young blood for efficiency, and relevant skill set.
 - To hire selectively in key Technology areas, for right skill set for its core operations
 - To outsource jobs requiring lower skill set & repetitive in nature
- Employees 45 years and above (~ 35000) may be offered VRS,
- ~40 % of employees opt for VRS in 43-58 years age, BSNL to have 45000 (optimum)

Age Profile	Executive	40%(Anticipated)	Non-Executive	40%(Anticipated)
43-44	3260	1304	1532	613
45-49	6222	2489	5684	2274
50-54	4607	1843	8448	3379
55-58	1180	295	7462	1866
Total		5931		8131
Total Anticipated			14062	

Organizational restructuring – VRS & talent retention

- **Ex-gratia** Amount (as per Gujarat model and earlier VRS): **Rs 4016 crore**
- Payment of Gratuity and commutation of Pension - deferred till the age of 60 years or after 5 years - earlier in line with the earlier cabinet decision.
- ITS officers returning from deputation- posted in BSNL for minimum 3 years
- Officers in DOT with >5 years of service left and working in DOT for >8 years to be transferred to BSNL
- Absorption of willing ITS officers on immediate absorption basis be opened
- Posting of ITS officers: to be finalized by committee-M(S),DG(T),CMD,DIR(HR).
- Good performer with more than 5 years of service in BSNL to be considered for a choice posting in DOT ,specially one year before retirement

Organizational restructuring - Roadmap

- Technology driven digital interface - customer acquisition, service delivery and grievance redressal.
- Regular customer care operations - outsourced to ensure availability of required talent with functional specialization for efficient running of these systems.
- Transformation to digitalized processes & systems to be preceded by implementation of stable IT infrastructure as well as re-orientation of BSNL contract / project managers
- Re-orientation of the workforce & investment in IT systems - need 18 to 24 months & an investment of nearly Rs 1500 crores – Karmyogi scheme under implementation
- Visibility of its future organizational structure - detailed plan for VRS 2.0 can be brought for implementation after 24-30 months from implementation of IT initiative.
- BSNL has taken consultancy from M/s Deloitte on organizational set up in post VRS scenario. Comprehensive recommendations based on legacy set up and best practices submitted by consultant.
- The recommendations not involving any Capital expenditure have been implemented

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Organizational restructuring – Key initiatives: CENTRALISATION

#	Key initiatives	Estimated Impact
1	CFA fixed switches monitoring centralization <ul style="list-style-type: none"> • Remote monitoring of fixed switches from centralized NCGN NOCs (Chandigarh, Kolkata, Bangalore, Hyderabad) • one team per SSA for hardware troubleshooting (team details defined by a points system) 	Manpower Optimization: <i>Executive: 2,836</i> <i>Non-Executive: 600</i> Cash flow impact (5 Yrs.): INR 1,762 Cr.
2	CM monitoring centralization <ul style="list-style-type: none"> • Remote monitoring of MSC/BTS/BSC from centralized NOCs at CM Nodal Centers (Chandigarh, Kolkata, Pune, Trichy) • One team required at each circle to coordinate with NOC, fault resolution by CM infrastructure team in the SSA 	Manpower Optimization: <i>Executive: 1,888</i> <i>Non-Executive: 1,138</i> Cash flow impact (5 Yrs.): INR 1,220 Cr.
3	Passive infra monitoring centralization <ul style="list-style-type: none"> • Remote monitoring of passive infrastructure using easy to integrate IoT solutions • One team per SSA for troubleshooting and resolution (team details defined by a points system) 	Manpower Optimization: <i>Executive: NA</i> <i>Non-Executive: 2,172</i> Cash flow impact (5 Yrs.): INR 630 Cr.
4	Centralise <ul style="list-style-type: none"> • Tele-calling & monitoring of TR activities to circle • Core finance activities (<i>Planning & Works, Establishment Finance, Regulatory & Taxation, Accounting and Fixed assets management</i>) to circle; • Payroll and other finance activities (Compliance & audit) to Corporate 	Manpower Optimization: <i>Executive: 1,128</i> <i>Non-Executive: 520</i> Cash flow impact (5 Yrs.): INR 758 Cr
5	Centralise HR operations at circle <ul style="list-style-type: none"> • Training and learning activities (using E-learning portals and digital learning apps) • Performance management activities (through online portals and digital apps) 	Manpower Optimization: <i>Executive: 154</i> <i>Non-Executive: NA</i> Cash flow impact (5 Yrs.): INR 64 Cr.
6	Centralise Procurement operations (<i>Vendor management, sourcing, tendering, inventory management, logistics management etc.</i>) to circle level	Manpower Optimization: <i>Executive: 328</i> <i>Non-Executive: NA</i> Cash flow impact (5 Yrs.): INR 170 Cr.

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Organizational restructuring – Key initiatives: **OUTSOURCING**

#	Key initiatives	Estimated Impact
1	Outsource Reception and Dispatch activities across organisation	Manpower Optimization: <i>Non-Executive: 316</i> Cash flow impact (5 Yrs.): INR 51 Cr. Outsourcing cost: INR 10-12 Cr. per year
2	Outsource BTS infra O&M - This may be implemented in a Phase-wise manner - circles with the least VLR may be piloted in Phase 1, followed by implementation pan-India (Improve Network QoS for BSNL which lags competition significantly; BSNL BTS downtime = 1.29% vs. Industry average of 0.35-0.45%)	Manpower Optimization: <i>Executive: 610</i> <i>Non-Executive: 1,450</i> Cash flow impact (5 Yrs.): INR 723 Cr. Outsourcing cost: INR 150-160 Cr. per year
3	Outsource the tele calling for payment reminders and the field visits required for recovery to third party on SLA basis	Manpower Optimization: <i>Executive: 1,039</i> <i>Non-Executive: 283</i> Cash flow impact (5 Yrs.): INR 427 Cr. Outsourcing cost: INR 50 Cr. per year
4	Tie-up with a firm with real-estate expertise for leasing/ renting out real estate; Form a small core ' Civil ' team at Corporate only to program manage the consulting partner and the overall activity	Manpower Optimization: <i>Executive: 350</i> Cash flow impact (5 Yrs.): INR 181 Cr.

