



**MAHANAGAR TELEPHONE NIGAM LIMITED**  
(A GOVERNMENT OF INDIA ENTERPRISE)  
CIN L32101DL1986GOI023501

**MTNL/SECTT/SE/2022**  
**November 14, 2022**

To  
The Listing Department,  
Bombay Stock Exchange (BSE)  
National Stock Exchange (NSE)

Ref: BSE Scrip Code: 500108/ NSE Symbol: MTNL

**Sub: Compliance of Regulation 33 & 52 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> September, 2022.**

Dear Sir,  
Further to our letter of even no.dtd. **October 27, 2022**, 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> September, 2022 duly approved by the Board of Directors in its Meeting held in New Delhi today i.e. **14<sup>th</sup> November, 2022**.

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

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 UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED ON 30/09/2022

(Rs. in Crore)

Sl. No.	Particulars	STANDALONE					
		Three Month Ended			Six Month Ended		Year Ended
		3 months ended 30/09/2022	Preceeding 3 months ended 30/06/2022	Corresponding 3 months ended 30/09/2021 in the previous year	Year to date figures for Current period ended 30/09/2022	Year to date figures for previous period ended 30/09/2021	Previous year ended 31/03/2022
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED	
I	Revenue from operations	220.21	235.83	287.89	456.03	571.70	1,069.72
II	Other Income	137.18	149.51	119.55	286.69	234.47	627.18
III	<b>Total Income (I +II)</b>	<b>357.38</b>	<b>385.34</b>	<b>407.44</b>	<b>742.72</b>	<b>806.17</b>	<b>1,696.90</b>
IV	<b>Expenses</b>						
	Changes in Inventories	0.15	0.04	0.04	0.19	0.11	0.21
	License Fees & Spectrum Charges	19.90	21.20	29.07	41.10	60.54	102.05
	Employees' Remuneration and benefits	131.99	138.78	119.37	270.77	270.40	555.02
	Finance cost	581.01	540.12	532.99	1,121.14	1,049.04	2,139.45
	Revenue Sharing	14.01	13.66	32.00	27.67	63.67	87.39
	Depreciation and amortization expense	180.32	180.03	187.54	360.34	386.22	759.01
	Administrative Expenses	167.07	141.36	159.64	308.42	317.52	656.36
	<b>Total Expenses (IV)</b>	<b>1,094.45</b>	<b>1,035.19</b>	<b>1,060.65</b>	<b>2,129.64</b>	<b>2,147.50</b>	<b>4,299.49</b>
V	<b>Profits/(Loss) before exceptional items and tax(III-IV)</b>	<b>(737.07)</b>	<b>(649.84)</b>	<b>(653.21)</b>	<b>(1,386.91)</b>	<b>(1,341.33)</b>	<b>(2,602.59)</b>
VI	Exceptional items	-	-	-	-	-	-
VII	<b>Profit/ (Loss) before tax (V- VI)</b>	<b>(737.07)</b>	<b>(649.84)</b>	<b>(653.21)</b>	<b>(1,386.91)</b>	<b>(1,341.33)</b>	<b>(2,602.59)</b>
VIII	Tax expense:						
	(1) Current tax	-	-	-	-	-	-
	(2) Deferred tax	-	-	-	-	-	-
IX	<b>Profit/ (Loss) for the period from continuing operations (VII - VIII)</b>	<b>(737.07)</b>	<b>(649.84)</b>	<b>(653.21)</b>	<b>(1,386.91)</b>	<b>(1,341.33)</b>	<b>(2,602.59)</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>	<b>-</b>	<b>-</b>
XIII	<b>Profit/ (Loss) for the period (IX + XII)</b>	<b>(737.07)</b>	<b>(649.84)</b>	<b>(653.21)</b>	<b>(1,386.91)</b>	<b>(1,341.33)</b>	<b>(2,602.59)</b>
XIV	<b>Other Comprehensive Income</b>						
A	i) Items that will not be reclassified to profit and loss	2.42	-	(5.75)	2.42	(5.75)	(13.98)
	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>2.42</b>	<b>-</b>	<b>(5.75)</b>	<b>2.42</b>	<b>(5.75)</b>	<b>(13.98)</b>
XV	<b>Total Comprehensive Income for the period (XIII+XIV)</b>	<b>(734.66)</b>	<b>(649.84)</b>	<b>(658.96)</b>	<b>(1,384.50)</b>	<b>(1,347.08)</b>	<b>(2,616.57)</b>
XVI	<b>Paid up Equity Share Capital</b>						630.00
XVII	<b>Other Equity excluding revaluation reserves</b>						(19,286.45)
XVIII	<b>Earnings per equity Share (of Rs.10 each) for continuing operations:(not annualised)</b>						
	(1) Basic	(11.70)	(10.31)	(10.37)	(22.01)	(21.29)	(41.31)
	(2) Diluted	(11.70)	(10.31)	(10.37)	(22.01)	(21.29)	(41.31)
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	(11.70)	(10.31)	(10.37)	(22.01)	(21.29)	(41.31)
	(2) Diluted	(11.70)	(10.31)	(10.37)	(22.01)	(21.29)	(41.31)

See accompanying notes to the financial results:

May kindly see for approval for publishing in Newspapers and Bimonthly  
to Stock Exchanges.

Director (Fin) Das  
14/11

CS  
Srin



(2)

**Notes to Standalone Financial Results:**

- 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.
- The above results have been reviewed by the Audit Committee in their meeting held on 14.11.2022 and approved by the Board of Directors of the Company at their meeting held on the same date.
- Additional Disclosures as per Regulation 52 (4) of SEBI (LODR) Regulations 2015

