

MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

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

Website : www.mtnl.net.in, Phone Off : 011-24315020, Fax : 011-24324763

CIN No. L32101DL1986G01023501

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND TWELVE MONTHS ENDED ON 31/03/2020

(Rs. in Crore)

Sl. No.	Particulars	STANDALONE				
		Three Month Ended			Year Ended	
		3 months ended 31/03/2020	Preceding 3 months ended 31/12/2019	Corresponding 3 months ended 31/03/2019 in the previous year	Year to date figures for Current period ended 31/03/2020	Year to date figures for previous period ended 31/03/2019
AUDITED *	UNAUDITED	AUDITED *	AUDITED	AUDITED		
I	Revenue from operations	371.04	383.64	536.84	1,558.90	1,987.80
II	Other income	124.13	215.13	148.45	200.67	518.91
III	Total Income (I + II)	495.17	598.77	685.30	2,227.02	2,606.71
IV	Expenses					
	Purchases of Stock in Trade					
	License Fees & Spectrum Charges	42.75	43.43	49.05	159.18	176.85
	Employee's Remuneration and benefits	132.80	75.45	136.80	2,124.40	2,272.03
	Finance cost	504.55	474.70	117.11	1,061.54	1,703.18
	Revenue Sharing	25.71	19.40	47.35	89.14	162.18
	Depreciation and amortization expense	236.88	240.29	240.65	871.90	987.70
	Administrative Expenses	176.83	131.30	180.72	626.44	598.27
	Total Expenses (IV)	1,119.51	1,668.27	1,440.80	5,822.76	5,996.91
V	Profits/(Loss) before exceptional items and tax (III-IV)	(624.34)	(1,068.50)	(755.51)	(1,695.68)	(13,390.20)
VI	Exceptional items					
VII	Profit/(Loss) before tax (V- VI)	(624.34)	(1,068.50)	(755.51)	(1,695.68)	(13,390.20)
VIII	Tax expense					
	(1) Current tax					
	(2) Deferred tax					
IX	Profit/(Loss) for the period from continuing operations (VII - VIII)	(624.34)	(1,068.50)	(755.51)	(1,695.68)	(13,390.20)
X	Profit/(Loss) from discontinued operations					
XI	Tax expense of discontinued operations					
XII	Profit/(Loss) from Discontinued Operations (after tax) (X-XI)					
XIII	Profit/(Loss) for the period (IX + XII)	(624.34)	(1,068.50)	(755.51)	(1,695.68)	(13,390.20)
XIV	Other Comprehensive Income					
	a) Items that will not be reclassified to profit and loss	(115.32)		(7.39)	(115.32)	(7.39)
	ii) Income tax relating to items that will not be reclassified to profit or loss					
	b) Items that will be reclassified to profit or loss					
	iii) Income tax relating to items that will be reclassified to profit or loss					
	Other Comprehensive Income for the year	(115.32)		(7.39)	(115.32)	(7.39)
XV	Total Comprehensive Income for the period (XIII+XIV)	(739.66)	(1,068.50)	(762.89)	(1,811.00)	(13,397.58)
XVI	Paid up Equity Share Capital				630.00	630.00
XVII	Other Equity excluding revaluation reserves				116,215.65	116,360.00
XVIII	Earnings per equity Share (of Rs.10 each) for continuing operations:(not annualised)					
	(1) Basic	(9.91)	(10.96)	(11.99)	(18.84)	(15.81)
	(2) Diluted	(9.91)	(10.96)	(11.99)	(18.84)	(15.81)
XIX	Earnings per equity Share of Rs.10 each (for discontinued operations):(not annualised)					
	(1) Basic					
	(2) Diluted					
XX	Earnings per equity Share of Rs.10 each (for discontinued & continuing operations):(not annualised)					
	(1) Basic	(9.91)	(10.96)	(11.99)	(18.84)	(15.81)
	(2) Diluted	(9.91)	(10.96)	(11.99)	(18.84)	(15.81)

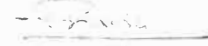
See accompanying notes to the financial results

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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 amendments there after.
- 2 The above results have been reviewed and recommended for adoption by the Audit Committee in their meeting held on 22.07.2020 and approved by the Board of Directors of the Company at their meeting held on the same date.
- 3 Premature retirement of 14387 employees on account of VRS on 31.01.2020, resulted in additional liability on account of actual gratuity payable as Rs 115.32 Cr and for leave encashment Rs. 99.86 Crore during the current year.
- 4 Ex-gratia to the tune of Rs 2619.90 Cr is payable on account of VRS given to 14387 employees and Rs. 804 crore was paid on regular funds from DOT. The expenditure on accounts of ex-gratia is to be borne by DOT/GOVT as per cabinet approval through budgetary support. Accordingly, the amount still payable to the tune of Rs 1815.96 Cr is shown as receivable from DOT and payable to employees to reflect the factual position.
- 5 Other Income of current year includes Rs. 70 cr on account of interest on CGEGIS payment received from DOT, Rs. 100 crore on account of reversal of provision on receipt of overdue preference share money from M/s. IIT and Rs. 16.63 crore interest on income tax refund.
- 6 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.
- 7 Effective April 1, 2019, the company has adopted Ind AS 116 'Leases' using retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this method, the company recognizes a lease liability at the present value of all the remaining lease payments on April 1, 2019, and a right-of-use asset at its carrying amount as if Ind AS 116 had been applied from the commencement of the lease. Further, as required under the modified retrospective method, the previous period information is not restated and not comparable. The adoption of the standard did not have any material impact on the financial results of the company.

For and on behalf of the Board


(P. K. Purwar)
Chairman & Managing Director
DIN No. 06619066

Place : New Delhi
Date : 22.07.2020

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MAHANAGAR TELEPHONE NIGAM LIMITED

Regd. Office: Mahanagar Doarsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi - 110003
 Website: www.mtnl.net.in, Phone Off: 011-24319025, Fax: 011-24524233

CIN No: L32101DL1986GOI023501

AUDITED STANDALONE SEGMENT WISE REVENUE, RESULTS AND ASSETS & LIABILITIES FOR THE QUARTER AND TWELVE MONTH ENDED ON 31/03/2020

(Rs. in Crore)

