



**MTNL MAHANAGAR TELEPHONE NIGAM LIMITED**

(A GOVERNMENT OF INDIA ENTERPRISE)

CIN L32101DL1986GOI023501

Registered and Corporate Office: MahanagarDoorsancharSadan 5<sup>th</sup> Floor, 9 CGO Complex, Lodhi Road, New Delhi - 110 003. Tel: 011-24319020, Fax: 011-24324243, Website: [www.mtnl.net.in](http://www.mtnl.net.in) /[www.bol.net.in](http://www.bol.net.in)

**MTNL/SECTT/SE/2021**  
**August 13, 2021**

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

**Sub: Compliance of Regulation 33 of the SEBI (LODR) Regulations, 2015: Submission of Un-audited Reviewed Financial Results along with Limited Review Report for the Quarter ended 30<sup>th</sup> June, 2021.**

Dear Sir,

Further to our letter of even no.dtd. **July 26, 2021**, we are forwarding herewith the Unaudited Reviewed Financial Results prepared as per Ind AS along with the Limited Review Report submitted by the Statutory Auditors of the Company for the Quarter ended 30<sup>th</sup> June, 2021 duly approved by the Board of Directors in its Meeting held in New Delhi today i.e. **13<sup>th</sup> August, 2021**.

Kindly acknowledge receipt of the same and take the same on record.

The results are also being published in newspapers as per the requirement of Regulation 47 of SEBI (LODR) Regulations, 2015.

Thanking you,  
Yours faithfully,

**(S.R. SAYAL)**  
**COMPANY SECRETARY**

Encl: A/a

---

Mahanagar Doorsanchar Sadan 5<sup>th</sup> Floor, 9 CGO Complex, Lodhi Road, New Delhi - 110 003.  
Tel: 011-24319020, Fax: 011-24324243, Website: [www.mtnl.net.in](http://www.mtnl.net.in) /[www.bol.net.in](http://www.bol.net.in)

①

## MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

Regd. Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003

Website: www.mtnl.net.in, Phone Off: 011-24319020, Fax: 011-24324243

CIN No: L32101DL1986GOI023501

## STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED ON 30/06/2021

(Rs. in Crore)

Sl. No.	Particulars	STANDALONE			
		Three Month Ended			Year Ended
		3 months ended 30/06/2021	Preceding 3 months ended 31/03/2021	Corresponding 3 months ended 30/06/2020 in the previous year	Previous year ended 31/03/2021
	UNAUDITED	AUDITED *	UNAUDITED	AUDITED	
I	Revenue from operations	283.81	296.19	352.07	1,303.64
II	Other Income	114.92	155.15	103.17	484.77
III	<b>Total Income (I +II)</b>	<b>398.73</b>	<b>451.34</b>	<b>455.24</b>	<b>1,788.41</b>
IV	<b>Expenses</b>				
	Changes in Inventories	0.07	0.00		0.21
	License Fees & Spectrum Charges	31.47	20.49	32.72	118.32
	Employees' Remuneration and benefits	151.03	34.28	156.07	413.03
	Finance cost	516.06	531.07	525.77	2,107.07
	Revenue Sharing	31.68	29.51	21.13	92.67
	Depreciation and amortization expense	198.68	208.38	232.79	879.65
	Administrative Expenses	157.88	228.43	123.17	639.26
	<b>Total Expenses (IV)</b>	<b>1,086.86</b>	<b>1,052.15</b>	<b>1,091.65</b>	<b>4,250.19</b>
V	<b>Profits/(Loss) before exceptional items and tax(III-IV)</b>	<b>(688.13)</b>	<b>(600.82)</b>	<b>(636.41)</b>	<b>(2,461.79)</b>
VI	Exceptional items	-	-	-	-
VII	<b>Profit/ (Loss) before tax (V - VI)</b>	<b>(688.13)</b>	<b>(600.82)</b>	<b>(636.41)</b>	<b>(2,461.79)</b>
VIII	Tax expense				
	(1) Current tax	-	-	-	-
	(2) Deferred tax	-	-	-	-
IX	<b>Profit/ (Loss) for the period from continuing operations (VII - VIII)</b>	<b>(688.13)</b>	<b>(600.82)</b>	<b>(636.41)</b>	<b>(2,461.79)</b>
X	Profit/ (Loss) from discontinued operations	-	-	-	-
XI	Tax expense of discontinued operations	-	-	-	-
XII	<b>Profit/ (Loss) from Discontinued Operations (after tax) (X-XI)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
XIII	<b>Profit/ (Loss) for the period (IX + XII)</b>	<b>(688.13)</b>	<b>(600.82)</b>	<b>(636.41)</b>	<b>(2,461.79)</b>
XIV	<b>Other Comprehensive Income</b>				
A	i) Items that will not be reclassified to profit and loss	-	7.55	-	7.55
	ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
B	i) Items that will be reclassified to profit or loss	-	-	-	-
	ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	<b>Other Comprehensive Income for the year</b>		<b>7.55</b>		<b>7.55</b>
XV	<b>Total Comprehensive Income for the period (XIII+XIV)</b>	<b>(688.13)</b>	<b>(593.27)</b>	<b>(636.41)</b>	<b>(2,454.24)</b>
XVI	Paid up Equity Share Capital				630.00
XVII	Other Equity excluding revaluation reserves				(16,669.88)
XVIII	<b>Earnings per equity Share (of Rs.10 each) for continuing operations:(not annualised)</b>				
	(1) Basic	(10.92)	(9.54)	(10.10)	(39.08)
	(2) Diluted	(10.92)	(9.54)	(10.10)	(39.08)
XIX	<b>Earnings per equity Share of Rs.10 each(for discontinued operations):(not annualised)</b>				
	(1) Basic	-	-	-	-
	(2) Diluted	-	-	-	-
XX	<b>Earnings per equity Share of Rs.10 each (for discontinued &amp; continuing operations): (not annualised)</b>				
	(1) Basic	(10.92)	(9.54)	(10.10)	(39.08)
	(2) Diluted	(10.92)	(9.54)	(10.10)	(39.08)

See accompanying notes to the financial results

May kindly see for approval for publication in the newspapers  
and for sending to the Stock Exchanges.

Dir. (Fin)

Das

Sugh  
13/8/21CPS  
Pravin

(2)



Notes:

- 1 The financial results have been prepared in accordance with the Indian Accounting Standards (Ind- AS) as prescribed under Section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.
- 2 The above results have been reviewed and adopted by the Board of Directors of the Company in their meeting held on 13.08.2021
- 3 \* The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial year.
- 4 The figures for the previous periods have been regrouped wherever necessary to conform to the current period presentation.