S.No.	Particulars	Three Month Ended			Six Month Ended		Year Ended
		30.09.2022	30.06.2022	30.09.2021	30.09.2022	30.09.2021	31.03.2022
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
a	Debt Service Coverage Ratio (in times) [ EBITDA / (Finance Cost + Lease Liabilities Payments+ Principal Repayment of Long Term Debt) ]	0.02	0.06	0.09	0.04	0.06	0.08
b	Interest Service Coverage Ratio (in times) [ EBITDA / Finance Cost ]	0.04	0.13	0.13	0.08	0.09	0.14
c	Outstanding Redeemable Preference shares (quantity and value) (in Rs Crs)	-	-	-	-	-	-
d	Capital Redemption Reserve (in Rs Crs)	-	-	-	-	-	-
e	Debenture Redemption Reserve (in Rs Crs) #	-	-	45.27	-	45.27	-
f	Net Worth (in Rs Crs) (As per Section 2 (57) of Companies Act 2013)	(20,040.96)	(19,306.29)	(17,386.97)	(20,040.96)	(17,386.97)	(18,656.45)
g	Net Profit After Tax (in Rs Crs)	(737.07)	(649.84)	(653.21)	(1,386.91)	(1,341.33)	(2,602.59)
h	Earnings Per Share (in Rs) [Not Annualised]	(11.70)	(10.31)	(10.37)	(22.01)	(21.29)	(41.31)
i	Current Ratio (in times) [ Current Assets / Current Liabilities]	0.35	0.43	0.45	0.35	0.45	0.42
j	Debt-Equity Ratio (in times) [ (Long Term Borrowings including Current Maturities + Short Term Borrowings) / Total Equity]	(1.38)	(1.41)	(1.50)	(1.38)	(1.50)	(1.43)
k	Long Term Debt to Working Capital (in times) Long Term Debt excluding lease liability + Current Maturities of Long Term Debt Working Capital excluding current maturities of Long Term Borrowings	(2.46)	(3.69)	(4.07)	(2.46)	(4.07)	(4.12)
l	Bad Debts to Account Receivable Ratio (in times) [Bad Debts/Average Trade Receivables]	0.01	0.02	0.00	0.01	0.00	0.01
m	Current Liability Ratio (in times) [ Current Liabilities/ Total Liabilities ]	0.51	0.47	0.42	0.51	0.42	0.44
n	Total Debts to Total Assets (in times) [ (Long Term Borrowings + Short Term Borrowings + Lease Liabilities) / Total Assets ]	2.33	2.28	2.05	2.33	2.05	2.18
o	Debtors Turnover Ratio - Annualised (in times) [ Revenue from Operations / Average Trade Receivables ]	1.31	1.34	1.37	1.35	1.36	1.50
p	** Paid up Debt Capital/Outstanding Debt (in Rs. Crs)	18,199.40	19,112.21	19,092.64	18,199.40	19,092.64	19,661.18
q	Operating Margin (%) [ (EBIT - Other Income)/ Revenue from Operations ]	-133.16%	-109.93%	-83.29%	-121.15%	-92.14%	-101.93%
r	Net profit Margin (%) [ Profit after Tax / Revenue from Operations ]	-334.72%	-275.56%	-226.90%	-304.12%	-234.62%	-243.30%

- # MTNL is a listed company and issued debentures on private placement basis, there is no adequacy to maintain Debenture Redemption Reserve (DRR) under Rule 18 (7) (b) (iii) (B) of Companies (Share Capital and Debenture) Rules, 2014.
- \*\* Paidup debt Capital/Outstanding Debt (excludes Short Term Borrowing & Non Convertible Debentures(NCDs) issued to the tune of Rs. 4,533.97 Cr for which the liability to pay interest and principal is on Government of India). Also, since the NCDs (backed by Sovereign Guarantee) are unsecured in nature, no Asset Cover is maintained.
- As the principal activities of group company are in the nature of services, so Inventory Turnover ratio is not relevant.
- 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 : 14.11.2022



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: I32101DL1986GOI023501

## UNAUDITED STANDALONE SEGMENT WISE REVENUE, RESULTS AND ASSETS &amp; LIABILITIES FOR THE QUARTER AND SIX MONTHS ENDED ON 30/09/2022

(Rs. in Crore)

Sl. No.	Particulars	STANDALONE					Year Ended Previous year ended 31/03/2022
		Three Month Ended			Six Month Ended		
		3 months ended 30/09/2022	Preceeding 3 months ended 30/06/2022	Corresponding 3 months ended 30/09/2021 in the previous year	Year to date figures for Current period ended 30/09/2022	Year to date figures for previous period ended 30/09/2021	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED	
<b>1.</b>	<b>Revenue from Operations</b>						
	Basic & other Services	210.04	223.37	250.77	433.41	502.03	992.63
	Cellular	10.56	12.80	37.46	23.36	70.36	78.45
	Unallocable	-	-	-	-	-	-
	<b>Total</b>	<b>220.60</b>	<b>236.17</b>	<b>288.23</b>	<b>456.77</b>	<b>572.39</b>	<b>1,071.07</b>
	Less: Inter Segment Revenue	0.39	0.34	0.34	0.74	0.69	1.35
	<b>Net Revenue from Operations</b>	<b>220.21</b>	<b>235.83</b>	<b>287.89</b>	<b>456.03</b>	<b>571.70</b>	<b>1,069.72</b>
<b>2.</b>	<b>Segment Result before interest income, exceptional items, finance cost and tax</b>						
	Basic & other Services	(35.91)	9.74	(18.64)	(26.17)	(82.96)	(141.38)
	Cellular	(110.27)	(110.53)	(113.69)	(220.80)	(210.85)	(440.46)
	Unallocable	(10.56)	(11.54)	8.41	(22.09)	(4.45)	35.31
	<b>Total</b>	<b>(156.73)</b>	<b>(112.33)</b>	<b>(123.92)</b>	<b>(269.06)</b>	<b>(298.27)</b>	<b>(546.53)</b>
	Add: Exceptional items	-	-	-	-	-	-
	Add: Interest Income	0.68	2.61	3.70	3.28	5.98	83.39
	Less: Finance cost	581.01	540.12	532.99	1,121.14	1,049.04	2,139.45
	<b>Profit/ (Loss) before tax</b>	<b>(737.07)</b>	<b>(649.84)</b>	<b>(653.21)</b>	<b>(1,386.91)</b>	<b>(1,341.33)</b>	<b>(2,602.59)</b>
	Less: Provision for Current Tax & Deferred tax	-	-	-	-	-	-
	<b>Profit/ (Loss) after tax</b>	<b>(737.07)</b>	<b>(649.84)</b>	<b>(653.21)</b>	<b>(1,386.91)</b>	<b>(1,341.33)</b>	<b>(2,602.59)</b>
<b>3.</b>	<b>Capital Employed</b>						
	<b>(Segment Assets - Segment Liabilities)</b>						
	<b>Segment Asset</b>						
	Basic & other Services	6,562.45	6,607.38	7,037.19	6,562.45	7,037.19	6,633.66
	Cellular	3,767.26	3,832.95	4,188.20	3,767.26	4,188.20	3,922.68
	Unallocable/Eliminations	1,606.04	1,578.18	1,546.22	1,606.04	1,546.22	1,747.30
	<b>Total Segment Assets</b>	<b>11,935.75</b>	<b>12,018.51</b>	<b>12,771.61</b>	<b>11,935.75</b>	<b>12,771.61</b>	<b>12,303.64</b>
	<b>Segment Liabilities</b>						
	Basic & other Services	2,732.16	2,708.03	2,676.82	2,732.16	2,676.82	2,688.53
	Cellular	27,115.34	26,602.10	25,070.78	27,115.34	25,070.78	26,070.37
	Unallocable/Eliminations	2,129.20	2,014.68	2,410.98	2,129.20	2,410.98	2,201.19
	<b>Total Segment Liabilities</b>	<b>31,976.70</b>	<b>31,324.81</b>	<b>30,158.58</b>	<b>31,976.70</b>	<b>30,158.58</b>	<b>30,960.09</b>
	<b>Segment Capital Employed</b>						
	Basic & other Services	3,830.28	3,899.35	4,360.37	3,830.28	4,360.37	3,945.13
	Cellular	(23,348.08)	(22,769.15)	(20,882.58)	(23,348.08)	(20,882.58)	(22,147.69)
	Unallocable/Eliminations	(523.16)	(436.50)	(864.76)	(523.16)	(864.76)	(453.89)
	<b>Capital Employed</b>	<b>(20,040.96)</b>	<b>(19,306.30)</b>	<b>(17,386.97)</b>	<b>(20,040.96)</b>	<b>(17,386.97)</b>	<b>(18,656.46)</b>

