



MAHANAGAR TELEPHONE NIGAM LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

CIN L32101DL1986GOI023501

Registered and Corporate Office: Mahanagar Doorsanchar Sadan 5th Floor, 9 CGO Complex,
Lodhi Road,

New Delhi - 110 003. Tel: 011-24319020, Fax: 011-24324243, Website: www.mtnl.net.in
[/www.bol.net.in](http://www.bol.net.in)

MTNL/SECTT/SE/2020
November 11, 2020

The Secretary,
Stock Exchanges,
BSE/NSE/OTCQX

Sub: Compliance of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Submission of Un-audited Reviewed Financial Results along with Limited Review Report for the Quarter ended 30th September, 2020.

Dear Sir,

Further to our letter of even no.dtd. **October 28, 2020**, we are forwarding herewith the Unaudited Reviewed Financial Results prepared as per Ind AS along with the Limited Review Report submitted by the Statutory Auditors of the Company for the Quarter ended 30th September, 2020 duly approved by the Board of Directors in its Meeting held in New Delhi today i.e. 11th November, 2020.

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

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

Thanking you,
Yours faithfully,

(S.R. SAYAL)
COMPANY SECRETARY

Encl: As above



MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

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

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CIN No: L32101DL1986GOI023501

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED ON 30/09/2020

(Rs. in Crore)

Sl. No.	Particulars	STANDALONE					
		Three Month Ended			Six Month Ended		Year Ended
		3 months ended 30/09/2020	Preceding 3 months ended 30/06/2020	Corresponding 3 months ended 30/09/2019 in the previous year	Year to date figures for Current period ended 30/09/2020	Year to date figures for previous period ended 30/09/2019	Previous year ended 31/03/2020
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED	
I	Revenue from operations	321.26	352.07	369.32	673.33	781.67	1,536.36
II	Other Income	115.16	103.17	239.30	218.33	350.41	690.67
III	Total Income (I +II)	436.43	455.24	608.62	891.66	1,132.08	2,227.02
IV	Expenses						
	License Fees & Spectrum Charges	31.85	32.72	36.43	64.57	73.00	159.18
	Employees' Remuneration and benefits	120.61	156.07	601.40	276.69	1,237.15	2,124.45
	Finance cost	509.74	525.77	483.55	1,035.51	958.24	1,941.54
	Revenue Sharing	15.97	21.13	23.96	37.10	54.03	99.14
	Depreciation and amortization expense	227.51	232.79	245.88	460.30	494.78	971.95
	Administrative Expenses	114.14	123.17	167.21	237.31	317.71	626.44
	Total Expenses (IV)	1,019.82	1,091.65	1,558.42	2,111.47	3,134.92	5,922.70
V	Profits/(Loss) before exceptional items and tax(III-IV)	(583.40)	(636.41)	(949.80)	(1,219.81)	(2,002.84)	(3,695.68)
VI	Exceptional items	-	-	-	-	-	-
VII	Profit/ (Loss) before tax (V- VI)	(583.40)	(636.41)	(949.80)	(1,219.81)	(2,002.84)	(3,695.68)
VIII	Tax expense:						
	(1) Current tax	-	-	-	-	-	-
	(2) Deferred tax	-	-	-	-	-	-
IX	Profit/ (Loss) for the period from continuing operations (VII - VIII)	(583.40)	(636.41)	(949.80)	(1,219.81)	(2,002.84)	(3,695.68)
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)	(583.40)	(636.41)	(949.80)	(1,219.81)	(2,002.84)	(3,695.68)
XIV	Other Comprehensive Income						
A	i) Items that will not be reclassified to profit and loss	-	-	-	-	-	(115.32)
	ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
B	i) Items that will be reclassified to profit or loss	-	-	-	-	-	-
	ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	Other Comprehensive Income for the year	-	-	-	-	-	(115.32)
XV	Total Comprehensive Income for the period (XIII+XIV)	(583.40)	(636.41)	(949.80)	(1,219.81)	(2,002.84)	(3,811.00)
XVI	Paid up Equity Share Capital						630.00
XVII	Other Equity excluding revaluation reserves						(14,215.65)
XVIII	Earnings per equity Share (of Rs.10 each) for continuing operations:(not annualised)						
	(1) Basic	(9.26)	(10.10)	(15.08)	(19.36)	(31.79)	(58.66)
	(2) Diluted	(9.26)	(10.10)	(15.08)	(19.36)	(31.79)	(58.66)
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	(9.26)	(10.10)	(15.08)	(19.36)	(31.79)	(58.66)
	(2) Diluted	(9.26)	(10.10)	(15.08)	(19.36)	(31.79)	(58.66)

See accompanying notes to the financial results:

2



Notes:

- 1 The financial results have been prepared in accordance with the Indian Accounting Standards (Ind- AS) as prescribed under Section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.
- 2 The above results have been reviewed and adopted by the Board of Directors of the Company in their meeting held on 11.11.2020
- 3 The Auditors of the Company have carried out 'Limited Review' of the above financial results for the quarter ended 30th September, 2020.
- 4 Due to COVID 19 pandemic, nationwide lockdown was imposed from 24/03/2020 and MTNL, being in essential services, although the working hampered but MTNL continued to serve in this reporting period. However there is a decrease in revenue by 4.13 % in the Quarter 2 of FY 2020-21 as compared to Quarter 1 of FY 2020-21. Therefore there is no assessable some impact of COVID 19 pandemic on the working of MTNL in the period under report. Although there is decline in revenue, as the same cannot be attributable directly to COVID 19.
- 5 The figures for the previous periods have been regrouped wherever necessary to conform to the current period presentation.