For and on behalf of the Board

  
(P.K. Purwar)

Chairman & Managing Director  
DIN: 06619060

Place : New Delhi  
Date : 13.08.2021



3

## MAHANAGAR TELEPHONE NIGAM LIMITED

Regd. Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003

Website: www.mtnl.net.in, Phone Off: 011-24319020, Fax: 011-24324243

CIN No: L32101DL1986GOI023501

## STANDALONE UNAUDITED SEGMENT WISE REVENUE, RESULTS AND ASSETS &amp; LIABILITIES FOR THE QUARTER ENDED ON 30/06/2021

(Rs. in Crore)

Sl. No.	Particulars	STANDALONE			
		Three Month Ended			Year Ended
		3 months ended 30/06/2021	Preceeding 3 months ended 31/03/2021	Corresponding 3 months ended 30/06/2020 in the previous year	Previous year ended 31/03/2021
	UNAUDITED	AUDITED *	UNAUDITED	AUDITED	
1.	<b>Revenue from Operations</b>				
	Basic & other Services	251.26	262.68	321.40	1,180.79
	Cellular	32.90	33.93	31.11	124.51
	Unallocable	-	-	-	-
	<b>Total</b>	<b>284.16</b>	<b>296.61</b>	<b>352.51</b>	<b>1,305.30</b>
	Less: Inter Segment Revenue	0.35	0.43	0.44	1.66
	<b>Net Revenue from Operations</b>	<b>283.81</b>	<b>296.19</b>	<b>352.07</b>	<b>1,303.64</b>
2.	<b>Segment Result before interest income, exceptional items, finance cost and tax</b>				
	Basic & other Services	(64.32)	5.70	16.04	98.80
	Cellular	(97.16)	(122.26)	(119.54)	(483.93)
	Unallocable	(12.86)	20.04	(11.45)	(20.41)
	<b>Total</b>	<b>(174.35)</b>	<b>(96.52)</b>	<b>(114.95)</b>	<b>(405.54)</b>
	Add: Exceptional items	-	-	-	-
	Add: Interest Income	2.28	26.77	4.31	50.82
	Less: Finance cost	516.06	531.07	525.77	2,107.07
	<b>Profit/ (Loss) before tax</b>	<b>(688.13)</b>	<b>(600.82)</b>	<b>(636.41)</b>	<b>(2461.79)</b>
	Less: Provision for Current Tax & Deferred tax	-	-	-	-
	<b>Profit/ (Loss) after tax</b>	<b>(688.13)</b>	<b>(600.82)</b>	<b>(636.41)</b>	<b>(2,461.79)</b>
3.	<b>Capital Employed (Segment Assets - Segment Liabilities)</b>				
	<b>Segment Asset</b>				
	Basic & other Services	7,122.14	7,124.08	7,496.33	7,124.08
	Cellular	4,275.11	4,365.73	4,694.96	4,365.73
	Unallocable/Eliminations	1,476.11	1,860.91	3,020.55	1,860.91
	<b>Total Segment Assets</b>	<b>12,873.37</b>	<b>13,350.73</b>	<b>15,211.84</b>	<b>13,350.73</b>
	<b>Segment Liabilities</b>				
	Basic & other Services	2,695.61	2,585.83	4,717.80	2,585.83
	Cellular	24,567.06	24,081.77	22,993.91	24,081.77
	Unallocable/Eliminations	2,338.72	2,723.02	1,723.83	2,723.02
	<b>Total Segment Liabilities</b>	<b>29,601.39</b>	<b>29,390.61</b>	<b>29,435.53</b>	<b>29,390.61</b>
	<b>Segment Capital Employed</b>				
	Basic & other Services	4,426.54	4,538.26	2,778.54	4,538.26
	Cellular	(20,291.95)	(19,716.04)	(18,298.95)	(19,716.04)
	Unallocable/Eliminations	(862.61)	(862.10)	1,296.72	(862.10)
	<b>Capital Employed</b>	<b>(16,728.02)</b>	<b>(16,039.88)</b>	<b>(14,223.69)</b>	<b>(16,039.88)</b>

\* The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial year.

For and on behalf of the Board

*P. R. Purwar*  
(P.R. Purwar)

Chairman &amp; Managing Director

DIN: 06619060

Place : New Delhi

Date : 13.08.2021



4

Sl. No.	Particulars	CONSOLIDATED			
		Three Month Ended		Year Ended	
		3 months ended 30/06/2021	Preceding 3 months ended 31/03/2021	Corresponding 3 months ended 30/06/2020 in the previous year	Previous Year ended 31/03/2021
		UNAUDITED	AUDITED *	UNAUDITED	AUDITED
I	Revenue from operations	301.15	316.23	368.80	1,387.71
II	Other Income	115.52	154.56	103.59	485.17
III	<b>Total Income (I +II)</b>	<b>416.67</b>	<b>470.79</b>	<b>472.39</b>	<b>1,872.87</b>
IV	<b>Expenses</b>				
	Changes in Inventories	1.10	1.05	0.41	5.21
	License Fees & Spectrum Charges	34.04	22.76	35.24	127.94
	Employees' Remuneration and benefits	151.77	35.04	156.97	416.55
	Finance cost	516.08	531.15	525.77	2,107.24
	Revenue Sharing	35.49	33.05	27.23	109.28
	Depreciation and amortization expense	201.95	211.69	236.21	893.30
	Administrative Expenses	165.24	236.09	130.01	673.34
	<b>Total Expenses (IV)</b>	<b>1,105.67</b>	<b>1,070.83</b>	<b>1,111.84</b>	<b>4,332.87</b>
V	<b>Profits/(Loss) before exceptional items and tax(III-IV)</b>	<b>(689.00)</b>	<b>(600.04)</b>	<b>(639.45)</b>	<b>(2,460.00)</b>
VI	Share of Profit/(loss) in investments accounted for using equity method	0.31	0.04	0.30	0.81
VII	Exceptional items	-	-	-	-
VIII	<b>Profit/ (Loss) before tax (V- VI-VII)</b>	<b>(688.69)</b>	<b>(600.00)</b>	<b>(639.15)</b>	<b>(2,459.19)</b>
IX	Tax expense:				
	(1) Current tax	-	1.50	-	1.50
	(2) Deferred tax	-	0.57	-	0.57
X	<b>Profit/ (Loss) for the period from continuing operations (VIII - IX)</b>	<b>(688.69)</b>	<b>(602.07)</b>	<b>(639.15)</b>	<b>(2,461.26)</b>
XI	Profit/ (Loss) from discontinued operations	-	-	-	-
XII	Tax expense of discontinued operations	-	-	-	-
XIII	<b>Profit/ (Loss) from Discontinued Operations (after tax) (XI-XII)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
XIV	<b>Profit/ (Loss) for the period (X + XIII)</b>	<b>(688.69)</b>	<b>(602.07)</b>	<b>(639.15)</b>	<b>(2,461.26)</b>
XV	<b>Other Comprehensive Income</b>				
A	i) Items that will not be reclassified to profit and loss	-	7.55	-	7.55
	ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
B	i) Items that will be reclassified to profit or loss	(3.93)	(5.23)	(1.75)	(8.70)
	ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	<b>Other Comprehensive Income for the year</b>	<b>(3.93)</b>	<b>2.32</b>	<b>(1.75)</b>	<b>(1.15)</b>
XVI	<b>Total Comprehensive Income for the period (XIV+XV)</b>	<b>(692.63)</b>	<b>(599.75)</b>	<b>(640.90)</b>	<b>(2,462.41)</b>
XVII	<b>Paid up Equity Share Capital</b>				630.00
XVIII	<b>Other Equity excluding revaluation reserves</b>				(16,674.50)
XIX	<b>Earnings per equity Share (of Rs.10 each) for continuing operations:(not annualised)</b>				
	(1) Basic	(10.93)	(9.56)	(10.15)	(39.07)
	(2) Diluted	(10.93)	(9.56)	(10.15)	(39.07)
XX	<b>Earnings per equity Share of Rs.10 each(for discontinued operations):(not annualised)</b>				
	(1) Basic	-	-	-	-
	(2) Diluted	-	-	-	-
XXI	<b>Earnings per equity Share of Rs.10 each (for discontinued &amp; continuing operations): (not annualised)</b>				
	(1) Basic	(10.93)	(9.56)	(10.15)	(39.07)
	(2) Diluted	(10.93)	(9.56)	(10.15)	(39.07)