Sl. No.	Particulars	STANDALONE				
		Three Month Ended			Twelve Month Ended	
		3 months ended 31/03/2020	Preceding 3 months ended 31/12/2019	Corresponding 3 months ended 31/03/2019 in the previous year	Current year ended 31/03/2020	Previous year ended 31/03/2019
	AUDITED *	UNAUDITED	AUDITED *	AUDITED	AUDITED	
1.	Revenue from Operations					
	Basic & other Services	331.00	350.31	439.15	1,384.28	1,714.97
	Cellular	40.51	33.75	48.65	154.12	277.00
	Unallocable					
	Total	371.51	384.06	537.81	1,538.40	1,991.97
	Less: Inter Segment Revenue	0.47	0.42	0.97	2.05	4.18
	Net Revenue from Operations	371.04	383.64	536.84	1,536.35	1,987.80
2.	Segment Result before interest income, exceptional items, finance cost and tax					
	Basic & other Services	(194.53)	(512.94)	(242.42)	(1,496.58)	(1,168.98)
	Cellular	(80.59)	(181.85)	(166.60)	(634.98)	(648.80)
	Unallocable	140.55	18.30	71.43	245.08	35.66
	Total	(134.57)	(676.48)	(337.59)	(1,895.47)	(1,781.81)
	Add: Exceptional items					
	And: Interest Income	14.77	86.72	29.16	112.33	14.80
	Less: Finance cost	504.55	478.74	447.17	(1,941.51)	1,793.18
	Profit/ (Loss) before tax	(624.34)	(1,068.50)	(755.51)	(3,695.68)	(3,390.20)
	Less: Provision for Current Tax & Deferred tax					
	Profit/ (Loss) after tax	(624.34)	(1,068.50)	(755.51)	(3,695.68)	(3,390.20)
3.	Capital Employed (Segment Assets - Segment Liabilities)					
	Segment Asset					
	Basic & other Services	7,291.11	7,186.20	7,675.46	1,291.11	7,675.46
	Cellular	4,799.00	4,895.88	4,952.90	4,799.00	4,952.90
	Unallocable/Eliminations	4,565.96	1,701.31	2,019.06	4,565.96	2,019.03
	Total Segment Assets	16,656.08	13,783.39	14,677.42	16,656.08	14,677.42
	Segment Liabilities					
	Basic & other Services	5,961.51	4,381.37	4,253.58	5,961.51	4,253.58
	Cellular	22,509.49	22,168.15	21,145.24	22,509.49	21,145.24
	Unallocable/Eliminations	1,770.73	79.04	(986.47)	1,770.73	(986.47)
	Total Segment Liabilities	30,241.72	26,628.57	24,412.36	30,241.72	24,412.36
	Segment Capital Employed					
	Basic & other Services	1,329.61	7,804.83	3,421.88	1,329.61	3,421.88
	Cellular	(17,710.48)	(17,277.27)	(16,182.34)	(17,710.48)	(16,182.34)
	Unallocable/Eliminations	2,795.23	1,622.26	3,035.53	2,795.23	3,035.53
	Capital Employed	(13,585.65)	(12,845.18)	(9,734.94)	(13,585.65)	(9,734.94)

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. Purwari)

Chairman & Managing Director

DIN No. 06619060

Place : New Delhi

Date : 22.07.2020

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MAHANAGAR TELEPHONE NIGAM LIMITED
(A Govt. of India Enterprise)

Regd. Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9 CGO Complex, Lodi Road, New Delhi - 110005
Website: www.mtnl.net.in, Phone Of: 011-24319020, Fax: 011-24324243

Annexure - III

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE HALF YEAR AND TWELVE MONTHS ENDED ON 31/03/2020
(Pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)


CIN No: L32101DL1986GOI023501

Sl. No.	Particulars	(Rs in Crore)			
		6 months ended 31/03/2020	Corresponding 6 months ended 31/03/2019 in the previous year	Year to date figures for Current period ended 31/03/2020	Previous accounting year ended 31/03/2019
		AUDITED*	AUDITED*	AUDITED	AUDITED
I	Revenue from operations	758.68	1,091.34	1,091.34	1,097.80
II	Other Income	340.25	326.38	340.25	313.91
III	Total Income (I + II)	1,098.93	1,417.72	1,431.59	1,411.71
IV	Expenses	1,094.94	1,377.71	2,227.02	2,606.71
	Purchases of Stocks in Trade			2,227.02	2,606.71
	License fees & Spectrum Charges				
	Employees' Remuneration and benefits	86.18	93.30	109.58	176.50
	Finance cost	887.31	1,064.15	2,124.45	2,272.03
	Revenue Sharing	983.29	881.85	981.54	1,103.13
	Depreciation and amortization expense	45.11	86.63	99.14	162.14
	Administrative Expenses	477.17	486.41	471.95	483.70
	Total Expenses (IV)	308.73	353.54	626.84	699.27
V	Profits/(Loss) before exceptional items and tax(III-IV)	2,787.78	2,965.48	5,922.70	5,996.21
VI	Exceptional items	(1,692.84)	(1,587.77)	(3,695.68)	(3,390.20)
VII	Profit/ (Loss) before tax (V- VI)				
VIII	Tax expense	(1,692.84)	(1,587.77)	(3,695.68)	(3,390.20)
	(1) Current tax				
	(2) Deferred tax				
IX	Profit/ (Loss) for the period from continuing operations (VII - VIII)				
X	Profit/ (Loss) from discontinued operations	(1,692.84)	(1,587.77)	(3,695.68)	(3,390.20)
XI	Tax expense of discontinued operations				
XII	Profit/ (Loss) from Discontinued Operations (after tax) (X - XI)				
XIII	Profit/ (Loss) for the period (IX + XII)				
XIV	Other Comprehensive Income	(1,692.84)	(1,587.77)	(3,695.68)	(3,390.20)
XV	Total Comprehensive Income for the period (XIII + XIV)	(1,692.84)	(1,587.77)	(3,695.68)	(3,390.20)
XVI	Earnings Per Equity Share of Rs.10 each for continuing operations, (not annualised)				
	(1) Basic	(26.87)	(25.20)	(38.66)	(58.81)
	(2) Diluted	(26.87)	(25.20)	(38.66)	(58.81)
XVII	Earnings Per Equity Share of Rs.10 each for discontinued operations, (not annualised)				
	(1) Basic				
	(2) Diluted				
XVIII	Earnings Per equity Share of Rs.10 each for discontinued & continuing operations, (not annualised)				
	(1) Basic				
	(2) Diluted				
XIX	Paid-up equity share Capital (Face value of Rs.10/-each)	(26.87)	(25.20)	(58.66)	(58.81)
XX	Paid up Debt Capital	(26.87)	(25.20)	(58.66)	(58.81)
XXI	Reserves excluding Revaluation Reserves as per balance sheet	630.00	630.00	630.00	630.00
XXII	Debt Redemption Reserve	2,980.00	2,980.00	2,980.00	2,980.00
XXIII	Debt Equity Ratio	11.21	11.21	11.21	11.21
XXIV	Debt Service Coverage Ratio (DSCR)	45.27	45.27	45.27	45.27
XXV	Interest Service Coverage Ratio (ISCR)	(1.23)	(1.25)	(1.27)	(1.35)
		(1.30)	(0.74)	(0.66)	(0.88)
		(1.75)	(0.80)	(0.90)	(0.99)

