

महानगर टेलीफोन निगम लि०

(भारत सरकार का उद्यम)

Mahanagar Telephone Nigam Ltd.

(A Government of India Enterprise)

CIN: L32101DL1986GOI023501



MTNL/SECTT/SE/2019
June 03, 2019

**The Secretary,
Stock Exchanges,
BSE/NSE/OTCQX**

SUB: Submission of Disclosure in Related Party transaction – Pursuant to Regulation 23 (9) of SEBI (LODR), 2015.

Dear Sir,

In pursuance to the Regulation 23 (9) of the SEBI (LODR) Regulations, 2015, we hereby submit disclosure of Related Party transaction on Standalone and Consolidated basis for the period ended March 31, 2019, drawn in accordance with the applicable Accounting Standards.

Kindly acknowledge the receipt and take the same on record.

Thanking you,

Yours faithfully,

(S R SAYAL)
COMPANY SECRETARY

पंजीकृत एवं निगम कार्यालय : महानगर दूरसंचार सदन, 5वां तल, 9 सी.जी.ओ. कॉम्प्लैक्स, लोधी रोड, नई दिल्ली-110003

फोन कार्यालय : 24319020, फैक्स: 24324243

Regd. & Corporate Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9 CGO Complex, Lodhi Road, New Delhi-110 003 India
Phone Off.: 24319020, Fax : 24324243

आप हमारे साथ हिन्दी में भी पत्राचार कर सकते हैं।

47 Related party disclosures

Related parties where control exists:

i Key Management Personnel

Name	Designation
Mr. P. K. Purwar	CMD from 2 March 2017 and Director finance upto 4 November 2018
Mr. M.V. Joshi	Director (Finance) from 05-11-2018
Mr. Sunil Kumar	Director (HR)
Mr. Sanjeev Kumar	Director (Technical)
Mr. S.R. Sayal	Company Secretary
Mr.S.P. Rai	Executive Director, Delhi
Mr. Pravin Punj	Executive Director, Mumbai

ii Subsidiaries

Mahanagar Telephone (Mauritius) Limited (MTML)
Millennium Telecom Limited
MTML International Limited (subsidiary of MTML)
MTML Data Limited (subsidiary of MTML)

iii Joint ventures

MTNL STPI IT Services Limited (*MSISL)

iv Associates

United Telecommunications Limited (*UTL)*

v Other related parties

MTNL Leave encashment trust
MTNL Gratuity trust

vi Other government entity

Bharat Sanchar Nigam Limited (*BSNL)

vii Summary of significant transactions with related parties:

Particulars	For the year ended	
	31 March 2019	31 March 2018
Remuneration to Key Managerial Personnel		
- Short-term employee benefits	1.80	1.59
- Post employment benefits	0.30	0.12
- Other long-term employee benefits	0.44	0.33
Amount received from MTML	1.21	2.44
Amount received from MSITS Ltd	1.64	0.23
Amount received from MTL	0.06	0.14
Claims made on MTL	0.04	0.01

viii Summary of significant outstanding balances with related parties:

Particulars	31 March 2019		31 March 2018	
	Loans	Investment in shares	Loans	Investment in shares
MTML	-	100.97	-	100.97
MTL	0.60	2.88	0.48	2.88
MSITS Ltd.	-	2.28	-	2.28
UTL	-	35.85	-	35.85

ix The Company has certain transactions with respect to sale and purchase of services and receives reimbursement of expenses (vis-a-vis electricity and water charges) in relation to renting of immovable property from BSNL.

*As per article 12.19 (b) of Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited (*UTL*), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires prior consent of other Investors. Further, at such time, per exit clause in the agreement, any of the other Investors other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 month's notice. Pursuant to this exit clause, the Company had issued notice to UTL on 30 January, 2018 for making an exit. The notice is valid until 30 April 2018 and subsequent to 30 April 2018, the local partner had sought time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Company. Accordingly, such investment has been classified as 'held for sale' in the financial statements for year ended 31 March 2019. The repatriation of Indian FDI in Nepal is under the process of approval with Nepal government department and is yet to be approved by Nepal government. MTNL has taken up through DoT with Ambassador of India in Nepal to get the process expedited so that facilitation of the remittance of amount invested in UTL back to MTNL is done. Refer note 21 for details.

51 Related party disclosures

Related parties where control exists:

i Key Management Personnel

Name	Designation
Mr. P. K. Purwar	CMD from 2 March 2017 and Director finance upto 4 November 2018
Mr. M.V. Joshi	Director (Finance) from 05-11-2018
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Mr. Sanjeev Kumar	Director (Technical)
Mr. S.R. Sayal	Company Secretary
Mr.S.P. Rai	Executive Director, Delhi
Mr. Pravin Punj	Executive Director, Mumbai

ii Joint ventures

MTNL STPI IT Services Limited ('MSITS Ltd')

iii Associates

United Telecommunications Limited ('UTL')*

iv Other related parties

MTNL Leave encashment trust

MTNL Gratuity trust

v Other government entity

Bharat Sanchar Nigam Limited ('BSNL')

vi Summary of significant transactions with related parties:

Particulars	For the year ended	
	31 March 2019	31 March 2018
Remuneration to Key Managerial Personnel		
Short-term employee benefits	2.71	1.59
Post employment benefits	0.30	0.12
Other long-term employee benefits	0.44	0.33
Amount received from MSITS Ltd	1.14	0.23

vii Summary of significant outstanding balances with related parties:

Particulars	Investment in shares	
	31 March 2019	31 March 2018
MSITS Ltd	3.73	4.37
UTL	35.85	35.85

viii The Group has certain transactions with respect to sale and purchase of services and receives reimbursement of expenses (vis-a-vis electricity and water charges) in relation to renting of immovable property from BSNL.

*As per article 12.19 (b) of Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires prior consent of other Investors. Further, at such time, per exit clause in the agreement, any of the other Investors other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 month's notice.

Pursuant to this exit clause, the Parent had issued notice to UTL on 30 January, 2018 for making an exit. The notice is valid until 30 April 2018 and subsequent to 30 April 2018, the local partner had sought time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Parent. Accordingly, such investment has been classified as 'held for sale' in the financial statements for year ended 31 March 2019. The repatriation of Indian FDI in Nepal is under the process of approval with Nepal government department and is yet to be approved by Nepal government. MTNL has taken up through DoT with Ambassador of India in Nepal to get the process expedited so that facilitation of the remittance of amount invested in UTL back to MTNL is done. Refer note 23 for details.