See accompanying notes to the financial results.

May kindly see for approval for publication in newspapers and for sending to the Stock Exchanges.

Dir (Fin) *Das*

*Singh*  
13/8/21

*Das*  
*Pa*  
13/8





**Notes:**

- 1 The financial results have been prepared in accordance with the Indian Accounting Standards (Ind- AS) as prescribed under Section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.
- 2 The above results have been reviewed and adopted by the Board of Directors of the Company in their meeting held on 13.08.2021
- 3 The figures for the previous periods have been regrouped wherever necessary to conform to the current period presentation.
- 4 \* The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial year.

For and on behalf of the Board

  
(P K Purwar)

Chairman & Managing Director

DIN: 06619060

Place : New Delhi  
Date : 13.08.2021



6

## MAHANAGAR TELEPHONE NIGAM LIMITED

Regd. Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003

Website: www.mtnl.net.in, Phone Off: 011-24319020, Fax: 011-24324243

CIN No: L32101DL1986GOI023501

## CONSOLIDATED UNAUDITED SEGMENT WISE REVENUE, RESULTS AND ASSETS &amp; LIABILITIES FOR THE QUARTER ENDED ON 30/06/2021

(Rs. in Crore)

Sl. No.	Particulars	CONSOLIDATED			
		Three Month Ended			Year Ended
		3 months ended 30/06/2021	Preceding 3 months ended 31/03/2021	Corresponding 3 months ended 30/06/2020 in the previous year	Previous year ended 31/03/2021
	UNAUDITED	AUDITED *	UNAUDITED	AUDITED	
1.	<b>Revenue from Operations</b>				
	Basic & other Services	251.26	262.68	321.40	1,180.79
	Cellular	50.24	53.96	47.83	208.52
	Unallocable	-	0.02	0.02	0.06
	<b>Total</b>	<b>301.50</b>	<b>316.65</b>	<b>369.24</b>	<b>1,389.37</b>
	Less: Inter Segment Revenue	0.35	0.43	0.44	1.66
	<b>Net Revenue from Operations</b>	<b>301.15</b>	<b>316.23</b>	<b>368.80</b>	<b>1,387.71</b>
2.	<b>Segment Result before interest income, exceptional items, finance cost and tax</b>				
	Basic & other Services	(64.32)	5.70	16.04	98.80
	Cellular	(98.09)	(120.13)	(122.80)	(480.51)
	Unallocable	(12.86)	18.67	(11.43)	(22.57)
	<b>Total</b>	<b>(175.28)</b>	<b>(95.76)</b>	<b>(118.19)</b>	<b>(404.27)</b>
	Add: Exceptional items	-	-	-	-
	Add: Interest Income	2.35	26.88	4.52	51.51
	Less: Finance cost	516.08	531.15	525.77	2,107.24
	Add: Share of profit or loss from Associates/ JV	0.31	0.04	0.30	0.81
	<b>Profit/ (Loss) before tax</b>	<b>(688.69)</b>	<b>(600.00)</b>	<b>(639.15)</b>	<b>(2,459.19)</b>
	Less: Provision for Current Tax & Deferred tax	-	2.07	-	2.07
	<b>Profit/ (Loss) after tax</b>	<b>(688.69)</b>	<b>(602.07)</b>	<b>(639.15)</b>	<b>(2,461.26)</b>
3.	<b>Capital Employed (Segment Assets - Segment Liabilities)</b>				
	<b>Segment Asset</b>				
	Basic & other Services	7,122.14	7,124.08	7,496.33	7,124.08
	Cellular	4,424.92	4,521.73	4,856.82	4,521.73
	Unallocable/Eliminations	1,345.10	1,729.55	2,890.17	1,729.55
	<b>Total Segment Assets</b>	<b>12,892.16</b>	<b>13,375.37</b>	<b>15,243.32</b>	<b>13,375.37</b>
	<b>Segment Liabilities</b>				
	Basic & other Services	2,695.61	2,585.83	4,717.80	2,585.83
	Cellular	24,593.04	24,109.09	23,023.20	24,109.09
	Unallocable/Eliminations	2,340.66	2,724.95	1,726.12	2,724.95
	<b>Total Segment Liabilities</b>	<b>29,629.30</b>	<b>29,419.87</b>	<b>29,467.12</b>	<b>29,419.87</b>
	<b>Segment Capital Employed</b>				
	Basic & other Services	4,426.54	4,538.26	2,778.54	4,538.26
	Cellular	(20,168.11)	(19,587.35)	(18,166.38)	(19,587.35)
	Unallocable/Eliminations	(995.56)	(995.41)	1,164.05	(995.41)
	<b>Capital Employed</b>	<b>(16,737.14)</b>	<b>(16,044.50)</b>	<b>(14,223.80)</b>	<b>(16,044.50)</b>

**Note:** \* The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial year.

For and on behalf of the Board


  
(P K Purwar)

Chairman &amp; Managing Director

DIN: 06619060

Place : New Delhi

Date : 13.08.2021



7

VINOD KUMAR & ASSOCIATES  
CHARTERED ACCOUNTANTS  
4696, Brij Bhawan,  
21A, Ansari Road, Darya Ganj  
New Delhi – 110002

SPMG & Co.  
CHARTERED ACCOUNTANTS  
3322-A, 2nd Floor,  
Bank Street, Karol Bagh,  
New Delhi – 110005

Independent Auditor's Review Report on Standalone Unaudited Financial Results for Quarter ended June 30<sup>th</sup>, 2021 of Mahanagar Telephone Nigam Limited Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

To  
The Board of Directors  
Mahanagar Telephone Nigam Limited  
Mahanagar Doorsanchar Sadan,  
5th Floor, 9, CGO Complex,  
Lodhi Road, New Delhi - 110 003

1. We have reviewed the accompanying statement of unaudited standalone financial results ("The Statement") of MAHANAGAR TELEPHONE NIGAM LIMITED ("The Company") for the Quarter ended June 30<sup>th</sup>, 2021, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

This statement is the responsibility of the Company's Management, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard-34 "Interim Financial Reporting" ("Ind-AS 34"), specified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

### 3. Basis for Qualified Conclusion

Based on the information provided to us by the Management of Mahanagar Telephone Nigam Limited, we have given in the Annexure – I to this report the basis for qualified conclusions.