Notes:

- The above results have been reviewed and recommended for adoption by the Audit Committee in their meeting held on 22.07.2020 and approved by the Board of Directors of the Company at their meeting held on the same date.
- * The figures of current half year ended 31.03.2020 and corresponding half year ended 31.03.2019 are the balancing figures between audited income in respect of the full financial year and the published half year figures upto the first half year of the respective financial year.
- Paidup Debt Capital excludes NCDs issued to the tune of Rs 4533.97 Crores for which the liability to pay interest & Principal is on Government.
- Debt Equity Ratio = (Long Term Borrowings + Short Term Loans + Current Maturity of Long Term Borrowings) / (Share Capital + Other Funds)
- Debt Service Coverage Ratio (DSCR) = Earnings before Finance Cost and Tax (after exceptional items) / Finance expense + Schedule Provisions for financial year ending the period.
- Interest Service Coverage Ratio (ISCR) = Earnings before Finance Cost and Tax (after exceptional items) / Finance Expense.

For and on behalf of the Board


(P. K. Purwar)

Chairman & Managing Director
DIN No. 06619060

Place : New Delhi
Date : 22.07.2020

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MAHANAGAR TELEPHONE NIGAM LIMITED

Annexure IV

Regd. Office: Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi 110003
Website: www.mtnl.net.in, Phone Off: 011-24319000, Fax: 011-24321213


CIN No: 32101011986G01023501

AUDITED STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Crore)

Particulars	STANDALONE	
	As at	As at
	31.03.2020	31.03.2019
	AUDITED	AUDITED
ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment	3,486.95	4,731.78
(b) Capital work-in-progress	328.02	329.04
(c) Right-of-Use Asset	503.16	
(d) Investment Property	31.42	25.74
(e) Intangible assets	2,766.21	3,101.90
(f) Financial Assets		
(i) Investments	106.13	106.13
(ii) Loans	202.34	192.02
(iii) Others	0.63	1.74
(g) Non-Current Tax Asset	706.98	723.71
(h) Other Non-Current Assets	23.85	230.31
Total non-current assets	8,155.47	8,935.37
(2) Current assets		
(a) Inventories	18.54	24.17
(b) Financial Assets		
(i) Trade Receivables	620.74	601.85
(ii) Cash and cash equivalents	142.88	76.84
(iii) Bank balances other than (ii) above	33.02	20.42
(iv) Loans	3,555.20	3,362.94
(v) Other Financial Assets	3,492.91	5,201.58
(c) Other current assets	631.32	691.31
Total Current assets	8,464.40	5,705.93
(3) Asset held for sale	35.90	36.14
Total Assets (1 + 2 + 3)	16,656.08	14,677.44
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	630.00	630.00
(b) Other Equity	(1,421.365)	(10,364.94)
Total Equity	(1,585.65)	(9,734.94)
LIABILITIES		
(1) Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	12,554.15	11,431.58
(ii) Lease Liabilities	221.03	20.59
(iii) Other Financial Liabilities	209.97	372.81
(b) Long-Term Provisions	240.12	511.72
(c) Other Non-Current Liabilities	120.67	136.10
Total Non-Current Liabilities	13,335.88	12,854.78
(2) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	5,296.42	7,621.45
(ii) Lease Liabilities	103.91	4.45
(iii) Trade Payables		
(A) total outstanding dues of micro-enterprises and small enterprises	47.13	1.15
(B) total outstanding dues of creditors other than micro-enterprises and small enterprises	735.19	524.38
(iv) Other Financial Liabilities	5,891.44	2,256.09
(b) Other current liabilities	652.75	764.02
(c) Short-Term Provisions	179.01	383.75
Total Current Liabilities	16,905.84	11,558.60
(3) Total Liabilities (1 + 2)	30,241.72	24,412.38
Total Equity and Liabilities (1 + 2 + 3)	16,656.08	14,677.44

For and on behalf of the Board


(P. K. Purwar)

Chairman & Managing Director
DIN No. 06619060

Place : New Delhi
Date : 22.07.2020

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MAHANAGAR TELEPHONE NIGAM LIMITED

Audited Standalone Cash Flow Statement for the year ended 31st March, 2020

	(Rs. in crores)	
	Year ended	
	31st March 2020	31st March 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax		
Continuing operations	(3695.68)	(3390.20)
Discontinued operations		
	(3695.68)	(3390.20)
Adjustments for:		
Depreciation expense	635.23	646.65
Amortisation expense	335.72	337.02
Loss/ Gain on disposal of property, plant and equipment (Net)	(0.77)	1.02
Dividend income	(1.68)	2.91
Interest income	(142.33)	(94.80)
Excess provisions written back	(157.09)	(90.54)
Provision for doubtful debts including discount	64.50	9.65
Provision for obsolete inventory	3.01	1.35
Provision for doubtful claims	0.91	2.12
Loss of assets	2.33	1.41
Remeasurement gains and loss on employee benefit obligations	(115.32)	(7.39)
Finance costs	1941.54	1703.18
Bad debts recovered	(0.08)	(0.33)
Bad debts written off	15.23	18.32
Operating profit before working capital changes	(1113.49)	(859.58)
Movement in working capital		
Decrease/(Increase) in loans	(113.57)	1105.21
(Increase)/Decrease in inventories	0.29	(2.32)
Increase in other financial assets	(2,593.01)	(13.24)
Increase in other assets	267.46	79.57
Decrease/(Increase) in trade and other receivables	(96.54)	(207.22)
Increase/(Decrease) in other financial liabilities	3015.06	(1062.43)
(Decrease)/Increase in other liabilities	(136.76)	124.14
Increase in provisions, trade and other payables	(472.20)	106.83
Cash flow from operating activities post working capital changes	(1241.86)	(729.05)
Income tax (paid)/refunds (net)	16.73	(8.89)
Net cash flow from operating activities (A)	(1225.13)	(737.94)
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment, Investment property and Intangible assets (including capital work-in-progress) (net of sale proceeds)	(133.26)	(295.40)
Movement in fixed deposits (net)	8.51	0.06
Dividend received	1.68	(7.91)
Interest received	89.89	12.52
Net cash flows used in investing activities (B)	(33.18)	(285.74)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds and repayment from long-term borrowings (net)	1594.24	1477.39
Proceeds and repayment of short-term borrowings (net)	1676.07	1238.26
Finance cost paid	(1880.68)	(1671.49)
Payment towards Lease Liability	(63.49)	
Net cash used in financing activities (C)	1326.15	1044.16
Increase in cash and cash equivalents (A+B+C)	67.83	20.18
Cash and cash equivalents at the beginning of the year	74.85	54.37
Cash and cash equivalents at the end of the year	142.68	74.85