Place : New Delhi
Date : 11.11.2020

For and on behalf of the Board



(P.K.Purwar)

Chairman & Managing Director

DIN: 06619060



3

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CIN No: L32101DL1986GOI023501

UNAUDITED STANDALONE SEGMENT WISE REVENUE, RESULTS AND ASSETS & LIABILITIES FOR THE QUARTER AND SIX MONTH ENDED ON 30/09/2020

(Rs. in Crore)

		STANDALONE					
		Three Month Ended			Six Month Ended		Year Ended
Sl. No.	Particulars	3 months ended 30/09/2020	Preceding 3 months ended 30/06/2020	Corresponding 3 months ended 30/09/2019 in the previous year	Year to date figures for Current period ended 30/09/2020	Year to date figures for previous period ended 30/09/2019	Previous year ended 31/03/2020
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
1.	Revenue from Operations						
	Basic & other Services	297.40	321.40	331.09	618.80	702.97	1,384.28
	Cellular	24.28	31.11	38.73	55.39	79.86	154.12
	Unallocable	-	-	-	-	-	-
	Total	321.68	352.51	369.83	674.19	782.83	1,538.40
	Less: Inter Segment Revenue	0.42	0.44	0.51	0.86	1.17	2.05
	Net Revenue from Operations	321.26	352.07	369.32	673.33	781.67	1,536.36
2.	Segment Result before interest income, exceptional items, finance cost and tax						
	Basic & other Services	34.45	16.04	(405.41)	50.49	(789.11)	(1,496.58)
	Cellular	(112.03)	(119.54)	(188.67)	(231.57)	(372.54)	(634.98)
	Unallocable	(9.48)	(11.45)	99.39	(20.93)	76.23	235.08
	Total	(87.06)	(114.95)	(494.69)	(202.01)	(1,085.42)	(1,896.47)
	Add: Exceptional items	-	-	-	-	-	-
	Add: Interest Income	13.40	4.31	28.45	17.71	40.83	142.33
	Less: Finance cost	509.74	525.77	483.55	1,035.51	958.24	1,941.54
	Profit/ (Loss) before tax	(583.40)	(636.41)	(949.80)	(1219.81)	(2002.84)	(3695.68)
	Less: Provision for Current Tax & Deferred tax	-	-	-	-	-	-
	Profit/ (Loss) after tax	(583.40)	(636.41)	(949.80)	(1,219.81)	(2,002.84)	(3,695.68)
3.	Capital Employed (Segment Assets - Segment Liabilities)						
	Segment Asset						
	Basic & other Services	7,301.19	7,496.33	7,335.62	7,301.19	7,335.62	7,291.11
	Cellular	4,602.10	4,694.96	4,996.97	4,602.10	4,996.97	4,799.00
	Unallocable/Eliminations	1,977.34	3,020.55	1,880.87	1,977.34	1,880.87	4,565.96
	Total Segment Assets	13,880.62	15,211.84	14,213.46	13,880.62	14,213.46	16,656.08
	Segment Liabilities						
	Basic & other Services	3,578.91	4,717.80	4,534.94	3,578.91	4,534.94	5,961.51
	Cellular	23,420.34	22,993.91	22,024.85	23,420.34	22,024.85	22,509.49
	Unallocable/Eliminations	1,686.93	1,723.83	(569.48)	1,686.93	(569.48)	1,770.73
	Total Segment Liabilities	28,686.18	29,435.53	25,990.31	28,686.18	25,990.31	30,241.72
	Segment Capital Employed						
	Basic & other Services	3,722.28	2,778.54	2,800.69	3,722.28	2,800.69	1,329.61
	Cellular	(18,818.25)	(18,298.95)	(17,027.89)	(18,818.25)	(17,027.89)	(17,710.48)
	Unallocable/Eliminations	290.40	1,296.72	2,450.35	290.40	2,450.35	2,795.23
	Capital Employed	(14,805.56)	(14,223.69)	(11,776.85)	(14,805.56)	(11,776.85)	(13,585.65)

For and on behalf of the Board


 (P.K. Purwar)

Chairman & Managing Director

DIN: 06619060

Place : New Delhi

Date : 11.11.2020

4



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CIN No: L32101DL1986GOI023501

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED ON 30/09/2020

(Pursuant to Regulation 52 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations 2015)

(Rs. in Crore)

Sl. No.	Particulars	6 months ended	Corresponding 6	Previous
		30/09/2020	months ended	accounting year
		UNAUDITED	30/09/2019 in the	ended 31/03/2020
			previous year	AUDITED
I	Revenue from operations	673.33	781.67	1,536.36
II	Other Income	218.33	350.41	690.67
III	Total Income (I +II)	891.66	1,132.08	2,227.02
IV	Expenses			
	Purchases of Stock in Trade	-	-	-
	License Fees & Spectrum Charges	64.57	73.00	159.18
	Employees' Remuneration and benefits	276.69	1,237.15	2,124.45
	Finance cost	1,035.51	958.24	1,941.54
	Revenue Sharing	37.10	54.03	99.14
	Depreciation and amortization expense	460.30	494.78	971.95
	Administrative Expenses	237.31	317.71	626.44
	Total Expenses (IV)	2,111.47	3,134.92	5,922.70
V	Profits/(Loss) before exceptional items and tax(III-IV)	(1,219.81)	(2,002.84)	(3,695.68)
VI	Exceptional items	-	-	-
VII	Profit/ (Loss) before tax (V- VI)	(1,219.81)	(2,002.84)	(3,695.68)
VIII	Tax expense:			
	(1) Current tax	-	-	-
	(2) Deferred tax	-	-	-
IX	Profit/(Loss) for the period from continuing operations (VII - VIII)	(1,219.81)	(2,002.84)	(3,695.68)
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)	(1,219.81)	(2,002.84)	(3,695.68)
XIV	Other Comprehensive Income	-	-	(115.32)
XV	Total Comprehensive Income for the period (XIII + XIV)	(1,219.81)	(2,002.84)	(3,811.00)
XVI	Earnings per equity Share of Rs.10 each for continuing operations: (not annualised)			
	(1) Basic	(19.36)	(31.79)	(58.66)
	(2) Diluted	(19.36)	(31.79)	(58.66)
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	(19.36)	(31.79)	(58.66)
	(2) Diluted	(19.36)	(31.79)	(58.66)
XIX	Paid-up equity share capital (Face value of Rs.10/-each)	630.00	630.00	630.00
XX	Paid up Debt Capital	2,980.00	2,980.00	2,980.00
XXI	Reserves excluding Revaluation Reserves as per balance sheet	-	-	(14,215.65)
XXII	Debenture Redemption Reserve	45.27	45.27	45.27
XXIII	Debt Equity Ratio	(1.15)	(1.18)	(1.23)
XXIV	Debt Service Coverage Ratio (DSCR)	(0.17)	(0.84)	(0.68)
XXV	Interest Service Coverage Ratio (ISCR)	(0.18)	(1.09)	(0.90)