8





#### 4. Qualified Conclusion

Based on our review conducted as stated above, except for the observations / matters mentioned in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results read with notes thereon, prepared in accordance with the applicable Indian Accounting Standards (Ind-AS) and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

#### 5. Emphasis of Matter

- i. With reference to pending dispute with the Income Tax Department before the Hon'ble Courts regarding deduction claimed by the Company u/s 80 IA of the Income Tax Act, 1961 we are unable to comment on the adequacy or otherwise of the provision and / or contingency reserve held by the Company.
- ii. Impact of accounting of claims and counter claims of MTNL with M/s M&N Publications Ltd., in a dispute over printing, publishing and supply of telephone directories for MTNL, will be given in the year when the ultimate collection / payment of the same becomes reasonably certain.
- iii. Amount receivable from BSNL & Other Operators have been reflected as loans and other financial assets instead of bifurcating the same into trade receivables and other financial assets.
- iv. The Amounts recoverable from Department of Telecommunication (DOT) in respect of settlement of General Provident Fund (GPF) of Combined Service Optees absorbed employees in MTNL and the matter has been under review with DOT and the full amount of GPF including interest thereon, claimed of the Company in respect of which correspondence in going on between the Company and DOT are continued to be shown as recoverable from DOT and payable to GPF.
- v. The payables towards license fees and spectrum usage charges have been adjusted with excess pension payouts to Combined Pensioners Optees recoverable from DOT in respect of which matter is under consideration and correspondence in going on between the Company and DOT.
- vi. The License agreement between Company and DOT does not have any guidance on change in method of calculation of Adjusted Gross Revenue (AGR) due to migration to Ind-AS from I-GAAP. Provisioning and payment of liability in respect of license fees and spectrum usage charges payable to DOT has been done on the basis of Ind-AS based financial statements. The amount of difference in computation of Adjusted Gross Revenue (AGR) is under consideration of DOT.
- vii. In certain cases of freehold and leasehold land the company is having title deeds which are in the name of the Company but the value of which are not lying in books of accounts of the Company.



9



- viii. Income arising on account of Revenue Sharing with BSNL in respect of lease circuits provided has not been recognized in terms of Memorandum of Understanding (MOU) between BSNL and MTNL. As per MOU, revenue and expenditure will be based on the price offered to the customers after applying the discount, if any at the time of acquiring the business. However, Revenue has been recognized on the basis of available information which is either based on the Company Card Rates or Old rates of BSNL. In Some Cases, BSNL has given the information in respect of updated rates but the same has not been considered at the time of booking of revenue sharing with BSNL. In the absence of relevant updated records, we are not in a position to comment on the impact thereof on the standalone financial results.
- ix. Dues from the Operators being on account of revenue sharing agreements are not treated as debtors and consequently are not taken into account for making provision for doubtful debts.
- x. In pursuance DoT letter No. F.No. 30-04/2019-PSU Affairs dt. 29 October, 2019 and decision of Board of Directors of MTNL through circular regulation on 4th November, 2019, the MTNL Voluntary Retirement Scheme has been introduced with effect from 4<sup>th</sup> November 2019 under which 14,387 number of MTNL employees opted for VRS and the expenditure of ex-gratia on account of compensation to be borne by the DOT/Government of India through budgetary supports as per approval of cabinet.
- xi. Out of the total Revenue From Operations of Rs. 283.81 Crores for the quarter ended June 30th, 2021, a sum of Rs. 0.52 Crores has been computed and accounted for Interconnect billing during the quarter ended June 30th, 2021 under review, on the basis of assumption of Incoming traffic 2.96 Crores (Minutes) of May 2021.

Our opinion is not modified in respect of aforesaid matters.

**For Vinod Kumar & Associates**

**Chartered Accountants**

**Firm Registration No.: 002304N**



**CA Mukesh Dadhich**

**Partner**

**Membership No.: 511741**

**UDIN: 21511741AAAAJY9626**

**Place: New Delhi**

**Date: 13th August, 2021**

**For SPMG & Co.**

**Chartered Accountants**

**Firm Registration No.: 509249C**



**CA Vinod Gupta**

**Partner**

**Membership No.: 090687**

**UDIN: 21090687AAAAGO6012**

10

**Annexure – I to the Independent Auditors' Review Report  
(Referred to in Para 3 of our report of even date)**

- i. The Net Worth of the Company has been fully eroded: The Company has incurred net cash loss during the quarter ended June 30<sup>th</sup> 2021 as well as in the previous year and the current liabilities exceeded the current assets substantially.

Furthermore, Department of Public Enterprises vide its Office Memorandum No. DPE/5(1)/2014-Fin. (Part-IX-A) has classified the status of the Company as "Incipient Sick CPSE". Department of Telecommunication (DOT) has also confirmed the status vide its issue no. I/3000697/ 2017 through file no. 19-17/2017 – SU-II.

However, the standalone financial results of the Company have been prepared on a going concern basis keeping in view the majority stake of the Government of India.

Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetization of assets and in principle approval for merger of BSNL and MTNL. Further, the Company has implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for ₹ 6,500 crore in FY 2020-21 in line with cabinet note.

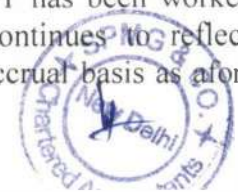
ii. **Bharat Sanchar Nigam Limited (BSNL):**

- a) The Company has certain balances receivables from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 3652.88 Crores is subject to reconciliation and confirmation. In view of non-reconciliation and non-confirmation and also in view of various pending disputes regarding claims and counter claims, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the standalone financial results of the Company.

- b) The Company has not provided a provision for doubtful claims in respect of lapsed CENVAT Credit due to non-payment of service tax to service providers within the period of 180 days and due to transition provision under Goods and Service Tax (GST) where the aforesaid CENVAT credit amounting to Rs. 144.66 Crores has not been carried forward resulting in understatement of loss to that extent.

- iii. The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 210.58 Crores, Out of which Rs. 210.43 Crores is subject to reconciliation and confirmation. In view of non-reconciliation and non-confirmation, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the standalone financial results of the Company

- iv. Up to financial year 2011-12 License Fee payable to the DOT on IUC charges to BSNL was worked out on accrual basis as against the terms of License agreements requiring deduction for expenditure from the gross revenue to be allowed on actual payment basis. From financial year 2012-13, the license fee payable to the DOT has been worked out strictly in terms of the license agreements. The Company continues to reflect the difference in license fee arising from working out the same on accrual basis as aforesaid





for the period up to financial year 2011-12 by way of contingent liability of Rs. 140.36 Crores instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent.