For and on behalf of the Board

(P. K. Purwar)

Chairman & Managing Director

DIN No. 06619060

Place : New Delhi
Date : 22.07.2020

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

CIN No: L32101DL1986GOI023501

Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Annual Audited Financial Results - (Standalone)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2019]

I.	SLNO	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in crs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in crs)
	1	Turnover/Total Income	2,227.02	2,227.02
	2	Total Expenditure	5,922.70	6,114.70
	3	Net Profit/(Loss)	(3,695.68)	3,887.68
	4	Earnings Per Share	(58.66)	(61.71)
	5	Total Assets	16,656.08	16,528.74
	6	Total Liabilities	16,656.08	16,528.74
	7	Net Worth	(13,585.65)	(13,777.00)
	8	Any other financial item(s) (as felt appropriate by the management)	NA	

II. Audit Qualification (each audit qualification separately)

- a. Details of Audit Qualification: *Attached*
- b. Type of Audit Qualification: *Qualified Opinion / Disclaimer of Opinion / Adverse Opinion*
- c. Frequency of qualification: *Whether appeared first time / repetitive / since how long. Item No 1 to 11 of qualification are repetitive and item no 12 is addition during the current year.*
- d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's estimation.
- e. For Audit Qualification(s) where the impact is not quantified by the auditor
 - (i) Management's estimation on the impact of audit qualification
 - (ii) If management is unable to estimate the impact, reasons for the same:
 - (iii) Auditors' Comments on (i) or (ii) above:

Signatories:

<p>III.</p> <p style="text-align: center;"> (P. K. Purwar) CMD</p>	<p style="text-align: center;"> (Suneeta Trivedi) Audit Committee Chairperson</p>	<p style="text-align: center;">For Vinod Kumar & Associates Chartered Accountants FRN00230N</p> <p style="text-align: center;">MUKESH DADHICH <small>Digitally signed by MUKESH DADHICH Date: 2020.07.22 16:57:58 +05:30</small> (CA. Mukesh Dadhich) Partner M.No. 511741</p>	<p style="text-align: center;">For Kumar Vijay Gupta & Co. Chartered Accountants FRN: 007814N</p> <p style="text-align: center;"> (CA. Pawan Kumar Garg) Partner M.No. 097900</p>
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Place: New Delhi

Date: 22nd July, 2020

VINOD KUMAR & ASSOCIATES
CHARTERED ACCOUNTANTS
503, Chiranjiv Tower,
43, Nehru Place,
New Delhi – 110019

KUMAR VIJAY GUPTA & CO.
CHARTERED ACCOUNTANTS
408, New Delhi House,
Barakhamba Road, Connaught Place
New Delhi – 110001

Independent Auditor's Report on Standalone Quarterly Financial Results and Year to date results of Mahanagar Telephone Nigam Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended.

**TO THE BOARD OF DIRECTORS OF
MAHANAGAR TELEPHONE NIGAM LIMITED**

1. Qualified Opinion

We have audited the accompanying Statement of Standalone Financial Results of **Mahanagar Telephone Nigam Limited** ("the Company") for the quarter and year ended March 31, 2020 (herein after referred to as "the Statement"), attached herewith being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In our opinion and to the best of our information and according to the explanations given to us except for the effects/possible effects of the matter described in the Basis for Qualified opinion para below, these standalone financial results:

- a) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India, of the net loss and other comprehensive loss and other financial information for the quarter ended March 31, 2020 and of the net loss and other comprehensive loss and other financial information for the year ended March 31, 2020.

2. Basis for Qualified Opinion

- (i) The Net Worth of the Company has been fully eroded: The Company has incurred net cash loss during the current year ended March 31, 2020 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. U/3000697/2017 through file no. 19-17/2017 – SU-41.

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 and accompanying management note

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.

- (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. 3,504.10 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 and ineligible credits amounting to Rs. 51.65 Crores excessively carried forward to TRANS-1 under GST laws resulting in overstatement of current assets and 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. 417.48 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 year 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 year, 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 year, accumulated balance of reserve and surplus 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. 75.69 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.

(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 statement of profit and loss 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.

(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 has been revised by Rs. 107.44 Crores on account of rectification of actual usage and subsequently the same is withdrawn.

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 last year 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, can not be more than Rs 455 crs the same is disclosed in 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 from vendors on account of non-fulfilment of contracted conditions, on which Goods and Services Tax (GST) has not been paid. The actual impact of the same on the standalone financial results is not ascertained and quantified.

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) and (xii) on the standalone financial result of the Company for the quarter and year ended on 31st March 2020.

We conducted our audit of the standalone financial result in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Result section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial results under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial results.

3. Material uncertainty related to going concern

We draw attention on the financial results, which indicates that the company has accumulated losses and its net worth has been fully/ substantially eroded, the company has incurred net loss/net cash loss during the current and previous year(s) and the company's current liabilities exceeded its current assets as at the balance date. These events or conditions, along with other matter, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

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.

Our opinion is not modified in respect of this matter.

4. Emphasis of Matters

We draw attention to the following notes on the standalone financial results being matters pertaining to **Mahanagar Telephone Nigam Limited** requiring emphasis by us. Our opinion is not qualified in respect of these matters:

- (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, 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; wherein DOT has not accepted sanctioned 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 in the standalone financial results.
- (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.
- (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 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.
- (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. Balance amount payable to VRS opted employees as on 31 March 2020 is shown in the financial statements of the company as receivable from DOT and payable to VRS retirees, to reflect the actual position with reference to VRS scheme of 2019 of MTNL.

Our opinion is not modified in respect of these matters.

Management's Responsibilities for the Standalone Financial Results

The standalone financial results, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared on the basis of standalone financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net loss and other comprehensive loss and other financial information in accordance with the Indian Accounting Standard prescribed under

Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement whether due to fraud or error.