For and on behalf of the Board

(P.K. Purwar)

Chairman &amp; Managing Director

DIN: 06619060

Place : New Delhi  
Date : 14.11.2022

4

**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 STATEMENT OF ASSETS AND LIABILITIES****(Rs. in Crore)**

Particulars	STANDALONE	
	As at 30.09.2022	As at 31.03.2022
	UNAUDITED	AUDITED
<b>ASSETS</b>		
(1) <b>Non-current assets</b>		
(a) Property, Plant and Equipment	2,832.26	2,982.74
(b) Capital work-in-progress	64.47	73.98
(c) Right-of-Use Asset	394.80	405.83
(d) Investment Property	62.25	62.09
(e) Intangible assets	1,930.92	2,097.96
(f) Financial Assets		
(i) Investments	106.13	106.13
(ii) Loans	3.05	3.43
(iii) Others	183.25	215.57
(g) Non Current Tax Asset	581.91	563.17
(h) Other Non-Current Assets	32.06	30.31
<b>Total non-current assets</b>	<b>6,191.10</b>	<b>6,541.21</b>
(2) <b>Current assets</b>		
(a) Inventories	5.58	6.55
(b) Financial Assets		
(i) Trade Receivables	687.48	662.36
(ii) Cash and cash equivalents	86.45	77.25
(iii) Bank Balances other than (ii) above	0.01	12.04
(iv) Loans	4.08	3.08
(v) Other Financial Assets	4,632.78	4,599.32
(c) Other current assets	292.37	365.93
<b>Total Current assets</b>	<b>5,708.75</b>	<b>5,726.53</b>
(3) <b>Asset held for sale</b>	<b>35.90</b>	<b>35.90</b>
<b>Total Assets(1+2+3)</b>	<b>11,935.75</b>	<b>12,303.64</b>
<b>EQUITY AND LIABILITIES</b>		
(1) <b>Equity</b>		
(a) Equity Share Capital	630.00	630.00
(b) Other Equity	(20,670.96)	(19,286.45)
<b>Total Equity</b>	<b>(20,040.96)</b>	<b>(18,656.45)</b>
<b>LIABILITIES</b>		
(i) <b>Non-Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	15,059.32	16,565.55
(ii) Lease Liabilities	130.72	143.78
(iii) Other Financial Liabilities	104.29	194.13
(b) Long Tem Provisions	372.75	385.72
(c) Other Non Current liabilities	67.39	73.88
<b>Total Non-Current Liabilities</b>	<b>15,734.47</b>	<b>17,363.06</b>
(ii) <b>Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	12,524.51	10,040.92
(ii) Lease Liabilities	69.71	68.44
(iii) Trade Payables		
(A) total outstanding dues of micro enterprises and small enterprises	103.46	98.09
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	1,139.71	941.97
(iv) Other Financial Liabilities	1,721.52	1,822.72
(b) Other current liabilities	644.72	600.22
(c) Short Term Provisions	38.59	24.67
<b>Total Current Liabilities</b>	<b>16,242.23</b>	<b>13,597.03</b>
(2) <b>Total Liabilities ( i ) + ( ii )</b>	<b>31,976.70</b>	<b>30,960.09</b>
<b>Total Equity and Liabilities ( 1 + 2 )</b>	<b>11,935.75</b>	<b>12,303.64</b>

For and on behalf of the Board

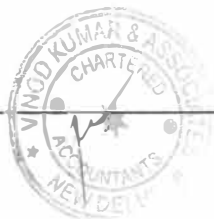
(P. K. Purwar)

Chairman &amp; Managing Director

DIN: 06619060

Place : New Delhi

Date : 14.11.2022



5

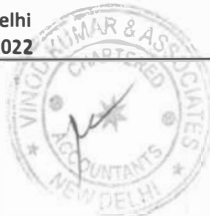
MAHANAGAR TELEPHONE NIGAM LIMITED		Annexure IV	
Unaudited Standalone Cash Flow Statement for the half year ended 30th September, 2022			
		(Rs. in crores)	
		Half Year ended	
		30th Sept. 2022	30th Sept. 2021
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit/(Loss) before tax		
	Continuing operations	(1386.91)	(1341.33)
	Discontinued operations	-	-
		<b>(1386.91)</b>	<b>(1341.33)</b>
	<b>Adjustments for:</b>		
	Depreciation expense	193.17	219.02
	Amortisation expense	167.18	167.20
	Loss/ Gain on disposal of property, plant and equipment (Net)	(0.06)	0.02
	Dividend Income	(0.40)	(0.48)
	Interest income	(3.28)	(5.98)
	Excess provisions written back	(45.21)	(37.01)
	Provision for doubtful debts including discount	50.96	54.45
	Provision for obsolete inventory	1.08	16.99
	Provision for doubtful claims	0.13	1.10
	Loss of assets	0.60	3.36
	Provision For Abandoned Work- CWIP	-	-
	Remeasurement gains and loss on employee benefit obligations	2.42	(5.75)
	Finance costs	1121.14	1049.04
	Bad debts recovered	(0.00)	(0.00)
	Bad debts written off	3.90	0.38
	<b>Operating profit before working capital changes</b>	<b>104.70</b>	<b>121.01</b>
	<b>Movement in working capital</b>		
	(Increase)/ Decrease in loans	(0.47)	(88.95)
	(Increase)/ Decrease in inventories	(0.11)	(15.39)
	(Increase)/ Decrease in other financial assets	0.99	(103.84)
	(Increase)/ Decrease in other assets	71.81	290.51
	(Increase)/ Decrease in trade and other receivables	(79.99)	(128.15)
	Increase/ (Decrease) in other financial liabilities	(234.67)	19.16
	Increase/ (Decrease) in other liabilities	38.01	35.61
	Increase/ (Decrease) in provisions, trade and other payables	248.90	102.41
	<b>Cash flow from operating activities post working capital changes</b>	<b>149.18</b>	<b>232.37</b>
	Income tax (paid)/refunds (net)	(18.74)	(11.03)
	<b>Net cash flow from operating activities (A)</b>	<b>130.43</b>	<b>221.33</b>
<b>B</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	Purchase of Property, Plant and Equipment, Investment property and Intangible assets (including capital work-in-progress) (net of sale proceeds)	(7.76)	0.41
	Movement in fixed deposits (net)	12.03	166.19
	Dividend received	0.40	0.48
	Interest received	0.87	1.19
	<b>Net cash flows used in investing activities (B)</b>	<b>5.54</b>	<b>168.27</b>
<b>C</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	Proceeds and repayment from long-term borrowings (net)	(1464.61)	(584.46)
	Proceeds and repayment of short-term borrowings (net)	2439.13	1233.07
	Finance cost paid	(1065.05)	(1018.35)
	Payment towards Lease Liability	(36.24)	(40.71)
	<b>Net cash used in financing activities (C)</b>	<b>(126.77)</b>	<b>(410.46)</b>
	Increase in cash and cash equivalents (A+B+C)	9.20	(20.86)
	Cash and cash equivalents at the beginning of the year	77.25	103.76
	<b>Cash and cash equivalents at the end of the period</b>	<b>86.45</b>	<b>82.90</b>

For and on behalf of the Board

*P. K. Purwar*  
(P. K. Purwar)

Chairman & Managing Director  
DIN: 06619060

Place : New Delhi  
Date : 14.11.2022



6

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

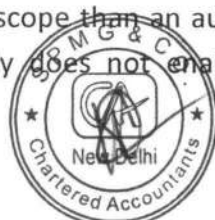
Independent Auditor's Review Report on Standalone Unaudited Financial Results for Quarter and Half year ended September 30th, 2022 of Mahanagar Telephone Nigam Limited Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

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 and Half year ended September 30<sup>th</sup>, 2022, 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 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



20  
07

become aware of all significant matters that might be identified in an audit. 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.