- v. The Company had allocated the overheads towards capital works in a manner which is not in line with the accepted accounting practices and Indian Accounting Standard – 16 “Property, Plant and Equipment” prescribed under Section 133 of the Act. the same results into overstatement of capital work in progress/ property, plant and equipment and understatement of loss. The actual impact of the same on the standalone financial results for quarter is not ascertained and quantified.
- vi. Except for the impairment loss of assets of CDMA units provided in earlier years, no adjustment has been considered on account of impairment loss, if any, during the quarter, with reference to Indian Accounting Standard – 36 “Impairment of Assets” prescribed under Section 133 of the Act. In view of uncertainty in achievement of future projections made by the Company, we are unable to ascertain and comment on the provision required in respect of impairment in carrying value of cash generating units and its consequent impact on the loss for the quarter ended June 30<sup>th</sup>, 2021, accumulated balance of other equity and also the carrying value of the cash generating units.
- vii. The Company does not follow a system of obtaining confirmations and performing reconciliation of balances in respect of amount receivables from trade receivables, deposits with Government Departments and others, claim recoverable from operators and others parties and amount payables to trade payables, claim payable to operators, and amount payable to other parties. Accordingly, amount receivables from and payables to the various parties are subject to confirmation and reconciliation. Pending such confirmation and reconciliations, the impact thereof on the standalone financial results are not ascertainable and quantifiable.
- viii. Unlinked credit of Rs. 86.01 Crores on account of receipts from subscribers against billing by the Company which could not be matched with corresponding receivables is appearing as liabilities in the balance sheet. To that extent, trade receivables and current liabilities are overstated. Pending reconciliations, the impact thereof on the standalone financial results are not ascertainable and quantifiable.
- ix. Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by finance department in respect of bought out capital items or inventory issued from the Stores. Due to delays in issuance of the completion certificates or receipt of the bills or receipt of inventory issue slips, there are cases where capitalization of the Property, Plant and Equipment gets deferred to next year. The resultant impact of the same on the standalone financial results by way of depreciation and amount of Property, Plant and Equipment capitalized in the balance sheet cannot be ascertained and quantified.
- x. Certain Land and Buildings transferred to MTNL from DOT in earlier years have been reflected as leasehold. In the absence of relevant records, we are not in a position to comment on the classification, capitalization and amortization of the same as leasehold and also the consequential impacts, if any, of such classification, capitalization and amortization not backed by relevant records. In the absence of relevant records, impact of such classification on the standalone financial results cannot be ascertained and quantified.

Department of Telecommunication (DOT) had raised a demand of Rs. 3313.15 Crores in 2012-13 on account of one time charges for 2G spectrum held by the Company for GSM



12



and CDMA for the period of license already elapsed and also for the remaining valid period of license including spectrum given on trial basis.

As explained the demand for spectrum usage for CDMA for Rs 107.44 Crores has been withdrawn by DOT on account of rectification of actual usage.

Also as explained, pending finality of the issue by the Company regarding surrender of a part of the spectrum, crystallization of issue by the DOT in view of the claim being contested by private operators and because of the matter being sub-judice in the Apex Court on account of dispute by other private operators on the similar demands, the amount payable, if any, is indeterminate. Accordingly, no liability has been created for the demand made by DOT on this account and Rs. 3205. 71 Crores has been disclosed as contingent liability till FY 2018-19 although no further demand is there from DOT till date. However as explained further, the TDSAT while setting aside the levy of OTSC on spectrum allotted beyond 6.2 Mhz , directed Govt. to review the demand for spectrum allotted after 1-7-2008 and that too wef 1-1-2013 in case the spectrum beyond 6.2 Mhz was allotted before 1-1-2013. As explained , as per the TDSAT orders also no further demand is raised till now and as per management based on TDSAT direction the demand ,if any, cannot be more than Rs 455.15 crores the same is considered as contingent liability. In view of the above we are not in a position to comment on the correctness of the stand taken by the Company and the ultimate implications of the same on the standalone financial results of the Company.

- xii. The Company has deducted/collected Liquidated Damages and withheld Charges from vendors on account of non-fulfilment of contracted conditions, on which liability for Goods and Services Tax (GST) has not been considered. The actual impact of the same on the standalone financial results for quarter is not ascertained and quantified.
- xiii. The company has recovered Electricity Charges from the tenants, on which liability for Goods and Services Tax (GST) has not been considered, as the expenses recovered without installing sub meter. The actual impact of the same on the standalone financial results for the quarter has not been ascertained and quantified
- xiv. The company has not reversed the provision for expense (Accrued Liability) on regular intervals, thereby the provision for expenses account has been accumulated significantly. Accordingly, the provision for expenses remain unadjusted. Further TDS on provision for Expenses has not been deducted under chapter XVII- B of Income Tax Act, 1961. The actual impact of the same on the standalone financial results for the quarter has not been ascertained and quantified
- xv. The Company is making the provision for interest for late/non-payment to MSME vendors which is subject to deduction of tax under section 194A of Income Tax Act, 1961. The actual impact of the same on the standalone financial results for quarter is not ascertained and quantified.
- xvi. The income arising on account of rental in respect of property occupied by the BSNL amounting to Rs. 7.35 Crores accrued during the current quarter has not been recognised in the Standalone financial results. Accordingly, the Goods and Services Tax (GST) has also not been considered. The accumulated impact on the standalone financial results of such income for the current quarter and preceding years is not ascertained and quantified.



13





- xvii. Certain bank accounts are held in the name of the company which have not been accounted for in books of accounts as identified during the course of audit resulting into serious lapses of internal financial controls. The detailed reconciliation and reasons for not booking transactions of these bank accounts have not been provided to us. The actual impact of the same on the Standalone financial results for the quarter is not ascertained and could not be quantified. However, on the basis of our audit findings done till date, we give hereunder the closing balance of these bank accounts as under:

S. No.	Bank Name	Branch Address	Account No.	Outstanding Balance as on 30/06/2021
1	Union Bank of India	GF9 Mahanagar Door Sanchar Sadan, Lodhi Road, Delhi	344901010070518	2,85,16,364.66
2	Union Bank of India	263 Madhu Hans Dr A B Road Prabhadevi Mumbai	344901010070517	3,46,134.40
3	Indusind Bank	Prabha Devi, Mumbai	201002142754	59,53,007.86
		<b>Total</b>		<b>3,48,15,506.92</b>

As communicated to us, the Company has commenced a comprehensive exercise to rectify the position.

The above basis for qualified conclusion referred to in Para no. (i) to (xvi) were subject matter of qualification in the Auditor's Report for the year ended on March 31st , 2021.