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Organizational restructuring – Key initiatives: **CUSTOMER CARE**

#	Key initiatives	Estimated Impact
1	Enhance focus on sales by assigning dedicated roles (e.g. dedicated CFA Sales Lead) at circle/ SSA	Manpower Optimization: <i>Executive: -652</i> Cash flow impact (5 Yrs.): -INR 117 Cr.
2	Strengthen relationship with channel by assigning dedicated roles at Circle, BA (e.g. Distribution manager to focus on nurturing relationship with distributor)	Manpower Optimization: <i>Executive: -280</i> Cash flow impact (5 Yrs.): INR 96 Cr.
3	Strengthen reach to retailers and relationship with retailers by increasing FMs (Retailers: FM ratio = BSNL 850 vs. industry average of 400)	Manpower Optimization: <i>Executive: -650</i> Cash flow impact (5 Yrs.): -INR 117 Cr.
4	Transition majority of the continuing CSCs (post rationalization) to a predominantly franchisee-operated model	Manpower Optimization: <i>Executive: -363</i> Cash flow impact (5 Yrs.): INR 824 Cr.
5	Revamp the customer complaint/ request resolution structure and process	Manpower Optimization: <i>Executive: -368</i> Cash flow impact (5 Yrs.): INR 231 Cr.

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Organizational restructuring – Key initiatives: Impact on Manpower

Functions	As-is manpower (post contingency)	Total Manpower savings	To-be manpower (post strategic options)	% total FTE
Network	41,798	(11,938)	29,860	66%
Core finance	2,422	(1,568)	854	2.5%
Telecom revenue	2,219	(2,042)	177	0.5%
HR & Admin	1,947	(969)	978	2%
Material management	858	(522)	336	1%
Customer care	6,353	(1,902)	4,451	10%
Sales & Marketing	5,049	(1,457)	3,592	8%
Enterprise		341		
Others	9,353	(5,250)	4,445	10%
Total	69,999	(25,305)	44,693	100%

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Additional resources : Debt & MTNL Corporate Restructuring Issues

Debt: Identification of sustainable debt levels

- BSNL total debt > Rs 33,000 crore
- BSNL average EBITDA ~ Rs 1000-1200 crore
- Debt @ 7.5% interest rate, sustainable post final 4G rollout & Capex Support
- MTNL total debt > Rs 27,000 crore
- MTNL average EBITDA ~ Rs 300 crore
- Debt @ 7.5% interest rate, sustainable by entire EBITDA ~ Rs 3,000-3,600 crore
- MTNL debt in excess of its debt carrying capacity ~ Rs 23,500 crore (unsustainable)

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Broad steps for delisting and merger of MTNL into BSNL

Sr No	Steps for Merger of MTNL into BSNL	Tentative time lines
(i)	As the present GoI share in MTNL is 56.25%, this has to be increased to 75% by converting equivalent AGR dues or interest thereof into equity.	T0 + 3 months
(ii)	After reaching upto 75%, delisting process will start by the Merchant Banker to go minimum to 90% through price discovery by Reverse Book Building Process, or go for direct Delisting, without equity increase up to 75%	T0 + 9 months
(iii)	Once GoI shareholding reaches 90%, MTNL will be delisted from the stock exchanges.	T0 + 11 months
(iv)	The minority share holders who do not opt for exit, may be given BSNL shares on a swap ratio to be decided as per SEBI rules and regulations.	T0 + 15 months
(v)	After delisting, merger of MTNL into BSNL will be done.	T0 + 18 months

Additional resources : Spectrum Issues

Sr No	Service Area	Revised Calculation of spectrum for 4G services as approved by Cabinet 23.10.2019						Current Proposal				Total Cost (in Rs cro)	
		850 MHz	Price	2100 MHz	Price	1800 MHz	Price	900 MHz	Price	1800 MHz	Price		
1	Andhra Pradesh			5	925			6.4	2669				
2	Assam			5	150			6.4	531.2				
3	Bihar			5	495			6.4	1286				
4	Gujarat			5	905			5	1865	3.4	928.2		
5	Haryana			5	315			6.4	652.8				
6	Himachal Pradesh			5	60			6.4	236.8				
7	J&K #			5	65			6.4	83.84				
8	Karnataka			5	455			6.4	1523				
9	Kerala			5	1015			6.2	1234	4	380		
10	Kolkata			5	575			6.4	1414				
11	M.P.			5	340			6.4	1248				
12	Maharashtra			5	1955			6.4	3347				
13	North East			5	30			6.4	147.2				
14	Odisha			5	220			6.4	550.4	2	54		
15	Punjab @			5	520			6.2	2237				
16	Rajasthan @	5	1330					6.2	4394				
17	T.N.			5	1970			6.4	1504	2	200		
18	U.P. (E)			5	630			6.4	1677				
19	U.P. (W)			5	380			6.4	1350				
20	West Bengal			5	175			6.4	793.6				
21	Delhi					10	4570	6.4	3744				
22	Mumbai			5	2640			6.4	4422				
	Total	5	1330	100	13820	10	4570	138.8	3691	11.4	1562		

	Price	GST	Total
Spectrum for 4G services	19720	3550	23270
Spectrum in 900/1800 MHz band	38473	6925	45398
Total	58193	10475	68668