### 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.



208  
21



- 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. Certain immovable properties transferred from Department of Telecommunications ('DoT') to MTNL in earlier years, which were taken on lease by DoT prior to incorporation of MTNL. On 30 March 1987, both DoT and MTNL entered into a sale deed for transfer of the several movable and immovable assets from DoT to MTNL. The said transfer includes the leasehold lands and buildings which are now in possession of MTNL since the execution of the sale deed. These leasehold immovable properties have not been mutated or renewed in the name of MTNL till date. However, considering MTNL is a Public Sector Undertaking ('PSU'), the sale deed not registered at that time and executed by DOT is deemed to have been registered for the purpose of transfer of all such assets in terms of section 90 of the Indian registration act, 1908 as considered by the MTNL and stamp duty payable, if any, will be borne and paid by Government as and when any such occasion arises as per sale deed. Accordingly, these leasehold immovable properties has been classified by the management under the heading 'Right of Use assets'.
- viii. 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.
- ix. 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 rated 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.
- x. 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.



09  
22

- xi. 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. As such no provision of VRS compensation is considered in the books of company. Balance amount payable to VRS opted employees as on September 30<sup>th</sup>, 2021 is shown as receivable from DOT and payable to VRS retirees, to reflect the actual position with reference to VRS scheme of 2019 of MTNL.
- xii. Out of the total revenue from operations for the quarter and half year ended September 30<sup>th</sup>, 2022 of Rs. 220.21 Crores and Rs. 456.03 Crores respectively, Revenue of Rs. 1.23 Crores has been computed and accounted for Interconnect billing for the quarter and half year ended September 30<sup>th</sup>, 2022 respectively, on the basis of assumption of Incoming traffic (in minutes) of June 2022 and July 2022.

Our conclusion 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: 22511741BDCATM8309**

**For SPMG & Co.**  
**Chartered Accountants**  
**Firm Registration No.: 509249C**



**CA Mandeep Singh Arora**  
**Partner**  
**Membership No.: 091243**  
**UDIN: 22091243BDCAIA6128**

**Place: New Delhi**  
**Date: 14th November, 2022**

10  
23

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 Company has been fully eroded; The Company has incurred net cash loss during the quarter and half year ended September 30<sup>th</sup>, 2022 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.

Recently, as per F.NO.20-28/2022-PR dated 2nd August, 2022, the Union Cabinet in its meeting held on 27.07.2022 has approved the raising of Sovereign Guarantee bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 17,571 crores in two financial years i.e 2022 & 2023 with waiver of guarantee fee to repay its high cost debt and restructure it with new sustainable loan.

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. 3512.98 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.115.97 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. 165.23 Crores, Out of which Rs. 165.08 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.



211

- 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 and half year ended September 30<sup>th</sup>, 2022 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, and half year ended September 30<sup>th</sup>, 2022 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 and half year ended September 30<sup>th</sup>, 2022.
- 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. 73.34 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. We are unable to comment whether the Capital Work-in-progress (CWIP) shown in books in the current year are actually part of CWIP or have already been commissioned. 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.



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 Company and the ultimate implications of the same on the standalone financial results of the Company.

- xi. 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 and half year ended September 30th 2022 has not been ascertained and quantified.
- xii. The TDS on provision for Expenses (Accrued Liability) 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 and half year ended September 30<sup>th</sup>, 2022 has not been ascertained and quantified.
- xiii. The Company is making the provision for interest for late/non-payment to MSME vendors and the company has not complied with the provision of chapter XVII- B of Income Tax Act, 1961 on such provision for interest. The actual impact of the same on the standalone financial results for quarter and half year ended September 30th, 2022 is not ascertained and quantified.
- xiv. The income arising on account of rental income in respect of property occupied by the BSNL amounting to Rs. 8.38 Crores accrued and Rs. 16.76 Crores accrued during the quarter and half year ended September 30th 2022 respectively has not been recognized in Delhi unit in the Standalone financial results. Further, the Goods and Services Tax (GST) has also not been considered in respect of income arising on account of rented property occupied by the BSNL for both Delhi and Mumbai unit. The accumulated impact on the standalone financial results of such income and liability under Goods and Services Tax (GST) for the current year and preceding years is not ascertained and quantified.



13  
26


The above basis for qualified conclusion referred to in Para no. (i) to (xiv) were subject matter of qualification in the Auditor's Report for the year ended on March 31st, 2022 and in the Limited review report for the quarter ended June 30<sup>th</sup>, 2022..

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), (iii), (v), (vi), (vii), (viii), (ix), (x), (xi), (xii), (xiii) and (xiv) on the standalone financial result of the Company for the quarter and half year ended September 30th 2022.

**For Vinod Kumar & Associates**

**Chartered Accountants**

**Firm Registration No.: 002304N**

  
**CA Mukesh Dadhich**

**Partner**

**Membership No.: 511741**

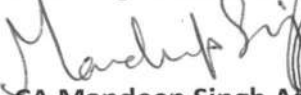
**UDIN: 22511741BDCATM8309**



**For SPMG & Co.**

**Chartered Accountants**

**Firm Registration No.: 509249C**

  
**CA Mandeep Singh Arora**

**Partner**

**Membership No.: 091243**

**UDIN: 22091243BDCAIA6128**



**Place: New Delhi**

**Date: 14<sup>th</sup> November, 2022**



## 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 UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED ON 30/09/2022

(Rs. in Crore)