Notes:

- The above results have been reviewed and adopted by the Board of Directors of the Company in their meeting held on 11.11.2020
- 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 Equity)
- Debt Service Coverage Ratio (DSCR)= Earnings before Finance Cost and Tax (after exceptional items)/ (Finance Expense + Schedule Principal Repayment during 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: 06619060

Place : New Delhi

Date : 11.11.2020

5



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: 011-24319020, Fax: 011-24324243

CIN No: L32101DL1986GOI023501

STANDALONE UNAUDITED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Crore)

Particulars	STANDALONE	
	As at 30.09.2020	As at 31.03.2020
	UNAUDITED	AUDITED
ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment	3,328.82	3,486.95
(b) Capital work-in-progress	239.14	328.08
(c) Right-of-Use Asset	475.37	503.16
(d) Investment Property	31.26	31.42
(e) Intangible assets	2,598.61	2,766.21
(f) Financial Assets		
(i) Investments	106.13	106.13
(ii) Loans	265.34	202.34
(iii) Others	1.14	0.63
(g) Non Current Tax Asset	635.17	706.98
(h) Other Non-Current Assets	26.23	23.85
Total non-current assets	7,707.22	8,155.77
(2) Current assets		
(a) Inventories	12.27	18.54
(b) Financial Assets		
(i) Trade Receivables	868.06	620.74
(ii) Cash and cash equivalents	66.58	142.68
(iii) Bank Balances other than (ii) above	11.67	13.02
(iv) Loans	3,539.49	3,545.20
(v) Other Financial Assets	997.68	3,492.91
(c) Other current assets	641.74	631.32
Total Current assets	6,137.49	8,464.40
(3) Asset held for sale	35.92	35.90
Total Assets(1+2+3)	13,880.62	16,656.08
EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity Share Capital	630.00	630.00
(b) Other Equity	-15,435.56	-14,215.65
Total Equity	(14,805.56)	(13,585.65)
LIABILITIES		
(i) Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	12,581.17	12,554.15
(ii) Lease Liabilities	201.72	221.03
(iii) Other Financial Liabilities	213.56	199.97
(b) Long Tem Provisions	246.54	240.12
(c) Other Non Current liabilities	108.76	120.62
Total Non-Current Liabilities	13,351.74	13,335.88
(ii) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	9,727.18	9,296.42
(ii) Lease Liabilities	76.16	103.91
(iii) Trade Payables		
(A) total outstanding dues of micro enterprises and small enterprises	52.20	47.13
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	775.32	735.19
(iv) Other Financial Liabilities	3,782.64	5,891.44
(b) Other current liabilities	748.37	652.75
(c) Short Term Provisions	172.57	179.01
Total Current Liabilities	15,334.45	16,905.84
Total Liabilities (i) + (ii)	28,686.18	30,241.72
Total Equity and Liabilities (1 + 2)	13,880.62	16,656.08

Place : New Delhi
Date : 11.11.2020

6

For and on behalf of the Board

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

Chairman & Managing Director
DIN: 06619060



MAHANAGAR TELEPHONE NIGAM LIMITED

Unaudited Standalone Cash Flow Statement for the half year ended 30th September, 2020

		(Rs. in crores)	
		Half Year ended	
		30th Sept. 2020	30th Sept. 2019
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit/(Loss) before tax		
	Continuing operations	(1219.81)	(2002.84)
	Discontinued operations	-	-
		(1219.81)	(2002.84)
	Adjustments for:		
	Depreciation expense	292.70	326.68
	Amortisation expense	167.60	168.10
	Loss/ Gain on disposal of property, plant and equipment (Net)	0.08	0.32
	Dividend Income	0.00	(1.22)
	Interest income	(17.71)	(40.83)
	Excess provisions written back	(2.45)	(117.73)
	Provision for doubtful debts including discount	22.39	42.82
	Provision for obsolete inventory	2.60	2.33
	Provision for doubtful claims	0.10	0.34
	Loss of assets	1.47	0.09
	Remeasurement gains and loss on employee benefit obligations	0.00	0.00
	Finance costs	1035.51	958.24
	Bad debts recovered	(0.01)	(0.03)
	Bad debts written off	0.01	6.71
	Operating profit before working capital changes	282.48	(657.00)
	Movement in working capital		
	Decrease/(Increase) in loans	(48.56)	(33.59)
	(Increase)/Decrease in inventories	2.20	2.21
	Increase in other financial assets	2,495.24	27.08
	Increase in other assets	(12.81)	238.42
	Decrease/(Increase) in trade and other receivables	(269.71)	(19.40)
	Increase/(Decrease) in other financial liabilities	(2561.34)	414.12
	(Decrease)/Increase in other liabilities	83.66	(11.38)
	Increase in provisions, trade and other payables	47.01	384.39
	Cash flow from operating activities post working capital changes	18.18	344.85
	Income tax (paid)/refunds (net)	71.81	18.14
	Net cash flow from operating activities (A)	89.99	362.99
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)	(14.96)	(47.37)
	Movement in fixed deposits (net)	0.84	(1.82)
	Dividend received	0.00	1.22
	Interest received	8.87	16.26
	Net cash flows used in investing activities (B)	(5.25)	(31.71)
C	CASH FLOWS FROM FINANCING ACTIVITIES		
	Proceeds and repayment from long-term borrowings (net)	269.45	533.98
	Proceeds and repayment of short-term borrowings (net)	430.76	51.16
	Finance cost paid	(798.14)	(900.33)
	Payment towards Lease Liability	(62.91)	(43.90)
	Net cash used in financing activities (C)	(160.84)	(359.08)
	Increase in cash and cash equivalents (A+B+C)	(76.10)	(27.80)
	Cash and cash equivalents at the beginning of the year	142.68	74.85
	Cash and cash equivalents at the end of the year	66.58	47.05

Place : New Delhi
Date : 11.11.2020

7

For and on behalf of the Board

P. K. Purwar
(P. K. Purwar)
Chairman & Managing Director
DIN: 06619060



Disclosures as per Regulation 52 (4) of SEBI (LODR) Regulations, 2015 for the Half year ended September 30, 2020