In the absence of information, the effect of which can't be quantified, we are unable to comment on the possible impact of the items stated in the point nos. (i), (ii)(a), (ii)(b), (iii), (v), (vi), (vii),(viii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv),(xvi) and (xvii) on the standalone financial result of the Company for the quarter ended on 30<sup>th</sup> June 2021.

For Vinod Kumar & Associates

Chartered Accountants

Firm Registration No.: 002304N



CA Mukesh Dadhich

Partner

Membership No.: 511741

UDIN: 21511741AAAAJY9626



For SPMG & Co.

Chartered Accountants

Firm Registration No.: 509249C



CA Vinod Gupta

Partner

Membership No.: 090687

UDIN: 21090687AAAAGO6012



Place: New Delhi

Date: 13<sup>th</sup> August, 2021

14

VINOD KUMAR & ASSOCIATES  
CHARTERED ACCOUNTANTS  
4696, Brij Bhawan,  
21A, Ansari Road, Darya Ganj  
New Delhi – 110002

SPMG & Co.  
CHARTERED ACCOUNTANTS  
3322-A, 2nd Floor,  
Bank Street, Karol Bagh,  
New Delhi – 110005

Independent Auditor's Review Report on Unaudited Consolidated Financial Results for the Quarter Ended June 30<sup>th</sup>, 2021 of Mahanagar Telephone Nigam Limited Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

To  
The Board of Directors  
Mahanagar Telephone Nigam Limited  
Mahanagar Doorsanchar Sadan,  
5th Floor, 9, CGO Complex,  
Lodhi Road, New Delhi - 110 003

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of Mahanagar Telephone Nigam Limited ("The Holding") and its subsidiaries (the Holding and its subsidiaries together referred to as "The Group"), and its share of the net profit after tax and total comprehensive income of its a joint venture and associate for the quarter ended June 30<sup>th</sup>, 2021 ("The Statement") attached herewith, being submitted by the holding pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

This Statement, which is the responsibility of the Holdings's Management and approved by the Holding's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

The Statement includes the results of the following entities:

**(a) List of Subsidiaries:**

- (a) Mahanagar Telephone (Mauritius) Limited ('MTML')
- Millenium Telecom Limited



15

**(b) List of step down subsidiaries**

- MTML Data Limited
- MTML International Limited

**(c) List of Joint Venture:**

- MTNL STPI IT Services Limited ('MSISL')

**(d) List of Associate:**

- United Telecommunications Limited ('UTL')

**4. Basis for Qualified Conclusion**

Based on the information provided to us by the Management of Mahanagar Telephone Nigam Limited, we have given in the Annexure – I to this report the basis for qualified conclusions.

**5. Qualified Conclusion**

Based on our review conducted and procedures performed as stated in paragraph 2 above and based on the interim financial results and other financial information certified by the management of holding company referred to in paragraph 7 below, except for the observations / matters mentioned in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**6. Emphasis of Matter**

- With reference to pending dispute with the Income Tax Department before the Hon'ble Courts regarding deduction claimed by the Holding Company u/s 80 IA of the Income Tax Act, 1961 we are unable to comment on the adequacy or otherwise of the provision and / or contingency reserve held by the Holding Company.
- Impact of accounting of claims and counter claims of MTNL with M/S M&N Publications Ltd., in a dispute over printing, publishing and supply of telephone directories for MTNL, will be given in the year when the ultimate collection / payment of the same becomes reasonably certain.
- Amount receivable from BSNL & Other Operators have been reflected as loans and other financial assets instead of bifurcating the same into trade receivables and other financial assets.

The Amounts recoverable from Department of Telecommunication (DOT) in respect of settlement of General Provident Fund (GPF) of Combined Service Optees absorbed employees in MTNL and the matter has been under review with DOT and the full amount of GPF including interest thereon, claimed of the Holding Company in respect



16

of which correspondence in going on between the Holding Company and DOT are continued to be shown as recoverable from DOT and payable to GPF.

- v. The payables towards license fees and spectrum usage charges have been adjusted with excess pension payouts to Combined Pensioners Optees recoverable from DOT in respect of which matter is under consideration and correspondence in going on between the Holding Company and DOT.
- vi. The License agreement between Holding Company and DOT does not have any guidance on change in method of calculation of Adjusted Gross Revenue (AGR) due to migration to Ind-AS from I-GAAP. Provisioning and payment of liability in respect of license fees and spectrum usage charges payable to DOT has been done on the basis of Ind-AS based financial statements. The amount of difference in computation of Adjusted Gross Revenue (AGR) is under consideration of DOT.
- vii. In certain cases of freehold and leasehold land the Holding Company is having title deeds which are in the name of the Holding Company but the value of which are not lying in books of accounts of the Holding Company.
- viii. Income arising on account of Revenue Sharing with BSNL in respect of lease circuits provided has not been recognized in terms of Memorandum of Understanding (MOU) between BSNL and MTNL. As per MOU, revenue and expenditure will be based on the price offered to the customers after applying the discount, if any at the time of acquiring the business. However, Revenue has been recognized on the basis of available information which is either based on the Holding Company Card Rates or Old rates of BSNL. In Some Cases, BSNL has given the information in respect of updated rates but the same has not been considered at the time of booking of revenue sharing with BSNL. In the absence of relevant updated records, we are not in a position to comment on the impact thereof on the consolidated financial results.
- ix. Dues from the Operators being on account of revenue sharing agreements are not treated as debtors and consequently are not taken into account for making provision for doubtful debts.
- x. In pursuance DoT letter No. F.No. 30-04/2019-PSU Affairs dt. 29 October, 2019 and decision of Board of Directors of MTNL through circular regulation on 4th November 2019, the MTNL Voluntary Retirement Scheme has been introduced with effect from 4th November 2019 under which 14,387 number of MTNL employees opted for VRS and the expenditure of ex-gratia on account of compensation to be borne by the DOT/Government of India through budgetary supports as per approval of cabinet.
- xi. Out of the total Revenue From Operations of Rs. 301.15 Crores for the quarter ended June 30th, 2021, a sum of Rs. 0.52 Crores has been computed and accounted for Interconnect billing during the quarter ended June 30th, 2021 under review, on the basis of assumption of Incoming traffic 2.96 Crores (Minutes) of May 2021.

Our opinion is not modified in respect of aforesaid matters.

7. The Statement includes interim financial results and other financial information of 4 subsidiaries (including two step down subsidiaries whose interim financial results and other financial information reflect total revenues of Rs 17.94 Crore, net loss of Rs 0.87 Crore and total comprehensive income(Loss) of Rs. 4.81 for the quarter ended June 30th, 2021 and the interim financial results and other financial information of 1 joint venture which reflects Group's share of net profit after tax of Rs. 0.31 Crore and total comprehensive income of Rs





0.31 Crore for the quarter ended June 30th, 2021 which are certified by the Management. According to the information and explanations given to us by the Management, these interim financial results and other financial information are not material to the Group. Our conclusion on the Statement is not modified in respect of this matter.