Sl. No.	Particulars	CONSOLIDATED					
		Three Month Ended			Six Month Ended		Year Ended
		3 months ended 30/09/2022	Preceding 3 months ended 30/06/2022	Corresponding 3 months ended 30/09/2021 in the previous year	Year to date figures for Current period ended 30/09/2022	Year to date figures for previous period ended 30/09/2021	Previous year ended 31/03/2022
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED	
I	Revenue from operations	237.92	250.72	305.73	488.64	606.88	1,149.04
II	Other Income	137.43	149.83	119.31	287.25	234.83	628.88
III	<b>Total Income (I +II)</b>	<b>375.34</b>	<b>400.55</b>	<b>425.04</b>	<b>775.89</b>	<b>841.71</b>	<b>1,777.92</b>
IV	Expenses						
	Changes in Inventories	1.11	1.10	1.03	2.20	2.13	6.26
	License Fees & Spectrum Charges	22.84	24.11	31.80	46.95	65.84	114.24
	Employees' Remuneration and benefits	132.98	139.75	120.21	272.72	271.98	558.64
	Finance cost	581.04	540.15	533.01	1,121.20	1,049.09	2,139.62
	Revenue Sharing	17.61	16.92	35.38	34.53	70.87	101.30
	Depreciation and amortization expense	183.65	183.29	190.84	366.94	392.79	772.02
	Administrative Expenses	174.61	148.62	167.78	323.23	333.03	687.19
	<b>Total Expenses (IV)</b>	<b>1,113.84</b>	<b>1,053.93</b>	<b>1,080.05</b>	<b>2,167.77</b>	<b>2,185.72</b>	<b>4,379.28</b>
V	<b>Profits/(Loss) before exceptional items and tax(III-IV)</b>	<b>(738.50)</b>	<b>(653.38)</b>	<b>(655.00)</b>	<b>(1,391.88)</b>	<b>(1,344.01)</b>	<b>(2,601.36)</b>
VI	Share of Profit/(loss) in investments accounted for using equity method	0.50	0.32	0.44	0.82	0.75	1.15
VII	Exceptional items	-	-	-	-	-	-
VIII	<b>Profit/ (Loss) before tax (V+ VI-VII)</b>	<b>(737.99)</b>	<b>(653.07)</b>	<b>(654.56)</b>	<b>(1,391.06)</b>	<b>(1,343.25)</b>	<b>(2,600.21)</b>
IX	Tax expense:						
	(1) Current tax	-	-	-	-	-	2.44
	(2) Deferred tax	-	-	-	-	-	0.48
X	<b>Profit/ (Loss) for the period from continuing operations (VIII - IX)</b>	<b>(737.99)</b>	<b>(653.07)</b>	<b>(654.56)</b>	<b>(1,391.06)</b>	<b>(1,343.25)</b>	<b>(2,603.12)</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>	<b>-</b>	<b>-</b>
XIV	<b>Profit/ (Loss) for the period (X + XIII)</b>	<b>(737.99)</b>	<b>(653.07)</b>	<b>(654.56)</b>	<b>(1,391.06)</b>	<b>(1,343.25)</b>	<b>(2,603.12)</b>
XV	Other Comprehensive Income						
A	i) Items that will not be reclassified to profit and loss	2.42	-	(5.75)	2.42	(5.75)	(13.98)
	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	2.02	-	0.44	2.02	(3.49)	(6.65)
	ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	<b>Other Comprehensive Income for the year</b>	<b>4.43</b>	<b>-</b>	<b>(5.31)</b>	<b>4.43</b>	<b>(9.24)</b>	<b>(20.63)</b>
XVI	<b>Total Comprehensive Income for the period (XIV+XV)</b>	<b>(733.56)</b>	<b>(653.07)</b>	<b>(659.87)</b>	<b>(1,386.63)</b>	<b>(1,352.49)</b>	<b>(2,623.76)</b>
XVII	Paid up Equity Share Capital						630.00
XVIII	Other Equity excluding revaluation reserves						(19,298.26)
XIX	Earnings per equity Share (of Rs.10 each) for continuing operations:(not annualised)						
	(1) Basic	(11.71)	(10.37)	(10.39)	(22.08)	(21.32)	(41.32)
	(2) Diluted	(11.71)	(10.37)	(10.39)	(22.08)	(21.32)	(41.32)
XX	Earnings per equity Share of Rs.10 each(for discontinued operations):(not annualised)						
	(1) Basic	-	-	-	-	-	-
	(2) Diluted	-	-	-	-	-	-
XXI	Earnings per equity Share of Rs.10 each (for discontinued & continuing operations): (not annualised)						
	(1) Basic	(11.71)	(10.37)	(10.39)	(22.08)	(21.32)	(41.32)
	(2) Diluted	(11.71)	(10.37)	(10.39)	(22.08)	(21.32)	(41.32)

See accompanying notes to the financial results:

May kindly see for approval for issue to Stock Exch, and publishing in newspapers.

Director (Finance) *Das*  
14/11

*Singh*  
CS 14/11/22

*CMD* *Pravin*



15

**Notes to Consolidated Financial Results:**

- 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.
- The above results have been reviewed by the Audit Committee in their meeting held on 14.11.2022 and approved by the Board of Directors of the Company at their meeting held on the same date.
- Additional Disclosures as per Regulation 52 (4) of SEBI (LODR) Regulations 2015

S.No.	Particulars	Three Month Ended			Six Month Ended		Year Ended
		30.09.2022	30.06.2022	30.09.2021	30.09.2022	30.09.2021	31.03.2022
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
a	Debt Service Coverage Ratio (in times) [ EBITDA / (Finance Cost + Lease Liabilities Payments+ Principal Repayment of Long Term Debt) ]	0.02	0.06	0.09	0.04	0.06	0.08
b	Interest Service Coverage Ratio (in times) [ EBITDA/Finance Cost ]	0.05	0.13	0.13	0.09	0.09	0.14
c	Outstanding Redeemable Preference shares (quantity and value) (In Rs Crs)	-	-	-	-	-	-
d	Capital Redemption Reserve (in Rs Crs)	-	-	-	-	-	-
e	Debt Redemption Reserve (in Rs Crs) #	-	-	45.27	-	45.27	-
f	Net Worth (in Rs Crs) (As per Section 2(57) of Companies Act 2013)	(20,054.88)	(19,321.32)	(17,397.00)	(20,054.88)	(17,397.00)	(18,668.26)
g	Net Profit After Tax (In Rs Crs)	(737.99)	(653.07)	(654.56)	(1,391.06)	(1,343.25)	(2,603.12)
h	Earnings Per Share (in Rs) [Not Annualised]	(11.71)	(10.37)	(10.39)	(22.08)	(21.32)	(41.32)
i	Current Ratio (in times) [ Current Assets /Current Liabilities]	0.36	0.43	0.46	0.36	0.46	0.43
j	Debt-Equity Ratio (in times) [ (Long Term Borrowings including Current Maturities + Short Term Borrowings) /Total Equity]	(1.38)	(1.41)	(1.49)	(1.38)	(1.49)	(1.43)
k	Long Term Debt to Working Capital (in times) Long Term Debt excluding lease liability + Current Maturities of Long Term Debt Working Capital excluding current maturities of Long Term Borrowings	(2.48)	(3.73)	(4.12)	(2.48)	(4.12)	(4.17)
l	Bad Debts to Account Receivable Ratio (in times) [Bad Debts/Average Trade Receivables]	0.01	0.01	0.00	0.01	0.00	0.01
m	Current Liability Ratio (in times) [ Current Liabilities/ Total Liabilities ]	0.51	0.47	0.42	0.51	0.42	0.44
n	Total Debts to Total Assets (in times) [ (Long Term Borrowings + Short Term Borrowings + Lease Liabilities) / Total Assets ]	2.33	2.28	2.05	2.33	2.05	2.18
o	Debtors Turnover Ratio - Annualised (in times) [ Revenue from Operations / Average Trade Receivables ]	1.30	1.32	1.51	1.33	1.50	1.59
p	** Paid up Debt Capital/Outstanding Debt (in Rs. Crs)	18,199.40	19,112.21	19,092.64	18,199.40	19,092.64	19,661.18
q	Operating Margin (%) [ (EBIT - Other Income)/ Revenue from Operations ]	-123.73%	-104.79%	-78.78%	-114.01%	-87.17%	-95.07%
r	Net profit Margin (%) [ Profit after Tax / Revenue from Operations ]	-310.19%	-260.47%	-214.10%	-284.68%	-221.34%	-226.55%

4 # MTNL is a listed company and issued debentures on private placement basis, there is no adequacy to maintain Debt Redemption Reserve (DRR) under Rule 18 (7) (b) (iii) (B) of Companies (Share Capital and Debenture) Rules, 2014.