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Spectrum to be allocated against Equity	Amount of equity to be infused
900 MHz Band 6.4 MHz in 18 LSAs (including Delhi and Mumbai), 6.2 MHz in 3 LSAs; 5.0 MHz 1 LSA 1800 MHz Band 3.4 MHz 1 LSAs, 4.0 MHz 1 LSA, 2.0 MHz in 2 LSAs	Rs. 38,473 Crore
2100 MHz Band 5 MHz in all LSAs including Mumbai (except Rajasthan & Delhi); 5 MHz spectrum in 800 MHz band in Rajasthan LSA 10 MHz spectrum in 1800 MHz band in Delhi LSA	Rs.19,720 Crore
Sub Total (A)	Rs. 58,193 Crore
GST (on A above)	Rs. 10474.74 Crore
Total	Rs 68667.74 crore

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Spectrum requested in 900/1800 MHz band

Name of LSA	900 MHz band		1800 MHz band	
	Currently used spectrum	Proposed spectrum	Currently used spectrum	Proposed Spectrum
Andhra Pradesh	5.6	6.4	-	-
Assam	5	6.4	-	-
Bihar	5	6.4	-	-
Gujarat	5	5	-	3.4
Haryana	5.6	6.4	-	-
Himachal Pradesh	5.6	6.4	-	-
J & K	5	6.4	-	-
Karnataka	5.6	6.4	-	-
Kerala	6.2	6.2	2	4
Kolkata	5	6.4	-	-
Madhya Pradesh	5	6.4	-	-
Maharashtra	5	6.4	-	-
North East	5	6.4	-	-
Odisha	5.6	6.4	-2	2
Punjab	5	6.2	-	-
Rajasthan	5.6	6.2	-	-
Tamilnadu	5.6	6.4	2	2
Uttar Pradesh (East)	5	6.4	-	-
Uttar Pradesh (West)	5	6.4	-	-
West Bengal	5.6	6.4	-	-
Delhi (With MTNL)	5	6.4	-	-
Mumbai	5	6.4	-	-
Total	116	138.8	6	11.4

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Additional resources : AGR Issues

Estimate AGR Dues as on 31.03.2022 : BSNL

						In Rs. Crore
	Particulars	Principal	Interest , Penalty Interest on Penalty	Total Due	Total GST and Interest thereon	Total Due including GST
		1	2	3=1+2	4	5=3+4
1A	Self-Assessed LF dues for the FY 2019-20 to FY 2021-22, for which Assessment is yet to be done by DoT	3221	2020	5241	364	5605
1B	Self-Assessed SUC dues for the FY 2018-19 to FY 2021-22, for which Assessment is yet to be done by DoT	812		812	0	812
2	DoT communicated provisional LF demand for FY 2014-15 to FY 2018-19	2851	6953	9804	2326	12130
3	DoT communicated Provisional SUC Demand raised but not included in the AGR Judgement	3686		3686	663	4349
4A	Estimated AGR Dues (LF) mentioned in the Judgement dated 01.09.2020 of Hon'ble Supreme Court	2940	1443	4383	1019	5402
4B	Estimated AGR Dues (SUC) mentioned in the Judgement dated 01.09.2020 of Hon'ble Supreme Court	2896	1238	4134	971	5105
	Total			28060	5343	33403

Note :-

1A, 1B: Includes self -assessed unpaid LF & SUC; ,GST calculated on the 'interest/penalty on AGR dues' up to 31.03.2022.

2 GST calculated on total demand including interest/penalty on AGR dues. Interest on GST calculated upto 31.03.2022.

3 GST calculated on total demand.

4A,4B GST calculated on Rs. 5836 crore , Interest on GST calculated from the date of AGR Judgement upto 31.03.2022.

5 Additional Interest Liability on GST has been computed on applicable GST on Principal amount of AGR dues only and not applicable on applicable GST on Interest /Penalty component of AGR dues.

6 The SUC Dues mentioned are provisional and as per inputs received from SUC Cell DoT. The details of principal

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Summary Sheet of AGR dues- MTNL as on 31.03.2022

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	Particulars	Principal	Interest / Penalty/ Interest on Penalty	Total	Total GST and Interest thereon	Total Due Including GST
1	Self-Assessed LF & SUC dues by MTNL (from 2019-20 onwards)	456	288	744	52	796
2	DoT communicated provisional LF demand for FY 2016-17 to FY 2018-19	271	536	807	186	993
3	CCA communicated provisional SUC demand as on 31.03.2021	10	9	19	4	23
4	Demands mentioned in the Judgement dated 24.10.2019 of Hon'ble Supreme Court for the period upto 2015-16	6300.75		6300.75*	1,631	7932
	Total (Rs Cr)			7871	1873	9744

Note:

1. self-assessed unpaid LF & SUC ; GST calculated on the interest/penalty on dues' upto 31.03.2022.
2. GST calculated on total demand including interest/penalty on AGR dues.
3. Interest on GST calculated since the Financial Year for which dues pertains to and upto 31.03.2022.
4. GST calculated on total demand; interest calculated on GST up to 31.03.2022.
4. GST calculated on Rs. 6300.75 , Interest on GST calculated from the date of AGR judgement,

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Additional resources : Old Cabinet approvals & Support

Extract of cabinet note No 2-2/99/-Restg. Vol (I) dated 25.09.2000

Financial viability

4.6 In regard to financial viability the GOM has in its interactive meetings with the Federations given them assurance that:-

(i) Bharat Sanchar Nigam Ltd. would be duly compensated for discharging obligations in regard to rural telephony or any other uneconomic service in accordance with any Government directive for the implementation of NTP-99.