In preparing the standalone financial results, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The standalone financial results include the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

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

MUKESH Digitally signed by
MUKESH DADHICH
DADHICH Date: 2020.07.22
16:57:23 +05'30'

(CA Mukesh Dadhich)
Partner
Membership No.: 511741

UDIN: 20511741AAAAHH4112

Place: New Delhi
Date: 22nd July, 2020

For Kumar Vijay Gupta & Co.
Chartered Accountants
Firm Registration No.: 007814N



(CA Pawan Kumar Garg)
Partner
Membership No.: 097900

UDIN: 20097900AAAAAH3398

MAHANAGAR TELEPHONE NIGAM LIMITED
(A Govt. of India Enterprise)

Regd. Office: Mahanagar Goosarchar Road, 5th Floor, 9, BGG Building, 1st Floor, New Delhi-110007
Website: www.mtnl.net.in Phone: Off: 011-26104955 Fax: 011-24124243

Annexure I

CIN: 1921201958GND023501

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND TWELVE MONTHS ENDED ON 31/03/2020

[Rs. in Crore]

Sl. No.	Particulars	CONSOLIDATED				
		Three Month Ended			Twelve Month Ended	
		3 months ended 31/03/2020	Preceding 3 months ended 31/12/2019	Corresponding 3 months ended 31/03/2019 in the previous year	Year to date figures for Current period ended 31/03/2020	Year to date figures for previous period ended 31/03/2019
1	2	3	4	5	6	7
I	Revenue from operations	385.22	407.95	510.70	1,623.55	2,085.41
II	Other Income	125.56	216.95	142.89	643.64	635.09
III	Total Income (I+II)	510.79	624.90	708.50	2,316.56	2,721.50
IV	Expenses					
	Purchases of Stock in Trade	0.63	0.46	0.34	1.38	1.96
	License Fees & Spectrum Charges	45.35	45.21	11.76	140.82	187.91
	Employees' Remuneration and benefits	143.71	75.46	487.01	1,138.17	2,275.14
	Finance cost	504.68	478.72	317.11	1,091.01	1,703.28
	Revenue Sharing	30.25	23.64	40.61	117.66	181.05
	Depreciation and amortization expense	740.89	243.63	245.89	855.84	1,002.42
	Administrative Expenses	186.12	141.67	114.01	483.86	756.16
	Total Expenses (IV)	1,141.43	1,690.45	1,467.49	6,005.46	6,108.05
V	Profits/(Loss) before exceptional items and tax (III-IV)	(622.64)	(1,065.55)	(758.99)	(3,692.84)	(3,386.55)
VI	Share of Profit/(Loss) in investments accounted for using equity method	0.07	0.24	0.40	0.00	0.65
VII	Exceptional items					
VIII	Profit/ (Loss) before tax (V- VI-VII)	(622.57)	(1,065.32)	(758.59)	(3,692.84)	(3,387.20)
IX	Tax expense					
	(1) Current tax	0.11		0.24	0.42	0.28
	(2) Deferred tax	0.66	0.81	0.81	0.96	0.66
X	Profit/ (Loss) for the period from continuing operations (VIII+ IX)	(623.63)	(1,065.32)	(759.27)	(3,691.22)	(3,388.07)
XI	Profit/ (Loss) from discontinued operations					
XII	Tax expense of discontinued operations					
XIII	Profit/ (Loss) from Discontinued Operations (after tax) (XI+ XII)					
XIV	Profit/ (Loss) for the period (X + XIII)	(623.63)	(1,065.32)	(759.27)	(3,691.22)	(3,388.07)
XV	Other Comprehensive Income					
A	i) Items that will not be reclassified to profit and loss	(115.22)		7.39	(13.32)	(7.39)
	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	(3.37)	(0.02)	15.13	40.12	6.46
	ii) Income tax relating to items that will be reclassified to profit or loss					
	Other Comprehensive Income for the year	(118.69)	(0.02)	(12.51)	(120.44)	(7.25)
XVI	Total Comprehensive Income for the period (XIV+XV)	(742.33)	(1,065.34)	(771.79)	(3,814.17)	(3,395.82)
XVII	Paid up Equity Share Capital					
XVIII	Other Equity excluding revaluation reserves					
XIX	Earnings per equity Share (of Rs.10 each) for continuing operations:(not annualised)					
	(1) Basic	(6.90)	(16.92)	(17.65)	(55.44)	(51.79)
	(2) Diluted	(6.90)	(16.92)	(17.65)	(55.44)	(51.78)
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	(6.90)	(16.92)	(17.65)	(55.44)	(51.79)
	(2) Diluted	(6.90)	(16.92)	(17.65)	(55.44)	(51.78)


See accompanying notes to the financial results

7

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 recommended for adoption by the Audit Committee in their meeting held on 22.07.2020 and approved by the Board of Directors of the Company at their meeting held on the same date.
- 3 Premature retirement of 14387 employees on account of VRS on 31.01.2020, resulted in additional liability on account of actual gratuity payable as Rs 115.32 Cr and for leave encashment Rs 99.86 Crore during the current year.
- 4 Ex-gratia to the tune of Rs 2619.90 Cr is payable on account of VRS given to 14387 employees and Rs 804 crore was paid on receipt funds from DOT. The expenditure on accounts of ex-gratia is to be borne by DOT/GOVT as per cabinet approval through budgetary support. Accordingly, the amount still payable to the tune of Rs 1815.90 Cr is shown as receivable from DOT and payable to employees to bring the factual position.
- 5 Other Income of current year includes Rs. 70 cr on account of interest on CGEGIS payment received from DOT, Rs 100 cr on account of reversal of provision on receipt of overdue preference share money from M/s IIT and Rs. 16.63 crore interest on bank deposits.
- 6 * The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the subsequent year to date figures upto the third quarter of the respective financial year.
- 7 Effective April 1, 2019, the group has adopted Ind AS 116 'Leases' using retrospective with the cumulative effect of the same applying the standard recognised at the date of initial application. Under this method, the group recognizes a lease liability at the present value of all the remaining lease payments on April 1, 2019, and a right-of-use asset at its carrying amount as if Ind AS 116 had been applicable from the commencement of the lease. Further, as required under the modified retrospective method, the previous periods are not restated and so not comparable. The adoption of the standard did not have any material impact on the financial results of the group.

For and on behalf of the Board


(P. K. Purwar)
Chairman & Managing Director
DIN No. 06619060

Place : New Delhi
Date : 22.07.2020

(5)

MAHANAGAR TELEPHONE NIGAM LIMITED

Hq. Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi - 110003
 Website: www.mtnl.net.in, Phone Office: 011-24319020, Fax: 011-24324214

CIN No. L32101DL1986GOI023501

CONSOLIDATED SEGMENT WISE REVENUE, RESULTS AND ASSETS & LIABILITIES FOR THE QUARTER AND TWELVE MONTH ENDED ON 31/03/2020

(RS. in Crore)