Particulars		Disclosures				
(a)	Credit rating and change in credit rating (if any);	CRISIL Rating - CRISIL AAA(CE)/Stable				
		CARE Rating - CARE AAA (CE)/Stable				
		BRICKWORK Rating - BWR AAA (CE)/Stable				
(b)	Asset cover available, in case of non convertible debt securities;	Not Applicable as all the debentures are Unsecured				
(c)	Debt-equity ratio;	-1.15				
(d)	Previous due date for the payment of interest/ dividend for non-convertible redeemable preference shares/ repayment of principal of non-convertible preference shares /non convertible debt securities and whether the same has been paid or not; and,	Series		Dates		
		Rs 1005 Cr	28th September 2020 (paid)			
		Rs 1975 Cr	05th June 2020 (paid)			
		Rs 765 Cr	28th September 2020 (paid)			
		Rs 1500.07 Cr	19th May 2020 (Paid)			
		Rs 2268.90 Cr	28th May 2020 (Paid)			
(e)	Next due date for the payment of interest/ dividend of non-convertible preference shares /principal along with the amount of interest/ dividend of non-convertible preference shares payable and the redemption amount;	Series		Dates		
		Rs 1005 Cr	29th March 2021 (Since, 28th March 2021 is a bank holiday on account of Sunday)			
		Rs 1975 Cr	05th December 2020			
		Rs 765 Cr	26th March 2021			
		Rs 1500.07 Cr	19th November 2020			
		Rs 2268.90 Cr	01st December 2020 (Since, 28th November 2020, 29th November 2020 and 30th November 2020 are bank holidays on account of Fourth Saturday, Sunday and Guru Nanak Jayanti)			
(f)	Debt service coverage ratio;	-0.17				
(g)	Interest service coverage ratio;	-0.18				
(h)	Outstanding redeemable preference shares (quantity and value);	Not Applicable				
(i)	Capital redemption reserve/debenture redemption reserve;	Rs. 45.27 Crore	DRR			
(j)	Net worth;	Rs. -14805.56 Crore				
(k)	Net profit after tax;	Rs. -1219.81 Crore				
(l)	Earnings per share:	Rs.-19.36	(Basic & Diluted)			



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

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

Independent Auditor's Review Report on Standalone Unaudited for Quarter and Half Year Ended September 30th, 2020 Financial Results of Mahanagar Telephone Nigam Limited Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

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

1. We have reviewed the accompanying statement of unaudited standalone financial results ("The Statement") of MAHANAGAR TELEPHONE NIGAM LIMITED ("The Company") for the Quarter and Half Year ended September 30th, 2020, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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

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

3. Basis for Qualified Conclusion

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



9

4. Qualified Conclusion

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

5. Emphasis of Matter

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



10

- (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 unaudited 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.

Our conclusion is not modified in respect of aforesaid matters.

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


CA Mukesh Dadhich


Partner
Membership No.: 511741

UDIN:20511741AAAANB5197

Place: New Delhi

Date: 11th November, 2020

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


CA Vinod Gupta

Partner
Membership No.: 090687

UDIN: 20090687AAAANK7847



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

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

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

1. The Net Worth of the Company has been fully eroded; The Company has incurred net cash loss during the quarter and half year ended September 30th, 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. I/3000697/ 2017 through file no. 19-17/2017 – SU-II.

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

Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetization of assets and in principle approval for merger of BSNL and MTNL.

2. 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. 3574.77 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 unaudited 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.

3. The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 410.46 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 unaudited standalone financial results of the Company.

4. 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.

5. 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 unaudited standalone financial results is not ascertained and quantified.
6. 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 quarter and half year ended on September 30th, 2020, accumulated balance of reserve and surplus and also the carrying value of the cash generating units.
7. 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 unaudited standalone financial results are not ascertainable and quantifiable.
8. Unlinked credit of Rs. 44.73 Crores on account of receipts from subscribers against billing by the Company which could not be matched with corresponding receivables is appearing as liabilities in the balance sheet. To that extent, trade receivables and current liabilities are overstated. Pending reconciliations, the impact thereof on the unaudited standalone financial results are not ascertainable and quantifiable.
9. 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 unaudited standalone financial results by way of depreciation and amount of Property, Plant and Equipment capitalized in the balance sheet cannot be ascertained and quantified.
10. 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 unaudited standalone financial results cannot be ascertained and quantified.



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

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

Also as explained, pending finality of the issue by the Company regarding surrender of a part of the spectrum, crystallization of issue by the DOT in view of the claim being contested by private operators and because of the matter being sub-judice in the Apex Court on account of dispute by other private operators on the similar demands, the amount payable, if any, is indeterminate. Accordingly, no liability has been created for the demand made by DOT on this account and Rs. 3205.71 Crores has been disclosed as contingent liability till 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, cannot be more than Rs 455 crs the same is considered as contingent liability.

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

12. 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.

The above observations/conclusions referred to in Para no. 1 to 12 were subject matter of qualification in the Auditor's Report for the year ended on March 31st, 2020.

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 para no. 1, 2(a), 2(b), 3, 5, 6, 7,8, 9, 10,11 and 12 on the unaudited standalone financial results of the Company is not determinable.

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


CA Mukesh Dadhich
Partner
Membership No.: 511741
UDIN: 20511741AAAANB5197



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


CA Vinod Gupta
Partner
Membership No.: 090687
UDIN: 20090687AAAANK7847

Place: New Delhi

Date: 11th November, 2020

14

MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

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

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

CIN No: L32101DL1986GOI023501

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED ON 30/09/2020

(Rs. in Crore)