(ii) GOM has further decided that under no circumstances Bharat Sanchar Nigam Ltd. would be allowed to become non viable as this would be a potent instrument in the hands of the Government for achieving its NTP-99 objectives.

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Extract of cabinet note No 2-2/99/-Restg. Vol (I) dated 25.09.2000

5.4 Neutralisation of impact of corporatisation on BSNL's resource base

Keeping in view the above analysis, the following specific relief measures are suggested for BSNL :

5.4.1 Exemption from Income Tax Liability or removal of the "anomaly" in tax payment vis-à-vis existing private operators:-

DTS/DTO as Departments are not subject to Income Tax, which they would be in their corporatised PSU form. BSNL needs exemption from Income tax for the first five years to find its feet in the competitive market. Alternatively, BSNL should be allowed the benefit of Sec 80 IA enjoyed by private telecom operators for a level playing field. Under Section 80 IA of the Income Tax Act 1961, telecom undertakings are allowed tax deductions provided they had started providing telecom services between 1st April 1995 and 31st March 2000. Since BSNL would be commencing business with effect from 1st October 2000, it is proposed that the above concession be made applicable to it by extending the period upto 31.12.2000 or specifically declaring BSNL as eligible for this concession. If amendment of the Income Tax Act as suggested is not feasible, GOI should suitably reimburse BSNL for such tax.

5.4.2 Dividend payment:-

Current Government guidelines provide that profitable PSU's should pay a minimum of 20% of equity as dividend. Assuming a dividend rate of 20% (including dividend tax) on the proposed equity capital base of Rs.5,000 crores, the annual dividend payment would be approximately Rs.1,000 crores. Keeping in view BSNL's need for investible surpluses, it is proposed that BSNL be exempted from following general Government guidelines prescribed in the matter.

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5.4.3 Reimbursement of Licence Fee:-

It is important to bear in mind that the existing vast telecom network has been developed over the years not as a purely commercial network, but in many cases which have major adverse revenue impact, as per the Government's policies, security requirements, Government's directions etc. It is therefore proposed that BSNL be exempted from licence fee on what may be termed 'Legacy services', i.e. basic fixed service and NLDO where it is already an operator. In the case of new services such as Cellular, licence fee may be reimbursed.

5.4.4 Sales Tax:-

After corporatisation, BSNL will no longer be able to avail the 4% concessional sales tax under the Central Sales Tax Act, 1956 presently available to DTS/DTO as a Government Department; similarly, adverse impact may occur on account of local State sales taxes also. It is therefore proposed that BSNL should be appropriately reimbursed the additional amount which it will have to annually incur (approximately Rs.700-800 crores) in procurement of various telecom-related items and stores.

5.4.5 Wireless Spectrum Charges:-

The Department is the largest user of frequency spectrum since it has provided radio connectivities to far-flung areas including rural and unprofitable/remote areas. After the Department's corporatisation as BSNL, it will be liable to pay Rs.400-500 crores annually, as royalty/licence fee for the spectrum utilized. It is proposed that BSNL may be exempted from payment of the spectrum charges for the systems already installed upto 30.9.2000, and future expansions of the basic service network.

5.4.6 Stamp duty on transfer of assets to BSNL:-

The transfer of assets to BSNL could attract stamp duty and other local transfer charges. In case of MTNL, it was provided in the transfer deed that stamp duty has been agreed to be paid by the vendor (i.e. the President of India). Due to this no duty was paid by MTNL. In the case of BSNL also, the above charges should be agreed to be paid by the GOI. Thus there would be no financial implication for BSNL on this account.

(iii) BSNL be given the following fiscal/monetary reliefs:-

- (a) Exemption from IT liability for a period of five years to be reviewed later. Or, remove the anomaly in tax payment vis-à-vis existing private operators, either by amendment of the Income Tax Act (by extending general applicability or specifically exempting BSNL), or by reimbursement to BSNL of the difference arising on account of payment of corporate tax without amendment to the Act (reference para 5.4.1 above).
- (b) Exemption from the application of Government guidelines on dividend payout for a period of ten years (reference para 5.4.2 above).
- (c) Reimbursement, net of taxes of the annual license fee payable by it for all the telecom services provided by it, till 2010 (reference para 5.4.3 above).
- (d) Reimbursement till 2010, the additional amount which it will have to annually incur on account of enhanced rate of sales tax, on procurement of various telecom-related items and stores (reference para 5.4.4 above).
- (e) Exemption from payment of the annual spectrum charges for the systems already installed upto 30.9.2000. In addition, reimburse to BSNL the spectrum charges for providing radio connectivities in the rural/ unprofitable/ remote areas in future (reference para 5.4.5 above).
- (f) GOI to bear Stamp Duty on transfer of GOI assets to BSNL (reference para 5.4.6 above).
- (g) Reimburse BSNL for any non-commercial activity which GOI may direct it to perform (reference para 5.5 above).

5.3.3 The Department of Telecom had prepared a comprehensive perspective plan for a 10 year period from 2000 to 2010 to chalk out specific plans of action on the ground to achieve NTP-99 objectives. That document envisages net addition of 1540 lakh lines to the network. Assuming that private sector operators will share about 40% of this burden, the corporate entity, as the incumbent operator, plans to scale down its commitment to provide 895 lakh lines (without taking into account additions by MTNL). The investment outlay required for this purpose would be approximately Rs.2,22,000 crores. In case there is any slippage on the part of the private sector in rolling out the network as assumed, the task on the shoulders of BSNL would be heavier. The present performance of the private sector in this regard has not been too encouraging. It is expected that with the recent migration package offered to the industry in the form of licence fee as revenue share, instead of fixed licence fee upfront, and the other measures announced to boost investment in the telecom sector, there should, in future, be a better response to the needs of the economy from the private sector. Therefore, the indicative figure of resource generation of Rs.2,22,000 crores on the part of BSNL is not being increased at this point.