For Vinod Kumar & Associates

Chartered Accountants

Firm Registration No.: 002304N



CA Mukesh Dadhich

Partner

Membership No.: 511741

UDIN: 21511741AAAAJZ9455

Place: New Delhi

Date: 13<sup>th</sup> August, 2021



For SPMG & Co.

Chartered Accountants

Firm Registration No.: 509249C



CA Vinod Gupta

Partner

Membership No.: 090687

UDIN: 21090687AAAAGP7191



18



VINOD KUMAR & ASSOCIATES  
CHARTERED ACCOUNTANTS  
4696, Brij Bhawan,  
21A, Ansari Road, Darya Ganj  
New Delhi – 110002

SPMG & Co.  
CHARTERED ACCOUNTANTS  
3322-A, 2nd Floor,  
Bank Street, Karol Bagh,  
New Delhi – 110005

**Annexure – I to the Independent Auditors' Review Report  
(Referred to in Para 3 of our report of even date)**

- i. The Net Worth of the Holding Company has been fully eroded; The Holding Company has incurred net cash loss during the quarter ended June 30<sup>th</sup>, 2021 as well as in the previous year and the current liabilities exceeded the current assets substantially.

Furthermore, Department of Public Enterprises vide its Office Memorandum No. DPE/5(1)/2014-Fin. (Part-IX-A) has classified the status of the Holding Company as "Incipient Sick CPSE". Department of Telecommunication (DOT) has also confirmed the status vide its issue no. 1/3000697/ 2017 through file no. 19-17/2017 – SU-II. However, the consolidated financial results of the Holding Company have been prepared on a going concern basis keeping in view the majority stake of the Government of India.

Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetization of assets and in principle approval for merger of BSNL and MTNL. Further, the Holding Company has implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for ₹ 6,500 crore in FY 2020-21 in line with cabinet note

ii. **Bharat Sanchar Nigam Limited (BSNL):**

- a) The Holding Company has certain balances receivables from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 3652.88 Crores is subject to reconciliation and confirmation. In view of non-reconciliation and non-confirmation and also in view of various pending disputes regarding claims and counter claims, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the consolidated financial results of the Holding Company.
- b) The Holding Company has not provided a provision for doubtful claims in respect of lapsed CENVAT Credit due to non-payment of service tax to service providers within the period of 180 days and due to transition provision under Goods and Service Tax (GST) where the aforesaid CENVAT credit amounting to Rs. 144.66 Crores has not been carried forward resulting in understatement of loss to that extent.

- iii. The Holding Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 210.58 Crores, Out of which Rs. 210.43 Crores is subject to reconciliation and confirmation. In view of non-reconciliation and non-confirmation, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the Consolidated financial results of the Holding Company.

Up to financial year 2011-12 License Fee payable to the DOT on IUC charges to BSNL was worked out on accrual basis as against the terms of License agreements requiring deduction



for expenditure from the gross revenue to be allowed on actual payment basis. From financial year 2012-13, the license fee payable to the DOT has been worked out strictly in terms of the license agreements. The Holding Company continues to reflect the difference in license fee arising from working out the same on accrual basis as aforesaid for the period up to financial year 2011-12 by way of contingent liability of Rs. 140.36 Crores instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent.

- v. The Holding Company had allocated the overheads towards capital works in a manner which is not in line with the accepted accounting practices and Indian Accounting Standard – 16 “Property, Plant and Equipment” prescribed under Section 133 of the Act, the same results into overstatement of capital work in progress/ property, plant and equipment and understatement of loss. The actual impact of the same on the consolidated financial results for quarter is not ascertained and quantified.
- vi. Except for the impairment loss of assets of CDMA units provided in earlier years, no adjustment has been considered on account of impairment loss, if any, during the quarter, with reference to Indian Accounting Standard – 36 “Impairment of Assets” prescribed under Section 133 of the Act. In view of uncertainty in achievement of future projections made by the Holding Company, we are unable to ascertain and comment on the provision required in respect of impairment in carrying value of cash generating units and its consequent impact on the loss for the quarter ended June 30<sup>th</sup>,2021, accumulated balance of other equity and also the carrying value of the cash generating units.
- vii. The Holding Company does not follow a system of obtaining confirmations and performing reconciliation of balances in respect of amount receivables from trade receivables, deposits with Government Departments and others, claim recoverable from operators and others parties and amount payables to trade payables, claim payable to operators, and amount payable to other parties. Accordingly, amount receivables from and payables to the various parties are subject to confirmation and reconciliation. Pending such confirmation and reconciliations, the impact thereof on the consolidated financial results are not ascertainable and quantifiable.
- viii. Unlinked credit of Rs. 86.01 Crores on account of receipts from subscribers against billing by the Holding Company which could not be matched with corresponding receivables is appearing as liabilities in the balance sheet. To that extent, trade receivables and current liabilities are overstated. Pending reconciliations, the impact thereof on the consolidated financial results are not ascertainable and quantifiable.
- ix. Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by finance department in respect of bought out capital items or inventory issued from the Stores. Due to delays in issuance of the completion certificates or receipt of the bills or receipt of inventory issue slips, there are cases where capitalization of the Property, Plant and Equipment gets deferred to next year. The resultant impact of the same on the consolidated financial results by way of depreciation and amount of Property, Plant and Equipment capitalized in the balance sheet cannot be ascertained and quantified.
- x. Certain Land and Buildings transferred to MTNL from DOT in earlier years have been reflected as leasehold. In the absence of relevant records, we are not in a position to comment on the classification, capitalization and amortization of the same as leasehold and also the consequential impacts, if any, of such classification, capitalization and amortization not backed by relevant records. In the absence of relevant records, impact of such classification on the consolidated financial results cannot be ascertained and quantified.



20



- xi. Department of Telecommunication (DOT) had raised a demand of Rs. 3313.15 Crores in 2012-13 on account of one time charges for 2G spectrum held by the Company for GSM and CDMA for the period of license already elapsed and also for the remaining valid period of license including spectrum given on trial basis.

As explained the demand for spectrum usage for CDMA for Rs 107.44 Crores has been withdrawn by DOT on account of rectification of actual usage.

Also as explained, pending finality of the issue by the Company regarding surrender of a part of the spectrum, crystallization of issue by the DOT in view of the claim being contested by private operators and because of the matter being sub-judice in the Apex Court on account of dispute by other private operators on the similar demands, the amount payable, if any, is indeterminate. Accordingly, no liability has been created for the demand made by DOT on this account and Rs. 3205.71 Crores has been disclosed as contingent liability till FY 2018-19 although no further demand is there from DOT till date. However as explained further, the TDSAT while setting aside the levy of OTSC on spectrum allotted beyond 6.2 Mhz, directed Govt. to review the demand for spectrum allotted after 1-7-2008 and that too w.e.f 1-1-2013 in case the spectrum beyond 6.2 Mhz was allotted before 1-1-2013. As explained, as per the TDSAT orders also no further demand is raised till now and as per management based on TDSAT direction the demand, if any, cannot be more than Rs 455.15 crores the same is considered as contingent liability.