Sl. No.	Particulars	CONSOLIDATED					
		Three Month Ended			Six Month Ended		Year Ended
		3 months ended 30/09/2020	Preceding 3 months ended 30/06/2020	Corresponding 3 months ended 30/09/2019 in the previous year	Year to date figures for Current period ended 30/09/2020	Year to date figures for previous period ended 30/09/2019	Previous year ended 31/03/2020
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED	
	2	3	4	5	6	7	8
I	Revenue from operations	342.19	368.80	388.53	710.99	822.37	1,623.55
II	Other Income	116.09	103.59	238.60	219.68	350.53	693.04
III	Total Income (I + II)	458.28	472.39	627.13	930.67	1,172.90	2,316.58
IV	Expenses						
	Purchases of Stock in Trade	1.40	0.41	0.84	1.81	1.38	2.49
	License Fees & Spectrum Charges	34.29	35.24	38.89	69.53	78.31	169.87
	Employees' Remuneration and benefits	121.44	156.97	602.25	278.40	1,238.98	2,128.17
	Finance cost	509.80	525.77	483.55	1,035.57	958.24	1,941.66
	Revenue Sharing	20.99	27.23	28.82	48.22	63.31	117.60
	Depreciation and amortization expense	230.96	236.21	247.84	467.17	501.62	985.84
	Administrative Expenses	122.05	130.01	175.33	252.06	335.75	663.84
	Total Expenses (IV)	1,040.91	1,111.84	1,577.51	2,152.76	3,177.60	6,009.48
V	Profits/(Loss) before exceptional items and tax(III-IV)	(582.63)	(639.45)	(950.39)	(1,222.08)	(2,004.70)	(3,692.89)
VI	Share of Profit/(loss) in investments accounted for using equity method	0.38	0.30	0.22	0.67	(0.07)	0.23
VII	Exceptional items	-	-	-	-	-	-
VIII	Profit/ (Loss) before tax (V- VI-VII)	(582.25)	(639.15)	(950.17)	(1,221.41)	(2,004.77)	(3,692.66)
IX	Tax expense:						
	(1) Current tax	-	-	-	-	-	0.41
	(2) Deferred tax	-	-	-	-	-	0.66
X	Profit/ (Loss) for the period from continuing operations (VIII - IX)	(582.25)	(639.15)	(950.17)	(1,221.41)	(2,004.77)	(3,693.72)
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)	(582.25)	(639.15)	(950.17)	(1,221.41)	(2,004.77)	(3,693.72)
XV	Other Comprehensive Income						
A	i) Items that will not be reclassified to profit and loss	-	-	-	-	-	(115.32)
	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	(1.72)	(1.75)	0.01	(3.47)	(1.73)	(5.12)
	ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	Other Comprehensive Income for the year	(1.72)	(1.75)	0.01	(3.47)	(1.73)	(120.44)
XVI	Total Comprehensive Income for the period (XIV+XV)	(583.97)	(640.90)	(950.16)	(1,224.87)	(2,006.50)	(3,814.17)
XVII	Paid up Equity Share Capital						630.00
XVIII	Other Equity excluding revaluation reserves						(14,212.09)
XIX	Earnings per equity Share (of Rs.10 each) for continuing operations:(not annualised)						
	(1) Basic	(9.24)	(10.15)	(15.08)	(19.39)	(31.82)	(58.63)
	(2) Diluted	(9.24)	(10.15)	(15.08)	(19.39)	(31.82)	(58.63)
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	(9.24)	(10.15)	(15.08)	(19.39)	(31.82)	(58.63)
	(2) Diluted	(9.24)	(10.15)	(15.08)	(19.39)	(31.82)	(58.63)

See accompanying notes to the financial results:

15



Notes:

- 1 The financial results have been prepared in accordance with the Indian Accounting Standards (Ind- AS) as prescribed under Section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.
- 2 The above results have been reviewed and adopted by the Board of Directors of the Company in their meeting held on 11.11.2020
- 3 The Auditors of the Company have carried out 'Limited Review' of the above financial results for the quarter ended 30th September, 2020.
- 4 Due to COVID 19 pandemic, nationwide lockdown was imposed from 24/03/2020 and MTNL, being in essential services, although the working hampered but MTNL continued to serve in this reporting period. However there is a decrease in revenue by 2.99 % in the Quarter 2 of FY 2020-21 as compared to Quarter 1 of FY 2020-21. Therefore there is no assessable some impact of COVID 19 pandemic on the working of MTNL in the period under report. Although there is decline in revenue, as the same cannot be attributable directly to COVID 19.
- 5 The figures for the previous periods have been regrouped wherever necessary to conform to the current period presentation.

For and on behalf of the Board



(P K Purwar)

Chairman & Managing Director

DIN: 06619060

Place : New Delhi

Date : 11.11.2020



16

MAHANAGAR TELEPHONE NIGAM LIMITED

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

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

CIN No: L32101DL1986GOI023501

CONSOLIDATED UNAUDITED SEGMENT WISE REVENUE, RESULTS AND ASSETS & LIABILITIES FOR THE QUARTER AND SIX MONTHS ON 30/09/2020

(Rs. in Crore)