5.3.4 Relevant figures in support of the above paragraph are furnished in Annexure-II. It may be noted that as against the projected requirement of Rs.2,22,000 crores, the internal resources likely to be generated on the best possible assumptions would be Rs.1,66,628 crores. This would leave a sizeable gap of Rs.55,566 crores. If the costs directly attributable to corporatisation as referred to in para 5.3.2 above are added to this, the resource gap would increase to **Rs.88,422 crores** (an increase of Rs.32,856

Extract of cabinet note No 2-2/99/-Restg. Vol (I) dated 25.09.2000

File No.2-2/99-Restg.(Vol.I)
Department of Telecom Services

Annexure-II

Revised Resource-Gap Consequent to Corporatisation

Year	Addition to DELs(lakhs)	Investment Required(cr)	Internal Resources(cr)	Resource Gap(cr)	Addl Gap Post Corporatisation	Total Revised Gap
00-01	53.5	16500	13848	2562	691	3253
01-02	69.14	20362	13326	7036	4157	11190
02-03	64.47	16866	13135	3732	3034	3766
03-04	76.87	20110	13525	6591	3530	10121
04-05	83.27	20695	12985	7710	1388	9099
05-06	93.06	23129	17153	5976	3114	9092
06-07	96.9	22879	16456	6423	1894	8317
07-08	107.39	25356	20796	4560	4191	8751
08-09	119.03	26699	20999	5700	4716	10416
09-00	131.56	29509	23852	5658	6141	11799
Total	895.19	222194	166628	55566	32856	88422

Extract of cabinet note No 2-2/99/-Restg. Vol (I) dated 25.09.2000

5.5 Financial support to BSNL for NTP-99 objectives

The above mentioned reliefs will specifically neutralize the extra cost attributed to corporatisation as referred to in paras 5.3.2 and 5.3.4. However, this would still leave a large enough resource gap amounting to over Rs.55,000 crores in the next 10 years which are attributable to changes in the telecom's operating environment such as, opening up of NLDO, tariff rebalancing etc. A large resource gap of this magnitude will make it difficult for the corporate entity to meet the national priorities and objectives as enshrined in the NTP-99 which will include a large component of unremunerative projects. Since pursuance of NTP-99 targets is a matter of national priority, requirement to fulfill these objectives will place an extra burden on BSNL finances. It has been estimated that receipt of licence fee dues from private operators in the form of revenue share during the next 10 years would be of the order of Rs.33,000 crores. It is suggested that at least 50% of the likely receipt may be earmarked for being retained by the DoT which in turn will release it in favour of BSNL for developmental projects as per NTP-99. The receipts from USO fund net of BSNL contribution will not be very significant and therefore additionality of resources would become imperative. Even after this extra contribution in the form of a part of revenue share, BSNL will have to borrow considerable amounts from the market on a year to year basis.

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Financial support available earlier Rs crore

Year	Net IUC/ADC Income	License Fee reimbursement	Rural subsidy	TOTAL
2001-2002	1,641	2,300		3,941
2002-2003	1,903	2,300	230	4,433
2003-2004	2,617	2,300	310	5,227
2004-2005	4,284	1,766	1,117	7,167
2005-2006	4,833	583	1,766	7,182
2006-2007	3,461		1,719	5,180
2007-2008	2,500		467	2,967
2008-2009	788		2,667	3,455
2009-2010	483		2,604	3,087
2010-2011	969		2,222	3,191
2011-2012	875		1,661	2,536
2012-2013	923		1,310	2,233
2013-2014	640		39	679
2014-2015	438		62	500
2015-2016	420			420
2016-2017	744			744
2017-2018	978			978
2018-2019	474			474
2019-2020	306			306
2020-2021	245			245
2021-2022 (Apr-Sep)	48			48
2021-22 (Annualized)	96			96

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Hyperlinked Slides

Revenue earned through monetization

	2019-20			2020-21			2021-22		
	BSNL	MTNL	Total	BSNL	MTNL	Total	BSNL	MTNL	Total
Tower	1005	56	1061	964	59	1023	1016	62	1078
Fibre	299	-	299	392	-	392	401		401
Sale/ROW land	7	-	7	117	-	117	21		21
Space Renting	143	344	485	165	360	525	218	337	555
TOTAL	1454	400	1852	1638	419	2057	1656	399	2055

Grand Total of monetization proceeds = Rs 5964 Cr

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Impact of revival package 2019

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All figures in Rs. Crores

BSNL	FY18	FY19	FY20	FY21	FY 22
Total income	25,071	19,321	18,906	18,595	19,053
Total operating expenses	27,928	27,661	25,785	17,417	18,109
of which, Employee cost	14,837	14,316	13,597	6,679	7,169
EBIDTA (Operating profit)	-2,858	-8,341	-6,880	1,177	944
Net Profit/(loss)	-7,993	-14,904	-15,500	-7,441	-6,983

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CAPEX by other TSPs

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Financial Year	BSNL	AIRTEL	JIO	VODAFONE-IDEA
2013-14	3094	9661		
2014-15	3080	15928	49172	
2015-16	3279	7091	49015	
2016-17	4377	35775	83022	
2017-18	4424	24261	151404	
2018-19	4439	22283	7509	23026
2019-20	2399	30739	23869	16605
2020-21	3120	19974	37389	7805
Total	28,212	1,65,712	4,01,380	

- Information for JIO is available only from 2014-15 onwards
- For Vodafone – Idea Limited, the annual reports are available for post merger period
- Vodafone was not listed prior to 2017-18 its annual reports not available for that period