Sl. No.	Particulars	CONSOLIDATED				
		Three Month Ended			Twelve Month Ended	
		3 months ended 31/03/2020	Preceding 3 months ended 31/12/2019	Corresponding 3 months ended 31/03/2019 in the previous year	Year to date figures for Current period ended 31/03/2020	Year to date figures for previous period ended 31/03/2019
	AUDITED *	UNAUDITED	AUDITED *	AUDITED	AUDITED	
1.	Revenue from Operations					
	Basic & other Services	231.00	350.31	489.15	1,384.28	1,714.97
	Cellular	62.66	58.04	72.34	239.83	367.27
	Unallocable	0.03	0.02	0.17	1.48	1.34
	Total	393.69	408.37	561.67	1,625.60	2,083.58
	Less: Inter Segment Revenue	0.47	0.47	0.97	2.05	4.18
	Net Revenue from Operations	393.22	407.90	560.70	1,623.55	2,079.40
2.	Segment Result before interest income, exceptional items, finance cost and tax					
	Basic & other Services	(194.53)	(512.94)	(142.40)	(1,496.58)	(1,168.98)
	Cellular	(74.26)	(78.34)	(55.61)	(631.42)	(625.44)
	Unallocable	(40.56)	(7.85)	(5.66)	(23.11)	(5.22)
	Total	(133.23)	(673.45)	(341.75)	(1,892.47)	(1,799.09)
	Add: Exceptional items	-	-	-	-	-
	Add: Interest Income	15.27	85.64	29.57	21.34	55.22
	Less: Finance cost	504.68	479.34	447.11	1,981.00	1,701.28
	Add: Share of profit or loss from Associates/ JV	0.07	0.24	0.60	0.23	(0.64)
	Profit/ (Loss) before tax	(622.57)	(1,065.32)	(758.39)	(3,692.66)	(3,387.20)
	Less: Provision for Current Tax & Deferred tax	0.06	-	0.88	0.06	0.88
	Profit/ (Loss) after tax	(623.63)	(1,065.32)	(759.27)	(3,693.72)	(3,388.07)
3.	Capital Employed (Segment Assets - Segment Liabilities)					
	Segment Asset					
	Basic & other Services	7,291.11	7,186.20	7,675.46	7,291.11	7,675.46
	Cellular	4,961.73	5,058.13	5,107.65	4,961.73	5,107.65
	Unallocable/Eliminations	4,435.22	1,577.71	1,921.85	1,435.22	1,921.38
	Total Segment Assets	16,688.06	13,812.04	14,704.97	16,688.06	14,704.49
	Segment Liabilities					
	Basic & other Services	5,961.51	4,381.37	4,253.58	5,961.51	4,253.58
	Cellular	22,535.62	22,190.95	21,160.38	22,535.62	21,160.38
	Unallocable/Eliminations	1,773.02	83.32	(981.64)	1,773.02	(981.64)
	Total Segment Liabilities	30,270.16	26,655.64	24,432.32	30,270.16	24,432.32

Note: * The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the un-audited with the audit figures upto the third quarter of the respective financial year.

For and on behalf of the Board

(P. K. Purwari)

Chairman & Managing Director

DIN No. 06619060

Place : New Delhi

Date : 22.07.2020

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MAHANAGAR TELEPHONE NIGAM LIMITED

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

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

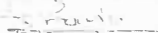
CIN No. L32101DL1986GOI023501

AUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Crore)

Particulars	CONSOLIDATED	
	As at	As at
	31.03.2020	31.03.2019
	Audited	Audited
ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment	3,579.11	4,329.56
(b) Capital work-in-progress	328.08	320.01
(c) Right-of-Use Asset	503.66	-
(d) Investment Property	59.79	34.94
(e) Intangible assets	2,766.21	3,101.96
(f) Investments accounted for using the equity method	3.51	3.43
(g) Financial Assets		
(i) Loans	202.67	192.34
(ii) Others	0.53	1.74
(h) Deferred tax assets (Net)	37.00	0.00
(i) Non-Current Tax Asset	707.36	744.23
(j) Other Non-Current Assets	23.85	210.11
Total non-current assets	8,154.88	8,939.01
(2) Current assets		
(a) Inventories	19.32	24.48
(b) Financial Assets		
(i) Trade Receivables	628.96	611.48
(ii) Cash and cash equivalents	106.60	119.58
(iii) Bank Balances other than (ii) above	13.02	20.41
(iv) Loans	3,543.35	3,390.02
(v) Other Financial Assets	3,492.41	900.04
(c) Current tax assets (Net)	0.29	0.33
(d) Other current assets	636.69	698.37
Total Current assets	8,533.13	5,765.21
(3) Asset held for sale	0.05	0.29
Total Assets (1+2+3)	16,688.06	14,704.51
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	630.00	630.00
(b) Other Equity	(14,212.09)	(10,357.83)
Total Equity	(13,582.09)	(9,727.83)
LIABILITIES		
(1) Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	12,054.11	11,431.58
(ii) Lease Liabilities	221.74	40.57
(iii) Other Financial Liabilities	159.97	423.84
(b) Long-Term Provisions	240.12	211.72
(c) Deferred tax liabilities (Net)	6.75	6.34
(d) Other Non-Current Liabilities	120.62	146.32
Total Non-Current Liabilities	13,343.37	12,860.55
(2) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	3,298.42	3,620.35
(ii) Lease Liabilities	104.04	4.85
(iii) Trade Payables		
(A) total outstanding dues of micro enterprises and small enterprises	47.13	5.33
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	732.88	528.00
(iv) Other Financial Liabilities	1,896.00	2,283.40
(b) Other current liabilities	854.30	765.51
(c) Short-Term Provisions	171.82	184.01
Total Current Liabilities	16,926.59	11,571.99
(3) Total Liabilities (1 + 2)	30,270.16	24,432.54
Total Equity and Liabilities (1 + 2 + 3)	16,688.06	14,704.51

For and on behalf of the Board


 (P. K. Purwar)

Chairman & Managing Director

DIN No. 06614050

Place : New Delhi

Date : 22.07.2020

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MAHANAGAR TELEPHONE NIGAM LIMITED
Audited Consolidated Cash Flow Statement for the Year ended 31st March, 2020