Sl. No.	Particulars	CONSOLIDATED					
		Three Month Ended			Six Month Ended		Year Ended
		3 months ended 30/09/2020	Preceding 3 months ended 30/06/2020	Corresponding 3 months ended 30/09/2019 in the previous year	Year to date figures for Current period ended 30/09/2020	Year to date figures for previous period ended 30/09/2019	Previous year ended 31/03/2020
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED	
1.	Revenue from Operations						
	Basic & other Services	297.40	321.40	331.09	618.80	702.97	1,384.28
	Cellular	45.18	47.83	57.81	93.01	119.13	239.83
	Unallocable	0.02	0.02	0.14	0.04	1.43	1.48
	Total	342.61	369.24	389.04	711.85	823.53	1,625.60
	Less: Inter Segment Revenue	0.42	0.44	0.51	0.86	1.17	2.05
	Net Revenue from Operations	342.19	368.80	388.53	710.99	822.37	1,623.55
2.	Segment Result before interest income, exceptional items, finance cost and tax						
	Basic & other Services	34.45	16.04	(405.41)	50.49	(789.11)	(1,496.58)
	Cellular	(111.36)	(122.80)	(188.15)	(234.15)	(373.80)	(631.42)
	Unallocable	(9.51)	(11.43)	97.94	(20.94)	75.12	233.53
	Total	(86.42)	(118.19)	(495.62)	(204.61)	(1,087.79)	(1,894.47)
	Add: Exceptional items	-	-	-	-	-	-
	Add: Interest Income	13.58	4.52	28.78	18.10	41.33	143.24
	Less: Finance cost	509.80	525.77	483.55	1,035.57	958.24	1,941.66
	Add: Share of profit or loss from Associates/ JV	0.38	0.30	0.22	0.67	(0.07)	0.23
	Profit/ (Loss) before tax	(582.25)	(639.15)	(950.17)	(1,221.41)	(2,004.77)	(3,692.66)
	Less: Provision for Current Tax & Deferred tax	-	-	-	-	-	1.06
	Profit/ (Loss) after tax	(582.25)	(639.15)	(950.17)	(1,221.41)	(2,004.77)	(3,693.72)
3.	Capital Employed (Segment Assets - Segment Liabilities)						
	Segment Asset						
	Basic & other Services	7,301.19	7,496.33	7,335.62	7,301.19	7,335.62	7,291.11
	Cellular	4,758.59	4,856.82	5,148.76	4,758.59	5,148.76	4,961.73
	Unallocable/Eliminations	1,847.41	2,890.17	1,751.61	1,847.41	1,751.61	4,435.22
	Total Segment Assets	13,907.19	15,243.32	14,236.00	13,907.19	14,236.00	16,688.06
	Segment Liabilities						
	Basic & other Services	3,578.91	4,717.80	4,534.94	3,578.91	4,534.94	5,961.51
	Cellular	23,446.07	23,023.20	22,040.71	23,446.07	22,040.71	22,535.62
	Unallocable/Eliminations	1,689.29	1,726.12	(566.25)	1,689.29	(566.25)	1,773.02
	Total Segment Liabilities	28,714.26	29,467.12	26,009.40	28,714.26	26,009.40	30,270.16
	Segment Capital Employed						
	Basic & other Services	3,722.28	2,778.54	2,800.69	3,722.28	2,800.69	1,329.61
	Cellular	(18,687.47)	(18,166.38)	(16,891.95)	(18,687.47)	(16,891.95)	(17,573.90)
	Unallocable/Eliminations	158.12	1,164.05	2,317.86	158.12	2,317.86	2,662.20
	Capital Employed	(14,807.07)	(14,223.80)	(11,773.40)	(14,807.07)	(11,773.40)	(13,582.09)

For and on behalf of the Board



(P K Purwar)

Chairman & Managing Director

DIN: 06619060

Place : New Delhi

Date : 11.11.2020



17

MAHANAGAR TELEPHONE NIGAM LIMITED

Annexure III

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

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

CIN No: L32101DL1986GOI023501

CONSOLIDATED UNAUDITED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Crore)

Particulars	CONSOLIDATED	
	As at 30.09.2020	As at 31.03.2020
	Unaudited	Audited
ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment	3,412.81	3,579.11
(b) Capital work-in-progress	239.14	328.08
(c) Right-of-Use Asset	475.79	503.66
(d) Investment Property	39.17	39.79
(e) Intangible assets	2,598.61	2,766.21
(f) Investments accounted for using the equity method	4.18	3.51
(g) Financial Assets		
(i) Loans	265.66	202.67
(ii) Others	1.14	0.63
(h) Deferred tax assets (net)	0.00	0.00
(i) Non Current Tax Asset	635.55	707.36
(j) Other Non-Current Assets	26.23	23.85
Total non-current assets	7,698.28	8,154.88
(2) Current assets		
(a) Inventories	13.29	19.32
(b) Financial Assets		
(i) Trade Receivables	877.00	628.96
(ii) Cash and cash equivalents	98.23	196.60
(iii) Bank Balances other than (ii) above	36.08	13.02
(iv) Loans	3,539.64	3,545.35
(v) Other Financial Assets	997.68	3,492.91
(c) Current tax assets (Net)	0.29	0.29
(d) Other current assets	646.65	636.68
Total Current assets	6,208.85	8,533.13
(3) Asset held for sale	0.07	0.05
Total Assets(1+2+3)	13,907.19	16,688.06
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	630.00	630.00
(b) Other Equity	(15,437.07)	(14,212.09)
Total Equity	(14,807.07)	(13,582.09)
LIABILITIES		
(i) Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	12,581.17	12,554.15
(ii) Lease Liabilities	202.48	221.74
(iii) Other Financial Liabilities	213.56	199.97
(b) Long Term Provisions	246.54	240.12
(c) Deferred tax liabilities (Net)	6.58	6.75
(d) Other Non Current liabilities	108.97	120.83
Total Non-Current Liabilities	13,359.30	13,343.57
(ii) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	9,727.18	9,296.42
(ii) Lease Liabilities	76.16	104.04
(iii) Trade Payables		
(A) total outstanding dues of micro enterprises and small enterprises	52.20	47.13
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	782.77	748.88
(iv) Other Financial Liabilities	3,794.33	5,896.90
(b) Other current liabilities	749.10	653.40
(c) Short Term Provisions	173.21	179.82
Total Current Liabilities	15,354.96	16,926.59
Total Liabilities (i)+ (ii)	28,714.26	30,270.16
Total Equity and Liabilities (1 + 2)	13,907.19	16,688.06

Place : New Delhi
Date : 11.11.2020

For and on behalf of the Board

(PK Purwar)

Chairman & Managing Director
DIN No. 06619060



18

MAHANAGAR TELEPHONE NIGAM LIMITED
Unaudited Consolidated Cash Flow Statement for the Half Year ended 30th September, 2020