5 \*\* Paid up debt Capital/Outstanding Debt (excludes Short Term Borrowing & Non Convertible Debentures(NCDs) issued to the tune of Rs. 4,533.97 Cr for which the liability to pay interest and principal is on Government of India). Also, since the NCDs (backed by Sovereign Guarantee) are unsecured in nature, no Asset Cover is maintained.

6 As the principal activities of group company are in the nature of services, so Inventory Turnover ratio is not relevant.

7 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 : 14.11.2022



16



## 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

## UNAUDITED CONSOLIDATED SEGMENT WISE REVENUE, RESULTS AND ASSETS &amp; LIABILITIES FOR THE QUARTER AND SIX MONTHS ENDED ON 30/09/2022

(Rs. in Crore)

Sl. No.	Particulars	CONSOLIDATED					
		Three Month Ended			Six Month Ended		Year Ended
		3 months ended 30/09/2022	Preceeding 3 months ended 30/06/2022	Corresponding 3 months ended 30/09/2021 in the previous year	Year to date figures for Current period ended 30/09/2022	Year to date figures for previous period ended 30/09/2021	Previous year ended 31/03/2022
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED	
	Basic & other Services	210.04	223.37	250.77	433.41	502.03	992.63
	Cellular	28.27	27.69	55.30	55.96	105.55	157.75
	Unallocable	-	-	-	-	-	0.02
	<b>Total</b>	<b>238.31</b>	<b>251.06</b>	<b>306.07</b>	<b>489.37</b>	<b>607.57</b>	<b>1,150.39</b>
	Less: Inter Segment Revenue	0.39	0.34	0.34	0.74	0.69	1.35
	<b>Net Revenue from Operations</b>	<b>237.92</b>	<b>250.72</b>	<b>305.73</b>	<b>488.64</b>	<b>606.88</b>	<b>1,149.04</b>
<b>2.</b>	<b>Segment Result before interest income, exceptional items, finance cost and tax</b>						
	Basic & other Services	(35.91)	9.74	(18.64)	(26.17)	(82.96)	(141.38)
	Cellular	(111.53)	(114.19)	(115.07)	(225.73)	(213.16)	(437.29)
	Unallocable	(10.83)	(11.54)	7.94	(22.37)	(4.93)	33.14
	<b>Total</b>	<b>(158.28)</b>	<b>(115.99)</b>	<b>(125.77)</b>	<b>(274.26)</b>	<b>(301.05)</b>	<b>(545.53)</b>
	Add: Exceptional items	-	-	-	-	-	-
	Add: Interest Income	0.82	2.75	3.78	3.58	6.13	83.80
	Less: Finance cost	581.04	540.15	533.01	1,121.20	1,049.09	2,139.62
	Add: Share of profit or loss from Associates/ JV	0.50	0.32	0.44	0.82	0.75	1.15
	<b>Profit/ (Loss) before tax</b>	<b>(737.99)</b>	<b>(653.07)</b>	<b>(654.56)</b>	<b>(1391.06)</b>	<b>(1343.25)</b>	<b>(2600.21)</b>
	Less: Provision for Current Tax & Deferred tax	-	-	-	-	-	2.91
	<b>Profit/ (Loss) after tax</b>	<b>(737.99)</b>	<b>(653.07)</b>	<b>(654.56)</b>	<b>(1391.06)</b>	<b>(1343.25)</b>	<b>(2603.12)</b>
<b>3.</b>	<b>Capital Employed (Segment Assets - Segment Liabilities)</b>						
	<b>Segment Asset</b>						
	Basic & other Services	6,562.45	6,607.38	7,037.19	6,562.45	7,037.19	6,633.66
	Cellular	3,910.35	3,979.59	4,336.31	3,910.35	4,336.31	4,066.71
	Unallocable/Eliminations	1,475.60	1,447.59	1,415.22	1,475.60	1,415.22	1,616.38
	<b>Total Segment Assets</b>	<b>11,948.40</b>	<b>12,034.56</b>	<b>12,788.72</b>	<b>11,948.40</b>	<b>12,788.72</b>	<b>12,316.74</b>
	<b>Segment Liabilities</b>						
	Basic & other Services	2,732.16	2,708.03	2,676.82	2,732.16	2,676.82	2,688.53
	Cellular	27,139.81	26,630.92	25,095.99	27,139.81	25,095.99	26,092.99
	Unallocable/Eliminations	2,131.31	2,016.93	2,412.91	2,131.31	2,412.91	2,203.48
	<b>Total Segment Liabilities</b>	<b>32,003.28</b>	<b>31,355.88</b>	<b>30,185.72</b>	<b>32,003.28</b>	<b>30,185.72</b>	<b>30,985.00</b>
	<b>Segment Capital Employed</b>						
	Basic & other Services	3,830.28	3,899.35	4,360.37	3,830.28	4,360.37	3,945.13
	Cellular	(23,229.46)	(22,651.33)	(20,759.67)	(23,229.46)	(20,759.67)	(22,026.28)
	Unallocable/Eliminations	(655.71)	(569.34)	(997.69)	(655.71)	(997.69)	(587.11)
	<b>Capital Employed</b>	<b>(20054.88)</b>	<b>(19321.32)</b>	<b>(17397.00)</b>	<b>(20054.88)</b>	<b>(17397.00)</b>	<b>(18668.26)</b>

For and on behalf of the Board

(P. K. Purwar)

Chairman &amp; Managing Director

DIN: 06619060

Place : New Delhi

Date : 14.11.2022



17

**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 STATEMENT OF ASSETS AND LIABILITIES**

(Rs. in Crore)