Estimate AGR Dues as on 31.03.2022 : BSNL

					In Rs. Crore	
	Particulars	Principal	Interest, Penalty Interest on Penalty	Total Due	Total GST and Interest thereon	Total Due including GST
		1	2	3=1+2	4	5=3+4
1A	Self-Assessed LF dues for the FY 2019-20 to FY 2021-22, for which Assessment is yet to be done by DoT	3221	2020	5241	364	5605
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4A	Estimated AGR Dues (LF) mentioned in the Judgement dated 01.09.2020 of Hon'ble Supreme Court	2940	1443	4383	1019	5402
4B	Estimated AGR Dues (SUC) mentioned in the Judgement dated 01.09.2020 of Hon'ble Supreme Court	2896	1238	4134	971	5105
	Total			28060	5343	33403

Note :-

1A, 1B: Includes self -assessed unpaid LF & SUC; GST calculated on the 'interest/penalty on AGR dues' up to 31.03.2022.

2 GST calculated on total demand including interest/penalty on AGR dues. Interest on GST calculated s upto 31.03.2022.

3 GST calculated on total demand.

4A,4B GST calculated on Rs. 5836 crore , Interest on GST calculated from the date of AGR Judgement upto 31.03.2022.

5 Additional Interest Liability on GST has been computed on applicable GST on Principal amount of AGR dues only and not applicable on applicable GST on Interest /Penalty component of AGR dues.

6 The SUC Dues mentioned are provisional and as per inputs received from SUC Cell DoT. The details of principal

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MTNL Debt issues

MTNL	FY19	FY20	FY21	FY 22
Total income	2,607	2,227	1,788	1697
Total operating expenses	3,310	3,009	1,263	1401
of which, Employee cost	2,272	2,124	413	555
EBIDTA(Operating profit)	-703	-782	525	296
Finance Costs	1703	1942	2107	2139
Net Profit/(loss)	-3,390	-3,696	-2,462	-2603

- MTNL EBITDA positive, but financially non-viable - extremely high finance cost
- Most of MTNL's debt – due to payment of Rs 11,100 cr for 3G/BWA spectrum in 2010
- MTNL in debt trap post payment of these charges and has been registering losses
- Total debt : Rs 27,024 Cr

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Resolution of MTNL issues (2/2)

- Sovereign Guarantee to address the debt servicing & avoid NPA situation
- MTNL to be delisted from Stock exchanges
- Current ownership - (Govt -56.25%, LIC- 13.12 %, others -30.63%)
- Operations to be taken over by BSNL progressively, Mobile operations already taken over.
- Post delisting MTNL operations to be de-merged from MTNL and merged with BSNL.
- AGR issues to be addressed post delisting. (Rs 9,744 cr)
- MTNL debt may be cleared by monetizing its non-operational assets or other measures as per recommendation of committee of secretaries with approval of MoC & MoF.

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PoC : Current Status**(1/3)**

Network Element	Total Test Cases excluding Deferred features	Testing progress			
		Completed		In Progress	
		Critical	Others	Critical	Others
Core Test cases	132	41	64	8	19
RAN test cases	72	27	14	10	21

- BSNL issued Letter of intent on 01.07.2021. After installation, Testing started in November, 2021.

#Note: Critical tests are categorised based on the service launch requirement and other tests are based on performance and operational requirements.

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Critical Tests Pending - CORE**2/3**

1. Capacity for 1 million Prepaid.
2. 10 million combined capacity (Prepaid + Postpaid)
3. HSS tests - Capacity, Geo-DR and Hot standby switchover
4. Multiple PLMN QoS change - trigger based on DPI
5. IPLM- IPDRs generation
6. System Restoration after Power OFF & General performance / Stability of network

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Critical Tests Pending - RAN

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1. Throughput
2. Cluster Coverage
3. Basic KPIs and BSNL requirement Handover (voice & data)
4. IP Security
5. NB-IoT Co-transmission with 4G
6. Power Optimization
7. General performance / Stability of network

Other key issues from service launch perspective

- Most of the tests of TDD are pending.

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4G equipment procurement and pricing

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Justification for Estimation

- Published Prices Not available – Normally Tender Route adopted
- Previous tender rates are adjusted on market inputs.
- Discovered price v/s Estimated Value – **A Comparison:**

Name of the Project	Estimated Cost (Rs Cr)	Discovered Cost (Rs Cr)
Phase VII (CO Tender) (2011-12)	5550	4110 (25.9% less)
Phase VIII.4 (CO Tender) (2016-17)	7250	6682 (7.8% less)

- Reduction in price with maturity of technology (in terms of INR)

	Ph V (2006) : Ph IV(2004)	Ph VII (2012) : Ph V	Ph VIII.4 (2016): Ph VII
2G	42.82 % lower	49.14 % Lower	25.21 % Higher
3G		53.63 % Lower	12.58 % Lower

- Maturity cycle of technology: 4G technology is at peak of maturity.
- Hardware – Software paradigm shift: NFV and Hardware becoming Commodity -**Cost Reduction**

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Justification for Estimation

- RAN Price in Dollars: **Lower** in each phase over preceding phase

	Ph V (2006) : Ph IV(2004)	Ph VII (2012) : Ph V	Ph VIII.4 (2016): Ph VII	Ph IX (2020) :Ph VIII.4
2G	40.66%	53.02%	9.54%	
3G		57.17%	36.84%	
4G				25.44%

(Comparison of RAN prices (major component -70 to 75%) based on informal inputs)