		(RS. in crores)	
		Half Year ended	
		30th Sept. 2020	30th Sept. 2019
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit/(Loss) before tax		
	Continuing operations	(1,221.41)	(2,004.77)
	Discontinued operations	-	-
		(1,221.41)	(2,004.77)
	Adjustments for:		
	Depreciation expense	299.57	333.52
	Amortisation expense	167.60	168.10
	Loss on disposal of property, plant and equipment (net)	0.08	0.27
	Share of (profit)/loss from associates and joint ventures	(0.67)	0.07
	Interest income	(18.10)	(41.33)
	Excess provisions written back	(2.45)	(117.96)
	Loss of assets	1.47	0.09
	Provision for doubtful debts including discount	22.39	42.82
	Provision for obsolete inventory	2.60	2.33
	Provision for doubtful claims	0.14	0.43
	Provision For Abandoned Work- CWIP	-	-
	Remeasurement gains and loss on employee benefit obligations	-	-
	Finance costs	1,035.57	958.24
	Bad debts recovered	(0.01)	(0.03)
	Bad debts written off	0.01	6.71
	Operating profit before working capital changes	286.79	(651.49)
	Movement in working capital		
	Decrease/(Increase) in loans	(48.61)	(33.68)
	(Increase)/Decrease in inventories	1.96	1.44
	Increase in other financial assets	2,493.66	27.17
	Decrease in other assets	(12.35)	236.83
	Decrease/(Increase) in trade and other receivables	(270.60)	(20.56)
	Increase/(Decrease) in other financial liabilities	(2,556.72)	412.98
	(Decrease)/Increase in other liabilities	83.67	(12.02)
	Increase in provisions, trade and other payables	40.57	384.24
	Cash flow from operating activities post working capital changes	18.38	344.91
	Income tax refunds (net)	71.64	18.66
	Net cash flow from operating activities (A)	90.03	363.57
	CASH FLOWS FROM INVESTING		
B	ACTIVITIES		
	Purchase of Property, plant and equipment, investment property and intangible assets (including capital work-in-progress) (net of sale proceeds)	(13.13)	(53.26)
	Movement in fixed deposits (net)	(23.56)	(1.82)
	Interest received	9.25	16.76
	Net cash flows used in investing activities (B)	(27.44)	(38.33)
	CASH FLOWS FROM FINANCING		
C	ACTIVITIES		
	Proceeds and repayment of long-term borrowings (net)	269.45	533.98
	Proceeds and repayment of short-term borrowings (net)	430.76	51.16
	Finance cost paid	(798.14)	(900.33)
	Payment towards Lease Liability	(63.03)	(43.90)
	Net cash used in financing activities (C)	(160.95)	(359.08)
	Increase in cash and cash equivalents (A+B+C)	(98.37)	(33.84)
	Cash and cash equivalents at the beginning of the year	196.60	119.58
	Cash and cash equivalents at the end of the year	98.23	85.74

For and on behalf of the Board


(P.K. Purwar)

Chairman & Managing Director
DIN No. 06619060

Place : New Delhi
Date : 11.11.2020

19



MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

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

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

CIN No: L32101DL1986GOI023501

EXTRACT OF STANDALONE & CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED ON 30/09/2020

(Rs. in Crore)

Particulars	STANDALONE					CONSOLIDATED				
	Three Month Ended		Six Month Ended		Year Ended	Three Month Ended		Six Month Ended		Year Ended
	3 months ended 30/09/2020	Corresponding 3 months ended 30/09/2019 in the previous year	Year to date figures for Current period ended 30/09/2020	Year to date figures for previous period ended 30/09/2019	Previous year ended 31/03/2020	3 months ended 30/09/2020	Corresponding 3 months ended 30/09/2019 in the previous year	Year to date figures for Current period ended 30/09/2020	Year to date figures for previous period ended 30/09/2019	Previous year ended 31/03/2020
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
1 Total Income from Operations	321.26	369.32	673.33	781.67	1,536.36	342.19	388.53	710.99	822.37	1,623.55
2 Net Profit/ (Loss) for the period before exceptional items & tax	(583.40)	(949.80)	(1,219.81)	(2,002.84)	(3,695.68)	(582.25)	(950.17)	(1,221.41)	(2,004.77)	(3,692.66)
3 Net Profit/ (Loss) for the period before Tax(after Exceptional items)	(583.40)	(949.80)	(1,219.81)	(2,002.84)	(3,695.68)	(582.25)	(950.17)	(1,221.41)	(2,004.77)	(3,692.66)
4 Net Profit/ (Loss) for the period after Tax	(583.40)	(949.80)	(1,219.81)	(2,002.84)	(3,695.68)	(582.25)	(950.17)	(1,221.41)	(2,004.77)	(3,693.72)
5 Total Comprehensive Income for the period (Comprising net profit/(loss) after tax and other comprehensive income after tax)	(583.40)	(949.80)	(1,219.81)	(2,002.84)	(3,811.00)	(583.97)	(950.16)	(1,224.87)	(2,006.50)	(3,814.17)
6 Paid up Equity Share Capital			630.00	630.00	630.00			630.00	630.00	630.00
7 Other Equity excluding revaluation reserves			(15,435.56)	(12,406.85)	(14,215.65)			(15,437.07)	(12,403.41)	(14,212.09)
8 Net Worth			(14,805.56)	(11,776.85)	(13,585.65)			(14,807.07)	(11,773.41)	(13,582.09)
9 Paid up Debt Capital/ Outstanding Debt			2,980.00	2,980.00	2,980.00			2,980.00	2,980.00	2,980.00
10 Debt Equity Ratio			(1.15)	(1.18)	(1.23)			(1.15)	(1.19)	(1.23)
11 Earnings Per Share (of Rs.10 each) for continuing and discontinued operations- (not annualised)										
1. Basic :	(9.26)	(15.08)	(19.36)	(31.79)	(58.66)	(9.24)	(15.08)	(19.39)	(31.82)	(58.63)
2. Diluted :	(9.26)	(15.08)	(19.36)	(31.79)	(58.66)	(9.24)	(15.08)	(19.39)	(31.82)	(58.63)
12 Capital Redemption Reserve			-	-	-			-	-	-
13 Debenture Redemption Reserve			45.27	45.27	45.27			45.27	45.27	45.27
14 Debt Service Coverage Ratio (DSCR)			(0.17)	(0.84)	(0.68)			(0.17)	(0.84)	(0.68)
15 Interest Service Coverage Ratio (ISCR)			(0.18)	(1.09)	(0.90)			(0.18)	(1.09)	(0.90)

Note:

- The above is an extract of the detailed format of Quarterly 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 Quarterly 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 adopted by the Board of Directors of the Company in their meeting held on 11.11.2020
- The auditors of the company have carried out Limited Review of the above financial results for the quarter ended on 30.09.2020.
- 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: 11.11.2020

20

For and on behalf of the Board

(P K Purwar)

Chairman & Managing Director

DIN: 06619060

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

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

Independent Auditor's Review Report on Unaudited Consolidated Financial Results for the Quarter and Half year Ended September 30th, 2020 of Mahanagar Telephone Nigam Limited Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