Particulars	CONSOLIDATED	
	As at 30.09.2022	As at 31.03.2022
	Unaudited	Audited
<b>ASSETS</b>		
(a) Property, Plant and Equipment	2,901.75	3,045.19
(b) Capital work-in-progress	64.47	73.98
(c) Right-of-Use Asset	395.36	406.44
(d) Investment Property	68.65	68.62
(e) Intangible assets	1,930.92	2,097.96
(f) Investments accounted for using the equity method	3.55	3.07
(g) Financial Assets		
(i) Loans	3.05	3.43
(ii) Others	183.25	215.57
(h) Deferred tax assets (net)	0.00	0.00
(i) Non Current Tax Asset	582.25	563.56
(j) Other Non-Current Assets	32.06	30.31
<b>Total non-current assets</b>	<b>6,165.31</b>	<b>6,508.13</b>
(2) <b>Current assets</b>		
(a) Inventories	6.47	7.49
(b) Financial Assets		
(i) Trade Receivables	697.50	670.97
(ii) Cash and cash equivalents	102.26	99.27
(iii) Bank Balances other than (ii) above	37.98	49.25
(iv) Loans	4.08	3.08
(v) Other Financial Assets	4,633.88	4,599.81
(c) Other current assets	300.87	378.69
<b>Total Current assets</b>	<b>5,783.04</b>	<b>5,808.56</b>
(3) <b>Asset held for sale</b>	<b>0.05</b>	<b>0.05</b>
<b>Total Assets(1+2+3)</b>	<b>11,948.40</b>	<b>12,316.74</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share Capital	630.00	630.00
(b) Other Equity	(20,684.88)	(19,298.26)
<b>Total Equity</b>	<b>(20,054.88)</b>	<b>(18,668.26)</b>
(1) <b>LIABILITIES</b>		
(i) <b>Non-Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	15,059.32	16,565.55
(ii) Lease Liabilities	131.41	144.48
(iii) Other Financial Liabilities	104.29	194.13
(b) Long Term Provisions	372.75	385.72
(c) Deferred tax liabilities (Net)	7.10	6.99
(d) Other Non Current liabilities	67.60	74.10
<b>Total Non-Current Liabilities</b>	<b>15,742.48</b>	<b>17,370.97</b>
(ii) <b>Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	12,524.51	10,040.92
(ii) Lease Liabilities	69.94	68.67
(iii) Trade Payables		
(A) total outstanding dues of micro enterprises and small enterprises	103.46	98.09
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	1,148.10	949.68
(iv) Other Financial Liabilities	1,730.37	1,828.26
(b) Other current liabilities	645.45	600.89
(c) Short Term Provisions	38.96	25.18
(d) Current Tax Liabilities	-	2.32
<b>Total Current Liabilities</b>	<b>16,260.80</b>	<b>13,614.03</b>
<b>Total Liabilities ( i ) + ( ii )</b>	<b>32,003.28</b>	<b>30,985.00</b>
<b>Total Equity and Liabilities ( 1 + 2 )</b>	<b>11,948.40</b>	<b>12,316.74</b>

For and on behalf of the Board

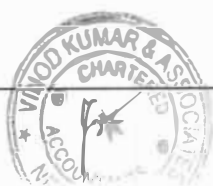
(PK Purwar)

Chairman &amp; Managing Director

DIN No. 06619060

Place : New Delhi

Date : 14.11.2022



18

**MAHANAGAR TELEPHONE NIGAM LIMITED**  
**Unaudited Consolidated Cash Flow Statement for the Half Year ended 30th September, 2022**

		(Rs. in crores)	
		Half Year ended	
		30th Sept 2022	30th Sept 2021
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	<b>Profit/(Loss) before tax</b>		
	Continuing operations	(1,391.06)	(1,343.25)
	Discontinued operations	-	-
		<b>(1,391.06)</b>	<b>(1,343.25)</b>
	<b>Adjustments for:</b>		
	Depreciation expense	199.76	225.59
	Amortisation expense	167.18	167.20
	Loss on disposal of property, plant and equipment (net)	(0.06)	0.02
	Share of (profit)/loss from associates and joint ventures	(0.82)	(0.75)
	Interest income	(3.58)	(6.13)
	Excess provisions written back	(45.34)	(37.01)
	Provision for doubtful debts including discount	50.96	3.36
	Provision for obsolete inventory	1.08	54.45
	Provision for doubtful claims	0.15	16.99
	Loss of assets	0.60	1.11
	Provision For Abandoned Work- CWIP	-	-
	Remeasurement gains and loss on employee benefit obligations	2.42	(5.75)
	Finance costs	1,121.20	1,049.09
	Bad debts recovered	(0.00)	(0.00)
	Bad debts written off	3.90	0.38
	<b>Operating profit before working capital changes</b>	<b>106.37</b>	<b>125.29</b>
	<b>Movement in working capital</b>		
	(Increase)/Decrease in loans	(0.49)	(88.98)
	(Increase)/Decrease in inventories	(0.05)	(15.79)
	(Increase)/Decrease in other financial assets	0.39	(104.43)
	(Increase)/Decrease in other assets	76.30	284.99
	(Increase)/Decrease in trade and other receivables	(81.18)	(128.80)
	Increase/(Decrease) in other financial liabilities	(230.67)	24.81
	Increase/(Decrease) in other liabilities	38.18	35.04
	Increase/(Decrease) in provisions, trade and other payables	250.30	95.90
	<b>Cash flow from operating activities post working capital changes</b>	<b>159.15</b>	<b>228.02</b>
	Income tax (paid)/refunds (net)	(20.89)	-12.63
	<b>Net cash flow from operating activities (A)</b>	<b>138.26</b>	<b>215.39</b>
<b>B</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	Purchase of Property, plant and equipment, investment property and intangible	(21.21)	2.01
	Movement in fixed deposits (net)	11.27	167.17
	Dividend received	0.34	0.46
	Interest received	1.17	1.35
	<b>Net cash flows used in investing activities (B)</b>	<b>(8.43)</b>	<b>170.98</b>
<b>C</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	Proceeds and repayment of long-term borrowings (net)	(1,464.61)	(584.46)
	Proceeds and repayment of short-term borrowings (net)	2,439.13	1,233.07
	Finance cost paid	(1,065.05)	(1,018.35)
	Payment towards Lease Liability	(36.30)	(40.75)
	<b>Net cash used in financing activities (C)</b>	<b>(126.84)</b>	<b>(410.49)</b>
	Increase in cash and cash equivalents (A+B+C)	2.98	(24.11)
	Cash and cash equivalents at the beginning of the year	99.27	127.09
	<b>Cash and cash equivalents at the end of the period</b>	<b>102.26</b>	<b>102.98</b>

19



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 and Half year ended September 30th, 2022 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 and half year ended September 30th, 2022 ("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 Holding'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.



20

3. The Statement includes the results of the following entities:

(a) **List of Subsidiaries:**

- Mahanagar Telephone (Mauritius) Limited ('MTML')\*
  - Millenium Telecom Limited
- \* As per consolidated financial results

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

- MTNL STPI IT Services Limited ('MSISL')

(c) **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.

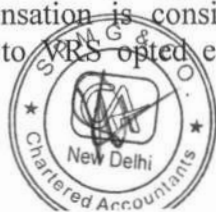
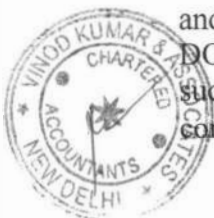
6. **Emphasis of Matter**

- i. 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.
- 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 Holding Company in respect 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.