	(Rs. in crores)	
	Year ended	
	31st March 2020	31st March 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax		
Continuing operations	(3,692.66)	(3,387.20)
Discontinued operations		
Adjustments for:	(3,692.66)	(3,387.20)
Depreciation expense	650.12	665.40
Amortisation expense	335.72	337.02
Loss on disposal of property, plant and equipment (net)	(0.77)	15.96
Share of (profit)/loss from associates and joint ventures	(0.23)	0.64
Interest income	(143.24)	(95.72)
Excess provisions written back	(157.35)	(107.12)
Loss of assets	2.33	1.41
Provision for doubtful debts including discount	64.50	9.65
Provision for obsolete inventory	3.01	1.35
Provision for doubtful claims	1.08	2.28
Remeasurement gains and loss on employee benefit obligations	(115.32)	(7.39)
Finance costs	1,341.66	1,703.18
Bad debts recovered	(0.08)	(0.33)
Bad debts written off	19.74	18.32
Operating profit before working capital changes	(1,096.00)	(842.52)
Movement in working capital		
Decrease/(Increase) in loans	(114.27)	1,101.54
(Increase)/Decrease in inventories	0.37	(2.32)
Increase in other financial assets	(2,544.45)	(13.02)
Decrease in other assets	207.93	74.84
Decrease/(Increase) in trade and other receivables	(57.21)	(212.07)
Increase/(Decrease) in other financial liabilities	3,011.71	(1,058.53)
(Decrease)/Increase in other liabilities	(117.70)	119.44
Increase in provisions, trade and other payables	(457.31)	109.90
Cash flow from operating activities post working capital changes	(1,222.10)	(723.79)
Income tax refunds (net)	15.46	(9.16)
Net cash flow from operating activities (A)	(1,205.64)	(732.95)
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment, investment property and intangible assets (including capital work-in-progress) (net of sale proceeds)	(142.55)	(310.46)
Movement in fixed deposits (net)	8.51	0.06
Interest received	90.80	13.44
Net cash flows used in investing activities (B)	(43.24)	(296.96)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds and repayment of long-term borrowings (net)	1,594.24	1,477.89
Proceeds and repayment of short-term borrowings (net)	1,676.07	1,248.76
Finance cost paid	(1,660.65)	(1,671.49)
Payment towards Lease Liability	(65.73)	
Net cash used in financing activities (C)	1,325.90	1,044.16
Increase in cash and cash equivalents (A+B+C)	77.02	14.75
Cash and cash equivalents at the beginning of the year	119.58	105.34
Cash and cash equivalents at the end of the year	196.60	119.58

For a ~~letter~~ behalf of the Board

(P. K. Purwar)

Chairman & Managing Director

DIN No. 06619060

Place : New Delhi

Date : 22.07.2020

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: 011-24319020, Fax: 011-24324243

CIN No. L32101DL1986GOI023501

EXTRACT OF STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND TWELVE MONTHS ENDED ON 31/03/2020

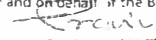
(Rs. in Crore)

Particulars	STANDALONE				CONSOLIDATED			
	Three Month Ended		Twelve Month Ended		Three Month Ended		Twelve Month Ended	
	3 months ended 31/03/2020	Corresponding 3 months ended 31/03/2019 in the previous year	Current Year ended 31/03/2020	Previous year ended 31/03/2019	3 months ended 31/03/2020	Corresponding 3 months ended 31/03/2019 in the previous year	Current Year ended 31/03/2020	Previous year ended 31/03/2019
	AUDITED *	AUDITED *	AUDITED	AUDITED	AUDITED *	AUDITED *	AUDITED	AUDITED
1 Total Income from Operations	371.04	531.34	1,539.36	1,387.80	393.22	590.70	1,623.55	2,085.41
2 Net Profit/(Loss) for the period (including exceptional items & tax)	(624.34)	(751.51)	(2,095.68)	(2,390.20)	(622.57)	(756.39)	(3,612.66)	(3,387.30)
3 Net Profit/(Loss) for the period (before "Extraordinary Items")	(624.34)	(751.51)	(2,095.68)	(2,390.20)	(622.57)	(756.39)	(3,612.66)	(3,387.30)
4 Net Profit/(Loss) for the period after tax	(624.34)	(751.51)	(2,095.68)	(2,390.20)	(622.63)	(756.37)	(3,612.73)	(3,388.17)
5 Total Comprehensive Income for the period (including net profit/(loss) after tax and other comprehensive income after tax)	(739.66)	(762.89)	(2,411.00)	(3,492.35)	(742.24)	(771.79)	(3,814.17)	(3,395.52)
6 Paid up Equity Share Capital			630.00	630.00			630.00	630.00
7 Other Equity excluding revaluation reserves			(14,215.64)	(10,354.94)			(14,212.09)	(10,357.83)
8 Net Worth			(13,585.64)	(9,724.94)			(13,582.09)	(9,727.83)
9 Paid up Debt Capital/ Outstanding Debt			2,980.00	2,980.00			2,980.00	2,980.00
10 Debt Equity Ratio			(1.23)	(1.35)			(1.74)	(1.35)
11 Earnings Per Share (of Rs 10 each) for continuing and discontinued operations (not annualised)								
11.1 Basic	(9.9)	(11.99)	(58.66)	(53.83)	(9.90)	(12.05)	(58.63)	(53.78)
11.2 Diluted	(9.91)	(11.99)	(58.66)	(53.83)	(9.90)	(12.05)	(58.63)	(53.78)
12 Capital Redemption Reserve								
13 Debenture Redemption Reserve			45.27	45.27			45.27	45.27
14 Debt Service Coverage Ratio (DSCR)			(0.63)	(0.88)			(0.38)	(0.85)
15 Interest Service Coverage Ratio (ISCR)			(0.90)	(0.99)			(0.90)	(0.99)

Note

- 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.
- The above results have been reviewed and recommended for adoption by the Audit Committee in their meeting held on 22.07.2020 and approved by the Board of Directors of the Company at their meeting held on the same date.
- * 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 the items referred in sub-clauses (a), (b), (d) and (e) of the Regulation 52(4) of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015, the pertinent disclosures have been made to the BSE & NSE and can be accessed on the Stock Exchange websites at www.bseindia.com and www.nseindia.com.
- 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: 22.07.2020





For and on behalf of the Board

P.K. Purkayastha
Chairman & Managing Director
DIN No. 066, 9060

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
CIN No: L32101DL1986G01023501

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Annual Audited Financial Results - (Consolidated)**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2019]

I.	SLNO	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. In crs)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/Total income	2,316.58	2,119.68
	2.	Total Expenditure	5,009.48	6,291.49
	3.	Net Profit/(Loss)	(3,693.72)	(11,852.70)
	4.	Earnings Per Share	(58.63)	(11.58)
	5.	Total Assets	16,688.06	14,310.52
	6.	Total Liabilities	16,688.06	14,310.52
	7.	Net Worth	(13,582.09)	(12,875.11)
	8.	Any other financial item(s) (as felt appropriate by the management)	NA	
II.	Audit Qualification (each audit qualification separately):			
	a.	Details of Audit Qualification.		
	b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion		
	c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing. <i>The 11 items of qualification are repetitive and item no at 12 is addition during the year</i>		
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's views		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor		
		(i) Management's estimation on the impact of audit qualification:		
		(ii) If management is unable to estimate the impact, reasons for the same		
		(iii) Auditors' Comments on (i) or (ii) above:		
III.	Signatories:			
		For Vinod Kumar & Associates Chartered Accountants FRN00230N	For Kumar Vijay Gupta & Co. Chartered Accountants FRN: 007814N	
				
	(P. K. Purwar) CMD	(Suneeta Trivedi) Audit Committee Chairperson	(CA. Mukesh Dadhich) Partner M.No. 511741	(CA. Pawan Kumar Garg) Partner M.No. 097300
	Place: New Delhi			
	Date: 22 nd July, 2020			

VINOD KUMAR & ASSOCIATES
CHARTERED ACCOUNTANTS
503, Chiranjiv Tower,
43, Nehru Place,
New Delhi – 110019

KUMAR VIJAY GUPTA & CO.
CHARTERED ACCOUNTANTS
408, New Delhi House,
Barakhamba Road, Connaught Place
New Delhi – 110001

Independent Auditor's Report on Consolidated Quarterly Financial Results and Year to date results of Mahanagar Telephone Nigam Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended.