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

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of Mahanagar Telephone Nigam Limited ("The Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "The Group"), and its share of the net profit after tax and total comprehensive income of its a joint venture and associate for the quarter and half year ended September 30th, 2020 ("The Statement") attached herewith, being submitted by the Parent pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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

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

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

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

(a) List of Subsidiaries:

Mahanagar Telephone (Mauritius) Limited ('MTML')
Millennium Telecom Limited



21

(b) List of step down subsidiaries

- MTML Data Limited
- MTML International Limited

(c) List of Joint Venture:

- MTNL STPI IT Services Limited ('MSISL')

(d) List of Associate:

- United Telecommunications Limited ('UTL')

4. Basis for Qualified Conclusion

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

5. Qualified Conclusion

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

6. Emphasis of Matter

- (i) With reference to pending dispute with the Income Tax Department before the Hon'ble Courts regarding deduction claimed by the Parent 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 Parent Company.
- (ii) Impact of accounting of claims and counter claims of MTNL with M/S M&N Publications Ltd., in a dispute over printing, publishing and supply of telephone directories for MTNL, will be given in the year when the ultimate collection / payment of the same becomes reasonably certain.
- (iii) Amount receivable from BSNL & Other Operators have been reflected as loans and other financial assets instead of bifurcating the same into trade receivables and other financial assets.
- (iv) The Amounts recoverable from: Department of Telecommunication (DOT) in respect of settlement of General Provident Fund (GPF) of Combined Service Optees absorbed employees in MTNL and the matter has been under review with DOT and the full amount of GPF including interest thereon, claimed of the Company in respect of which correspondence is going on between the Company and DOT are continued to be shown as recoverable from DOT and payable to GPF.



- (v) The payables towards license fees and spectrum usage charges have been adjusted with excess pension payouts to Combined Pensioners Optees recoverable from DOT in respect of which matter is under consideration and correspondence in going on between the Parent Company and DOT.
- (vi) The License agreement between the Parent 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 Parent Company is having title deeds which are in the name of the Parent Company but the value of which are not lying in books of accounts of the Parent 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 Parent 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 unaudited 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 and ECL as per Ind AS.
- (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.

Our conclusion is not modified in respect of aforesaid matters.

7. The Statement includes interim financial results and other financial information of 4 subsidiaries (including two step down subsidiaries whose interim financial results and other financial information reflect total revenues of Rs 21.85 Crore and Rs.39.01 Crore, net Profit/(loss) after tax of Rs 0.76 Crore and Rs.(2.27)Crore and total comprehensive income(Loss) of Rs. (0.96) Crore and Rs. (5.74) Crore for the quarter and half year ended September 30th, 2020 respectively and net cash flows for the half year ended Rs. (22.27) Crore and the interim financial results and other financial information of 1 joint venture which reflects Group's share of net profit after tax of Rs. 0.37 Crore and Rs.1.6 Crore and total comprehensive income of Rs. 0.37 Crore and Rs.0.67 Crore for the quarter and half year ended September 30th, 2020 which are certified by the Management.



According to the information and explanations given to us by the Management, these interim financial results and other financial information are not material to the Group. Our conclusion on the Statement is not modified in respect of this matter.

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


CA Mukesh Dadhich
Partner

Membership No.: 511741



UDIN: 20511741AAAANC5978

Place: New Delhi

Date: 11th November, 2020

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


CA Vinod Gupta
Partner

Membership No.: 090687

UDIN: 20090687AAAHL3007

24

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

1. The Net Worth of the Parent Company has been fully eroded; The Parent Company has incurred net cash loss during the quarter and half year ended September 30th, 2020 as well as in the previous years 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 Parent Company as "Incipient Sick CPSE". Department of Telecommunication (DOT) has also confirmed the status vide its issue no. I/3000697/ 2017 through file no. 19-17/2017 – SU-II.

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

Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetization of assets and in principle approval for merger of BSNL and MTNL.

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

a) The Parent Company has certain balances receivables from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 3574.77 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 unaudited financial results.

b) The Parent 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.

3. The Parent Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 410.46 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 unaudited financial results.

4. 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 Parent



25

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.

5. The Parent 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 unaudited financial results is not ascertained and quantified.
6. 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 quarter and half year ended on September 30th, 2020, accumulated balance of reserve and surplus and also the carrying value of the cash generating units.
7. The Parent 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 unaudited financial results are not ascertainable and quantifiable.
8. Unlinked credit of Rs. 44.73 Crores on account of receipts from subscribers against billing by the Parent Company which could not be matched with corresponding receivables is appearing as liabilities in the balance sheet. To that extent, trade receivables and current liabilities are overstated. Pending reconciliations, the impact thereof on the consolidated unaudited financial results are not ascertainable and quantifiable.
9. Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by finance department in respect of bought out capital items or inventory issued from the Stores. Due to delays in issuance of the completion certificates or receipt of the bills or receipt of inventory issue slips, there are cases where capitalization of the Property, Plant and Equipment gets deferred to next year. The resultant impact of the same on the consolidated unaudited financial results by way of depreciation and amount of Property, Plant and Equipment capitalized in the balance sheet cannot be ascertained and quantified.
10. 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 unaudited financial results cannot be ascertained and quantified.



26

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

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

Also as explained, pending finality of the issue by the Company regarding surrender of a part of the spectrum, crystallization of issue by the DOT in view of the claim being contested by private operators and because of the matter being sub-judice in the Apex Court on account of dispute by other private operators on the similar demands, the amount payable, if any, is indeterminate. Accordingly, no liability has been created for the demand made by DOT on this account and Rs. 3205.71 Crores has been disclosed as contingent liability till 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 considered as contingent liability.

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

12. 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.

The above observations/conclusions referred to in Para no. 1 to 12 were subject matter of qualification in the Auditor's Report for the year ended on March 31st, 2020.

The overall impact of matters referred to in above paras except para no. 1, 2(a), 2(b), 3, 5, 6, 7,8, 9, 10,11 and 12 on the attached consolidated unaudited financial results is not determinable.

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



CA Mukesh Dadhich
Partner

Membership No.: 511741
UDIN: 20511741AAAANC5978

Place: New Delhi

Date: 11th November, 2020

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



CA Vinod Gupta

Partner
Membership No.: 090687
UDIN: 20090687AAAHL3007

27