821

- 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. Certain immovable properties transferred from Department of Telecommunications ('DoT') to MTNL in earlier years, which were taken on lease by DoT prior to incorporation of MTNL. On 30th March 1987, both DoT and MTNL entered into a sale deed for transfer of the several movable and immovable assets from DoT to MTNL. The said transfer includes the leasehold lands and buildings which are now in possession of MTNL since the execution of the sale deed. These leasehold immovable properties have not been mutated or renewed in the name of MTNL till date. However, considering MTNL is a Public Sector Undertaking ('PSU'), the sale deed not registered at that time and executed by DOT is deemed to have been registered for the purpose of transfer of all such assets in terms of section 90 of the Indian registration act, 1908 as considered by the MTNL and stamp duty payable, if any, will be borne and paid by Government as and when any such occasion arises as per sale deed. Accordingly, these leasehold immovable properties have been classified by the management under the heading 'Right of Use assets'
- viii. 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.
- ix. 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 rated 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.
- x. 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.
- xi. 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. As such no provision of VRS compensation is considered in the books of Holding company. Balance amount payable to VRS opted employees as on September 30th,



9/22

2022 is shown as receivable from DOT and payable to VRS retirees, to reflect the actual position with reference to VRS scheme of 2019 of MTNL.

- xii. Out of the total revenue from operations for the quarter and half year ended September 30th, 2022 of Rs. 237.92 Crores and Rs. 488.64 Crores respectively, Revenue of Rs. 1.23 Crores has been computed and accounted for Interconnect billing for the quarter and half year ended September 30th, 2022 respectively, on the basis of assumption of Incoming traffic (in minutes) of June 2022 and July 2022.

Our conclusion is not modified in respect of aforesaid matters.

7. The Statement includes interim financial results and other financial information of 2 subsidiaries whose interim financial results and other financial information reflect total assets of Rs 152.62 crores as at September 30th, 2022 and total income of Rs 18.35 crore and Rs 33.56 crore, net loss of Rs 1.03 crore and Rs 4.57 crore and total comprehensive income(Loss) of Rs 0.99 crore and Rs (2.55) crore for the quarter and half year ended September 30th, 2022 respectively and net cash outflow amounting to Rs 6.22 Crores for the half year ended September 30th, 2022 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 0.50 crore and Rs. 0.82 Crore and total comprehensive income of Rs 0.50 crore and Rs. 0.82 Crore for the quarter and half year ended September 30th, 2022 respectively which are certified by the Management. The accompanying consolidated financial results also includes unaudited financial results and other unaudited financial information in respect of 1 associate, whose financial results/statements reflect the Group's share of net loss of Rs. NIL and Rs. Nil, and the Group's share of total comprehensive loss of Rs. NIL and Rs. Nil, for the quarter and half year ended September 30th, 2022 respectively 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.

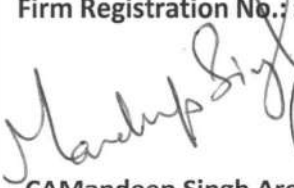
Our conclusion on the Statement is not modified in respect of aforesaid matters.


For Vinod Kumar & Associates  
Chartered Accountants  
Firm Registration No.: 002304N

  
CA Mukesh Dadhich  
Partner  
Membership No.: 511741  
UDIN: 22511741BDCBCS4915



For SPMG & Co.  
Chartered Accountants  
Firm Registration No.: 509249C

  
CAMandeep Singh Arora  
Partner  
Membership No.: 091243  
UDIN: 22091243BDCBLG2330



Place: New Delhi  
Date: 14<sup>th</sup> November, 2022

23

**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 and half year ended September 30th, 2022 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. I/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.

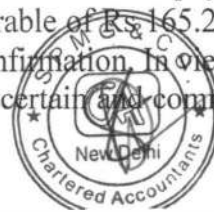
Recently, As per F.NO.20-28/2022-PR dated 2nd August, 2022, the Union Cabinet in its meeting held on 27.07.2022 has approved the raising of Sovereign Guarantee bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 17,571 crores in next two financial years i.e 2022 & 2023 with waiver of guarantee fee to repay its high cost debt and restructure it with new sustainable loan.

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. 3512.98 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. 115.97 Crores has not been carried forward resulting in understatement of loss to that extent.

The Holding Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 165.23 Crores, Out of which Rs. 165.08 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

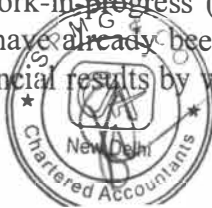


24



of the outstanding balances and resultant impact of the same on the Consolidated financial results of the Holding 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 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 and half year ended September 30<sup>th</sup>, 2022 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 and half year ended September 30<sup>th</sup>, 2022, 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 and half year ended September 30<sup>th</sup>, 2022,, 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. 73.34 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. We are unable to comment whether the Capital Work-in-progress (CWIP) shown in books in the current year are actually part of CWIP or have already been commissioned. 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.

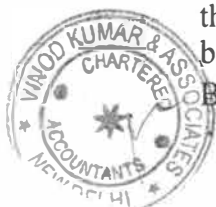
- x. Department of Telecommunication (DOT) had raised a demand of Rs. 3313.15 Crores in 2012-13 on account of one time charges for 2G spectrum held by the Company for GSM and CDMA for the period of license already elapsed and also for the remaining valid period of license including spectrum given on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

- xi. 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 and half year ended September 30<sup>th</sup>, 2022 is not ascertained and quantified.
- xii. The TDS on provision for Expenses (Accrued Liability) has not been deducted under chapter XVII- B of Income Tax Act, 1961. The actual impact of the same on the consolidated financial results for the quarter and half year ended September 30<sup>th</sup>, 2022 has not been ascertained and quantified.
- xiii. The Holding Company is making the provision for interest for late/non-payment to MSME vendors and the company has not complied with the provision of chapter XVII- B of Income Tax Act, 1961 on such provision for interest..The actual impact of the same on the consolidated financial results for quarter and half year ended September 30<sup>th</sup>, 2022 is not ascertained and quantified.
- xiv. The income arising on account of rental income in respect of property occupied by the BSNL amounting to Rs. 8.38 Crores accrued and Rs. 16.76 Crores accrued during the quarter and half year ended September 30<sup>th</sup> 2022 respectively has not been recognized in Delhi unit in the consolidated financial results. Further, the Goods and Services Tax (GST) has also not been considered in respect of income arising on account of rented property occupied by the BSNL for both Delhi and Mumbai unit. The accumulated impact on the standalone financial



13) 26

results of such income and liability under Goods and Services Tax (GST) for the current year and preceding years is not ascertained and quantified.

The above basis for qualified conclusion referred to in Para no. (i) to (xiv) were subject matter of qualification in the Auditor's Report for the year ended March 31st, 2022 and in the Limited review report for the quarter ended June 30th, 2022.

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), (iii), (v), (vi), (vii), (viii), (ix), (x), (xi), (xii), (xiii) and (xiv) on the consolidated financial result of the Holding Company for the quarter and half year ended September 30th 2022.

**For Vinod Kumar & Associates**  
**Chartered Accountants**  
**Firm Registration No.: 002304N**


**CA Mukesh Dadhich**  
**Partner**  
**Membership No.: 511741**  
**UDIN: 22511741BDCBCS4915**

**For SPMG & Co.**  
**Chartered Accountants**  
**Firm Registration No.: 509249C**


**CA Mandeep Singh Arora**  
**Partner**  
**Membership No.: 091243**  
**UDIN: 22091243BDCBLG2330**

**Place: New Delhi**  
**Date: 14<sup>th</sup> November, 2022**

22  
14