TO THE BOARD OF DIRECTORS OF
MAHANAGAR TELEPHONE NIGAM LIMITED

1. **Qualified Opinion**

We have audited the accompanying Statement of Consolidated Financial Results of **Mahanagar Telephone Nigam Limited** ("the Company") and its subsidiaries (the Company and its Subsidiaries together referred as to as "the Group") and its joint ventures and associates for the quarter and year ended March 31, 2020 (herein after referred to as "the Statement"), attached herewith being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In our opinion and to the best of our information and according to the explanations given to us except for the effects/possible effects of the matter described in the Basis for Qualified opinion and based on the consideration of reports of other auditors on separate audited financial results/financial information of the subsidiaries, joint venture and associate, the consolidated financial results:

- i. include the results of the following entities:
 - (a) **List of Subsidiaries:**
 - Mahanagar Telephone (Mauritius) Limited ("MTML") - Audited
 - Millenium Telecom Limited - Audited
 - (b) **List of Joint Venture:**
 - MTNL STPI IT Services Limited ("MSISL") - Audited
 - (c) **List of Associate:**
 - United Telecommunications Limited ("UTL") - Unaudited
- ii. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India, of the net loss and other comprehensive loss and other financial information for the quarter ended March 31, 2020 and of the net loss and other comprehensive loss and other financial information for the group year ended March 31, 2020.

2. Basis for Qualified Opinion

- (i) The Net Worth of the Company has been fully eroded: The Company has incurred net cash loss during the current year ended March 31, 2020 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. V/3000697/ 2017 through file no. 19-17/2017 – SU-II
However, the Consolidated financial results of the Company have been prepared on a going concern basis keeping in view the majority stake of the Government of India and accompanying management note

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.
- (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. 3,504.10 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 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 and ineligible credits amounting to Rs. 51.65 Crores excessively carried forward to TRANS-I under GST laws resulting in overstatement of current assets and 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. 417.48 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 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 Consolidated financial results for year 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 year, 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 year, accumulated balance of reserve and surplus 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 Consolidated financial results are not ascertainable and quantifiable.
- (viii) Unlinked credit of Rs. 75.69 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.
- (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 statement of profit and loss 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.
- (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 has been revised by Rs. 107.44 Crores on account of rectification of actual usage and subsequently the same is withdrawn.
- 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 last year 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, can not be more than Rs 455 crs the same is disclosed in 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 consolidated financial results of the Company.

- (xii) The Company has deducted/collected Liquidated Damages from vendors on account of non-fulfilment of contracted conditions, on which Goods and Services Tax (GST) has not been paid. The actual impact of the same on the Consolidated financial results is not ascertained and quantified.

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) and (xii) on the Consolidated financial result of the Company for the quarter and year ended on 31st March 2020.

We conducted our audit of the Consolidated financial result in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Result section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated financial results under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Consolidated financial results.

3. Material uncertainty related to going concern

We draw attention on the consolidated financial results, which indicates that the company has accumulated losses and its net worth has been fully/substantially eroded, the company has incurred net loss/net cash loss during the current and previous year(s) and the company's current liabilities exceeded its current assets as at the balance date. These events or conditions, along with other matter, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

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.

Our opinion is not modified in respect of this matter

4. Emphasis of Matters

We draw attention to the following notes on the Consolidated financial results being matters pertaining to **Mahanagar Telephone Nigam Limited** requiring emphasis by us. Our opinion is not qualified in respect of these matters:

- (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, 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 Optee absorbed employees in MTNL, wherein DOT has not accepted/sanctioned 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 in the Consolidated financial results.
- (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.
- (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 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. As such no provision of VRS compensation is considered in the FY 2019-2020. Balance amount payable to VRS opted employees as on 31 March 2020 is shown in the financial statements of the company as receivable from DoT and payable to VRS retirees, to reflect the actual position with reference to VRS scheme of 2019 of MTNL.
- Our opinion is not modified in respect of aforesaid matters.

5. Board of Directors' Responsibilities for the Consolidated Financial Results

The consolidated financial results, which is the responsibility of the Holding Company's Management and approved by the Board of Directors of the Holding Company, has been prepared on the basis of the consolidated financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net profit/loss and other comprehensive income/loss and other financial information of the Group in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group, its joint venture and associate, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group, its joint venture and associate, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial results, the respective Board of Directors of the companies included in the Group, its joint venture and associate are responsible for assessing the ability of the Group, its joint venture and associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group, its joint venture and associate are responsible for overseeing the financial reporting process of the Group, its joint venture and associate.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(d) of the Act, we are also responsible for expressing our opinion on whether the group has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, its joint venture and associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, its joint venture and associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group, its joint venture and associate to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated financial results, which have been audited by other auditors, such other auditors remain

responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

7. Other Matters

- (a) The Consolidated financial results includes audited financial results and other financial information of 2 subsidiaries whose audited financial results and other financial information reflect total assets of Rs. 171.99 Crores and net assets of Rs. 142.03 Crores as at 31st March, 2020, total revenues of Rs. 91.24 Crores and net cash inflows amounting to Rs. 9.19 Crores for the year ended on that date, as considered in the consolidated financial results. The consolidated financial result also include the Group's share of net profit of Rs. 0.23 Crores for the year ended 31st March, 2020, as considered in the consolidated financial results, in respect of one jointly controlled entities, whose financial results/financial information have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associate, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, jointly controlled entities and associate, is based solely on the reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial results/financial information of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion above on the consolidated financial results, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with

respect to our reliance on the work done and the reports of the other auditors and the financial results / financial information certified by the Management

- (b) The Consolidated financial results include the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

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

MUKESH Digitally signed by
MUKESH DADHICH
DADHICH Date: 2020.07.22
17:00:04 +05'30'

(CA Mukesh Dadhich)
Partner
Membership No.: 511741
UDIN: 20511741AAAAH12276

For Kumar Vijay Gupta
Chartered Accountants
Firm Registration No.: 007814N

(CA Pawan Kumar Garg)
Partner
Membership No.: 097900
UDIN: 20097900AAAAA18050

Place: New Delhi
Date: 22nd July, 2020