Item	Offered Rates (4G only BBU H/W)	Other TSP prices (BBU H/W) (2G/3G/4G/5G)
For 2x2 in FD LTE 2100 MHz (10 MHz bandwidth)	5.45 Lakhs	6 Lakhs
For 2x2 FD LTE 900 (10 MHz B/W) +2100 (10 MHz bandwidth)	8.55 Lakhs	9 Lakhs
For 2x2 FD LTE 900 (10 MHz) +2100 (10 MHz) + 4x4 TD LTE 2600 (20 MHz)	13.92 Lakhs	12 Lakhs

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Estimated Price – Phase IX.2 (1 Lakh 4G Sites)

- The requirement and SoR was shared with M/s TCS on **15.03.2022**
- The estimated cost for 1 Lakh 4G sites under Ph IX.2 is

(Estimated CAPEX) + (AMC for 9 years) (Rs 13,382 Cr) + (Rs 5,925 Cr)

(Estimated Value (incl. Core Expansion, Deferred Features)) + (AMC for 9 Years) (Rs 16,684 Cr) + (Rs 5,925 Cr)

- Placed Initial Purchase Order for 6000 sites with associated Core at provisional prices.
- The PoC testing is still under progress.

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Issues raised by M/s TCS and BSNL response

- **RRH Software:** Price of 10 MHZ FD-LTE and 20 MHz TD LTE increased 1.33 times of 5 MHz., price discovered in Phase VIII.4 tender- quantity of 10,000 against 1 Lakh Qty present – **Value increased by Rs 383.74 Crores**
- **Price of Zonal OMC/EMS and SON:** The price increased - number of elements served by OMC and SON. – **Value increased by Rs 91.37 Crores**
- **Integrated Transport Module and SFP:** Transport capability in BBU with delta hardware addition. Accordingly, separate line item added with SFPs prices – **Value increased by Rs 161.93 Crores**
- **Antenna:** Price and quantities revisited – **Value increased by 301.76 Crores**

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Issues raised by M/s TCS and BSNL response

- **Micro e-Node B and 3KVA UPS:** TCS request quantity reduced to 3500 from 20,000. – Value reduced by Rs 544 Crores

- **BTS Batteries:**
 - Revisited capacity from 400AH to 200 AH BTY majority and 100A/200A Power Plants.
 - Value reduced due to Quantity realignment - (-) Rs 769 Crores

 - On M/s TCS request rates discovered in different tender in 2018 are applied without derating and DG Set dropped from scope.
 - Increase in Value due to increase in Price – Rs 266 Crores

- Net Impact – Value reduced by Rs. 503 Crores

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Issues raised by M/s TCS - Not Agreed

- Price Increase Microwave: ***MTNL discovered price lower than offered price***
- Additional item- parenting additional RRH to BBU: ***Not as per industry norms***
- Additional item- services of System Integrator: ***No additional work being carried out***
- Not applying derating factor on services cost: ***Project is dealt as a package***
- Separate Item for Outdoor Cabinet: ***As per previous tender***
- Separate Item for Cloud Management Software: ***Part of core***
- Revising Qty of Core elements: ***As per requirement***

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Revised Estimated Value – Phase IX.2 (1 Lakh 4G Sites)

- With above the SoR and prices were revised and accordingly, the revised estimated cost for 1 Lakh 4G sites under Ph IX.2 is as below:

(Estimated CAPEX) + (AMC for 9 years) (Rs 13,275 Cr) + (Rs 5,735 Cr)

(Estimated Value (including Core Expansion, Deferred Features)) + (AMC for 9 Years) (Rs 16,578 Cr) + (Rs 5,735 Cr)

- Impact of Revision:

- Due to increase in rates: (+)Rs 475 crores
- Due to addition of new items: (+) Rs 162 crores
- Due to increase in price + quantity: (+) Rs 302 Crores
- Due to decrease in quantities flagged by TCS: (-) Rs 544 Crores
- Due to reworking of capacity and price: (-) Rs 503 Crores

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Reasons for TCS prices being high

- The RAN price of TCS much higher compared in market, even though, present RAN of others is with 2G/4G/5G, while TCS RAN is 4G only
- Chip shortage - higher chip prices.
- As per Verbal Discussion with TCS – **Gap of Rs 4000 Crores**
 - **Rs 3300 Crores for RAN** (Tejas make)
 - **Rs 700 Crores for other items**
- Item wise pricing not shared by TCS

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Rural Viability Gap Funding – arrears

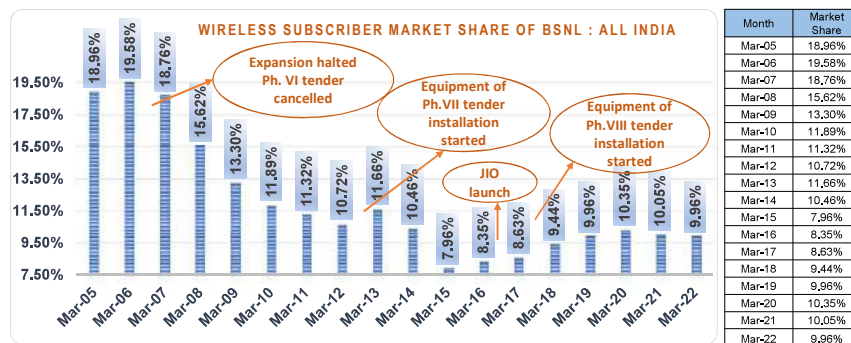
(Rs cr)

Financial Year	Revenue from Rural Wire-line Services	Costs incurred for Rural Wire-line Services	Deficit in operating Rural Wire-line Services
2014-15	621	2441	1820
2015-16	608	2380	1773
2016-17	571	3023	2452
2017-18	403	2789	2386
2018-19	374	3208	2834
2019-20	263	2787	2524
Total	2840	16629	13789