In view of the above we are not in a position to comment on the correctness of the stand taken by the Holding Company and the ultimate implications of the same on the consolidated financial results of the Holding Company.

- xii. The Holding Company has deducted/collected Liquidated Damages and withheld Charges from vendors on account of non-fulfilment of contracted conditions, on which liability for Goods and Services Tax (GST) has not been considered. The actual impact of the same on the consolidated financial results for quarter is not ascertained and quantified.
- xiii. The Holding Company has recovered Electricity Charges from the tenants, on which liability for Goods and Services Tax (GST) has not been considered, as the expenses recovered without installing sub meter. The actual impact of the same on the consolidated financial result for quarter is not ascertained and quantified.
- xiv. The Holding has not reversed the provision for expense (Accrued Liability) on regular intervals, thereby the provision for expenses account has been accumulated significantly. Accordingly, the provision for expenses remain unadjusted. Further TDS on provision for Expenses has not been deducted under chapter XVII- B of Income Tax Act, 1961. The actual impact of the same on the consolidated financial result for quarter is not ascertained and quantified.
- xv. The Holding Company is making the provision for interest for late/non-payment to MSME vendors which is subject to deduction of tax under section 194A of Income Tax Act, 1961. The actual impact of the same on the consolidated financial results for quarter is not ascertained and quantified.
- xvi. The income arising on account of rental in respect of property occupied by the BSNL amounting to Rs. 7.35 Crores accrued during the current quarter has not been recognised in the Standalone financial results. Accordingly, the Goods and Services Tax (GST) has also not been considered. The accumulated impact on the consolidated financial results of such income for the current quarter and preceding years is not ascertained and quantified.





xvii. Certain bank accounts are held in the name of the company which have not been accounted for in books of accounts as identified during the course of audit resulting into serious lapses of internal financial controls. The detailed reconciliation and reasons for not booking transactions of these bank accounts have not been provided to us. The actual impact of the same on the consolidated financial results for the quarter is not ascertained and could not be quantified. However, on the basis of our audit findings done till date, we give hereunder the closing balance of these bank accounts as under:

S. No.	Bank Name	Branch Address	Account No.	Outstanding Balance as on 30/06/2021
1	Union Bank of India	GF9 Mahanagar Door Sanchar Sadan, Lodhi Road, Delhi	344901010070518	2,85,16,364.66
2	Union Bank of India	263 Madhu Hans Dr A B Road Prabhadevi Mumbai	344901010070517	3,46,134.40
3	Indusind Bank	Prabha Devi, Mumbai	201002142754	59,53,007.86
		<b>Total</b>		<b>3,48,15,506.92</b>

As communicated to us, the holding company has commenced a comprehensive exercise to rectify the position.

The above basis for qualified conclusion referred to in Para no. (i) to (xvi) were subject matter of qualification in the Auditor's Report for the year ended March 31st, 2021.

In the absence of information, the effect of which can't be quantified, we are unable to comment on the possible impact of the items stated in the point nos. (i), (ii)(a), (ii)(b), (iii), (v), (vi), (vii),(viii), (ix), (x), (xi), (xii), (xiii) (xiv), (xv) (xvi) and (xvii) on the consolidated financial result of the Holding Company for the quarter ended on 30<sup>th</sup> June 2021.

**For Vinod Kumar & Associates**

**Chartered Accountants**

**Firm Registration No.: 002304N**

  
**CA Mukesh Dadhich**

**Partner**

**Membership No.: 511741**

**UDIN: 21511741AAAAJZ9455**

**Place: New Delhi**


**Date: 13<sup>th</sup> August, 2021**



**For SPMG & Co.**

**Chartered Accountants**

**Firm Registration No.: 509249C**

  
**CA Vinod Gupta**

**Partner**

**Membership No.: 090687**

**UDIN: 21090687AAAAGP7191**



# MAHANAGAR TELEPHONE NIGAM LIMITED

( A Govt. of India Enterprise)

Corporate & Registered Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003

Website: www.mtnl.net.in, Phone Off: 011-24319020, Fax: 011-24324243

CIN No: L32101DL1986G OI023501

EXTRACT OF STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED ON 30/06/2021

(Rs. in Crore)

Particulars	STANDALONE			CONSOLIDATED		
	Three Month Ended		Year Ended	Three Month Ended		Year Ended
	3 months ended 30/06/2021	Corresponding 3 months ended 30/06/2020 in the previous year	Previous year ended 31/03/2021	3 months ended 30/06/2021	Corresponding 3 months ended 30/06/2020 in the previous year	Previous year ended 31/03/2021
	UNAUDITED	UNAUDITED	AUDITED	UNAUDITED	UNAUDITED	AUDITED
1 Total Income from Operations	283.81	352.07	1,303.64	301.15	368.80	1,387.71
2 Net Profit/ (Loss) for the period before exceptional items & tax	(688.13)	(636.41)	(2,461.79)	(688.69)	(639.15)	(2,459.19)
3 Net Profit/ (Loss) for the period before Tax(after Exceptional items)	(688.13)	(636.41)	(2,461.79)	(688.69)	(639.15)	(2,459.19)
4 Net Profit/ (Loss) for the period after Tax	(688.13)	(636.41)	(2,461.79)	(688.69)	(639.15)	(2,461.26)
5 Total Comprehensive Income for the period (Comprising net profit/(loss) after tax and other comprehensive income after tax)	(688.13)	(636.41)	(2,454.24)	(692.63)	(640.90)	(2,462.41)
6 Paid up Equity Share Capital			630.00			630.00
7 Other Equity excluding revaluation reserves			(16,669.88)			(16,674.50)
8 Earnings Per Share (of Rs.10 each) for continuing and discontinued operations- (not annualised)						
1. Basic :	(10.92)	(10.10)	(39.08)	(10.93)	(10.15)	(39.07)
2. Diluted :	(10.92)	(10.10)	(39.08)	(10.93)	(10.15)	(39.07)

Note:

1. The above is an extract of the detailed format of Annual Audited Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Audited Financial Results are available on the website of the company at www.mtnl.net.in and on the Stock Exchange websites at www.bseindia.com and www.nseindia.com.

2. The above results have been reviewed and recommended for adoption by the Audit Committee in their meeting held on 13.08.2021 and approved by the Board of Directors of the Company at their meeting held on the same date.

3. The company has prepared these financial results in accordance with the Companies (Indian Accounting Standards) Rules 2015 prescribed under Section 133 of the Companies Act, 2013.

Place: New Delhi  
Date: 13.08.2021



For and on behalf of the Board

*(Signature)*  
(P K Purwar)

Chairman & Managing Director  
DIN: 06619060