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BSNL Wireless Market Share Trend (HLR based)

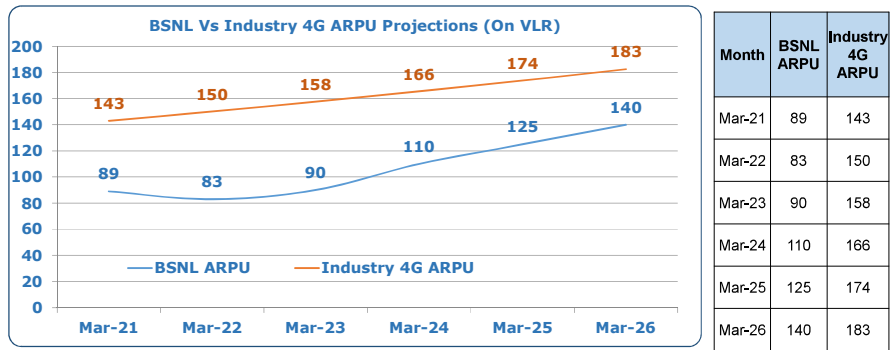


BSNL has the potential to increase market share if 4G network coverage is increased. It will also benefit in the form of lower churn and higher subscriber retention.

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BSNL Vs Industry 4G ARPU (on VLR) Projections



4G deployment will help BSNL in increasing ARPU. Even if BSNL's ARPU remains below the industry 4G ARPU, still it will be sufficient for sustainability

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TV Homes and Viewers

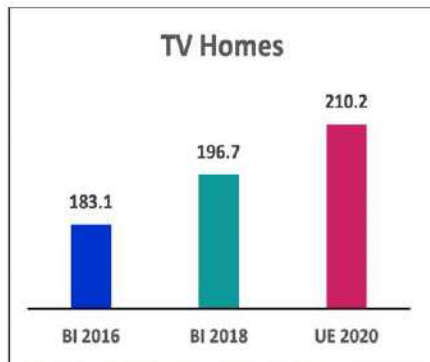


Figure 2. TV Households in India (in Millions)

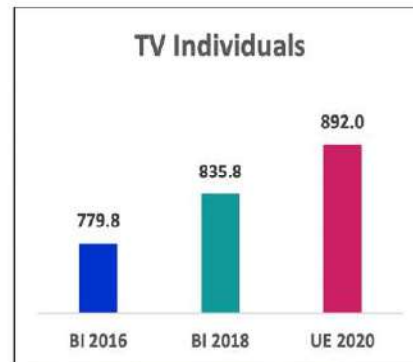


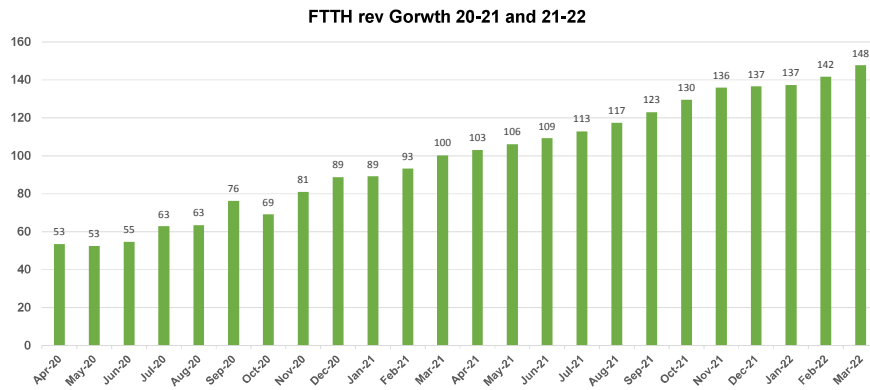
Figure 3. TV Individuals in India (in Millions)

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Growth in FTTH Business

1. BSNL has performed exceedingly well in last 3 years in FTTH business despite severe liquidity crunch on Opex and almost nil Capex even during extreme Covid-19 months
2. The revenue figures Month on Month (last 24 months) confirms the growth in BSNL's FTTH revenues



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Revenue Projections

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<i>Revenue from Operations</i>		<i>All figures in Rs. Crores</i>					
Business Vertical	21-22	22-23	23-24	24-25	25-26	26-27	27-28
Mobile Services (<u>Consumer Mobility</u>)	6,684	6,716	8,188	11,150	14,350	18,141	19,434
Fixed Services (<u>Consumer Fixed Access</u>)	5,137	5,245	6,120	7,008	7,825	8,373	8,959
<u>Enterprise Business (EB)</u>	4,987	5,200	5,700	6,270	6,300	7,039	7,567
TOTAL	16,808	17,161	20,008	24,428	28,475	33,553	35,960

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Revenue Projections

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<i>Revenue from Operations</i>							
<i>All figures in Rs. Crores</i>							
Business Vertical	21-22	22-23	23-24	24-25	25-26	26-27	27-28
Mobile Services (<u>Consumer Mobility</u>)	6,684	6,716	8,188	11,150	14,350	18,141	19,434
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Revenue Projections - Business Verticals (CM)

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Particulars	Actuals	Projected Revenues					
		<i>All figures in Rs. Crores</i>					
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
CONSUMER MOBILITY (CM)							
Customer base (In Cr.)	6	6	6.1	7.6	8.5	9.2	9.5
ARPU (Rs per month)	77	78	96	109	126	149	156
Income (from Mobile services)	5,521	5,616	7,014	9,900	12,850	16,491	17,784
Income from Passive infra	1,016	1,100	1,174	1,250	1,500	1,650	1,650
LWE Subsidy	147						
Total Revenue (CM)	6,686	6,716	8,188	11,150	14,350	18,141	19,434

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